

AAPA  
Cargo Optimization  
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# TRAC Intermodal

## Company Overview

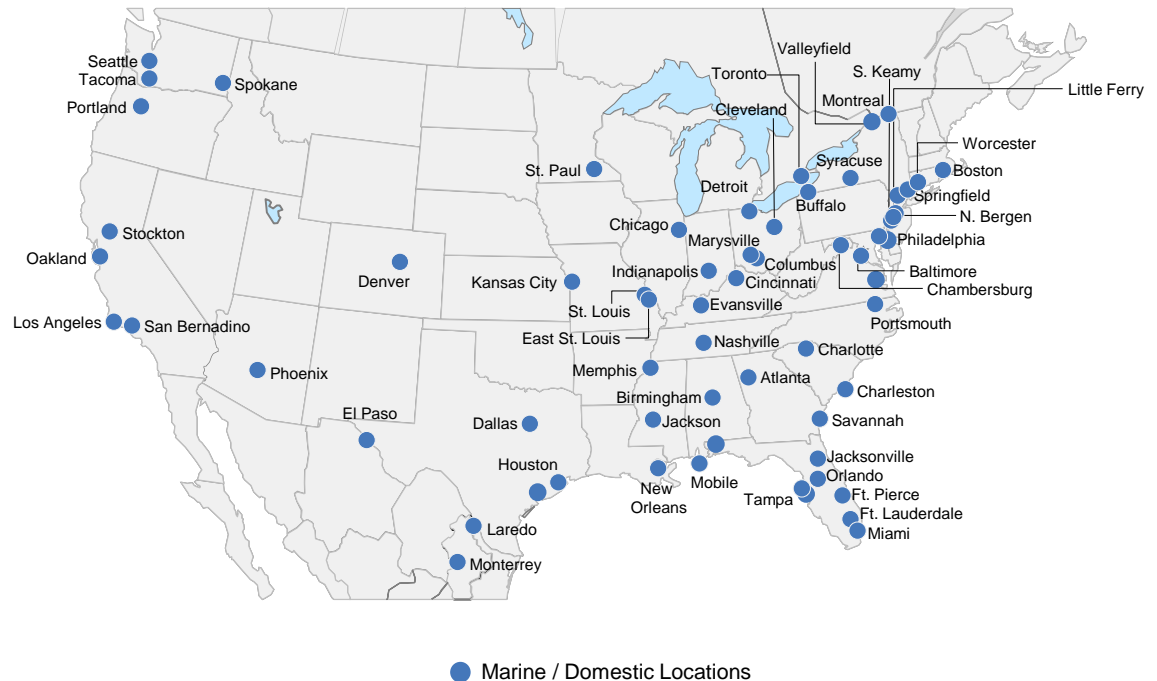
# TRAC Intermodal Overview

TRAC is the nation's leading intermodal chassis pool manager and equipment provider for domestic and international transportation companies

## Business Overview

- Leading national provider of intermodal chassis and related services for domestic and international transportation companies, with an active fleet of over 311,000 chassis
- Largest chassis fleet in North America with #1 market share
- Nationwide footprint includes over 700 locations
- Operates in two principal market segments: Marine and Domestic

## Largest Provider of Intermodal Chassis in the United States

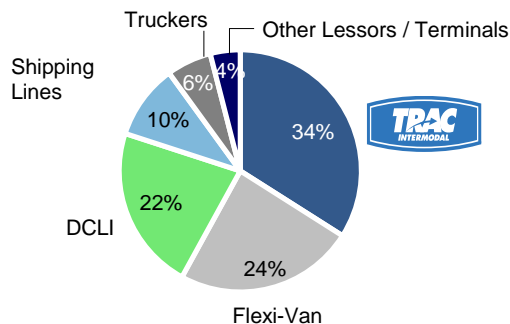


48	Years in Business	600	Marine Locations	160	Domestic Locations	60	Depot Locations	>4,000	Customers	660	Employees
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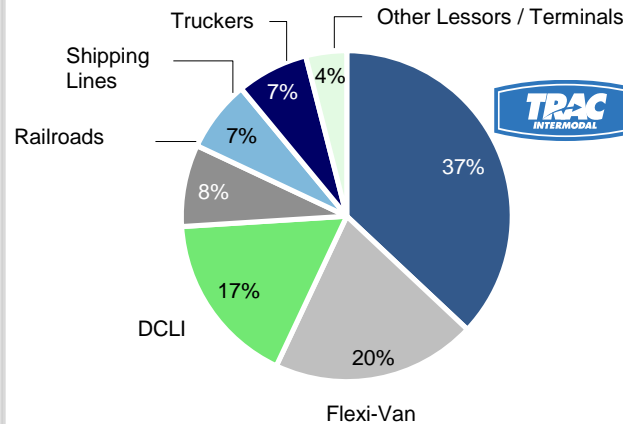
# Largest Chassis Provider in North America

- There are approximately 759,000 active marine and domestic chassis in North America
- Approximately 74% of the North American fleet is controlled by the top 3 chassis equipment providers
- TRAC is the largest intermodal chassis solutions provider by total assets for domestic and international transportation companies in North America
  - TRAC has 34% of marine / international market and 44% of domestic market
- Remaining chassis controlled by shipping lines, railroads and trucking / logistics companies

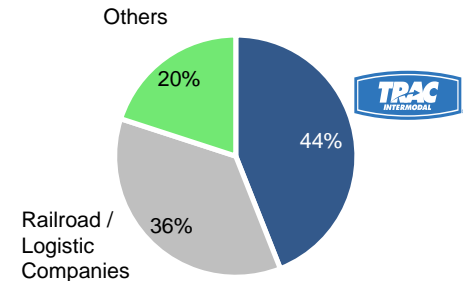
## Marine Market: 578,000



## Total Chassis Market: 759,000<sup>(1)</sup>



## Domestic Market: 181,000<sup>(2)</sup>



<sup>(1)</sup> Based on reported chassis fleets and TRAC estimates as of April 1, 2016

<sup>(2)</sup> Domestic excludes JB Hunt 's 79k proprietary nonstandard chassis



## *TRAC Interstar – Nationwide Emergency Roadside Supplier*

- Nationwide network of over 500 tire and mechanical repair vendors across the US, including TRAC Services MSU's
- 250 Tire Stocking Locations to ensure timely and cost effective repairs
- Easy to reach via phone or web portal with experienced service coordinators always available
- Minimizing downtime and providing a consistent contact for service, repair costs, billing and follow-up
- Direct billing to equipment providers or invoicing formatted for reimbursement



# Mobile Service Units (MSU)



During 2015, TRAC created Mobile Service Units to provide customers with a faster and better roadside repair experience within 50 miles of TRAC service centers. This customer-centric program started in Chicago with the goal of improving the quality and speed of roadside repairs. The moment a customer notifies us that help is needed, TRAC's closest MSU mechanic is dispatched to provide prompt and professional service. The MSU roadside service program gets our customers back on the road again, faster than ever. TRAC's Mobile Service Units are based in our network of service centers in order to provide faster road service to customers.



## Service Center Rollouts

TRAC is investing to expand its service center network to eight markets: New York/New Jersey, Los Angeles/Long Beach, Oakland, Houston, Jacksonville, Chicago, Seattle and Columbus. TRAC-owned-and-operated service centers are locations where equipment and non-pool chassis are repaired and stored before being put into service. Having service centers directly under our control enables us to ensure greater chassis availability and customer satisfaction.

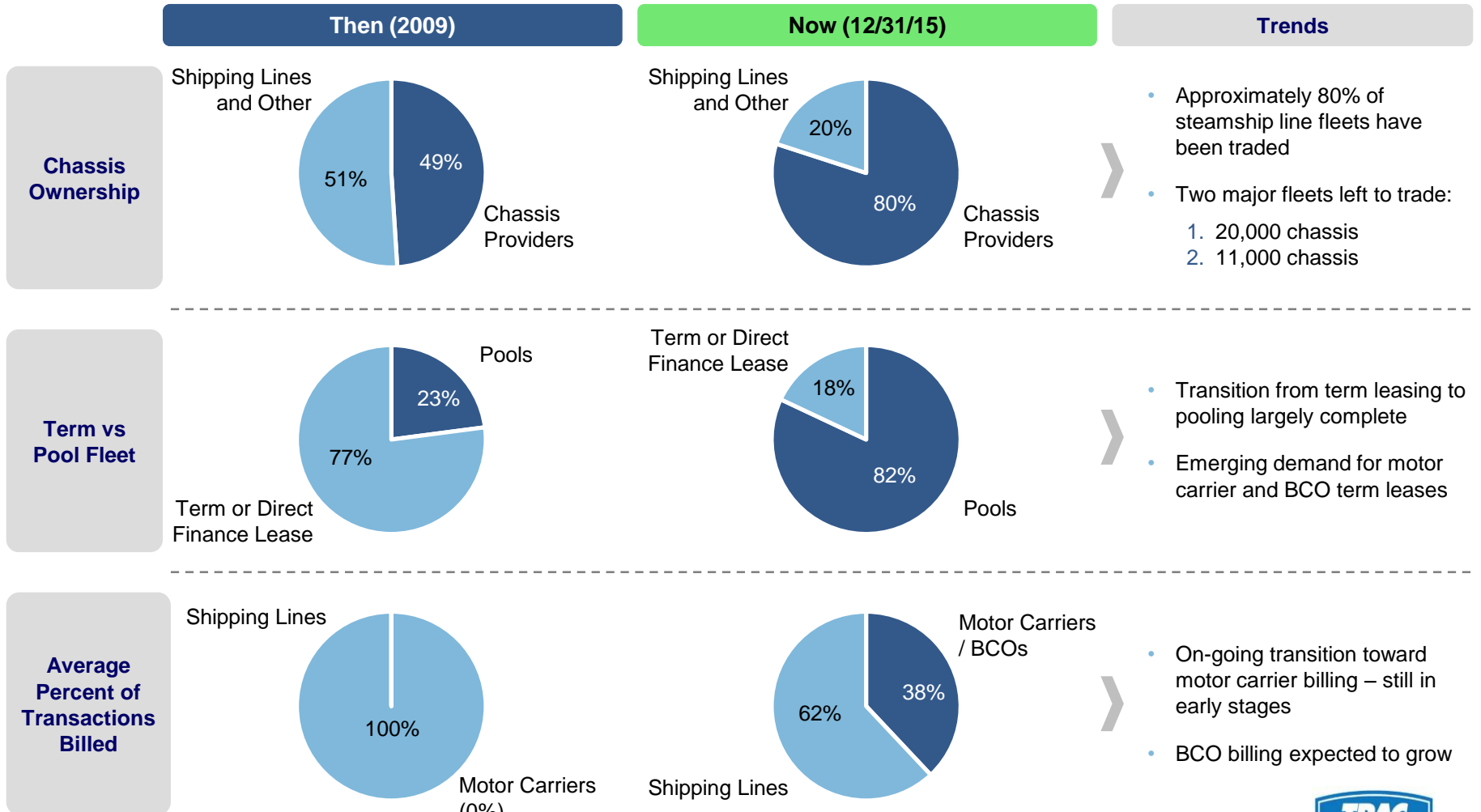




## Industry Overview

# Marine Market Trends

- Steamship lines decided to exit chassis provisioning
  - Migrating their land side operations to the “Motor Carrier Model”
- Motor Carriers now comprise 38% of the Pool’s transaction volumes – up from “0” in 2009

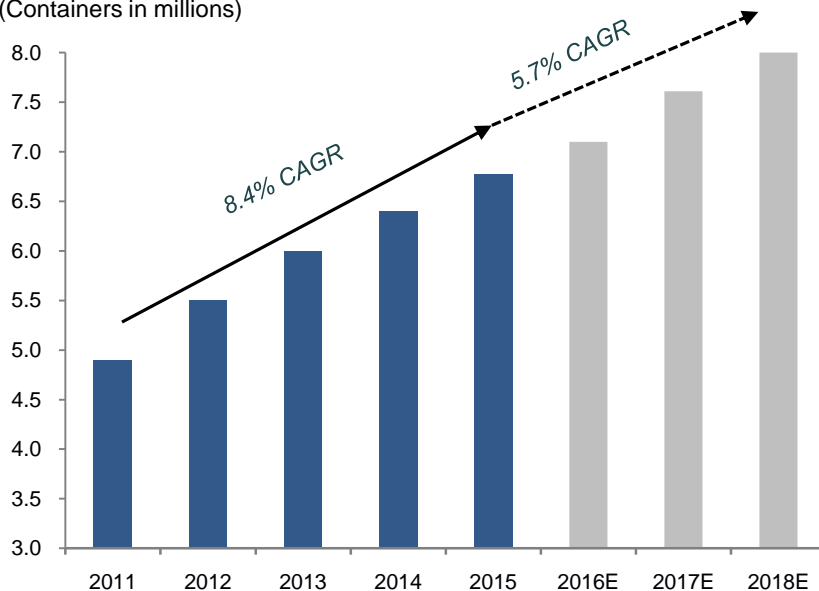


# Domestic Market Trends

- The migration of freight from roadways to intermodal, “Mode Shift”, is projected to continue
  - Continued challenges in the trucking sector – driver availability, HOS regulations, insurance costs
- Railroads investing billions in intermodal infrastructure to improve service and add capacity
- North American domestic container loads grew 8.4% annually from 2011 to 2015; forecasted to grow 5.7% from 2015 to 2018<sup>(1)</sup>

## North American Domestic Container Load Growth<sup>(1)</sup>

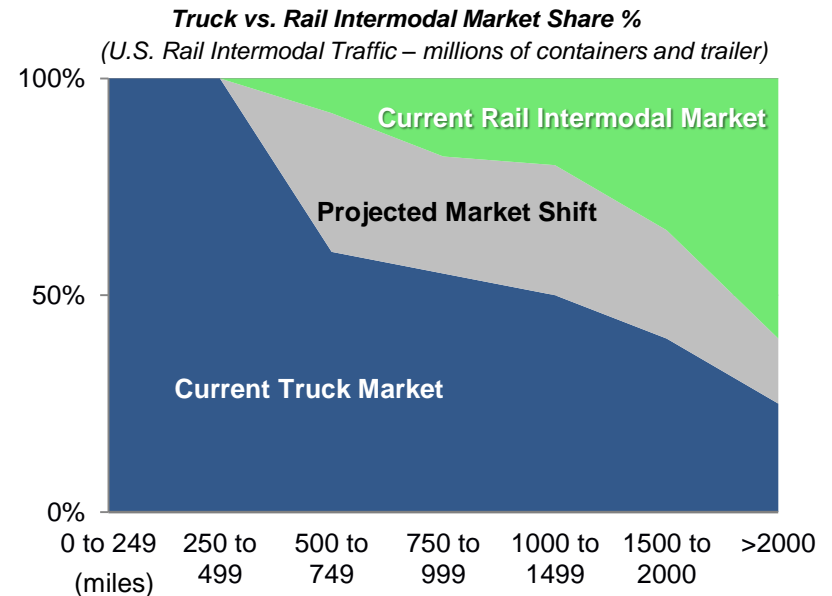
(Containers in millions)



(1) Source: IANA, FTR estimates as of February 2016

(2) Source: AAR.

## Truck and Trailer Shift to Rail Containers<sup>(2)</sup>



# Evolution of the Marine Market

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- Steamship lines decided to exit chassis provisioning as part of their core service
- Steamship lines began deploying bigger ships (EEE vessels) to lower slot costs
- Alliances needed to be formed to fill the big ships & realize cost savings
- Increasing cost of fuel helped cause “slow steaming”
- Alliances created the need for chassis interoperability and coordinated Marine Terminal operations
- The growth of alliance vessel sharing requires a different chassis pool model and different approach to Marine Terminal operations

# Port Velocity

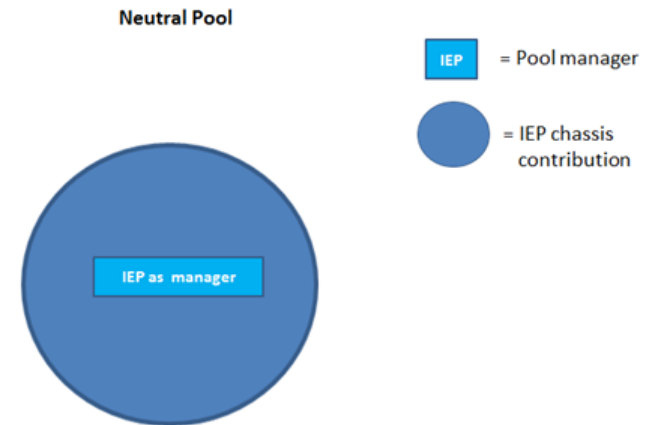


- **Core issues affecting port velocity**
  - Larger vessels
  - Ship bunching creates tremendous import spikes and waiting exports consume limited resource
  - Carrier alliances
  - Marine Terminal Operating practices are not harmonized
  - Chassis migration puts needed repair labor out of position with the chassis supply
  - Chassis repair labor is controlled by MTO's and can be diverted away from chassis repairs
- **Motor Carrier Model is evolving slowly which negatively impacts chassis utilization**
- **Pools are being re-structured to support chassis interoperability**
  - Market Pools - NY/NJ, PNW
  - Pool of Pools - LA/LB

# Types of Pools

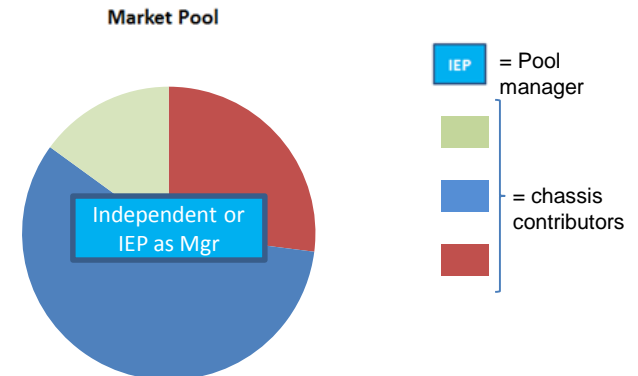
- **Neutral Pools (Private Pool)**

- Considered “neutral” because it is not associated with any particular ocean carrier.
- The pool is owned and managed by one company to serve their respective customers in a geographic area.
- The company setting up the pool is the pool manager and IEP.
- The pool manager establishes the hosting agreements, M&R agreements and operating practices for the pool.



- **Market Pool (Co-Op Pool)**

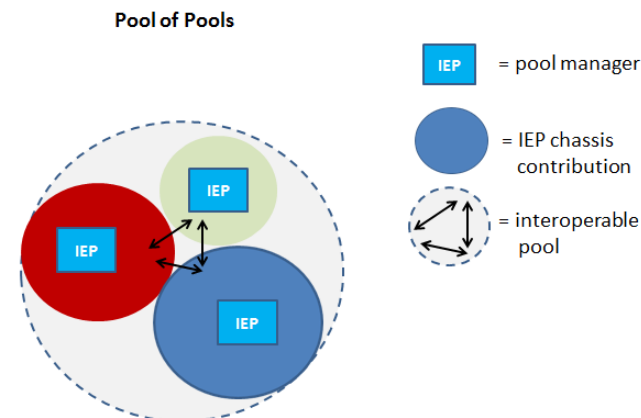
- Operates with one pool manager and one set of operating rules.
- The pool manager is the IEP.
- Multiple chassis owners may contribute to the fleet, and chassis are “gray” across all locations in the pool.
- The pool manager establishes the hosting agreements, M&R agreements and operating practices for the pool.



# Types of Pools

- **Pool of Pools**

- Allows multiple neutral pools operating in the same geographic area to use each-others fleets. This creates an “interoperable fleet” in multiple locations in a market.
- Cross usage volumes are reconciled at the end of each month.
- A primary difference in the Pool of Pools is that each contributing pool is responsible for and continues to manage their own pool, their own M&R, their own fleet and their respective pool operating rules.
- The Pool of Pools was launched in the port of Los Angeles/Long Beach in March 2015 and is the only port complex where this model is being used.



# Next steps – Improving Port Velocity

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- **Integrate Information Across the Port Community:**
  - Establish a “Data Mart” that make information available across the Port’s supply chain – increasing predictability
  - Information is needed on vessel arrive time and location, container quantity and composition, container availability, etc.
- **Container Availability / Appointment System**
  - Increase the predictability of container availability
  - Reduce / eliminate the random container pick-up or drop-off process
- **Harmonize and integrate marine terminal operations:**
  - Align the Port complex Marine Terminal Operators operating practices
    - Gate hours
    - Export and container return operations
    - RFID Technology
- **Chassis pool structure and management:**
  - Chassis pools need to support “gray” fleets.
  - Chassis pool’s need to move “off-dock” and operate in chassis depots
  - Eliminate “forced” roadability at marine terminals
  - Chassis pools need to be managed and governed by their chassis contributors