Intermodal is Different

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Co-founder, Tiger Cool Express LLC
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Who We Are and Where We Operate

• Asset-based 3PL for temperature-controlled cargo
Environmental Leadership

• Newest product

Today’s Theme

IT'S LIKE "THE SAME"

BUT "DIFFERENT"....
Intermodal Opportunity

- Traditionally moved with diesel fuel prices

<table>
<thead>
<tr>
<th></th>
<th>Fixed Cost</th>
<th>Variable Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Truck</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Intermodal Post-ELD

- ELD mandate was a competitive game-changer
Intermodal Post-ELD

• The algebra of driver pay

Before ELDs
- $900
- Hours driving reduced from 15 to 11 (27% reduction)

After ELDs
- Hourly rate increases from $60 to $82 (37% increase)
- Daily revenue is unchanged

Driver$/Hour
$40 $45 $50 $55 $60 $65 $70 $75 $80

Hours On-Duty Driving
8 9 10 11 12 13 14 15 16

Intermodal Post-ELD

• ELDs shattered the intermodal – diesel paradigm

High Fuel PPG – Good
Low Fuel PPG – Bad

High Fuel PPG – fantastic
Low Fuel PPG – Still Good

Pre-ELD @ $2.00 PPG
Pre-ELD @ $4.00 PPG
Post-ELD @ $2.00 PPG
Post-ELD @ $4.00 PPG

Truck Cost $/Mile
$0.40 $0.70 $0.35 $0.80

Fuel / Mile
Driver / Mile

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Intermodal Opportunity (Per ATRI)

- Drivers
- Insurance & Safety
- Hours of Service
- Economy

* Items with Intermodal advantage

Intermodal Importance

Intermodal % of Carloadings

Source: STB

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### Current STB Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Intermodal Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>System avg. train speed by train type and overall system train speed</td>
<td>Intermodal ★</td>
</tr>
<tr>
<td>Weekly avg. terminal dwell time and overall system dwell time</td>
<td>N/A</td>
</tr>
<tr>
<td>Car online by car type</td>
<td>Intermodal ★</td>
</tr>
<tr>
<td>Weekly avg. dwell time at origin for unit trains by train type</td>
<td>Excluded</td>
</tr>
<tr>
<td>Weekly avg. number of trains held per day by train type and cause</td>
<td>Intermodal ★</td>
</tr>
<tr>
<td>Weekly avg. number of loaded/empty cars not moved in 48 hour+</td>
<td>Intermodal ★</td>
</tr>
<tr>
<td>Weekly total grain cars loaded and billed by state and service</td>
<td>N/A</td>
</tr>
<tr>
<td>Grain cars: cars ordered, car orders filled, cars past due</td>
<td>N/A</td>
</tr>
<tr>
<td>Grain trains: plan vs. performance</td>
<td>N/A</td>
</tr>
<tr>
<td>Coal trains: plan vs. performance</td>
<td>N/A</td>
</tr>
<tr>
<td>Weekly carload originated and received by commodity</td>
<td>Intermodal ★</td>
</tr>
<tr>
<td>The avg. daily car counts in Chicago yards</td>
<td>Embedded</td>
</tr>
<tr>
<td>The avg. daily number of trains held short of Chicago</td>
<td>Embedded</td>
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### View of the STB

- “STB’s Oberman pens letter to Class I railroad CEOs, regarding service concerns”

700+ word letter, yet “service” was not mentioned once
View from the Railroads

- Reasons for Problems
  - Covid-19
  - Ramp Contractors
  - Labor
  - Weather
  - Ramp Dwell
  - Street Dwell
  - Chassis, Chassis, Chassis

“Blame it on the lies that killed us,
Blame it on the truth that ran us down
You can blame it all on me Terry,
It don’t matter to me now”
- Backstreets

Intermodal “Road Map”
Intermodal Mix

- International Drop & Hook
- Domestic Drop & Hook
- Domestic "Live"
- Domestic Drop & Hook “Hot”

It’s All About the Door-to-Door

- Simple at its core
- Like an airline
- Of no interest
  - 90% on-time – but what if your flight connection was missed?
  - Air speed
  - Planes parked
  - Fleet size
  - Planes waiting for gates
And What About PSR?

• The eternal question

Intermodal is not a “Pure” PSR natural
- Volume surges and imbalances are core intermodal value propositions
- Fool me once ...

[PSR] Cost cutting has been achieved
- Longer trains
- More connectivity to achieve scope and scale

The terminal “blivit” problem
- Train length > Terminal Capacity
- More switching

Organizational Pendulum
- Should terminal operations be part of local Transportation?
- Or even under Railroad Operations?

It's Also All About the Terminals …

• Ramp operations have changed over time

1950s and 1960s
- Hand-me-down ramps
- Railroad subsidiary (from LCL days)
- Mostly Teamster (depending on predecessor railroad)

1970s
- Upgraded “hand-me-downs”
- No capital for mechanization
- Outsourced capital investment (ITS, MiJack)
- GM Teamster

1980s
- Mechanisation and ramp buildouts
- White paper Teamster contracts
- New entrants in terminal outsourcing

1990s and 2000s
- Railroad investment accelerates
- Greenfield sites (with REITs)
- Rail subsidiary divestment
- Non-union labor
- Private equity interest starts

Today
- Insourcing with TCI (nee BRAC)
- $50 million cranes
- Strategic sourcing
- Amazon hiring

Today’s Question
- You would never outsource your largest classification yard
- Why would you outsource your largest intermodal ramp?

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... And Terminals are About IT

- Early TOS development divide impact persists today

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<th>Marine</th>
<th>Rail</th>
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<tbody>
<tr>
<td>In the beginning</td>
<td>• Build your own</td>
</tr>
<tr>
<td>First Movers (Early 1990s)</td>
<td>• Navis (APL)</td>
</tr>
<tr>
<td></td>
<td>• Tideworks (SSA)</td>
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<tr>
<td>Business Case</td>
<td>• Vessel stowage</td>
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<tr>
<td></td>
<td>• Yard management</td>
</tr>
<tr>
<td>Approach of Laggards</td>
<td>• Build your own</td>
</tr>
<tr>
<td></td>
<td>• Gates before yard automation</td>
</tr>
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<td></td>
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</tr>
<tr>
<td></td>
<td>• Ignore chassis and/or work orders</td>
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<tr>
<td></td>
<td>• Accounting and reporting focus</td>
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Issues at All Terminals

1. No rail awareness
2. Chassis Flip
3. Unit not available
4. Roadability
5. Gate Queue
Exhibit #3: Late (with Work-In)

Exhibit #4: Late (with Storage)
Exhibit #5: Late (with Dray-Off)

Exhibit #6: Late Impact to Drayman
Avoid the Death Spiral

Parking

Drayage

Chassis

Switching

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