Equipment Implementation Team - Chassis

Presented By

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TRAC Intermodal
Discussion Agenda

- Who is TRAC Intermodal
- The evolution of chassis pools – How’d we get to where we are today
- Port Performance - Core issues that drive pool performance and port velocity
- Current state of the NY/NJ Chassis Pool
- Types of pools
- Next steps
Who is TRAC Intermodal

TRAC is the nation’s leading Intermodal chassis pool manager and equipment provider for domestic and international shippers
North American Chassis Market

- Total Estimated Market Size = 739,000 Active Chassis
  - Marine - 569,000 (78%)
  - Domestic - 170,000 (22%)

- TRAC has an estimated 38% of the total chassis market share in North America
  - 35% in the Marine market and 49% in the Domestic market

Estimated Market Size: 569,000

Estimated Market Size: 739,000

Estimated Market Size: 170,000
TRAC Intermodal - Company Overview

• Largest provider of chassis in North America with over 312,000 units under management
  - 201,000 are in the Marine Segment
  - 77,000 are in the Domestic Segment
  - 34,000 chassis/axels in storage

• Broad distribution network which includes 602 Marine, 167 Domestic and 61 Depot locations

• Largest pool operator - 10 Neutral Marine Pools and only National Domestic Pool operator
Evolution of the Marine Market

- Prior to 2009, Steamship Lines operated private chassis fleets to service their land side container needs.
- In 2009/2010, numerous Steamship Lines declared that they planned to exit chassis provisioning.
- In 2012, SSL’s began selling their owned chassis fleets and migrating to the “Motor Carrier” billing model.
Evolution of the Marine Market

- SSL’s began deploying bigger ships (EEE vessels) to lower slot costs
- Alliances were used to help fill the big ships & realize cost savings
- Slow steaming became more prevalent
- 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 Performance

- Core issues affecting port velocity
  - Larger vessels
  - Ship schedule disruptions – Bunching - creates import volume spikes and waiting exports consume limited resource
  - Carrier alliances increase land side operating complexities
  - 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 billing model is evolving slowly which negatively impacts chassis utilization efficiency

- Pools are being re-structured to support chassis interoperability
  - NY/NJ Market Pool
NY/NJ Chassis Pool – Current State

- Broad industry Work Group formed to evaluate various pool structures
  - Market Pool selected
- CPP/Equipment group was formed and represents key market stakeholders
  - NYSA, Motor Carriers, Steamship lines, Labor, Marine Terminal Operators & IEP’s
- Pool Operating Agreement was developed
- A Pool Manager was selected
  - IEP’s working together
- Operating Agreement’s Terms & Conditions being finalized
Types of Pools

- **Neutral Pools** (Private Pool)
  - A private 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 operating rules, hosting agreements and M&R agreements for the pool.

- **Market Pool** (Co-Op Pool)
  - A Co-Op pool is designed to serve a broad number of customers for multiple contributing IEP’s.
  - The pool operates with one pool manager and one set of operating rules.
  - Multiple IEPs may contribute to the fleet, and chassis are “gray” across all locations in the pool.
Types of Pools

• **Pool of Pools**

  • Multiple neutral pools operating in the same geographic area coordinate to use each-others fleets - creating an “interoperable fleet” in multiple locations in a market

  • Each contributing pool is responsible for and continues to manage their own pool, their own M&R, their own fleeting and their respective pool operating rules

  • Cross usage volumes are reconciled at the end of each month

  • 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

![Diagram of Pool of Pools with symbols and relationships explained in the text]
Next steps

• Finish the Terms & Conditions in the Pool Operating Agreement

• Finalize the IEP Pool Management Joint Venture

• Begin Operating the NY/NJ Market Pool