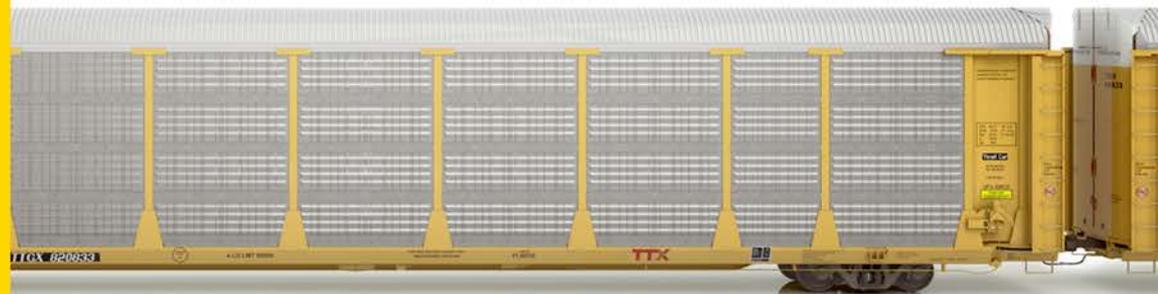




RAILCAR POOLING EXPERTS®





# TTX Intermodal Overview

May 8, 2019

# Today's Agenda

- » TTX Intermodal Team Introduction
- » What is TTX?
- » TTX Intermodal Fleet and Entitlement
- » Equipment Re-distribution
- » Communication
- » Questions?

# TTX Intermodal Team and Industry Involvement



Jim Fitzgerald  
Director - Intermodal Distribution



Mel Padillo  
Senior  
Intermodal  
Analyst



Alison Humphrey  
Manager -  
Intermodal  
Equipment

The Intermodal team serves on:

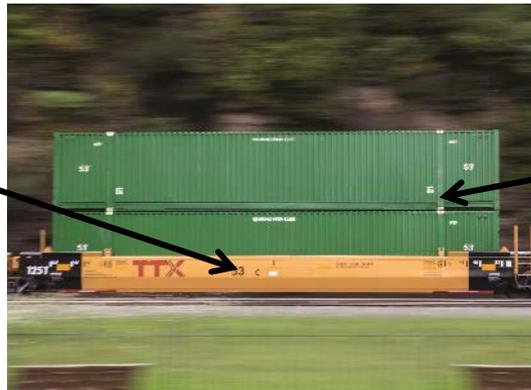
- AAR Intermodal Committee
- IANA's Operations Committee
- AAR EDI Committee
- AAR Railroad Safety Advisory Committee



# Pooling and Distribution Rule Takeaways...

- » Sound distribution rules are essential:
  - They provide access to needed (desired) railcar capacity.
  - It allows for the railcar capacity to “follow the business”.
  - They can aid with fleet planning.

50 Year Assets



20 Year Assets

# What is TTX?



# What is TTX?

- » TTX is not a railroad, and not a leasing company. TTX is a railcar *pooling* company.
- » We serve and are owned by North America's leading railroads.



» Provides a right-sized, efficient, reliable fleet of over 165,000 railcars

## » Intermodal



## » Automotive



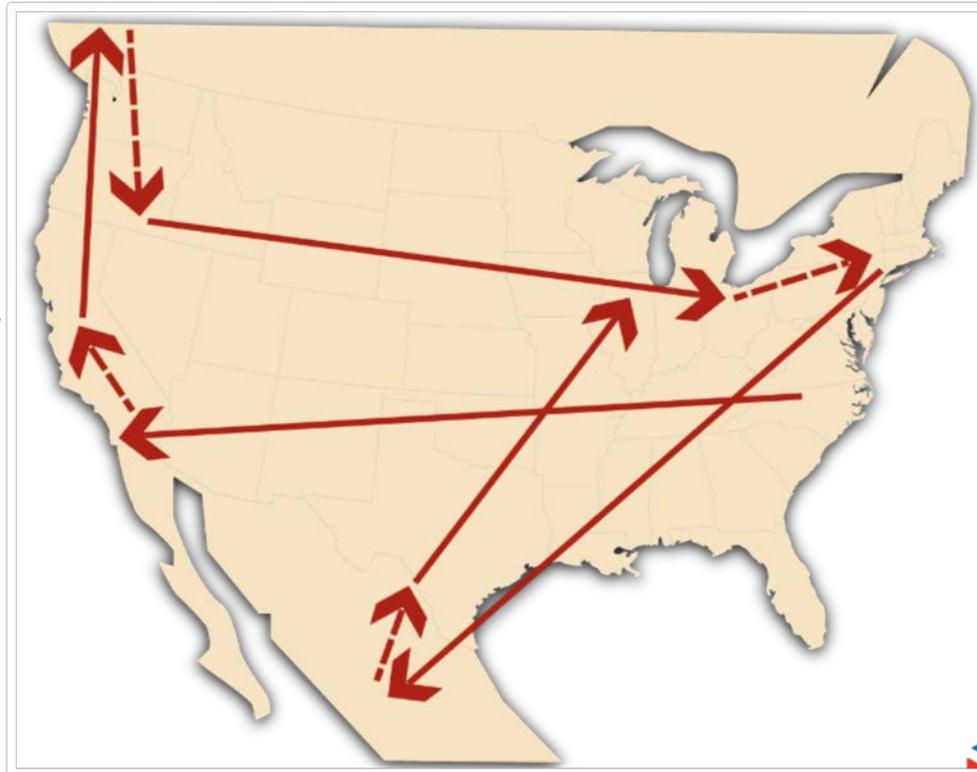
## » General Merchandise



- » Provides Financial and Operational Benefits to the rail industry and its customers
  - » Empty Mile Reduction
  - » Operating Cost Control
  - » Capital Outlay Elimination
  - » Risk Mitigation
  - » Consistent fleet of free-running cars

# Pooled, multi-purpose railcars save on railroad operating costs as:

- » TTX railcars are distributed by each railroad as if the cars were owned by the railroad
- » Pooled railcars flow from one railroad to another without requiring an empty back-haul to the originating railroad



- » Pooled assets allow triangulation to minimize network empty flows
- » TTX's members are free to pursue their own car supply strategies too – there is no obligation to use TTX equipment

## Pooled Car

- Loaded
- - - Empty



# TTX brings the same expertise to all pools it manages:

- » TTX Pools:
  - All pooled railcars are owned by TTX (intermodal, boxcars, military, etc.)
  - Railroads distribute to shipper demand with TTX balancing between roads
  - TTX provides pool metrics/works with roads to improve network efficiency
  
- » Railroad Pools (i.e. NABP):
  - Pooled railcars are owned by railroads
  - Railroads distribute to shipper demand with TTX balancing between roads
  - TTX provides pool metrics/works with roads to improve network efficiency
  
- » Industry Pools (i.e. Reload):
  - Mixed ownership between TTX and railroads
  - TTX receives shipper demand/directs empty railcars across the network
  - TTX provides pool metrics/works with railroads and shippers to improve network efficiency

# Railcar Initiatives

## DTTX conversion program

- » 48' wells were “stretched” to 53' or “cut-down” to 40', improving container to railcar space utilization and further enabling train length reductions.

## DTTX railcar design initiatives:

- » IBC retrofit program: Implemented on older cars to move IBC handles closer to “hand height”. Example of modified IBC box below (left image).
- » CoPlanar walkways. Fewer elevated steps help reduce tripping concerns (center image).
- » Heavy Duty Side Access Platform: Side Access Platforms on long wells are vulnerable to damage, and typical pressed-type walkways do not hold up as well as those fabricated from steel plate (right-hand image).



# TTX Intermodal Fleet and Entitlement



# Intermodal railcar fleet overview



Type: Single-unit 40' well with 70T trucks



Type: 5-unit 40' well with 125T Intermediate trucks

Type: 3-unit 53' articulated well with 125T Intermediate trucks



Type: Single-unit 53' well with 70T trucks



Type: 5-unit 53' Articulated All-purpose (TTAX)



Type: 3-unit 57' Articulated All-purpose (TTRX)

## » Intermodal Fleet Segments

- DTTX 40' – any double-stack < 53'
- DTTX 53' – any double-stack ≥ 53'
- Conventional – TTX Intermodal car other than DTTX

# Definitions - Entitlement

- » Carrier's share of the DTTX40', DTTX53', and Conventional Fleets, expressed as a number of platforms\*, or as a percentage. Entitlement may also be referred to as an "Obligation" to hold equipment in Surplus situations.
  - Individual railcars are not assigned, allowing operational flexibility



\*Platform: a portion of an Intermodal car, capable of carrying 1 trailer or container at least 40' long (or 2 20').

# Entitlement and distribution (next) are governed by TTX's Form Car Contract with its members

- » The contract defines the uniform treatment of all participants via Entitlement and distribution rules, their accessibility to TTX equipment, and the rights and responsibilities of handling said equipment
- » Provides a means for the preservation of and access to equipment in a shortage period, and a means for increased access to equipment in Surplus periods

# How can Entitlement change?

- 1) Voluntarily - Each month, a carrier can willingly offer to decrease its Entitlement.
- 2) Involuntarily - If Entitlement increase requests exceed voluntarily offered supply, then the following adjustments are used:
  - a. Idle and Ordering during a shortage Period.
  - b. Usage (Paid Platform Days) during a surplus Period.
  - Why these adjustments? Idle cars in a shortage period impact overall fleet availability. And relatively higher usage in a surplus period may indicate a need for more platforms by that Carrier.
- 3) Swaps - A carrier offers to permanently trade, say, 500 53' platforms in exchange for receiving 400 40' platforms. Multiple swaps have been successfully arranged.
- 4) Loans – A carrier requests to borrow a set number of platforms for a specified term.

# Equipment Re-distribution



# Returning capacity to deficit railroads is not accomplished by reverse routing!

- » Uneven flows of freight create surplus and deficit railroads
- » On-line possession vs. Entitlement is calculated for each railroad
- » TTX provides each participant its relative position
- » Each carrier provides input into their short-term needs (i.e. orders)

# How is it implemented?

Railroad orders are converted into Distribution Instructions (DI), returning railcar capacity from excess to deficit roads:

- » Penalty: When possession < Entitlement, the right to oblige carriers with equipment on relief or whose possession counts > their Entitlement to send you equipment. The ordering carrier cannot have cars offered for or on relief.
- » Relocation: When possession > Entitlement, the right to direct that excess to carriers whose possession counts < their Entitlement.

Each carrier decides which railcars to use to fulfill DIs.

# Distribution – Ordering Recap

When a Penalty Order may be Placed

	Deficit Entitlement	Excess Entitlement
Shortage Period	Yes	No
Surplus Period	Yes*	Yes*

\* All equipment in the Fleet Segment must be on car hire and none may be offered for relief.

# Distribution – Ordering Recap continued...

When a Relocation Order may be Placed

	Deficit Entitlement	Excess Entitlement
Shortage Period	No	Yes
Surplus Period	No	Yes

# Communication



# Information Sharing and communication

## Infographics

From Car Hire Relief procedures to summarized distribution rules, this reference material helps reinforce process rules, eliminating doubt on a Carrier's rights and obligations, and also acts as a training aid for new railroad car management employees.



## Communication

Intermodal conducts monthly WebEx's with the railroads, as a complement to IAC meetings, to cover aggregated railcar metrics, pertinent distribution issues, and business tool functionality.

### RAILCAR ENTITLEMENT

**WHAT IS IT?** Participating railroads share a percentage of each of the three Intermodal railcar types.

**TTX INTERMODAL FLEET TYPES**

- 40 Foot Well
- 53 Foot Well
- Conventional (Hitch) Unit

**2 PLATFORMS**  
(EACH WELL CAR HAS TWO PLATFORMS)

**TTX INTERMODAL FLEET PARTICIPANTS**

- CSX
- CSX/SPRINGER
- BNSF
- UNION PACIFIC
- NORFOLK SOUTHERN
- KANSAS CITY SOUTHERN
- CANADIAN NATIONAL
- CANADIAN PACIFIC
- FERROVIE
- CLASS II (R.I.I.)

**WHAT IS A DI?** A Distribution Instruction (DI) is the method used by participating railroads to balance their possession of each Intermodal railcar type against their Entitlement for that fleet type.

**2 TYPES**  
DISTRIBUTION INSTRUCTIONS (DI)

**PENALTY**  
A railroad under its Entitlement orders platforms

**KEY INFORMATION**

- TTX assigns Penalty DIs by number of platforms
- Delivering railroad selects the Interchange location
- Financial penalties can be assessed on undelivered platforms required by the Penalty DI

**RELOCATION (FORCE)**  
A railroad over its Entitlement sends platforms

**KEY INFORMATION**

- TTX assigns Relocation DIs by number of platforms to other railroads
- Receiving railroad selects the Interchange location
- Voluntary shedding of cars

**DI'S ARE OPEN FOR 10 DAYS**

**ENTITLEMENTS ARE BALANCED THROUGH THE PROCESS OF DISTRIBUTION INSTRUCTIONS**

**THE SUPPLY RAILROAD IS COVERED - NO COST**

**DI'S MUST BE FILLED WITH BARE TTX CARS**

**RIGHT RESULTS, RIGHT WAY** Effective pool management and switching are the keys to success

# Questions?





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