

Intermodal Team

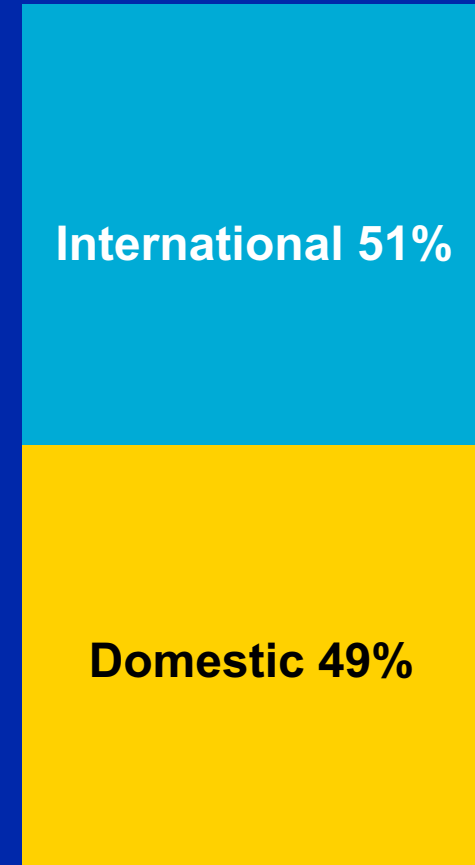
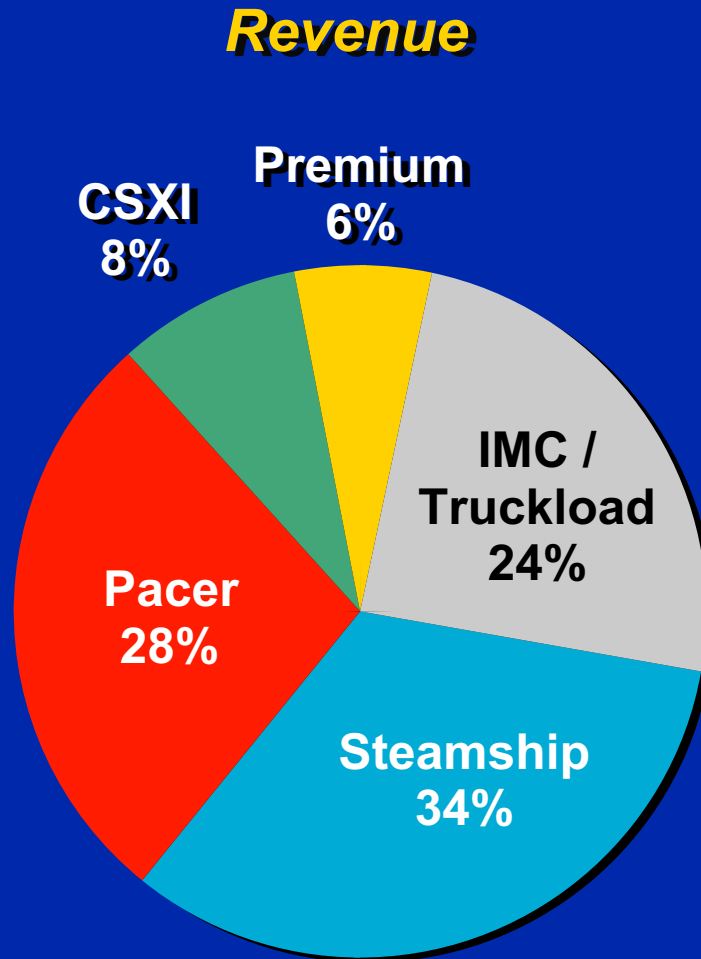
Joe Leppert



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Business Dimensions

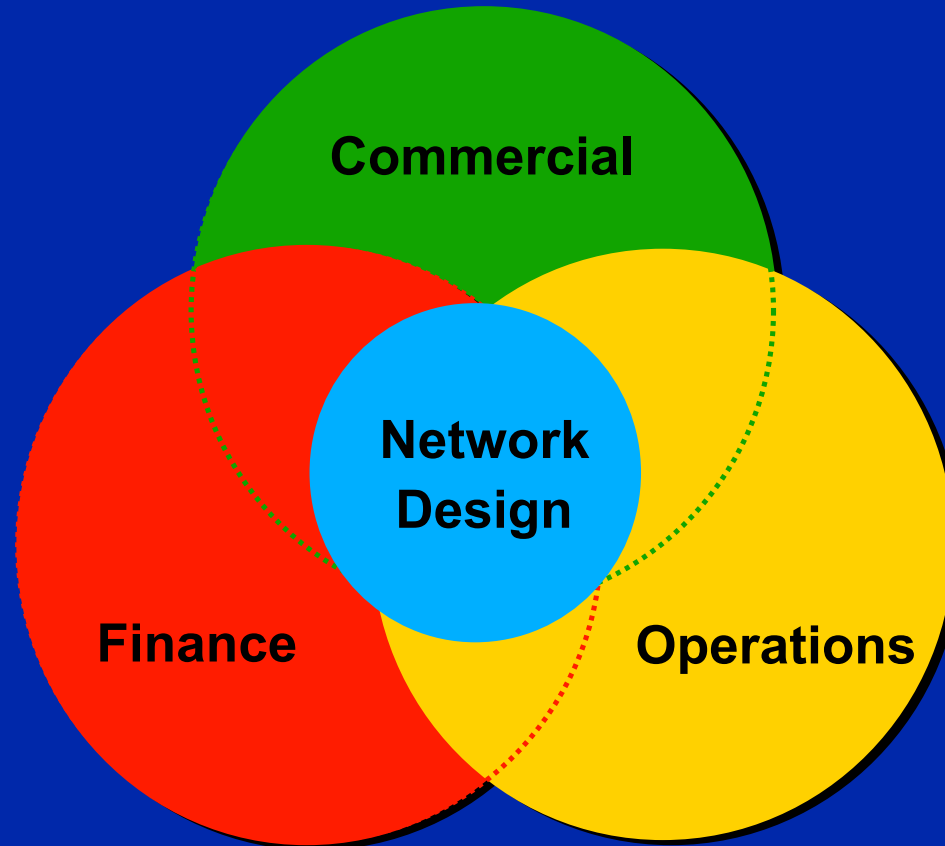
Intermodal - 2001 Revenue \$1.9 Billion



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Organizational Structure

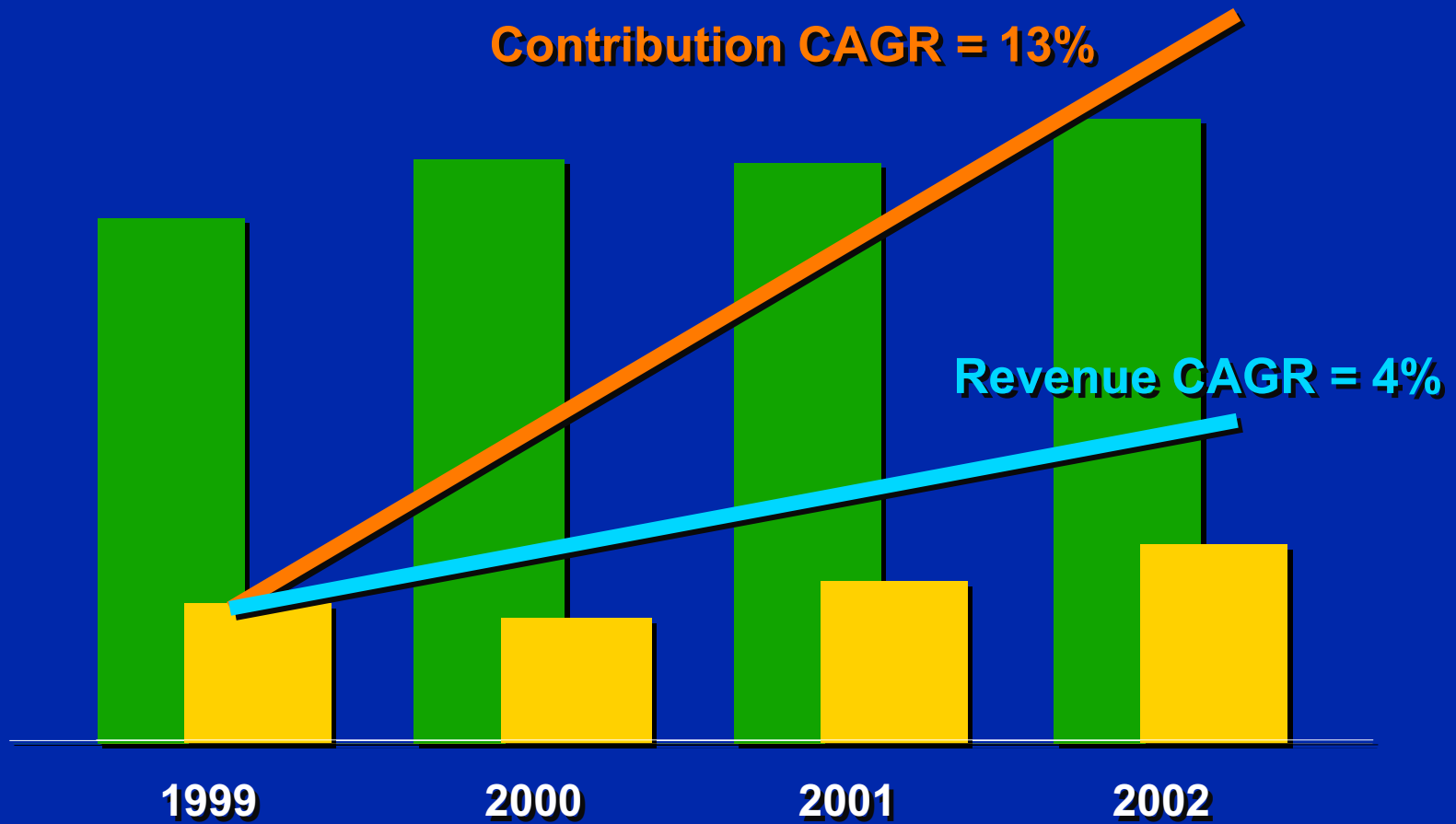
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Revenue and Contribution

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■ Total Revenue

■ Total Contribution



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Business Drivers

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Market

- Strong International Trade
- Domestic Economic Growth

Price

- Premium Products
- Capture Asset Value

Penetration

- New Chicago Facility
- Premium & Domestic
- Major Growth Lanes

Business Development Initiatives

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- **Strategic Partnerships**
- **Mexico Market**
- **Market Research Initiatives**
 - **Lane Balance Opportunities**
 - **Non-Seasonal Baseload Customers**
 - **Non-Peak Vs. Peak**
- **Growth in Major Lanes**



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Major Growth Lanes

Major Lanes

**Market Size
(\$ Billions)**

**Cost Advantage
vs. Truck**

L.A. to Memphis

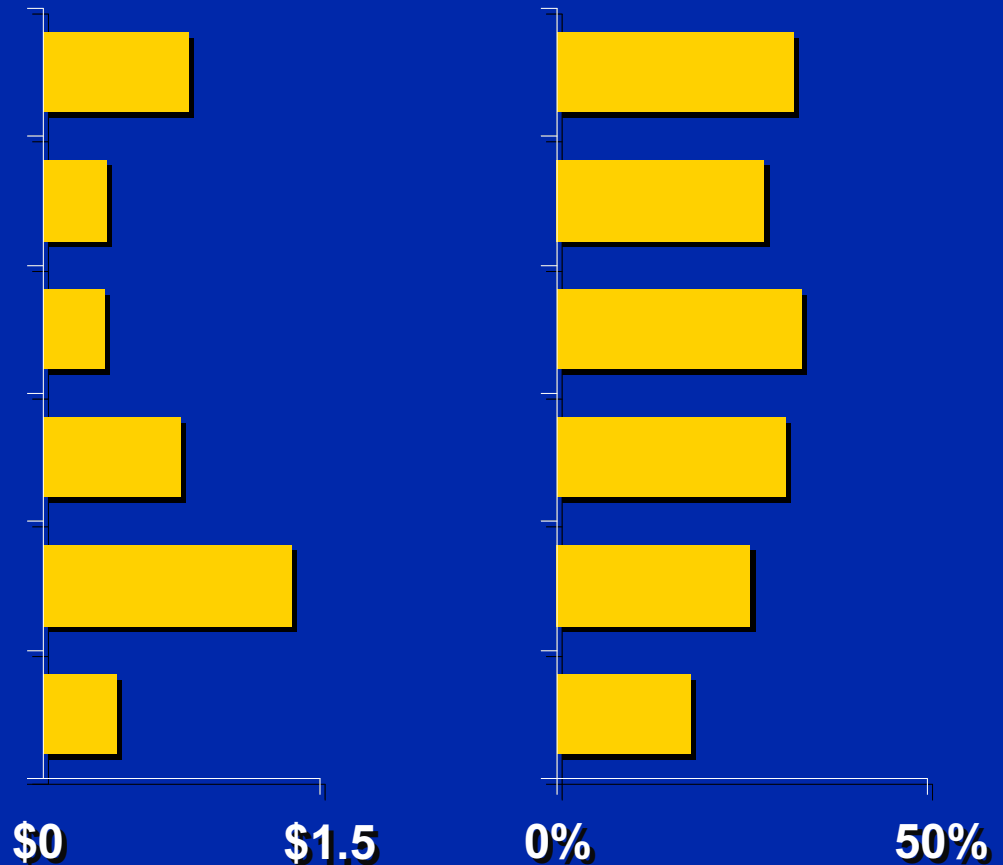
L.A. to New Orleans

Oakland to Chicago

Chicago to Portland

Chicago to L.A.

Chicago to Mexico



Major Lanes

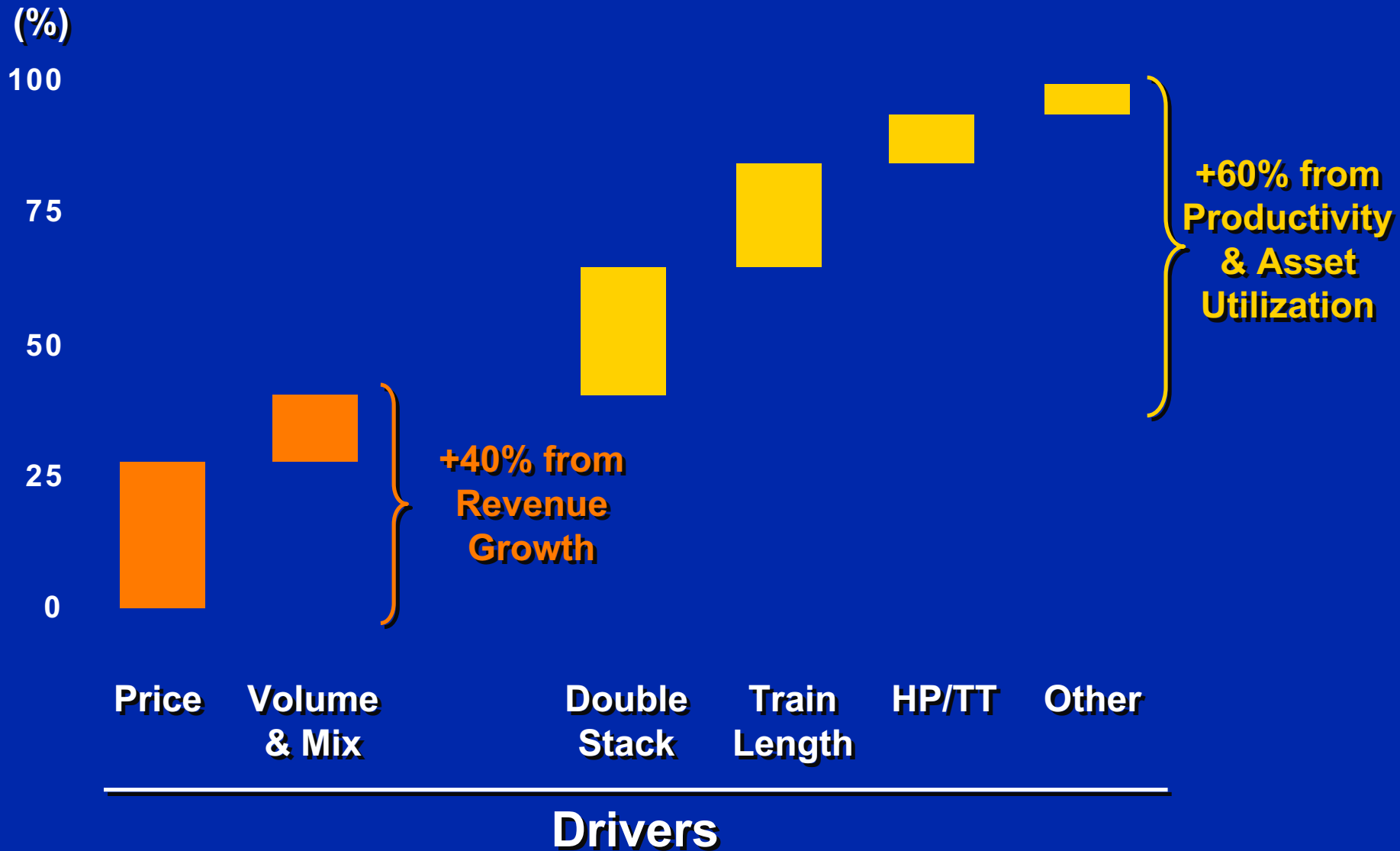
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Margin Improvement Target

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John Newman

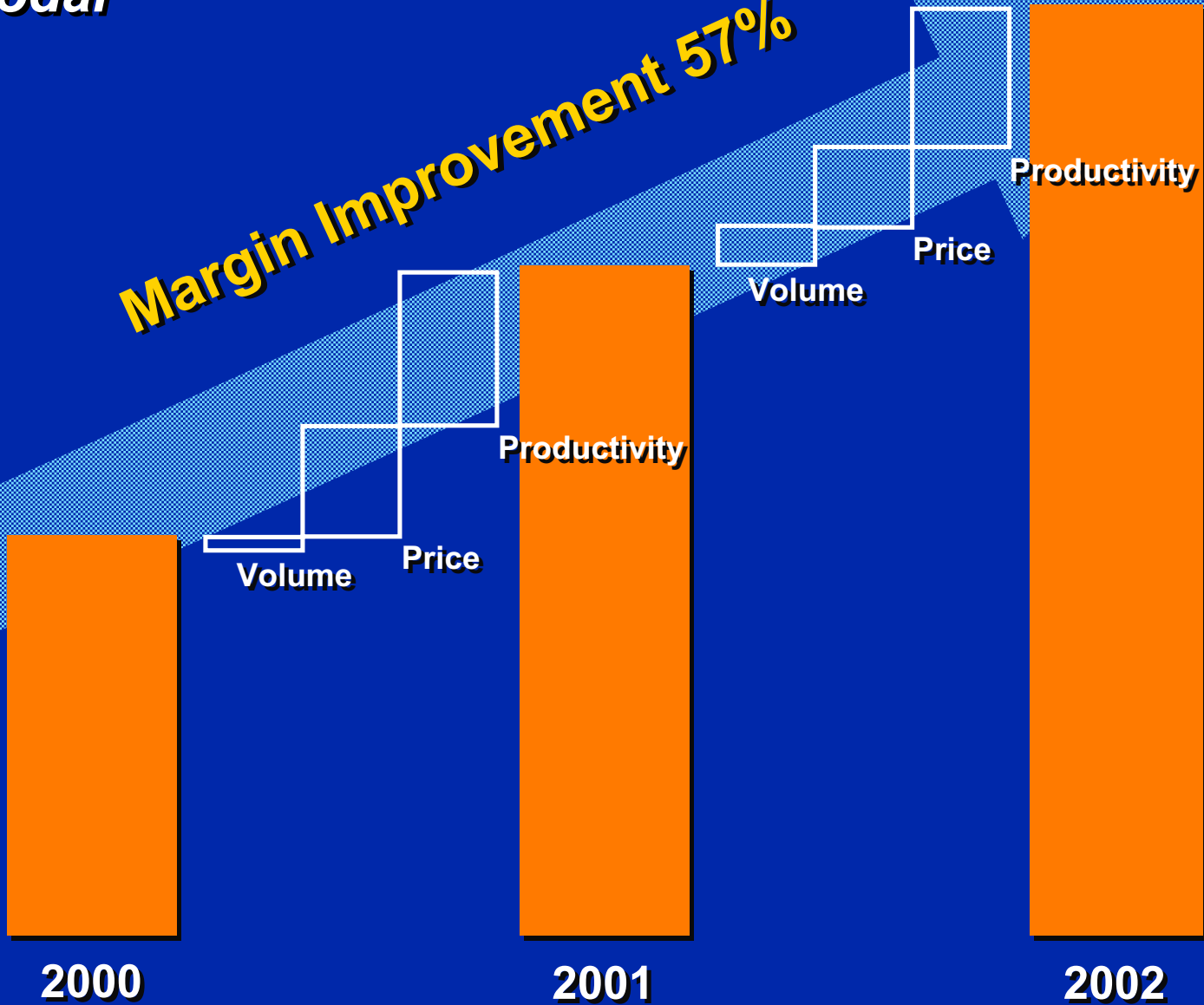


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Contribution

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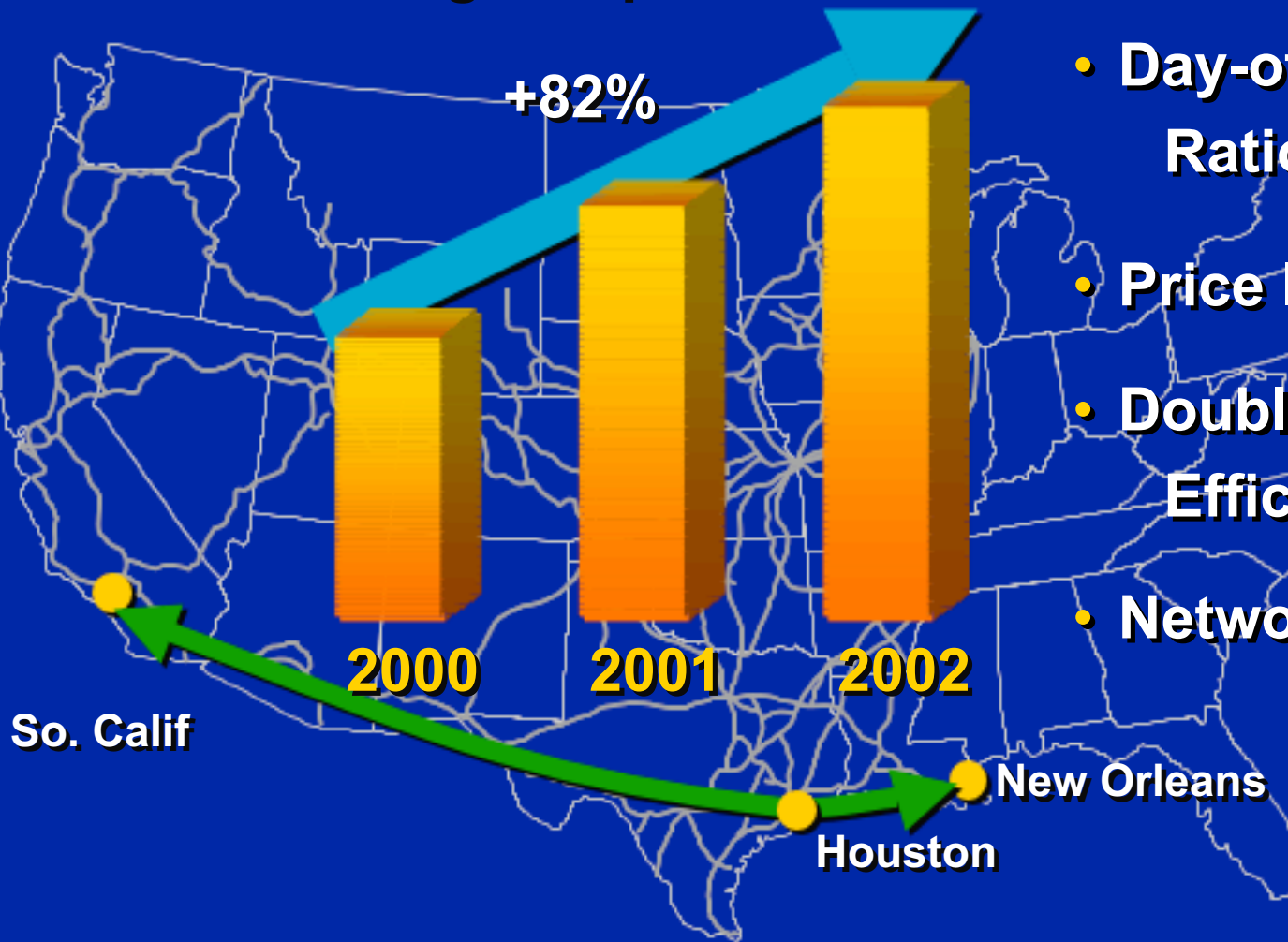
Margin Improvement 57%



L.A. to Houston/New Orleans

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Margin Improvement



- Day-of-Week Rationalization
- Price Improvement
- Double Stack Efficiency
- Network Redesign

So. Calif

Houston

New Orleans



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Lane Contribution

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Intermodal Lane Profile (Main Lanes)

Lane	Starts	% On Stk	Slot Util	Locs	HP	Trail Tons	HPTT	Std HPTT	Avg Per Slot
Chi - Cal	11,852	94.5%	92.9%	2.77	11,770	4,163	2.83	2.78	
Chi - N/S	6,960	81.8%	89.9%	2.29	8,253	3,046	2.71	2.50	
Chi - PNW	2,275	93.8%	92.4%	2.69	11,419	3,896	2.93	2.50	
Gulf	5,241	90.3%	90.9%	2.93	12,000	4,000	2.93	2.50	
I-5	3,254	71.5%	86.8%	3.27	12,400	4,000	3.27	2.50	
Mfs/Dal - Cal	6,147	89.9%	92.3%	2.88	11,500	3,800	2.88	2.50	
MidWest - Cal/PNW	6,085	71.0%	88.3%	2.44	10,100	3,300	2.44	2.50	
Other	2,403	78.6%	83.8%	1.92	7,400	2,400	1.92	2.50	

Intermodal Lane Profile

File Edit Records Tools Help

Intermodal Lane Profile (Major Lanes)

Measures

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Lane by Lane Analysis



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Lane Contribution

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Intermodal Lane Profits

The LAN System: [LAN] Date: [Date]

Intermodal Lane Profits @ Lane: [Lane] / Total Area: [Total Area]

Average Per Start

Train	Start	End	Start Date	End Date	Start Time	End Time	Start	End	Start	End	Avg	Length	Length	Length	Cap	TRK
LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN	LAN
001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001	001
002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002	002
003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003	003
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006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006	006
007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007	007
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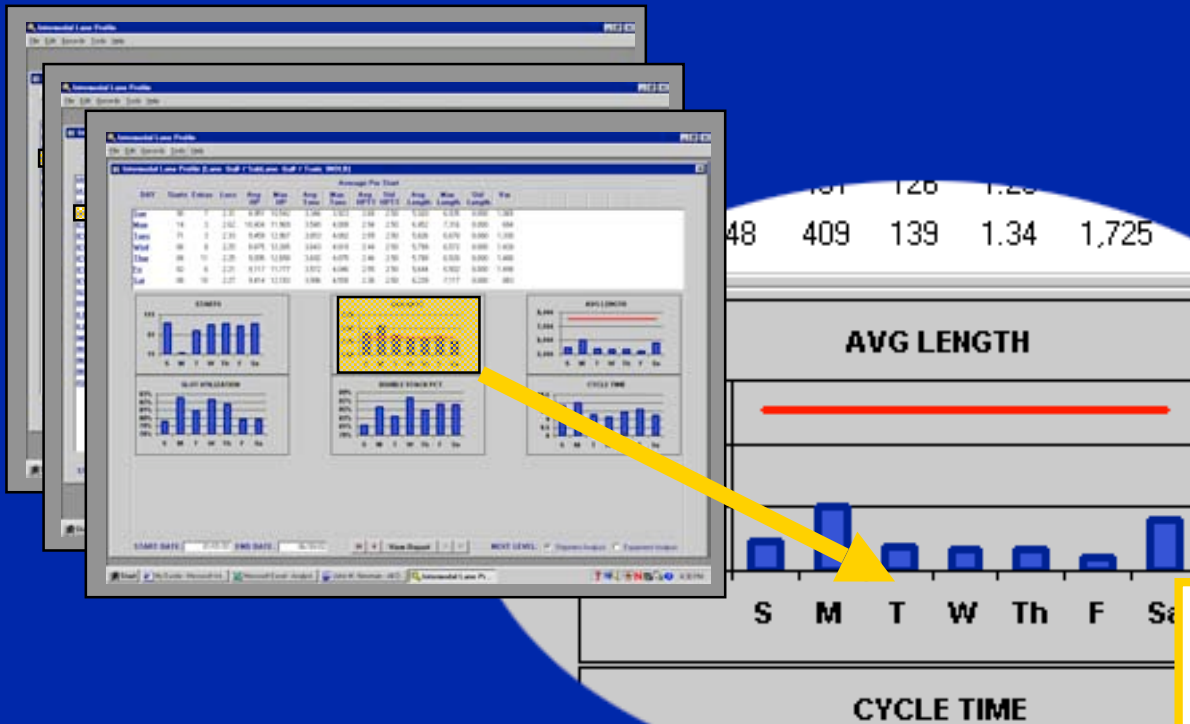
Average Per Start

HPTT	Std HPTT	Avg Length	AvgMax Length	Length Cap	TRK		
2.37	2.50	6,141	6,299	8,000	1.67		
2.13	2.50	5,781	6,325	8,000	1.67		
2.58	2.50	5,078	6,070	8,000	1.93		
2.49	2.50	3,991	4,014	8,000	3.98		
2.139	3,156	2.90	2.50	4,460	5,527	8,000	2.90
2.99	3,754	3.33	2.50	5,558	6,513	8,000	3.33
2.6252	2.68	2.50	6,811	6,965	8,000	2.68	
2.74	2.50	6,755	6,999	8,000	2.74		

Trains by Lane Detail

Lane Contribution

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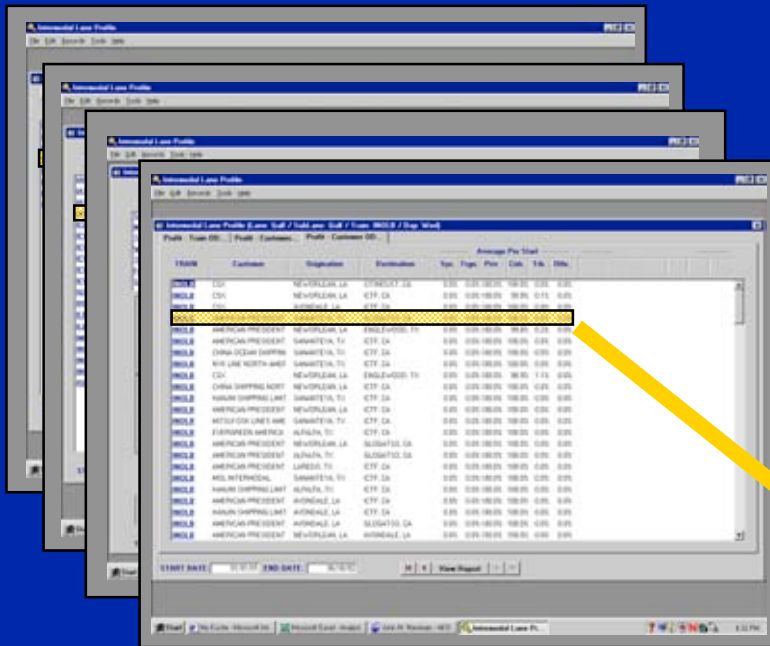
Day-of-Week Demand



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Lane Contribution

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Profit - Customer OD...

Origination	Destination	Sys	Fygs	Plan	Cub	Tds	Rts
NEWORLEAN, LA	CITINDUST, CA		0.0%	0.0%			
NEWORLEAN, LA	ICTF, CA		0.0%	0.0%			
VONDALE, LA	ICTF, CA		0.0%	0.0%			
SANANTEYA, TX	GLOGATSO, CA		0.0%	0.0%			
NEWORLEAN, LA	ENGLEWOOD, TX		0.0%	0.0%			
SANANTEYA, TX	ICTF, CA		0.0%	0.0%			
SANANTEYA, TX	ICTF, CA		0.0%	0.0%			
NEWORLEAN, LA	ENGLEWOOD, TX		0.0%	0.0%			
LA SHIPPING NORT	NEWORLEAN, LA		0.0%	0.0%			
SHIPPING LIMIT	SANANTEYA, TX		0.0%	0.0%			
IDENT	NEWORLEAN, LA		0.0%	0.0%			
	SANANTEYA, TX		0.0%	0.0%			

**Customer
Detail**



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Scorecard - L.A. to Houston/New Orleans

2002 versus 2001

Lane Evaluation

Change in Contribution
 Unfavorable Favorable

Description - Decrease / + Increase

Units	+4%
Revenue	+5%
Revenue Per Car	+1%

Traffic (% of Lane)

Domestic	31%
International	69%



Operating Statistics

Train Starts	+3%
Loads Per Train	+7%
Double Stack Percent	+9%
Horsepower/Trailing Ton	-7%
Train Length	+2%

Margin Improvement		+ 21%
Revenue	Avg. Revenue / Car	
	Volume	
Costs	Fuel Price	
	Wage Inflation	
	Others	
Productivity & Asset Utilization	C-Rate	
	Slot Utilization	
	Double Stack	
	Horsepower/TT	
	Train Length	
	Others	

Profitability Management

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- Lane Organizational Structure
- Tactical Working Team
- Quarterly Lane Reviews
- Monthly Business Team Reviews
- Quarterly Senior Management Reviews



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Barry Michaels



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Operating Initiatives

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Line-of-Road

- Train Frequency
- Train Size
- Slot & Stack Utilization
- Horsepower per Trailing Ton

Terminal

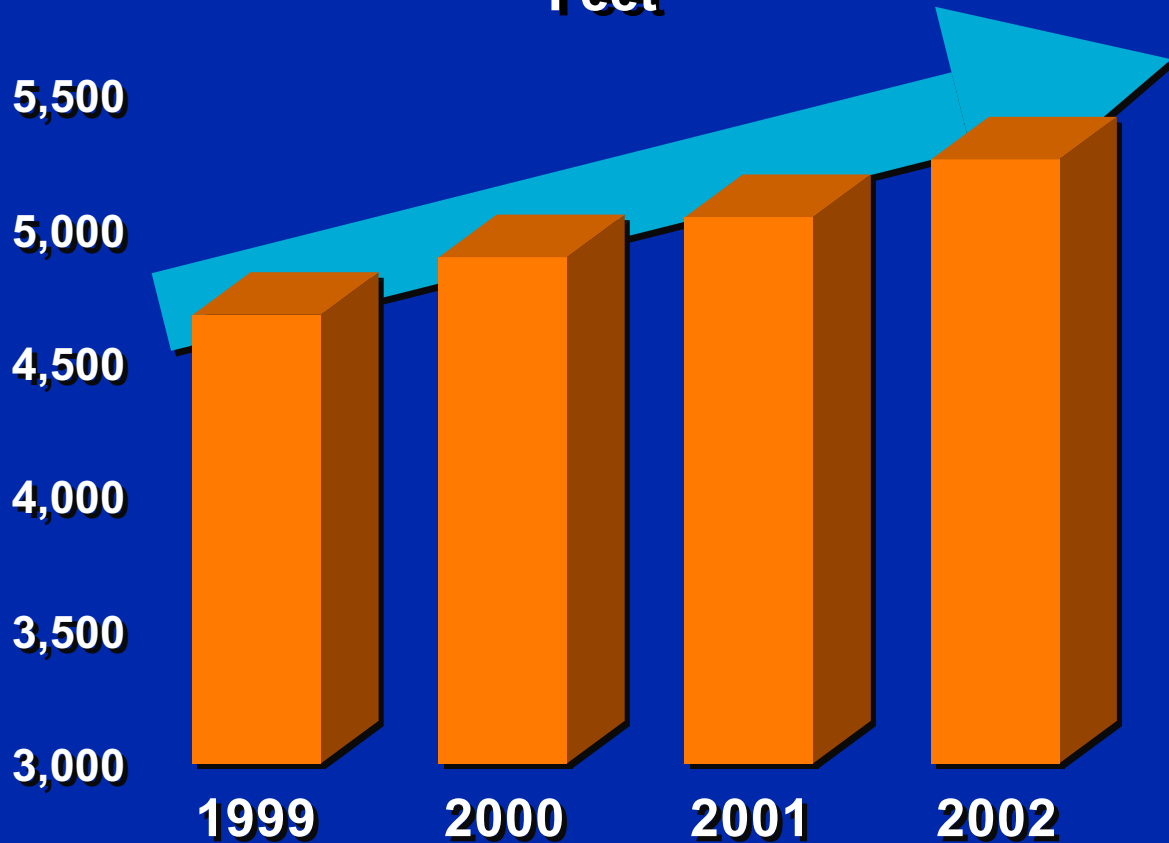
- Lift Productivity
- Dwell Time
- Gate Processing



Productivity / Efficiency Measures

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Train Length Feet



- **Operational Drivers**
- **Network Redesign**
 - Day of Week Volume
 - Customer Commitment Rationalization
 - Business Rules - Annulments/Consolidations

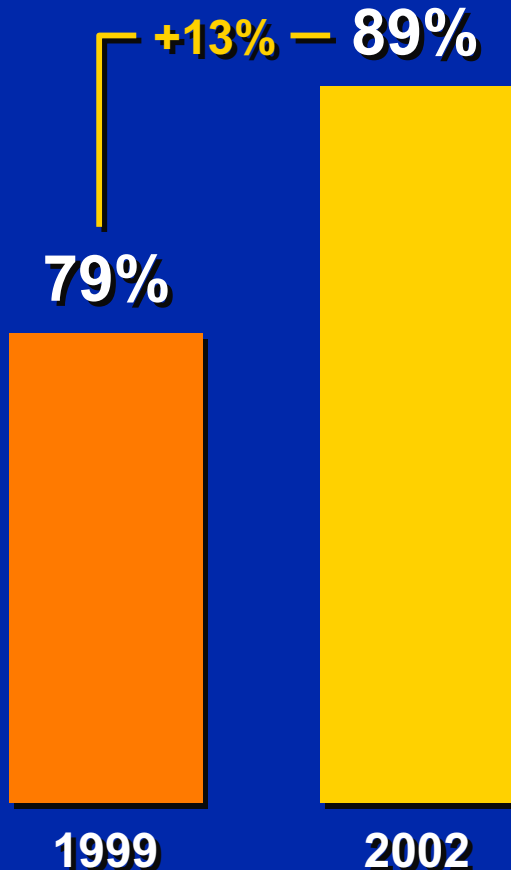


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Productivity / Efficiency Measures

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Double Stack Percent



- Operational Drivers
- Terminal Management
 - Asset Utilization
 - Containerization
 - Car Type

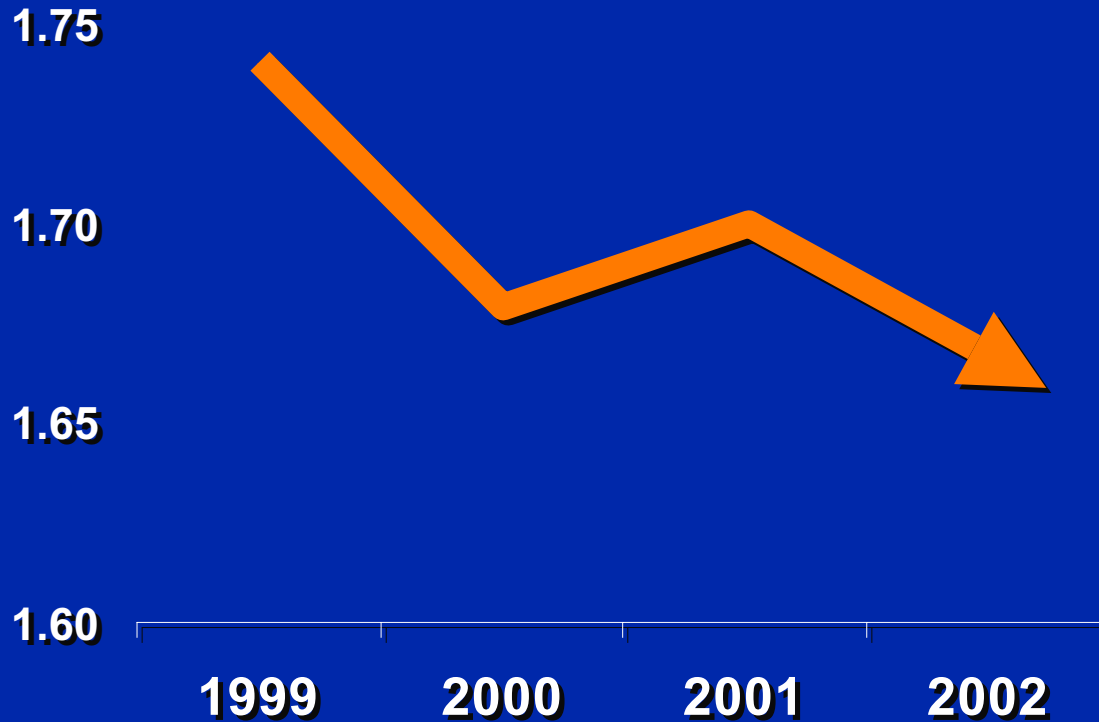


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Productivity / Efficiency Measures

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Lifts Per Unit



Operational Drivers

- On-Dock Operations
- Interchange Partners



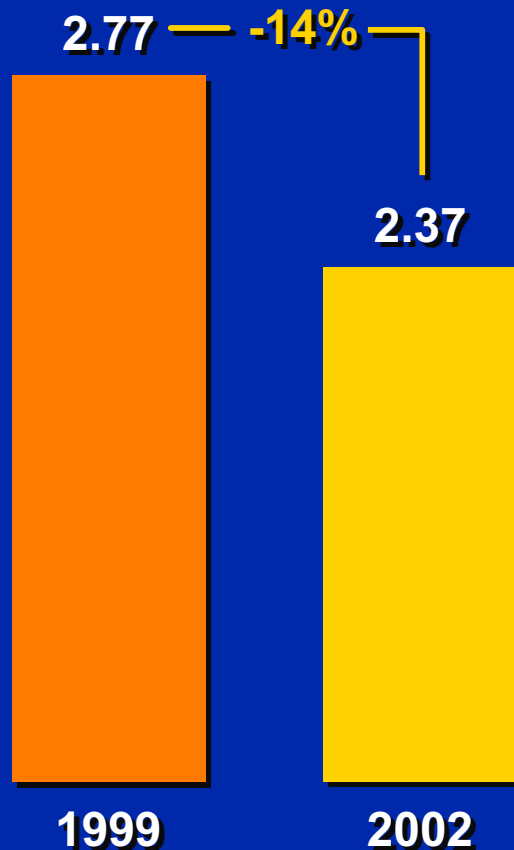
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Productivity / Efficiency Measures

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Terminal Dwell

Days



Operational Drivers

- Customer - Data Sharing
- Assessorial Collection
- Reduced Free Time
- Increased Storage Rates

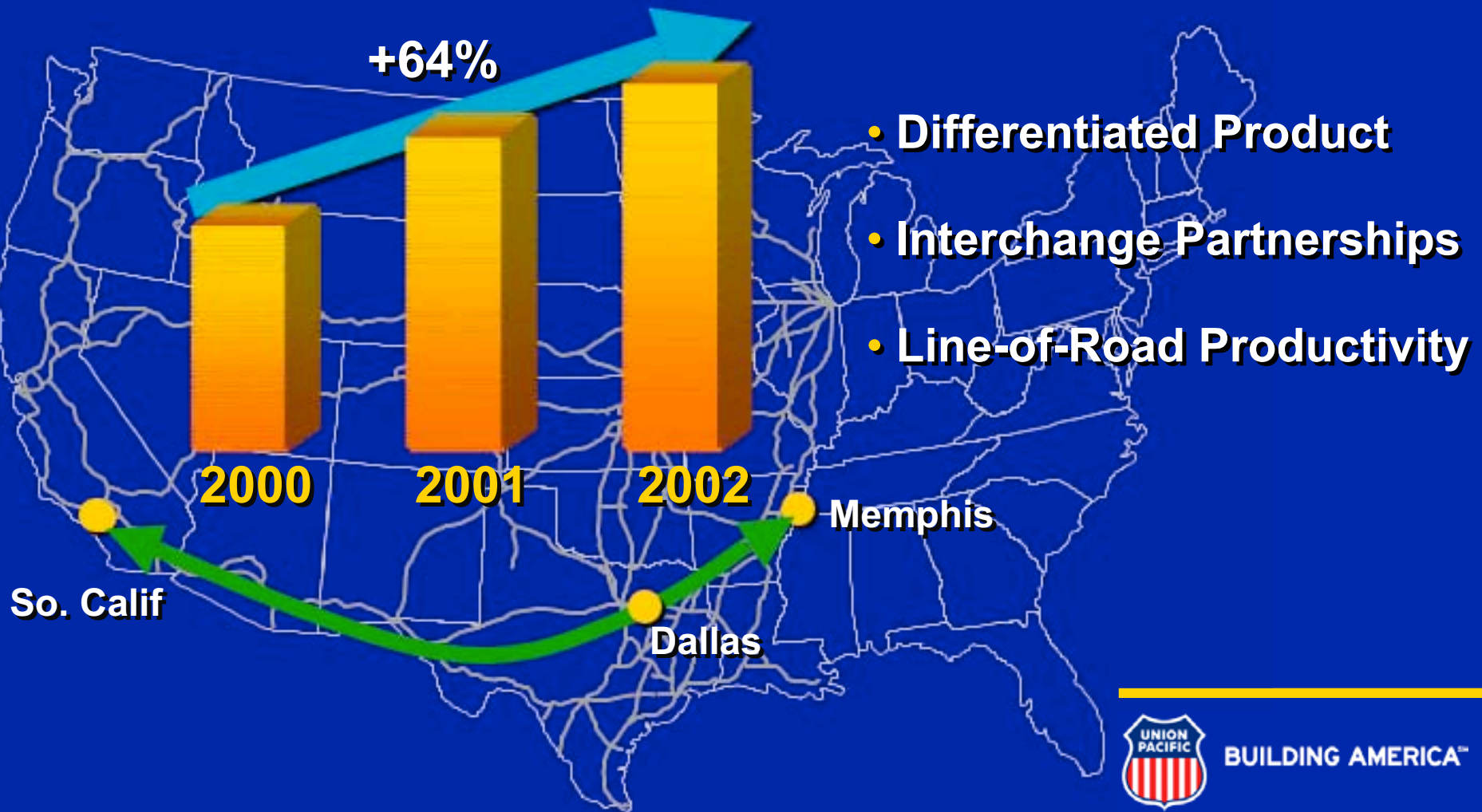


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L.A. to Dallas/Memphis

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Margin Improvement



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Scorecard - L.A. to Dallas/Memphis

2002 versus 2001

Lane Evaluation

Change in Contribution
 Unfavorable Favorable

Description - Decrease / + Increase

Units +24%
 Revenue +20%
 Revenue Per Car -3%

Traffic (% of Lane)

Domestic 35%
 International 65%



Operating Statistics

Train Starts +12%
 Loads Per Train +11%
 Double Stack Percent +4%
 Horsepower/Trailing Ton -3%
 Train Length +11%

Margin Improvement		+ 13%
Revenue	Avg. Revenue / Car	
	Volume	
Costs	Fuel Price	
	Wage Inflation	
	Others	
Productivity & Asset Utilization	C-Rate	
	Slot Utilization	
	Double Stack	
	Horsepower/TT	
	Train Length	
	Others	

Future Margin Initiatives

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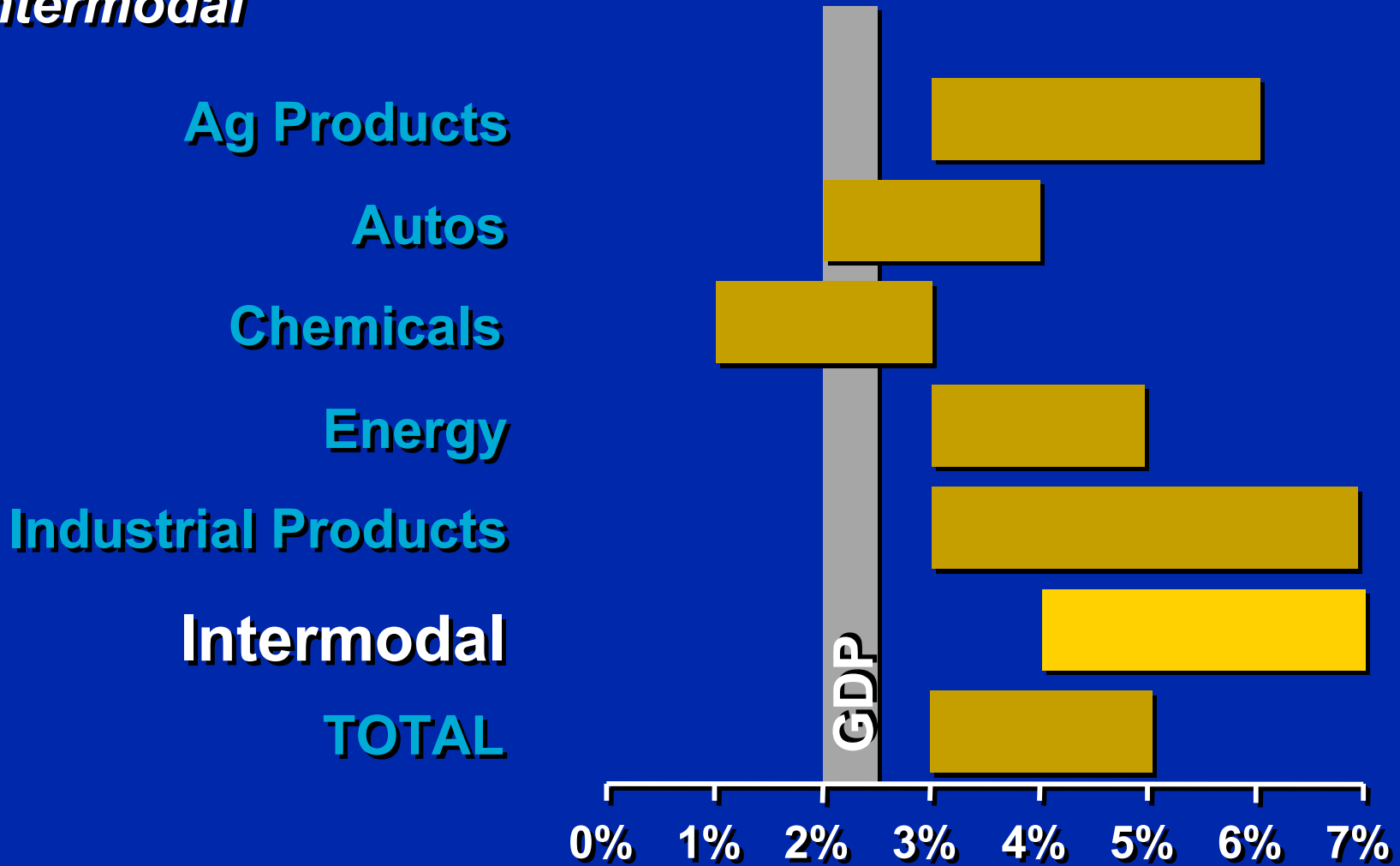
- **Increase Train Length**
- **Reduce Terminal Gate Processing Time**
- **Reduce Lifts per Unit Handled**
- **Price Improvement**
- **Truck-Like Fuel Price Recovery**



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Revenue Growth Potential

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Union Pacific



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