State of the Union in the Drayage Industry and the impact on Green Fleet Initiatives

Port Stakeholders Summit
Baltimore, MD
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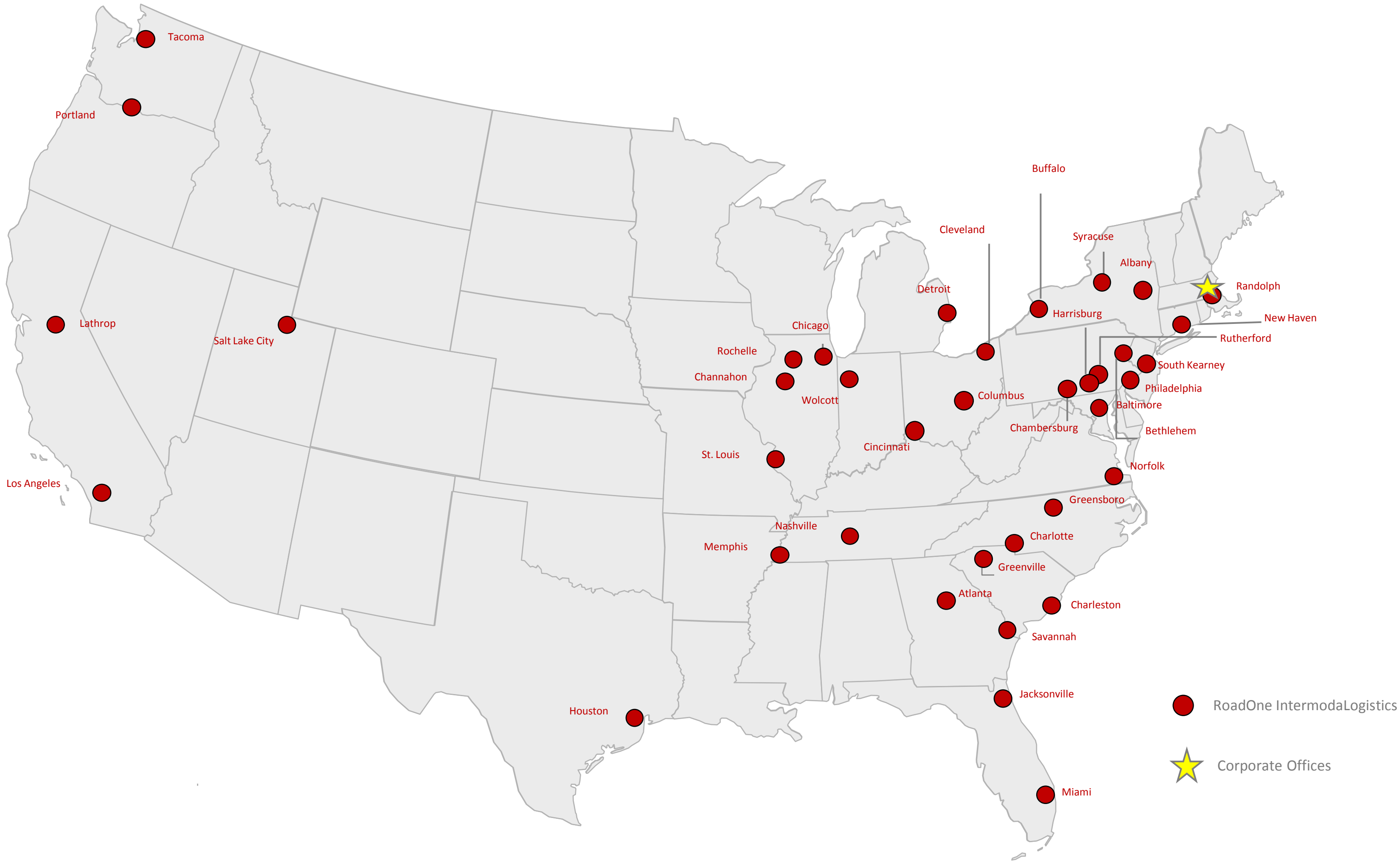
President & CEO
RoadOne IntermodaLogistics

RoadOne Company Overview

RoadOne is a leading National provider of intermodal logistics service, delivering transportation, terminal management and distribution solutions across the United States.

Single Source Solutions That Connect

National Network = S3



Single Source Solutions That Connect

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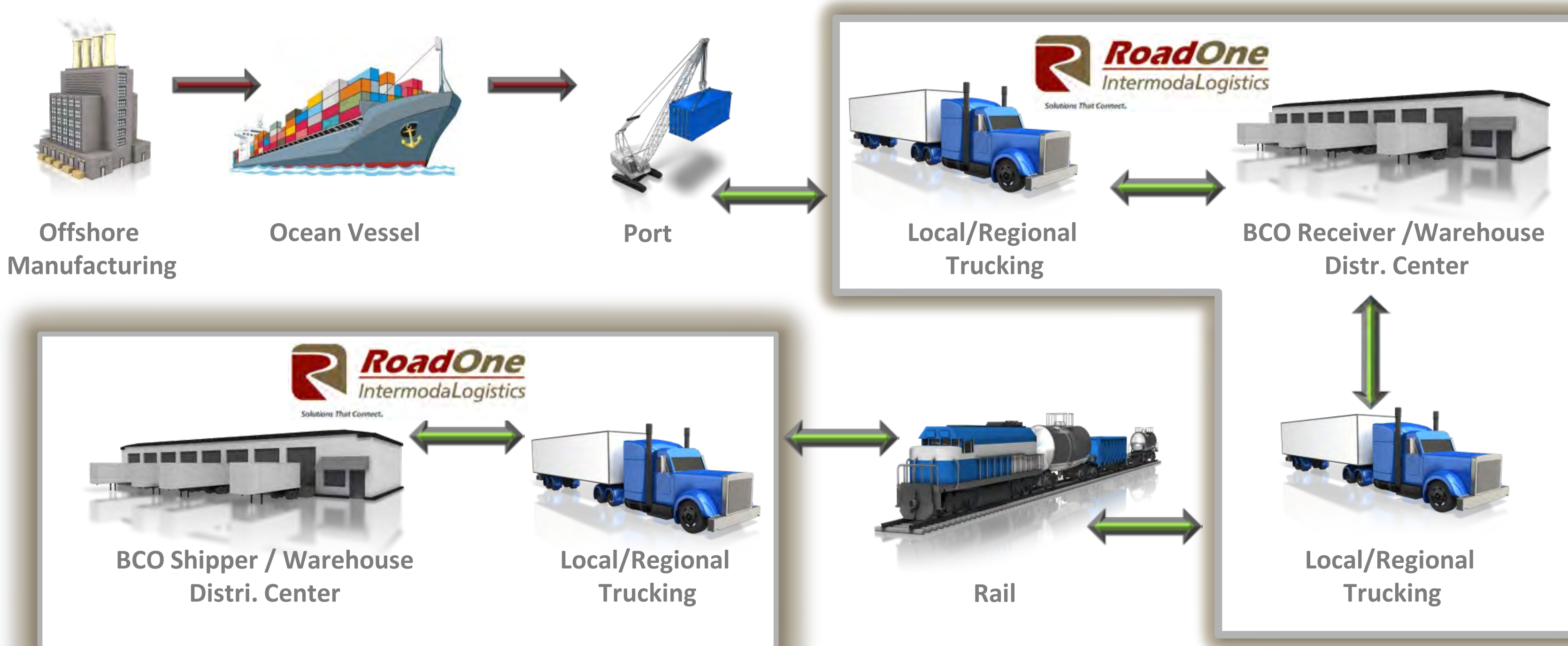
North American Business Model



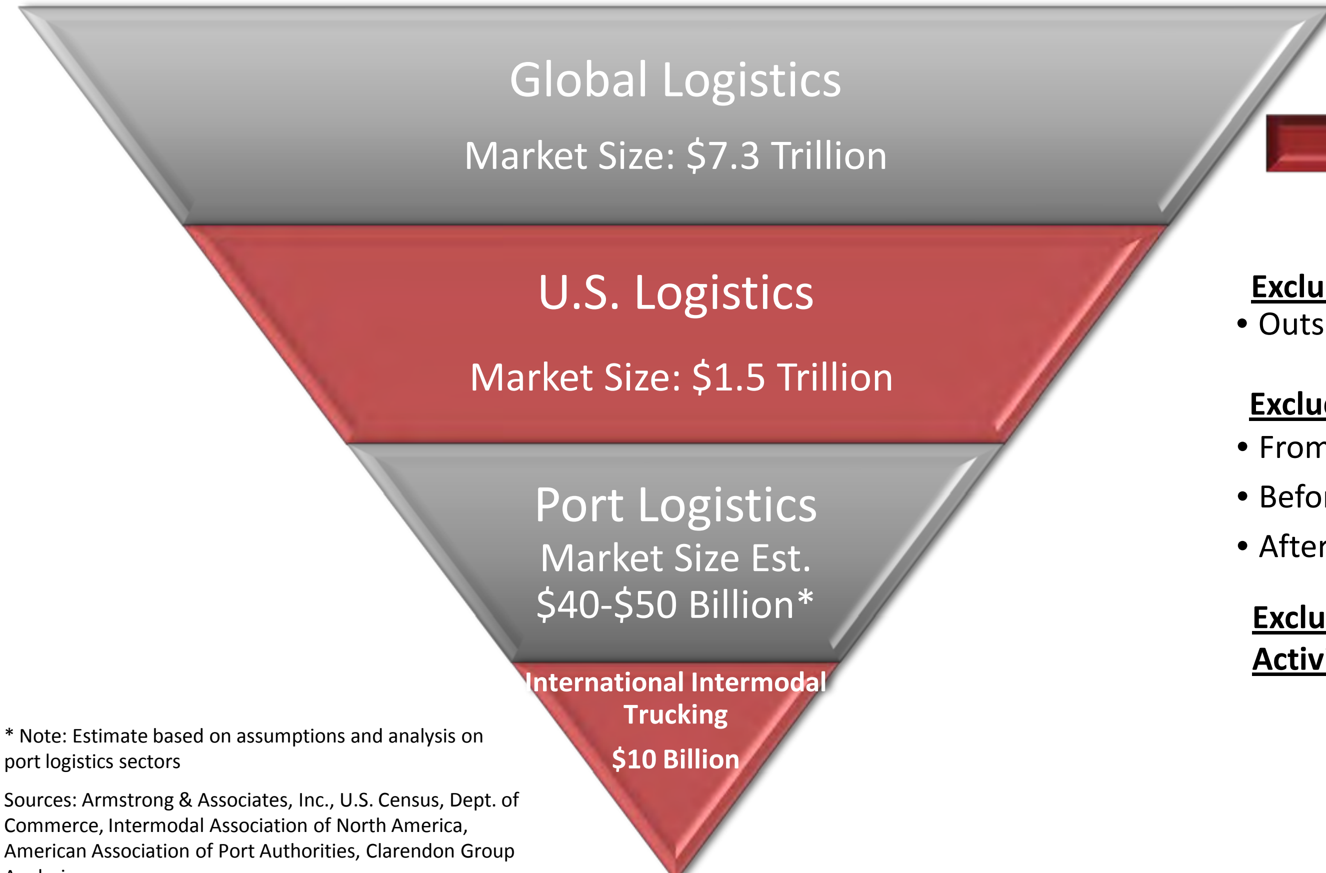
Value Add Services

- Intermodal Trucking both Port & Rail Based
- Warehousing (Dry and Climate Controlled)
- Transloading, Cross Docking, &Pool Point Distribution
- Dedicated Truck Network Solutions
- TL and LTL Consolidation to major retailers

Single Source Solutions That Connect RoadOne IntermodaLogistics

International Intermodal Market

International intermodal trucking is a $10 billion portion of the port logistics market- *at the bottom of the funnel*



Excludes Logistics. Activities:
- Outside the U.S. borders

Excludes Logistics Activities:
- From purely U.S. domestic freight
- Before manufacture and assembly
- After arriving at distribution center

Excludes Non-Intermodal Trucking Activities:

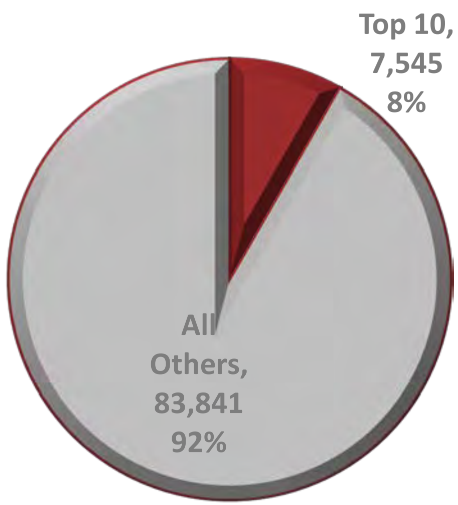
* Note: Estimate based on assumptions and analysis on port logistics sectors

Sources: Armstrong & Associates, Inc., U.S. Census, Dept. of Commerce, Intermodal Association of North America, American Association of Port Authorities, Clarendon Group Analysis

Intermodal Trucking Breakdown

There are about 5,000 for-hire intermodal trucking carriers, with the top 10 independent providers operating about 8 percent of total capacity

*** Highly Fragmented * High company turnover * Undercapitalized * Aging ownership**

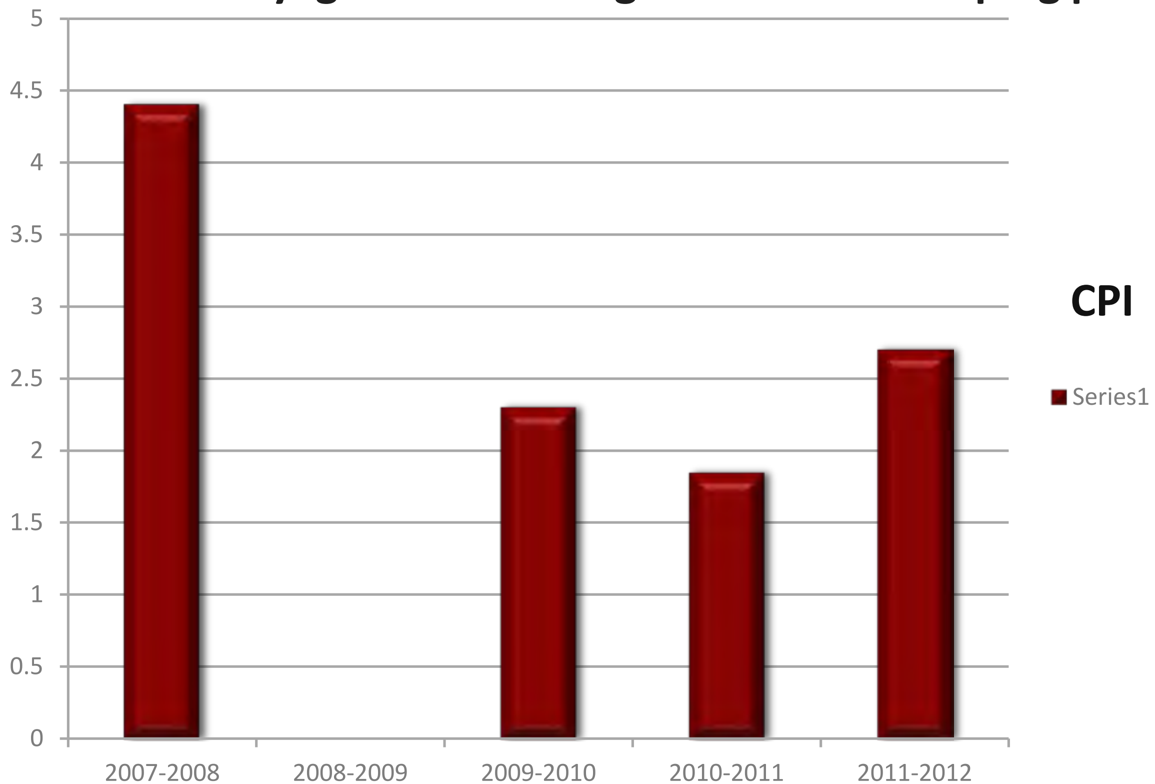


Note: Clarendon estimates. Excludes integrated firms whose trucking primarily serve as an in-house fleet, such as JB Hunt, Schneider, Maersk/BTT and Hub/Comtrak

Source = Clarendon Group

5 Year Consumer Price Index

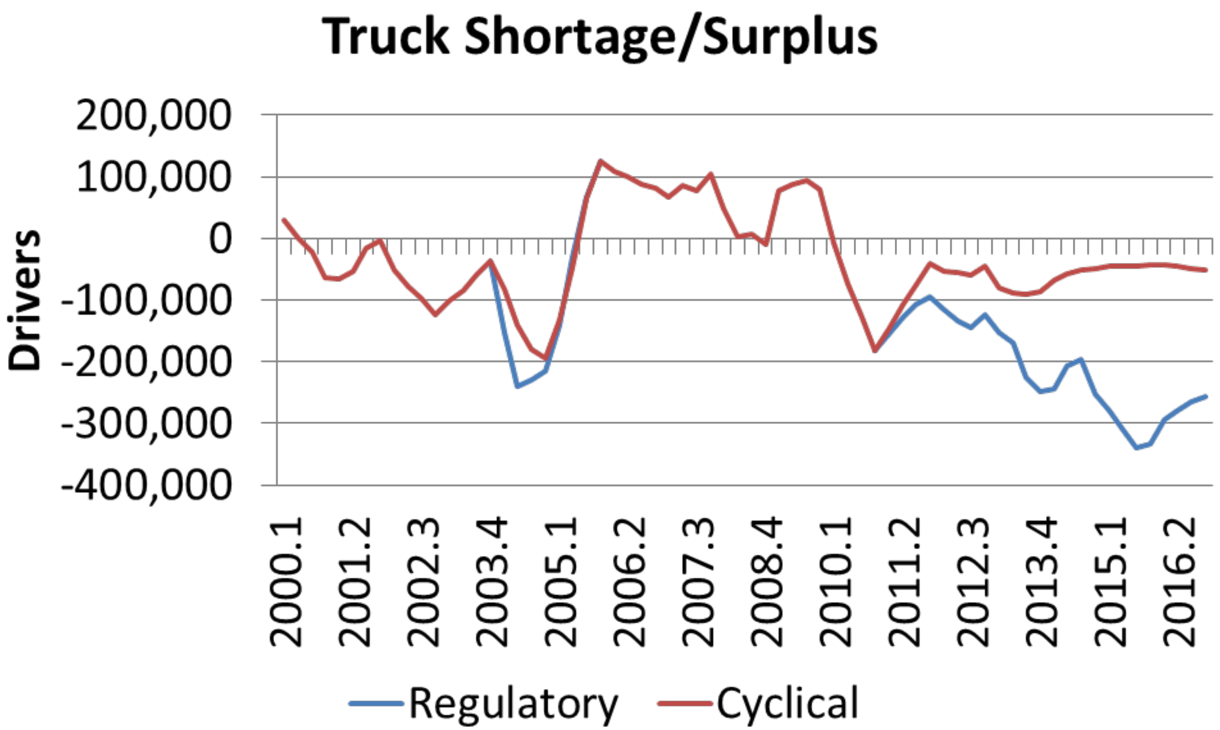
Intermodal Drayage rates are stagnant and not keeping pace



Total CPI = **11.25**

AVG CPI Adjustments= **2.8125**

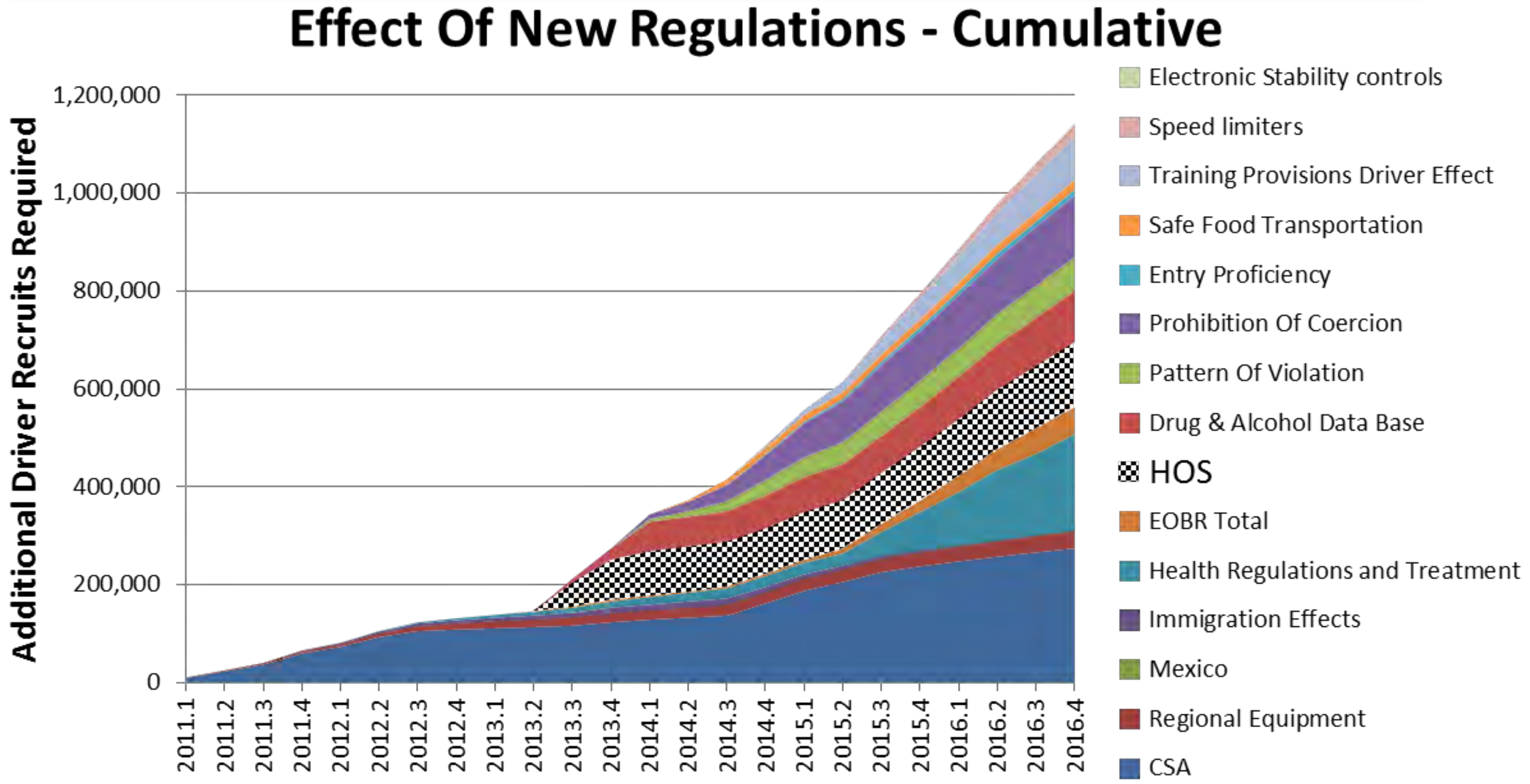
The growing demand in Intermodal and stagnant pricing will lead to a new record in driver shortage



Sources: FTR Associates, Transportation Economics

This assumes no recession and an FMCSA that does what it says it will do.

HOS is the next big hit from a long wave of regulatory change.



Sources: FTR Associates, Transportation Economics – TransSafe Consulting

This wave could last through the rest of the decade.

Single Source Solutions That Connect

The New HOS, so what does it mean?

- Take (1), 30 minute break within first 8 hours of duty

- Drivers that use the reset provision will have to go off-duty for a min. of 34 hours that must include (2) consecutive 1-5 am periods

The Impact

- Overall truck capacity will shrink by 3-5%
- Recruiting driver applicants has dropped by almost 20-25%
- Potential drivers and existing drivers are pursuing opportunities in other industries such as the construction and home delivery industries.
- Carriers productivity will decline by more than 10%
- Carriers will have to build a better driver compensation package to attack drivers- *incentive based*
- Carrier rates will increase and costs will have to be passed on to the customers

The Chassis changes are increasing operating costs and creating inefficiencies

- New Chassis programs are a work in progress. This fragile industry cannot absorb other sectors challenges, problems and operating losses.

- Inconsistency drives inefficiency - every Line and every market have a different approach.

  Off- site pools create additional stops and delay time- reducing the port cycle time for drivers.

- Too many options - no consistent prevailing strategy. New options include:

  - Co-op pools such as Consolidated Chassis Management (CCM) .
  - Direct Chassis Link – Founded by Maersk in 2008 as a neutral chassis pool, recently sold.
  - 3rd party chassis pools operated by Flexi Van, Trac
  - Steamship Lines direct chassis programs
  - Truckers own chassis in certain markets.
  - IMCC (Intermodal Motor Carrier Conference) of ATA- Tioga study

Key impact issues to drayage of Inland operation changes at ramps and pools

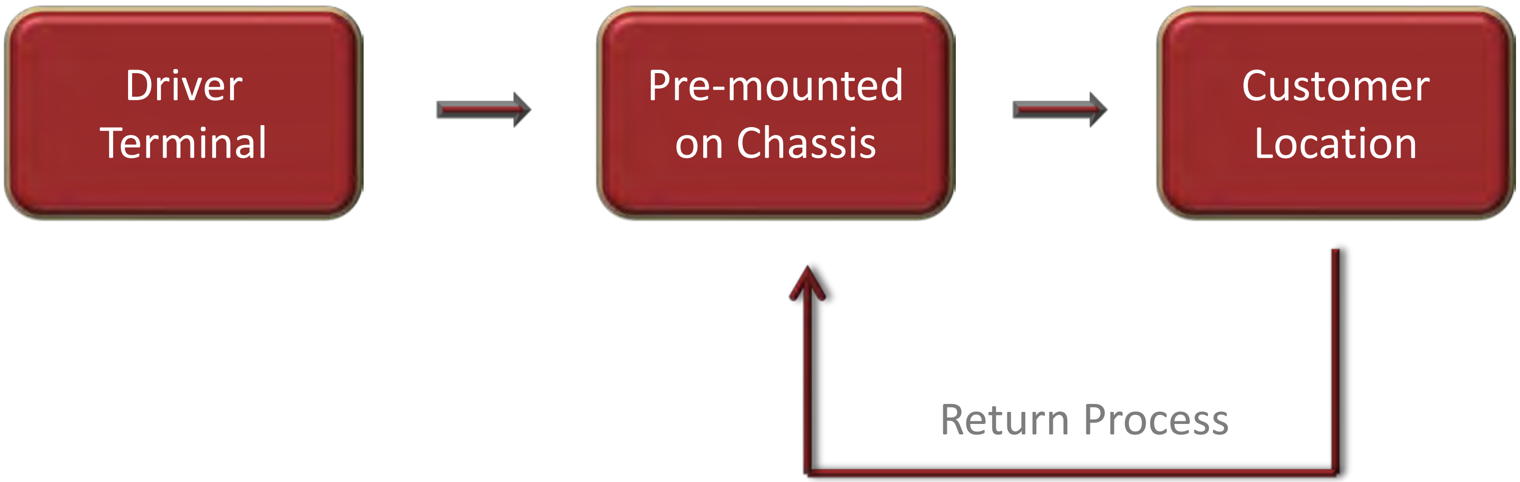
• **The Intermodal drayage business cannot grow in parallel with the capital investment being made by railroads, terminal operators, intermodal carriers, steamship lines, etc. at its present rate levels**. *Not attractive enough to drivers!*

• **The operating changes with chassis pools, ramp operations and other key decision such as mounted vs grounded operations need to be made on a macro basis to not reduce efficiency at driver level.**

* Overall turn time at grounded operations is between 15-45 minutes longer than at mounted operations
* Chassis maintenance issues are increasing and delaying drivers.
* Off- site pools are adding additional legs for drives.
* Chassis flips and pool transfers adding additional delays.

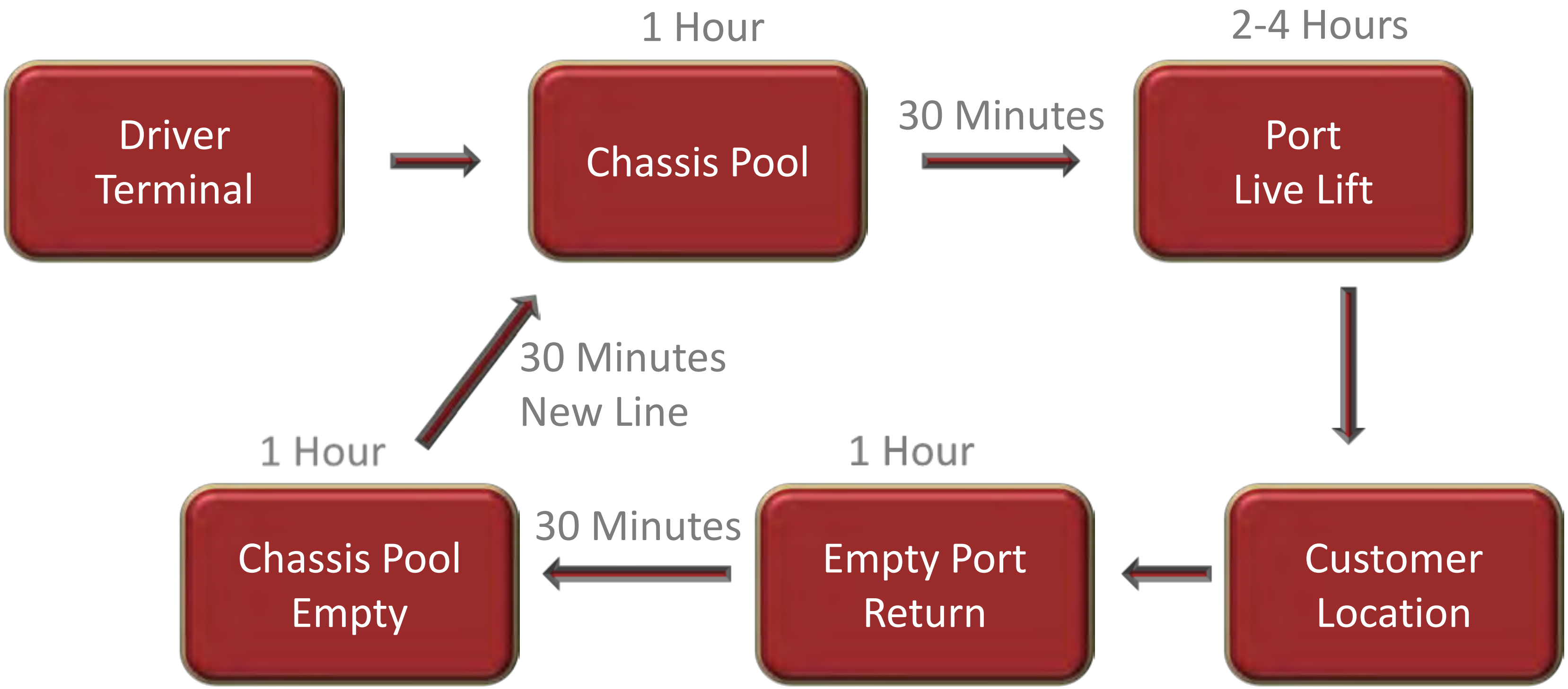
With 11 driving hours per day the estimated 60-90 minutes in new turn time and process time is creating 10-15% inefficiency in the process time, Chassis pool stops, unloading time, etc.

Past Port Flow



<u>1 Hour = Full Cycle</u>

Current Port Cycle



<u>2-6 Hours = Full Cycle</u>

COSTS OF DELAYS

Tioga Group estimates that in 2012, unnecessary delays for trucks at port terminals wasted a total of

15,000,000 HOURS

and

348,000,000 U.S. DOLLARS

See below for a breakdown of individual category costs.

CHASSIS PROBLEMS

costs of waiting for roadworthy chassis

= 1 million hours = $10 million

7 million hours | $156 million

TERMINAL TIME

extrapolation of difference between 30 minutes and the average wait time of 40 minutes at 3 ports

4 million hours | $90 million

QUEUE TIME

extrapolation of difference between 10 minutes and the average wait time of 20 minutes at 3 ports

3 million hours | $79 million

TROUBLE TICKETS

costs of trouble tickets, now given to 5% of drivers

1 million hours | $23 million

Source: Tioga Group
Design: Diana Denton, JOC Group Inc.

JOC

Solutions That Connect.

RoadOne's commitment to sustainability 'Greenfleet Program'

- Assists drivers with the purchase of newer trucks
- For RoadOne owner operators who qualify
- Equipment Specifications

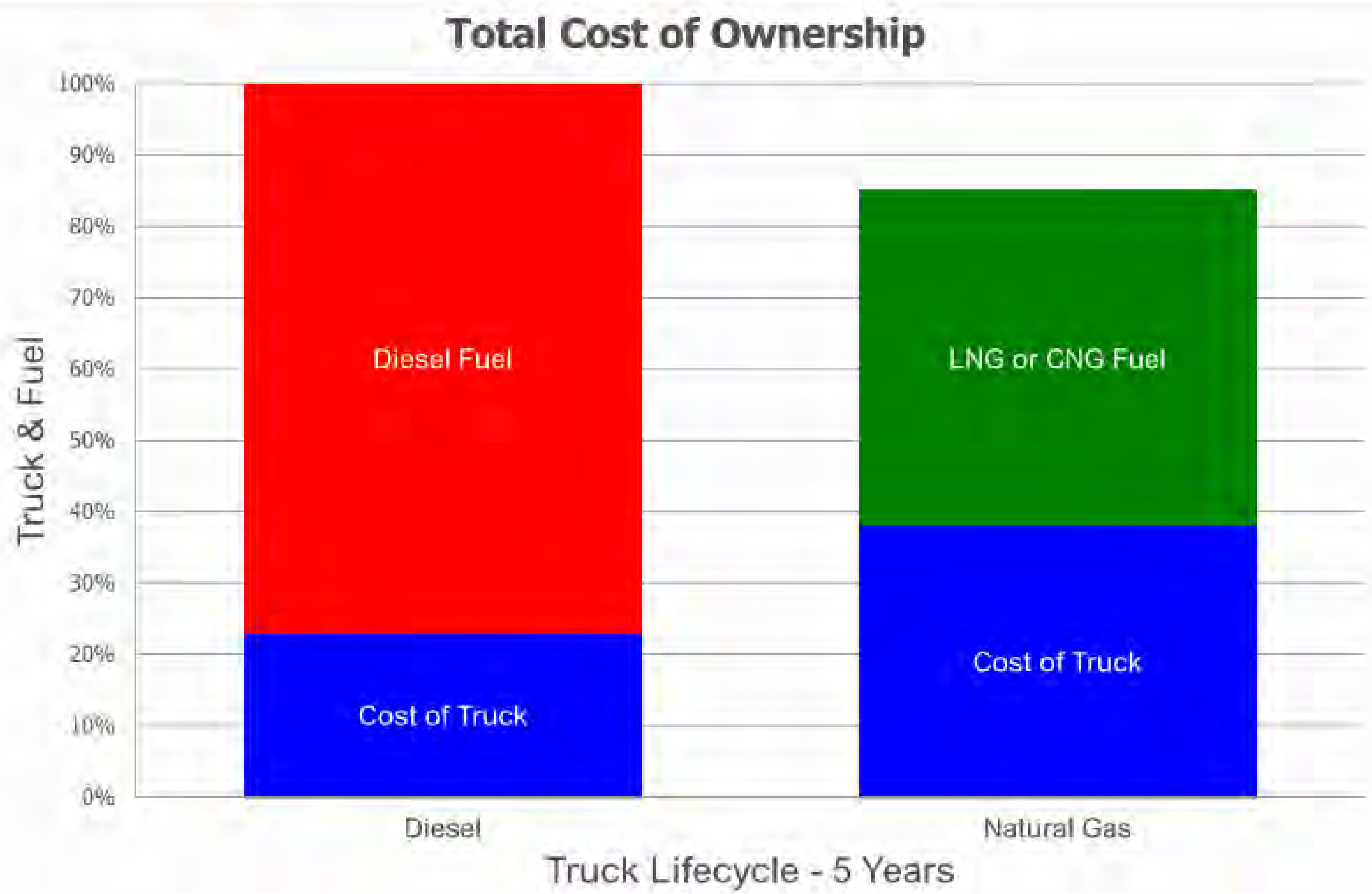
  -4 years (2009) or newer

  -Estimated 400K miles

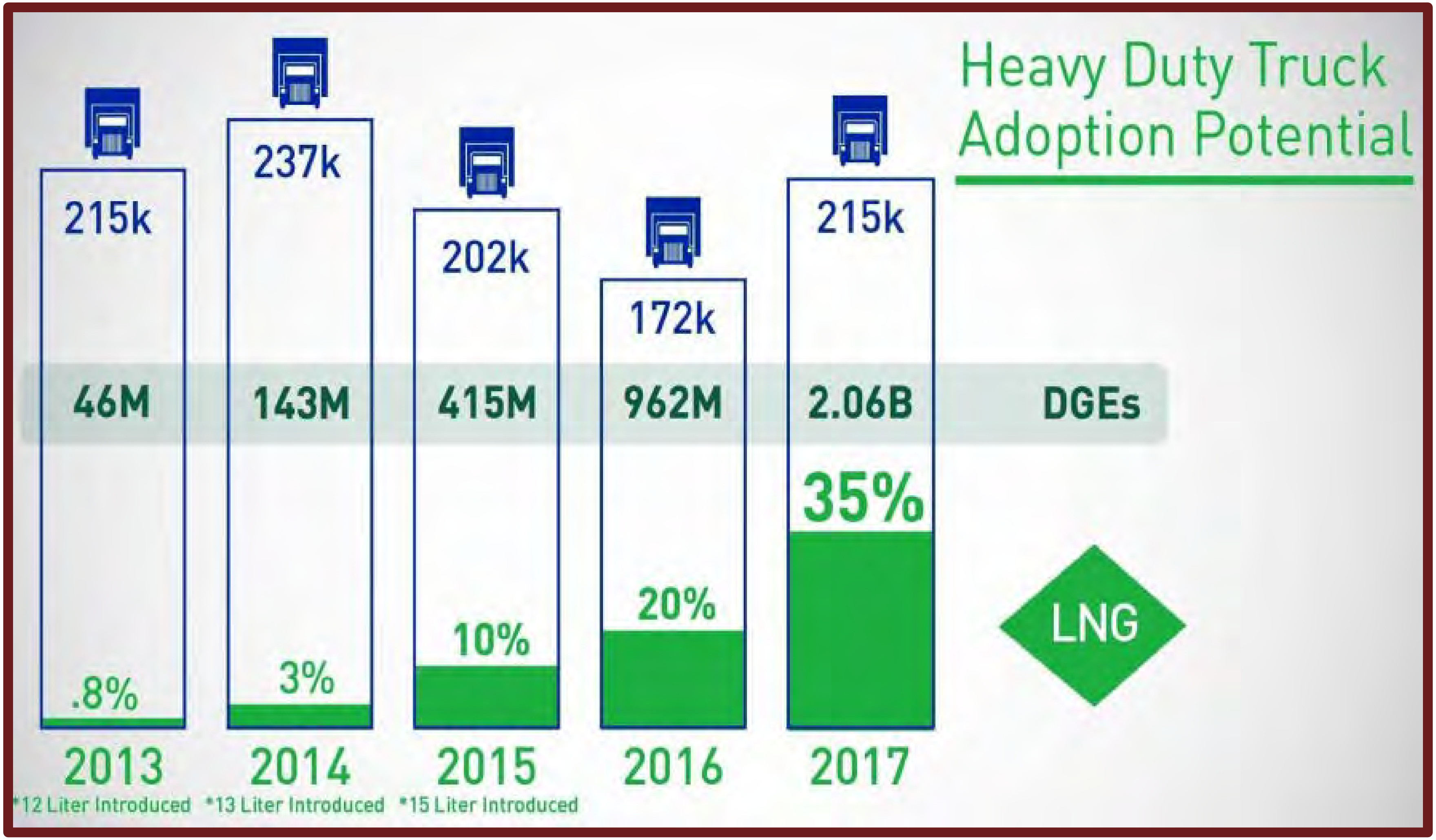
  -Drive Train Warranty
- Lease to purchase program with competitive pricing

The Alternative Fuel Options
LNG & CNG

POSITIVES	CHALLENGES
Lower fuel costs- $2.75 vs $4.00	Limited Fuel Network
Long term savings- 3 year BE	New Equipment- not tried and tested
Improved Emissions- 25-30% lower PPM	Driver Acceptance- Low interest
No diesel exhaust fluid - Regen	New Equipment- upfront capital- 30-40% higher
No diesel particulate filter	Increased fuel stoppage times
Green and sustainable image	9L engines insufficient for heavy loads
	CNG not ideal for heavy loads
	Lower MPG- 15-20% lower
	Higher maintenance costs



Single Source Solutions That Connect


Heavy Duty Truck Adoption Potential
215k
237k
202k
172k
215k
46M
143M
415M
962M
2.06B
DGEs
.8%
3%
10%
20%
35%
LNG
2013
2014
2015
2016
2017
*12 Liter Introduced
*13 Liter Introduced
*15 Liter Introduced

Average Fuel Times

LNG Ave.

CNG Ave.

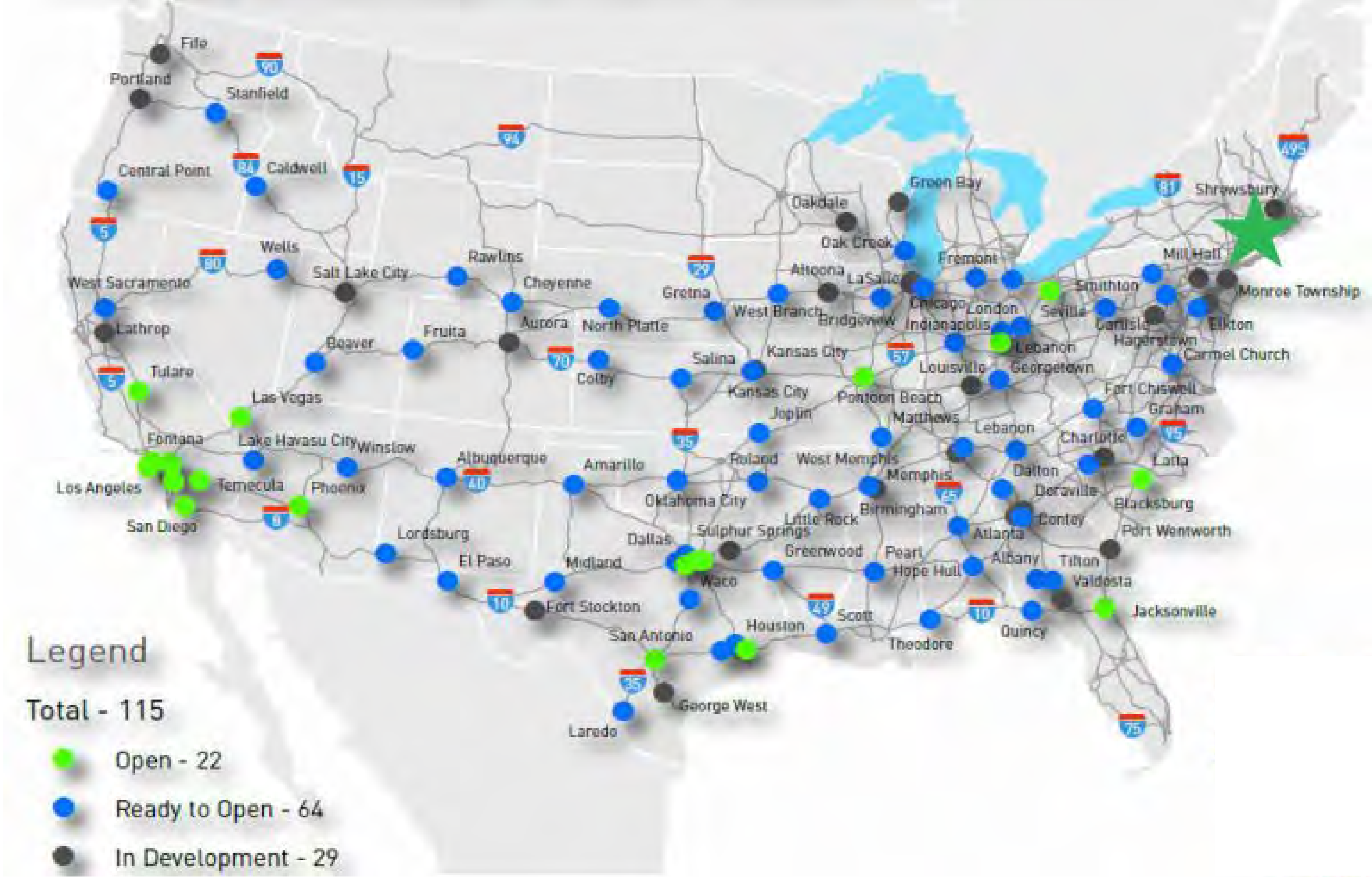
A 42 hour difference per year per truck

Fueling Time Per Year in Hours

Gallons Per Minute (GPM)

25	6	7	8	10	11	13	16	17	20	22	24	27
24	6	7	9	10	12	14	16	17	21	23	25	28
23	6	7	9	11	12	14	17	18	22	24	27	29
22	6	8	9	11	13	15	18	19	23	25	28	30
21	7	8	10	12	13	16	19	20	24	26	29	32
20	7	8	10	13	14	17	19	21	25	28	31	33
19	7	9	11	13	15	18	20	22	26	29	32	35
18	8	9	12	14	15	19	22	23	28	31	34	37
17	8	10	12	15	16	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39
16	9	10	13	16	17	21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	42
15	9	11	14	17	19	22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	44
14	10	12	15	18	20	24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	48
13	11	13	16	19	21	26	30	[illegible]	[illegible]	[illegible]	[illegible]	51
12	12	14	17	21	23	28	32	35	42	46	51	56
11	13	15	19	23	25	30	35	38	45	51	56	61
10	14	17	21	25	28	33	39	42	50	56	61	67
9	15	19	23	28	31	37	43	46	56	62	68	74
8	17	21	26	31	35	42	49	52	63	69	76	83
7	20	24	30	36	40	48	56	60	71	79	87	95
6	23	28	35	42	46	56	65	69	83	93	102	111
5	28	33	42	50	56	67	78	83	100	111	122	133
4	35	42	52	63	69	83	97	104	125	139	153	167
3	46	56	69	83	93	111	130	139	167	185	204	222
2	69	83	104	125	139	167	194	208	250	278	306	333
1	139	167	208	250	278	333	389	417	500	556	611	667
Gallons/Year	8,333	10,000	12,500	15,000	16,667	20,000	23,333	25,000	30,000	33,333	36,667	40,000
Miles/Year	50,000	60,000	75,000	90,000	100,000	120,000	140,000	150,000	180,000	200,000	220,000	240,000

Current Fuel Network



Single Source Solutions That Connect

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‘Takes Green to Go Green’

Federal and State Support Necessary for Success

- Road Tax Credit
- Vehicle Excise Tax Credits
- Grants for Drivers
- Investment Tax Credit
- Rebate on LNG Tax or Reduction on Tax Rates
- SBA Program for Driver Loans

Port Support Necessary for Success

- Better Through- put /Cycle Times
- Longer Gate Hours

Steam Ship Line Support Necessary for Success

- Reduces Peaks and valleys at port
- Improved Inland delivery rates

Chassis Support Necessary for Success

- Better/Consistent Chassis Condition
- Proper Equipment Availability

Solutions to Prevent the Drayage Industry from Becoming Extinct!

- Work in conjunction with shippers, railroads, ports and steamship lines to find ways to reduce inefficiencies in system and standardize the chassis process. ***ONE UNIFORM SOLUTION - TTX LIKE***

- Increase velocity in system – i.e. more night gates, drops at destination, reduced port/ramp turn time, match imports and exports- **load/load, faster roadability !**

- Increase industry awareness of drayage issues and work to improve visibility within industry trade groups and government segments. **" We need to be at the table."** ***"ask don't tell !! ".***

- Establish stronger partnerships with customers and if a third party involved then all parties should be involved in process & pricing

- We must get paid for value added services. If shipper wants additional services then either they or 3rd party must pay.

- Pricing must rise equal to or greater than CPI and or cost increases in the market.