Chairman
Theodore Prince
Consolidated Chassis Management, LLC

President and CEO
Joanne F. Casey

INTERMODAL ASSOCIATION OF NORTH AMERICA

December 1, 2008

Mr. Nick Weiner
Federal Maritime Commission Liaison
President-Elect Obama's Transition Team
Washington, D.C.

Transmitted via E-Mail

Dear Mr. Weiner:

Thank you for the opportunity to provide input on behalf of the members of the Intermodal Association of North America (IANA) regarding their concerns about issues under the jurisdiction of the Federal Maritime Commission. IANA is a leading trade association that represents the mutual interests of intermodal freight transportation providers. Our membership roster of over 900 companies includes railroads, water carriers, ports, intermodal and marine terminal operators, over-the-road truckers and drayage carriers, third-party logistics providers and suppliers to the intermodal industry.

We would like to raise the following issues that are overseen by the FMC and that impact the majority of IANA's members and their businesses:

- **Review of US Ports' And Municipalities' Clean Air Action Plans in Terms of Tariffs and Concession Agreements:** For example, in the case of the Clean Truck Programs recently placed in effect at the Ports of Los Angeles and Long Beach, IANA has publicly declared support of the complaint filed by the American Trucking Associations, Inc. for a declaratory judgment against the Concession Plans of the Ports requesting a finding that said Concession Plans are in clear violation of the Federal Aviation Administration Authorization Act of 1994 ("FAAA Act," Public Law 103-305, section 601, codified as 49 U.S.C. Section 14501(c)). IANA also feels that the safety concerns which the Ports contend that the Concession Plans respond to are not within the scope of the retained State safety regulatory authority which historically, and as codified in the FAAA Act, govern the operations of the interstate motor vehicles over state highways.

- **Review of Proposed Ocean Carrier and Marine Terminal Operator Discussion Agreements:** IANA and its members are interested in any discussion agreements entered into by groups of ocean carriers and/or marine terminal operators that affect standard business operating practices and could be construed to provide a competitive advantage to certain supply chain entities over other companies engaged in providing similar cargo transportation services.

- **Review of Proposed Ocean Carrier and Leasing Company Cooperative Equipment Agreements:** The growth of equipment cooperative agreements reflects a new business model for the inland transportation of containers and affords the opportunity for better

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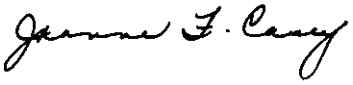
utilization and economies of scale. As in the case of discussion agreements, however, oversight is necessary to maintain a level playing field for all supply chain participants.

- **Anti-Trust Parity Among Modes Involved in International Commerce:** All carriers that are a party to the transportation of international cargo, including motor carriers and drayage companies, should be afforded the opportunity to enter into discussion agreements that facilitate the flow of freight among and between supply chain partners through the establishment of standardized terms and conditions as they relate to operating practices.

Thank you again for providing IANA with an opportunity to express its views to you and the entire Transportation Transition Team. If you, or any of your colleagues, have any questions regarding our comments, please feel free to contact me

Sincerely,



Straw Man 2009 Highway Bill Reauthorization Policy Agenda

(For discussion purposes only)

Background:

The "Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users" (SAFETEA-LU), was approved by Congress and signed into law by the President in August 2005. It authorized $286.5 billion in Federal investment for highways, public transportation and highway safety programs during fiscal years 2004-09. SAFETEA-LU will expire on September 30, 2009 and many trade associations and coalitions have already developed and announced their policy agendas for inclusion in the next "Highway Bill."

Potential Intermodal Policy Issues for Consideration:

Following is a sample of potential policy items that freight intermodal interests should consider as part of a reauthorization agenda:

1. Dedicated Funding for Intermodal Freight Connectors

National Highway System (NHS) connectors provide for a broad array of intermodal transport services and options. These 1,222 miles of roads represent less than one percent (.75%) of the entire NHS and are typically located in older, industrialized and mixed-land use areas that are subject to physical constraints and environmental considerations. Intermodal linkages to ports, rail facilities and airports have become an integral part of our global economy and national defense planning. Previous Highway Bills directed the Secretary of Transportation to review the condition of connectors and potential investments to improve their condition. The FHWA found that the connectors have significantly poorer physical and operational characteristics, and are underfunded when compared with total NHS mileage. These conditions can slow freight movement, damage goods in transit, and decrease efficiency and safety.

Estimates prepared for the U.S. Department of Transportation (USDOT) over seven years ago showed that the cost of improving connectors to an adequate level of service over the 2002-2020 timeframe would be $3.5 to $4.0 billion. A 20-year amortization to address backlog and accruing NHS freight connector needs would require approximately $200 million/year in constant dollars.

2. Tax Credits for Railroad Infrastructure Investment

Public policy should support new capital investment in freight transportation infrastructure since it leads to major public benefits including higher productivity, enhanced global competitiveness and a higher standard of living for our nation. With forecasted increases in freight volumes over the next 10-20 years, the United States must expand its limited transportation infrastructure dollars by leveraging additional public and private sources of funding. The authorization of tax credits for specific private sector investments would incent expansion of capacity without placing additional financial burdens on the general public.

Recently, Congress passed into law legislation that extends the 50 percent railroad track maintenance tax credit for Class II and III railroads for two years (up to a cap of $3,500 per year per track mile owned). As passed, the tax credit will remain in effect until January 1, 2010 and apply retroactively to expenditures paid or incurred in a taxable year after December 31, 2007. The provision contains a fix so that the credit can be applied against a railroad's alternative minimum tax (AMT), if incurred. Because short lines and regional

railroads own about 50,000 miles of track, the credits will prompt about $340 million in track rehabilitation spending annually, providing small railroads about $170 million in tax credits per year, according to the National Railroad Construction & Maintenance Association.

3. A Separate Freight Trust Fund

A Federal trust fund to help finance freight transportation projects is being advocated by some transportation organizations vs. the establishment of "carve outs" and freight-specific programs within the current Highway Trust Fund.

Various proposed versions of a Federal Freight Trust Fund include the following tenets:

- Funding should be dedicated, sustained and firewalled;
- Revenue should be assessed based on benefit;
- The revenue structure should be developed in such as way that growth in demand for goods movement yields an increase in trust fund revenue;
- All potential funding mechanisms and sources should be considered including, traditional highway user fees, tolls, as well as customs and cargo fees;
- Funds should be available to support projects, across all modes, of various size and scope, but with special priority for projects of national significance;
- Funds should be available to support multi-jurisdictional and multi-state projects;
- Fund distribution should be based on objective, merit-based criteria, with higher-cost projects subject to more stringent evaluation than lower-cost efforts; and,
- Fund availability should be "pay as you go" and not result in deficit spending.

4. An Increase in Federal Diesel Fuel Taxes

The traditional source of revenue for the Highway Trust Fund has been the Federal gasoline tax. Collections have been decreasing for several years though, due to the use of more fuel efficient vehicles, the use of alternative fuels, and a reduction in miles travelled based on the cost of fuel. Many interests, including the USDOT, feel that fuel taxes are no longer a viable source of funding for transportation investments and are not expected to keep pace with needs in the future. Consequently, to rely on the gas tax as the sole source of investment capital for transportation infrastructure -- especially new infrastructure -- is no longer thought to be a realistic assumption.

Other groups continue to advocate a gas tax as a steady source of revenue for the Highway Trust Fund and support a minimal increase in that tax. The ATA, a longstanding opponent of diesel fuel tax increases has recently expressed a willingness to consider higher taxes.

5. Public Private Partnerships

Until recently, the term Public Private Partnerships (PPP), in the context of transportation investment, typically referred to project-based infrastructure bonds to finance income-producing infrastructure assets. Interest and principal on such bonds are repaid with revenue generated by user fees. One of the earliest and best known intermodal PPPs remains the Alameda Corridor project.

Other examples of PPPs involve the commitment of funds from the public sector based on specified levels of private investment dollars. Recent versions of this kind of infrastructure investment are the Heartland Corridor, the National Gateway program and to some extent, the CREATE program.

In the last several years, toll roads have become a popular PPP investment due to the fact that they produce steady cash flows that are relatively unaffected by economic swings. Ports and container facilities are also emerging as investment vehicles based on returns that are comparable to a fixed-income basis. At issue with these kinds of investments is the movement to privatize the roads/facilities, which effectively relinquishes any public sector oversight of assets that were once part of the public domain.

The viability and success of these partnerships depends on the interest and willingness of the private sector to invest in public infrastructure assets. The proliferation of private equity funds focused on investments in infrastructure over the last 3+ years appears to support this premise. The future of such funds though, will most likely be affected by the continuing global financial challenges.

Welcome to the Freight Stakeholders Coalition

Mission Statement

"The Freight Stakeholders Coalition represents shippers and public and private transportation providers working together to support policies to promote freight mobility in the United States."

Click on the logos below to visit Coalition members' websites.

American Association of Port Authorities

Intermodal Association of North America

The National Industrial Transportation League

Association of American Railroads

Inland Rivers Ports and Terminals Association

National Retail Federation®

American Association of State Highway and Transportation Officials

National Association of Manufacturers

Retail Industry Leaders Association

AMPO
Association of Metropolitan Planning Organizations

National Association of Regional Councils

U.S. Chamber of Commerce

AMERICAN TRUCKING ASSOCIATIONS

National Association of Waterfront Employers

Waterfront Coalition

Coalition for America's Gateways and Corridors

WORLD SHIPPING COUNCIL
PARTNERS IN TRADE

NEWS

IANA

INTERMODAL ASSOCIATION OF NORTH AMERICA

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FOR IMMEDIATE RELEASE

Contact: Matt Mlvnarczvk

IANA Declares Support for ATA Lawsuit Against SoCal Port Concession Plans

Opposes Regulatory Patchwork that Decreases Supply Chain Efficiencies

CALVERTON, MD, August 28, 2008 – The Intermodal Association of North America announced today it will back the American Trucking Associations' motion for an injunction against the Concession Plans of the Ports of Los Angeles and Long Beach. At a recent Board of Directors meeting, IANA leadership validated the Association's support of efforts designed to improve the environment and air quality - *including reasonable regulation of truck emissions.* However the group also reinforced its position that it is contrary to Federal actions and public policy for States and localities to enact laws and regulations that impose unreasonable burdens and restraints on interstate and international commerce.

According to Ted Prince, Chairman of IANA, "The evolving patchwork of local, State and Federal clean air regulations will only serve to increase costs, decrease efficiencies, and ultimately balkanize operations for all participants. At a time when the economy is struggling to recover, injecting uncertainty into the stability and performance of our global supply chain is just bad business."

IANA agrees in principle with ATA's arguments that if enacted, the concession plans would result in the unlawful regulation of the port trucking industry, violate the Federal Aviation Administration Authorization Act of 1994, violate the Commerce Clause of the U.S. Constitution, and restrict the ability of the competitive marketplace to determine the way transportation services are delivered.

Joni Casey, IANA's President and CEO, observes, "Our diverse member companies transport the vast majority of the containerized cargo moving throughout North America and overseas, and much of this freight flows through the Ports of Los Angeles and Long Beach. The potential for the concession plans to adversely impact transportation movements is too great for IANA to remain silent on this issue."

IANA brings a unique perspective to this debate as it is the only trade association that represents the combined interests of intermodal freight transportation companies and their suppliers. Its more than 900 members include all segments of the intermodal transportation industry, including steamship lines, ports, marine terminal operators, railroads, motor carriers and intermodal drayage firms, third-party logistics providers, and industry equipment and service suppliers.

IANA is North America's leading industry trade association representing the combined interests of the intermodal freight industry. IANA's membership includes railroads, water carriers and stacktrain operators; port authorities; intermodal truckers and over-the-road highway carriers; intermodal marketing and logistics companies; and suppliers to the industry, such as equipment manufacturers, intermodal leasing companies and consulting firms. IANA's associate members include shippers, academic institutions, government entities and nonprofit associations.

Chairman
Theodore Prince
T. Prince & Associates, LLC

President and CEO
Joanne F. Casey

INTERMODAL ASSOCIATION OF NORTH AMERICA

The attached charts & graphs depict total monthly intermodal volumes and annual comparisons of volume over the most recent annual timeframe.

The charts contain year over year information on:

- Total intermodal volume
- International volume (combined import and export cargo)
- Domestic volume, and
- Transcontinental activity

This information represents data submitted to the Intermodal Association of North America to support its activities to produce the most reliable source of intermodal volume activities through the production of the *Intermodal Market Trends & Statistics* report.

Data is submitted on a monthly basis from both U.S. and Canadian Class one railroads.

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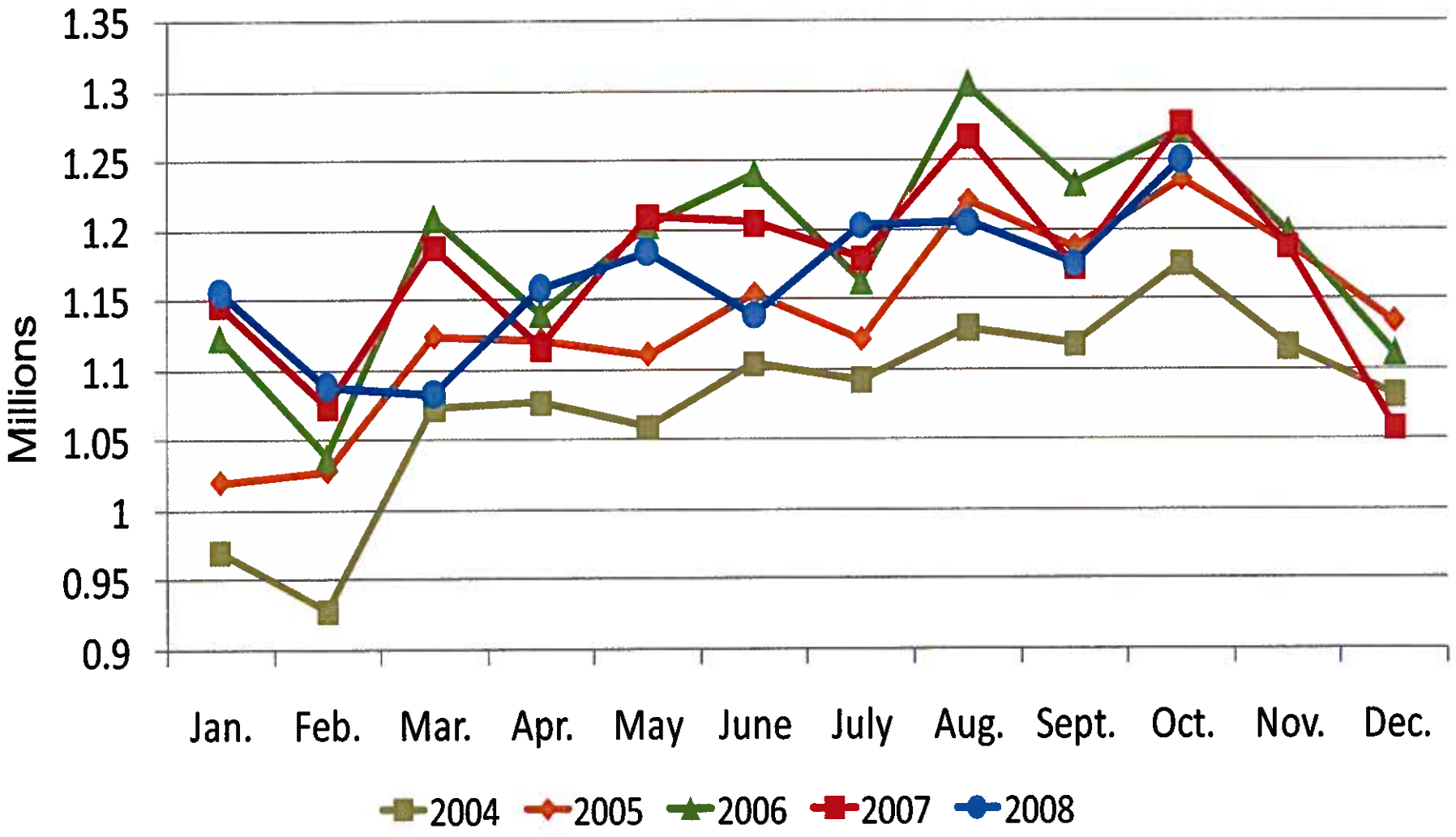
2004-2008 Yearly Traffic Totals

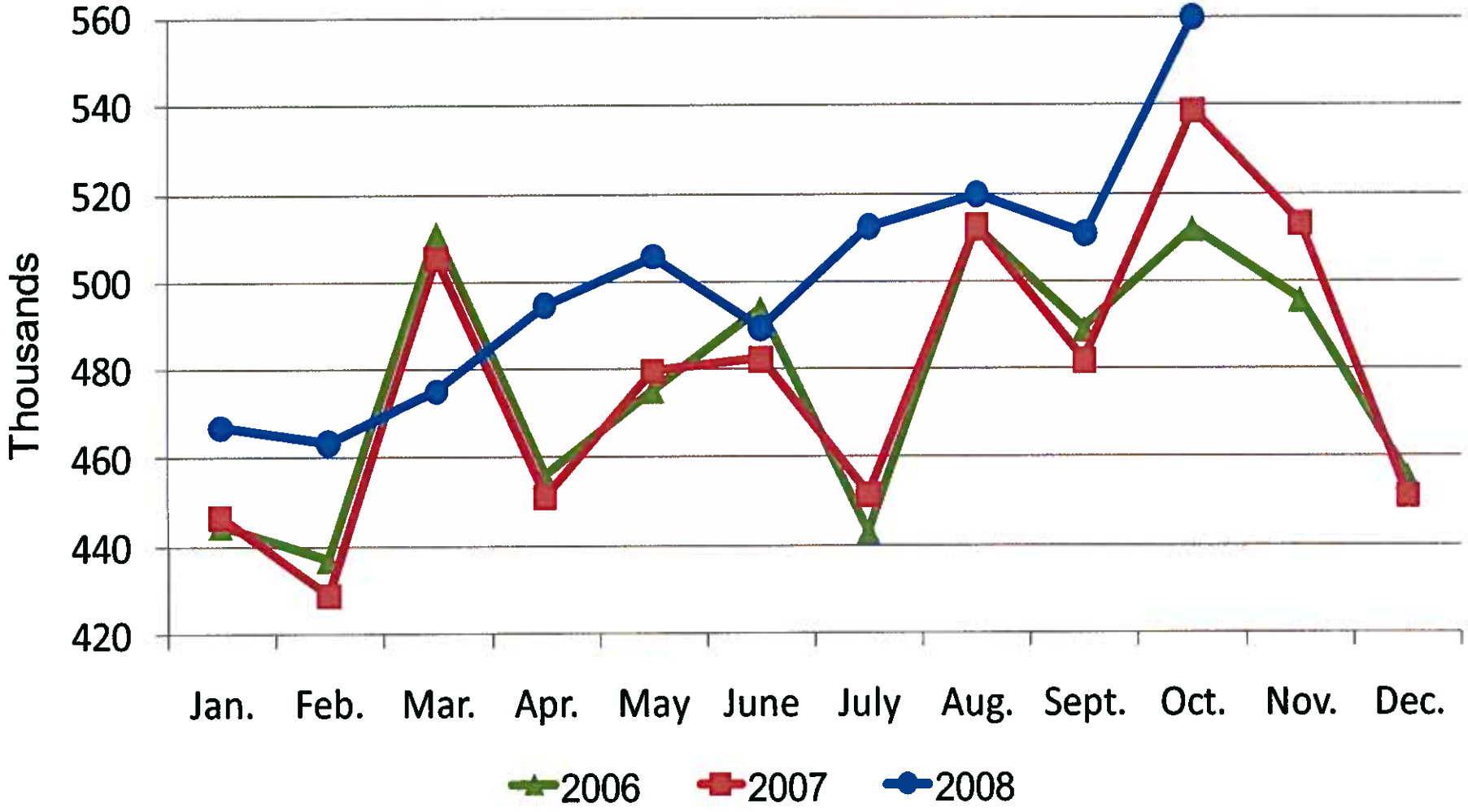
By Month



Source: IANA Intermodal Market Trends and Statistics

IANA

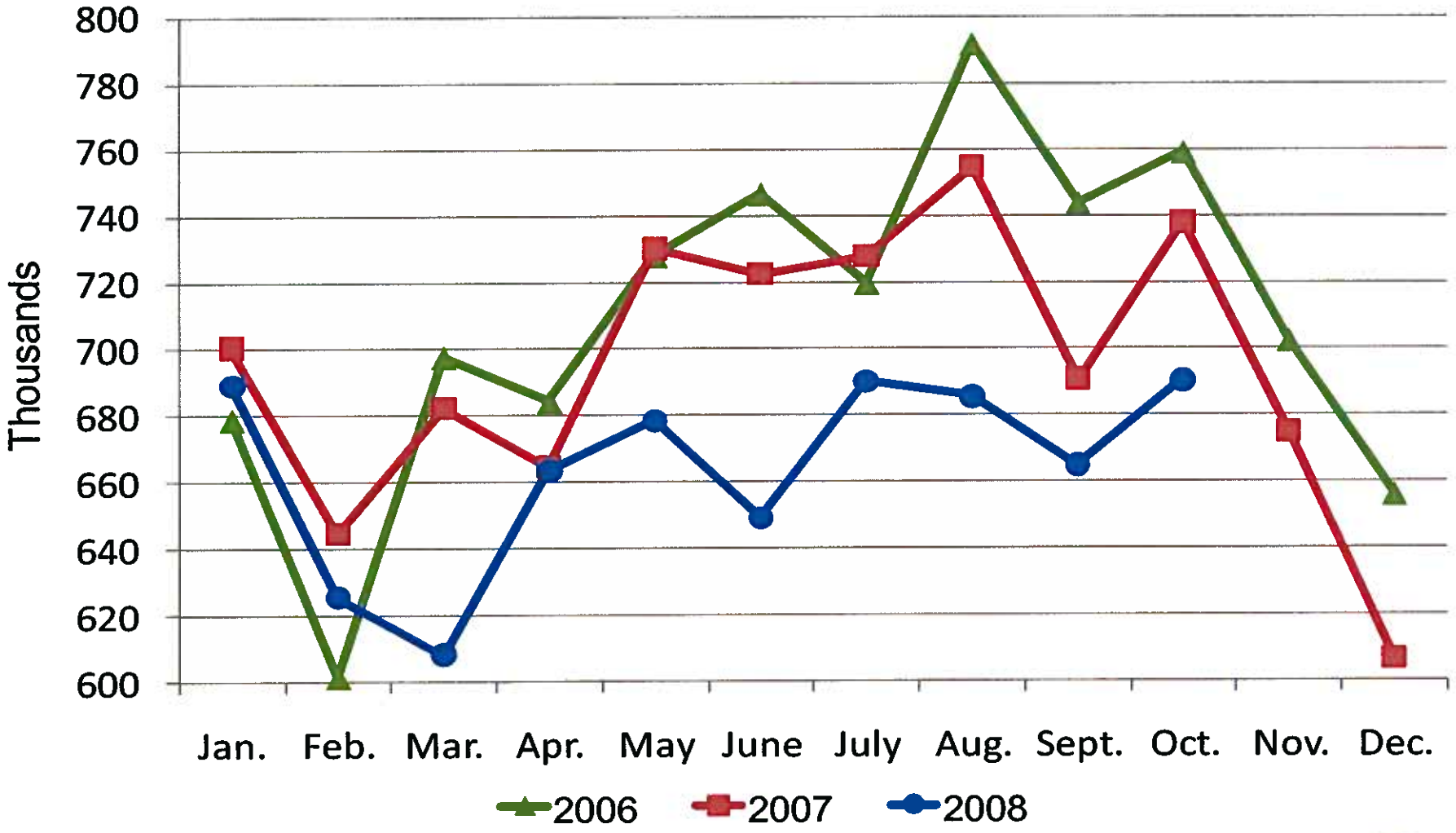
2006-2008
Domestic Equipment Loads



Source: IANA Intermodal Market Trends and Statistics

IANA

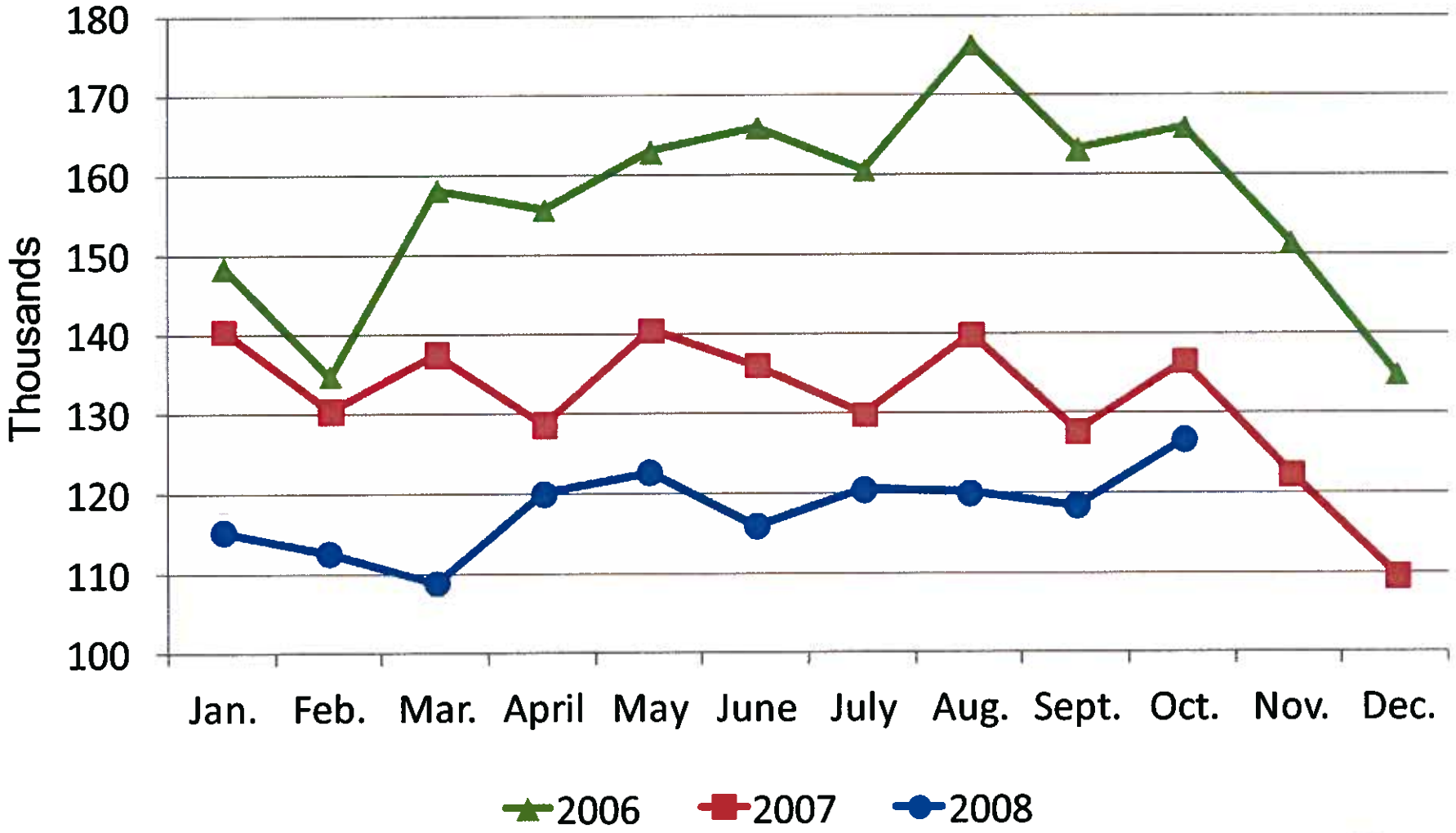
2006-2008
ISO Container Loads



Source: IANA Intermodal Market Trends and Statistics

IANA

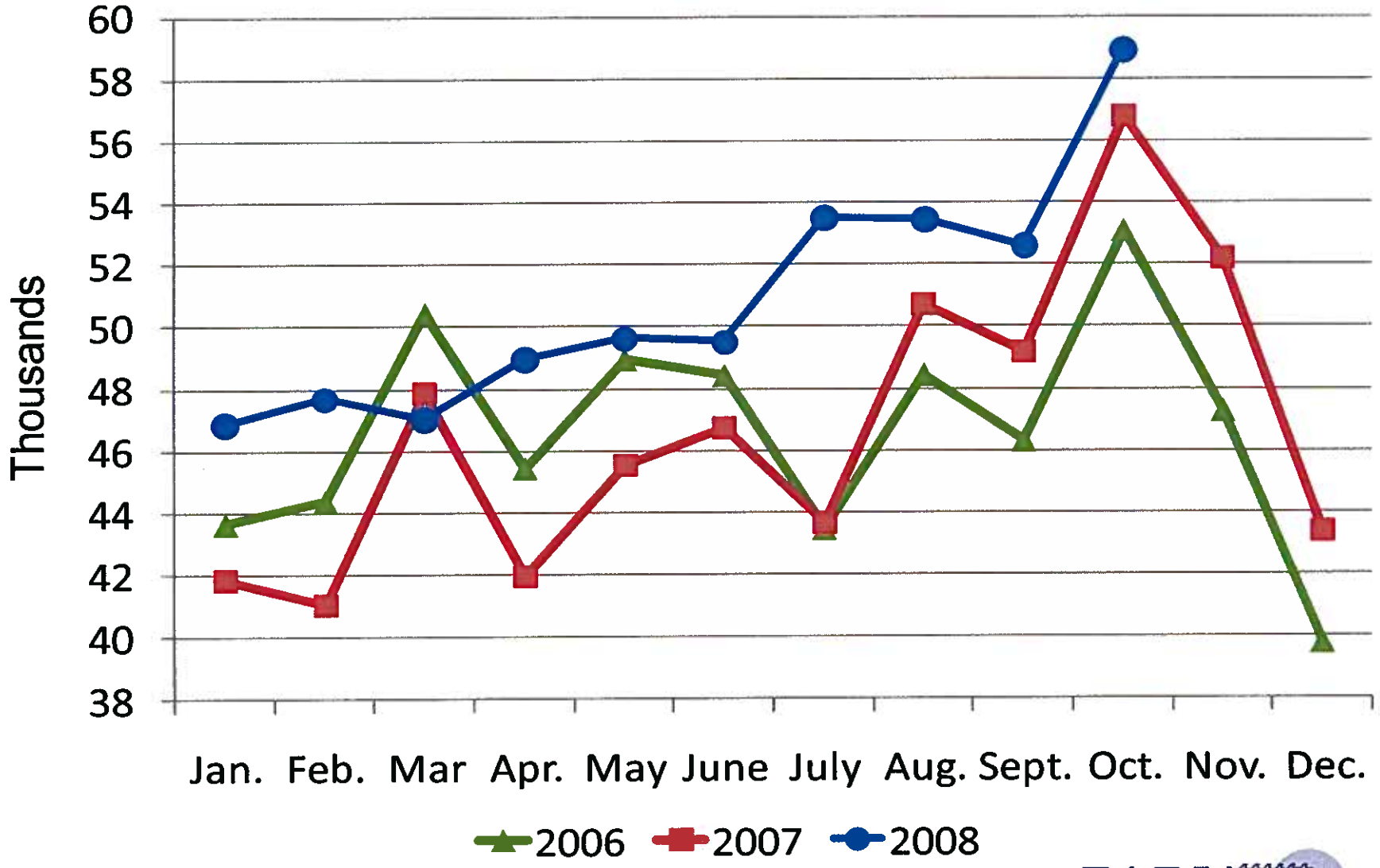
2006-2008 Total Transcontinental Volumes



Source: IANA Intermodal Market Trends and Statistics

IANA

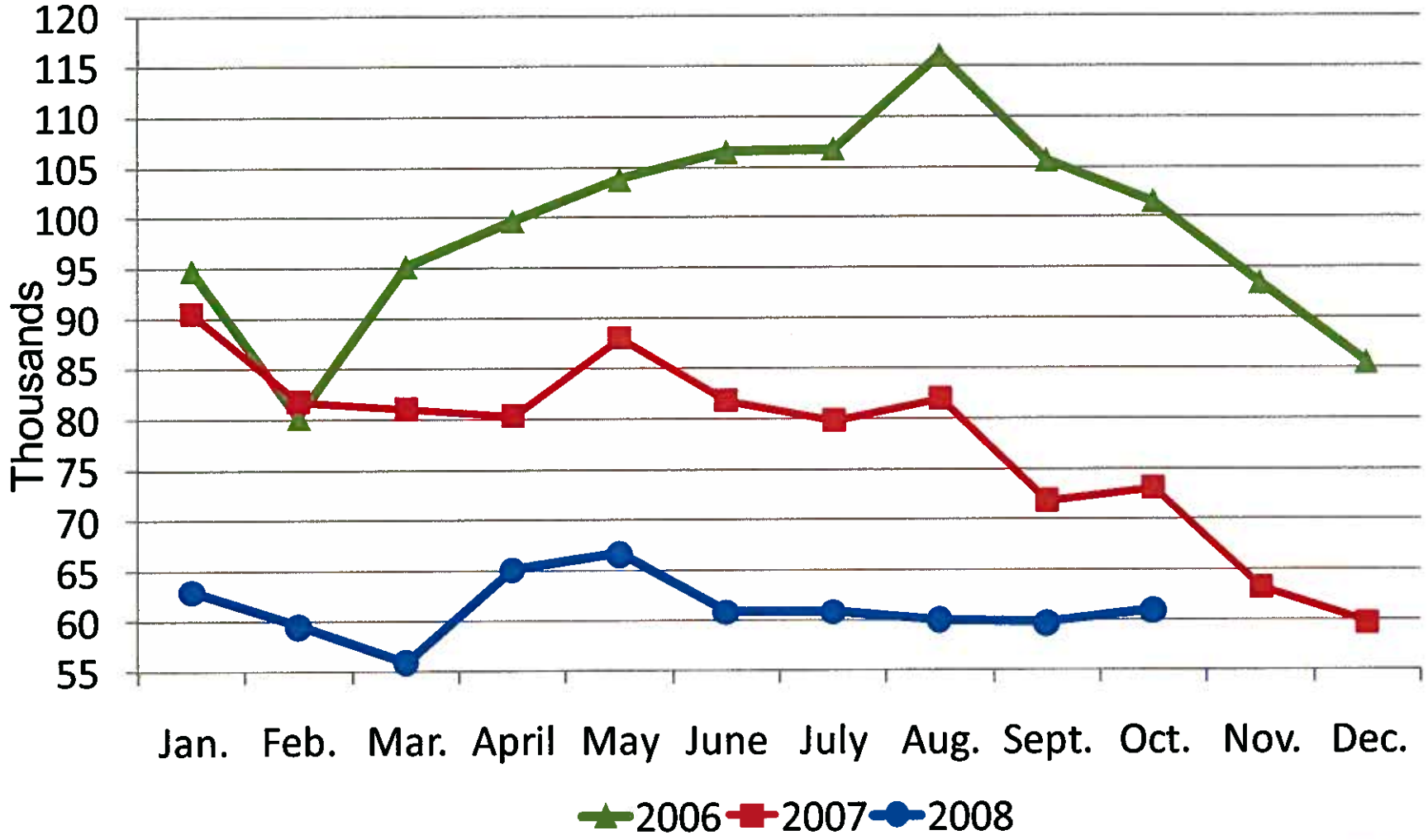
2006-2008 Domestic Container Transcontinental Volumes



Source: IANA Intermodal Market Trends and Statistics

IANA

2006-2008 ISO Container Transcontinental Volumes



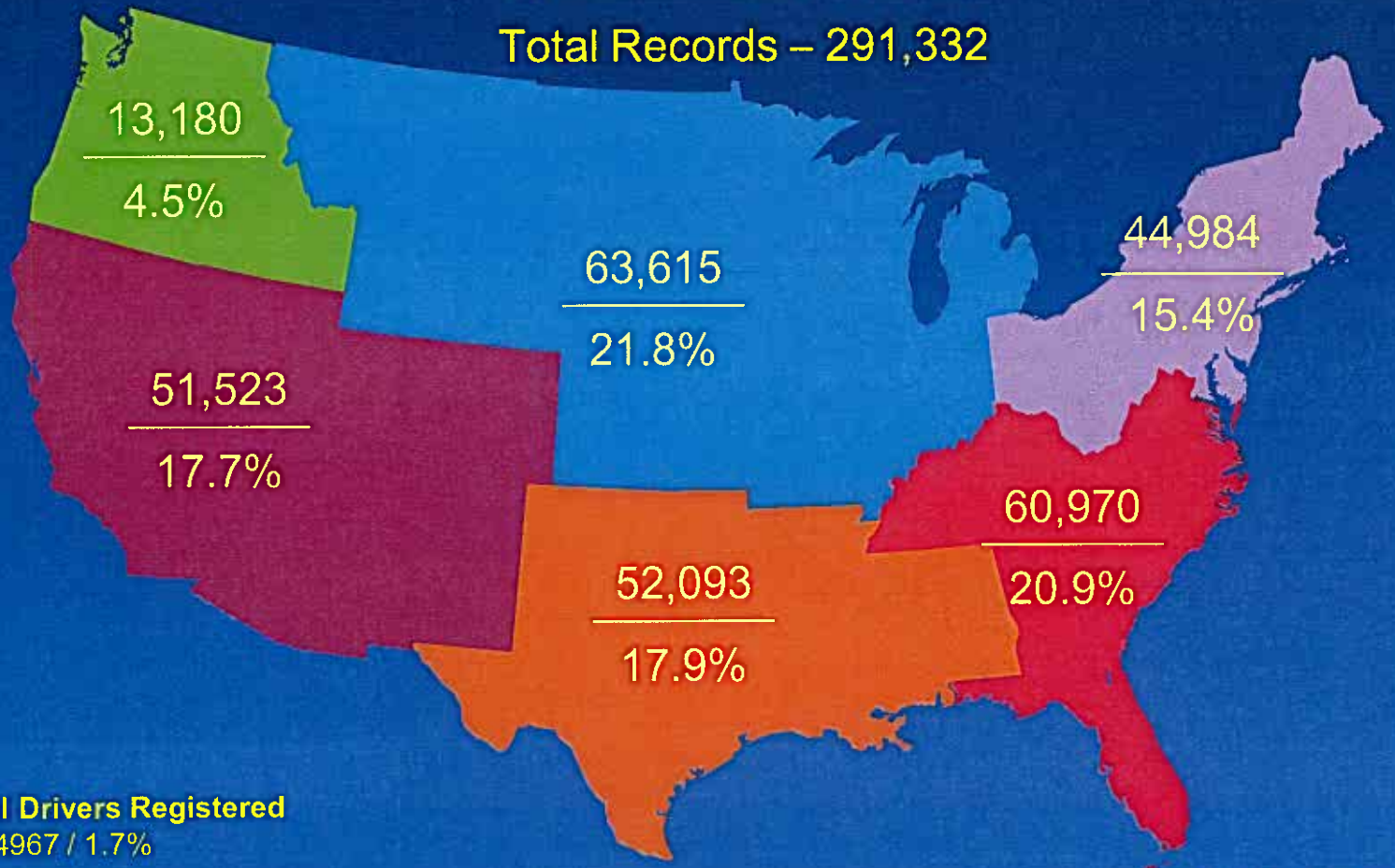
Source: IANA Intermodal Market Trends and Statistics

IANA

Intermodal Driver Database
Regional Statistics

(As of December 2, 2008)

Total Records – 291,332



Additional Drivers Registered
Canada –4967 / 1.7%

AK and HI included in regional counts

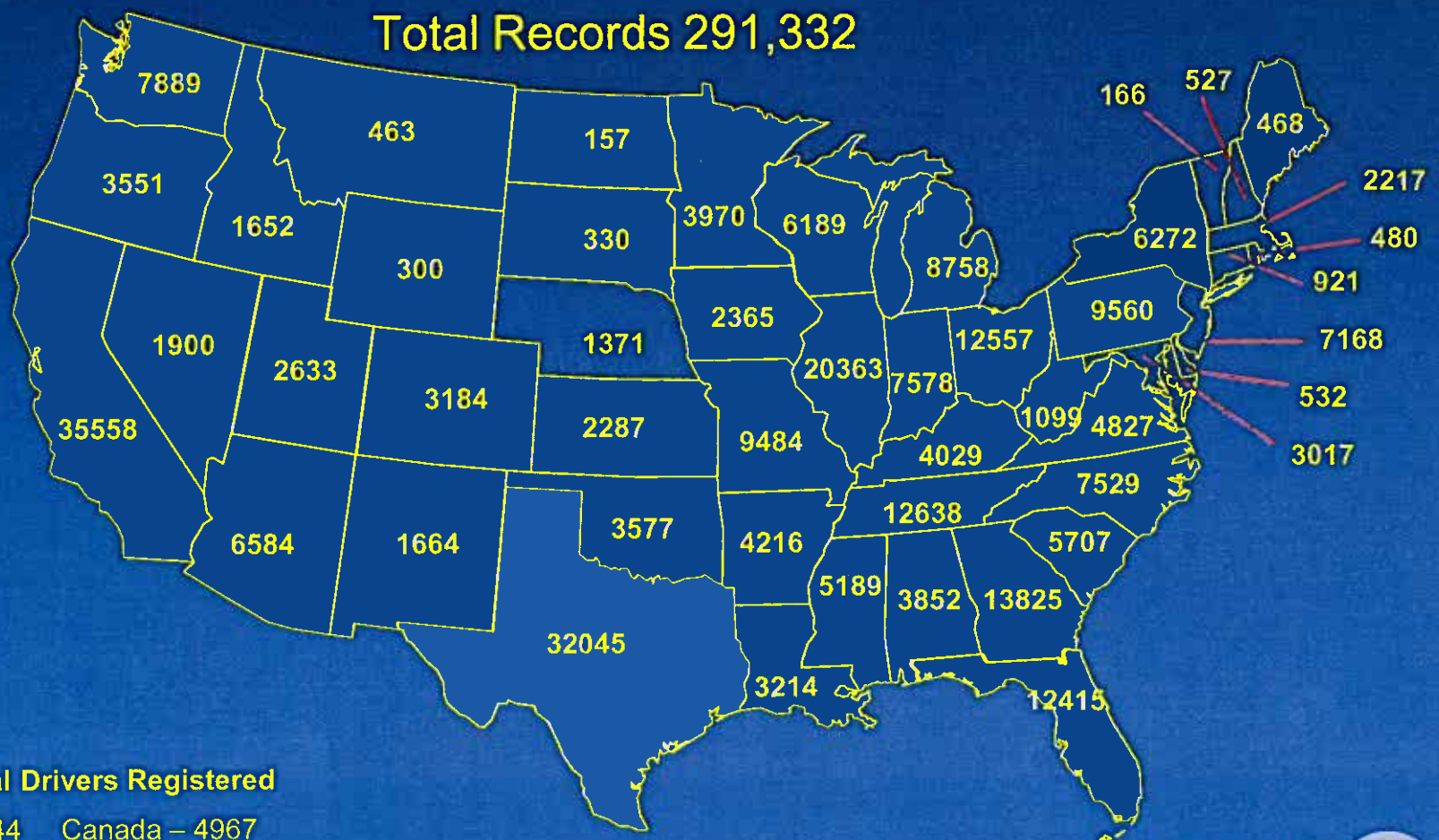
IANA

Intermodal Driver Database

Driver Count by State

(As of December 2, 2008)

Total Records 291,332



Additional Drivers Registered

Alaska – 44 Canada – 4967

Hawaii – 44

IANA

Leveraging the Freight Network

10 Steps to Improved Modal Connectivity

November 2007

Prepared by

Thomas L. Finkbiner • Theodore Prince

In Association with

NCIT

National Center for Intermodal Transportation
A Partnership between the
University of Denver and Mississippi State

Foundation for Intermodal Research and Education

This report is solely the work of the authors and is representative of their personal opinions, views and analysis.

About the Authors

Thomas Finkbiner has served as president of Pacer Stacktrain, chief executive of the tank truck carrier Quality Distribution Services and vice president of intermodal for Norfolk Southern Railway. Currently, he chairs the board of the Intermodal Transportation Institute at the University of Denver. In addition, he previously served in management positions at Airborne Express and Roadway Express. He is a recipient of the Silver Kingpin Award, which recognizes significant, long-term contributions to the intermodal industry.

Theodore Prince is the principal consultant for T. Prince and Associates, LLC. Previously, he served as vice president of intermodal and international for Kansas City Southern, a railway, chief operating officer for the North American services of "K" Line, a water carrier and senior vice president of Optimization Alternatives, Ltd., an intermodal management software company. Prince is a vice chairman of the board of the Intermodal Transportation Institute. He also writes "Moving Right Along", a column that appears in the Journal of Commerce.

The National Center for Intermodal Transportation (NCIT) is a partnership between the University of Denver and Mississippi State University. NCIT builds upon the activities of the Intermodal Transportation Institute (ITI) at the University of Denver and the activities of the centers with transportation focuses at Mississippi State University. NCIT is a part of the USDOT University Transportation Centers Program and was reauthorized under SAFETEA-LU.

The Foundation for Intermodal Research and Education (FIRE) supports the development of authoritative information about freight transportation and acting to encourage meaningful dialogue regarding industry issues as its reports are issued.

EXECUTIVE SUMMARY

"Our proposed solutions focus on intermodal improvements, which we believe have the power to leverage other freight network initiatives and maximize overall value for the entire network, not just a single mode or special interest."

Historically, the U.S. federal government has recognized—and supported—the national development of transportation infrastructure necessary for economic growth and national defense. For many years, any investment was an improvement. However, such a haphazard arrangement is no longer acceptable. Today, we find ourselves with a funding mechanism as dysfunctional as the policy mechanism itself.

Transportation is an asset-based, network-operating business. Unfortunately, the system cannot efficiently accommodate the demands being placed on the road, rail, and waterway networks. In 2005, the American Society of Civil Engineers gave our nation's infrastructure a grade of D+ and estimated a $1.6 trillion price to repair it.

Many transportation stakeholders are raising issues in advance of the 2009 reauthorization cycle. During our interviews, we heard many ideas about our nation's transportation problems. They do not all bear repeating, but a unified theme emerged:

The industry consensus is that freight is talking, and the federal government is not listening.

The overriding common theme expressed was the need for modal connectivity and solutions which support the interdependent freight transportation network. Unfortunately, intermodal transportation, the unifying force of our national transportation system, does not fit within the legacy modal governance and funding maintained by the federal government in both the executive and legislative branches. It has, therefore, failed to attract meaningful support.

Almost all respondents communicated the feeling that "politics" was the major problem facing the transportation system and that earmarks were only the tip of the iceberg. Freight is a national issue which moves within corridors that are national, continental, and international in nature. It is an asset-based, network-operating model that is not adequately addressed today. The current practice of relying on state and local initiatives is insufficient.

Leadership in the political arena is minimal because of: a lack of understanding that prevents an accurate assessment of the problem's severity; modal silos (e.g., truck, rail, water); policy silos (trade, energy, environment); and, a failure to develop a national transportation policy.

We believe that current project planning for surface freight transportation is ineffective because the passenger and transit models—which are focused locally—fail to consider the entire freight network, and the network no longer enjoys the luxury of overcapacity. Prior to deregulation, overcapacity was a specific public goal. Carriers had protected business segments in exchange for maintaining excess capacity which would be called upon in times of national emergency. However, a generation later, all of this excess capacity has been wrung from the system. The once-in-an-eternity windfall has been consumed.

Furthermore, beyond the modal silos within transportation, transportation is itself a functional policy silo.

- Significant economic benefits have come from international trade. Unfortunately, while the federal government clearly supports the advancement of trade, it does little to provide plans for managing major trade volumes.
- Although the freight transportation network is a key component of national defense and homeland security, the historical relationship seems to have become ignored.
- Freight transportation policy today is increasingly interwoven with energy, economics, environmental concerns and international politics; however, transportation, which is already disaggregated into modal silos, finds itself just one silo in this larger, national policy area.

"We are starting to see infrastructure problems pose a threat to America's economic growth and security."

Our proposed solutions focus on intermodal improvements, which we believe have the power to leverage other freight network initiatives and maximize overall value for the entire network, not just a single mode or special interest.

1. We must reinforce the importance of intermodal connectors: the short—but essential—links that interconnect the freight transportation system. These connectors have been orphaned in the planning and financing process because they are the not the specific domain of any of the legacy modal interest groups.

   It was very disappointing to see that envisioned language in SAFETEA-LUA, committing 2% of highway funds to intermodal connectors, was removed in a conference committee—even though it had been included in both the original House and Senate versions of the legislation.

2. We must expand the definition of intermodal connectors. Although they represent less than one percent of National Highway System (NHS) mileage, NHS connectors are key conduits for the timely and reliable delivery of goods.

   Our proposed view is that intermodal connectors are essential pieces of infrastructure that support multi-modal transportation. Freight moves through local, national, continental and international networks. These networks are, by definition, intertwined to the point where the constriction of any single "node" in the network, impacts the entire network.

3. We must solve the "outside the gate problem." While there is a demonstrated supply of investment capital for marine terminals and port infrastructure "inside the gate," the intermodal infrastructure [outside the gate] is not so easily funded.

   These intermodal connectors "outside the gate" are deserving of federal attention and support. Intermodal connectors are arcs and nodes in the national freight network and federal pre-emption would obviate the cacophony surrounding numerous state and local proposals.

In order for the 24/7 supply chain to extend throughout the entire system, we must overcome local objections which ripple throughout the transportation network.

4. We must recognize freight's federal role. There should not be any argument about the systemic nature of freight movement. Because the system is a network it must be planned and operated as such, which is impossible in the absence of a national transportation policy.

   The federal government has a historical responsibility for the national freight transportation network. Mechanisms need to be developed for local input into federal decisions about freight that are larger than a single city, state or region.

   A new political process, possibly modeled along the lines of Base Realignment and Closure (BRAC), might be necessary.

   Finally, the development of a freight network plan is long overdue.

5. We should continue the preeminent role of the fuel tax and the Highway Trust Fund (HTF). The HTF works. To substantially change or destroy this mechanism requires replacing it with something better, which, as a practical matter, probably cannot be agreed upon.

   The fuel tax should be increased and indexed to inflation to maintain its purchasing power. A lifecycle approach to network assets is also needed.

   It is clear, however, that additional innovative and alternative means of funding must be developed to complement the fuel tax. Inevitably, this will lead to consideration of new methodologies (e.g., truck-only Interstate lanes).

6. We must maintain the Highway Trust Fund firewall. TEA-21 assured that a budgetary firewall protected funding in the HTF for its intended purpose. In comparison, other trust funds (i.e., Harbor Maintenance Tax) have had user fees collected—but not deployed for their intended purpose.

"We, the freight transportation industry, must focus on the future, put our arguments aside, and unite on a national transportation focus."

7. We must recognize the confluence of transportation, energy and environment. The transportation industry in the United States is one of the largest consumers of oil in the world. This has resulted in Americans funding both sides of the war on terrorism through our armies and our nation's insatiable thirst for oil.

   Beyond "purchasing recovery," the fuel tax needs to be significantly increased in order to reduce the growth of demand for oil. The increase should be phased in over a period of years so as to allow a smooth transition for users of the system.

8. We must extend the Passenger Facility Charge model to intermodal. We propose an Intermodal Facility and Connector charge (IFC) that would be assessed on all freight movements transiting modes.

   Similar in nature to the Passenger Facility Charge (PFC) Program, the IFC would ensure that "orphaned" connectors would have a reliable source of funding—independent of the individual modes—yet funded by intermodal users.

   Ideally, the IFC charges would be matched against other funds raised through public-private partnerships and innovative financing.

9. We need to change intermodal thinking from end-to-end to side-by-side. Traditional intermodal thinking has been end-to-end (i.e., door-to-door) in nature. This eliminates the ability to think about intermodal maximizing the

capacity for both freight and passenger traffic at the same time—although both sectors are dealing with door-to-door transportation solutions.

We advocate the development of programs that foster intermodal solutions that eliminate negative externalities (i.e., congestion and pollution). Rather than argue over whether externalities are "fairly" assigned, we envision a process to "internalize the externalities."

We believe that intermodal connector programs should include modal shift and traffic avoidance programs as part of freight corridor projects. It is our hope that several pilot/demonstration projects will be approved in this reauthorization cycle.

10. We should conduct a meaningful short sea shipping pilot. Short-sea shipping is often held out as a means of providing transportation capacity in selected markets. We believe that such possibilities exist here; however, the dialogue must be based on a more realistic analysis. There are a lot of economic obstacles to short sea shipping.

    We believe that we should determine if a Jones Act waiver (to requiring U.S.-built vessels) could induce players to enter a market which had been heretofore unimaginable for short sea shipping.

We believe intermodal focus provides the catalyst for this common vision because it leverages the strengths of every mode. Transportation can achieve necessary synergies because integrated service is better, and more productive, than the individual modes. We believe the nation has reached an inflection point. The economic gains unleashed by deregulation have been consumed, and we are starting to see infrastructure problems pose a threat to America's economic growth and security.

Government, by itself, cannot solve all its problems without the active participation of the private sector. Benjamin Franklin's admonition that "We must all hang together, or, most assuredly, we shall all hang separately" provides appropriate guidance. We, the freight transportation industry, must focus on the future, put our arguments aside, and unite on a national transportation focus which will ensure that our freight system remains the finest in the world.

INTRODUCTION

"Today, we find ourselves with a funding mechanism as dysfunctional as the policy mechanism itself."

Historically, the U.S. federal government has recognized the national significance of transportation, and has provided the leadership (and funding) to plan, maintain and build our transportation network infrastructure (e.g., Trans-continental railroads, national highway system, airports, and inland dams and waterways).

For years, in the absence of any infrastructure, any investment improved the transportation system. However, as our transportation system matured, development of a more sophisticated approach to infrastructure became an urgent priority. Today, we find ourselves with a funding mechanism as dysfunctional as the policy mechanism itself.

Transportation is an asset-based, network-operating business. It has many moving parts which are owned and operated by a range of participants. Today, signs abound that the infrastructure supporting this network, which in turn helps support our economy, is no longer viable. The national system cannot efficiently accommodate the demands being placed on the road, rail and waterway networks.

In, 2005, the American Society of Civil Engineers gave our nation's infrastructure a grade of D+. The report noted that "Congested highways, overflowing sewers and corroding bridges are constant reminders of the looming crisis that jeopardizes our nation's prosperity and our quality of life. With new grades for the first time since 2001, our transportation infrastructure has shown little to no improvement since receiving a collective D+ in 2001. In fact, some areas slid toward failing grades."[1]

Many transportation stakeholders are raising issues in advance of the 2009 reauthorization cycle. Growth of the Interstate system's infrastructure has not kept pace with the growth of cargo volume. Motor carriers have made proposals regarding dedicated truck lanes—and means by which charges will be assessed and the system financed. Similarly, during our interviews of transportation stakeholders, we heard compelling suggestions about public-private partnerships, innovative financing, and consistent funding. These are just some of the many ideas we heard in our discussions about our nation's transportation problems. They do not all bear repeating, but several themes emerged:

The industry consensus is that freight is talking, and the federal government is not listening.

Without reviewing the findings and recommendations already proffered by a plethora of stakeholders, we will focus on the freight system's orphan—intermodal.

[1] "2005 Report Card for America's Infrastructure." American Society of Civil Engineers. http://www.asce.org/reportcard/2005/index2005.cfm

Although intermodal transportation is as old as transportation itself, it does not fit within the legacy modal governance and funding maintained by the federal government in both the executive and legislative branches. It has, therefore, failed to attract meaningful support.

We appreciate the time and effort provided by the industry leaders who met with us and/or responded to our survey. The study's methodology involved a survey sent to 188 industry leaders from the freight transportation industry. All of the feedback is worthy of consideration within the larger scope of the freight transportation network.

"Freight is a national issue which moves within corridors that are national, continental, and international in nature."

The Problem is Bigger Than Just Transportation

The overriding common theme expressed was the need for modal connectivity and solutions which support the interdependent freight transportation network. Almost all respondents communicated the feeling that "politics" was the major problem facing the transportation system, and that earmarks—although the most infamous example of political asset allocation—were only the tip of the iceberg.

Freight is a national issue which moves within corridors that are national, continental and international in nature. It is an asset-based, network-operating model that is not adequately addressed today. The current practice of relying on state and local initiatives is insufficient.

Leadership in the political arena is minimal because of: a lack of understanding that prevents an accurate assessment of the problem's severity; modal silos (e.g., truck, rail, water); policy silos (trade, energy, environment); and, a failure to develop a national transportation policy. The problem is bipartisan. Consider two recent examples:

- In October 2007, Secretary of Transportation, Mary Peters, testified before Congress that the system needed to move "from a tax and spend structure to a price and invest system." While we agree with this approach, her philosophy of a reduced federal role (and more control at the state and local level) totally ignores the comprehensive national network.[2]
- In August, Senator Hillary Clinton of New York proposed a "$10-Billion (over ten years) emergency repair fund to address the backlog of critical infrastructure repairs." While we applaud the good intentions, this is too little, too late and ignores continued deterioration of the system.[3] In contrast the American Society of Civil Engineers (ASCE) estimates that $1.6 trillion is needed over a five-year period to bring the nation's infrastructure to a good condition.[4]

We believe that current project planning for surface freight transportation is ineffective because the passenger and transit models—which are focused locally—fail to consider the entire freight network. Furthermore, beyond the modal silos within transportation, transportation is itself a modal policy silo.

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[2] "Statement of The Honorable Mary E. Peters Secretary of Transportation before the Committee on the Budget U.S. House of Representatives October 25, 2007." http://www.house.gov/budget_democrats/hearings/2007/10.25Peters_testimony.pdf

[3] "Hillary Clinton Announces Rebuild America Plan." August 8, 2008. http://www.hillaryclinton.com/news/speech/view/?id=3889

[4] "2005 Report Card for America's Infrastructure." American Society of Civil Engineers. http://www.asce.org/reportcard/2005/index.cfm

Trade

International trade constitutes an ever-increasing portion of our economy. Significant economic benefits (i.e., low inflation and real income growth) have come from international trade—now estimated to comprise almost 30% of our total economy. Unfortunately, while the federal government clearly supports the advancement of trade, it does little to provide plans for managing major trade volumes. Border crossings continue to experience congestion, and transportation vehicles (ships and airplanes) are growing to sizes exceeding the capacity of our existing ports and airports in an effort to realize economies of scale.

We can thank international trade for much of our nation's prosperity. Consider how the world was transformed by the innovation of containerization, which revolutionized intermodal transportation. The fulfillment of Moore's Law (predicting the microprocessor revolution) has delivered technology which is constantly improving and becoming cheaper. But engineering is one accomplishment; manufacturing and delivery is another.

Texas Instruments, one of the early egoods manufacturers, initially planned to manufacture in the Caribbean. However, the "Yankee Go Home" attitude prevalent at the time of the Vietnam War, persuaded TI to opt for Asia—considered at the time to be more receptive to American business. The subsequent "e-goods" revolution in Asia could only have occurred with the support of a reliable and cost effective transportation solution. Containerization and intermodal were key components of the Asian economic miracle.[5]

National Defense and Homeland Security

In the last two decades, the United States mobilized military operations to Afghanistan and (twice) to Iraq. These missions have been highly sophisticated logistical performances.

Military deployments were not always so smooth. During World War One, railroad cars were backed up 400 miles, from Bayonne to Buffalo, as the nation strove rapidly to deploy the Army to France. In the future, rapid deployment of personnel and supplies is expected to be essential, but it is unclear whether or not adequate transportation infrastructure exists to manage such movement.

The concern is well founded. Continued traffic growth, accompanied by transportation asset rationalization, has brought supply and demand into

[5] The development of the double stack train (DST) in the early 1980s represented another significant technological breakthrough which provided faster transit with reduced transportation expense, and served as an important force in the import boom which started as the U.S. economy emerged from the early 1980s recession.

closer balance. The network no longer enjoys the luxury of overcapacity. As a nation, since 1980, we reaped the efficiencies brought about by transportation deregulation.[6]

"The network no longer enjoys the luxury of overcapacity."

Many forget that prior to deregulation, overcapacity was a specific public goal. Carriers had protected business segments in exchange for maintaining excess capacity which could be called upon in times of national emergency. However, a generation later, all of this excess capacity has been wrung from the system. The once-in-an-eternity windfall has been consumed.

Historically, there has been a close link between transportation and defense. The Federal-Aid Highway Act of 1956 created the National System of Interstate and Defense Highways and today's national highway system (NHS) is approximately 160,000 miles of roadway important to the nation's economy, defense and mobility.

In the wake of September 11th, the United States confronts a changed world. Safety and security issues impact system capacity and availability. 100% inspection of all containers is a great sound bite, but it ignores the reality of freight movement. Implementation of the hours of service (HOS) and the Transportation Worker Identification Credential (TWIC) have been delayed as the public sector seeks "safety without gridlock."

It may be valuable to contemplate transportation infrastructure within a military framework. Very often, military strategists base their analysis on a recent war, in an attempt to predict what will happen in the next war. This "fighting the last war" can be disastrous. An excellent example is the Maginot Line of defenses built by France after World War One that was unable to respond to the changed warfare of tanks and airplanes in World War Two. Not only were scarce resources consumed in worthless infrastructure, but the French government operated with a false sense of security. As a nation, we need to be looking forward at how to develop flexible transportation solutions which can seamlessly adapt to new requirements.

Energy and the Environment

Energy policy today is increasingly interwoven with economics, environmental concerns and international politics. In the absence of sustained growth—and possible $100-a-barrel oil—economics has assumed a greater role in energy policy.

New York Times columnist Thomas Friedman observed in a 2005 column "... we are in a war. It is a war against open societies mounted by Islamo-fascists, who are nurtured by mosques, charities and madrasas preaching an intolerant brand of Islam and financed by medieval regimes sustained by our oil purchases. Yes, we are financing both sides in the war on terrorism: our soldiers and the fascist terrorists."[7]

[6] Estimates have placed the savings at close to 4-6% of total gross domestic product (GDP.)

[7] Thomas L. Friedman. "Too Much Pork and Too Little Sugar." *The New York Times*. August 5, 2005. http://www.nytimes.com/2005/08/05/opinion/05friedman.html

The United States is the world's largest consumer of petroleum—and transportation uses more oil than does any other sector of our economy. According to David Greene of Oak Ridge National Laboratory, the U.S. transportation industry is the largest in the world—consuming almost 20% of the world's oil production. The annual movement of 5-trillion passenger miles and 4-trillion ton-miles consumes almost 70% of U.S. petroleum. Transportation is 96% dependent on petroleum. In addition, most petroleum consumed comes in the form of high-end refined products.[8]

"Numerous capacity expansion plans for rail, port and marine terminals are on hold, and (some believe) may never get off the drawing board."

Closely linked to the energy issue is that of the environment. In February 2007, the United Nations Intergovernmental Panel on Climate Change stated that global warming is "unequivocal." Concerns about greenhouse (and other) gasses impacts the expansion of transportation infrastructure. Numerous capacity expansion plans for rail, port and marine terminals are on hold and (some believe) may never get off the drawing board.

The best example of environmental infrastructure delay may be the Clean Air Action Plan (CAAP), adopted last November by the Ports of Los Angeles and Long Beach. The Plan proposes millions of dollars of investment by the ports and various governmental jurisdictions to reduce pollution risk in the South Coast Air Basin. The ports are also proposing $1.6 billion in funding for a Fleet Modernization Program to replace older, dirtier trucks driven by owner-operators with newer, less polluting trucks driven by a company employee. Such a modification could completely transform the entire harbor trucking industry. Unfortunately, affected parties are locked in stalemate.

In the meantime, government enforcement of regulatory requirements is increasing. In August 2006, BP began shutting down the nation's largest oil field after detecting heavy corrosion and a small leak in a critical pipeline serving Prudhoe Bay. The affected fields represent 8% of total U.S. production. The pipeline problems were detected only after extensive tests were mandated by the federal government following a spill in March. This incident further highlights the Gordian policy knot of transportation, energy, environmental protection and commerce.

The issues of transportation, energy and environment also extend to land use and zoning. The most effective way to immediately increase capacity is to ensure that infrastructure is used 24/7. Unfortunately, local zoning ordinances often prohibit the implementation of such an approach.

[8] David L. Greene. "Transportation and Energy: Issues, Challenges and Solutions." Presentation to the Business Advisory Committee Meeting of the Northwestern University – Transportation Center. October 16, 2002.

PROPOSED SOLUTIONS

Our proposed solutions will focus on intermodal improvements, which we believe have the power to leverage other freight network initiatives and maximize overall value for the entire network, not just a single mode or special interest.

1. Reinforce the Importance of Intermodal Connectors

Intermodal connectors are short—but essential—links that connect America's most important seaports, airports, rail yards, barge facilities and pipelines to the National Highway System (NHS), a 161,000-mile network that includes the interstate system and other key roads. Congress designated the NHS network in the National Highway System Designation Act of 1995, and mandated the "NHS Intermodal Freight Connectors Report" in TEA-21.

The study, completed in 2000, identified 616 intermodal freight terminals accessed by 1,222 miles of NHS connectors.[9] It is notable that although these connectors are less than 1% of the total NHS mileage, they carry a significant proportion of total freight volumes. The study went on to point out that:

"Well-developed linehaul networks for specific modes are insufficient without suitable connectors."

- NHS connectors are short, averaging less than two miles in length.
- They are usually local, county or city streets, and they generally are held to lower design standards than are mainline NHS routes, which are primarily interstate and major highways.
- Intermodal connectors serve heavy truck volumes moving between intermodal freight terminals and mainline NHS routes, primarily in major metropolitan areas.
- They typically provide this service in older, industrialized and other mixed land use areas, where there are often physical constraints or undesirable community impacts.

Well developed linehaul networks for specific modes are insufficient without suitable connectors. We only need to look at Los Angeles, the site of some of the most extensive end-line facilities for freight, to observe that the connectors are some of the most congested and unproductive pieces of the freight infrastructure (i.e., Gerald Desmond Bridge). In terms of quantitative impact ("more bang for the buck"), connectors have delivered some of the highest investments returns with significant national impact (i.e., the Alameda Corridor).

Unfortunately, connectors tend to be orphaned in the planning and financing process, because they are the not the specific domain of any of the legacy modal interest groups. Frequently, funds are limited, and a connector is considered "someone else's problem." Moreover, since many of these multi-modal interchanges are relatively new (in a historical sense) to the freight industry, they become an afterthought in the planning process.

[9] "NHS Intermodal Freight Connectors: A Report to Congress." U.S. Department of Transportation. 2000. http://ops.fhwa.dot.gov/freight/freight_analysis/nhs_intermod_fr_con/index.htm

Emphasis on connectors is further diluted because few highway projects are exclusively dedicated to freight transportation. Connectors are a significant piece of the intermodal equation, and they must be included in the planning process from the beginning. (E.g., CSX's proposed new logistics facility in Winter Park, Florida has connectors—funded by the State—budgeted in the tens of millions of dollars.) Still, we cannot forget legacy facilities, which have been converted into new intermodal uses, and are literally islands lacking connection to the rest of the freight network. The interface of rail, highway and water often suffer from this problem.

Until the widespread implementation of containerization, careful integration of these connectors was unnecessary. Previously, break-bulk ships brought freight to harbors, and the freight was then trucked away from the ports. But today's volumes and economies of scale were unthinkable even 15 years ago. The growth of container hub ports requires that rail and truck access be engineered as part of an overall network in order to prevent congestion in any part of the flow.

In the ever-expanding and dynamically-interdependent freight network, intermodal connectors play an essential role. It was therefore distressing to learn that envisioned language in SAFETEA-LUA, committing 2% of highway funds to intermodal connectors, was removed in a conference committee—even though it was included in both the original House and Senate versions of the legislation. This is why many believe that "freight is talking but the government isn't listening."

2. Expand the Definition of Intermodal Connectors

Connectors have traditionally been defined as roads leading to major rail, port or airport facilities. Although they represent less than one percent of NHS mileage, NHS connectors are key conduits for the timely and reliable delivery of goods.

"It is our position that intermodal movements have the ability to leverage the freight network."

Our theory is that intermodal connectors are essential pieces of infrastructure which support multi-modal transportation. Thus, they could be: rail connections from ports to mainline routes; inland waterways that support barge movement; or, bridges that span ports to connect terminal roadways with NHS highways. We submit that intermodal services are "virtual connectors" which are consistent with the original vision of ISTEA: "to develop a National Intermodal Transportation System that is economically efficient, environmentally sound, provides the foundation for the nation to compete in the global economy and will move people and goods in an energy efficient manner."[10]

Some might argue that our idea of intermodal connectors is an abomination of ISTEA's "original intent." To the contrary, we maintain that the recognition of these terms is fundamental to the understanding of the freight infrastructure in the same way that the recognition of a problem is fundamental to its solution. How else—except by lack of understanding—could one explain the elimination of promised necessary funding from legislation to support these assets?

[10] Intermodal Surface Transportation Efficiency Act of 1991 – Summary. U.S. Department of Transportation. http://ntl.bts.gov/DOCS/ste.html

It is our position that intermodal movements have the ability to leverage the freight network. Leverage, in the sense that we are using it, multiplies the capacity of existing modal infrastructure in a way which is not possible with legacy or conventional usage of these assets. Recognizing the importance of intermodal connectors, and expanding their definition, is integral to gaining this additional capacity quickly and at a lower cost.

Application of Funds	Intermodal Connector?	
	Today	Tomorrow
Public roads leading to major intermodal terminals	Yes	Yes
Private roads leading to major intermodal terminals	No	Yes
Bridges in intermodal area	Yes	Yes
Intermodal ITS projects	No	Yes
Intermodal rail terminals	No	Yes
Near-dock rail facilities	No	Yes
Inland waterways	No	Yes
Air cargo facilities	No	Yes
Multimodal logistics parks	No	Yes

An intermodal network is an integrated transportation system consisting of two or more modes connected through facilities which allow freight (and/or travelers) to transfer from one mode to another during a trip from an origin to a destination. Freight moves through local, national, continental and international networks. These networks are, by definition, intertwined to the point where the constriction of any single "node" in the network impacts the entire network.

An expansion of the intermodal connector definition could well help achieve an efficient freight infrastructure. Despite their national significance, most intermodal connectors historically have lacked proponents other than supporters from the localities which contain the connectors. In the same way that a foundation must be planned and funded before the house can be built, intermodal connectors must be considered, defined and funded before any major infrastructure project can be viable.

3. Solve the "Outside the Gate Problem"

During our interviews, many interviewees referred to the "Outside the Gate Problem" to illustrate the inconsistencies of infrastructure investment allotment. While there is a demonstrated supply of investment capital for marine terminals and port infrastructure "inside the gate," the intermodal connectors [outside] are not so easily funded.

Steady expansion of international trade and the economic impact of container ports combine to create a two-tiered challenge to provide sufficient infrastructure.

Intermodal connectors frequently focus on a single-entity within a region. With railroads, the focus becomes single-entity and single-company.

- Within a geographic area, individual railroads use their own facilities, which are separate and distinct from those used by their competitors. Often, these facilities are far apart.[11] Various truck lines—dispersed throughout the region—may serve that facility. The truck lines are usually spaced to operate (in the best interest of their own economics) somewhere centrally located to all of the rail facilities in the region. Trucks hauling rail trailers and containers tend to flow radially between the facilities and therefore spread themselves across the region.
- Alternatively, in any given region, ports tend to focus all of their traffic from every company, in multiple modes to a single location.[12] The need for an adequate harbor and critical mass makes ports super-regional. Truck lines and railroads seek to colocate facilities close to ports for operational and commercial advantage. Both railroads and truckers are focused on a single corridor for access and egress.

In the strictest sense, the infrastructure requirements "outside the gates" are intermodal connectors and deserving of federal attention and support. This is more than just roads and highways. It should include rail access and bridges. These connectors are of a size and scope which makes them too costly for funding by individual cities and states. As intermodal connectors, they are arcs and nodes in the national freight network. Federal pre-emption would obviate the cacophony surrounding numerous state and local proposals which are, of necessity, locally focused.

"These connectors are of a size and scope which makes them too costly for funding by individual cities and states."

An additional problem that exists "outside the gate" is the conflict between freight system requirements and local municipalities. Perhaps the greatest difference between North American ports and their counterparts in Asia is the lack of 24-hour operation.[13] Certainly, the increased labor expense for night shifts and hoot owl shifts (3-8 a.m.) is prohibitive, but other problems go much deeper.

In many parts of the country, the supply chain is not truly 24/7. It is a formidable challenge for trucks to pick up and hold containers. Not only are there hours of service and insurance issues, but parking space outside marine terminals is insufficient.

In some areas, inland parking places have been developed. Containers are shuttled between the marine terminal and the remote parking facility in substituted service. These services have been developed by terminal operators to accommodate increased volume without obtaining additional land (that may not be available). The additional volume subsidizes the foregone investment and increased handling.[14]

The problem plaguing zoning and land use policy is the highly fragmented oversight of regulation. Local municipalities have more influence over zoning than

[11] In Chicago, the distance between the Union Pacific's Rochelle and Norfolk Southern's Calumet terminals is over a hundred miles.

[12] By definition, all port traffic is intermodal because it is either water/rail or water/truck.

[13] It is very common to compare productivity between the two – with North American ports lagging far behind. Like comparisons are very difficult due to widespread operational differences – of which 24/7 operation is just one.

[14] Expansion of this concept is restricted by a disagreement about the extent of waterfront labor's right to "follow their work" inland.

do federal and state governments. It is not uncommon for there to be numerous jurisdictional issues over land use. For example, the facility might be located in one town, but truck traffic restrictions may exist in another.

Such restrictive covenants are becoming increasingly difficult to challenge. Distribution centers are often placed in remote locations to take advantage of low real estate costs. But over time, those same low real estate costs may attract residential development, which objects to all-night activity (noise) and truck traffic. Resistance, which was once categorized as NIMBY (not in my back yard) has evolved into outright rejection: BANANA (build absolutely nothing anywhere near anything) or NOPE (nowhere on planet Earth).

As earlier mentioned, the federal government has always aggressively fostered international trade. But it has not devoted similar energy to ensuring the smooth flow of this trade (consider support of the NAFTA versus the severe congestion at our northern and southern borders). Congestion issues will soon plague our ports if this "outside the gate" problem is not addressed.

4. Recognize Freight's Federal Role

By now, we should all understand the systemic nature of freight movement. Because the freight system is a network, it must be planned and operated as such. Interviewees seemed anxious about the total lack of a national transportation policy. Moreover, they expressed doubt that there would ever be one.

"Mechanisms must be developed for local input into federal decisions about freight that are larger than a single city, state, or region."

One of our participants summed up the issue by observing that in an era of significant deficits, transportation systems would never share the policy podium with Social Security, national defense or even a national health policy.[15] Yet, this in no way relieves the federal government of its historical responsibility for the national freight transportation network.

There is already a role for states and localities in the planning of the highway system, and that role must continue. People live—and vote—locally. The considerable local use of the highway system by passengers—especially in metropolitan areas—must be managed locally. The actual highway construction is also best carried out by the states (as it is today).

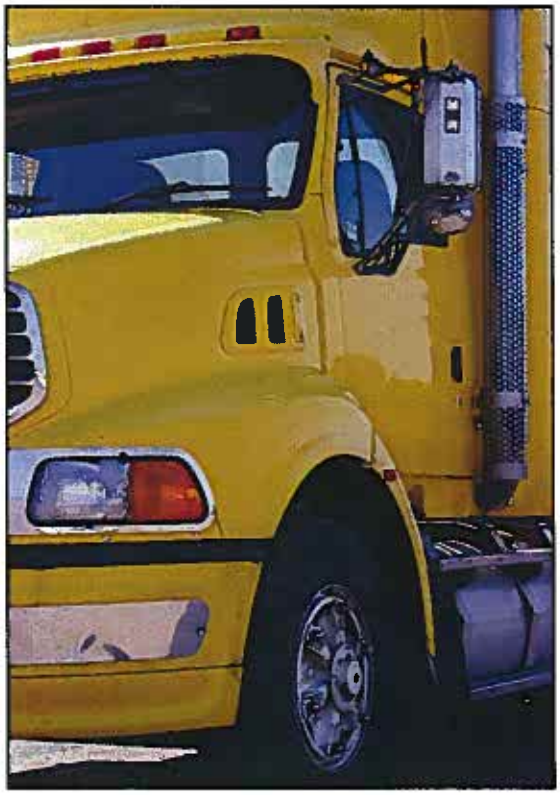
However, mechanisms must be developed for local input into federal decisions about freight that are larger than a single city, state or region.

- Freight is picked up and delivered locally. It moves locally, regionally, nationally, continentally and internationally. All of these movements use the same infrastructure; they therefore must be managed from the broadest perspective available—the federal government.
- Because freight moves in a systemic, network fashion, projects must be analyzed, planned and managed within this same framework.
- Financially speaking, efficiency (ISTEA) needs to be reinstated over equity (TEA-21). Freight is a national issue and its requirements need to be managed—and funded—at a federal level.

[15] In the proposed FY 2008 budget, "mandatory" expenditures of $2.902 trillion exceed envisioned receipts of $2.662 trillion. http://www.whitehouse.gov/omb/budget/fy2008/summarytables.html

We believe that such an approach requires a new mechanism other than the current legislative one which delivered $23 billion in 5,500 earmarks in SAFETEA-LU. (By comparison, the entire amount envisioned for intermodal connectors was $1.1 billion.) Annual and multi-year funding must be determined on the basis of national priorities as well; state and local agencies and MPOs must be able to submit their requests.

We recommend forming a national commission along the lines of the Base Realignment and Closure (BRAC) process. The commission would determine the best use of federal funds for freight, and this funding would be subject to Congressional approval or rejection—but not amendment.



The development of a freight network plan is also mandatory. Perhaps a useful historical example would be the United States Railway Association (U.S.R.A.) which developed the Preliminary and Final System Plans for the northeastern railroads.

5. Continue the Preeminent Role of the Fuel Tax and the Highway Trust Fund

The pros and cons of the fuel tax and the Highway Trust Fund (HTF) have been debated in a number of forums in greater detail than we can (or even should) pursue within the scope of this paper. Regardless of its future role(s), HTF has been effective in funding the NHS for the past fifty years. In this context, it should be recognized as a "miracle of public policy." To our knowledge, nothing remotely like it exists anywhere in the world. More importantly, it has been tied through various mechanisms to local and state funding initiatives, so that the entire highway system is now integrated with this funding mechanism.

To substantially change or destroy this mechanism requires replacing it with something better, which, as a practical matter, likely cannot be agreed upon by the interested constituencies. Despite the complaints, the HTF works. The technological and policy issues surrounding the implementation of other methods (i.e., vehicle mileage taxes, congestion pricing, etc). are too daunting to contemplate implementing throughout the entire nation.

"Despite the complaints, the HTF works."

The fuel tax should be increased and indexed to inflation to maintain its purchasing power. A lifecycle approach to the network assets is also mandated. The expense of an asset with a long physical life is a step function. As the asset ages, more maintenance is required to keep the asset in reasonable operating condition. As the Interstate System has transformed from its focus of constructing new capacity, maintenance of the system has become the priority.

The financing problem is exacerbated because the federal government does not follow Generally Accepted Accounting Principles (GAAP). GAAP recognizes that assets depreciate over time. Investment is recognized as an asset that depreciates over time. At the expiration of the depreciation period, the asset is expected to be

replaced. The federal government merely expenses all expenditures in the year spent. Unfortunately, neither method takes into account the fact that replacement cost will be significantly higher than the initial, historical cost. We believe that infrastructure needs must reflect a "public-private" financial view, so that long-term funding requirements can be understood and articulated.

Clearly, we must also develop alternative (and innovative) means of funding to complement the fuel tax. Without dedicated funding mechanisms, major intermodal infrastructure projects will never be completed efficiently or in a cost effective manner. In fact, they may never be completed at all. Traditional authorization/appropriation federal infrastructure financing is ill-suited and unavailable to these types of "mega projects." Yet incentives through the federal tax code could represent a more viable option for stimulating freight capital investment. We advocate investment tax credits (ITC) for projects undertaken by private companies who add capacity to the overall system, as we see in the rail industry.[16]

We believe that the development of truck-only lanes is a natural enhancement to the NHS, even though it may take billions in investment and decades to build. The potential benefits could extend beyond operational improvement for trucking, to include traffic safety improvements, reduced conflicts and lower maintenance costs on car-only lanes.

This is a very complicated and controversial topic, because talk of truck-only lanes inevitably lead to discussion about two emotionally charged issues within the transportation industry: truck size and weight rules, and privatization and tolling of highways. The divergence of opinion—even within this "two-by-two" decision matrix—always causes a lively and divisive debate. Even among the intermodal and trucking community, there is not complete agreement (i.e., some contrarians favor LCVs, believing they could reduce drayage expense and improve intermodal's competitiveness versus over-the-road truck movement).

6. Maintain the Highway Trust Fund Firewall

TEA-21 assured that a budgetary firewall protected funding in the HTF for its intended purpose. In comparison, other trust funds (i.e., Harbor Maintenance Tax) have collected user fees but not deployed them for their intended purpose. In our individual interviews with the surveyed companies, we repeatedly heard the distrust of the federal funding and policy mechanisms by the private sector. Whether it was the 5,500 earmarks worth $23 billion in SAFETEA-LU, or the diversion of funds authorized, collected, and misused, freight providers have become cynical and suspicious of federal funding.

At the same time there has been some general recognition among freight transportation groups that they must take some responsibility for funding projects specifically designed for their own use. No user fee funding will ever be completely

"There has been some general recognition among freight transportation groups that they must take some responsibility for funding projects specifically designed for their own use."

[16] The "Freight Rail Infrastructure Capacity Expansion Act of 2007" (S.1125/HR.2116) would accomplish this.

supported unless there is some mandatory legislative directive to spend the funds collected for their intended use.

7. Recognize the Confluence of Transportation, Energy and Environment

As discussed above, the transportation industry in the United States is one of the largest consumers of oil in the world. We previously outlined our belief that the federal fuel tax needs to be raised (and indexed to inflation) in order to preserve its purchasing power and to expand infrastructure capacity.

"The increased fuel tax should be phased in over a period of years to allow a smooth transition for users of the system."

We also believe that the fuel tax needs to be significantly increased (beyond what we call for in #5) to reduce the growth of demand for fossil fuels. The increased fuel tax should be phased in over a period of years to allow a smooth transition for users of the system. The additional funds should be allocated as follows: 25% to the highway account; 25% to the transit account; 25% to the intermodal account; and 25% to the general treasury.

Last year, N. Gregory Mankiw, a professor at Harvard, who was chairman of the Council of Economic Advisers from 2003 to 2005, outlined a rationale for raising the gas tax "substantially—but gradually."[17] Mankiw's reasons included the following:

- Burning gasoline emits several pollutants, including carbon dioxide, a cause of global warming. Higher gasoline taxes, perhaps as part of a broader carbon tax, would be the most direct and least invasive policy to address environmental concerns.[18]
- A higher gas tax would provide an incentive to drive less, thereby reducing congestion—and increasing capacity.
- A higher gas tax would accomplish everything corporate average fuel economy (CAFÉ) standards do, but without the adverse side effects and unintended consequences from Congress' heavy-handed government regulations.[19]
- The federal budget is on an "unsustainable path." Social Security and Medicare will either need to cut benefits or raise taxes. Increased fuel taxes could make a dent in the looming fiscal gap.
- Economists maintain that the burden of a tax is shared by both consumer and producer. A higher gas tax would depress oil consumption, so the price of oil would fall in world markets. As a result, the price of gas to consumers would rise by less than the increase in the tax. In effect, Saudi Arabia, Iran and Venezuela would pay for part of the tax.
- Public finance experts advocate that consumption taxes are better than income taxes for long-run economic growth, because income taxes discourage saving and investment. Gas is a component of consumption, so an increased reliance on gas taxes over income taxes would make the tax code more favorable to

[17] N. Gregory Mankiw. "Raise the Gas Tax." The Wall Street Journal, October 20, 2006. http://online.wsj.com/article/SB116131055641498552.html

[18] In the event of the implementation of a cap and trade process, due regard must be taken that payers of the fuel tax have already "paid once."

[19] Mankiw believes CAFÉ is partly responsible for the growth of SUVs, because light trucks have laxer standards than cars. Also, by making the car fleet more fuel-efficient, the regulations encourage people to drive more, offsetting some of the conservation benefits and exacerbating road congestion.

growth. It would also encourage firms to devote more R&D spending to the search for gasoline substitutes.

- It is hard to judge how much high oil consumption drives U.S. involvement in Middle Eastern politics; but economists (i.e., Alan Greenspan) maintain that the gas tax is an economic policy with positive spillovers to foreign affairs.
- Even after a [hypothetical] $1 hike, the U.S. gas tax would still be much lower than the gas tax in other industrial democracies. According to a November 2006 analysis by GTZ (German Technical Cooperation) on behalf of the German Federal Ministry for Economic Cooperation and Development,[20] comparative prices for a gallon of gas were:

United States	$2.38
China	$2.61
Mexico	$2.80
Russia	$2.91
Brazil	$4.77
France	$5.60
Britain	$6.17

8. Extend the PFC Model to Intermodal

The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to $4.50 per passenger for every emplaned passenger at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects which enhance safety, security or capacity; reduce noise or increase air carrier competition.

We propose an Intermodal Facility and Connector charge (IFC) that would be assessed on all freight movements transiting modes. The "orphaned" connectors would have a source of funding independent of the individual modes and would be funded by intermodal users.

"The 'orphaned' connectors would have a source of funding independent of the individual modes and would be funded by intermodal users."

- Every unit exiting an intermodal facility would be assessed an IFC. The mode transporting the unit would be responsible for reporting the charge and remitting the funds.
- Because this is a basic "facility charge" with the funds being returned using a similar mechanism employed in the PFC, it should not conflict with constitutional prohibitions against taxes on interstate or international commerce.
- The monies collected would be applied to intermodal connectors within a defined region from which they were collected. Any modal transfer would incur an IFC.
- Ideally, the IFC charges would be matched against other funds raised through public-private partnerships and innovative financing.

[20] "Global Fuel Prices 2006." German Technical Cooperation. http://www.gtz.de/en/themen/umwelt-infrastruktur/transport/10285.htm

9. Change Intermodal Thinking from End-to-End to Side-by-Side

Traditional intermodal thinking has been end-to-end (i.e., door-to-door) in nature. Intermodal has not therefore explored the option of maximizing the capacity for both freight and passenger traffic simultaneously—although both sectors seek door-to-door transportation solutions.

The Surface Transportation Assistance Act of 1982 recognized the fungible nature of transportation demand when it created the mass transit account—within the Highway Trust Fund—to receive 1 cent of the increased fuel tax. This was increased to 1.5 cents per gallon on December 1, 1990; 2 cents per gallon on January 1, 1996; and 2.86 cents per gallon on October 1, 1997.

Any further integration of passenger and freight transportation in the United States has been undeveloped. We believe that an examination of European initiatives might be worthwhile. In the 1990s, the European Union (EU) found itself trying to manage increased transportation demand against a series of constraints: over-reliance on fossil fuels, economic growth, congestion, health and climate change. Given the steady rise in Europe traffic flows, the EU opted for an EU-wide transportation policy which mandated that Europe-wide truck movements should be shifted to more environmentally friendly modes of transport such as rail, short sea shipping or inland waterway transport.[21]

In October 2006, following the success of the first Marco Polo initiative, the EU established a second Marco Polo program to run between 2007 and 2013 with a budget of €400 million (about $550 million). The program is designed to support programs which: reduce congestion, improve the environmental performance of the transportation network, and enhance intermodal transportation. The intention is to "contribute to a more efficient and sustainable transport system which will provide EU added value without having a negative impact on economic, social or territorial cohesion."[22]

The EU envisions five distinct types of action being supported:[23]

- Modal Shift: Shifting as much freight as economically meaningful under current market conditions from road to short sea shipping, rail and inland waterways. These may be new services or significantly enhance existing services.
- Catalyst actions: change the way non-road freight transport is conducted by overcoming structural market barriers.
- Motorways of the sea: provide a door-to-door service which shift freight from long road distances to a combination of short sea shipping and other modes of transport.
- Traffic avoidance: reduces road freight transport demand—and emissions.

[21] http://ec.europa.eu/transport/intermodality/passenger/index_en.htm

[22] http://ec.europa.eu/transport/marcopolo/summary_en.htm

[23] Ibid.

- Common learning: enhances industry knowledge and supports market cooperation.

The program budget of €400 million for 2007-2013 represents twice that of the initial program, and it has been extended to countries bordering the EU. The European Commission estimates that every €1 in grants to Marco Polo will generate at least €6 in social and environmental benefits.

We believe that the EU's program is an elegant way to avoid the market impasse created when new services are blocked because they are not market competitive. A market impasse—or even a market failure—can develop when infrastructure and operation of different modes have different owners.

"We believe that an examination of European initiatives might be worthwhile."

In turn, a variety of externalities impact the process. Such outside influences are frequently third party (or spill-over) market events which result from non-payment of compensation for production and/or consumption of goods and services. Such occurrences can cause market failure if the price mechanism does not take into account the full social costs and social benefits of production and consumption—and create a divergence between the private and social costs of production. Pollution and congestion are common externalities. (N.B.: Many initiatives of this type are already under study by U.S. Department of Transportation. It is our hope that their application could be accelerated.)

Earlier, we noted the validity of considered truck-only lanes on the Interstate Highway System. Just as trucks and cars have different operating requirements, so do passenger and freight rail. Development of separate networks would allow both to succeed without either impeding the other. Success of freight and passenger networks (including commuter) would increase highway capacity and reduce peak congestion.

Rather than argue over whether externalities are "fairly" assigned, we promote a plan to "internalize the externalities." We propose that intermodal connector programs should include modal shift and traffic avoidance programs as part of freight corridor projects, in the form of approving several pilot/demonstration projects in this reauthorization cycle.

Potential pilot projects should focus on areas where infrastructure is critically short and not easily expandable, sufficient critical mass of volume is present, and environmental challenges exist. The following are examples of several projects which have been discussed in the past.

Project	Scarce Resource
Expand rail capacity between Portland and Seattle for freight and passenger	I-5 capacity Rail mainline capacity
Shorthaul rail between San Pedro ports and Inland Empire	Highway capacity Train slots in/out of LA Basin
Feeder barge from Port of NY/NJ to Brooklyn and Bridgeport	Highway capacity George Washington Bridge

10. Conduct a Meaningful Short Sea Shipping Pilot

Short-sea shipping is often held out as a means of providing transportation capacity in selected markets. (MARAD has been actively studying opportunities for years.) We believe that such possibilities exist here, but the dialogue must be based on a realistic analysis.[24] Too often, the short sea solution is intuitive. It is based on anecdotal stories of highway congestion—often I-95—adjacent to "wide open" ocean space. This thinking closely resembles rail intermodal thinking of a generation ago. Linehaul efficiencies do not automatically translate into a competitive door-to-door product.

There are many economic obstacles to short sea shipping. Some—such as reduced labor assessments on the rehandling of containers—have already been resolved. Some—such as a single assessment of the Harbor Maintenance Tax on such movements instead of the current "double taxation"—are under consideration. The Jones Act has not effectively been synthesized into the discussion either.

"Linehaul efficiencies do not automatically translate into a competitive door-to-door product."

We recognize that relaxing the Jones Act could penalize companies who have complied with (and profited) by it. Still, it could be interesting to see if a Jones Act waiver, allowing non-U.S.-built vessels, could induce players to enter a market which had been heretofore unimaginable for short sea shipping. (Conditions requiring U.S.-flag and 75% U.S. crew members would be retained.) U.S. Coast Guard manning rules and workmen's compensation standards may also require additional analysis here.

Requests for waivers of certain provisions of the act are reviewed by the Maritime Administration (MARAD) on a case-by-case basis. Waivers have been granted in cases of strategic interest. (E.G., in 2006, declining oil production prompted the Department of Homeland Security to grant a waiver to operators of the 512-foot Chinese vessel Tai An Kou to tow an oil rig from the Gulf of Mexico to Alaska.)

[24] For example, there have been studies that compare door-to-truck with pier-to-pier short sea movement. The latter is not a fair comparison because it excludes the necessary [truck] pickup and delivery.

CONCLUSION

Few of the ideas presented here are ours alone. Most suggestions were offered in one fashion or another during the study. This leads us to believe that there is hope one day of developing a National Freight Transportation Policy. It is our belief that this development will not come from waiting for Congress or the executive branch. It must originate with participants themselves.

If the freight transportation community is united in their goals, policies will be developed, enacted and supported. In order to achieve this, participants will have to put aside decades of disagreement and mistrust. This is possible only if we accept that future success is more important than past differences.

We believe intermodal focus provides the catalyst for this common vision because it leverages the strengths of every mode. Transportation can achieve synergy because integrated service is better and more productive than the individual modes.

Our proposals support many programs deemed critical by the individual modes. We believe the nation has reached an inflection point. The economic gains unleashed by deregulation have been consumed, and we are starting to see infrastructure problems which pose a threat to America's economic growth and national security.

Government, by itself, cannot solve all its problems without the active participation of the private sector. Benjamin Franklin's admonition that "We must all hang together, or, most assuredly, we shall all hang separately" provides appropriate guidance. We, the freight transportation industry, must focus on the future, put our arguments aside, and unite on a national transportation focus which will ensure that our freight system remains the finest in the world.

"If the freight transportation community is united in their goals, policies will be developed, enacted and supported."

Respectfully,

Ted Prince and Tom Finkbiner

Domestic Intermodal Posts Best Results in Four Years

Record fuel prices push freight to rail

Third Quarter 2008 Rail Volume Results

Domestic intermodal had its best performance since the second quarter of 2004. Modest growth in domestic trailers and strong gains in domestic containers pushed total domestic volume up 6.7%. This solid performance left year-to-date domestic growth up 4.7%.

Domestic containers surged 10.5%, offsetting lagging international, and had their strongest quarter of growth since 1999. This was driven by 53-foot containers, which surged 16.1%. Loads of all other container sizes declined. Domestic container gains were particularly strong in the Midwest-Northeast corridor. Shipments eastbound increased 15.0%, while volumes from the Northeast to the Midwest increased 6.0%.

Trailers had their second consecutive quarter of volume gains, a first in more than three years. Unfortunately, two quarters of tepid growth were not enough to push these numbers into positive territory for the first three quarters, as year-to-date volumes were off 0.8%. Increases were primarily driven by a 10.4% rise in 53-foot trailers. 48-foot and 28-foot units also saw gains, but only by a modest 0.2% and 1.0%, respectively. 45-foot use plummeted over 25.0% after a similar plunge in the second quarter. Volumes were the strongest on the routes to and from the Midwest.

Continued weakness in consumer spending again depressed container imports. International was down 6.1% in Q3 compared to the previous year, and declined more

Third Quarter Totals

	2007	2008	Change
Trailers	526,888	527,840	0.2%
Domestic Containers	919,085	1,015,326	10.5%
All Domestic Equipment	1,445,973	1,543,166	6.7%
ISO Containers	2,172,645	2,040,991	-6.1%
Total	3,618,618	3,584,157	-1.0%

Year to Date 2008

	2007	2008	Change
Trailers	1,581,827	1,569,271	-0.8%
Domestic Containers	2,658,537	2,868,693	7.9%
All Domestic Equipment	4,240,364	4,437,964	4.7%
ISO Containers	6,316,643	5,954,802	-5.7%
Total	10,557,007	10,392,766	-1.6%

Third Quarter Equipment Loading Trends

Equipment Size/Type	3Q07	3Q08	3Q 07-08 Growth	3Q 08 Share
28' Trailers/Containers	102,959	101,899	-1.0%	2.8%
40/45' Trailers	90,549	67,695	-25.2%	1.9%
48/53' Trailers	340,365	363,240	6.7%	10.1%
20/40/45' Containers	2,172,645	2,040,991	-6.1%	56.9%
48/53' Containers	912,100	1,010,332	10.8%	28.2%
Total	3,618,618	3,584,157	-1.0%	100.0%

than 5% in all three quarters of 2008, dragging year-to-date figures down 5.7% to date. This summer's government rebate checks did little to lift consumer confidence and spending as gasoline prices hit record highs at the time the checks were sent out. Even though gasoline prices are now down sharply from their summer highs, the financial crisis sent consumer confidence plunging to record lows.

Gains in domestic intermodal of 6.7% fell short of closing the gap from declining international cargo. International volume shrank 6.1% and due to its larger share of total volume, the ultimate result was that intermodal shipments fell 1.0% in Q3.

Western Canada once again was the only IANA region to see international gains in Q3. Regional growth accelerated to 10.0% in Q3, its largest increase in seven quarters. The Southeast was the only other area that avoided international losses in Q3, notching a 0.3% increase.

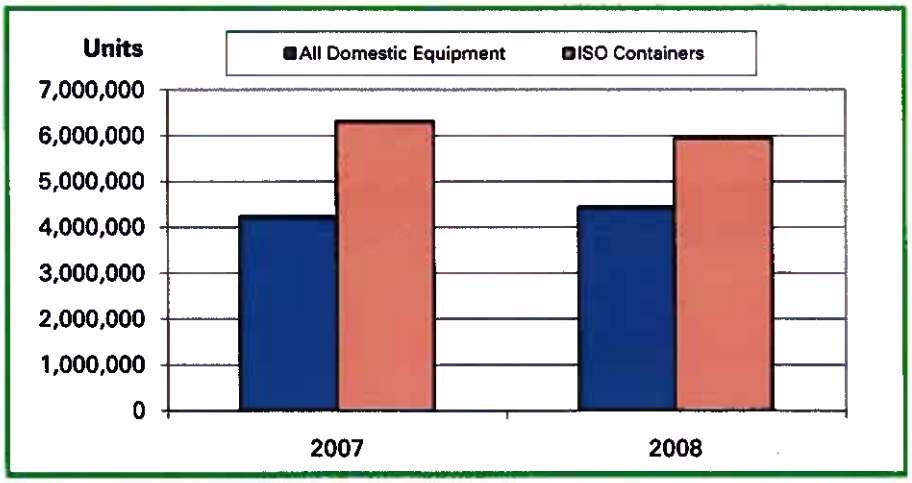
Western Canada's gain may have been the Southwest's loss. Outbound loads from the Southwest were down 5%, with intermodal loads decreasing to all regions. Yet even more disappointing was an outsized 10% drop in international, which reflected continued weakness in container imports through the key West Coast ports.

In spite of a weak economy, intermodal volume has held up well and is only 1.6% below last year. With economic concerns worsening, it seems a rebound in international volume within the next few quarters is unlikely. Domestic should continue its solid performance as road-to-rail conversion opportunities remain attractive.

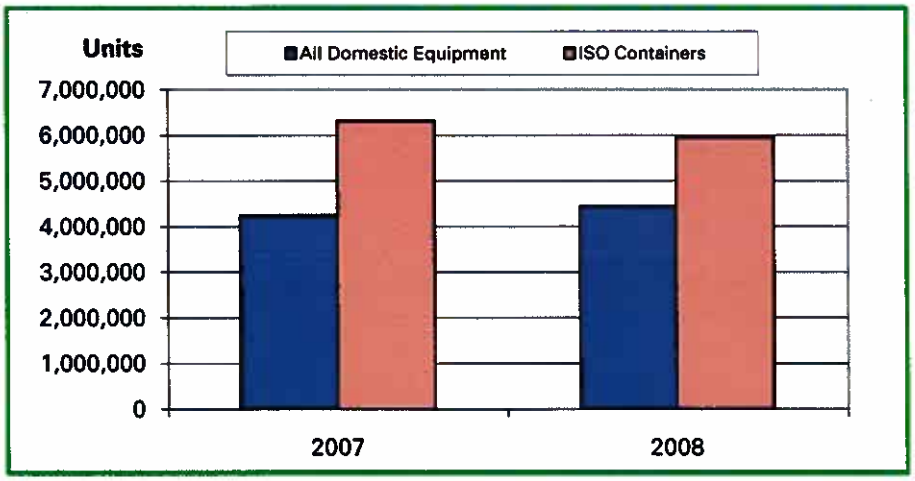
Key Corridor Results

The Corridor Growth graph shows bi-directional activity for the seven largest volume corridors. These high-density lanes accounted for 69.6% of total volume and fell 1.4% in Q3, a slightly worse outcome than overall results for Q3. Traffic in three of the seven lanes increased, lead by a gain of almost 12% in the Southeast-Midwest lane. Traffic in the other four lanes fell, with the largest declines in the Northwest-Midwest corridor.

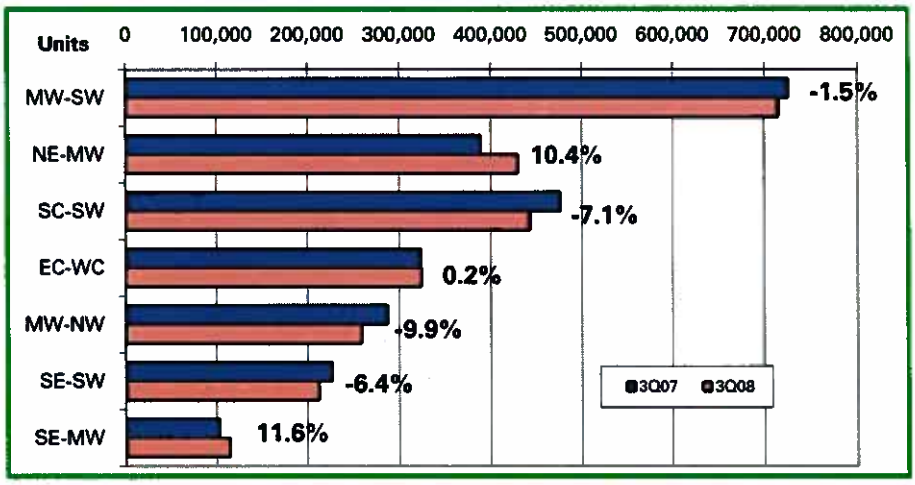
Third Quarter 2007–2008 Comparisons



Third Quarter 2007–2008 Equipment Trends



Third Quarter 2007–2008 Corridor Growth

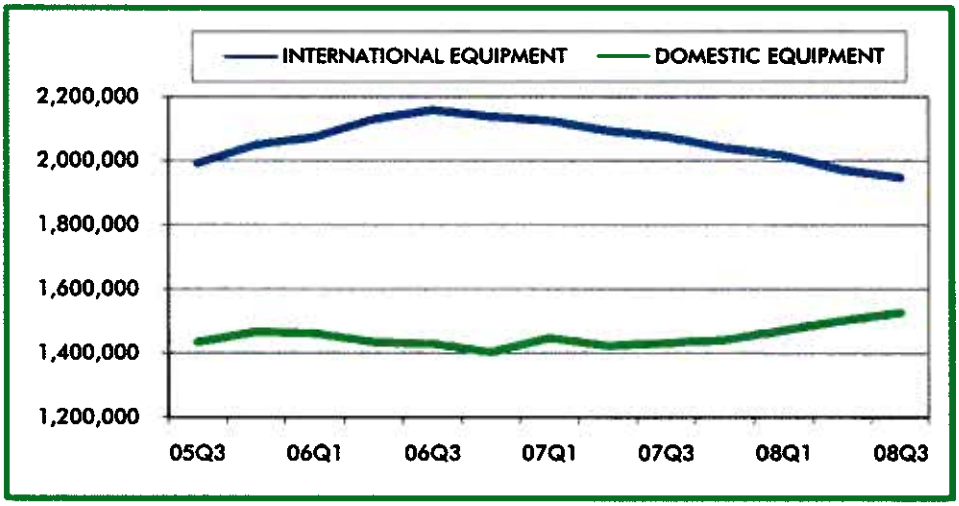


- **Midwest-Southwest** was held up solely by domestic containers. Containers gained 10% overall with solid performance in both directions. International plunged 6%, with a 7% drop in eastbound traffic. Encouragingly, this drop was less than the 10%-plus decline in imports reported by Southern California ports, which suggests that railroads regained some share of international shipments during the time of record high fuel costs.
- The **Northeast-Midwest** increase of 10.4% was just below the gain of the Midwest-Southeast corridor. The growth was more balanced than in other lanes with both domestic and international traffic gains. This corridor's solid results were driven by a 24% surge in domestic containers, a 9% rise in trailers, and a 4% gain in international.
- The **South Central-Southwest** corridor's results continued to disappoint. Domestic containers were flat, while trailers and international loads plunged 5% and 9%, respectively.
- In a reversal of recent trends, **Trans-Canada's** traffic was flat for the last two quarters. In recent quarters, international was the backbone of this corridor's growth. This drastically changed in Q2 and continued in Q3. International traffic, which accounted for 70% of all Q3 traffic in this lane, remained flat. Trans-Canadian domestic container traffic managed to add 1%.
- **Midwest-Northwest** was the worst performer in Q3 amid a 19% plunge in international, which was off in both directions. The trend of accelerating domestic growth and declining international has described this lane for several quarters now. On the domestic side, both trailers and domestic containers were up better that 10%.

Third Quarter Regional Traffic Growth

	3Q07		3Q08		3Q 07-08
	Units	Share	Units	Share	Growth
Eastern Canada (EC)	307,847	9%	306,716	9%	0%
Mountain Central (MC)	49,174	1%	44,698	1%	-9%
Midwest (MW)	982,658	27%	996,844	28%	1%
Northeast (NE)	333,694	9%	337,870	9%	1%
Northwest (NW)	226,897	6%	200,251	6%	-12%
South Central (SC)	307,111	8%	285,280	8%	-7%
Southeast (SE)	322,232	9%	342,814	10%	6%
Southwest (SW)	839,378	23%	801,354	22%	-5%
Western Canada (WC)	249,626	7%	268,158	7%	7%

Seasonally Adjusted Volume Trends



- **Southeast-Southwest's** international losses accelerated to 18% in Q3. Gains in all-water imports may have eroded international rail volume in this corridor. Domestic's 14% gain was again, unable to offset international losses, leaving the corridor's overall volume off by 6.4%.
- **Southeast-Midwest** was the fastest growing corridor in Q3, with a 20% advance in domestic container volume and 7% jump in trailer volume. Midwest-bound domestic container loads were up 30% compared to the previous year for two consecutive quarters. International's 1% decline was a much better outcome than overall international results.

Regional Traffic Results

Regional results for Q3 showed growth in four of the nine IANA regions, no growth in one region, and declining traffic in the remaining four. Loads originating in both Southeast and Western Canada saw another quarter of solid gains. Western Canada's growth once again outpaced all other regions, while traffic originating in Eastern Canada was flat. All of Western Canada's advances were in international loadings, where growth accelerated to 10% in Q3 from 8.2% in Q2.

Three other U.S. regions (the Midwest, Northeast and Southeast) posted gains. Contrary to Canadian results, all of the strength in the U.S. regions came from domestic. The Midwest's improvement rose 7%. Domestic growth in the Midwest was outpaced by the Southeast and the Northeast, where total domestic was up 11% and 14% respectively.

Seasonally Adjusted Intermodal Volume

Seasonal adjustment removes the normal seasonal variations in the data to focus on underlying quarter-to-quarter growth trends.

Seasonally adjusted intermodal volume flattened in Q3 after falling for seven consecutive quarters. Seasonally adjusted traffic notched up 0.1% annualized from Q2. A 7% annualized gain in domestic again helped offset a 5% plunge in international.

Domestic volume set a new seasonally adjusted record high in every quarter of 2008. The fresh record was 1.53 million domestic loads in Q3, almost 25,000 loads above the previous record set in Q2.

Third Quarter 2008 IMC Results

Intermodal Marketing Company (IMC) results reflect volume and revenue data reported by participating IMCs (page 21). IMC rail traffic volumes are included in data reported by the major rail systems.

After posting a record-high gain in total revenue during Q2, IMC's participating in the IANA report topped that with another record jump in Q3. Total IMC revenue soared by 16.4% in Q3. Results followed a pattern that has grown familiar throughout 2008 — lagging volume offset by soaring average revenue, most likely boosted by the summer surge in fuel prices.

Average IMC revenue for both intermodal and highway not only saw record growth, but set records for absolute levels as well. This was true of both Q3 and monthly highs.

IMC Market Trends — 3rd Qtr. 2008 vs. 2007

	3rd Quarter 2007	3rd Quarter 2008	Pct. Change
Intermodal Loads	291,377	293,219	0.6%
Highway Loads	234,674	219,550	-6.4%
Total Loads	526,051	512,796	-2.5%
Intermodal Revenue	$663,886,604	$784,519,876	18.2%
Highway Revenue	$322,376,090	$363,675,895	12.8%
Total Revenue	$986,262,693	$1,148,217,384	16.4%
Average per Intermodal Load	$2,278	$2,676	17.4%
Average per Highway Load	$1,374	$1,656	20.6%

IMC Market Trends — 3rd Qtr. 2008 vs. 2nd Qtr. 2008

	2nd Quarter 2008	3rd Quarter 2008	Pct. Change
Intermodal Loads	283,757	293,219	3.3%
Highway Loads	227,079	219,550	-3.3%
Total Loads	510,836	512,796	0.4%
Intermodal Revenue	$730,724,414	$784,519,876	7.4%
Highway Revenue	$364,017,877	$363,675,895	-0.1%
Total Revenue	$1,094,742,290	$1,148,217,384	4.9%
Average per Intermodal Load	$2,575	$2,676	3.9%
Average per Highway Load	$1,603	$1,656	3.3%

IMC Market Trends — YTD 2008 vs. 2007

	YTD 2007	YTD 2008	Pct. Change
Intermodal Loads	844,904	845,961	0.1%
Highway Loads	689,238	671,215	-2.6%
Total Loads	1,534,142	1,517,203	-1.1%
Intermodal Revenue	$1,887,671,018	$2,156,277,602	14.2%
Highway Revenue	$940,606,187	$1,068,701,897	13.6%
Total Revenue	$2,828,277,204	$3,225,001,113	14.0%
Average per Intermodal Load	$2,234	$2,549	14.1%
Average per Highway Load	$1,365	$1,592	16.7%

Intermodal average revenue topped $2,700 in July for just the second time, finishing at $2,709. That measure tailed off a bit through the balance of the quarter to $2,619 in September.

Highway average revenue also saw its record high in July at $1,719, its first and only time above $1,700. Unlike intermodal, highway average revenue was off sharply through the balance of the quarter, dropping below $1,600 by September to its lowest level since May.

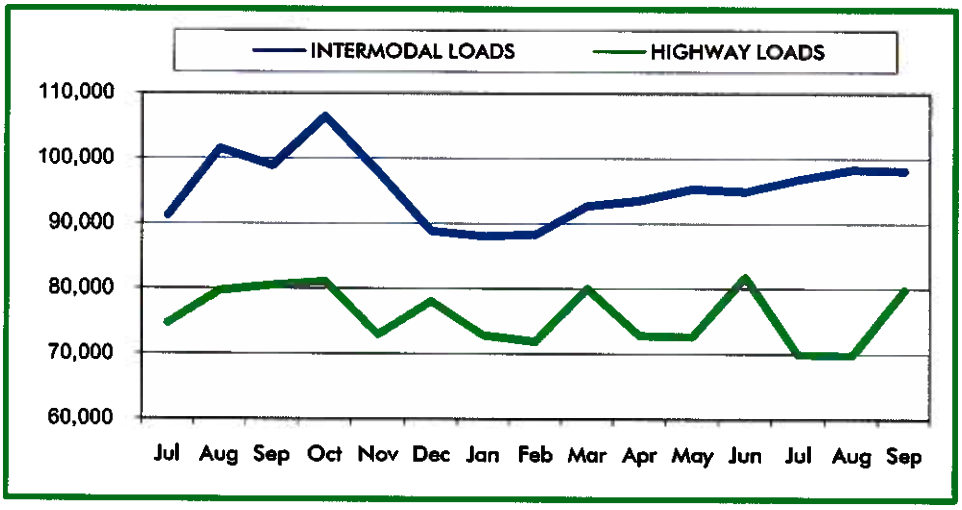
Not surprisingly, average revenue, especially for the highway segment, tracked closely with diesel fuel prices throughout the quarter. National average diesel prices peaked in late July at $4.82 per gallon; they had dropped below $4.00 per gallon as this was written. So, as average revenue soared, it is unclear how much of that was simply a pass-through of fuel prices and how much went to IMC's bottom lines.

Despite noteworthy revenue gains, IMC volume fell short of overall domestic growth for a third consecutive quarter. As in recent quarters, this most likely reflects the ongoing share shift from rail-supplied to private equipment. IMC's intermodal volume gains, though modest, were in line with the growth of volume in rail-supplied equipment reported in the broader IANA data. But all of the IMC Q3 intermodal volume growth was in July — August and September both fell short of year-ago results.

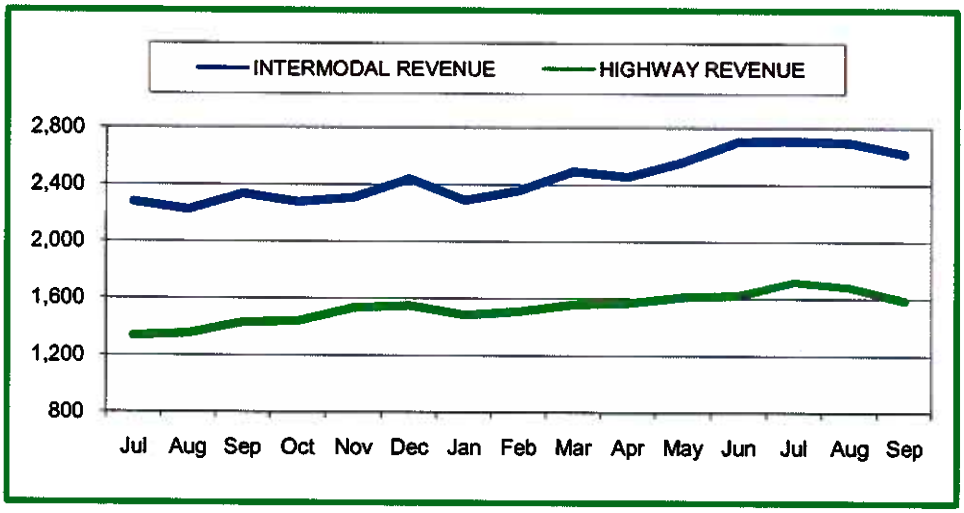
Q3 also marked a second consecutive quarter of declining IMC highway volume following three straight quarters of growth that ended in Q1. After gains in first three months of this year and no growth in April, IMC highway volume has now declined for the last five months. With overall domestic freight volumes weak, competition for highway volume is no doubt keen.

Even if fuel prices continue to tumble through Q4, IMC average revenue will probably post continued year-over-year gains, though at a slower rate. But with the economy slowing and competitive pressures

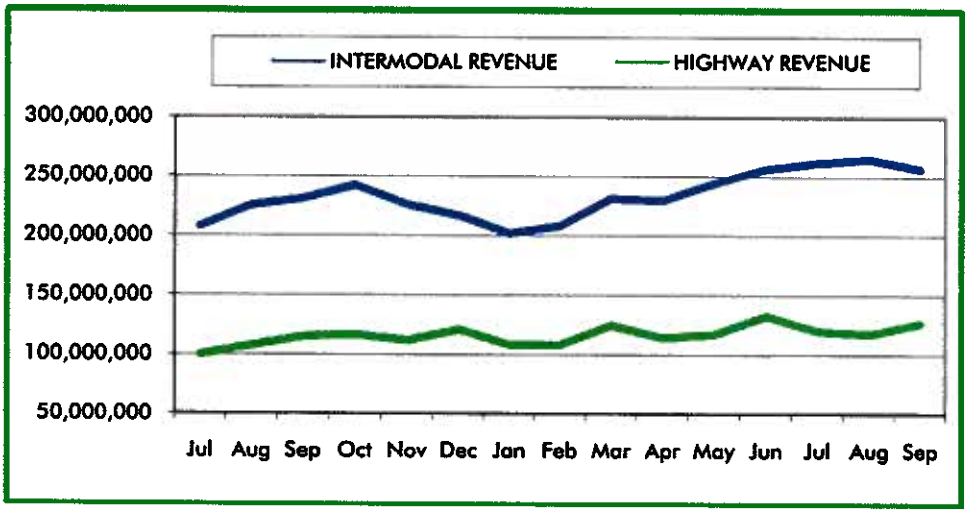
IMC Loads 2007–2008: 15 mos.



IMC Revenue per Load 2007–2008: 15 mos.



IMC Revenue 2007–2008: 15 mos.



rising, volume gains are likely to be difficult for the balance of 2008.

Intermodal Focus: Domestic Growth Trends

Domestic gains have supported intermodal through a difficult year, growing at an accelerating rate as the year progresses. *IANA's Intermodal Market Trends and Statistics* offer detailed insight into the sources and mix of that growth — information that is not available from any other source. Following is a review of domestic intermodal growth trends through the first three quarters of 2008.

Equipment. For recent domestic growth, it's been all about 53-foot equipment. Counting both trailers and containers, 53s leapt 13% through the first three quarters. Containers lead the way, up 14%, but trailers also added 9%. The strength in 53-foot trailers, however, did not offset the decline in other trailer sizes, leaving total trailer volume off for the year. Fifty-three foot loads were almost 75% of the domestic total, up from 69% last year. The rest of domestic units plunged 14%. The only exception to the downtrend was a slight 1% gain in 48-foot trailer volume.

Ownership. As has been true in recent years, private equipment delivered the bulk of domestic intermodal growth through nine months of 2008. Private equipment volume was up 6% through September. But rail supplied domestic equipment added 1% so far this year. This is a reversal of recent trends that saw domestic loads in rail-supplied equipment drop by half between 2002 and 2007, capped by a 16% plunge last year. Gains in rail-supplied equipmnet were concentrated in the Eastern half of the U.S. Not surprisingly, all of the gains were in 53s.

Length of Haul. Much of the domestic gain has been in shorter lengths of haul. Growth in lanes of less than one thousand miles (measured between central points in each IANA region) was close to 7% over the first three quarters of 2008, more than twice the growth rate in lanes greater than one thousand miles. Better than 60% of total domestic growth was in these shorter-haul lanes. Among the factors that may have driven these shorthaul gains were increased network capacity, improved velocity and high fuel prices that improved rail's competitiveness in shorter lanes.

Corridors of between 700 and 1,000 miles were the sweet spot — they added 9% in domestic equipment so far this year. Within that category, domestic loads between the Midwest and Northeast lead the way, up 12% eastbound and 10% westbound. North-South lanes also gained, with strong increases between the Southeast and both the Northeast and Midwest.

Regions: Much of the growth was in the East — not surprising, given the length-of-haul profile of domestic gains. The Northeast and Southeast grew 7% and 12% respectively. The Midwest, typically the largest region for domestic volume, was up 6%. Eastern Canada added 5%. By contrast, the Southwest grew at a sub-par 4% pace, the Northwest was flat and Western Canada fell 1%.

Intermodal Outlook

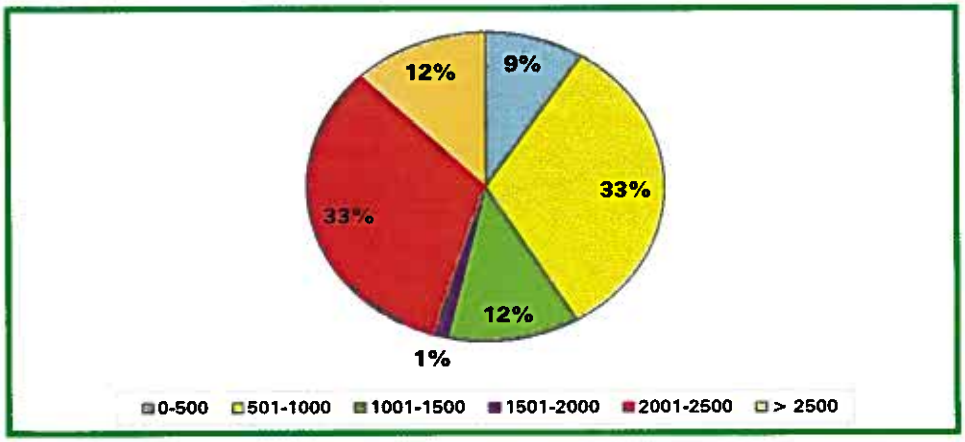
Intermodal Industry. With the U.S. economy weakening, it appears increasingly unlikely that intermodal markets can dodge a second straight year of decline. Even if consumer spending were to rally entering this year's holiday season — an outcome few foresee — intermodal volumes are probably too deep in the hole to recover in 2008.

In fact, it would take a 3% Q4 gain in total volume just to draw even for the full year, and early reports on Q4 volume show little indication of revived growth. Still, the industry's recent strong domestic performance, detailed above, coupled with its vital role in the international supply chain provide a firm foundation for growth once the broader economy rebounds. Intermodal's long-term health is also likely to receive an additional boost from shipper's growing "green" focus and intermodal's contribution to reducing carbon emissions.

Clearly, intermodal is finding increasing favor among shippers, even if overall freight activity is soft. With domestic intermodal volume likely to post a solid gain this year, though most broad measures of freight volume are flat, the industry is certainly adding market share. If the railroads can hold onto those gains once imports rebound, the future is bright. The industry's continued investment in new capacity, even as demand has softened, is a strong indicator of future potential.

The short term outlook, however, is challenging. Expectations for holiday sales are at their lowest level since 2002, with the National Retail Federation predicting growth of just over 2% in sales excluding autos

Domestic Intermodal by Length of Haul



Sources: IANA, TTX

and gasoline — less than half the long term average. Given relatively weak intermodal loadings through the third quarter, it appears likely that there is not enough product in stock for big Q4 sales even if consumers were to return to stores in surprising numbers. However, lean inventories should help temper the normal Q1 seasonal downturn in 2009.

Falling fuel prices will certainly help strapped shoppers. But continuing job losses will likely offset any boost in demand from relief at the pump. And while there is talk in Washington of another economic stimulus package, it will be too late to have much impact on 2008 consumer spending. Even if it is in place for early 2009, the next package will probably be more targeted than last summer's wide tax rebate program.

Uncertainty about the economy is at an all-time high, and that uncertainty will most likely weigh on intermodal markets for at least a few more quarters. While troublesome during a downturn, intermodal's strong link to economic performance simply reflects its place at the center of world trade.

In other developments:

- The four major U.S. railroads — BNSF, CSX, Norfolk Southern and Union Pacific — reached an agreement on establishing interoperability standards for Positive Train Control (PTC). PTC is a predictive collision avoidance system that can stop a train before an accident occurs.
- Pacer International launched a new brand initiative that will more effectively communicate the company's service capabilities and unified approach to the marketplace. The focus of this initiative is to unify Pacer's full scope of services and operations under a single master brand. The company has also adopted the new tag line "Making Your World Run Smoother."
- Canadian Pacific named Kathryn McQuade Executive Vice President and Chief Financial Officer. McQuade joined Canadian Pacific in 2007 following a successful career at Norfolk Southern, culminating in her tenure there as Senior Vice President Finance.
- Cosco and the CYKH Alliance launched a second weekly service at the Prince Rupert, BC container port, which opened in late 2007. The new CEN service will use a string of five vessels with capacities up to 8,200 TEU, compared to nine vessels of up to 5,400 TEU in the first string to call on Prince Rupert.

Trucking Industry Developments. Truckers struggled against a fading economy entering Q4. With housing still very weak, autos dropping rapidly and broader consumer spending under increasing pressure, freight volumes are suffering.

While there is some relief from the drop in diesel prices, truckers will face a difficult patch until the economy recovers. In some cases, this makes them that much tougher as competitors to rail, while in others it is driving carriers to strategic decisions to make rail a bigger part of their operating mix.

Broad measures of freight demand were dismal entering Q4. Analysts at FTR Associates project a 2.1% decline in total U.S. tractor-trailer loads during Q4, following a 1.7% decline in Q3. Manufactured goods are forecast to fall 2.8% in the fourth quarter; they were down 1.7% in Q3. For the full year, FTR projects trailer loads will fall 0.5%. While they foresee recovery in 2009, it is at a very modest 0.8% pace.

Truckers' earnings have fallen steadily for almost two years. A group of publicly traded truckload carriers tracked by ACT Research has seen falling earnings for seven consecutive quarters ending in Q2. And results for big carriers were probably helped by capacity reductions as weaker players fell out of the market.

While truckers' Q3 earnings reports were incomplete as this was written, initial Q3 reports are not promising regarding demand trends.

Little in recent economic indicators suggests any near-term boost in demand. Fuel is down, but still high. It appears likely that the trucking industry will face stiff headwinds for at least the next two-to-three quarters.

U.S. and Canadian domestic economies. The financial market jitters that began in early September following the news of Fannie and Freddie troubles have developed into a full-blown global credit crunch. The question is no longer whether there is a recession, but how long and severe it will be. To combat the recession, policymakers around the world have taken unprecedented actions to end the panic, but without major success thus far. The pessimism is growing about the U.S. economy's near-term path amid rising unemployment, falling house prices, a weak stock market, and frozen credit conditions.

The good news is that the recent oil price rally finally lost steam.

Railroad Third Quarter Earnings Per Share

	3rd Quarter		Year to Date	
	2007	2008	2007	2008
BNSF Railway	$1.48	$2.00	$3.64	$4.30
CN[1]	$0.96	$1.16	$2.59	$2.74
Canadian Pacific[1]	$1.41	$1.11	$3.87	$2.70
CSX	$0.91	$0.94	$2.13	$2.71
Norfolk Southern	$0.97	$1.37	$2.66	$3.30
Union Pacific	$1.00	$1.38	$2.53	$3.24

[1] *Results reported in Canadian dollars*

Since peaking at $145 a barrel in early July, oil prices have fallen almost 60%. Declining energy costs have contributed to a retreat in consumer price inflation, which had peaked in July along with energy prices. Year-over-year consumer inflation slowed to 4.9% in September from 5.5% in July.

Offsetting the positive effect of declining energy prices on consumers are accelerating job losses and rising unemployment. Nonfarm payroll employment fell by 159,000 jobs in September and the unemployment rate rose to 6.1% from 5.7% in July. Overall, the economy has lost 764,000 jobs since the beginning of the year and 2008 has not seen any job growth.

The latest retail sales figures continued to disappoint. Retail sales declined 1% in September from the previous year. This is the first time retail sales have been negative on a year-over-year basis since October of 2002 and only the third time since 1991.

Any possibility of a near-term housing market recovery was halted by the credit crunch. Nevertheless, the pace of existing sales had stabilized within the 4.8 million to 5.2 million home range, and the inventory of existing homes on the market has fallen in the past two months to 9.9 months from a peak of 11.1 months. Existing home sales surprised in September, increasing 5.5% over August. Sales were also up 1.5% compared to the previous year, rising for the first time in three years.

External challenges have finally halted the Canadian expansion. GDP grew only 0.3% at an annualized rate in the second quarter.

While the Canadian economy gained jobs in August, more jobs were lost in July than in any other month since February 1991. Manufacturing has seen the largest reductions of any employment sector, with losses concentrated in Ontario. Luckily, Canada has not seen huge declines in retail spending yet. August retail sales increased 4.1% from the previous year.

The Bank of Canada slashed its rate 0.75% during October. The intensification of the global financial meltdown in the last few weeks is the most important factor behind the bank's decision to switch to an easing mode. Rapidly declining commodity and energy prices have also eased inflationary pressures. The loonie has also declined dramatically in recent weeks

Container Trade. The rate of U.S container import declines dropped to negative 9.6% in Q2 (latest data available from PIERS). Economic weakness has also spread to Canada. Although still positive, the rate of Canadian import growth was less than half of what it was in 2007. U.S. container imports will post a second consecutive full year decline in 2008 before potential recovery in late 2009.

Most disappointing is the recent slowing in the U.S. container export growth. Container export growth slowed to 12.9% in Q2 after three consecutive quarters of above 20% growth. Moreover, the latest available port figures reveal that export growth stalled in recent months. The strengthening of the U.S. dollar in the past month and a sharp global economic slowdown put brakes on U.S. export boom. Uncertainty from ongoing economic anxiety will continue to plague export results this year.

U.S. Economic Indicators

	3Q07	4Q07	1Q08	2Q08	3Q08
Gross Domestic Product (SAAR)	4.8%	-0.2%	0.9%	2.8%	0.3%
Merchandise Imports (SAAR)	2.4%	-2.6%	-2.0%	-7.1%	7.1%
Industrial Production – Mfg. (vs. LY)	2.2%	2.5%	2.0%	-0.1%	-1.0%
Capacity Utilization – Mfg.	79.8%	79.3%	78.7%	77.7%	77.3%
Retail Sales (Excl. Autos, vs. LY)	4.3%	5.7%	4.5%	5.4%	4.6%
Inventory/Sales Ratio – All Business	1.27	1.26	1.26	1.24	1.26
Housing Starts (Millions, SAAR)	1.30	1.15	1.05	1.03	0.90
Trade Weighted Value $ (1973=100)	91.87	88.14	86.24	85.90	85.49

Canadian Economic Indicators

	3Q07	4Q07	1Q08	2Q08	3Q08
Gross Domestic Product (SAAR)	2.3%	0.8%	-0.8%	0.3%	2.5%
Merchandise Imports (SAAR)	23.0%	3.4%	-6.7%	3.2%	7.6%
Merchandise Exports (SAAR)	0.0%	-8.9%	-2.8%	-6.5%	0.1%
Industrial Production – Mfg. (vs. LY)	0.6%	0.0%	-3.3%	-4.1%	-2.9%
Retail Sales (vs. Last Year)	4.5%	6.1%	5.9%	3.7%	5.8%
Housing Starts (Thousands, SAAR)	257.4	254.6	226.6	254.6	258.1
U.S. $ / Canadian $	$0.957	$1.019	$0.996	$0.990	$0.960

SAAR = Seasonally Adjusted Annual Rate of growth from prior quarter. Some Q4 2006 figures are preliminary estimates.

Monthly Traffic

Equipment Moves by Type, Ownership and Size

	July		August		September		Third Quarter		
	07	08	07	08	07	08	07	08	Pct. Chg.
Trailers	164,130	177,160	185,360	179,738	177,397	170,942	526,887	527,840	0%
Private	162,276	175,482	183,326	178,081	175,421	169,615	521,023	523,178	0%
Rail-controlled	1,854	1,678	2,034	1,657	1,976	1,327	5,864	4,662	-20%
Containers	1,014,991	1,025,738	1,081,675	1,025,737	995,064	1,004,842	3,091,730	3,056,317	-1%
Private	929,038	927,738	985,306	927,369	906,849	905,210	2,821,193	2,760,317	-2%
Rail-controlled	85,953	98,000	96,369	98,368	88,215	99,632	270,537	296,000	9%
Total	1,179,121	1,202,898	1,267,035	1,205,475	1,172,461	1,175,784	3,618,617	3,584,157	-1%
Private	1,091,314	1,103,220	1,168,632	1,105,450	1,082,270	1,074,825	3,342,216	3,283,495	-2%
Rail-controlled	87,807	99,678	98,403	100,025	90,191	100,959	276,401	300,662	9%
Trailers	164,130	177,160	185,360	179,738	177,397	170,942	526,887	527,840	0%
20'	20	7	19	11	14	34	53	52	-2%
28'	30,379	33,766	34,116	33,768	31,426	29,319	95,921	96,853	1%
40'	585	492	635	592	604	573	1,824	1,657	-9%
45'	28,213	22,589	31,939	22,515	28,573	20,934	88,725	66,038	-26%
48'	37,692	40,865	43,081	41,792	42,051	40,422	122,824	123,079	0%
53' or greater	67,241	79,441	75,570	81,060	74,729	79,660	217,540	240,161	10%
Containers	1,014,991	1,025,738	1,081,675	1,025,737	995,064	1,004,842	3,091,730	3,056,317	-1%
20'	216,852	201,686	216,826	195,634	191,369	185,018	625,047	582,338	-7%
28'	2,240	1,654	2,514	1,645	2,231	1,695	6,985	4,994	-29%
40'	481,055	460,752	505,046	459,308	468,974	449,767	1,455,075	1,369,827	-6%
45'	29,659	27,909	32,573	30,673	30,291	30,244	92,523	88,826	-4%
48'	33,096	25,889	36,995	23,881	34,200	22,530	104,291	72,300	-31%
53' or greater	252,089	307,848	287,721	314,596	267,999	315,588	807,809	938,032	16%
Total	1,179,121	1,202,898	1,267,035	1,205,475	1,172,461	1,175,784	3,618,617	3,584,157	-1%
20'	216,872	201,693	216,845	195,645	191,383	185,052	625,100	582,390	-7%
28'	32,619	35,420	36,630	35,413	33,657	31,014	102,906	101,847	-1%
40'	481,640	461,244	505,681	459,900	469,578	450,340	1,456,899	1,371,484	-6%
45'	57,872	50,498	64,512	53,188	58,864	51,178	181,248	154,864	-15%
48'	70,788	66,754	80,076	65,673	76,251	62,952	227,115	195,379	-14%
53' or greater	319,330	387,289	363,291	395,656	342,728	395,248	1,025,349	1,178,193	15%

Monthly Traffic

Equipment Moves by Type, Ownership and Size

	July		August		September		Third Quarter		
Private	07	08	07	08	07	08	07	08	Pct. Chg.
Trailers	162,276	175,482	183,326	178,081	175,421	169,615	521,023	523,178	0%
20'	20	7	18	11	14	34	52	52	0%
28'	29,908	33,237	33,556	33,222	30,873	28,929	94,337	95,388	1%
40'	584	492	635	592	604	570	1,823	1,654	-9%
45'	28,173	22,524	31,919	22,470	28,559	20,924	88,651	65,918	-26%
48'	36,451	39,784	41,732	40,740	40,749	39,499	118,932	120,023	1%
53' or greater	67,140	79,438	75,466	81,046	74,622	79,659	217,228	240,143	11%
Containers	929,038	927,738	985,306	927,369	906,849	905,210	2,821,193	2,760,317	-2%
20'	216,602	201,525	216,549	195,517	191,131	184,904	624,282	581,946	-7%
28'	2,218	1,651	2,495	1,642	2,213	1,690	6,926	4,983	-28%
40'	480,863	460,393	504,783	459,084	468,728	449,569	1,454,374	1,369,046	-6%
45'	29,648	27,897	32,557	30,664	30,283	30,236	92,488	88,797	-4%
48'	15,713	10,886	17,099	9,493	15,810	9,178	48,622	29,557	-39%
53' or greater	183,994	225,386	211,823	230,969	198,684	229,633	594,501	685,988	15%
Rail-controlled									
Trailers	1,854	1,678	2,034	1,657	1,976	1,327	5,864	4,662	-20%
20'	0	0	1	0	0	0	1	0	-100%
28'	471	529	560	546	553	390	1,584	1,465	-8%
40'	1	0	0	0	0	3	1	3	200%
45'	40	65	20	45	14	10	74	120	62%
48'	1,241	1,081	1,349	1,052	1,302	923	3,892	3,056	-21%
53' or greater	101	3	104	14	107	1	312	18	-94%
Containers	85,953	98,000	96,369	98,368	88,215	99,632	270,537	296,000	9%
20'	250	161	277	117	238	114	765	392	-49%
28'	22	3	19	3	18	5	59	11	-81%
40'	192	359	263	224	246	198	701	781	11%
45'	11	12	16	9	8	8	35	29	-17%
48'	17,383	15,003	19,896	14,388	18,390	13,352	55,669	42,743	-23%
53' or greater	68,095	82,462	75,898	83,627	69,315	85,955	213,308	252,044	18%

Eastern Canada Region (EC)

Includes: NB, NF, NS, ON, PE, QC

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
EC Total Outbound	*Total*	101,340	103,362	108,037	102,940	98,470	100,414	307,847	306,716	0%
	Trailers	7,091	8,531	8,531	8,613	7,468	8,767	23,090	25,911	12%
	Containers	94,249	94,831	99,506	94,327	91,002	91,647	284,757	280,805	-1%
EC Total Inbound	*Total*	104,334	105,872	111,249	107,076	102,278	105,002	317,861	317,950	0%
	Trailers	6,444	7,498	7,576	7,695	6,889	7,870	20,909	23,063	10%
	Containers	97,890	98,374	103,673	99,381	95,389	97,132	296,952	294,887	-1%
EC to EC Internal	*Total*	32,183	31,955	34,001	32,305	31,253	31,961	97,437	96,221	-1%
	Trailers	4,185	5,464	5,126	5,606	4,511	5,941	13,822	17,011	23%
	Containers	27,998	26,491	28,875	26,699	26,742	26,020	83,615	79,210	-5%
EC to MC	*Total*	29	14	19	23	14	14	62	51	-18%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	29	14	19	23	14	14	62	51	-18%
EC to MW	*Total*	15,902	15,298	14,782	13,555	12,662	11,616	43,346	40,469	-7%
	Trailers	2,108	2,169	2,324	1,841	1,966	1,748	6,398	5,758	-10%
	Containers	13,794	13,129	12,458	11,714	10,696	9,868	36,948	34,711	-6%
EC to MX	*Total*	17	6	11	1	20	2	48	9	-81%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	17	6	11	1	20	2	48	9	-81%
EC to NE	*Total*	1,205	1,505	1,408	1,530	1,344	1,554	3,957	4,589	16%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	1,205	1,505	1,408	1,530	1,344	1,554	3,957	4,589	16%
EC to NW	*Total*	157	127	154	135	144	123	455	385	-15%
	Trailers	0	0	0	0	2	0	2	0	-100%
	Containers	157	127	154	135	142	123	453	385	-15%
EC to SC	*Total*	618	649	835	971	755	879	2,208	2,499	13%
	Trailers	404	368	613	667	527	571	1,544	1,606	4%
	Containers	214	281	222	304	228	308	664	893	34%
EC to SE	*Total*	466	757	539	687	471	605	1,476	2,049	39%
	Trailers	347	518	396	483	361	487	1,104	1,488	35%
	Containers	119	239	143	204	110	118	372	561	51%
EC to SW	*Total*	474	281	523	287	379	296	1,376	864	-37%
	Trailers	0	0	0	1	0	0	0	1	NA
	Containers	474	281	523	286	379	296	1,376	863	-37%
EC to WC	*Total*	50,282	52,754	55,747	53,434	51,396	53,326	157,425	159,514	1%
	Trailers	47	12	72	15	101	20	220	47	-79%
	Containers	50,235	52,742	55,675	53,419	51,295	53,306	157,205	159,467	1%

Mountain Central Region (MC)

Includes: CO, ID, MT, NE, ND, SD, UT, WY

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
MC Total Outbound	*Total*	15,748	15,259	17,222	14,882	16,204	14,557	49,174	44,698	-9%
	Trailers	6,088	5,485	6,909	5,606	6,292	5,290	19,289	16,381	-15%
	Containers	9,660	9,774	10,313	9,276	9,912	9,267	29,885	28,317	-5%
MC Total Inbound	*Total*	17,799	16,322	18,877	16,656	17,562	16,158	54,238	49,136	-9%
	Trailers	6,018	5,409	6,933	5,637	6,431	5,227	19,382	16,273	-16%
	Containers	11,781	10,913	11,944	11,019	11,131	10,931	34,856	32,863	-6%
MC to MC Internal	*Total*	842	806	1,066	929	1,097	859	3,005	2,594	-14%
	Trailers	691	628	886	803	829	775	2,406	2,206	-8%
	Containers	151	178	180	126	268	84	599	388	-35%
MC to EC	*Total*	17	37	4	41	7	21	28	99	254%
	Trailers	0	0	0	0	2	0	2	0	-100%
	Containers	17	37	4	41	5	21	26	99	281%
MC to MW	*Total*	5,105	4,992	5,688	4,668	4,615	4,612	15,408	14,272	-7%
	Trailers	4,523	4,237	5,006	3,873	3,990	3,819	13,519	11,929	-12%
	Containers	582	755	682	795	625	793	1,889	2,343	24%
MC to MX	*Total*	0	0	0	0	0	0	0	0	NA
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	0	0	0	0	0	0	0	0	NA
MC to NE	*Total*	822	858	962	785	824	912	2,608	2,555	-2%
	Trailers	151	107	175	112	154	105	480	324	-33%
	Containers	671	751	787	673	670	807	2,128	2,231	5%
MC to NW	*Total*	2,283	1,881	2,157	1,691	2,373	1,727	6,813	5,299	-22%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	2,283	1,881	2,157	1,691	2,373	1,727	6,813	5,299	-22%
MC to SC	*Total*	424	499	538	432	393	457	1,355	1,388	2%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	424	499	538	432	393	457	1,355	1,388	2%
MC to SE	*Total*	308	551	422	416	400	241	1,130	1,208	7%
	Trailers	151	179	88	100	142	79	381	358	-6%
	Containers	157	372	334	316	258	162	749	850	13%
MC to SW	*Total*	5,947	5,635	6,385	5,920	6,495	5,720	18,827	17,275	-8%
	Trailers	572	334	754	718	1,175	512	2,501	1,564	-37%
	Containers	5,375	5,301	5,631	5,202	5,320	5,208	16,326	15,711	-4%
MC to WC	*Total*	0	0	0	0	0	8	0	8	NA
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	0	0	0	0	0	8	0	8	NA

Midwest Region (MW)

Includes: IL, IN, IA, KY, KS, MI, MN, MO, OH, WI

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
MW Total Outbound	*Total*	311,765	331,413	350,287	336,663	320,606	328,768	982,658	996,844	1%
	Trailers	66,277	71,007	76,121	72,446	73,440	69,846	215,838	213,299	-1%
	Containers	245,488	260,406	274,166	264,217	247,166	258,922	766,820	783,545	2%
MW Total Inbound	*Total*	301,417	313,279	320,060	310,230	303,028	302,968	924,505	926,477	0%
	Trailers	63,862	70,418	74,357	70,578	70,567	69,042	208,786	210,038	1%
	Containers	237,555	242,861	245,703	239,652	232,461	233,926	715,719	716,439	0%
MW to MW Internal	*Total*	20,931	22,232	26,138	20,805	25,636	22,243	72,705	65,280	-10%
	Trailers	11,492	10,957	15,613	11,056	14,994	12,470	42,099	34,483	-18%
	Containers	9,439	11,275	10,525	9,749	10,642	9,773	30,606	30,797	1%
MW to EC	*Total*	11,278	13,508	13,485	13,018	12,020	12,789	36,783	39,315	7%
	Trailers	894	899	975	988	902	808	2,771	2,695	-3%
	Containers	10,384	12,609	12,510	12,030	11,118	11,981	34,012	36,620	8%
MW to MC	*Total*	6,559	6,765	7,307	7,019	6,692	6,742	20,558	20,526	0%
	Trailers	4,449	4,417	5,115	4,476	4,736	4,125	14,300	13,018	-9%
	Containers	2,110	2,348	2,192	2,543	1,956	2,617	6,258	7,508	20%
MW to MX	*Total*	3,768	3,292	4,442	3,997	3,713	3,785	11,923	11,074	-7%
	Trailers	84	55	80	56	62	62	226	173	-23%
	Containers	3,684	3,237	4,362	3,941	3,651	3,723	11,697	10,901	-7%
MW to NE	*Total*	64,194	75,871	70,963	79,227	67,615	77,108	202,772	232,206	15%
	Trailers	15,172	18,000	16,116	18,023	16,177	17,506	47,465	53,529	13%
	Containers	49,022	57,871	54,847	61,204	51,438	59,602	155,307	178,677	15%
MW to NW	*Total*	43,857	41,712	47,479	39,823	42,269	38,845	133,605	120,380	-10%
	Trailers	5,271	6,161	5,721	6,305	5,652	5,583	16,644	18,049	8%
	Containers	38,586	35,551	41,758	33,518	36,617	33,262	116,961	102,331	-13%
MW to SC	*Total*	15,401	16,056	18,213	17,843	17,562	18,042	51,176	51,941	1%
	Trailers	5,524	6,168	6,410	6,593	6,104	6,129	18,038	18,890	5%
	Containers	9,877	9,888	11,803	11,250	11,458	11,913	33,138	33,051	0%
MW to SE	*Total*	19,952	21,864	22,268	22,737	20,228	23,029	62,448	67,630	8%
	Trailers	5,753	6,039	6,371	6,325	5,959	6,405	18,083	18,769	4%
	Containers	14,199	15,825	15,897	16,412	14,269	16,624	44,365	48,861	10%
MW to SW	*Total*	118,210	121,538	131,751	122,363	116,594	116,098	366,555	359,999	-2%
	Trailers	17,635	18,311	19,709	18,620	18,852	16,755	56,196	53,686	-4%
	Containers	100,575	103,227	112,042	103,743	97,742	99,343	310,359	306,313	-1%
MW to WC	*Total*	5,621	6,984	5,582	7,963	6,117	8,276	17,320	23,223	34%
	Trailers	3	0	11	4	2	3	16	7	-56%
	Containers	5,618	6,984	5,571	7,959	6,115	8,273	17,304	23,216	34%

Northeast Region (NE)

Includes: CT, DC, DE, ME, MD, MA, NH, NJ, NY, PA, RI, VT, VA, WV

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
NE Total Outbound	*Total*	107,109	112,700	119,300	114,718	107,285	110,452	333,694	337,870	1%
	Trailers	23,452	25,842	25,808	26,542	24,495	24,438	73,755	76,822	4%
	Containers	83,657	86,858	93,492	88,176	82,790	86,014	259,939	261,048	0%
NE Total Inbound	*Total*	113,629	122,002	120,713	124,196	114,221	121,623	348,563	367,821	6%
	Trailers	24,273	26,604	26,030	26,817	25,424	25,399	75,727	78,820	4%
	Containers	89,356	95,398	94,683	97,379	88,797	96,224	272,836	289,001	6%
NE to NE Internal	*Total*	7,652	7,046	8,108	7,156	8,058	7,756	23,818	21,958	-8%
	Trailers	1,084	1,320	1,272	1,366	1,137	1,295	3,493	3,981	14%
	Containers	6,568	5,726	6,836	5,790	6,921	6,461	20,325	17,977	-12%
NE to EC	*Total*	3,106	2,847	3,450	3,112	2,926	2,748	9,482	8,707	-8%
	Trailers	1	0	1	0	1	0	3	0	-100%
	Containers	3,105	2,847	3,449	3,112	2,925	2,748	9,479	8,707	-8%
NE to MC	*Total*	672	706	808	831	743	660	2,223	2,197	-1%
	Trailers	160	199	220	221	221	165	601	585	-3%
	Containers	512	507	588	610	522	495	1,622	1,612	-1%
NE to MW	*Total*	60,668	65,858	65,827	67,715	59,790	63,755	186,285	197,328	6%
	Trailers	17,173	19,199	18,852	19,707	18,094	18,270	54,119	57,176	6%
	Containers	43,495	46,659	46,975	48,008	41,696	45,485	132,166	140,152	6%
NE to MX	*Total*	11	26	14	24	11	86	36	136	278%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	11	26	14	24	11	86	36	136	278%
NE to NW	*Total*	7,571	5,833	9,062	6,103	6,754	6,270	23,387	18,206	-22%
	Trailers	188	197	221	230	177	177	586	604	3%
	Containers	7,383	5,636	8,841	5,873	6,577	6,093	22,801	17,602	-23%
NE to SC	*Total*	3,083	3,690	3,530	3,652	3,610	3,860	10,223	11,202	10%
	Trailers	417	419	453	464	464	413	1,334	1,296	-3%
	Containers	2,666	3,271	3,077	3,188	3,146	3,447	8,889	9,906	11%
NE to SE	*Total*	7,877	10,190	8,530	9,961	8,169	9,511	24,576	29,662	21%
	Trailers	3,044	3,139	3,193	3,012	2,994	2,794	9,231	8,945	-3%
	Containers	4,833	7,051	5,337	6,949	5,175	6,717	15,345	20,717	35%
NE to SW	*Total*	15,705	15,759	19,116	15,523	16,400	15,214	51,221	46,496	-9%
	Trailers	1,381	1,369	1,588	1,542	1,401	1,324	4,370	4,235	-3%
	Containers	14,324	14,390	17,528	13,981	14,999	13,890	46,851	42,261	-10%
NE to WC	*Total*	701	668	767	597	757	536	2,225	1,801	-19%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	701	668	767	597	757	536	2,225	1,801	-19%

Northwest Region (NW)

Includes: OR, WA

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
NW Total Outbound	*Total*	75,996	68,832	76,654	65,881	74,247	65,538	226,897	200,251	-12%
	Trailers	7,387	8,421	7,847	8,058	7,731	7,608	22,965	24,087	5%
	Containers	68,609	60,411	68,807	57,823	66,516	57,930	203,932	176,164	-14%
NW Total Inbound	*Total*	75,030	69,978	80,722	67,453	73,001	65,792	228,753	203,223	-11%
	Trailers	7,592	8,265	8,254	8,318	8,142	7,197	23,988	23,780	-1%
	Containers	67,438	61,713	72,468	59,135	64,859	58,595	204,765	179,443	-12%
NW to NW Internal	*Total*	10,217	10,587	11,351	9,869	11,683	10,158	33,251	30,614	-8%
	Trailers	134	27	124	91	172	79	430	197	-54%
	Containers	10,083	10,560	11,227	9,778	11,511	10,079	32,821	30,417	-7%
NW to EC	*Total*	51	48	53	55	62	84	166	187	13%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	51	48	53	55	62	84	166	187	13%
NW to MC	*Total*	1,823	1,857	2,143	2,019	1,847	1,593	5,813	5,469	-6%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	1,823	1,857	2,143	2,019	1,847	1,593	5,813	5,469	-6%
NW to MW	*Total*	51,442	47,465	51,513	45,407	50,382	45,316	153,337	138,188	-10%
	Trailers	5,185	6,433	5,717	6,082	5,623	5,762	16,525	18,277	11%
	Containers	46,257	41,032	45,796	39,325	44,759	39,554	136,812	119,911	-12%
NW to MX	*Total*	0	0	0	0	0	0	0	0	NA
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	0	0	0	0	0	0	0	0	NA
NW to NE	*Total*	6,747	4,156	5,452	4,087	4,738	3,812	16,937	12,055	-29%
	Trailers	207	83	136	90	121	68	464	241	-48%
	Containers	6,540	4,073	5,316	3,997	4,617	3,744	16,473	11,814	-28%
NW to SC	*Total*	1,506	1,028	1,518	954	1,377	1,123	4,401	3,105	-29%
	Trailers	0	0	1	0	2	0	3	0	-100%
	Containers	1,506	1,028	1,517	954	1,375	1,123	4,398	3,105	-29%
NW to SE	*Total*	1,819	1,366	2,217	1,508	1,906	1,383	5,942	4,257	-28%
	Trailers	108	70	146	56	61	36	315	162	-49%
	Containers	1,711	1,296	2,071	1,452	1,845	1,347	5,627	4,095	-27%
NW to SW	*Total*	2,332	2,304	2,365	1,964	2,228	2,043	6,925	6,311	-9%
	Trailers	1,753	1,808	1,723	1,739	1,752	1,663	5,228	5,210	0%
	Containers	579	496	642	225	476	380	1,697	1,101	-35%
NW to WC	*Total*	59	21	42	18	24	26	125	65	-48%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	59	21	42	18	24	26	125	65	-48%

South Central Region (SC)

Includes: AR, LA, NM, OK, TX

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
SC Total Outbound	*Total*	100,268	98,386	109,074	95,790	97,769	91,104	307,111	285,280	-7%
	Trailers	11,599	12,873	13,298	13,514	12,563	12,420	37,460	38,807	4%
	Containers	88,669	85,513	95,776	82,276	85,206	78,684	269,651	246,473	-9%
SC Total Inbound	*Total*	110,804	108,380	117,129	111,054	109,647	108,567	337,580	328,001	-3%
	Trailers	12,032	13,230	14,067	14,291	13,393	12,988	39,492	40,509	3%
	Containers	98,772	95,150	103,062	96,763	96,254	95,579	298,088	287,492	-4%
SC to SC	*Total*	2,461	3,289	2,377	3,029	2,120	2,529	6,958	8,847	27%
	Trailers	243	440	226	418	239	186	708	1,044	47%
	Containers	2,218	2,849	2,151	2,611	1,881	2,343	6,250	7,803	25%
SC to EC	*Total*	1,053	993	1,291	936	1,320	797	3,664	2,726	-26%
	Trailers	694	267	965	422	940	470	2,599	1,159	-55%
	Containers	359	726	326	514	380	327	1,065	1,567	47%
SC to MC	*Total*	801	804	934	749	738	631	2,473	2,184	-12%
	Trailers	8	0	7	0	1	0	16	0	-100%
	Containers	793	804	927	749	737	631	2,457	2,184	-11%
SC to MW	*Total*	11,683	13,207	14,761	14,283	13,443	14,382	39,887	41,872	5%
	Trailers	3,767	5,300	4,575	5,865	4,551	5,835	12,893	17,000	32%
	Containers	7,916	7,907	10,186	8,418	8,892	8,547	26,994	24,872	-8%
SC to MX	*Total*	0	1	0	0	0	0	0	1	NA
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	0	1	0	0	0	0	0	1	NA
SC to NE	*Total*	2,276	2,413	2,489	2,318	1,985	1,933	6,750	6,664	-1%
	Trailers	1,308	1,112	1,518	1,085	1,174	869	4,000	3,066	-23%
	Containers	968	1,301	971	1,233	811	1,064	2,750	3,598	31%
SC to NW	*Total*	2,817	2,139	3,194	2,244	2,528	2,028	8,539	6,411	-25%
	Trailers	25	78	44	48	12	8	81	134	65%
	Containers	2,792	2,061	3,150	2,196	2,516	2,020	8,458	6,277	-26%
SC to SE	*Total*	1,894	1,545	1,966	1,617	1,781	969	5,641	4,131	-27%
	Trailers	32	38	73	48	51	21	156	107	-31%
	Containers	1,862	1,507	1,893	1,569	1,730	948	5,485	4,024	-27%
SC to SW	*Total*	77,023	73,698	81,770	70,336	73,610	67,553	232,403	211,587	-9%
	Trailers	5,522	5,638	5,890	5,628	5,595	5,031	17,007	16,297	-4%
	Containers	71,501	68,060	75,880	64,708	68,015	62,522	215,396	195,290	-9%
SC to WC	*Total*	260	297	292	278	244	282	796	857	8%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	260	297	292	278	244	282	796	857	8%

Southeast Region (SE)

Includes: AL, FL, GA, MS, NC, SC, TN

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
SE Total Outbound	*Total*	104,958	114,529	112,827	116,417	104,447	111,868	322,232	342,814	6%
	Trailers	13,041	13,597	14,184	13,568	13,271	13,089	40,496	40,254	-1%
	Containers	91,917	100,932	98,643	102,849	91,176	98,779	281,736	302,560	7%
SE Total Inbound	*Total*	117,066	122,119	124,433	123,407	114,535	119,218	356,034	364,744	2%
	Trailers	13,952	14,264	14,887	14,113	13,884	13,892	42,723	42,269	-1%
	Containers	103,114	107,855	109,546	109,294	100,651	105,326	313,311	322,475	3%
SE to SE Internal	*Total*	41,301	42,839	43,061	44,599	38,424	41,740	122,786	129,178	5%
	Trailers	4,040	3,803	4,114	3,642	3,879	3,443	12,033	10,888	-10%
	Containers	37,261	39,036	38,947	40,957	34,545	38,297	110,753	118,290	7%
SE to EC	*Total*	1,028	1,861	1,073	1,584	988	1,426	3,089	4,871	58%
	Trailers	616	829	493	671	485	625	1,594	2,125	33%
	Containers	412	1,032	580	913	503	801	1,495	2,746	84%
SE to MC	*Total*	431	346	517	433	421	380	1,369	1,159	-15%
	Trailers	154	7	158	4	64	2	376	13	-97%
	Containers	277	339	359	429	357	378	993	1,146	15%
SE to MW	*Total*	12,197	15,277	14,291	15,431	13,584	16,029	40,072	46,737	17%
	Trailers	4,378	5,336	5,352	5,551	5,023	5,621	14,753	16,508	12%
	Containers	7,819	9,941	8,939	9,880	8,561	10,408	25,319	30,229	19%
SE to MX	*Total*	28	18	73	40	54	26	155	84	-46%
	Trailers	12	9	31	34	19	20	62	63	2%
	Containers	16	9	42	6	35	6	93	21	-77%
SE to NE	*Total*	9,018	10,752	9,323	10,250	8,481	9,213	26,822	30,215	13%
	Trailers	2,847	2,497	2,905	2,453	2,778	2,167	8,530	7,117	-17%
	Containers	6,171	8,255	6,418	7,797	5,703	7,046	18,292	23,098	26%
SE to NW	*Total*	3,829	3,438	3,316	3,601	3,752	3,198	10,897	10,237	-6%
	Trailers	192	74	180	82	159	62	531	218	-59%
	Containers	3,637	3,364	3,136	3,519	3,593	3,136	10,366	10,019	-3%
SE to SC	*Total*	5,658	6,627	5,232	5,797	6,355	5,499	17,245	17,923	4%
	Trailers	227	478	297	526	264	500	788	1,504	91%
	Containers	5,431	6,149	4,935	5,271	6,091	4,999	16,457	16,419	0%
SE to SW	*Total*	30,524	31,308	34,795	32,171	31,372	30,966	96,691	94,445	-2%
	Trailers	572	564	654	605	599	649	1,825	1,818	0%
	Containers	29,952	30,744	34,141	31,566	30,773	30,317	94,866	92,627	-2%
SE to WC	*Total*	944	2,063	1,146	2,511	1,016	3,391	3,106	7,965	156%
	Trailers	3	0	0	0	1	0	4	0	-100%
	Containers	941	2,063	1,146	2,511	1,015	3,391	3,102	7,965	157%

Southwest Region (SW)

Includes: AZ, CA, NV

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
SW Total Outbound	*Total*	279,855	269,245	287,523	267,899	272,000	264,210	839,378	801,354	-5%
	Trailers	29,192	31,398	32,654	31,391	32,136	29,483	93,982	92,272	-2%
	Containers	250,663	237,847	254,869	236,508	239,864	234,727	745,396	709,082	-5%
SW Total Inbound	*Total*	253,917	254,830	280,453	253,165	250,920	242,025	785,290	750,020	-4%
	Trailers	29,804	31,396	33,054	32,180	32,476	29,222	95,334	92,798	-3%
	Containers	224,113	223,434	247,399	220,985	218,444	212,803	689,956	657,222	-5%
SW to SW Internal	*Total*	3,692	4,306	3,682	4,599	3,841	4,135	11,215	13,040	16%
	Trailers	2,369	3,372	2,736	3,327	3,102	3,288	8,207	9,987	22%
	Containers	1,323	934	946	1,272	739	847	3,008	3,053	1%
SW to EC	*Total*	547	562	470	468	480	428	1,497	1,458	-3%
	Trailers	54	39	16	8	48	25	118	72	-39%
	Containers	493	523	454	460	432	403	1,379	1,386	1%
SW to MC	*Total*	6,642	5,024	6,083	4,653	6,010	5,277	18,735	14,954	-20%
	Trailers	556	158	547	133	580	160	1,683	451	-73%
	Containers	6,086	4,866	5,536	4,520	5,430	5,117	17,052	14,503	-15%
SW to MW	*Total*	119,235	119,754	122,443	118,618	117,869	116,993	359,547	355,365	-1%
	Trailers	15,233	16,786	16,910	16,603	16,325	15,517	48,468	48,906	1%
	Containers	104,002	102,968	105,533	102,015	101,544	101,476	311,079	306,459	-1%
SW to MX	*Total*	10	16	12	11	10	7	32	34	6%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	10	16	12	11	10	7	32	34	6%
SW to NE	*Total*	21,060	18,954	21,380	18,439	20,499	18,942	62,939	56,335	-10%
	Trailers	3,504	3,485	3,908	3,688	3,883	3,389	11,295	10,562	-6%
	Containers	17,556	15,469	17,472	14,751	16,616	15,553	51,644	45,773	-11%
SW to NW	*Total*	4,295	4,259	4,002	3,987	3,495	3,443	11,792	11,689	-1%
	Trailers	1,782	1,728	1,964	1,562	1,968	1,288	5,714	4,578	-20%
	Containers	2,513	2,531	2,038	2,425	1,527	2,155	6,078	7,111	17%
SW to SC	*Total*	81,621	76,517	84,852	78,358	77,457	76,164	243,930	231,039	-5%
	Trailers	5,217	5,357	6,067	5,623	5,793	5,189	17,077	16,169	-5%
	Containers	76,404	71,160	78,785	72,735	71,664	70,975	226,853	214,870	-5%
SW to SE	*Total*	42,752	39,853	44,598	38,764	42,337	38,820	129,687	117,437	-9%
	Trailers	477	473	506	447	437	627	1,420	1,547	9%
	Containers	42,275	39,380	44,092	38,317	41,900	38,193	128,267	115,890	-10%
SW to WC	*Total*	1	0	1	2	2	1	4	3	-25%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	1	0	1	2	2	1	4	3	-25%

Western Canada Region (WC)

Includes: AB, BC, MB, NT, SK

		July		August		September		Third Quarter		
		07	08	07	08	07	08	07	08	Pct. Chg.
WC Total Outbound	*Total*	82,082	89,158	86,111	90,195	81,433	88,805	249,626	268,158	7%
	Trailers	3	5	8	0	1	1	12	6	-50%
	Containers	82,079	89,153	86,103	90,195	81,432	88,804	249,614	268,152	7%
WC Total Inbound	*Total*	79,223	85,061	86,075	86,235	81,195	88,605	246,493	259,901	5%
	Trailers	53	12	83	19	104	23	240	54	-78%
	Containers	79,170	85,049	85,992	86,216	81,091	88,582	246,253	259,847	6%
WC to WC Internal	*Total*	21,355	22,274	22,498	21,432	21,639	22,759	65,492	66,465	1%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	21,355	22,274	22,498	21,432	21,639	22,759	65,492	66,465	1%
WC to EC	*Total*	55,071	54,057	57,422	55,548	53,222	54,741	165,715	164,346	-1%
	Trailers	0	0	0	0	0	1	0	1	NA
	Containers	55,071	54,057	57,422	55,548	53,222	54,740	165,715	164,345	-1%
WC to MC	*Total*	0	0	0	0	0	2	0	2	NA
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	0	0	0	0	0	2	0	2	NA
WC to MW	*Total*	4,254	9,186	4,617	9,667	5,047	7,961	13,918	26,814	93%
	Trailers	3	0	8	0	1	0	12	0	-100%
	Containers	4,251	9,186	4,609	9,667	5,046	7,961	13,906	26,814	93%
WC to MX	*Total*	4	12	7	6	7	15	18	33	83%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	4	12	7	6	7	15	18	33	83%
WC to NE	*Total*	655	447	628	404	677	393	1,960	1,244	-37%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	655	447	628	404	677	393	1,960	1,244	-37%
WC to NW	*Total*	4	2	7	0	3	0	14	2	-86%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	4	2	7	0	3	0	14	2	-86%
WC to SC	*Total*	32	25	34	18	18	14	84	57	-32%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	32	25	34	18	18	14	84	57	-32%
WC to SE	*Total*	697	3,154	832	3,118	819	2,920	2,348	9,192	291%
	Trailers	0	5	0	0	0	0	0	5	NA
	Containers	697	3,149	832	3,118	819	2,920	2,348	9,187	291%
WC to SW	*Total*	10	1	66	2	1	0	77	3	-96%
	Trailers	0	0	0	0	0	0	0	0	NA
	Containers	10	1	66	2	1	0	77	3	-96%

Major Intermodal Corridors

	July		August		September		Third Quarter		
	07	08	07	08	07	08	07	08	Pct. Chg.
Midwest-Southwest	237,445	241,292	254,194	240,981	234,463	233,091	726,102	715,364	-1.5%
MW to SW	118,210	121,538	131,751	122,363	116,594	116,098	366,555	359,999	-1.8%
Trailers	17,635	18,311	19,709	18,620	18,852	16,755	56,196	53,686	-4.5%
Containers	100,575	103,227	112,042	103,743	97,742	99,343	310,359	306,313	-1.3%
SW to MW	119,235	119,754	122,443	118,618	117,869	116,993	359,547	355,365	-1.2%
Trailers	15,233	16,786	16,910	16,603	16,325	15,517	48,468	48,906	0.9%
Containers	104,002	102,968	105,533	102,015	101,544	101,476	311,079	306,459	-1.5%
Northeast-Midwest	124,862	141,729	136,790	146,942	127,405	140,863	389,057	429,534	10.4%
MW to NE	64,194	75,871	70,963	79,227	67,615	77,108	202,772	232,206	14.5%
Trailers	15,172	18,000	16,116	18,023	16,177	17,506	47,465	53,529	12.8%
Containers	49,022	57,871	54,847	61,204	51,438	59,602	155,307	178,677	15.0%
NE to MW	60,668	65,858	65,827	67,715	59,790	63,755	186,285	197,328	5.9%
Trailers	17,173	19,199	18,852	19,707	18,094	18,270	54,119	57,176	5.6%
Containers	43,495	46,659	46,975	48,008	41,696	45,485	132,166	140,152	6.0%
South Central-Southwest	158,644	150,215	166,622	148,694	151,067	143,717	476,333	442,626	-7.1%
SC to SW	77,023	73,698	81,770	70,336	73,610	67,553	232,403	211,587	-9.0%
Trailers	5,522	5,638	5,890	5,628	5,595	5,031	17,007	16,297	-4.2%
Containers	71,501	68,060	75,880	64,708	68,015	62,522	215,396	195,290	-9.3%
SW to SC	81,621	76,517	84,852	78,358	77,457	76,164	243,930	231,039	-5.3%
Trailers	5,217	5,357	6,067	5,623	5,793	5,189	17,077	16,169	-5.3%
Containers	76,404	71,160	78,785	72,735	71,664	70,975	226,853	214,870	-5.3%
East-West Canada	105,353	106,811	113,169	108,982	104,618	108,067	323,140	323,860	0.2%
EC to WC	50,282	52,754	55,747	53,434	51,396	53,326	157,425	159,514	1.3%
Trailers	47	12	72	15	101	20	220	47	-78.6%
Containers	50,235	52,742	55,675	53,419	51,295	53,306	157,205	159,467	1.4%
WC to EC	55,071	54,057	57,422	55,548	53,222	54,741	165,715	164,346	-0.8%
Trailers	0	0	0	0	0	1	0	1	NA
Containers	55,071	54,057	57,422	55,548	53,222	54,740	165,715	164,345	-0.8%
Midwest-Northwest	95,299	89,177	98,992	85,230	92,651	84,161	286,942	258,568	-9.9%
MW to NW	43,857	41,712	47,479	39,823	42,269	38,845	133,605	120,380	-9.9%
Trailers	5,271	6,161	5,721	6,305	5,652	5,583	16,644	18,049	8.4%
Containers	38,586	35,551	41,758	33,518	36,617	33,262	116,961	102,331	-12.5%
NW to MW	51,442	47,465	51,513	45,407	50,382	45,316	153,337	138,188	-9.9%
Trailers	5,185	6,433	5,717	6,082	5,623	5,762	16,525	18,277	10.6%
Containers	46,257	41,032	45,796	39,325	44,759	39,554	136,812	119,911	-12.4%
Southeast-Southwest	73,276	71,161	79,393	70,935	73,709	69,786	226,378	211,882	-6.4%
SE to SW	30,524	31,308	34,795	32,171	31,372	30,966	96,691	94,445	-2.3%
Trailers	572	564	654	605	599	649	1,825	1,818	-0.4%
Containers	29,952	30,744	34,141	31,566	30,773	30,317	94,866	92,627	-2.4%
SW to SE	42,752	39,853	44,598	38,764	42,337	38,820	129,687	117,437	-9.4%
Trailers	477	473	506	447	437	627	1,420	1,547	8.9%
Containers	42,275	39,380	44,092	38,317	41,900	38,193	128,267	115,890	-9.6%
Southeast-Midwest	32,149	37,141	36,559	38,168	33,812	39,058	102,520	114,367	11.6%
MW to SE	19,952	21,864	22,268	22,737	20,228	23,029	62,448	67,630	8.3%
Trailers	5,753	6,039	6,371	6,325	5,959	6,405	18,083	18,769	3.8%
Containers	14,199	15,825	15,897	16,412	14,269	16,624	44,365	48,861	10.1%
SE to MW	12,197	15,277	14,291	15,431	13,584	16,029	40,072	46,737	16.6%
Trailers	4,378	5,336	5,352	5,551	5,023	5,621	14,753	16,508	11.9%
Containers	7,819	9,941	8,939	9,880	8,561	10,408	25,319	30,229	19.4%

Third Quarter 2008 Report

Participating Railroads

BNSF Railway
CN
Canadian Pacific Railway
CSX Intermodal
Norfolk Southern Corporation
Union Pacific Railroad

Participating IMCs

APL Logistics
Clipper Express Company
Compass Consolidators, Inc.
Exel Transportation Services, Inc.
Fort Pitt Consolidators, Inc.
Hub Group, Inc.
Landstar Logistics, Inc.
Matson Integrated Logistics
Pacer Global Logistics
Trailer Transport Systems, Inc.
Target Transportation
Twin Modal, Inc.
Vitran Logistics

Notes to Report

1) This report reflects data submitted by the above railroads and IMCs to the Intermodal Association of North America. It represents the best available information on regional intermodal traffic movements.

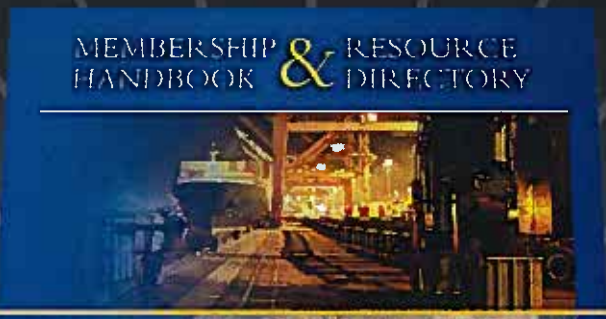
2) Some region-to-region flows are inflated because this data includes rebills across major interchange points (as is the case with the AAR Weekly Railroad Traffic Report). Some railroads are unable to provide ultimate origins and/or destinations.

3) Definitions:

- An Intermodal Shipment is any load that is lifted on or off a steel-wheeled rail platform at origin and/or destination of a shipment or any movement under a revenue waybill.
- A Rail-controlled Unit is a piece of equipment owned or paid for by a rail carrier for at least the reported waybill move.
- A Private Unit is any piece of equipment other than a Rail-controlled Unit.
- A container moving on a chassis is reported as a container.
- A very small number of 57-foot trailers and containers is counted in the 53-foot trailer and container totals.
- Roadrailer movements are included in the trailer data.
- Data includes empty movement only when it is a revenue generating move. Railroad movement of rail controlled empties is not counted.

Data collection and report production are handled by IANA. For more information on participating or methodology, please contact Thomas J. Malloy, Vice President, Member Services & Communications, at 301-982-3400, ext. 328.

This report is available on a subscription basis (members – $395; non-members – $695). Single copies are available at $129 per copy for members, $179 for non-members. Contact IANA at 11785 Beltsville Drive, Suite 1100, Calverton, MD 20705-4048; Tel: 301-982-3400, ext. 366; Fax: 301-982-4815; e-mail: iana@intermodal.org.



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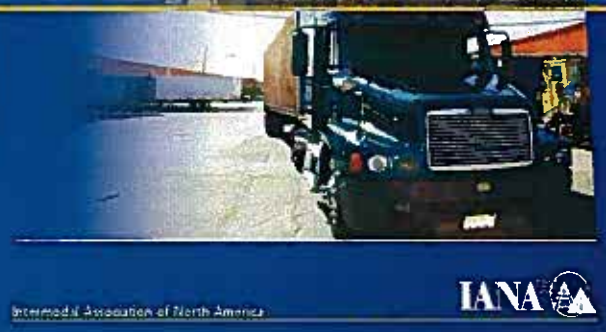

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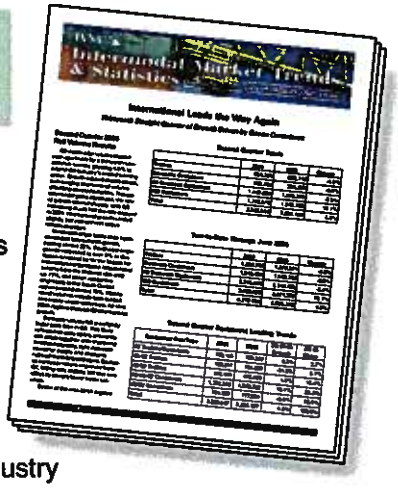
Intermodal Market Trends & Statistics Report

A Quarterly Analysis of Industry Activities



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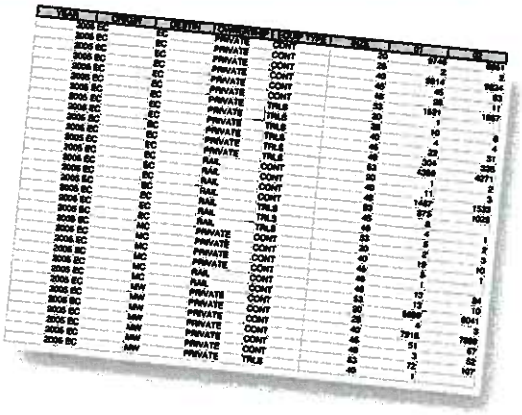

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