

SWARS Meeting

February 19, 2009



Nickel
On Whose ~~Dime~~ ?

Demurrage

Common Causes

- Inadequate Track
- Inconsistent Rail Service
 - Erratic switching
 - Bunching cars
- Lack of Use - Electronic Tools
- Ordering In and Releasing Cars
- 3rd Parties Overselling Track
- Oversized Fleet
- Poor Sales/Supply Chain Connection
- Economic Downturns
- Catastrophes

Track

- Verify Storage Capacity Within the Facility
- Determine if Facility Car Storage Coincides with Railroad's Customer Profile
- Check to See if Local Lease Track is Available
- Establish Cost to Construct or Repair Track Within the Facility



Railroad Participation



- Spot on Arrival Versus Order-in
- Reduce Inconsistency – Bunching, Congestion in Serving Yards by Shipper and Carrier
- Manage Order/Release Process
- Failure to Release Cars in a Timely Manner
- Cars Released Without Proper Billing Instructions
- Know Individual Site Cutoff Times

ETools

Utilize carriers websites

- Ordering / Releasing of railcars
- Tracking reports
- View demurrage charges
- Dispute discrepancies in a timely manner

Local Best Practices

- Determine the Shipping/Receiving Process Within the Facility

 - Case Review

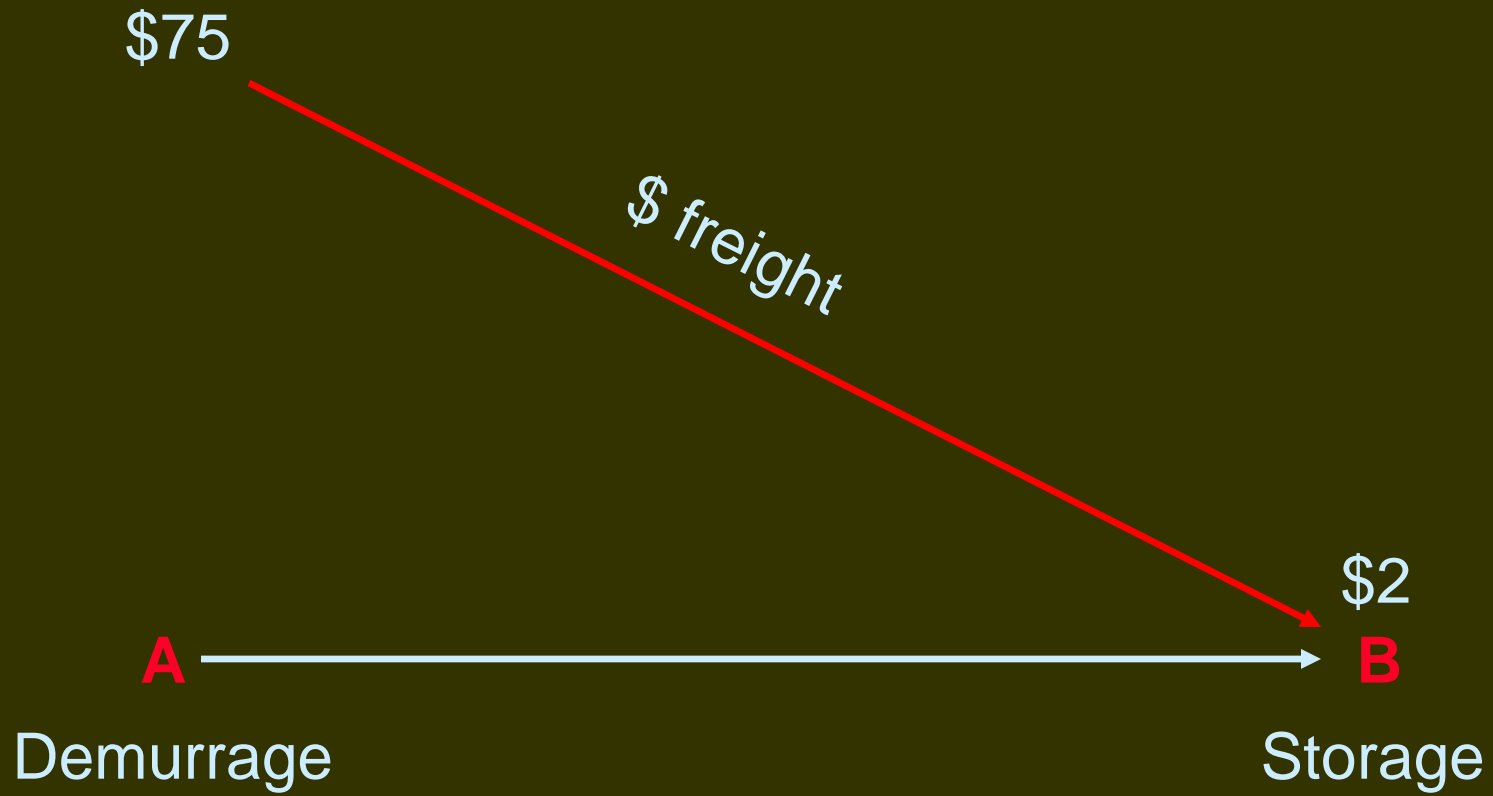
 - Root cause

 - Corrective actions

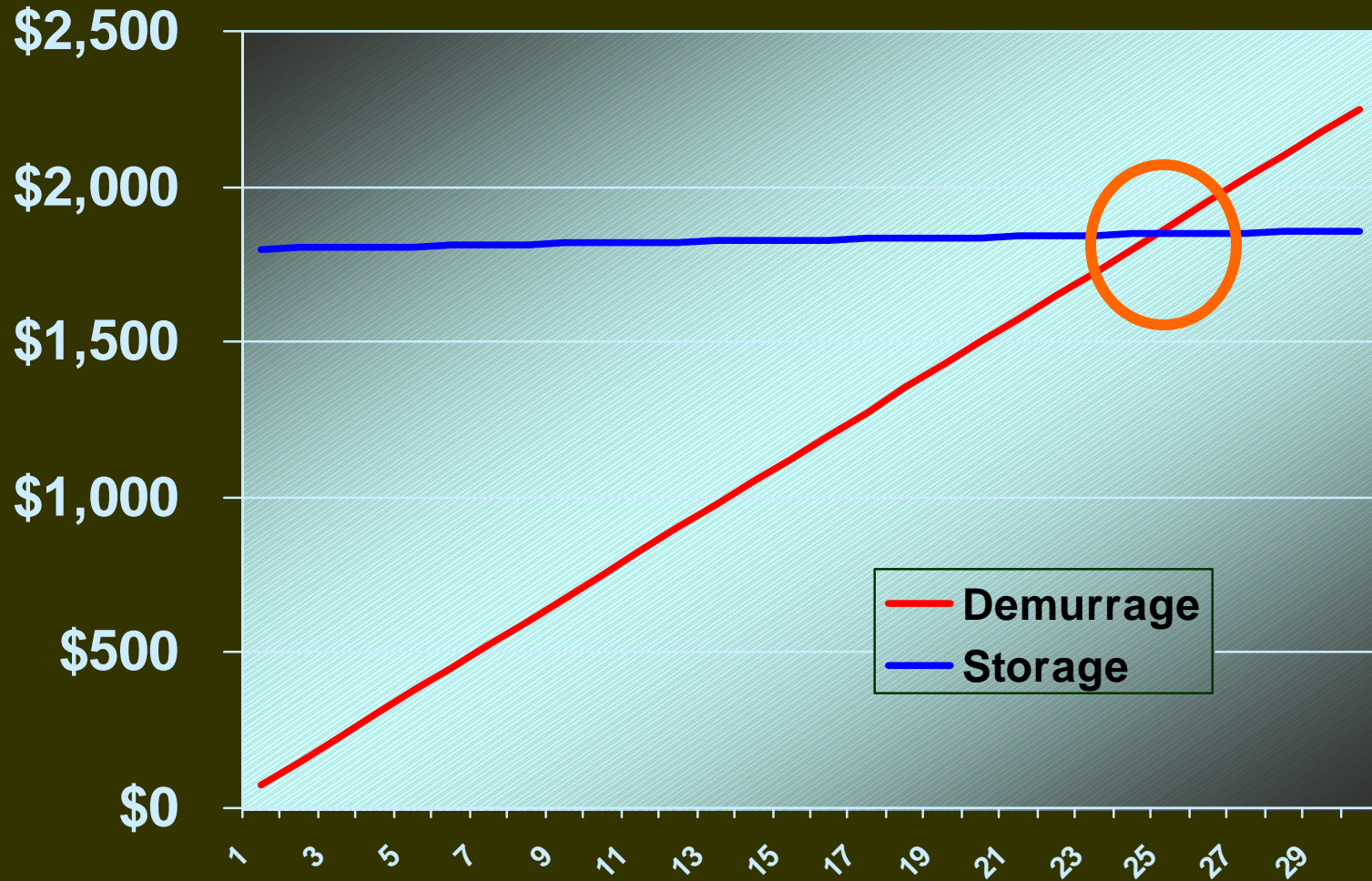
- Identified Gaps Within the Shipping Process
 - Review internal procedures
 - Find balance to service limitations and expectations
 - Communicate needs in a positive manner
 - Document exceptions and review with carrier partner

Part B

Demurrage or Storage?



Demurrage or Storage?



What's Your Plan?

- Sales Plan
 - Must Drive Fleet Size
 - Provides Ability to React to Swings in Car Needs
 - Sales Must be Held Accountable
- With An Accurate Sales Plan:
 - Right Size the Fleet
 - Obtain the Right Storage Space

➤ Connect to Sales



Can You React to Extreme Business Changes?

- Flexibility
 - Lease Cancellations
 - Share Pain With Railroads
- Understand the Impact
 - What Does It Cost
 - Minimize the Hit
 - How Do You Mitigate
- Adapt to Change
 - Enact a Plan
 - Build In Extra Storage
 - Understand Steps On Recovery



Natural Catastrophes

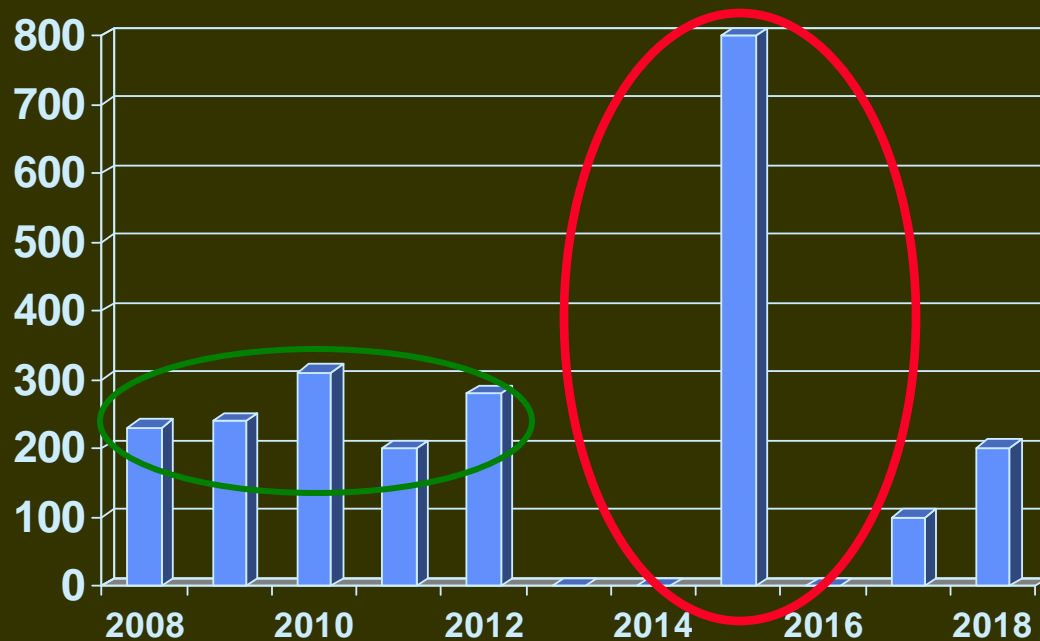
- Railroad Response and Recovery Critical
 - Move Cars in Advance
 - Recognize Transportation Disaster Areas Early
 - Collaborate With Shippers and Short Lines
 - Don't Focus on Windfalls
- Shipper Reaction Aids Recovery
 - No Need for Cars Without Production
 - Model Fleet With New Special Cause
 - Removing Cars From Area is Self Serving
 - Don't Wait to be Surprised by Charges
 - Secure Track Outside Area



Fleet Sizing

- Understand Your Sales Plan
 - Plan for Easter Sunday
- Build flexibility into leases
 - Release Provisions
 - Managing Expirations Up Front

Lease Expirations



Obtaining Storage

- Shippers Contract What They Will Use
 - Multiple Coverage Points Leave Track Owners with No Revenue
 - Forces 3rd parties to Over-Contract
- 3rd Parties Contract What They Have
 - Overbooking Space Risks Future Core Business
 - Forces Shippers to Overbook
- Class I Stop Reduction of Available Track
 - Reduction of Track and Line Capacities
- Class Is Must Encourage the Movement of Cars to Storage
 - If Congestion Is Really an Issue

Global Best Practices

- Makes Sales Plan Work
- Do What You Say and Say What You Do
- Collaborate With Suppliers
- Share Plans With the Railroad
- Understand Impact Quickly
- Build Your Own Tracks