



Pacer International Announces New Arrangements with Union Pacific and Reports Third-Quarter 2009 Results

CONCORD, Calif., November 3, 2009 (BUSINESS WIRE)—Pacer International, Inc. (Nasdaq: PACR), the asset-light North American freight transportation and logistics services provider, today announced that it has entered into new arrangements with Union Pacific Railroad (UP) that will further accelerate Pacer's transformation into a fully-integrated, door-to-door intermodal service provider. In addition, Pacer reported today its financial results for the three- and nine-month periods ending September 30, 2009.

NEW ARRANGEMENTS BETWEEN PACER AND UNION PACIFIC

- **Multi-year arrangements** provide continued access to the entire UP intermodal rail network and establishes a new rate structure.
- **Pacer increases focus** on door-to-door integrated intermodal services with seamless coordination and control of equipment, technology, and service delivery.
- **Pacer's full portfolio** of intermodal, trucking, and logistics services is positioned to meet shipper requirements.

"We are delighted to announce that Pacer and UP have entered into new multi-year arrangements that provide Pacer with continued access to the entire UP network," said Michael E. Uremovich, chairman and CEO of Pacer. "This is a significant positive development for Pacer and our customers. The direct beneficiaries of the arrangements are companies seeking door-to-door intermodal services who demand a higher degree of service delivery integration and greater efficiency."

The new arrangements provide Pacer with continued access to the entire UP intermodal network, featuring a multi-year line-haul services extension that replaces the parties' current terms for domestic big-box shipments that were to expire in 2011. In addition, it resolves outstanding claims between Pacer and UP relating to domestic container transportation; facilitates a more efficient equipment model through a fleet-sharing arrangement that provides customers access to equipment of both companies; and allows Pacer to strategically focus on its direct-to-customer intermodal service offering. The multi-faceted arrangements form a firm foundation for intermodal service growth by both organizations.

Pacer will utilize the \$30 million cash payment received in connection with the new arrangements to reduce outstanding debt under its revolving credit facility, a reduction of nearly 50 percent, providing the Company with additional availability under the facility.

The increased focus on high-value, door-to-door service is expected to result in long-term benefits for Pacer, though a substantial reduction in revenues from third-party, ramp-to-ramp services is anticipated due to the new arrangements' terms and conditions.

"Pacer's strategy recognizes that shippers favor direct control over each element of the transportation process. This is an exciting and dynamic time because intermodal has emerged as a key growth sector in the transportation industry. We are positioned for growth as one of the largest intermodal services providers with the most diverse container fleet in North America and focused on what the customer demands—seamless coordination and control of equipment, technology, and service delivery," said Uremovich.

“We continue to offer our premier array of transportation and logistics services, through our cartage, highway, warehousing, and ocean carrier and freight forwarding businesses; and we continue to dedicate ourselves to delivering the very highest service with confidence every day,” said Uremovich.

Pacer will discuss its new arrangements during its earnings call that is scheduled for Wednesday, November 4th at 8 a.m. ET. Details for analysts who would like to participate in the call are below.

THIRD-QUARTER FINANCIAL RESULTS

- **Revenues** decreased \$139.1 million to \$418.7 million compared to \$557.8 million for the quarter ended September 19, 2008.
- **Income from operations** declined \$28.6 million to an income of \$0.7 million compared to an income of \$29.3 million in the 2008 quarter.
- **Net income** declined from \$20.8 million in the 2008 quarter to a net income of \$0.6 million in the 2009 quarter.
- **During the quarter** the Company completed an amendment to its credit agreement, closed the sale of certain assets of its truck services unit and recorded a gain of \$1.4 million on the transaction in Selling, General and Administrative Expenses. In addition, it continued its cost cutting efforts during the quarter with a reduction of 253 people and recorded \$2.0 million in severance expense.

- **Intermodal segment** income from operations decreased \$30.0 million from the 2008 quarter to an income of \$4.9 million compared to an income of \$34.9 million in the 2008 quarter. Volumes showed improvement from the second quarter of 2009, especially automotive volumes, but are still below the 2008 quarter. Results include \$1.0 million for severance expense.
- **Logistics segment** income from operations declined \$1.9 million to a loss of \$0.2 million compared to an income of \$1.7 million in the 2008 quarter. Losses at the truck services unit were the primary cause of the decrease.
- **SG&A expenses** declined by \$8.9 million due in part to the Company’s continued cost reduction programs.
- **Sale of Truck Services**—On August 17, 2009, the Company sold certain assets of its truck services business to Universal Truckload Services, Inc. and UTS Leasing, Inc.

“We are very pleased with our progress and return to profitability in the third-quarter given that the transportation markets and overall economic conditions remained extremely challenging,” said Brian C. Kane, chief financial officer of Pacer. “We successfully amended and extended our credit facility and closed the sale of certain assets of Pacer Transport, our flatbed and heavy haul truck services company, during the quarter. We also implemented a number of additional organizational initiatives that we believe will further improve our operational execution and the focus on our door-to-door integrated intermodal product while reducing our costs. Though we remain in challenging economic times, we are very encouraged by our financial and organizational progress during the third-quarter, and by our new arrangements with UP which will allow us to continue to deliver unparalleled value to our customers.”

YEAR-TO-DATE FINANCIAL RESULTS

- **Revenues** for the nine months ended September 30, 2009 decreased \$423.2 million to \$1,154.0 million compared to \$1,577.2 million for the nine months ended September 19, 2008.
- **Income from operations**, which includes a \$200.4 million pre-tax, non-cash goodwill impairment charge (of which \$31.4 million related to our logistics segment and \$169.0 million related to our intermodal segment), was a loss of \$234.2 million compared to income of \$75.3 million in the 2008 period. Excluding the first quarter impairment charge, income from operations was a loss of \$33.8 million. Included in income from operations in the 2009 period is \$4.3 million for severance expense.
- **Net income** declined from \$47.6 million in the 2008 period to a net loss of \$184.1 million, or \$5.30 per diluted share, in the 2009 period. Net income includes the impact of the goodwill impairment charge (\$161.2 million after-tax, or \$4.64 per share). Excluding the impairment charge, net income was a loss of \$22.9 million, or \$0.66 per diluted share.

- **Intermodal segment** income from operations decreased \$281.3 million from the 2008 period to a loss of \$184.5 million (including a \$169.0 million goodwill impairment charge) compared to an operating income of \$96.8 million in the 2008 period. Excluding the impairment charge, the intermodal segment recorded a \$15.5 million operating loss.
- **Logistics segment** income from operations decreased \$35.6 million to a loss of \$36.3 million (including a \$31.4 million goodwill impairment charge) compared to a loss of \$0.7 million in the 2008 period. Excluding the impairment charge, the logistics segment recorded a \$4.9 million operating loss due primarily to our truck services unit.
- **SG&A expenses** declined by \$13.3 million due in part to the Company's continued cost reduction programs.

Note: A tabular reconciliation detailing the adjustments made to arrive at the adjusted financial results set forth above and elsewhere in this press release from financial results determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") is contained in the financial summary statements attached to this press release.

Pacer International will hold a conference call for investors, analysts, business and trade media, and other interested parties at 8:00 a.m. ET, tomorrow (Wednesday, November 4). Pacer will discuss both its third-quarter financial results and its new arrangements with UP. Details for parties who would like to participate in the call are below.

CONFERENCE CALL INFORMATION—NOVEMBER 4, 2009, 8:00 a.m. ET

Conference call participation

Please call five minutes early

(800) 553-0326 (domestic) and (612) 332-0819 (international)
Ask for "Pacer International Third-Quarter Earnings Call"

Webcast access

Simultaneous audio-only of the live conference call

Select the **Investors** link on the Company's Web site at www.pacer.com

For persons unable to participate in either the conference call or the Webcast, a digitized replay will be available from November 4 at 10:30 a.m. ET to December 4 at 11:59 p.m. ET. For the replay, dial (800) 475-6701(domestic) or (320) 365-3844 (international), using access code 120963. During such period, the replay can also be accessed through the **Investors** link on the Company's Web site at www.pacer.com.

ABOUT PACER INTERNATIONAL (www.pacer.com)

Pacer International, a leading asset-light North American freight transportation and logistics provider, through its intermodal and logistics operating segments, offers a broad array of services to facilitate the movement of freight from origin to destination. The intermodal segment offers wholesale intermodal services to transportation intermediaries, and retail intermodal services directly to beneficial cargo owners. The logistics segment provides other logistics services to beneficial cargo owners through its truck brokerage, warehousing and distribution, international freight forwarding and supply-chain management services units. Pacer International is headquartered in Concord, California. Its intermodal and logistics operating segments are headquartered in Concord, California, and in Dublin, Ohio, respectively.

USE OF NON-GAAP FINANCIAL MEASURES: This press release contains "non-GAAP financial measures" as defined by the Securities and Exchange Commission, including adjusted diluted earnings per share, adjusted net income and adjusted income from operations for the logistics and intermodal segments and on a consolidated basis. These non-GAAP measures which exclude the effect of the Company's goodwill impairment write-off in the first quarter of 2009 are used by management and the Board of Directors in their analysis of the Company's ongoing core operating performance. Management believes that these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses and allows investors to more easily compare operating results from period to period. A tabular reconciliation of the differences between the non-GAAP financial information discussed in this release and the most directly comparable financial information calculated and presented in accordance with GAAP is contained in the financial summary statements attached to this press release.

CERTAIN FORWARD-LOOKING STATEMENTS--This press release contains or may contain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements are based on the Company's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions. Among the important factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements are general economic and business conditions including the length and severity of the current economic recession; industry trends, including changes in the costs of services from rail and motor transportation providers; our ability to borrow amounts under our credit agreement due to borrowing base limitations and/or to comply with the financial ratio and other covenants in our credit agreement; increases in interest rates; the loss of one or more of our major customers; the success of our operational consolidation and other cost reduction initiatives in improving our operating results and cash flows without affecting customer service levels; the effect of the current economic recession on our customers including reduced transportation needs and an inability to pay us on time or at all; the impact of competitive pressures in the marketplace; the frequency and severity of accidents, particularly involving our trucking operations; changes in the terms of contracts with our underlying rail carriers that are less favorable to us relative to our current contracts as these expire; revenue losses and cost impacts associated with the new UP arrangements; the failure to comply with, government regulation; changes in our business strategy, development plans or cost savings plans; congestion, work stoppages, equipment and capacity shortages, weather related issues and service disruptions affecting our rail and motor transportation providers; changes in fuel prices; our ability to successfully defend or resolve customer and vendor rate and volume adjustment claims against us; changes in international and domestic shipping patterns; availability of qualified personnel; difficulties in maintaining or enhancing our information technology systems including selecting, developing and implementing applications and solutions to update our diverse legacy systems; increases in our leverage; and terrorism and acts of war. Additional information about these and other factors that could affect the Company's business is set forth in the Company's

various filings with the Securities and Exchange Commission (the "SEC"), including those set forth in the Company's annual report on Form 10-K for the year ended December 26, 2008 filed with the SEC on February 17, 2009 and the Form 10-Q for the quarter ended June 30, 2009 filed with the SEC on August 6, 2009. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described herein as anticipated, believed, expected or intended. Except as otherwise required by federal securities laws, the Company does not undertake any obligation to update such forward-looking statements whether as a result of new information, future events or otherwise.

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