



FAQs Regarding Pacer's New Multi-Year Arrangement with Union Pacific

What are the benefits associated with these new arrangements?

The new arrangements provide the following:

- Multi-year linehaul service extension;
- Competitive rate structures;
- Expanded access to UP's EMP container fleet;
- Access to the entire UP intermodal network;
- More flexible equipment arrangements;
- Resolution of all contract disputes affecting domestic big box shipments; and
- Continued close working relationship with UP.

Will the new arrangements positively or negatively affect your ability to move freight on time?

The new arrangements are not expected to have any impact on our service delivery, but we do expect that the new equipment arrangements will positively impact capacity availability for our customers.

What is the duration of the new arrangement?

The new Pacer-UP arrangement has a multi-year term and fairly standard provisions around annual renewals subject to minimum volume requirements and termination rights for both parties upon specific advance notice. We have had a close relationship with UP for over 20 years, and we expect our relationship to continue well into the future.

What does this mean for Pacer?

This is an exciting and dynamic time in the intermodal industry and there are strong indicators that intermodal is the transportation of the future. As the premier intermodal provider with one of the largest networks and most diversified container fleet in North America, we will enhance our core strengths to further match increasing customer demand for greater efficiencies and "one-stop" fully-integrated transportation services.

How are Pacer's existing products and services impacted by these new arrangements?

- We continue to offer high quality door-to-door intermodal services to direct shipping customers at competitive rates. Our existing direct-shipper customers will see no difference and will ultimately benefit from the long-term stability created by these new arrangements with UP.
- Our automotive products in the North/South Mexico lanes continue to operate without interruption under the terms of our legacy contract with UP. We continue in discussions with UP surrounding these products following the expiration of the legacy contract in October 2011.



- We continue to offer steamship line customers our third-party international, international drayage and domestic box repositioning products, and the new UP arrangements include terms and conditions for Pacer's continued exclusive position on the UP network regarding offering products and services that meet ocean carrier customers' needs in conjunction with and in addition to the UP rail transportation product.
- We will continue to offer our full array of Mexico and domestic repositioning (Small box) products to all of our existing customers.
- We will continue to pursue domestic IMC intermodal business where it makes sense for our network and where it is beneficial to the IMC and to the underlying shipper for us to be involved with those services. We expect that a substantial portion of this business will transition away from Pacer as we adjust our commercial terms with our IMC customers to be reflective of our new UP arrangements.
- Our cartage, warehousing, highway, and ocean carrier and freight forwarding businesses are not impacted by this announcement, and we continue to grow and develop our products and services in those areas.