

MR. HEIDKAMP: Chairman Nober, Vice Chairman Mulvey, Commissioner Buttrey, thank you for the opportunity to speak here today. My comments today will be directed to the one issue which we feel is particularly important to GATX and with respect to which we believe TAX has not provided sufficient information to allow the Board to reach an appropriate decision.

TAX has provided the Board with detailed information on the efficiencies associated with the operation of its intermodal cars. Its application -- in its application, TAX states that its intermodal cars operated empty only seven miles for each 100 miles they traveled in 2002.

According to representations made in the verified statement which accompanied the application, in 2002, the TAX intermodal fleet generated 29 percent more loading miles per platform than did non-TAX intermodal cars.

TAX also provided information on the cost savings generated by its efficient use of the intermodal cars, and specifically stated that its efficient management of the movement of the intermodal cars saved the railroads over \$180 million annually and reduced investment costs by approximately \$386 million.

We believe that performance statistics such as these provide the Board with sufficient information to evaluate and balance the purported efficiencies and cost savings represented by TAX for its intermodal cars against the issues which have been presented here today and in the written comments in opposition to the application, in order for the Board to determine whether pooling should be approved for TTX's intermodal fleet.

In contrast, while TAX refers to several qualitative or potential benefits of pooling non-intermodal cars, we were unable to find any comparable statistics in TTX's filed materials on the operating efficiencies or cost savings with respect to its non-intermodal cars.

We respectfully submit that by failing to provide this information, TAX has failed to factually support its assertion that pooling non-intermodal cars will be in the interest of better service to the public or of economy of operation. And that as a result, the Board has not been given sufficient factual information necessary to make a determination on the benefits of pooling non-intermodal cars operated by TAX.

Without this information to support its claims, the Board should reject TTX's application as to the non-intermodal cars. We believe that to permit the Board to adequately evaluate the TAX application the Board should require TAX to disclose information similar in scope and detail to the data which it provided on its intermodal fleet, on the actual performance of its non-intermodal fleet, prior to making a decision on those cars.

The information which TAX should be required to provide the Board should include performance statistics, including the loaded and empty mile statistics for each car type of TTX's non-intermodal fleet, a comparison of those performance statistics with similar non-TAX intermodal cars and cost savings generated by the operation and management of each car type of TTX's non-intermodal fleet.

We assume that TAX keeps this information, which is similar to the type of information that they keep on their intermodal cars. If this assumption is correct, the required information should be readily available. And we also believe that it is reasonable to request that TAX provide the Board with updated information for 2003 performance on all of the car types in its fleet.

GATX Rail owns and operates a fleet of approximately 5,000 flatcars, the majority of which are non-intermodal cars. Our success in marketing those cars, and our desire to increase our fleet to better serve users of non-intermodal cars, is limited by the advantages

TAX gains from its unique ability to pool equipment and operate under antitrust immunity.

In its rebuttal, TAX pointed to the recent strength in the railcar market and the corresponding strong earnings of railcar lessors as an indication that its activities were not having an adverse effect on the business of railcar lessors.

While market conditions certainly have improved for GATX Rail, as compared to the challenging market environment which had existed for the past several years, the recovery has been markedly different for different car types. GATX Rail's recent successes have primarily been in market segments that are not directly competitive with those served by TAX.

In summary, we believe that TTX's authority to pool non-intermodal cars should be limited to only those car types for which it can provide sufficient factual use and cost savings information to support a conclusion that significant pooling benefits exist.

Again, we appreciate the opportunity to speak before the Board today and to submit our previously-written comments.