

MR. REARDON: Very well. For the record, my name is Andrew Reardon, President and Chief Executive Officer of TTX Company.

First, I would like to thank this Board for holding this hearing, and for allowing me the opportunity to speak in support of our application for reauthorization of the TTX flatcar pool. I plan to address four basic points.

First, with respect to TTX's mission, that is to provide efficient, low-cost, flexible car supply options. Second, TTX has provided significant capital to the railroad industry, and we have the financial wherewithal that allows us to continue that investment.

Third, TTX has the support of every constituency that speaks for the public interest, including shippers and ports. Fourth, TTX's important mission can best be continued if the Board reauthorizes its current pooling authority for 15 years.

TTX's mission is to provide the railroad industry with an efficient, low-cost, flexible option for railcar supply of flatcar equipment, including intermodal, automotive, and other types of flatcars. Since its inception many decades ago, TTX has been and remains a solid business success.

It has been fulfilling its mission by acquiring cars to meet industry demand, maintaining those cars to high standards, and distributing them where needed, all at the lowest cost possible. Its continuing ability to provide these benefits to the railroads and the customers whom they serve depends upon this Board's reauthorization of TTX's pooling authority.

It should be noted that TTX is one of many options that the railroads have for meeting their car supply needs. The railroads can and do purchase their own cars or acquire them by lease. Participation in the TTX pool does not restrict any railroad's ability to provide for its equipment needs in any way that it so chooses.

At a point in time when we're continually reminded that rail capital is in high demand, TTX has invested billions in new equipment. Since 1994, this company has spent over \$4.2 billion to acquire and modify flatcars. This year TTX will purchase over \$600 million of new flatcars. This is money that the railroads do not have to spend on flatcars and, thus, can invest in other pressing capacity needs.

TTX is a free-standing financial entity. No railroad guarantees our utilization of our equipment, our revenue, or any of our financial obligations. At the same time, we have the best debt rating in all of the transportation field -- single A+ with Standard & Poor's, and BAA-1 with Moody's.

TTX has continually reduced its operating cost. But, moreover, it has passed these efficiencies on to its participants and ultimately to the shipping public by charging rates that are now 13 percent lower than they were in 1994 on an absolute dollar basis, 20 percent -- 27 percent lower if one were to factor in inflation.

More than 60 parties have filed statements in support of our application, including a broad array of shippers, ports, intermodal operators, equipment suppliers, railcar builders, and shipper organizations. NIT League's unconditional support is a significant measure of the value that TTX flatcar pool brings to the shipping public.

I hasten to say that it's not every day that the NIT League and the railroads share a common position.

Shipper support for the pooling of intermodal equipment is well-founded. Intermodal is the fastest-growing segment of rail traffic and is limited only by the physical throughput of the North American railroad system. However, intermodal traffic is high volume, low margin traffic. It is imperative, therefore, that it be served with equipment that is efficient,

low cost, and flexible.

Of equal importance is the non-intermodal flatcar fleet. As railroads seek to grow their intermodal – excuse me, their traditional commodity and merchandised business, rail shippers also benefit from the efficiencies that TTX provides for this traffic. And, again, TTX is grateful for the support shown by the shippers for this equipment, including the lumber industry, steel industry, Department of Defense, and shippers of large equipment, including John Deere and General Electric.

In this proceeding, we are asking for a 15-year term of authorization. We believe that our 30-year history of providing public benefits demonstrates that we have used our pooling authority responsibly. Since TTX was last authorized, as the Chairman noted a moment ago, there have been no complaints filed by anybody with respect to TTX.

A 15-year term will help TTX reduce its borrowing costs. That term is well supported by the record before the Board, including the overwhelming support of TTX's customers, key suppliers, and the rail shipping community.

I should also add that the Board has set a decision date of September 1, which from a business perspective we deeply appreciate.

In conclusion, I thank each of you for your time and your consideration here this morning, and for our opportunity to express our support and our rationale for extension of our pooling authority.

Thank you.