STIFEL

Pacer International, Inc. PACR – NASDAQ Buy

Trucking/Logistics

Quarterly Update

2Q13 Adj. EPS In Line With Street; Maintaining Estimates and Rating

- Adjusted 2Q13 EPS in line with the Street: reported adjusted 2Q13 EPS of \$0.06, up from \$0.04 in the year-ago period. Our 2Q13 EPS estimate also was \$0.06. Reported GAAP EPS were \$0.05. However, 2Q13 EPS results included an \$0.8 million one-time expense (or \$0.05 after tax) relating to the settlement of property tax disputes during the quarter.
- Management again reiterated its full-year 2013 EPS guidance of \$0.25-\$0.35. We believe there is an above-average degree of model risk inherent in that guidance due to the possibility that the Logistics segment will not achieve a breakeven run rate by the end of 2013 as planned, the possibility that purchased transportation costs may rise faster than prices recovered from shippers, the possibility for a continuation of softness in intermodal pricing that was seen in 1H13, and the company's track record of frequently missing guidance targets.
- Intermodal segment saw solid y/y improvement: adj. operating income in the Intermodal segment was \$11.6 million in 2Q13, up from \$9.4 million in 2Q12 as gross margin expansion more than offset an 11.8% y/y decrease in revenue due to a combination of volume declines and a change in mix.
- Logistics segment posted a \$2.8 million operating loss for 2Q13, the ninth consecutive quarterly loss. A fairly consistent drag on the company's earnings, the Logistics segment is expected to be at a breakeven run rate by the end of the year, according to the company. However, we will continue to wait for concrete evidence of a turnaround before incorporating the company's relatively optimistic assumptions in to our model.
- Balance sheet has no debt at the end of 2Q13, but the adjusted total debt/total book cap ratio was 54.8% at the end of 2Q13—as the company leases its assets.
- Maintaining our 2013, 2014 and 2015 EPS estimates of \$0.25, \$0.40 and \$0.50, respectively. We remain at the low end of the company's 2013 guidance range of \$0.25-\$0.35 in light of the company's track record for often not meeting Street expectations, the risk in intermodal pricing, and turnaround risk of the company's Logistics segment.
- Maintaining our Buy rating. Our target price remains \$7 (or 13.0x our unchanged 2015 EPS estimate of \$0.50). While that target price currently presents just enough upside potential for us to maintain our Buy rating, we believe the company's shares represent a speculative way to invest in the intermodal industry and would be inclined to revisit our rating should the company's shares continue to trade higher, all else being equal.

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| <u>Changes</u> | Previous | Current |
|-----------------|----------|---------|
| Rating | _ | Buy |
| Target Price | _ | \$7.00 |
| FY13E EPS (Net) | _ | \$0.25 |
| FY14E EPS (Net) | _ | \$0.40 |
| FY13E Rev (Net) | \$1.02B | \$953.7 |
| FY14E Rev (Net) | \$1.09B | \$1.02B |

| Price (07/25/13): | \$6.52 |
|-----------------------|---------------|
| 52-Week Range: | \$7 - \$3 |
| Market Cap.(mm): | 231.8 |
| Shr.O/S-Diluted (mm): | 35.6 |
| Enterprise Val. (mm): | \$205.0 |
| Avg Daily Vol (3 Mo): | 202,193 |
| LT Debt/Total Cap.: | 0.0% |
| Net Cash/Share: | \$0.76 |
| Book Value/Share: | \$3.50 |
| Dividend(\$ / %) | \$0.00 / 0.0% |
| S&P Index | 1,687.65 |

| EPS (Net) | 2012A | 2013E | 2014E |
|-----------|----------|---------|--------|
| Q1 | \$(0.01) | \$0.04A | \$0.06 |
| Q2 | 0.04 | 0.06A | 0.11 |
| Q3 | 0.03 | 0.07 | 0.11 |
| Q4 | 0.08 | 0.09 | 0.13 |
| FY Dec | \$0.13A | \$0.25 | \$0.40 |
| P/E | 50.2x | 26.1x | 16.3x |
| | | | |

| Rev (Net) | 2012A | 2013E | 2014E |
|------------|---------|----------|---------|
| Q1 | \$251.7 | \$232.7A | \$NE |
| Q2 | 270.5 | 238.0A | NE |
| Q3 | 253.0 | 240.4 | NE |
| Q4 | 252.5 | 242.6 | NE |
| FY Dec | \$1.03B | \$953.7 | \$1.02B |
| EV/Revenue | 0.2x | 0.2x | 0.2x |

As of 2013, the company no longer collects and passes-through rail transportation cost given its new agreement as the network manager for Union Pacific for U.S./Mexico cross-border shipments; as such, 2012 revenue results have been restated to conform to the new 2013 reporting structure.



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Pacer International reported adjusted 2Q13 EPS of \$0.06, up from \$0.04 in the year-ago period and in line with the Street. Our 2Q13 EPS estimate also was \$0.06. Reported GAAP EPS were \$0.05. However, 2Q13 EPS results included an \$0.8 million one-time expense (or \$0.05 after tax) relating to the settlement of property tax disputes during the quarter. That said, the company's tax rate favorably decreased y/y from 40.1% in 2Q12 to 35.9% in 2Q13, but that equated to only a ~0.004 benefit in EPS y/y—note that the 1H13 tax rate was 37.0% on average, which is the expected full year tax rate. The 9 analysts with published 2Q13 EPS estimates that were included in the Street average carried a range from a low of \$0.04 to a high of \$0.08. Relative to our estimates, the company's Intermodal segment performed slightly above our expectations (and was up y/y) from EBIT margin expansion (despite a larger revenue decline than anticipated) while the Logistics segment performed slightly worse (and was down y/y) due to a larger than anticipated revenue decline and margin compression y/y.

Management again reiterated its full-year 2013 EPS guidance of \$0.25-\$0.35, up from 2012 EPS of \$0.12. While we again remain encouraged with the reiteration of the guidance (management reiterated the guidance at the end of 1Q13), we believe there is an above-average degree of model risk inherent in that guidance due to the possibility that the Logistics segment will not achieve a breakeven run rate by the end of 2013 as planned, the possibility that purchased transportation costs may rise faster than prices recovered from shippers, the possibility for a continuation of softness in intermodal pricing that was seen in 1H13, and the company's track record of frequently missing guidance targets. But, to be fair, most of the company's track record of overpromising and under-delivering occurred during past management teams. That said, with 1H13 adjusted EPS now at \$0.10, with rail cost a known for the remainder of 2013, and given with management's confidence in intermodal volumes from recent bid wins, we have increased confidence that the company should achieve EPS at the bottom of its range. However, given management's confidence and 1H13 results, we wonder why management has not refined either the top end or the bottom end of its 2013 guidance. The gap between the bottom end and top end of the range equates to roughly to ~\$5.6 million in EBIT—although the potential for variability around the Logistics segment (lost \$5.6 million in EBIT in 1H13) and intermodal volumes lower than contractually committed could certainly cause such a wide range.

Adjusted operating income in the company's core Intermodal segment was \$11.6 million in 2Q13, up from \$9.4 million in 2Q12. Note: as with 1Q13, the company no longer collects and passes-through rail transportation cost given its new agreement as the network manager for Union Pacific for U.S./Mexico cross-border shipments; as such, 2012 results have been restated to conform to the new 2013 reporting structure. Intermodal revenue declined 11.8% y/y due to a combination of a decline in overall volumes and a change in mix. For 2Q13, domestic intermodal volumes were down 3% y/y while international volumes were down 9%. Double digit decreases in transcon lanes (due to a large, unexpected rail cost increase that led to volume declines when the business was re-priced) drove the y/y decline in domestic intermodal volume while a mid-single digit volume increase in North/South lanes somewhat tempered that decrease. However, length of haul decreased as a result, driving a negative mix in business for the quarter. International intermodal volume was down y/y due to less port drayage work in the Pacific Northwest. Additionally, the company noted that inland ISO capacity is currently tight—making it harder to drive volume increases. Overall, price, fuel, and mix reportedly drove a 10% decline y/y in intermodal. As fuel was said to be flat, and price was up in the 1% range, the negative mix effect from the change in length of haul from transcon lanes to North/South lanes weighed heavily on the top line. However, the intermodal gross margin percentage (net revenue less direct operating expenses divided by gross revenue) improved

from 11.9% in 2Q12 to 14.1% in 2Q13—leading to an adjusted EBIT margin increase from 4.5% to 6.3% in 2Q13. This improvement came as a result of the company paring back lower margin freight from the aforementioned re-pricing of transcon lanes. With rail costs known for the remainder of 2013, we would expect similar EBIT margins to 2Q13 to continue through the end of 2013. Further increases to margins in the near-term could arise from the company improving operational efficiency and asset turns (boxes turned 1.8x per month in 2Q13, flat y/y but up from 1.7 turns sequentially from 1Q13—management is targeting 1.9 turns by the end of the year; for reference, anything above 2.0 turns per months is considered good).

For the remainder of the year, management guided volume expectations upward, expecting mid-single digit volume increases that should lead to positive domestic volumes for the full year. The upbeat expectations for 2H13 volumes arise from a stronger second half to the bid season for Pacer. Bids in 1Q13 were highly competitive as certain competitors were aggressive to fill capacity. However, that subsided and Pacer reportedly saw solid wins while remaining disciplined on price. However, with flat pricing, negative mix, and what should be negative international volumes for the full year 2013, we anticipate intermodal volume will be down y/y.

The Logistics segment posted a \$2.8 million operating loss for 2Q13, the ninth consecutive quarterly loss. The company's Logistics segment has fairly consistently been a drag on the company's earnings since we began covering Pacer almost six years ago. On previous calls, management noted that it had expected the Logistics segment to return to generating an operating profit by the end of 4Q13; however, on the 2Q13 earnings call, that changed slightly to achieving a breakeven run rate by the end of the year. So, it appears (both from management's wording and the segment's results) that the turnaround has been slower than originally anticipated. The problem with Logistics is clear to us from the detailed financials in the company's earnings release: Logistics SG&A costs remained at 18% of Logistics revenue. For comparison, Intermodal segment SG&A were only 7.8% of Intermodal revenue. If Logistics SG&A costs were slightly less than 13% of Logistics revenue, the segment would have been profitable in 2Q13. However, the company does not seem to have any stated plans to reduce SG&A costs. Instead, the current SG&A costs seem to be in place to support future growth in the Asian business involving brokering inbound shipments from China, which we would expect the company to begin to see towards the back half of 3Q13 and more rapid growth in 4Q13 given the recently announced partnership with CTS International Logistics Corporation. That said, volume in Logistics was down 4% y/y (a deceleration in declines from 1Q13) and drove revenue down 12.6% y/y. Going forward, management expects revenue and margins to increase from the aforementioned CTS agreement (where CTS gains access to Pacer's intermodal network and Pacer gains access to CTS' 56 offices in mainland China) and continued positive trends in Pacer distribution and brokerage (both up y/y in 2Q13). However, we will continue to wait for concrete evidence of that turnaround before incorporating the company's relatively optimistic assumptions in to our model.

The company did not have any balance sheet debt at the end of 2Q13. The company had \$26.8 million of cash on its balance sheet at the end of 2Q13 and the company's borrowing capacity was \$65 million. We view this as ample liquidity because the company's business model is not terribly capital intensive. That being said, the company leases its containers, which pushes its estimated lease-adjusted total debt/total book cap ratio to 54.8% at the end of 2Q13. For the year, capex should remain low as the company plans to add a net 1,000 containers (add 1,500 containers and scrap 500 after peak season).

We are maintaining our 2013, 2014 and 2015 EPS estimates of \$0.25, \$0.40 and \$0.50, respectively. Our 2013 EPS estimate remains at the low end of the company's 2013 guidance range of \$0.25-\$0.35 and our top line revenue estimate of \$954 million is slightly below the company's range of \$1.0 billion to \$1.1 billion. We remain at the low end of the company's guidance in light of the company's track record for often not meeting Street expectations, the risk that softness in intermodal pricing may persist into 2H13, and the risk of a slower timeline to reach breakeven for the company's Logistics segment. Over our forecast period, risks to our estimates also include the Logistics segment not becoming profitable at all during our projected period and the potential for revenue and margin declines from the recently re-worked contract with Union Pacific absent growth in retail direct U.S./Mexico business.

We are maintaining our Buy rating. Our target price remains \$7 (or 13.0x our unchanged 2015 EPS estimate of \$0.50). While that target price currently presents just enough upside potential for us to maintain our Buy rating, we believe the company's shares represent a speculative way to invest in the intermodal industry and would be inclined to revisit our rating should the company's shares continue to trade higher all else being equal. The 13.0x multiple we are applying to our 2015 EPS estimate represents a steep discount to the multiples we are applying to our 2015 EPS estimates for Hub Group and J.B. Hunt (which are 16.0x and 16.5x, respectively) to arrive at their respective fair value estimates. The reason for the discount is that we view Pacer's common shares as containing higher-than-normal risk relative to its peer group and most names under our transportation and logistics coverage. We feel that way because, in our view, the company has a higher than average degree of model risk as we believe it can be difficult to meet EPS guidance in the midst of a turnaround in the Logistics segment.

Pricing is intraday 7/25/13.

Target Price Methodology/Risks

Our target price is \$7 (or 13.0x our 2015 EPS estimate of \$0.50).

Risks to target price: A slowing in the economic recovery could impair intermodal volume and pricing. The turnaround in the Logistics segment could progress slower than expected.

Company Description

Pacer International is a U.S. holding company with operations in non-asset based third-party logistics and intermodal freight transportation services. The company is a market leader providing wholesale intermodal freight transportation services to other third party logistics providers. In addition, Pacer serves shippers with truck brokerage and other logistics services.

| Equity Comps - Transportation | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------------------------|--------|------------------|---------|----------|---------|---------|----------|----------------------|----------------------|----------------------|-------|---------|--------|--------|---------------|-------|--------|--------|--------|----------------------|-------|--------|
| | | | | | | | Comp | parative \ | Valuatio | n Matri | X | | | | | | | | | | | |
| (figures in \$US millions, except per share amounts) | | Closing Price | Diluted | Market | Total | Cash & | (9) | Earni | ngs per Sh | | Book | TTM | 2013E | TTM | n multiple of | TTM | TTM | TTM | TTM | PEG | Div. | 2013E |
| Company name (Ticker) | Rating | 7/25/2013 | S/O | cap. | Debt | equiv. | TEV (a) | 2012A ^(b) | 2013E ^(b) | 2014E ⁽⁶⁾ | value | Revenue | EBITDA | EBITDA | EBITDAR (c) | EBIT | ROA | ROE | ROIC | ratio ^(d) | Yield | FCF Yl |
| Intermodal | | | | | | | | | | | | | | | | | | | | | | |
| Hub Group (HUBG) | Hold | 38.13 | 37.7 | 1,436.2 | 9.1 | 72.0 | 1,373.3 | 20.8x | 18.2x | 15.9x | 2.7x | 3.7x | 10.3x | 11.1x | 9.7x | 11.7x | 7.6% | 14.2% | 14.2% | 1.2 | 0.0% | 1.09 |
| J.B. Hunt Transport Svcs. (JBHT) | Hold | 74.38 | 117.9 | 8,769.4 | 674.1 | 5.9 | 9,437.6 | 28.7x | 25.3x | 21.6x | 9.7x | 1.8x | 11.0x | 12.0x | 11.9x | 17.2x | 12.9% | 40.0% | 22.8% | 1.4 | 0.8% | 3.09 |
| Pacer International (PACR) | Buy | 6.52 | 35.6 | 231.8 | 0.0 | 26.8 | 205.0 | NM | 26.1x | 16.3x | 1.9x | 0.9x | 9.1x | 9.4x | 4.1x | 15.3x | 3.2% | 6.2% | 6.7% | 1.1 | 0.0% | 1.7% |
| Min | | | | 231.8 | 0.0 | 5.9 | 205.0 | 20.8x | 18.2x | 15.9x | 1.9x | 0.9x | 9.1x | 9.4x | 4.1x | 11.7x | 3.2% | 6.2% | 6.7% | 1.1 | 0.0% | 1.0% |
| Mean | | | | 3,479.1 | 227.8 | 34.9 | 3,672.0 | 24.8x | 23.2x | 17.9x | 4.8x | 2.1x | 10.2x | 10.8x | 8.5x | 14.7x | 7.9% | 20.1% | 14.6% | 1.2 | 0.3% | 1.9% |
| Max | | | | 8,769.4 | 674.1 | 72.0 | 9,437.6 | 28.7x | 26.1x | 21.6x | 9.7x | 3.7x | 11.0x | 12.0x | 11.9x | 17.2x | 12.9% | 40.0% | 22.8% | 1.4 | 0.8% | 3.0% |
| Stifel Transportation Average | | | - | 8,513.0 | 1,573.3 | 453.1 | 9,674.1 | 20.2x | 18.7x | 16.6x | 3.0x | 2.3x | 9.2x | 9.4x | 6.7x | 14.4x | 5.2% | 15.4% | 10.1% | 1.3 | 1.0% | 2.2% |
| | | | | 0,2 2010 | -, | | -,0: | | | | | | | | | | | | | | | |
| Non-Asset-Based Forwarding / Logistics | | | | | | | | | | | | | | | | | | | | | | |
| C.H. Robinson Worldwide (CHRW) | Sell | 59.01 | 160.6 | 9,473.8 | 390.6 | 159.9 | 9,704.5 | 21.4x | 20.4x | 18.4x | 6.4x | 5.5x | 11.9x | 12.7x | 12.3x | 13.5x | 17.8% | 32.3% | 28.3% | 1.5 | 2.2% | 1.8% |
| DSV A/S (DSV-DK) | NC | DKK 145.50 | 184.3 | 26,817.5 | 1,225.7 | 91.2 | 27,970.3 | NE | NE | NE | NM | 15.0x | NE | NM | 42.7x | NM | 7.4% | 31.8% | 15.2% | NM | 0.7% | NN |
| Echo Global Logistics (ECHO) | Buy | 19.95 | 24.0 | 478.7 | 0.0 | 44.1 | 434.6 | 32.2x | 25.3x | 19.6x | 3.3x | 2.9x | 10.7x | 12.8x | 12.0x | 17.9x | 6.7% | 10.8% | 10.8% | 0.7 | 0.0% | 4.4% |
| Expeditors International (EXPD) | Buy | 40.07 | 206.6 | 8,278.8 | 0.0 | 1,394.7 | 6,900.5 | 25.5x | 23.3x | 21.3x | 3.9x | 3.8x | 11.2x | 12.0x | 11.3x | 12.9x | 11.2% | 16.0% | 15.7% | 2.1 | 1.5% | 4.8% |
| Forward Air Corp. (FWRD) | Hold | 37.46 | 31.1 | 1,163.5 | 0.1 | 81.1 | 1,082.6 | 21.0x | 20.6x | 18.4x | 2.9x | 1.8x | 9.6x | 10.4x | 8.8x | 13.2x | 12.6% | 14.6% | 14.7% | 1.7 | 1.1% | 3.2% |
| Hub Group (HUBG) | Hold | 38.13 | 37.7 | 1,436.2 | 9.1 | 72.0 | 1,373.3 | 20.8x | 18.2x | 15.9x | 2.7x | 3.7x | 10.3x | 11.1x | 9.7x | 11.7x | 7.6% | 14.2% | 14.2% | 1.2 | 0.0% | 1.0% |
| Kuehne + Nagel International AG (KNIN-CH) | Hold | CHF 110.00 | 120.1 | 13,207.0 | 65.2 | 895.1 | 12,610.7 | 23.9x | 21.7x | 19.3x | 5.4x | 1.5x | 12.8x | 11.9x | 8.3x | 12.8x | 9.5% | 26.5% | 26.1% | 1.3 | 3.2% | 6.6% |
| Landstar System (LSTR) | Hold | 52.20 | 46.8 | 2,442.5 | 146.3 | 102.0 | 2,486.8 | 18.8x | 19.6x | 17.7x | 6.2x | 0.9x | 10.8x | 11.0x | 10.8x | 12.6x | 14.0% | 33.6% | 24.4% | 1.2 | 0.0% | 5.3% |
| Pacer International (PACR) | Buy | 6.52 | 35.6 | 231.8 | 0.0 | 26.8 | 205.0 | NM | 26.1x | 16.3x | 1.9x | 0.9x | 9.1x | 9.4x | 4.1x | 15.3x | 3.2% | 6.2% | 6.7% | 1.1 | 0.0% | 1.7% |
| Panalpina Welttransport Holding (PWTN-CH) | Hold | CHF 118.50 | 23.7 | 2,802.9 | 3.3 | 418.9 | 2,401.8 | NM | NM | 30.2x | 3.4x | 1.4x | 17.8x | 23.0x | 9.8x | 29.6x | 1.3% | 3.3% | 3.1% | 2.0 | 1.7% | 3.6% |
| Roadrunner Transportation Svcs. (RRTS) | Hold | 29.96 | 36.1 | 1,082.2 | 157.3 | 16.2 | 1,223.3 | 25.8x | 22.2x | 19.7x | 2.6x | 1.1x | 11.9x | 14.5x | 12.7x | 16.7x | 6.3% | 11.2% | 8.9% | 1.3 | 0.0% | -0.5% |
| Universal Truckload Svcs. (UACL) | Buy | 25.55 | 30.1 | 769.2 | 136.0 | 4.8 | 900.4 | 18.9x | 15.8x | 14.0x | 11.0x | 0.9x | 8.7x | 9.0x | 8.7x | 11.1x | 17.8% | 69.9% | 33.0% | 0.7 | 0.0% | 4.4% |
| UTi Worldwide (UTIW) | Buy | 16.45 | 104.0 | 1,710.2 | 392.3 | 185.3 | 1,917.2 | 35.0x | NM | 21.1x | 2.1x | 1.2x | 11.5x | 14.9x | 9.1x | 29.1x | 0.9% | 2.2% | 2.2% | 1.5 | 0.4% | 1.6% |
| XPO Logistics, Inc. (XPO) | Hold | 23.94 | 46.2 | 1,105.4 | 111.6 | 206.2 | 1,010.8 | NM | NM | NM | 4.7x | 20.1x | NM | NM | NM | NM | -10.5% | -14.7% | -10.1% | NM | 0.0% | NN |
| Min | | | | 231.8 | 0.0 | 4.8 | 205.0 | 18.8x | 15.8x | 14.0x | 1.9x | 0.9x | 8.7x | 9.0x | 4.1x | 11.1x | -10.5% | -14.7% | -10.1% | 0.7 | 0.0% | -0.59 |
| Mean | | | | 5,071.4 | 188.4 | 264.2 | 5,015.8 | 24.3x | 21.3x | 19.3x | 4.3x | 4.3x | 11.3x | 12.7x | 12.3x | 16.4x | 7.6% | 18.4% | 13.8% | 1.4 | 0.8% | 3.19 |
| Median | | | | 1,573.2 | 88.4 | 96.6 | 1,645.2 | 22.6x | 21.1x | 18.9x | 3.4x | 1.6x | 11.0x | 11.9x | 9.8x | 13.4x | 7.5% | 14.4% | 14.5% | 1.3 | 0.2% | 3.49 |
| Max | | | | 26,817.5 | 1,225.7 | 1,394.7 | 27,970.3 | 35.0x | 26.1x | 30.2x | 11.0x | 20.1x | 17.8x | 23.0x | 42.7x | 29.6x | 17.8% | 69.9% | 33.0% | 2.1 | 3.2% | 6.69 |
| Stifel Transportation Average | | | | 8,513.0 | 1.573.3 | 453.1 | 9,674.1 | 20.2x | 18.7x | 16.6x | 3.0x | 2.3x | 9.2x | 9.4x | 6.7x | 14.4x | 5.2% | 15.4% | 10.1% | 1.3 | 1.0% | 2.29 |

 $⁽a)\ Total\ Enterprise\ Value = Market\ Capitalization\ of\ Equity + Total\ Debt\ -\ Cash\ +\ Market\ Value\ of\ Minority\ Interest$

Excludes non-recurring items

Calculations may vary due to rounding

Source: Company data, First Call, and Stifel estimates

⁽b) Stifel estimates for those rated and First Call mean estimates for unrated securities

⁽c) Enterprise value adjusted to include the capitalization of off balance sheet operating leases with lease expense (or rent expense) being added back to EBITDA for the valuation multiple calculation

⁽d) 2014E P/E divided by First Call mean or Stifel estimated long-term growth rate

STIFEL

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| | | | | | | | |] | Pacer 1 | Interna | ational | Incom | e Stat | ement | | | | | | | | | | | | |
|-------------------------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-------------------|------------------|------------------|-----------------|-----------------|-----------------|---------------------|-------------------|----------------|-----------------|----------------|----------------|-----------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| (figures in \$ millions except per share amounts) | | | | | | | | | | ı | | 201 | , | | | | 201 | 3 | | ſ | | 201 | 4 | | | |
| Fiscal Year End December 31 | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 1QA | 2QA | 3QA | 4QA | 2012A | 1QA | 2QA | 3QE | 4QE | 2013E | 1QE | 2QE | 3QE | 4QE | 2014E | 2015E |
| Intermodal segment revenue ¹ % change y/y | 0.0 n/a | 0.0 n/a | 0.0 n/a | 1,402.6 n/a | 1,491.7 6.4% | 1,568.0 5.1% | 1,626.7 3.7% | 1,190.7 -26.8% | 1,081.5 -9.2% | 1,175.3 8.7% | 190.7 -31.8% | 209.0 -31.2% | 195.1 -35.4% | 197.5 -31.8% | 792.3 -32.6% | 180.4 -5.4% | 184.3 -11.8% | 187.3 -4.0% | 189.6 -4.0% | 741.6 -6.4% | 193.0 7.0% | 200.9 9.0% | 196.7 5.0% | 199.1 5.0% | 789.7 6.5% | 829.1 5.0% |
| Logistics segment revenue ¹ % change y/y | 0.0 n/a | 0.0 n/a | 0.0 n/a | 458.1 n/a | 397.0 -13.3% | 402.0 1.3% | 455.9 13.4% | 385.6 -15.4% | 422.1 9.5% | 303.5 -28.1% | 61.1 -22.7% | 61.8 -25.1% | 58.1 -21.2% | 57.3 -16.1% | 238.3 -21.5% | 52.6 -13.9% | 54.0 -12.6% | 53.5 -8.0% | 53.3 -7.0% | 213.3 -10.5% | 56.3 7.0% | 57.8 7.0% | 57.7 8.0% | 57.8 8.5% | 229.6 7.6% | 245.7 7.0% |
| Wholesale segment revenue1 | 803.3 | 875.4 | 999.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retail segment revenue ¹ | 913.5 | 902.0 | 930.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Intersegment elimination ¹ | (108.6) | (108.9) | (121.5) | (0.6) | (0.9) | (0.5) | (1.5) | (2.1) | (0.8) | (0.3) | (0.1) | (0.3) | (0.2) | (2.3) | (2.9) | (0.3) | (0.3) | (0.3) | (0.3) | (1.2) | (0.3) | (0.3) | (0.3) | (0.3) | (1.2) | (1.2) |
| Total Gross Revenue ¹ % change y/y | 1,608.2 -3.8% | 1,668.5 3.7% | 1,808.1 8.4% | 1,860.1 2.9% | 1,887.8 1.5% | 1,969.5 4.3% | 2,081.1 5.7% | 1,574.2 -24.4% | 1,502.8 -4.5% | 1,478.5 -1.6% | 251.7 -29.8% | 270.5 -30.0% | 253.0 -32.7% | 252.5 -29.5% | 1,027.7 -30.5% | 232.7 -7.5% | 238.0 -12.0% | 240.4 -5.0% | 242.6 -3.9% | 953.7 -7.2% | 249.0 7.0% | 258.4 8.6% | 254.1 5.7% | 256.6 5.8% | 1,018.1 6.7% | 1,073.6 5.5% |
| Cost of purchased | -5.070 | 5.770 | 0.470 | 2.970 | 1.570 | 4.570 | 3.770 | -24.470 | -4.570 | -1.070 | -29.070 | -50.070 | -32.770 | -29.570 | -50.570 | -7.570 | -12.070 | -3.070 | -5.970 | -7.270 | 7.070 | 0.070 | 3.770 | 5.070 | 0.770 | 3.376 |
| transportation and services | 1,258.4 | 1293.6 | 1413.1 | 1428.6 | 1453.4 | 1,537.8 | 1,654.6 | 1,291.3 | 1,240.5 | 1,218.7 | 194.8 | 212.7 | 195.3 | 191.4 | 794.2 | 177.9 | 181.2 | 183.7 | 185.4 | 728.2 | 191.2 | 197.3 | 194.6 | 196.6 | 779.7 | 824.8 |
| Net Revenue % change y/y | 349.8 | 374.9 7.2% | 395.0 5.4% | 431.5 9.2% | 434.4 0.7% | 431.7 -0.6% | 426.5 -1.2% | 282.9 -33.7% | 262.3 -7.3% | 259.8 -1.0% | 56.9 -10.5% | 57.8 -15.4% | 57.7 -13.3% | 61.1 -0.4% | 233.5 -10.1% | 54.8 -3.7% | 56.8 -1.7% | 56.8 -1.6% | 57.2 -6.5% | 225.5 -3.4% | 57.8 5.4% | 61.0 7.5% | 59.5 4.8% | 60.0 4.9% | 238.3 5.7% | 248.8 4.4% |
| % change y/y % of gross revenues | 21.8% | 22.5% | 21.8% | 23.2% | 23.0% | 21.9% | 20.5% | 18.0% | 17.5% | 17.6% | 22.6% | 21.4% | 22.8% | 24.2% | 22.7% | 23.5% | 23.9% | 23.6% | 23.6% | 23.6% | 23.2% | 23.6% | 23.4% | 23.4% | 23.4% | 23.2% |
| Other operating expenses | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct operating expenses | 106.7 | 106.9 | 110.7 | 115.4 | 123.2 | 130.5 | 132.2 | 124.5 | 94.5 | 98.6 | 23.2 | 23.5 | 23.9 | 23.1 | 93.7 | 20.8 | 22.0 | 20.7 | 20.6 | 84.1 | 20.7 | 22.7 | 21.4 | 21.1 | 85.9 | 87.1 |
| Selling, gen. and admin. expenses | 158.9 | 179.7 7.9 | 190.6 | 204.8 | 193.0 | 194.4 | 199.9 | 181.6 | 148.7 | 131.8 | 31.9 | 29.9 | 29.6 | 31.2 | 122.6 7.9 | 29.8 | 29.1 | 30.5 | 29.9 | 119.4 | 31.7 | 30.3 | 30.2 | 29.8 | 122.0 | 125.7 |
| Depreciation and amortization Merger and severance | 10.1 | 0.0 | 7.2 0.0 | 6.9 0.0 | 7.0 0.0 | 6.3 0.0 | 6.2 0.0 | 6.8 | 6.5 0.0 | 7.2 0.0 | 1.8 | 1.9 0.0 | 2.1 | 2.1 0.0 | 0.0 | 2.1 | 2.1 | 1.9 0.0 | 1.8 | 7.9 0.0 | 1.8 0.0 | 1.9 0.0 | 1.9 0.0 | 1.9 0.0 | 7.5 0.0 | 7.7 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) | (0.2) | (0.4) | (0.3) | (0.2) | 0.0 | 0.0 | (0.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total other operating expenses | 275.7 | 294.5 | 308.5 | 327.1 | 323.2 | 331.2 | 338.3 | 312.9 | 249.7 | 237.6 | 56.9 | 55.3 | 55.4 | 56.2 | 223.8 | 52.4 | 53.0 | 53.1 | 52.4 | 210.8 | 54.3 | 55.0 | 53.5 | 52.7 | 215.5 | 220.5 |
| OPERATING Income | 0.0 | 0.0 | 0.0 | 100.5 | 105.5 | 112.0 | | (T. 0) | 27.1 | 10.6 | 0.2 | 0.4 | 0.7 | 10.1 | 20.4 | 0.0 | 11.6 | 10.0 | | 40.7 | 10.2 | 10.0 | | 10.4 | 46.0 | 50.0 |
| Intermodal Logistics | 0.0 | 0.0 | 0.0 | 109.5 5.4 | 125.5 1.6 | 113.8 | (0.1) | (7.4) | 27.1 1.2 | 48.6 | (3.2) | 9.4 | 8.7 (2.3) | 12.1 (2.6) | 38.4 | 9.8 | (2.8) | (2.0) | 11.4 (1.5) | 43.7 (9.1) | (1.5) | (0.8) | 11.4 0.0 | 12.4 0.2 | 46.3 (2.0) | 50.0 0.6 |
| Wholesale | 55.3 | 77.9 | 99.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Retail | 25.4 | 14.8 | 5.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Corporate Total Operating Income | (6.6) 74.1 | (12.3) 80.4 | (18.4) 86.5 | (10.5) 104.4 | (8.8) 118.3 | (19.6) 100.5 | (23.4) 88.2 | (17.8) (30.0) | (15.7) 12.6 | (19.4) 27.0 | (5.0) 0.0 | (4.4) | (4.1) 2.3 | (4.6) 4.9 | (18.1) 9.7 | (4.6) | (5.0) | (5.1) | (5.2) 4.8 | (19.9) 14.7 | (5.2) | (5.5) | (5.4) | (5.4) 7.2 | (21.5) 22.8 | (22.3) 28.3 |
| OPERATING RATIO (Net) | , 412 | 0014 | 0012 | 10414 | 11010 | 10012 | 0012 | (5010) | 12.0 | 2710 | 0.0 | 2.0 | 2.0 | *** | ,,, | 2 | 210 | 5.7 | -1.0 | 24.7 | 5.5 | 0.0 | 0.0 | 7.2 | 22.0 | 20.0 |
| Intermodal | n/a | n/a | n/a | 69.0% | 65.4% | 68.4% | 68.9% | 103.3% | 86.8% | 77.8% | 83.3% | 81.4% | 82.8% | 77.5% | 81.2% | 79.7% | 76.8% | 78.5% | 77.5% | 78.1% | 79.9% | 77.2% | 78.2% | 76.5% | 77.9% | 76.8% |
| Logistics | n/a | n/a | n/a | 93.1% | 97.8% | 91.2% | 100.1% | 108.4% | 97.9% | 105.3% | 141.0% | 133.3% | 132.4% | 136.6% | 135.9% | 142.4% | 141.8% | 130.0% | 122.0% | 134.0% | 120.0% | 110.0% | 100.0% | 97.0% | 106.7% | 98.1% |
| Wholesale Retail | 74.2% 81.3% | 67.7% 88.9% | 64.5% 95.0% | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a | n/a n/a |
| Corporate | 1.9% | 3.3% | 4.7% | 5.1% | 3.6% | 4.5% | 5.5% | 6.3% | 6.0% | 7.5% | 8.8% | 7.6% | 7.1% | 7.5% | 7.8% | 8.4% | 8.8% | 8.5% | 8.5% | 8.6% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| Total Operating Ratio (Net) | 78.8% | 78.6% | 78.1% | 75.8% | 74.4% | 76.7% | 79.3% | 110.6% | 95.2% | 91.5% | 100.0% | 95.7% | 96.0% | 91.9% | 95.9% | 95.6% | 93.3% | 93.5% | 91.6% | 93.5% | 93.9% | 90.1% | 89.8% | 88.0% | 90.4% | 88.6% |
| Total Operating Ratio (Gross) | 95.4% | 95.2% | 95.2% | 94.4% | 94.1% | 94.9% | 95.8% | 101.9% | 99.2% | 98.5% | 100.0% | 99.1% | 99.1% | 98.0% | 99.1% | 99.0% | 98.4% | 98.5% | 98.0% | 98.5% | 98.6% | 97.7% | 97.6% | 97.2% | 97.8% | 97.4% |
| EBIT % margin (net revenues) | 74.1 21.2% | 80.4 21.4% | 86.5 21.9% | 104.4 24.2% | 111.2 25.6% | 100.5 23.3% | 88.2 20.7% | (30.0) -10.6% | 12.6 4.8% | 22.2 8.5% | 0.0% | 2.5 4.3% | 2.3 4.0% | 4.9 8.1% | 9.7 4.1% | 2.4 4.4% | 3.8 6.7% | 3.7 6.5% | 4.8 8.4% | 14.7 6.5% | 3.5 6.1% | 6.0 9.9% | 6.0 10.2% | 7.2 12.0% | 22.8 9.6% | 28.3 11.4% |
| EBITDA | 84.2 | 88.3 | 93.7 | 111.3 | 118.2 | 106.8 | 94.4 | (23.2) | 19.1 | 29.4 | 1.8 | 4.4 | 4.4 | 7.0 | 17.6 | 4.476 | 5.9 | 5.6 | 6.6 | 22.6 | 5.4 | 8.0 | 7.9 | 9.1 | 30.4 | 36.0 |
| % margin (net revenues) | 24.1% | 23.6% | 23.7% | 25.8% | 27.2% | 24.7% | 22.1% | -8.2% | 7.3% | 11.3% | 3.2% | 7.6% | 7.6% | 11.5% | 7.5% | 8.2% | 10.4% | 9.8% | 11.6% | 10.0% | 9.3% | 13.0% | 13.3% | 15.1% | 12.7% | 14.5% |
| Interest (expense), net | (31.7) | (18.0) | (9.6) | (8.2) | (6.6) | (5.4) | (2.4) | (4.5) | (5.0) | (2.3) | (0.5) | (0.3) | (0.3) | (0.3) | (1.4) | (0.3) | (0.2) | 0.1 | 0.1 | (0.4) | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.6 |
| Other income (expense), net | (0.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit before tax | 41.6 | 62.4 | 76.9 | 96.2 | 104.6 | 95.1 | 85.8 | (34.5) | 7.6 | 19.9 | (0.5) | 2.2 | 2.0 | 4.6 | 8.3 | 2.1 | 3.6 | 3.8 | 4.9 | 14.4 | 3.6 | 6.1 | 6.2 | 7.3 | 23.2 | 28.9 |
| % margin (net revenues) | 11.9% | 16.6% | 19.5% | 22.3% | 24.1% | 22.0% | 20.1% | -12.2% | 2.9% | 7.7% | -0.9% | 3.8% | 3.4% | 7.6% | 3.5% | 3.8% | 6.3% | 6.7% | 8.6% | 6.4% | 6.3% | 10.0% | 10.3% | 12.2% | 9.7% | 11.6% |
| Tax rate | 40.4% | 37.0% | 38.6% | 40.1% | 38.9% | 38.9% | 39.0% | 44.2% | 38.2% | 37.7% | 32.1% | 40.1% | 45.4% | 41.3% | 42.5% | 38.1% | 35.9% | 38.0% | 38.0% | 37.5% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% | 39.0% |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (loss) from cont. ops. | 24.8 | 39.3 | 47.2 | 57.7 | 63.9 | 58.1 | 52.3 | (19.2) | 4.7 | 12.4 | (0.4) | 1.3 | 1.1 | 2.7 | 4.7 | 1.3 | 2.3 | 2.4 | 3.0 | 9.0 | 2.2 | 3.7 | 3.8 | 4.5 | 14.2 | 17.6 |
| Extraordinary item (net of tax) 2-13 Net income | 0.0 24.8 | (8.0) | 0.0 47.2 | (6.8) 50.9 | 4.3 68.2 | (3.8) | (68.9) (16.6) | (154.9) | (3.8) | 1.5 13.9 | (0.4) | 0.0 | 0.0 | (0.5) | (0.5) | 0.0 1.3 | (0.4) | 0.0 2.4 | 0.0 3.0 | (0.4) 8.6 | 0.0 2.2 | 0.0 3.7 | 0.0 3.8 | 0.0 4.5 | 0.0 14.2 | 0.0 17.6 |
| % margin (net revenues) | 7.1% | 8.3% | 11.9% | 11.8% | 15.7% | 12.6% | -3.9% | -61.5% | 0.3% | 5.4% | -0.6% | 2.3% | 1.9% | 3.7% | 1.8% | 2.4% | 3.3% | 4.1% | 5.3% | 3.8% | 3.8% | 6.1% | 6.3% | 7.5% | 5.9% | 7.1% |
| Average shares outstanding - diluted | 33.4 | 38.0 | 38.1 | 38.0 | 38.0 | 35.9 | 34.7 | 34.8 | 34.9 | 35.1 | 35.0 | 35.4 | 35.4 | 35.4 | 35.3 | 35.5 | 35.6 | 35.6 | 35.6 | 35.5 | 35.6 | 35.6 | 35.6 | 35.6 | 35.6 | 35.6 |
| EPS - diluted | \$0.74 | \$0.82 | \$1.24 | \$1.34 | \$1.79 | \$1.51 | (\$0.48) | (\$5.01) | \$0.03 | \$0.40 | (\$0.01) | \$0.04 | \$0.03 | \$0.06 | \$0.12 | \$0.04 | \$0.05 | \$0.07 | \$0.09 | \$0.24 | \$0.06 | \$0.11 | \$0.11 | \$0.13 | \$0.40 | \$0.50 |
| % change y/y | 196.0% | 10.8% | 51.2% | 8.1% | 33.6% | -15.6% | NM | NM | NM | NM | NM | -66.7% | -84.2% | 100.0% | -70.0% | NM | 25.0% | 133.3% | 50.0% | 100.0% | 50.0% | 120.0% | 57.1% | 44.4% | 66.7% | 25.0% |
| EPS - diluted (cont. ops.) | \$0.74 | \$1.03 | \$1.24 | \$1.52 | \$1.68 | \$1.62 | \$1.51 | (\$0.55) | \$0.13 | \$0.35 | (\$0.01) | \$0.04 | \$0.03 | \$0.08 | \$0.13 | \$0.04 | \$0.06 | \$0.07 | \$0.09 | \$0.25 | \$0.06 | \$0.11 | \$0.11 | \$0.13 | \$0.40 | \$0.50 |
| % change y/y | 85.0% | 39.2% | 20.4% | 22.6% | 10.5% | -3.6% | -6.8% | NM | NM | NM | NM | -66.7% | -72.7% | 14.3% | -62.9% | NM | 50.0% | 133.3% | 12.5% | 92.3% | 50.0% | 83.3% | 57.1% | 44.4% | 60.0% | 25.0% |

- (1) Revenue segments reclassified in 4Q06 to Intermodal and Logistics from Wholesale and Retail
- (2) 2Q03 and full-year 2003 exclude \$2.3 million in pre-tax costs related to the company's debt refinancing and secondary stock offering.
- (3) 3Q03 and full-year 2003 exclude \$11.0 million in pre-tax costs related to the company's debt refinancing and secondary stock offering. (4) 2Q05 and full-year 2005 exclude the \$11.3 million pre-tax write-off of previously capitalized software development costs. (5) 3Q06 adjusted for \$7.4 million pre-tax credit to Stackrain.

- (6) 1Q07 adjusted for \$1.8 million pre-tax charges for severance/restructuring

- (9) 4207 adjusted for \$3.7 million pre-tax charges for severance restrictions (R) 2007 adjusted \$1.5 million after-tax charge for restricturing (8) 2007 adjusted \$1.5 million after-tax charge for restricturing (9) 4207 adjusted \$1.0 million after-tax charge for restricturing (10) 4208 adjusted \$73.3 million after-tax charge for the writedown of goodwill
- (11) 1Q09 adjusted \$163.7 million after-tax charge for the writedown of goodwill
- $(12)\ 4Q09\ adjusted\ for\ a\ \$17.5\ million\ gain\ and\ severance\ and\ lease\ termination\ costs\ of\ \$3.0\ million$
- (13) 4Q10 adjusted \$4.7 million (\$2.9 million after-tax) for severance/restructuring (14) 3Q11 adjusted for \$0.08 positive impact related to gain on sale of equipment
- (15) 2012 Intermodal segment revenue and purchased transportation costs reclassified retroactively for transition of Union Pacific contract

Source: Company data and Stifel estimates

STIFEL

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| | | | | | | Pace | r Inte | rnati | onal I | Balanc | e She | et | | | | | | | | | | | |
|---------------------------------------------------------------------------|----------------|----------------|--------|--------|--------|--------|--------|---------|---------|----------------|---------|--------|---------|---------|---------|---------|--------------|--------------|--------|--------------|--------------|----------|-------|
| (figures in \$ millions, except per share amounts) | | | | | | | | | | | | 20 | 12 | | | 20 | 13 | | | 20 | 14 | \equiv | 1 |
| Fiscal Year End December 31 | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 1QA | 2QA | 3QA | 4QA | 1QA | 2QA | 3QE | 4QE | 1QE | 2QE | 3QE | 4QE | 2015E |
| Assets | | | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | | | | | | | | | | | | ļ | |
| Cash and cash equivalents | 0.0 | 0.8 | 0.0 | 9.1 | 0.0 | 6.7 | 5.0 | 2.8 | 4.2 | 24.0 | 19.1 | 9.0 | 12.3 | 20.2 | 27.7 | 26.8 | 19.9 | 23.8 | 23.0 | 25.5 | 31.3 | 25.7 | 49.7 |
| Accounts receivable, net | 215.6 | 203.0 | 232.1 | 219.3 | 210.4 | 205.3 | 183.6 | 152.3 | 152.5 | 133.5 | 143.9 | 147.0 | 141.0 | 132.7 | 100.2 | 109.9 | 115.6 | 114.4 | 116.4 | 118.8 | 120.5 | 132.3 | 128. |
| Accounts receivable from APL Limited | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Prepaid expenses and other | 5.3 | 11.7 | 10.2 | 10.8 | 15.5 | 15.1 | 28.0 | 27.4 | 15.4 | 12.3 | 12.7 | 19.3 | 13.5 | 9.4 | 14.1 | 11.1 | 7.7 | 6.7 | 6.8 | 6.9 | 6.0 | 6.1 | 6. |
| Deferred income taxes | 0.0 | 4.5 | 4.1 | 4.0 | 2.4 | 4.3 | 3.1 | 1.0 | 6.3 | 4.0 | 4.3 | 3.3 | 2.6 | 2.4 | 2.6 | 2.6 | 1.9 | 1.9 | 1.9 | 2.0 | 2.0 | 2.0 | 2. |
| | 220.9 | | 246.4 | | 228.3 | 231.4 | | 183.5 | 178.4 | | | | | | | | 145.2 | | | | | | 187.1 |
| Total Current Assets | 220.9 | 220.0 | 246.4 | 243.2 | 228.3 | 231.4 | 219.7 | 183.5 | 1/8.4 | 173.8 | 180.0 | 178.6 | 169.4 | 164.7 | 144.6 | 150.4 | 145.2 | 146.8 | 148.1 | 153.2 | 159.8 | 166.2 | 187.1 |
| Property and Equipment at cost | 94.1 | 97.1 | 101.2 | 94.8 | 97.6 | 110.6 | 127.2 | 107.7 | 97.4 | 99.8 | 102.4 | 105.8 | 107.0 | 108.8 | 103.4 | 105.3 | 109.3 | 112.8 | 114.8 | 116.8 | 118.8 | 120.8 | 130.3 |
| Accumulated depreciation | (37.0) | (45.1) | (52.1) | (58.7) | (64.8) | (69.2) | (65.6) | (64.5) | (53.7) | (56.1) | (57.5) | (59.0) | (60.2) | (62.0) | (56.0) | (57.9) | (59.8) | (61.6) | (63.4) | (65.4) | (67.3) | (69.1) | (76.8 |
| Property and Equipment, net | 57.1 | 52.0 | 49.1 | 36.1 | 32.8 | 41.4 | 61.6 | 43.2 | 43.7 | 43.7 | 44.9 | 46.8 | 46.8 | 46.8 | 47.4 | 47.4 | 49.5 | 51.2 | 51.4 | 51.4 | 51.5 | 51.7 | 53.5 |
| | | | | | | | | | | | | | | | | | | | | | | J | |
| Other Assets Goodwill | 288.3 | 288.3 | 200.2 | 200.2 | 200.2 | 288.3 | 200.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0. |
| | | | 288.3 | 288.3 | 288.3 | | | 0.0 | 0.0 | | | | 0.0 | 0.0 | | | 0.0 | | 0.0 | | 0.0 | 0.0 | 0. |
| Deferred income taxes | 44.7 | 23.3 | 11.5 | 9.1 | 1.5 | 0.0 | 0.0 | 34.9 | 24.3 | 14.1 | 14.1 | 14.4 | 14.5 | 12.6 | 11.4 | 10.3 | 7.7 | 7.6 | 7.8 | 7.9 | 7.0 | 7.1 | 7. |
| Other assets | 7.4 | 10.9 | 10.2 | 13.5 | 14.4 | 13.0 | 12.9 | 14.3 | 15.5 | 11.7 | 11.6 | 11.3 | 11.0 | 9.9 | 9.6 | 9.8 | 6.7 | 5.7 | 7.8 | 7.9 | 7.0 | 6.1 | 6.4 |
| Total Assets | 618.4 | 594.5 | 605.5 | 590.2 | 565.3 | 574.1 | 494.6 | 275.9 | 261.9 | 243.3 | 250.6 | 251.1 | 241.7 | 234.0 | 213.0 | 217.9 | 209.2 | 211.4 | 215.0 | 220.5 | 225.4 | 231.1 | 254.6 |
| | | | | | | | | | | | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | | | | | | | | | | | | | | | | | | | | | | , | |
| Current maturities of long-term debt and capital leases | 6.2 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.3 | 23.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Book overdraft | 0.0 | 0.0 | 18.6 | 0.0 | 3.1 | 12.8 | 14.7 | 4.5 | 2.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred Income Taxes | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | 166.0 | 188.2 | 160.9 | 184.1 | 158.3 | 144.7 | 144.8 | | 133.4 | 132.8 | 122.4 | 112.5 | 90.6 | 92.8 | | | 82.5 | | | 86.5 | 92.3 |
| Accounts payable and other accrued liabilities Total Current Liabilities | 176.2 184.4 | 161.3 161.3 | 184.7 | 188.2 | 164.0 | 196.9 | 173.3 | 172.5 | 147.5 | 127.1 127.1 | 133.4 | 132.8 | 122.4 | 112.5 | 90.6 | 92.8 | 81.9 81.9 | 81.1 81.1 | 82.5 | 84.2 84.2 | 85.3 85.3 | 86.5 | 92.3 |
| | 10 | 101.5 | 101.7 | 100.2 | 101.0 | 170.7 | 173.5 | 172.5 | 117.5 | 127.11 | 155.1 | 152.0 | 122 | 112.0 | 70.0 | 72.0 | 01.5 | 01.1 | 02.5 | 01.2 | 05.5 | 00.5 | 72.5 |
| Long-term liabilities | | | | | | | | | | | | | | | | | | | | | | | |
| Long-term debt & capital leases | 250.4 | 214.1 | 154.0 | 90.0 | 59.0 | 64.0 | 44.3 | 0.0 | 13.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 2.9 | 3.0 | 2.3 | 5.3 | 5.2 | 10.5 | 6.3 | 5.9 | 2.5 | 0.9 | 1.9 | 1.7 | 1.3 | 1.3 | 1.1 | 1.1 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.1 |
| Total Liabilities | 437.7 | 378.4 | 341.0 | 283.5 | 228.2 | 271.4 | 223.9 | 178.4 | 163.4 | 128.0 | 135.3 | 134.5 | 123.7 | 113.8 | 91.7 | 93.9 | 82.9 | 82.0 | 83.4 | 85.2 | 86.3 | 87.6 | 93.4 |
| | | | | | | | | | | | | | | | | | | | | | | | |
| Minority Interest ¹ | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Stockholders' Equity | | | | | | | | | | | | | | | | | | | | | | | |
| Preferred stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | , | |
| Common stock | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | | | | | | J | |
| Additional paid-in-capital | 270.0 | 274.2 | 275.4 | 277.8 | 289.1 | 294.5 | 300.1 | 301.5 | 302.5 | 304.7 | 305.3 | 305.4 | 305.8 | 305.7 | 305.8 | 306.4 | | | | | | J | |
| Unearned compensation | (0.2) | (0.2) | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | , | |
| Treasury stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | J | |
| | | | | | | | | | | | | | | | | | | | | | | , | |
| Retained earnings (accumulated deficit) | (89.5) | (58.2) | (11.0) | 28.7 | 47.7 | 7.9 | (29.9) | (204.3) | (204.1) | (190.2) | (190.5) | | (188.1) | (185.9) | (184.6) | (182.7) | | | | | | J | |
| Accumulated other comprehensive loss | 0.0 | (0.1) | (0.2) | (0.2) | (0.1) | (0.1) | 0.1 | (0.1) | (0.3) | 0.4 | 0.1 | 0.0 | (0.1) | 0.0 | (0.3) | (0.1) | | 1001 | | | | | |
| Total Stockholders' Equity | 180.7 | 216.1 | 264.5 | 306.7 | 337.1 | 302.7 | 270.7 | 97.5 | 98.5 | 115.3 | 115.3 | 116.6 | 118.0 | 120.2 | 121.3 | 124.0 | 126.4 | 129.4 | 131.6 | 135.3 | 139.1 | 143.5 | 161.2 |
| Total Liabilities and Stockholders' Equity | 618.4 | 594.5 | 605.5 | 590.2 | 565.3 | 574.1 | 494.6 | 275.9 | 261.9 | 243.3 | 250.6 | 251.1 | 241.7 | 234.0 | 213.0 | 217.9 | 209.2 | 211.4 | 215.0 | 220.5 | 225.4 | 231.1 | 254.6 |
| (1) Exchangeable preferred stock of a subsidiary | | | | | | | | | | | | | | | | | | | | | | | |
| Book value per share | \$5.41 | \$5.69 | \$6.93 | \$8.06 | \$8.86 | \$8.42 | \$7.80 | \$2.80 | \$2.82 | \$3.29 | \$3,26 | \$3.30 | \$3.33 | \$3.41 | \$3.41 | \$3.49 | \$3.55 | \$3.64 | \$3.70 | \$3.80 | \$3.91 | \$4.04 | \$4.5 |
| Cash and short-term investments per share | \$0.00 | | | | | \$0.19 | | | | | \$0.54 | | \$0.35 | \$0.57 | \$0.78 | \$0.75 | \$0.56 | | \$0.65 | \$0.72 | \$0.88 | \$0.72 | \$1.4 |
| Net working capital | 36.5 | 58.7 | 61.7 | 55.0 | 64.3 | 34.5 | 46.4 | 11.0 | 30.9 | 46.7 | 46.6 | 45.8 | 47.0 | 52.2 | 54.0 | 57.6 | 63.3 | 65.8 | 65.7 | 69.0 | 74.5 | 79.6 | 94.8 |
| Current ratio | 1.2x | | | | 1.4x | 1.2x | | | 1.2x | 1.4x | 1.3x | | 1.4x | 1.5x | 1.6x | 1.6x | 1.8x | | 1.8x | 1.8x | 1.9x | 1.9x | 2.0 |
| Total assets | 618.4 | 594.5 | 605.5 | 590.2 | 565.3 | 574.1 | 494.6 | 275.9 | 261.9 | 243.3 | 250.6 | | 241.7 | 234.0 | 213.0 | 217.9 | 209.2 | 211.4 | 215.0 | 220.5 | 225.4 | 231.1 | 254.6 |
| Total daht | 256.6 | 214.1 | 172.7 | 390.2 | 62.1 | 76.0 | 50.2 | 215.9 | 261.9 | 243.3 | 250.6 | 251.1 | 241.7 | 234.0 | 213.0 | 217.9 | 209.2 | 211.4 | 215.0 | 220.5 | 225.4 | 231.1 | 254.6 |

Source: Company data and Stifel estimates

Total debt

Net debt (cash)

Debt/EBITDA

Stockholders' equity

Debt/total book capitalization

16.1

11.9

14.0%

0.0 0.0

0.0%

(24.0) (19.1)

0.0%

0.0%

0.0 0.0 0.0

(9.0) (12.3) (20.2)

0.0% 0.0%

0.0

0.0%

0.0

0.0%

(27.7) (26.8) (19.9) (23.8)

0.0x 0.0x 0.0x 0.0x

0.0 0.0

0.0%

0.0%

0.0

0.0%

0.0 0.0 0.0 0.0

0.0% 0.0%

(23.0) (25.5) (31.3) (25.7) (49.7)

0.0%

0.0x 0.0x 0.0x 0.0x 0.0x

131.6 135.3 139.1 143.5 161.2

0.0%

256.6 214.1 172.7 90.0 62.1

80.9

256.6 213.3 172.7

76.8

70.1

62.1

58.7% 49.8% 39.5% 22.7% 15.6% 20.2% 18.0% 22.2%

59.3 27.8

3.0x 2.4x 1.8x 0.8x 0.5x 0.7x 0.6x -1.2x 0.8x 0.0x 0.0x 0.0x 0.0x 0.0x

180.7 216.1 264.5 306.7 337.1 302.7 270.7 97.5 98.5 115.3 115.3 116.6 118.0 120.2

25.0

54.3

0.0% NM

John Larkin, CFA / jglarkin@stifel.com Mike Baudendistel, CFA / mbauden@stifel.com David Tamberrino, CFA / tamberrinod@stifel.com

| Pacer | Internationa | l Cash | Flow | Statement |
|-------|--------------|--------|------|-----------|
| | | | | |

| (figures in \$ millions, except per share amounts) | | | | | | | | | | 1 | | 201 | 1 | | Г | | 201 | , | | Ī | | 201 | | $\overline{}$ | | |
|---------------------------------------------------------------------------------------|---------|----------------|------------|-------------|-------------|---------------|--------|---------|------------|-------------|--------|--------------|--------------|--------------|------------|------------|-------------|---------------|-------|------------|--------------|--------------|------------|---------------|-----------|------|
| Fiscal Year End December 31 | 2002A | 2003A | 2004A | 2005A | 2006A | 2007A | 2008A | 2009A | 2010A | 2011A | 10A | 201 20A | 3QA | 40A | 2012A | 10A | 2013 2QA | 3QE | 4QE | 2013E | 10E | 201 20E | 3QE | 4QE | 2014E | 2015 |
| Operating Activities | 200214 | 2003/1 | 200474 | 2005A | 2000A | 2007A | 2000A | 20071 | 2010/1 | 2011/4 | IQA | 2QA | JQA | TQA | 2012/4 | IQA | 2QA | JQL | TQL | 201312 | TQL | 2QE | JQL | TQL | 20142 | 2013 |
| Net Income (loss) | 24.8 | 31.3 | 47.2 | 50.9 | 68.2 | 54.3 | (16.6) | (174.1) | 0.9 | 13.9 | (0.4) | 1.3 | 1.1 | 2.2 | 4.3 | 1.3 | 1.9 | 2.4 | 3.0 | 8.6 | 2.2 | 3.7 | 3.8 | 4.5 | 14.2 | 17. |
| Adjustments: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and amortization | 10.1 | 7.9 | 7.2 | 6.9 | 7.0 | 6.2 | 6.2 | 6.8 | 6.5 | 7.2 | 1.8 | 1.9 | 2.1 | 2.1 | 7.9 | 2.1 | 2.1 | 1.9 | 1.8 | 7.9 | 1.8 | 1.9 | 1.9 | 1.9 | 7.5 | 7. |
| Loss (gain) on sale of property and equipment | (0.7) | (0.1) | 0.0 | (0.1) | (0.2) | (0.9) | (1.5) | (1.9) | (2.5) | (4.8) | (0.2) | (0.3) | (0.2) | (0.2) | (0.8) | (0.2) | (0.3) | 0.0 | 0.0 | (0.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0. |
| Premium on extinguishment of senior subordinated notes | 0.0 | 8.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0. |
| Loss on extinguishment of debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Deferred taxes | 20.4 | 14.9 0.0 | 12.4 | 2.5 0.0 | 9.2 1.5 | 8.0 2.9 | (1.8) | (38.2) | 5.2 1.3 | 12.4 2.4 | (0.3) | 0.7 0.2 | 0.6 0.4 | 1.5 0.5 | 2.5 | 0.8 0.6 | 1.0 0.7 | 3.3 0.0 | 0.1 | 5.2 1.3 | (0.2) 0.0 | (0.2) 0.0 | 0.9 | (0.1) 0.0 | 0.4 | (0 |
| Stock-based compensation expense Excess tax benefit from exercise of stock options | 0.0 | 0.0 | 0.0 | 0.0 | (3.8) | (0.2) | (0.2) | 0.0 | 0.0 | 0.0 | 0.7 | 0.2 | 0.4 | 0.0 | 1.8 0.0 | 0.0 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Write-off of computer software | 0.0 | 0.0 | 0.0 | 11.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Merger and severance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 87.9 | 200.4 | (0.8) | (0.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| | | | | | | | | | () | (, | | | | | | | | | | | | | | | | |
| Changes in working capital items: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable, net | (4.4) | 12.6 | (29.1) | 12.8 | 8.9 | 5.1 | 21.7 | 31.2 | (0.2) | 19.0 | (10.4) | (3.1) | 6.0 | 8.3 | 0.8 | 32.5 | (9.7) | (5.7) | 1.2 | 18.3 | (2.0) | (2.4) | (1.6) | (11.9) | (17.9) | 3. |
| Prepaid expenses and other | 3.1 | (5.3) | 1.5 | (0.6) | (4.7) | 0.4 | (12.9) | (0.2) | 11.1 | 3.1 | (0.4) | (6.6) | 5.8 | 4.1 | 2.9 | (0.2) | (1.5) | 3.4 | 1.0 | 2.7 | (0.1) | (0.1) | 0.9 | (0.1) | 0.6 | (0. |
| Accounts payable and other accrued liabilities Other, net | (21.3) | (9.7) (0.2) | 4.7 0.5 | 16.5 0.7 | (23.5) | 32.7 (2.3) | (24.5) | (20.9) | (1.2) | (20.7) | (0.4) | (1.5) 0.1 | (9.5) 0.1 | (9.8) 1.3 | (14.4) | (26.2) | 6.5 0.1 | (10.9) 2.9 | (0.8) | (31.4) | (2.0) | (0.1) | 1.2 0.9 | 1.2 0.9 | 5.5 (0.3) | 5 (0 |
| Total change in net working capital | (25.5) | (2.6) | (22.4) | 29.4 | (18.4) | 35.9 | (16.3) | 17.4 | 5.5 | 3.0 | (4.8) | (11.1) | 2.4 | 3.9 | (9.6) | 6.0 | (4.6) | (10.3) | 2.4 | (6.5) | (2.7) | (1.0) | 1.3 | (9.8) | (12.2) | 8. |
| | | 1 | , , | | (/ | | , , | | | | (, | | | | (, | | , | ,, | | (, | ,, | , | | (, | ` ' | |
| Net Cash Provided by Operations | 29.1 | 60.2 | 44.4 | 100.9 | 63.5 | 108.0 | 59.6 | 12.5 | 16.1 | 33.4 | (3.1) | (7.3) | 6.4 | 10.0 | 6.1 | 10.6 | 0.8 | (2.8) | 7.4 | 15.9 | 1.2 | 4.5 | 7.8 | (3.6) | 9.9 | 33. |
| as % of revenue | 8.3% | 16.1% | 11.2% | 23.4% | 14.6% | 25.0% | 14.0% | 4.4% | 6.1% | 12.9% | -5.4% | -12.6% | 11.1% | 16.4% | 2.6% | 19.3% | 1.4% | -5.0% | 12.9% | 7.0% | 2.1% | 7.3% | 13.2% | -6.0% | 4.1% | 13.5 |
| nvesting Activities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital expenditures | (8.7) | (3.4) | (4.6) | (5.3) | (3.7) | (14.0) | (24.8) | (9.2) | (8.2) | (30.1) | (3.4) | (31.4) | (2.9) | (2.1) | (39.8) | (2.8) | (1.7) | (4.0) | (3.5) | (12.0) | (2.0) | (2.0) | (2.0) | (2.0) | (8.0) | (9 |
| Proceeds from sales of property and equipment | 0.9 | 0.2 | 0.3 | 0.3 | 0.2 | 0.9 | 1.8 | 24.9 | 5.2 | 30.0 | 1.7 | 28.6 | 0.0 | 0.0 | 30.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0. |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash provided from (used by) investing activities | (7.8) | (3.2) | (4.3) | (5.0) | (3.5) | (13.1) | (23.0) | 15.7 | (3.0) | (0.1) | (1.7) | (2.8) | (2.9) | (2.1) | (9.5) | (2.8) | (1.7) | (4.0) | (3.5) | (12.0) | (2.0) | (2.0) | (2.0) | (2.0) | (8.0) | (9. |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash available for (required by) financing activities | 21.3 | 57.0 | 40.1 | 95.9 | 60.0 | 94.9 | 36.6 | 28.2 | 13.1 | 33.3 | (4.8) | (10.1) | 3.5 | 7.9 | (3.4) | 7.8 | (0.9) | (6.8) | 3.9 | 3.9 | (0.8) | 2.5 | 5.8 | (5.6) | 1.9 | 24. |
| Cash flows from financing activities | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Book overdraft | (5.6) | (5.1) | 18.6 | (18.6) | 3.1 | 0.0 | 0.0 | (1.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Proceeds of long-term debt, net of costs | 0.0 | 241.8 | 0.0 | 0.0 | 0.0 | 63.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.2) | 0.0 | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | O |
| Proceeds from stock offering, net | 126.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Proceeds from stock options exercised | 0.0 | 3.1 | 0.7 | 1.8 | 4.4 | 1.8 | 3.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Proceeds from issuance of preferred stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Purchase of treasury stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Excess tax benefits from share-based compensation | 0.0 | 0.0 | 0.0 | 0.0 | 3.8 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Dividends paid to shareholders | 0.0 | 0.0 | 0.0 | (5.6) | (22.5) | (21.6) | (20.8) | (5.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Purchase and retirement of Pacer common stock | 0.0 | 0.0 | 0.0 | 0.0 | (26.8) | (72.5) | (0.3) | (0.1) | (0.2) | (0.1) | (0.1) | 0.0 | 0.0 | 0.0 | (0.1) | (0.3) | 0.0 | 0.0 | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Debt, revolving credit facility, and CLO repayment | (141.3) | (297.5) | (60.0) | (64.1) | (31.0) | (59.0) | (20.2) | (23.7) | (11.5) | (13.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Cash used by financing activities | (20.9) | (57.7) | (40.7) | (86.5) | (69.0) | (87.9) | (38.1) | (30.4) | (11.7) | (13.5) | (0.1) | (0.1) | (0.2) | 0.0 | (0.4) | (0.3) | 0.0 | 0.0 | 0.0 | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Effect of exchange rate changes on cash | (0.4) | 1.5 | (0.2) | (0.3) | (0.2) | (0.3) | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 |
| Net increase (decrease) in cash and equivalents | (0.0) | 0.8 | (0.8) | 9.1 | (9.2) | 6.7 | (1.7) | (2.2) | 1.4 | 19.8 | (4.9) | (10.2) | 3.3 | 7.9 | (3.8) | 7.5 | (0.9) | (6.8) | 3.9 | 3.6 | (0.8) | 2.5 | 5.8 | (5.6) | 1.9 | 24 |
| Net increase (decrease) in cash and equivalents Beginning Cash Balance | 0.0 | (0.0) | 0.8 | 0.0 | 9.1 | 0.0 | 6.7 | (2.2) | 2.8 | 4.2 | (4.9) | 19.1 | 3.3 8.9 | 12.3 | 24.0 | 20.2 | (0.9) | (6.8) | 19.9 | 20.2 | 23.8 | 23.0 | 25.5 | (5.6) | 23.8 | 24 |
| Segmining Cash Balance | 0.0 | (0.0) | 0.0 | 0.0 | <i>).</i> 1 | 0.0 | 0.7 | 5.0 | 2.0 | 4.2 | 24.0 | 17.1 | 0.7 | 12.3 | 24.0 | 20.2 | 27.7 | 20.0 | 17.7 | 20.2 | 23.0 | 23.0 | 25.5 | 31.3 | 23.0 | 23 |
| Ending cash balance | (0.0) | 0.8 | 0.0 | 9.1 | 0.0 | 6.7 | 5.0 | 2.8 | 4.2 | 24.0 | 19.1 | 8.9 | 12.3 | 20.2 | 20.2 | 27.7 | 26.8 | 19.9 | 23.8 | 23.8 | 23.0 | 25.5 | 31.3 | 25.7 | 25.7 | 49. |
| ree Cash Flow | 21.3 | 57.0 | 40.1 | 90.3 | 37.5 | 73.3 | 15.8 | 23.0 | 13.1 | 33.3 | (4.8) | (10.1) | 3.5 | 7.9 | (3.4) | 7.8 | (0.9) | (6.8) | 3.9 | 3.9 | (0.8) | 2.5 | 5.8 | (5.6) | 1.9 | 24 |
| FCF margin (as % of total revenues) | 1.3% | 3.4% | 2.2% | 4.9% | 2.0% | 3.7% | 0.8% | 1.5% | 0.9% | 2.3% | (4.0) | (10.1) | 3.3 | 1.9 | -0.3% | 7.0 | (0.9) | (0.0) | 3.9 | 0.4% | (0.0) | 4.3 | 3.0 | (3.0) | 0.2% | 2. |
| Per Share | \$0.64 | \$1.50 | \$1.05 | \$2.37 | \$0.99 | \$2.04 | \$0.46 | \$0.66 | \$0.38 | \$0.95 | | | | | -\$0.10 | | | | | \$0.11 | | | | | \$0.05 | \$0. |
| | | 41.50 | | | 40.00 | | 40.70 | 40.00 | 40.20 | 40.,0 | 1 | | | | +5.10 | | | | | 40.24 | 1 | | | | 40.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Share Price \$6.52 | | | | 36.4% | 15.1% | | 7.0% | 10.1% | 5.8% | 14.6% | | | | | -1.5% | | | | | 1.7% | | | | | 0.8% | 10.4 |

Source: Company data and Stifel estimates

Dividend/FCF

0.0% NM

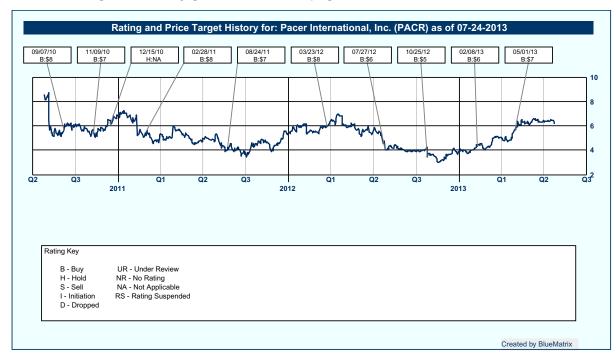
0.0% NM

 0.0%
 0.0%
 0.0%
 6.2%
 60.0%
 29.5%
 131.6%
 22.6%
 0.0%
 0.0%

 29.9%
 5.6%
 10.4%
 5.3%
 5.8%
 13.0%
 41.6%
 73.6%
 NM
 NM

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next 12 months and believe the stock could decline in value.

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