Schneider Intermodal
Dependable when and where you need it.
Agenda Items

- Schneider Intermodal Overview
- Intermodal Marketplace
- Intermodal loading and shipping
- Questions
Schneider is a transportation leader with a broad portfolio of services

- Schneider National, Inc. is a premier provider of transportation, logistics, and intermodal services
- $3.7 billion in revenue in 2008
- Operate more than 13,000 tractors, 14,600 drivers, and 46,000 trailers and containers with 21,000 associates operating in 28 countries
- Commitment to superior information and communications technology
- Over 70 years of transportation expertise

**Truckload**
- One-Way Van
- Dedicated
- Expedited
- Bulk

**Intermodal**
- Transcontinental
- Regional
- Dedicated Rail

**Logistics**
- Supply Chain Management
- International Logistics
- Transportation Management
Value of Asset Based Intermodal Solutions Fueled Schneider’s Intermodal Growth

Schneider National, Inc. Revenue
1990

Revenue: $792 M

Schneider National, Inc. Revenue
2008

Revenue: $3.7B
Schneider Intermodal improves your competitive advantage and provides full coverage solutions

Premium service intermodal provider offering truck-like door to door intermodal service

We have partnered with high service rail providers. Our relationship gives you confidence that your shipments move on the best routes

- BNSF – primary western
- CSX – primary eastern
- KCSM – Buckeye Connection Dedicated Train & Mexico
Schneider Intermodal improves your competitive advantage and provides full coverage solutions.
Intermodal Equipment Simplicity and Control
One Schneider Owned Container

We’re proud of the equipment we own because we invest in only the best
• Over 12,000 containers
• 53’ SNLU Containers offer superior cube loading capacity; up to 25 pinwheel pallets- 10 to 15% more than competitors

SNLU Dimensions and Specs

<table>
<thead>
<tr>
<th>Specification</th>
<th>Measurement</th>
</tr>
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<tbody>
<tr>
<td>Outside Length</td>
<td>53'</td>
</tr>
<tr>
<td>Inside Length</td>
<td>631&quot;</td>
</tr>
<tr>
<td>Inside Width</td>
<td>100.375&quot;</td>
</tr>
<tr>
<td>Inside Height</td>
<td>109.5&quot;</td>
</tr>
<tr>
<td>Cube Capacity</td>
<td>4,014'</td>
</tr>
<tr>
<td>Height under Castings</td>
<td>105.875&quot;</td>
</tr>
<tr>
<td>(Distance)</td>
<td>(90.375&quot;)</td>
</tr>
</tbody>
</table>

Examples of Scalable Weight by Tractor Type

<table>
<thead>
<tr>
<th>Tractor Type</th>
<th>SNLU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day cab (Avg. 15,500)</td>
<td>43,500</td>
</tr>
<tr>
<td>Regional (Avg. 17,840)</td>
<td>42,700</td>
</tr>
</tbody>
</table>
Operations Strategy – Commitment to Meeting Customer Expectations

- Commitment to Asset Based Drays - 85% drays conducted with orange power
- Driver management and load dispatch in field
- Dray operations and driver management located near selected rail ramps
- Reduce dray miles
- Increase available driving hours
- Improve service
- Improve cost position
- Improve Service and Communication
- Appointment setting and load monitoring in field; co-located with dispatch
- Timely Customer notification of exceptions
- Reduce Hand-offs
Key 2009 Initiatives

• **Service**
  - Dray and box simplification will enable repeatable, standardized processes
  - Rail “sole sourcing” allows greater collaborative effort on performance
  - “Truck-like” is the objective

• **Cost**
  - Completion of COFC conversion and dray initiatives will offset cost increases in other areas
  - OTR conversion will enable increased customer savings

• **Ease of doing business**
  - Complete Customer Service transition
  - Single box creates single procedure
Overview Intermodal Marketplace
Intermodal is a subset of the much larger North American long haul transportation market; it relies heavily on trans-oceanic trade.

- The best Intermodal economics demand long hauls and high density, which limits the number of feasible intermodal freight moves.
- While total market share is relatively low, Intermodal is the dominant means of moving the very long haul “transcon” traffic.
- The Top 10 Intermodal lanes capture 70% of the dry van traffic moving between those points. Overall, Intermodal gets about one third of the traffic on high density very long haul lanes.
- For the most part, these lanes link West Coast ports with the population centers of the East and Midwest.
Through 2006, intermodal benefited from rapid import growth. However, during the last two years that growth has disappeared.

- Traditionally, Intermodal growth closely tracks with imports; trucking is more closely linked to the slower growing GDP. That is why intermodal was growing so much faster than trucking.
- Import growth has stalled for the past two years, adversely affecting intermodal.
- There are three major reasons why:
  1. Maturity of the manufacturing move offshore.
     What can move has moved.
  2. Onset of recession.
  3. Reduction in China’s manufacturing cost advantages.
- While growth rates have slowed (and even declined in some cases), overall volume levels are still significant. Asian imports will likely not grow as fast as in the last decade, but will continue to be a key source of intermodal volume, even in a slow economy.
Domestic Intermodal providers will need to expand beyond traditional import driven traffic in order to grow faster than GDP.

The Conversion Opportunity
- 70% of the nation’s population lives east of the Rockies.
- Converting OTR freight to Intermodal in this region is the most consistent customer inquiry.
  - “Green” benefits
  - Lower FSC costs
  - Concerns about future capacity in an economic recovery

Green Initiatives
- Customers in the Retail and Consumer Products sectors want to understand (and reduce) the carbon footprint of their supply chain.
- Intermodal is perceived to be a quick win (as well as a cost reduction).
- Interest has slowed with fuel cost declines, and will likely increase as fuel costs do.
Intermodal Eastern Core Service:
Truck-like asset based intermodal service

<table>
<thead>
<tr>
<th>Lane</th>
<th>Transit Time</th>
<th>Arrival</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicago to Florida</td>
<td>3 days</td>
<td>Morning</td>
<td>7 days</td>
</tr>
<tr>
<td>Chicago to Northeast</td>
<td>2 days</td>
<td>Afternoon</td>
<td>7 days</td>
</tr>
<tr>
<td>Ohio to Florida</td>
<td>3 days</td>
<td>Morning</td>
<td>Mon–Fri</td>
</tr>
<tr>
<td>Ohio to Northeast</td>
<td>2 days</td>
<td>Afternoon</td>
<td>Mon–Fri</td>
</tr>
<tr>
<td>St. Louis to Northeast</td>
<td>2 days</td>
<td>Afternoon</td>
<td>Mon–Sat</td>
</tr>
<tr>
<td>Northeast to Chicago</td>
<td>2 days</td>
<td>Afternoon</td>
<td>7 days</td>
</tr>
<tr>
<td>Northeast to Florida</td>
<td>3 days</td>
<td>Morning</td>
<td>Mon–Sat</td>
</tr>
<tr>
<td>Northeast to St. Louis</td>
<td>2 days</td>
<td>Afternoon</td>
<td>Mon–Sat</td>
</tr>
<tr>
<td>Florida to Northeast</td>
<td>3 days</td>
<td>Morning</td>
<td>Mon–Sat</td>
</tr>
<tr>
<td>Florida to Ohio</td>
<td>3 days</td>
<td>Morning</td>
<td>Fri–Tues</td>
</tr>
<tr>
<td>Florida to Chicago</td>
<td>3 days</td>
<td>Morning</td>
<td>7 days</td>
</tr>
</tbody>
</table>
Intermodal Loading and Shipping
Typical Objections to Intermodal Service Reliability
• Service Reliability
• Transits are too long
• Negative inventory carrying costs
• Damage to shipments
• Security of shipments
In-Gate / Out-Gate
COFC Straddle Crane Equipment
Articulated Spine Cars and Well Cars

• Reduced shock during starts
• Containers tightly secured on cars
THE RAIL SHIPPING ENVIRONMENT

- Intermodal Customers must be aware of the physical forces that affect the load during transit.

- Vibration and shock are two main forces encountered in rail transportation.

- The forces occur continuously over many miles. Vibration, as result of an object oscillating and shock, as a result of an abrupt change in acceleration and direction.

- These forces can occur in three directions, vertical, longitudinal and lateral.

- Failure to control these forces can jeopardize the safe, damage free movement of the freight.

**NOTE** LONGITUDINAL AND LATERAL FORCES SHOULD BE EXPECTED FROM EITHER DIRECTION
Intermodal transportation can be a dynamic environment. The forces of shock and vibration can be managed and overcome with the correct load securement methods.

The following are examples of how you can overcome vibration and shock while ensuring your product arrives intact and claims free.
• This is a palletized load secured with void filler and 48x96 airbags. The void filler narrows the space between the pallets to less than 12”.

• The airbags are inflated to 1-2 psi which force the pallets against the side of the container effectively locking the load in place.

• The cost of dunnage materials vary, to secure this load the total cost per load would be about $35.00.
• This load did not utilize airbags or dunnage fillers, notice how the pallets have shifted to the right side of the container.

• The vibration, lateral and longitudinal forces have moved the 42,780 pound load to one side causing the container to lean dangerously.
Paper rolls that are loaded in a 2-1-2 nested pattern, these rolls are secured with 2x6x24 e-braces.

This method is AAR approved and would cost approximately $13.00 per load.
These paper rolls did not have e-bracing, they shifted in the container causing a dangerous lean.
Securing your freight for transit can be efficient and cost effective, these shippers thought they would save a few dollars on dunnage.
A properly secured load means the difference between “delivered” and “delivered in one piece.”

Our associates are DOT and railway regulatory experts, and can provide you with load requirements and cost effective loading solutions.

This way all your loads reach their destination safely, on time and claims-free.
Load Security Considerations
High Value Load Security

• Work with rail providers to ID high value loads
• Rail police will apply seals to high value loads after in gate
• Security code on load will result in load placement in bottom well car
• Significant improvement to high value load security
Security Tag Pilot

- Intrusion detection device that has door breach alert capability and an optional full container integrity alert capability
- Real time alerting to identify when a breach occurs
- GPS tracking to identify where and at what point of the supply chain a breach occurs
- Security system tamper resistance with real-time tamper alerting
- Cell and Satellite integrated communications mechanism
- Inside and Outside, permanent and non permanent installation options
- Ruggedized and capable of mounting on or in a container so that it would not be crushed when other containers or lifting equipment is operated on or next to it
Thank You!