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*
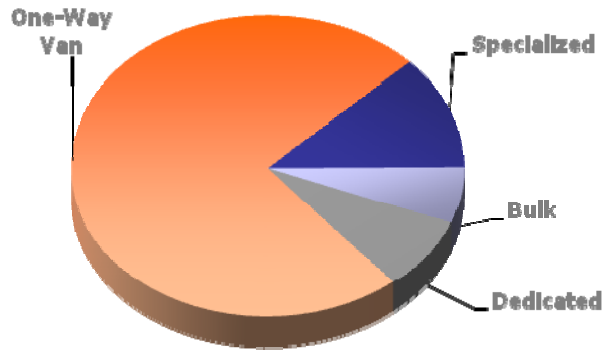- *Regional*
- *Dedicated Rail*

Logistics
- *Supply Chain Management*
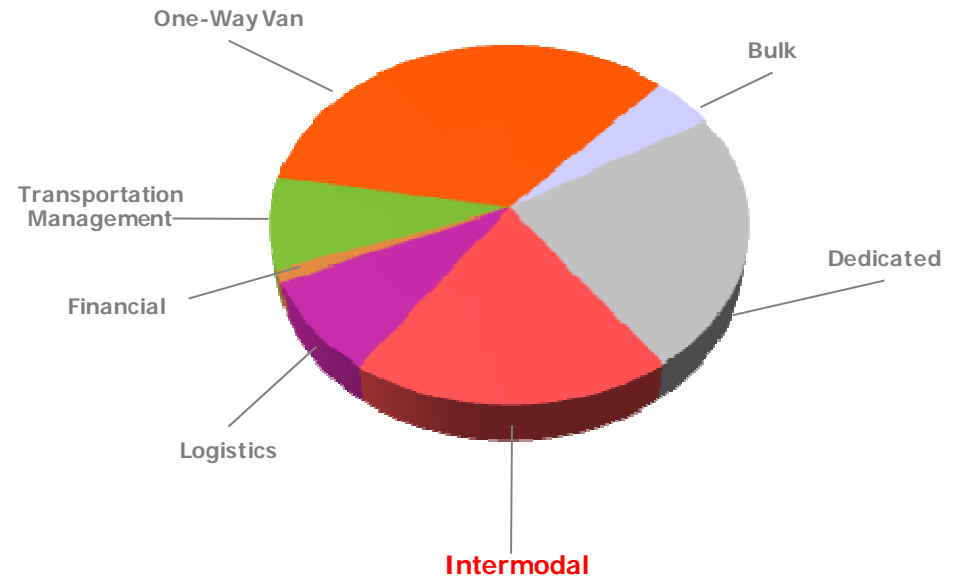- *International Logistics*
- *Transportation Management*

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Value of Asset Based Intermodal Solutions Fueled Schneider's Intermodal Growth

Schneider National, Inc. Revenue
1990

Schneider National, Inc. Revenue
2008

1990 pie chart labels: One-Way Van, Specialized, Bulk, Dedicated

2008 pie chart labels: One-Way Van, Bulk, Transportation Management, Financial, Logistics, Intermodal, Dedicated

Revenue: $792 M

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
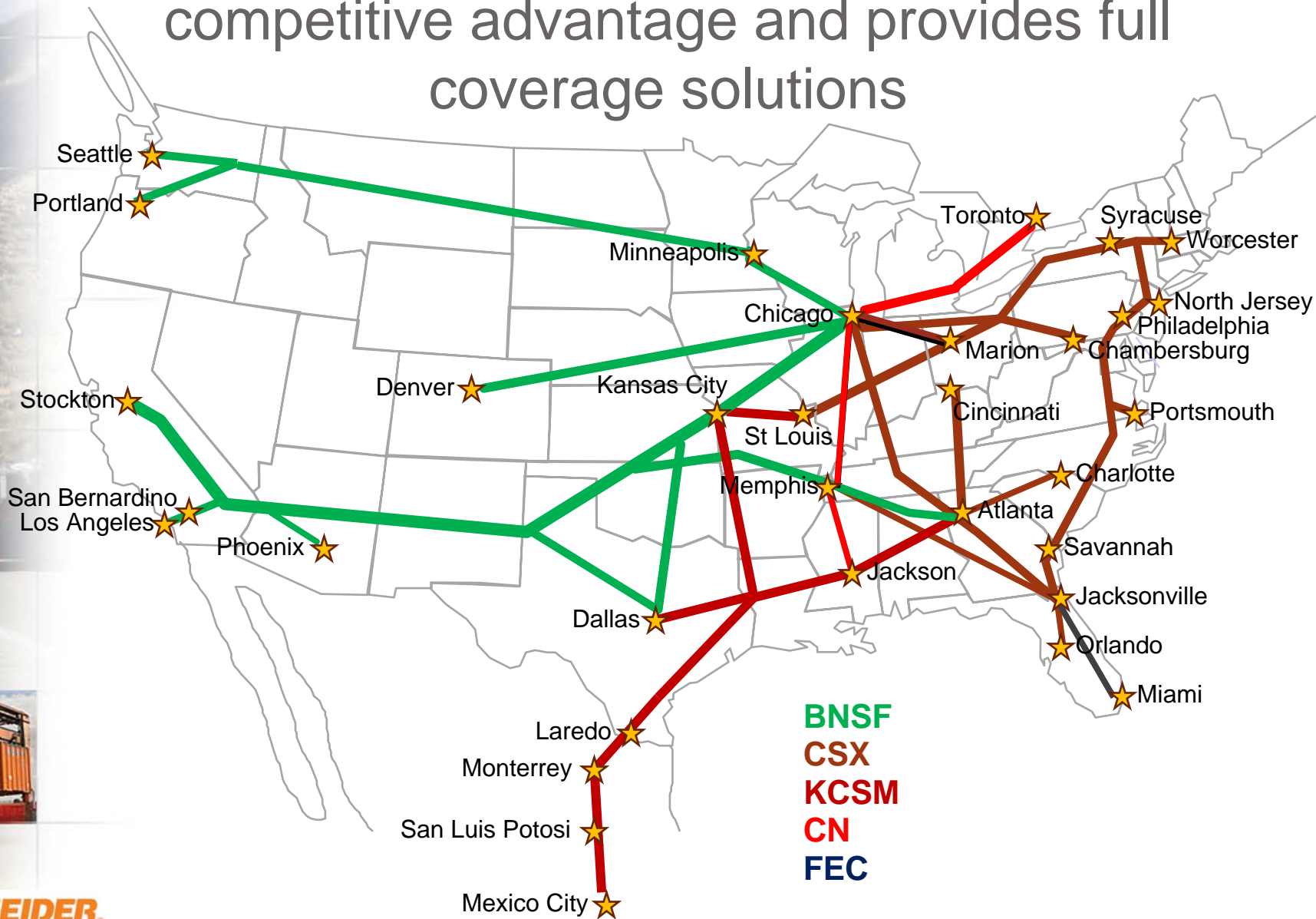
BNSF – primary western

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

Outside Length	53'
Inside Length	631"
Inside Width	100.375"
Inside Height	109.5"
Cube Capacity	4,014'
Height under Castings	105.875"
(Distance)	(90.375")

Examples of Scalable Weight by Tractor Type

Tractor Type	SNLU
Day cab (Avg. 15,500)	43,500
Regional (Avg. 17,840)	42,700

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

Intermodal Speed (4 week rolling average)

Legend:
- Intermodal Speed (MPH)
- Y/Y %
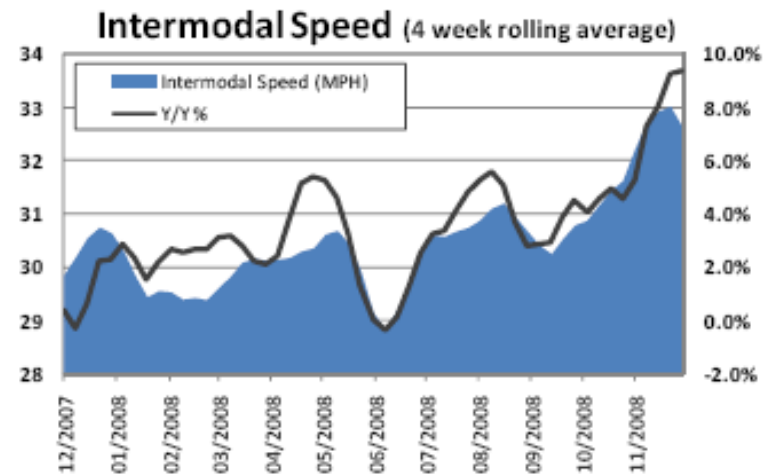
Sources: AAR, Company Reports, FTR Associates; Copyright 2009

Overview Intermodal Marketplace

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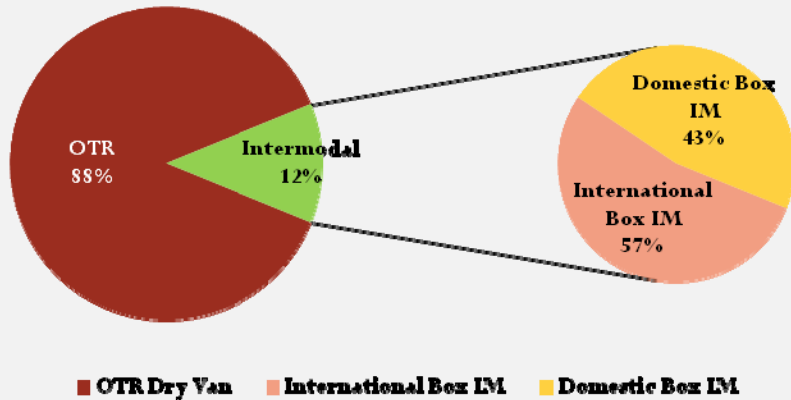
Intermodal is a subset of the much larger North American long haul transportation market; it relies heavily on trans-oceanic trade.

Dry Van Market Share by Volume
2008 Long Haul (+550 Mi.) Traffic

OTR 88%
Intermodal 12%

Domestic Box IM 43%
International Box IM 57%

Legend: OTR Dry Van | International Box IM | Domestic Box IM
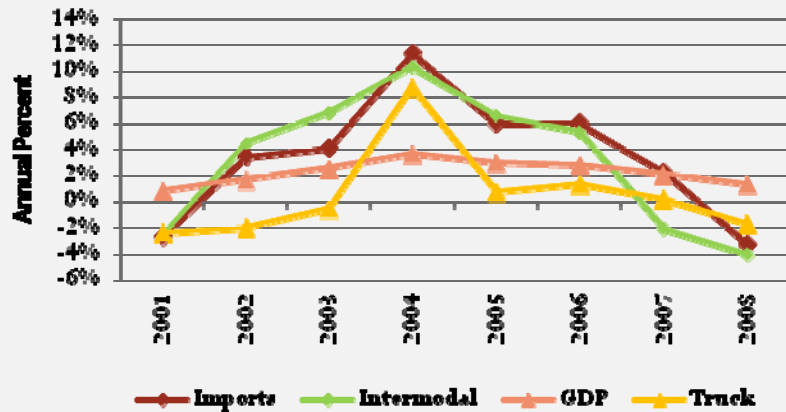
Source: FTR Associates

Source:

- 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.
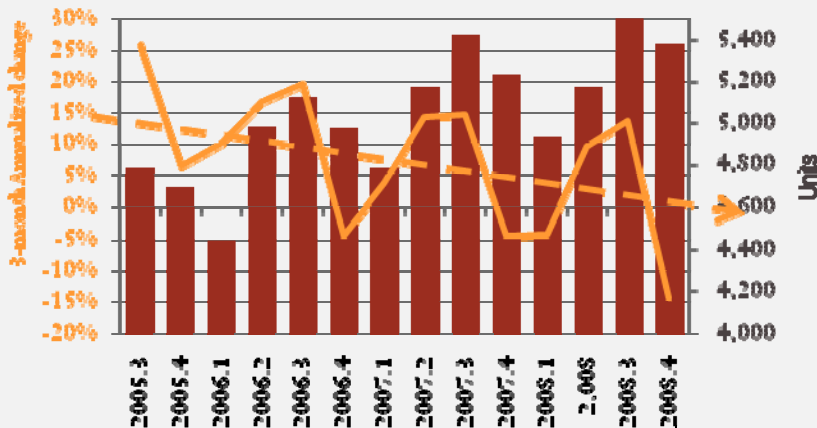
Through 2006, intermodal benefited from rapid import growth. However, during the last two years that growth has disappeared.

Annual Growth – Economic Drivers $ Freight


Source: FTR Associates

Trans Pacific Container Growth

Source: Drewry, Transport Fundamentals

- 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.
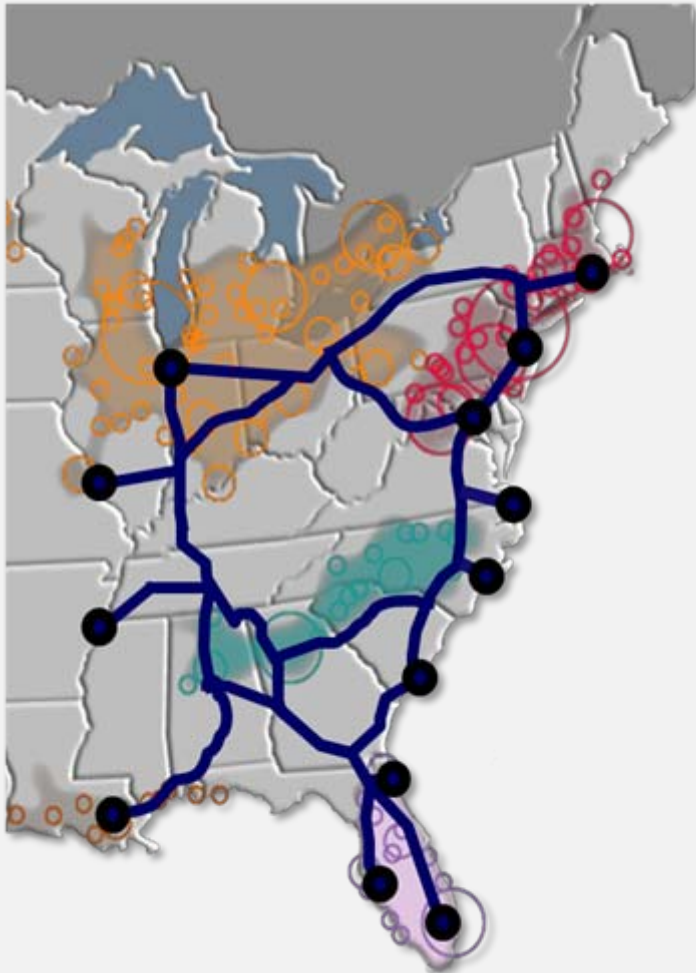
The Conversion Opportunity

- 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

Lane	Transit Time	Arrival	Frequency
Chicago to Florida	3 days	Morning	7 days
Chicago to Northeast	2 days	Afternoon	7 days
Ohio to Florida	3 days	Morning	Mon–Fri
Ohio to Northeast	2 days	Afternoon	Mon–Fri
St. Louis to Northeast	2 days	Afternoon	Mon–Sat
Northeast to Chicago	2 days	Afternoon	7 days
Northeast to Florida	3 days	Morning	Mon–Sat
Northeast to St. Louis	2 days	Afternoon	Mon–Sat
Florida to Northeast	3 days	Morning	Mon–Sat
Florida to Ohio	3 days	Morning	Fri–Tues
Florida to Chicago	3 days	Morning	7 days

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Intermodal Loading and Shipping

Typical Objections to Intermodal

- Service Reliability
- Transits are too long
- Negative inventory carrying costs
- Damage to shipments
- Security of shipments

COFC Straddle Crane Equipment

Articulated Spine Cars and Well Cars

- Reduced shock during starts
- Containers tightly secured on cars

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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.

INTERMODAL FORCES AND THE IMPACT ON YOUR LOAD

NOTE LONGITUDINAL AND LATERAL FORCES SHOULD BE EXPECTED FROM EITHER DIRECTION

LATERAL FORCES

LONGITUDINAL FORCES

VERTICAL FORCES
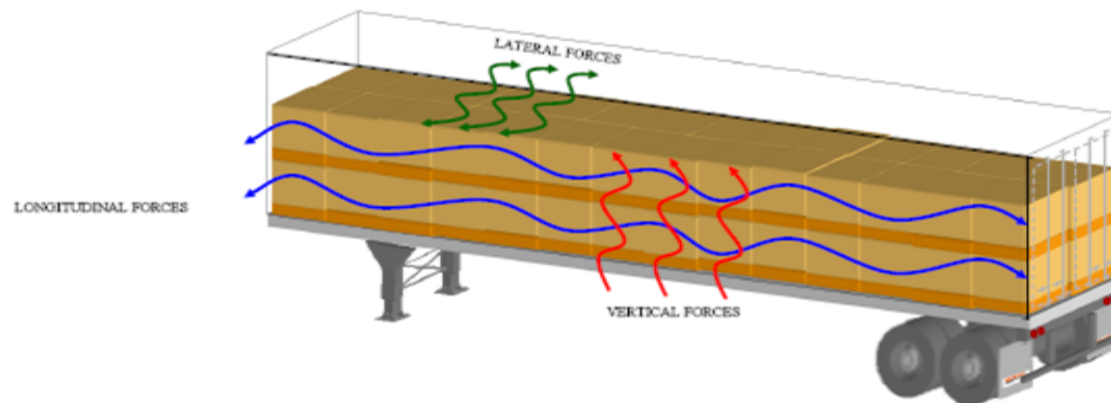
Intermodal transportation can be a dynamic environment. The forces of shock and vibration can be managed and overcome with the correct load securement methods

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 then 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.

LAMINATED 2" X 6" X 24"
E-BRACES. 2 PER REAR POINT ROLL

These paper rolls did not 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.

Always watch for falling freight!

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

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Thank You!