



# Schneider Enterprise

Safe, courteous, hustling associates creating solutions that excite our customers.

Tyler Ellison, SVP Global Group



# 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 2006
- Operate more than 11,000 tractors, 15,500 drivers, and 55,000 trailers and containers with 22,300 associates operating in 28 countries
- Commitment to superior information and communications technology

## Truckload

- One-Way Van
- Dedicated
- Expedited
- Bulk

## Intermodal

- TruckRail®
- TruckRail® Express

## Logistics

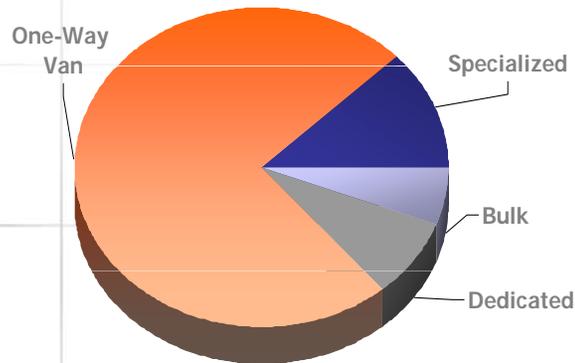
- Supply Chain Management
- International Logistics
- Transportation Management

Our broad portfolio has grown to offer clients complete transportation solutions.

Schneider National, Inc.

Revenue

1990

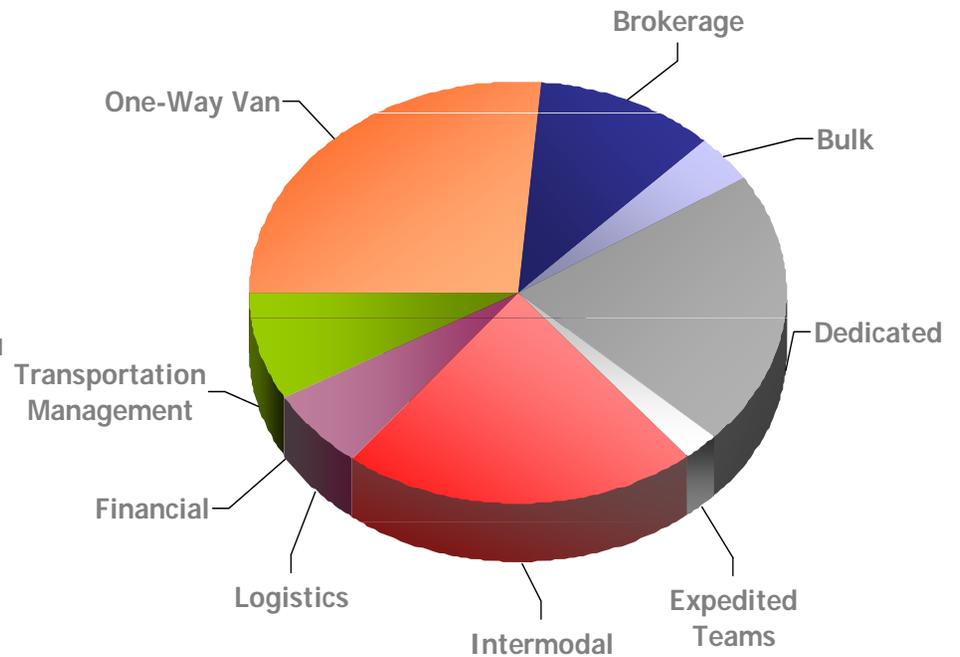


Revenue:  
\$792 M

Schneider National, Inc.

Revenue

2006



Revenue:  
\$3.7B

# Schneider delivers complete transportation and logistics solutions.

- Schneider National's broad portfolio of transportation and logistics services allow you to configure your optimal network
- With 15,500 drivers, 55,000 trailers and containers and more than 70 years of experience, Schneider handles your most challenging jobs
- 24 x 7 customer service provides complete support



# Intermodal improves your competitive advantage with reliable capacity.

- Consistent reliability through access to all four major Class I railroads
- Flexibility with Schneider trailers, containers, and rail equipment
- Confidence from our more than 70 years of transportation expertise
- Complete transportation solutions with Schneider's broad portfolio of services



## One-Way service delivers unlimited capacity from a transportation leader.

- Get the capacity you need from more than 10,000 trucks and more than 55,000 trailers and containers
- Deliver your goods anywhere in North America with our comprehensive shipping solutions
- Whatever type of service a shipment requires, we provide a broad portfolio of products to meet your needs



# Dedicated delivers the capacity and service you need for any situation.

- Schneider Dedicated fleets consistently deliver 99%+ service levels
- Guaranteed capacity delivered by Schneider trucks and drivers assigned exclusively to your business
- Improved efficiency from engineered solutions that yield better overall supply chain value for both long-haul and short-haul shippers



## Bulk is highly experienced in expert, efficient delivery of specialty chemicals.

- Capacity from more than 700 tractors, 1,300 tanker trailers, and 1,000 drivers
- Safety from highly-trained, experienced drivers who understand specialty chemical handling requirements
- Flexibility from specialty equipment with compartments, lined tanks, temperature controls, and other options



# Transportation Management delivers coverage when you need it most.

- Take advantage of comprehensive transportation solutions from Sole Source
- Handle any type of promotional or seasonal surge or crisis shipping with Special Event Management
- Easily cover your additional shipping and capacity needs with Spot Transportation



## Our transloading solutions provide faster transitions from port to destination.

- Maximize efficiency with cross-docking and flow-through distribution, export packing and crating, distribution center operation, and local dray service
- Customize to meet your customers' needs with value-added services including re-packaging, kitting, palletizing, labeling, and shrink-wrapping



# Schneider Logistics Transloading and Distribution footprint

## Where are our facilities located?

- We currently operate more than 31 facilities and over 13 million sq. ft of space in the following gateways:

Los Angeles, CA

Seattle, WA \***bonded**\*

Savannah, GA

Charleston, SC \***bonded**

Norfolk, VA

Houston, TX



**Norfolk, Virginia** | 1400 Sewells Point Road | Norfolk, VA 23502

**Additional Locations** | 2301 Aluminum Ave. Hampton, VA 23661 | Northgate Industrial Park Suffolk, VA 23439

### FACILITY TYPES

Norfolk - Public / Shared Warehousing; Export Packing

Hampton - Public / Shared Warehousing

Suffolk - Public / Shared Warehousing

### FACILITY CAPABILITIES

**Operational Processes** - All warehouse operations capabilities; all value-added services

**System Capabilities** - High Jump, WMS, YMS

**Equipment** - Norfolk 5000-52000# fork and clamp lifts; overhead hoist for export packing

Hampton / Suffolk - TBD based on customer needs

### FACILITY SPECS

**Size** - Norfolk: 165,000 sq.ft.; Hampton: 248,000 sq.ft.; Suffolk: 300,000 sq.ft. combined

**Dray Doors** - Norfolk: 15; Norfolk: Norfolk Southern & CSX Rail Siding; Hampton: 38; Suffolk: 60

**Parking Locations** - Norfolk: 45; Hampton: 160; Suffolk: 140



#### NORFOLK FACILITY

5 mi from Norfolk Int'l Airport  
8 mi from Norfolk Port  
16 mi from Newport News Port  
8 mi from Portsmouth Port

#### HAMPTON FACILITY

15 mi from Norfolk Int'l Airport  
8 mi from Norfolk Port  
2 mi from Newport News Port  
11 mi from Portsmouth Port

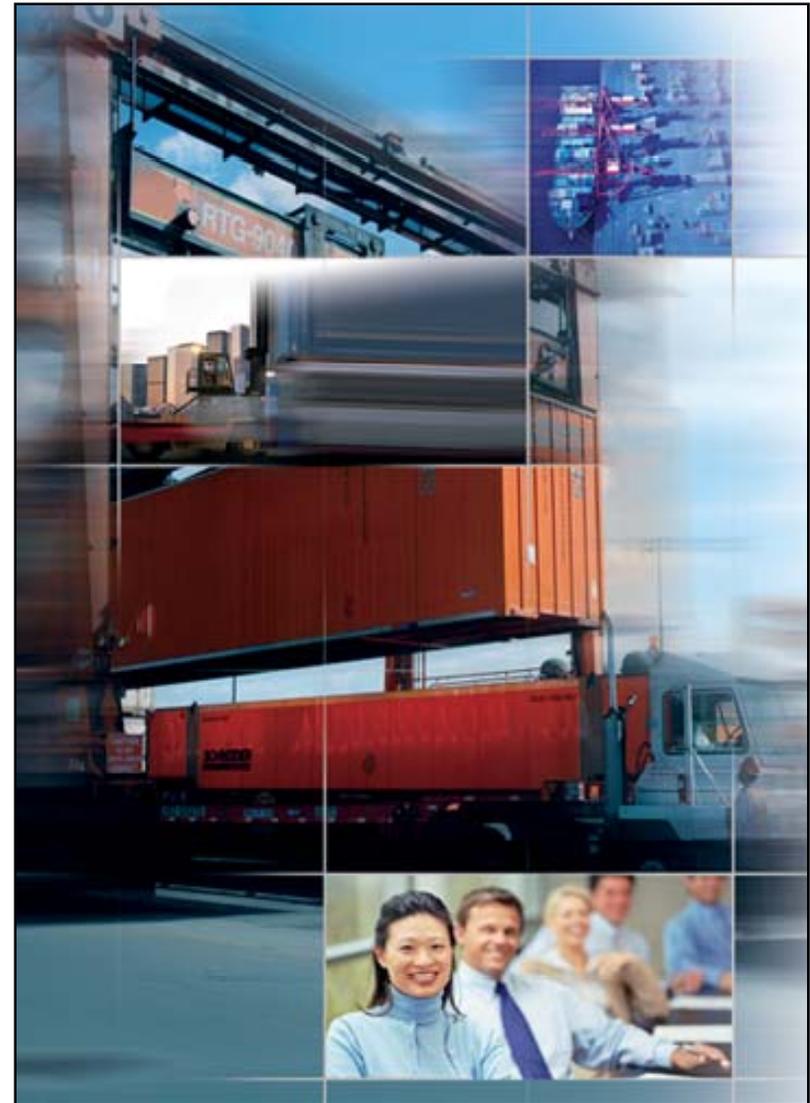
#### SUFFOLK FACILITY

15 mi from Norfolk Int'l Airport  
15 mi from Norfolk Port  
8 mi from Newport News Port  
8 mi from Portsmouth Port



# Our logistics improve your competitive advantage at each step of the supply chain.

- Streamline shipping processes through our expertise in every aspect of domestic and international shipping
- Get transportation flexibility with seamless integration to Schneider's broad portfolio of services
- Confidence from more than 70 years of transportation expertise



# Throughout North America, Europe and China, Schneider National delivers success.

- Make international shipping more efficient with integrated services from our broad portfolio and other resources
- Move products through ports quickly with our full transloading services
- Manage complex international shipping with transportation management and lead logistics in North America, Europe, and China





## Industry Update

May

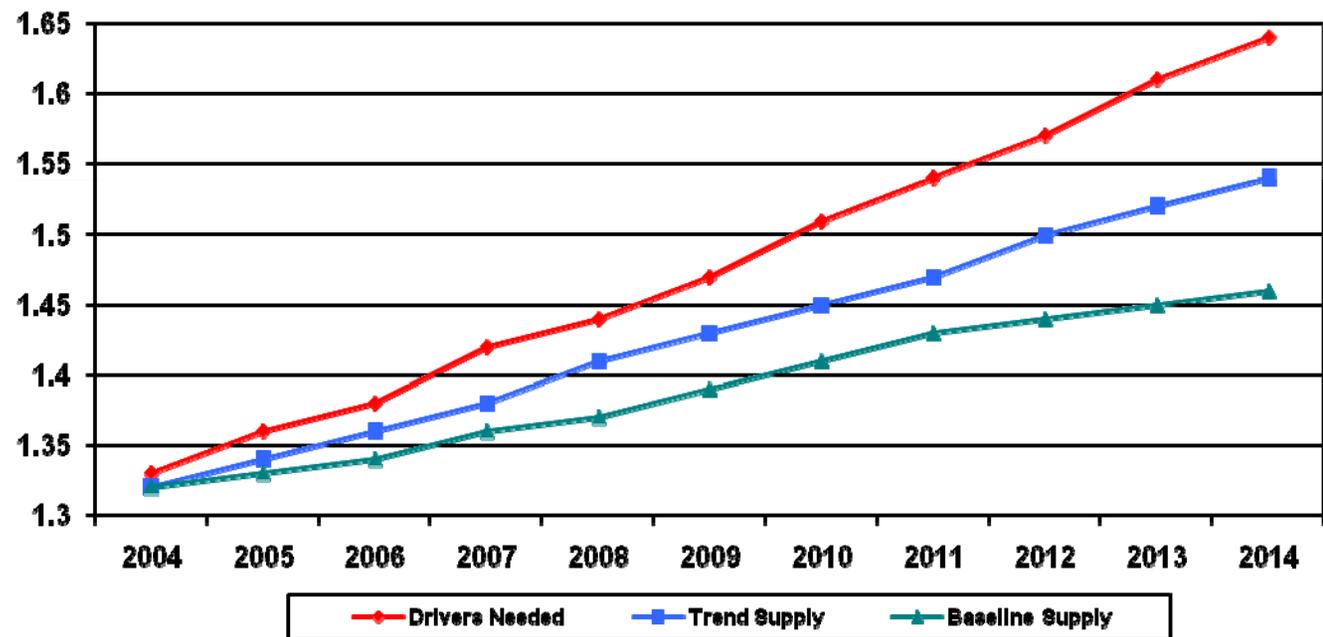


## The market presents growing demand while cost of business rises.

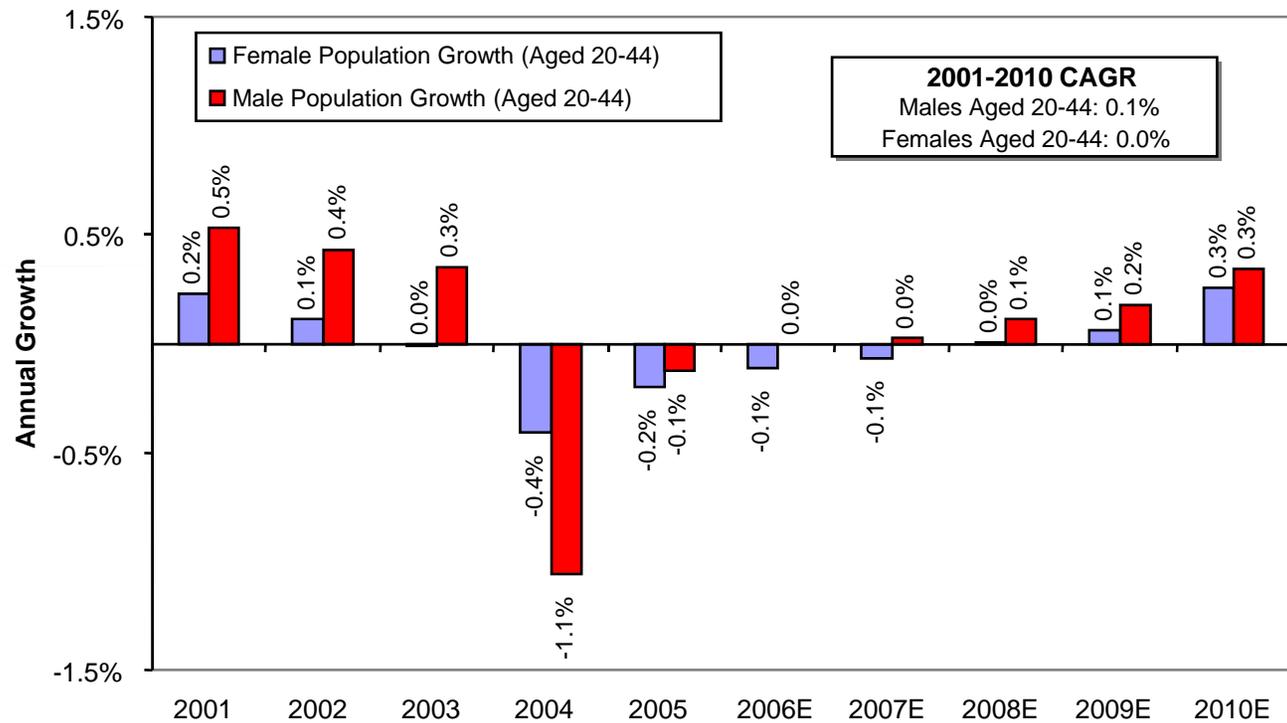
- Drivers: recruitment and retention
- Fuel
  - Rising cost
  - Requirement to use new ultra low sulfur diesel fuel
- Equipment: EPA-required new 2007 engine
- Insurance
  - Safety
  - Loss Prevention
- Productivity
  - Hours of Service regulations
  - Congestion

## Driver Shortage in the Market Place

Potential Supply-Demand Imbalance for Heavy-duty Truck Driver Jobs



# Despite recruitment efforts, demographics are unfavorable for significant driver additions.



Source: U.S. Census Bureau

## Unprecedented recruitment programs bring the best drivers to ensure capacity.

- Best-in-class training program attracts steady stream of new drivers, trained to the highest standards
- Lowest turnover rate in the country means customers can expect well-trained, experienced and professional drivers
- With high retention and excellent training, drivers are able to provide a better level of service to our customers
- Focus on mature American workers and separating military segments which provide professional, safety-minded drivers
- Driver scheduling programs add predictability and improved work/home balance



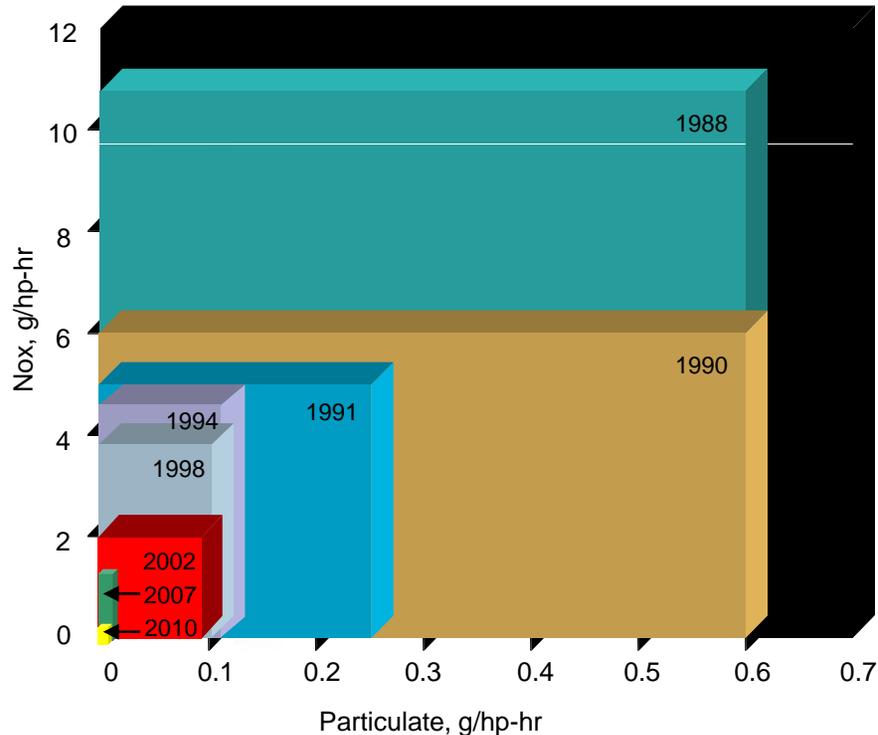


# Constant Progress in Reducing Emissions Since 1988

The 2007 regulation eliminates 90% NOx (Greenhouse Gas) and over 98% of particulates (smoke)

Emission Limits for 2007:  
 NOx : 1.1 g/bhp-h  
 Part.: 0.01 g/bhp-h

Emission Limits for 2010:  
 NOx : 0.2 g/bhp-h  
 Part.: 0.01 g/bhp-h



Since 10/2002 for Schneider Fleet of 11,000 company Tractors:

### Investment/Cost

- \$150 million additional capital to purchase emission reducing equipment.
- Over \$20 million per year additional cost for loss in fuel MPG (4% loss).
- \$30-\$40 million per year additional maintenance costs.

### Benefits

- 50% reduction in NOx.
- SNI fleet removes over 8,000 tons of NOx per year.

Prior to 2002, new engine technologies provided lower emissions and increased efficiencies. After 2002, lower emissions are achieved with increased fuel and maintenance costs and increased reliability risk.

## New Federal Emission Standards are Driving Increased Costs

Additional Engine Costs Per Unit				
	10/2002 (Rev. 4/2006)	1/2007 Updated 11/2006	Total Incremental Cost/Unit Since 10/2002	1/2010 Updated 05/2007
Price	\$4,500	\$8,500	\$13,000	\$7,000 – \$8,000
MPG (% / \$)	\$11,500 *	2% / \$6,000 *	\$17,500	\$0
Maint.	\$8,000	\$9,000	\$17,000	TBD
Sub-Operating	\$19,500	\$15,000	\$34,500	
Residual Value Red.	0	0	0	
Total \$ / CPM	\$24,000 / \$.033	\$23,500 / \$.033	\$47,500 / \$.066	
NPV (6 yrs @ 8%)	\$18,000 / \$.025	\$19,000 / \$.026	\$37,000 / \$.051	

## New Federal Emission Standards are Driving Increased Costs

Additional Fleet Wide Costs From Ultra Low Sulfur Diesel Fuel 1/1/2007			
	Metric	Annual \$/Tractor	\$ / Mile
Fuel Price	\$.05 / Gal.	\$900	\$.008
Fuel MPG	1 - 3%	\$1,000 @ 2%	\$.008
Total		\$1,620	\$.016

Total Incremental Cost Since 10/2002

Cash Basis 8.2¢ / Mile

Present Value Basis 6.7¢ / Mile

\* Based on \$2.70/gal; 120,000 miles/year, 6 year life.

1/2010 Urea Use With SCR Technology			
	Metric	Annual \$/Tractor	\$ / Mile
Urea	1.5% @ \$2.70 gal.	\$750/yr.	\$.006



## Preparation for legislated equipment changes insures continued reliable service.

- Partner suppliers and Schneider engineering continuously design and test new solutions.
- Annual field fuel testing assures the most fuel efficient equipment on the road.
- Continuous mechanic training and quality focus teams quickly solve reliability issues.

## Fuel management programs minimize impact of price increases.

- Operating Centers buy and store own fuel
- Owning one of the largest chemical and fuel tanker fleets allows more control of the full supply chain
- On-going relationships with truck stops throughout the nation allowing for supplying and best prices
- Strategic partnerships with key suppliers of diesel fuel
- Founding members of SmartWay, an EPA partnership which addresses energy security, energy savings, and environmental justice.



## Fuel-saving equipment and driver incentives lead the industry in conservation efforts.

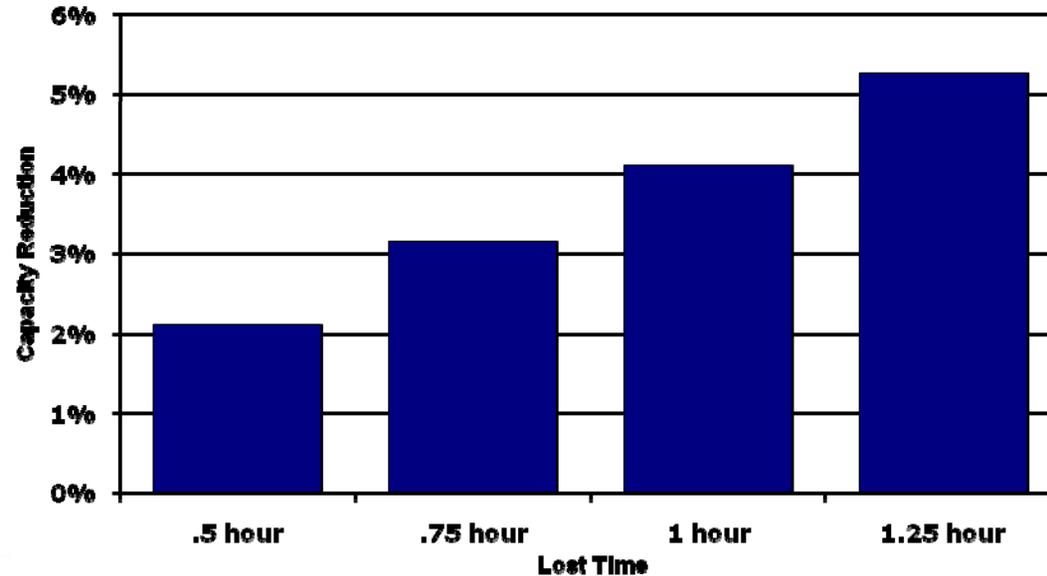
- Cab heating and cooling technology results in reduced idle time and fuel savings
- On-board computers inform drivers of best routes and where to refuel
- Trailer tracking decreases out-of-route miles
- Performance bonuses for staying within the speed requirements
- Drivers have incentives to manage fuel costs which directly impact their earning potential
- Have been recognized by EPA's SmartWay Excellence Award two years in a row for environmental performance



## New Hours of Service regulations continue to drive capacity out of the market.

- Two to five percent loss of capacity predicted as a result of new split-breaking regulations
- Change in hours has resulted in more congestion on the highways during the day

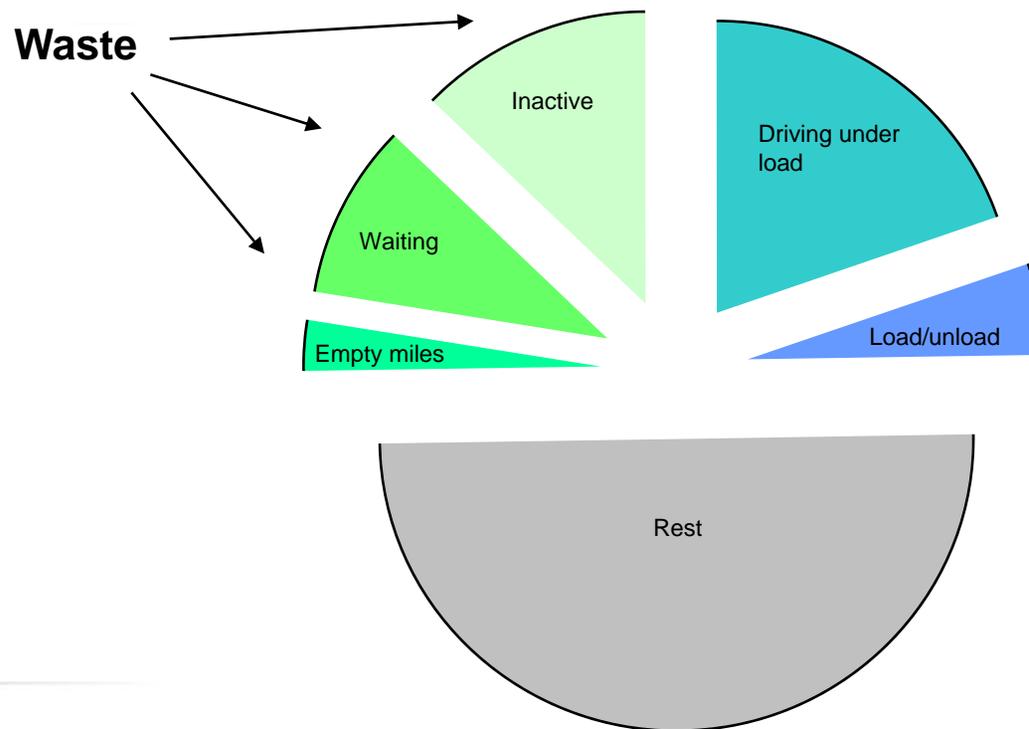
Capacity reductions from Hours of Service lost time



# Regulations, congestion, and inefficiencies waste a quarter of the driver's time.

- Productivity is key to the capacity challenges going forward.

## Long Haul Truck Driver's Week



## Impact of Hours of Service regulations reduced by joint efforts to optimize driver time.

- Work with customers to eliminate or minimize all driver delays
- Create the most efficient route schedules
- Leverage the multiple transport modes available to create solutions to shipping challenges
- Quick Bays available at driver operating centers to reduce repair downtime
- Increase drop and hook freight where appointments are not required



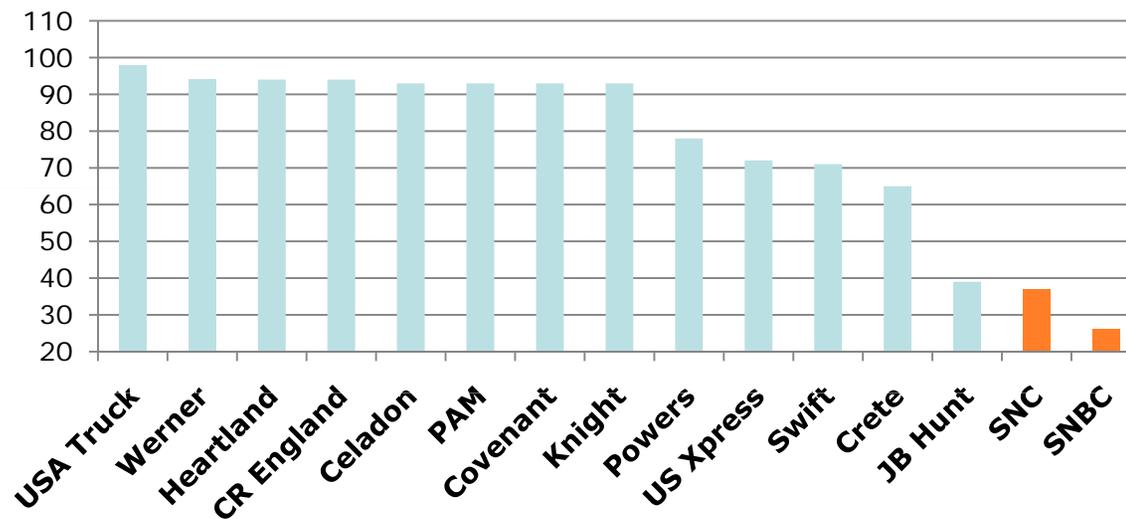
## Comprehensive accident and loss prevention programs improve safety of drivers and freight.

- Address potential problems by electronically monitoring driver habits
- Reduce task saturation in cabs with automatic transmissions, text-to-speech cab communication and dashboard message display
- Continuous training and development programs for drivers
- Drop lots monitored 24 x 7
- All trucks and trailers equipped with GPS tracking



## Schneider has the lowest preventable accident frequency among top carriers.

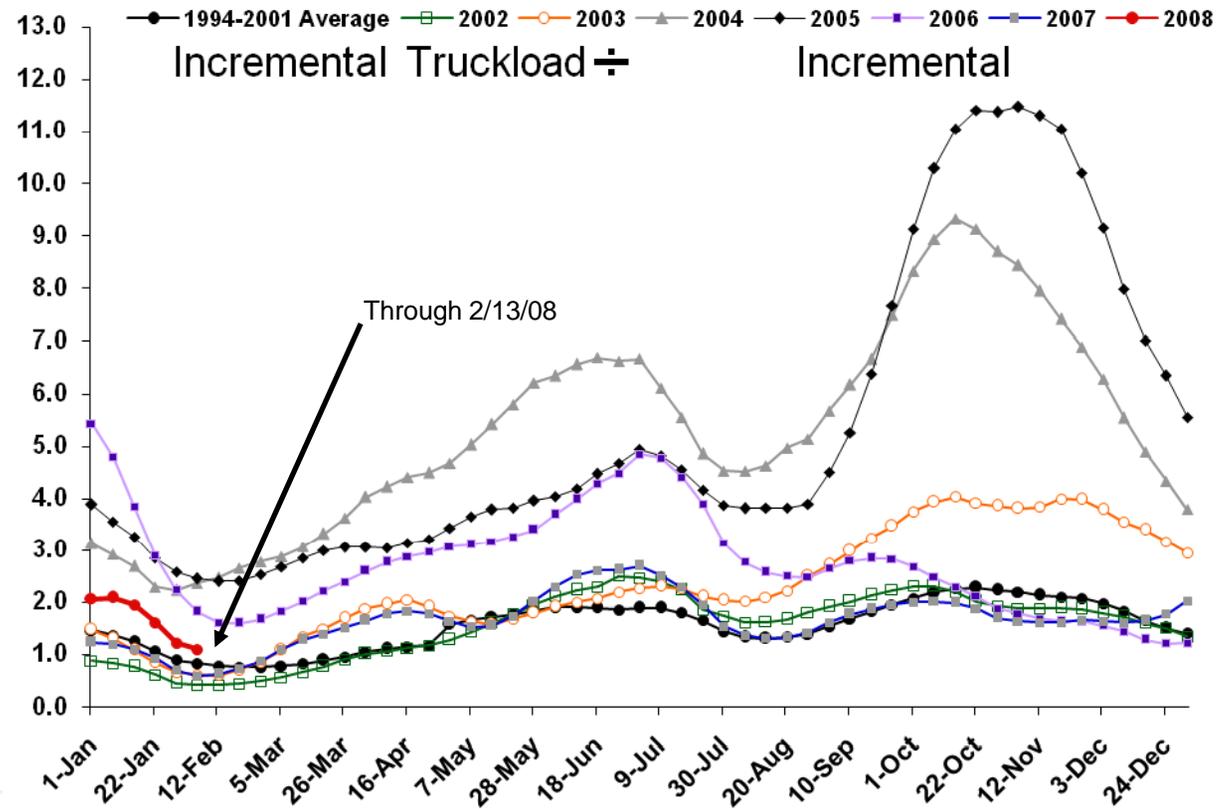
### ISS-D



- Inspection Selection Systems is a decision-aid for commercial vehicle roadside driver/vehicle safety inspections, which guides safety inspectors in selecting vehicles for inspection.
- ISS Inspection Value: The ISS Inspection Value is based on the motor carrier's safety performance data which reviews safety performance in areas of crash history, inspection history, driver history, and safety management experience

# The truckload market mirrors the uncertainty of the overall economy.

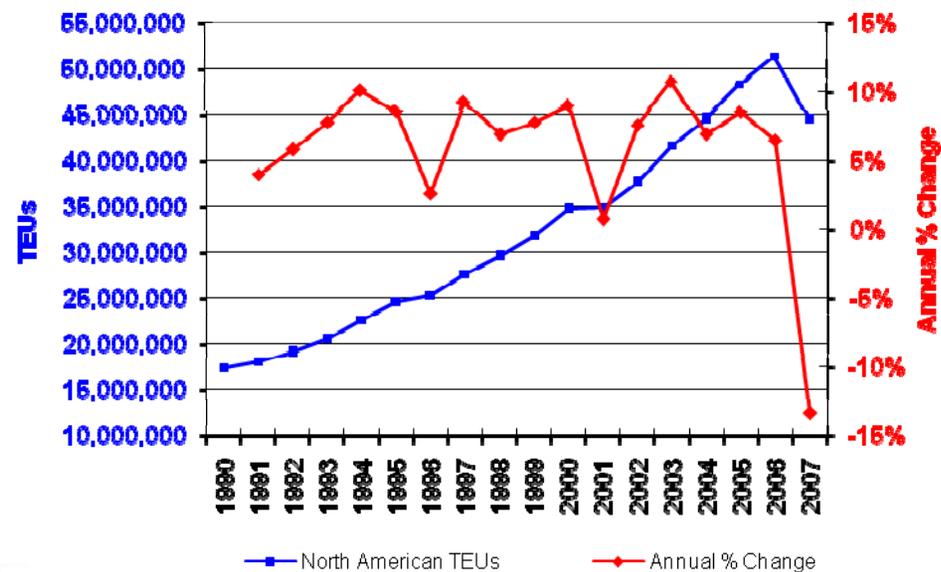
- Demand is back to normal historical levels
- Peak activity is greatly reduced



## Freight volumes and port traffic are expected to increase dramatically.

- By 2020 trucks are expected to move more than 75 percent more tons of freight
- Foreign trade moving through American ports is expected to increase by 187%
- Containerized cargo will experience an explosive 350% increase

North American TEU Volumes (1990-2007)

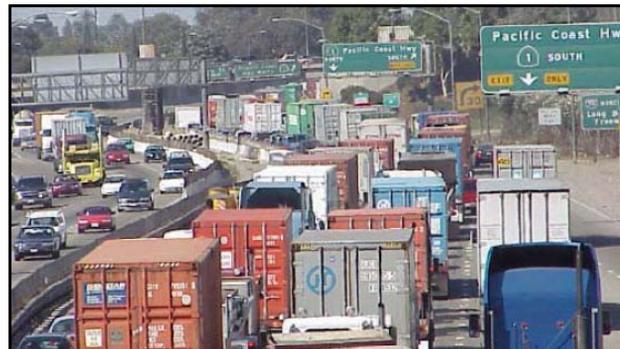


Source: American Association of Port Authorities

Notes: <sup>1</sup>Calendar Year except where noted. <sup>2</sup>Twenty-Foot Equivalent Units (loaded and empty). <sup>3</sup>Total containers regardless of length (loaded and empty). <sup>4</sup>Metric Tons except where noted. <sup>5</sup>Baltimore data for Maryland Port Administration (MPA) facilities only. Abbreviations: fy = Fiscal year, rt= revenue tons, mrt = metric revenue tons. N/A = not available. Reported data represent total loaded and empty containers handled in domestic and foreign trade. Sources: AAPA survey; Secretaría de Comunicaciones y Transporte, Coordinación General de Puertos y Marina Mercante, Anuario Estadístico de los Puertos de México 2004; various websites. (Continued)

## Schneider's portfolio provides the flexibility to move freight efficiently as port capacity tightens.

- Southeast US ports will hit capacity by 2009
- Most North American ports will reach capacity deficits by 2010
- Container port volumes will double by 2020
- Railroads increasing intact container rates and reducing inland network leading to greater use of transloading and shift to domestic equipment



## Rail Cost Increases

- “The rail industry pushed through a 0.9% price hike in September... the forecast continues to call for rail prices to be up in 2008”
  - [www.logisticsmgmt.com](http://www.logisticsmgmt.com)
- CSX Chief Executive Micheal Ward said the company plans price hikes of between 5% and 6% in 2008 and will not cut prices. He also commented, “we intend to stick to our policy of pricing discipline.”
  - [www.reuters.com](http://www.reuters.com)
- BNSF announced intermodal rate increases of 6% to 7% effective for 2008
  - [www.bnsf.com](http://www.bnsf.com)

## Intermodal Demand

- U.S. containerized imports will grow 6%
  - Paul Bingham, Global Insights, Inc.
- Tom Sanderson, CEO of Transplace, predicts that last year's massive overbuying of trucks ahead of stricter engine-emission standards will work out of the system – “shipper who think they have locked in now may find trucks not available.”
  - [www.logisticsmgmt.com](http://www.logisticsmgmt.com)
- “There is little reason to believe carriers will add any incremental capacity...therefore, a faster economic recovery could shift the TL market back into the carriers' favor.”
  - William J. Greene, stock analyst for Morgan Stanley
- “We're finding that freight capacity is not abundant.”
  - [www.logisticsmgmt.com](http://www.logisticsmgmt.com)

## Intermodal Demand

- “No one is expecting a return to the good old days when the shipper always held the upper hand”
  - [www.logisticsmgmt.com](http://www.logisticsmgmt.com)
- “When you look at future revenue growth, while we are big in coal and motor vehicles, the largest growth potential is intermodal”
  - Bob Huffman, Norfolk Southern Vice President Intermodal Operations
- 2008 Forecast is an increase in domestic IM of 2.3% – 2009 preliminary forecast of 5.0% growth
  - Freight Transport Research Associates
- Exports should continue to be healthy
  - Freight Transport Research Associates

## Intermodal Capacity

- The railroad equipment pool has shrunk from 150,000 units to 90,000 units in the free market
  - Presentation made by the Hub Group to the Northeast Shippers Association
- There are no plans to add new equipment in 2008
  - Presentation made by the Hub Group to the Northeast Shippers Association
- UPS is moving from trailers to containers for their facility to facility intermodal movements, this move will reduce the amount of container rail capacity

## Shrinking Capacity - Schneider's Response

- While it has been documented that our competitors reduced their fleets and intend to continue this reduction, Schneider National has grown its fleet.
- In addition to growing its non asset-based capacity, Schneider National grew its asset-based capacity by 765 units in the second half of the year in 2007.
- Schneider National made a substantial investment by increasing driver compensation at mid-year in 2007 to attract and retain the experienced drivers necessary to grow the fleet.
- Schneider National's capacity plan for 2008 is continued growth. Our capacity plan for 2008 is to grow the fleet by a couple hundred units.
- In addition to launching and growing our new regional service, we will also grow over-the-road fleet in 2008.
- We will continue to provide customers the capacity certainty that is fundamental to meeting their needs. Capacity certainty remains a shipper value, and assets are the ultimate guarantee of capacity certainty.

## Shrinking Capacity - Schneider's Response

- Our approach to capacity growth recognizes that very few asset-based carriers have maintained their commitment to capacity. Our farsighted approach will increasingly stand out when growth returns to the truckload market.
- When capacity tightens, as it did in 2004, there will be a critical shortage in random, over-the-road capacity.
- For retailers, seasonal surges, product introductions and promotions generate 30 percent higher margins than from baseload sales. Orders to prevent stock outs may double that advantage. Given the criticality of the holiday season, (well over half of most retailers profits are realized during this period). In the production sectors, orders to prevent a plant shutdown can generate daily savings in the millions of dollars. It is clear that capacity certainty is a requirement to meet these shippers' needs.
- We believe there is still significant need and desire for shippers to be aligned with the value that an asset-based solution affords. Obviously our growth in Regional, Dedicated and Brokerage segments addresses shippers' changing needs, however, an ever-existent need for random, over-the-road capacity remains with most shippers.

## Schneider uses the latest technologies to improve fuel economy and reduce emissions

- Schneider tractors are road speed-limited to 65 miles per hour maximum with a maximum cruise speed of 63.
- Efficiencies are realized by limiting the torques in lower gears, which improves shifting efficiencies and eliminates waste during shifts
- Drivers receive training for fuel economy and receive incentives for fuel economy and minimal idling
- 75% of Schneider trucks are three years old or less and feature the latest emissions control technologies
- All Schneider trucks must use diesel-fired heaters to reduce winter idling
- We use the most energy-efficient tires available on our tractors



## Schneider has partnered with SmartWay to improve the fuel efficiency of our freight operations.

- We are a charter member of the SmartWay<sup>SM</sup> Transport Partnership, a voluntary collaboration between the Environmental Protection Agency and the freight industry, designed to increase energy efficiency and reduce greenhouse gases and air pollution.
- By 2012, the SmartWay initiative aims to reduce between 33-66 million metric tons of carbon dioxide (CO<sub>2</sub>) emissions and up to 200,000 tons of nitrogen oxide (NO<sub>x</sub>) emissions per year.
- At the same time, the initiative will result in fuel savings of up to 150 million barrels of oil annually.
- **Schneider National's emissions score is one of the lowest among all carriers.**



## Schneider Logistics "Hot Topic" ISO Containers in North America

Companies looking to profit from exports

Infrastructure designed to keep containers near ports (IPI (*Inland Port Intact*)) being limited)

Availability of containers - *"There are some places, particularly in the Midwest, where there's a complete lack of containers."* WSJ 4/14/2008

Customer Impact - Lost orders, delays, increase cost using air

Problem expected to last through 2009 Port challenges compounded with unknown of International

Longshoremen and Warehouse Union (ILWU) negotiations summer 2008



### Port union, shippers to begin talks on contract

LABOR: Union will focus on job retention and employee safety in negotiations set to begin Monday.

Art Marroquin, Staff Writer, Long Beach Press-Telegraph 03/13/2008



**Discussion...**