



Rail Success Stories: Ohio Valley Intermodal Service to Mexico

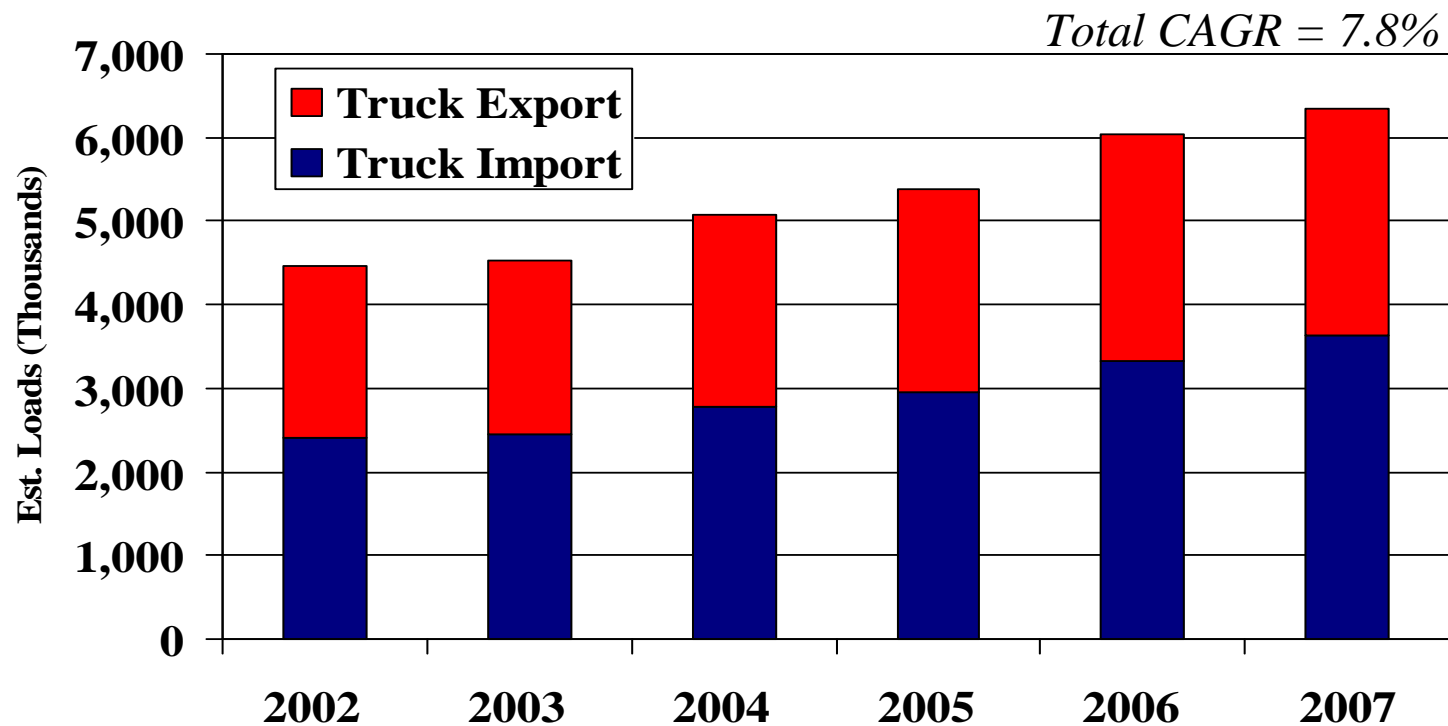
January 15, 2009





Cross border volume now exceeds 6 million loads

U.S. Mexico Truck Volume by Direction





Cross Border Trade

Top 10 USA States by Trade Value (in Billions \$USD) for USA-MEXICO Partner Trade, 2007

US Dept. Transportation

Rank	State	Total Trade Value by Truck	Exports Value by Truck	Imports Value by Truck	% of Total Trade Value by Truck	% of Exports Value By Truck	% of Imports Value by Truck
1	TX	\$78.4	\$41.7	\$36.8	34.1%	44.8%	26.8%
2	CA	\$46.4	\$15.3	\$31.1	20.2%	16.4%	22.7%
3	MI	\$11.5	\$3.1	\$8.4	5.0%	3.3%	6.1%
4	AZ	\$9.6	\$4.4	\$5.2	4.2%	4.8%	3.8%
5	IL	\$7.2	\$2.3	\$4.9	3.1%	2.5%	3.6%
6	OH	\$5.7	\$1.9	\$3.8	2.5%	2.1%	2.8%
7	NC	\$5.2	\$1.4	\$3.8	2.3%	1.5%	2.8%
8	TN	\$5.0	\$1.8	\$3.2	2.2%	1.9%	2.4%
9	NY	\$4.9	\$1.3	\$3.5	2.1%	1.4%	2.6%
10	PA	\$4.8	\$1.7	\$3.1	2.1%	1.8%	2.3%
	All	\$230.1	\$93.0	\$137.0			



Schneider National has nearly 20 years of experience providing Truckload services in Mexico



- Began with transload options at the border as well as service to the maquiladora market
- Began providing inter-line connections with partner Mexican carriers in the early 1990s
- Intermodal options available a few years later
- Service to Central Mexico primarily a TOFC offering via Laredo, although some “direct” options available
- Worked with KCS and NS to introduce a Southeastern offering in 2006, providing “direct” service into San Luis Potosi and Mexico City from Atlanta and Jackson, MS

The Marion Train created new Intermodal opportunities in the Ohio market



- June 2006 – initiated dedicated train service from Marion, OH to Kansas City provided by the CSX and KCS
- Chicago was the main ramping point for Westbound freight (or Eastbound coming into Ohio)
- “Long dray” issue created cost, timing and capacity concerns
- Fuel and carbon savings not on the radar at start-up, but became an extra benefit
- The longhaul West Coast market was a clear focus, but creating a “shorthaul” IM solution for Ohio-Kansas City freight was part of the original concept
- Transit schedule coordinated the provide “truck like” 2nd morning availability for the local market (700 mile LOH)



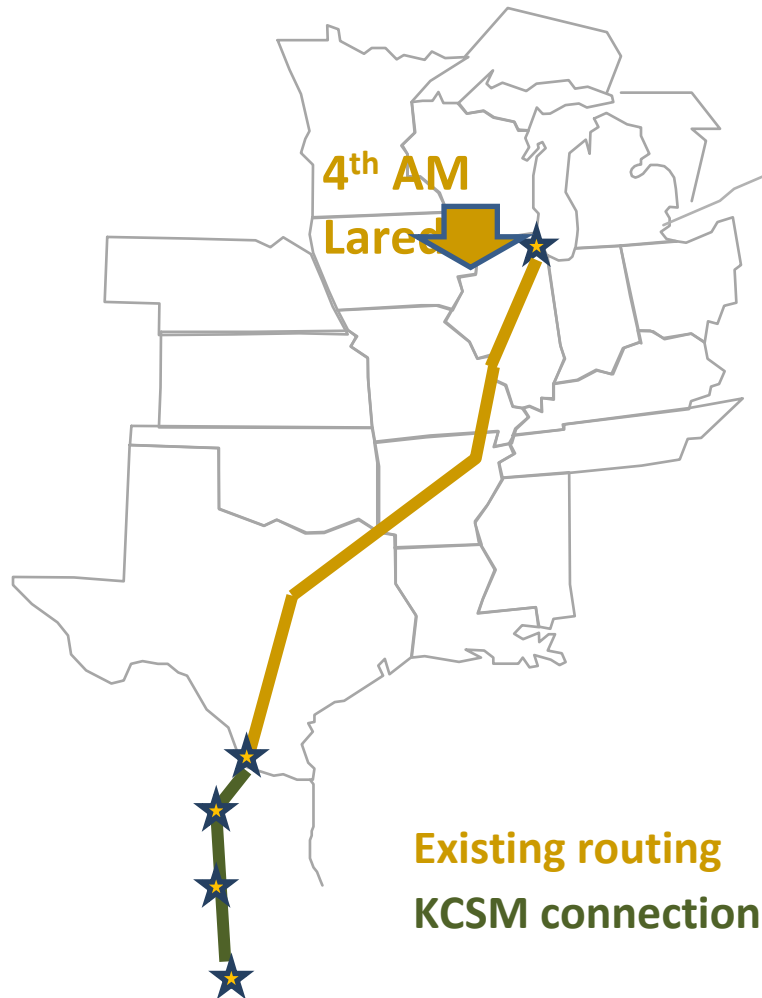
The Challenge

- Schneider National has made the decision to fully containerize its intermodal operations
- Continued service to Mexico was not feasible with Schneider SNLU containers
- Work began with the KCS to create a solution to service Mexico with SNLUs
- Additionally looked for an option to expand service to include the Ohio valley





Current Midwest-Mexico Ramp Options



- “Green” initiatives and fuel cost concerns have improved Mexico’s competitive position in manufacturing relative to Asia
- Midwest shippers looking to utilize Intermodal can use any ramp, as long as they use Chicago
- Existing rail service is good. Current slowdown has limited capacity issues.
- “Long dray” capacity available in current market, but at a cost both in dollars and carbon consumption
- “Back dray” economics mean OTR is the only real choice in the Lower Midwest



KCS International Intermodal Corridor





Kansas City – Mexico Service



- Service starts Q1 2009
- “Day 1” ramping option in Kansas City creates a viable IM option for the first time. A potential St. Louis in the near future will re-introduce IM in that market.
- “Day 1” ramping option in Marion will create choice for customers in Ohio. Shorter drays and reduced carbon consumption will lower costs.
- Asset-based model creates consistency in capacity, service and cost.



Rosenberg Hub

Victoria/Rosenberg

Rosenberg intermodal terminal construction is scheduled for completion January, 2009.



Rosenberg to Victoria new line - Construction currently underway Scheduled for completion in 2nd Qtr 2009.



Demystify the Border

Highway Movement over Laredo

1. Shuttle to Carrier Drop Lot
2. Preparation of export documentation
3. US Forwarding fee
4. Bridge Crossing Dray Movement
5. DAT Duty
6. Electronic processing / custom seal fees
7. Customs clearance at the border
8. Payment of duties / Custom House Brokerage fees
9. Destination Truck Movement via Mexican carrier



Demystify the Border

Inbound Intermodal Movement through Laredo

1. Shuttle to Carrier Drop Lot
2. Preparation of export documentation
3. US Forwarding fee
4. Bridge Crossing Dray Movement
5. DAT Duty
6. Electronic processing / custom seal fees
7. Customs clearance at the border
8. Payment of duties / Custom House Brokerage fees
9. Destination Truck Movement via Mexican carrier



Creating the Breakthrough

- New intermodal train starts
 - Extend the Schneider Marion train to Mexico
 - Rosenberg, TX to Mexico
- Expand and upgrade existing line-haul service
 - Jackson, MS to Mexico
- Seamless Schneider / KCS operational process
 - Simplify the border
 - Integrated equipment and pickup / delivery
- Shipment visibility, tracking and security



Intermodal Advantages

- Streamlined border crossing process
 - No delays or added cost at the border
 - Elimination of Mexican carrier movement from Laredo
- Simplified shipping process to and from Mexico
 - Single invoice
 - Single, bilingual contact
 - Potential to include destination customs clearance
- Security of rail line-haul movement and terminals
- Consistent and cost effective solution



The Solution

- Reliable direct intermodal steel wheel container solution from the Ohio Valley and Kansas City to Mexico
 - The advantages of COFC economics over TOFC
 - Asset based model provides control of all execution phases
 - Solution created through strong coordination and creation of a solution between the KCS and Schneider
 - Next phase of service expansion to include Eastern Canada and the Northeast to/from Mexico
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