

# SCHNEIDER INTERMODAL

Dependable when and where you need it

Jim Filter, Senior Vice President Intermodal



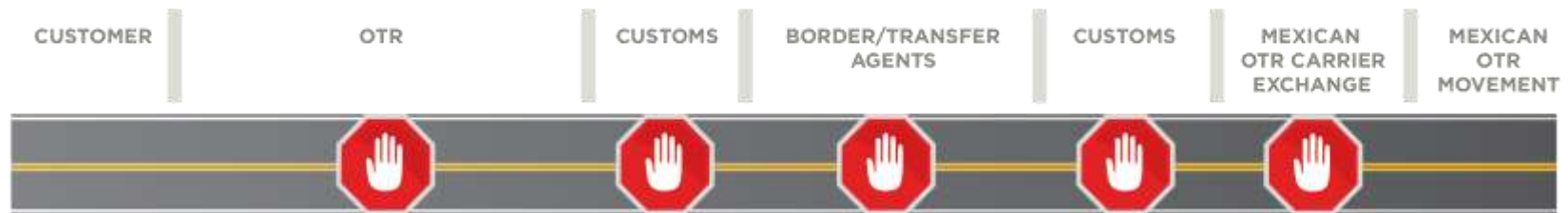
**SCHNEIDER**<sup>™</sup>

# KEY CHALLENGES SHIPPING IN AND OUT OF MEXICO

- Hand-offs at the border
- Security
- Capacity in Mexico
- Understanding total landed costs
- Imbalance and capacity

# BORDERS CAN COST YOU

## THE PROBLEM ▶ Truckload Border Crossing



**Interrupted Service = Time and Money and is Less Reliable**

## THE SOLUTION ▶ Schneider Intermodal Mexico Direct



Please note: For Intermodal, there is no transloading, transfer carriers, waiting for available capacity at border, unnecessary handling at border, inspections and delays

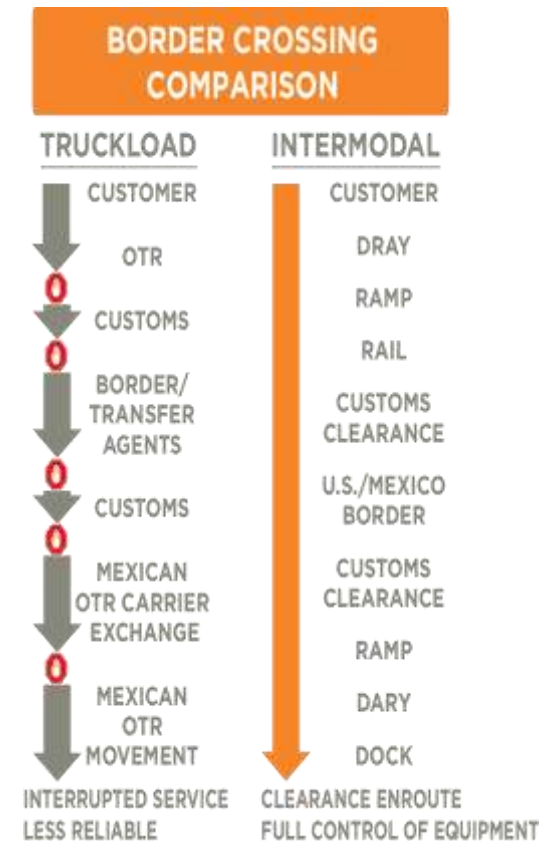
## SECURITY, YES IT IS AN ISSUE

- Freightwatch says
  - Claim index was 0.01% in 2011, meaning 99.9% of the loads arrived safe
- What we know
  - 10,000 hijackings annually translates to, the reality:
    - 0.11% of all shipments in Mexico
    - Odds of theft in a year if shipping one load per day **28%**
    - Expected number of thefts in a year if you ship 10 loads per day: 2.8
  - Odds are that it will happen to you, our role is to improve the odds
  - When a load is stolen, Mexican claims law is that you will be paid 15x the minimum daily salary x # of tons. Which ends up being around \$2,000 at most.



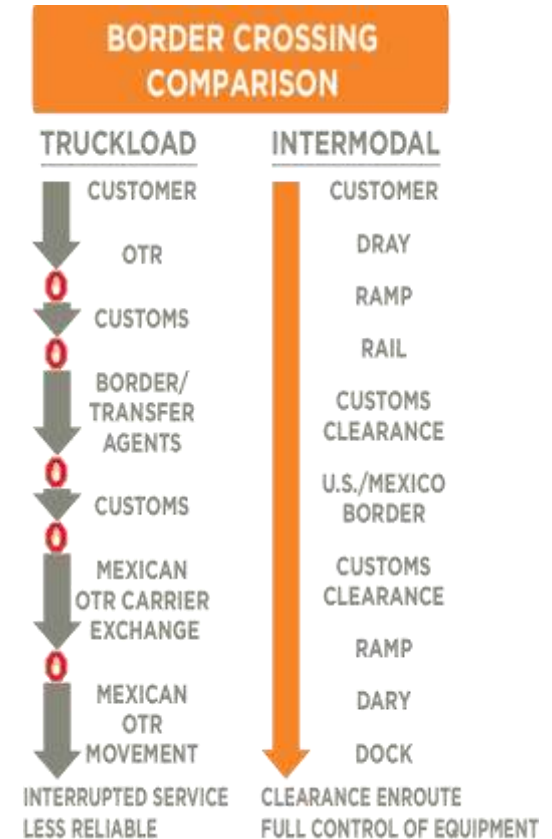
# CONSTANT MOTION, MORE LOAD CONTROL AND FEWER HANDOFFS REDUCE OPPORTUNITY FOR THEFT

- KCSM 2013 claim index was 0.02%, meaning that 99.98% of loads arrived safe)
- Bottom well container placement on double-stacked trains provide highest security. Top box is 10-12 ft. off the ground. Doors can't be open as they are secured by railcar walls.
- All containers with Qual Comm Tracking technology to provide visibility at all times, north and south of the border
- More than 1,000 security guards in KCSM network 24/7 coverage

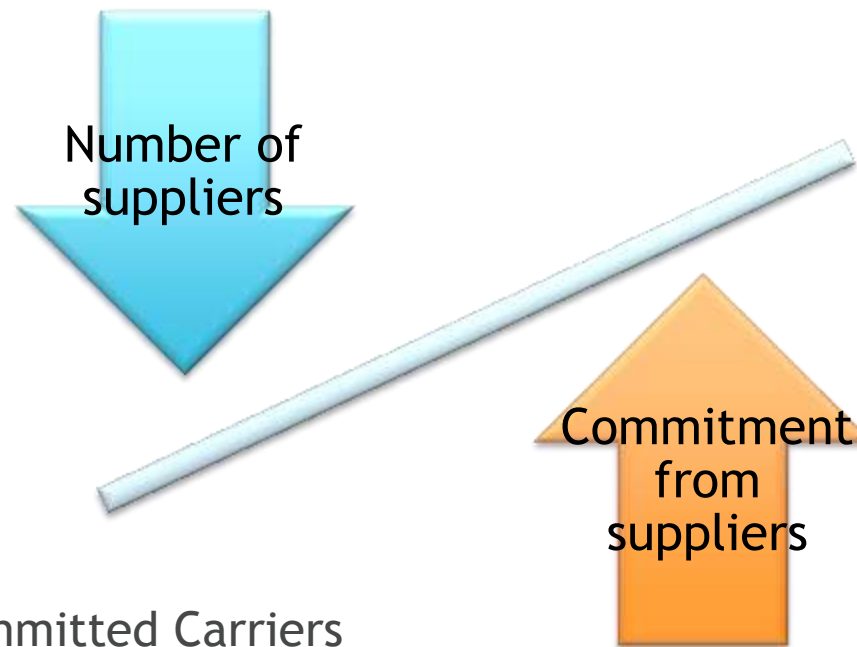


# CONSTANT MOTION, MORE LOAD CONTROL AND FEWER HANDOFFS REDUCE OPPORTUNITY FOR THEFT

- Competitive cargo insurance in rail route (\$50k in Mexico, provided by KCSM and \$100k in the U.S./Canada per load), not provided in OTR
- Schneider Certified Mexican carriers use only safest roads between origin and destination ramp
- Dedicated capacity in Mexico provides a similar “orange driver” experience with same load visibility south of the border.
- C-TPAT certified Intermodal supply chain
- Eliminates the need for escorts in Mexico



# MORE IS NOT BETTER. SCHNEIDER INTERMODAL FOCUSES ON QUALITY NOT UNNECESSARY QUANTITY



## 4 National Committed Carriers

- – CSA similar credentials. Only certified drivers. GPS in all trucks
- – Schneider is “their” #1 customer supported with Dedicated fleet
- – Solid relationships ensure reliability and modern truck fleet
- – With 4 carriers, we have capacity and can offer flexibility

## UNDERSTANDING FULL LANDED COSTS BETWEEN MODES IS CRITICAL TO MAKE AN APPLES-TO-APPLES COMPARISON

### OVER-THE-ROAD

- U.S. line haul
- Higher fuel surcharge
- MX customs broker and U.S. freight forwarder fees
- Bridge transfer and border handlings
- Mexican line haul
- Mexican tolls and fuel
- Higher security costs and risks

### INTERMODAL

- One line haul (door-to-door)
- Lower MX customs broker and U.S. freight forwarding fees
- Lower fuel surcharge



# THE IMBALANCE BETWEEN THE U.S. AND MEXICO CONTINUES TO GROW

- **Contributing factors**

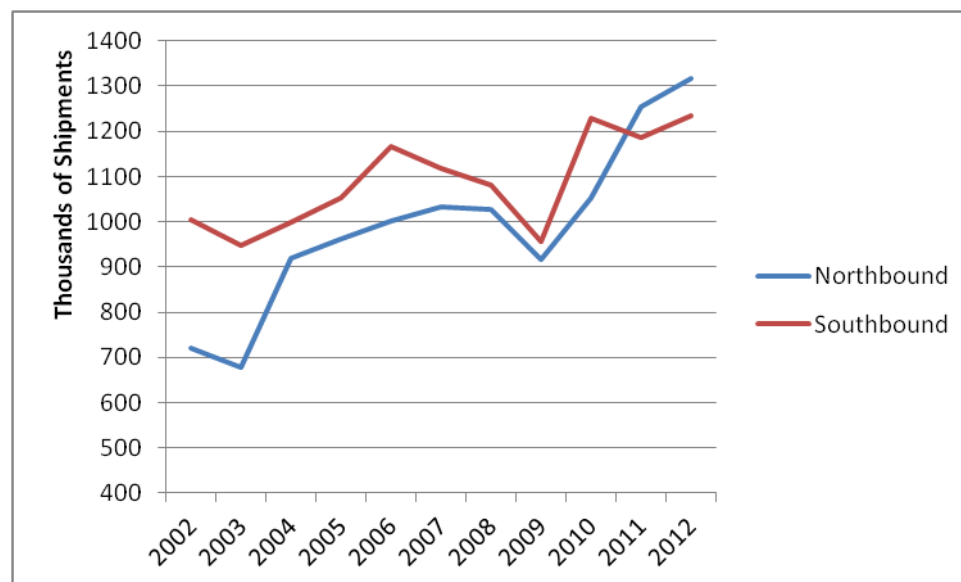
- Growth of nearshoring
- Raw materials entering via ports or rail
- Exchange rate policy promoting MX exports, discouraging MX imports
- Increased localization of vendors formerly based in the US

- **Implications**

- Capacity imbalance
- Rate fluctuations

**Volume of Loaded Truck Shipments Between U.S. and Mexico**

Source: U.S. Customs



# PREMIUM ASSET-BASED MODEL GIVES YOU THE RESOURCES *WHEN AND WHERE YOU NEED THEM*

- Unmatched reliability through:
  - North American Intermodal coverage
  - 15,000+ SNLU containers (provide 10%-15% more capacity)
  - Over 1,300 Intermodal drivers committed to moving your freight
- Nearly every dray is under Orange power
  - Reduces handoffs and delivers reliability
- Dray operations, driver management and load dispatch in field near most rail ramps
  - More effective appointment setting and load monitoring
  - Reduces dray miles
  - Increases available driving hours
  - Improves service, including timely notification of exceptions
  - Lowers costs

*“Truck-like experience”*

