

Committee Name:

Senate Select Committee – Job Creation (SSC–JC)

Appointments

03hr_SSC–JC_Appt_pt00

Committee Hearings

03hr_SSC–JC_CH_pt00

Committee Reports

03hr_SSC–JC_CR_pt00

Clearinghouse Rules

03hr_SSC–JC_CRule_03–

Executive Sessions

03hr_SSC–JC_ES_pt00

Hearing Records

03hr_ab0000

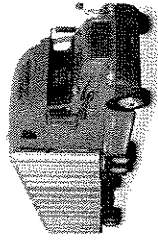
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Misc.

03hr_SSC–JC_Misc_pt07

Record of Committee Proceedings

03hr_SSC–JC_RCP_pt00



Schneider National Inc.
Delivers More

More Services

- **Over-the-Road Solutions** - Schneider's One-Way Van, Dedicated Expedited, Brokerage, Specialized and Bulk services provide cost saving solutions to customers' freight needs and allow for dynamic conversion.
- **Intermodal Solutions** - Schneider partners with major railroads to offer high service, low cost rail transportation solutions. "TrackMail" and "TrackMail Express" are Schneider's premium trailer-on-trailer (TOTC) services. "OptiMail" offers container-on-flatcar (COFC) service.

More Reliability

- **Award Winning Service** - Schneider's transportation services are consistently recognized by customers.
- **ISO 9002 Certified** - Schneider's 1998 ISO certification ensures quality processes.
- **Drivers of Quality** - Schneider employs the strictest standards and the most comprehensive training program in the industry.

More Capacity

- **Trailer Fleet Size** - With over 40,000 53' van trailers Schneider provides the leading industry capacity.
- **Trailer Flexibility** - Schneider trailers easily convert from over-the-road use to rail and back to over-the-road to offer customers the most flexibility in using Schneider's portfolio of services.
- **Availability** - Schneider has more than 13,000 drivers serving customers' freight needs.
- **Surge Capability** - Schneider has the highest capacity growth during surge periods to provide needed capacity to customers.

More Responsive

- **24 X 7 Customer Service** - Schneider Customer Service Representatives are available 24 hours per day, 7 days per week for load tracking and monitoring.
- **North American Coverage** - Long haul and regional service provided throughout the U.S., Canada, and Mexico.
- **Business Implementation Team** - A team of start-up experts are assigned to each customer to ensure full communication and flawless execution of each customer's business.

More Technology

- **StarServSM** - Industry leader in satellite tracking.
- **Technology Recognition** - Schneider is consistently recognized as a technology leader.
- **CEO Magazine** - Schneider ranked in the Top 100 in Customer Service.
- **Information Week** - Recognized for transforming core business models to use IT and Internet Technologies.
- **Logistics Management's Quest for Quality Awards** - Schneider ranks "Best of the Best" in Van, Bulk, and Heavy Haul.
- **Internet Ease** - Internet applications available to enhance customers' productivity.
- **Status** - Schneider Track and Trace.
- **POD** - electronic Proof of Delivery.
- **Load Tender** - tender loads to Schneider, either individually or in batch mode.
- **EDI Leadership** - Schneider developed EDI industry standards and schemes to increase the amount of business transacted with customers via EDI.

More Solutions

- **Engineered Solutions** - Schneider is the industry leader in designing superior Dedicated solutions and has implemented over 100 Dedicated customer operations.
- **Dynamic Mode Optimization** - Schneider's flexible service portfolio allows for dynamic conversion from over-the-road to intermodal service as well as from One-Way Van to Expedited Team service based on customers' service requirements.
- **Single Source Special Promotions** - Schneider offers innovative single source solutions to customers' special promotion transportation needs.
- **Collaborative Dedicated** - Schneider leads the industry with hundreds of trucks in multi-shifter, collaborative Dedicated opportunities.
- **Benchmarking** - Schneider provides current benchmarking data to help customers manage transportation costs and service.

More Value

- **More Services, Reliability, Capacity, Responsiveness, Technology and Solutions** add up to **More Value**.

More than Truckload

More than Truckload



P.O. Box 2545 / Green Bay, WI 54306-2545
1-800-533-6767 / From Mexico 001-920-882-0106
www.schneider.com

48,2675 0,82

Schneider National Inc. More of What You Want

Schneider National is North America's largest full load carrier. Schneider's broad portfolio of over-the-road and intermodal transportation services provides customers with cost effective solutions. No other carrier brings you more of what you want and more of what you need to compete in the marketplace. Schneider offers customers:

- **More Services** - Complete portfolio of over-the-road and intermodal transportation solutions.
- **More Reliability** - Award winning service levels.
- **More Capacity** - Industry leading driver and equipment capacity.
- **More Technology** - Recognized technology leadership.
- **More Responsive** - Courteous, professional customer service provided 24 X 7.
- **More Solutions** - Innovative multi-mode transportation and pricing solutions.
- **More Value** - More Services, Reliability, Capacity, Technology, Responsiveness and Solutions add up to More Value.

Schneider National Inc. More than the Competition

Schneider National Adds up to More Value

More Services
Broad portfolio of services
-One-Way Van
-Intermodal
-Brokerage
-Bulk
-Specialized

More Reliability
ISO 9002 certified carrier
Highest standards for driver hiring
Most extensive driver training

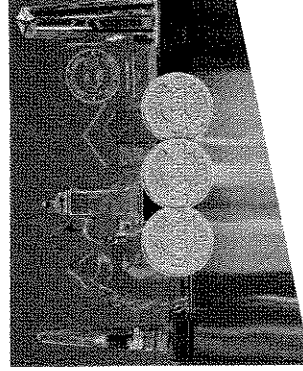
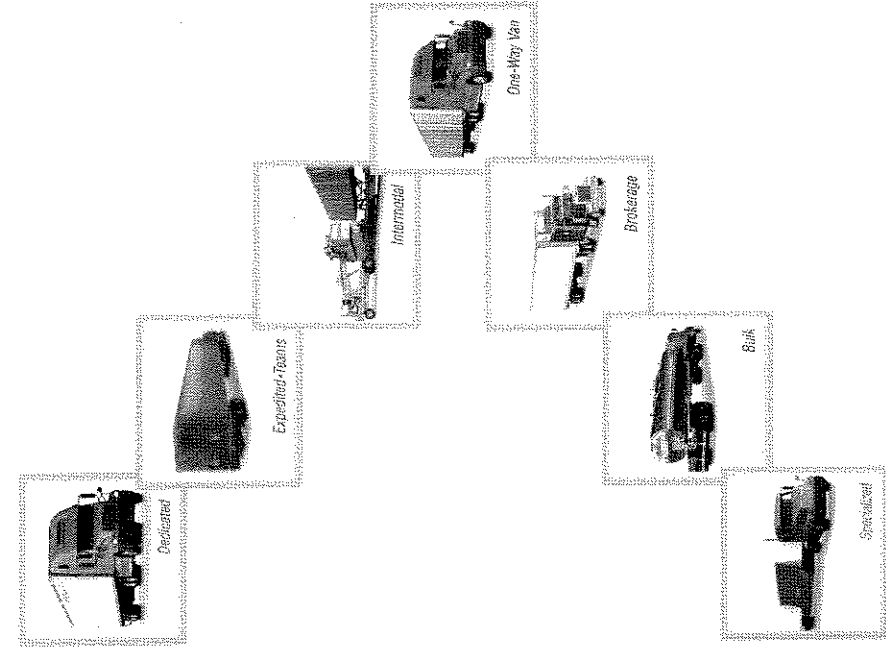
More Capacity
340,000+ trailers
Trailer flexibility for over-the-road and rail
13,000+ drivers
Capacity to cover surge periods

More Responsive
24 X 7 customer service
North American coverage
Business Implementation Team

More Technology
Industry leading StarServ® satellite tracking
Internet tools
Status - Schneider Track and Trace
POD - electronic Proof of Delivery
Load Tender
EDI Leadership

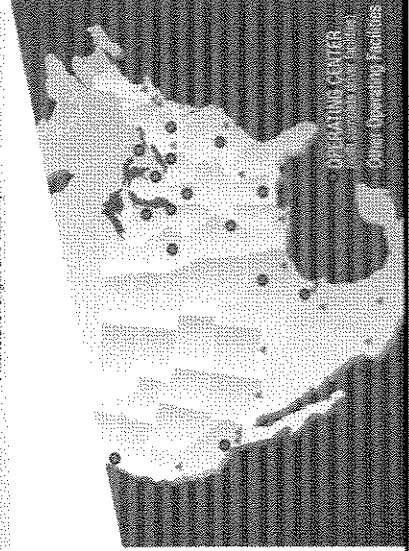
More Solutions
Collaborative Dedicated - Multiple shippers
Engineered solutions
Dynamic route optimization
Single source special promotions
Benchmarking

More Value
Repeat winner Quest for Quality "Best of the Best" awards
Financial strength and stability



Operating Centers

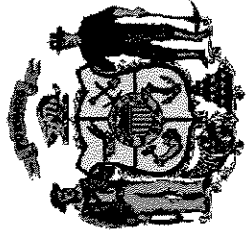
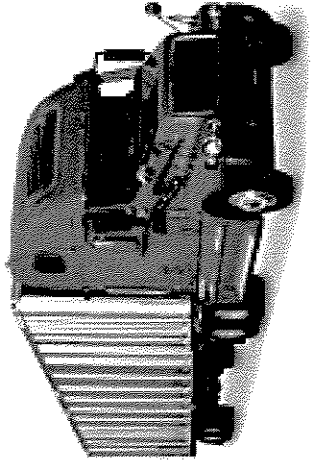
- EVERGREEN, AL
- W. MEMPHIS, AR
- PHOENIX, AZ
- CALICO, CA
- LOS ANGELES, CA
- ONTARIO, CA
- SAN ANTONIO, TX
- NEW HAVEN, CT
- ATLANTA, GA
- DES MOINES, IA
- CHICAGO, IL
- INDIANAPOLIS, IN
- HOUSTON, TX
- LAREDO, TX
- MC ALLEN, TX
- GREEN BAY, WI
- CHARLOTTE, NC
- LANCASTER, NC
- NEW YORK, NY
- AKRON, OH
- TORONTO, ON
- PORTLAND, OR
- HARRISBURG, PA
- PITTSBURGH, PA
- BROWNSVILLE, TX
- DALLAS, TX
- EL PASO, TX
- HOUSTON, TX
- LAREDO, TX
- MC ALLEN, TX
- GREEN BAY, WI

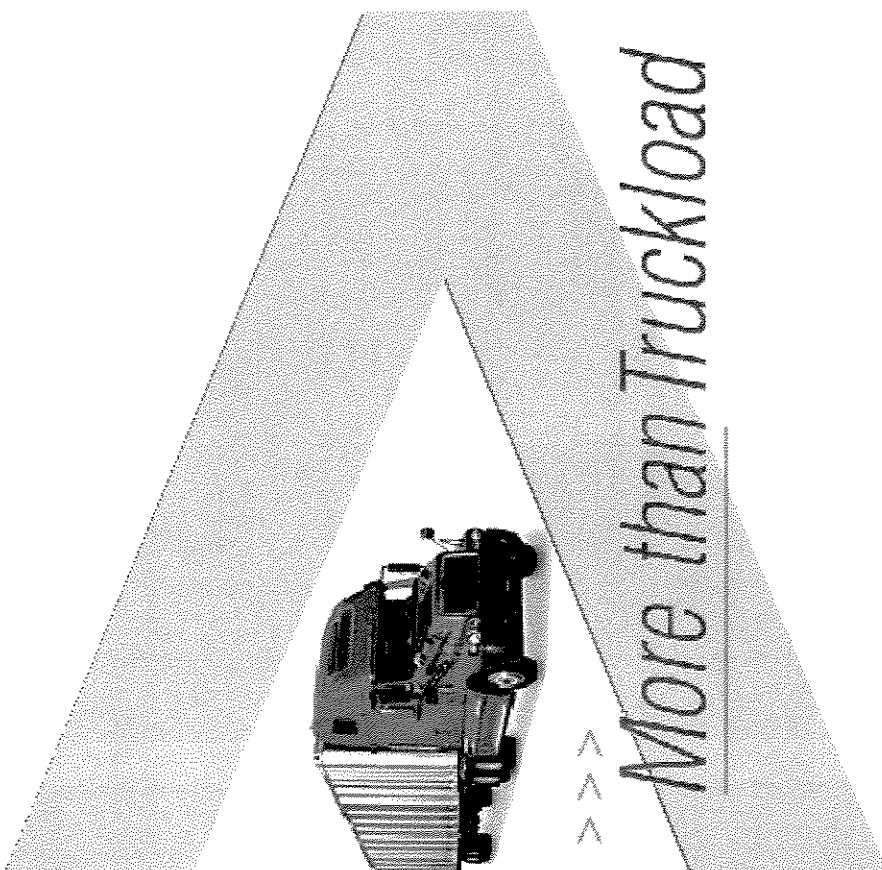




More than Truckload

Schneider National, Inc.





Schneider National Overview and Wisconsin Presence

Charlotte Klenke

Schneider Background...

More than Truckload



- Largest truckload carrier in North America and a premier logistics service provider

- \$2.6 billion in revenue in 2002

- Operate 10,600 tractors, 15,000 drivers, and 44,500 trailers with 20,800 associates operating in 28 countries

- **Purchase \$1.5 billion in 3rd party transportation from 1,300 carriers**

- Pay 20 million invoices totaling \$7 billion to 8,500 carriers

- Commitment to superior information and communications technology

Brokerage

- Spot Brokerage
- Glass Brokerage
- Tariff Based

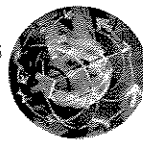
OptiModal •
TruckRail •

Intermodal

- One-Way Van
- Dedicated
- Expedited
- Specialized
- Bulk

Truckload

SCHNEIDER LOGISTICS
Technology powered solutions.

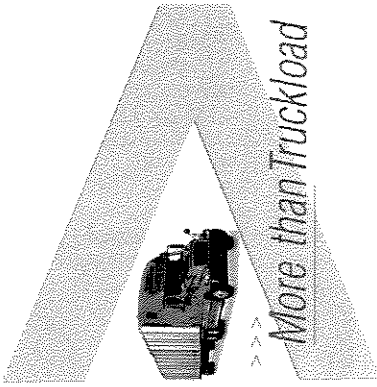


Logistics

SCHNEIDER FINANCE
INS
Financial Services

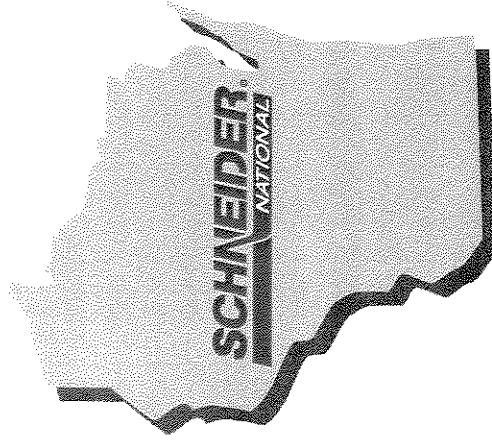
Operating Services •
Application Services •

- SFI
- INS
- Payment Services
- New Ventures

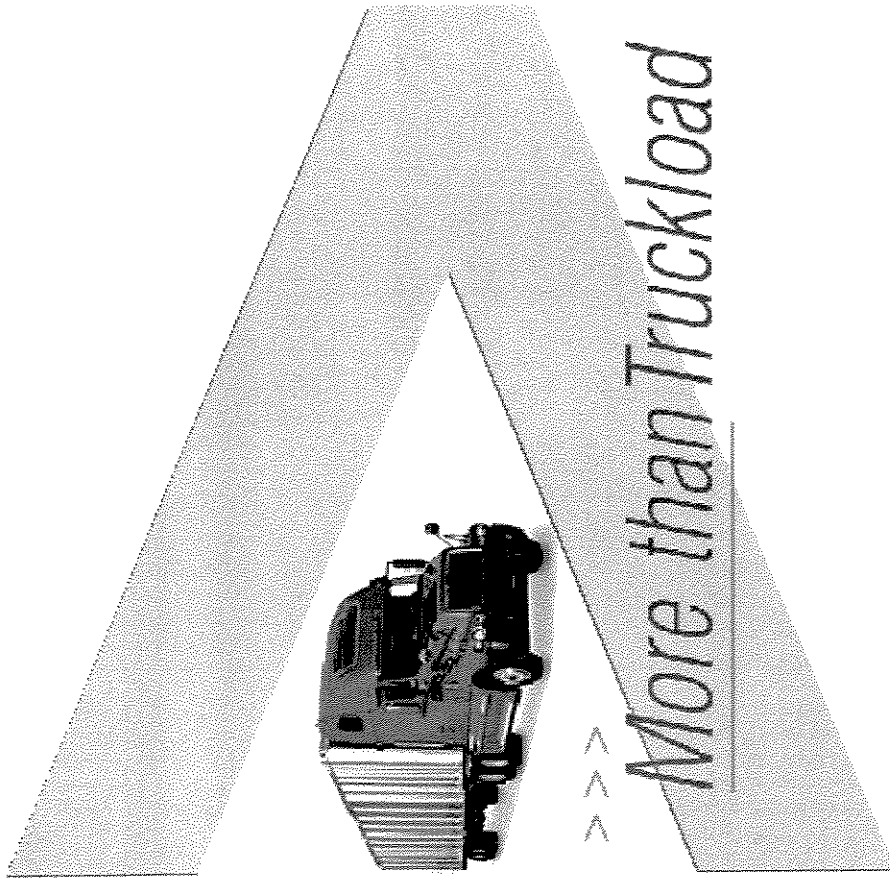


Schneider National Facts

- Approximately 20,000 associates in U.S. and Canada
- Wages for 2002 totaled \$581 million (U.S. and Canada)
- In Wisconsin:
 - 3,383 Total Associates
 - 111 Shop Associates
 - 1,653 Administrative Associates
 - 960 Management (278 in Information Technology i.e. computer related)
 - 659 Driver Associates
 - Wisconsin wages for 2002 totaled \$142 million
 - **Created 208 new jobs in Wisconsin in 2002**
- Operate one of the state's largest computer centers
- Ranked 36th in country in information technology innovations by *Information Week Magazine* – ahead of companies such as FedEx, Sprint, Eli Lilly, Intel, Dell Computer
- Consistently ranked in the top 100 best information technology employers

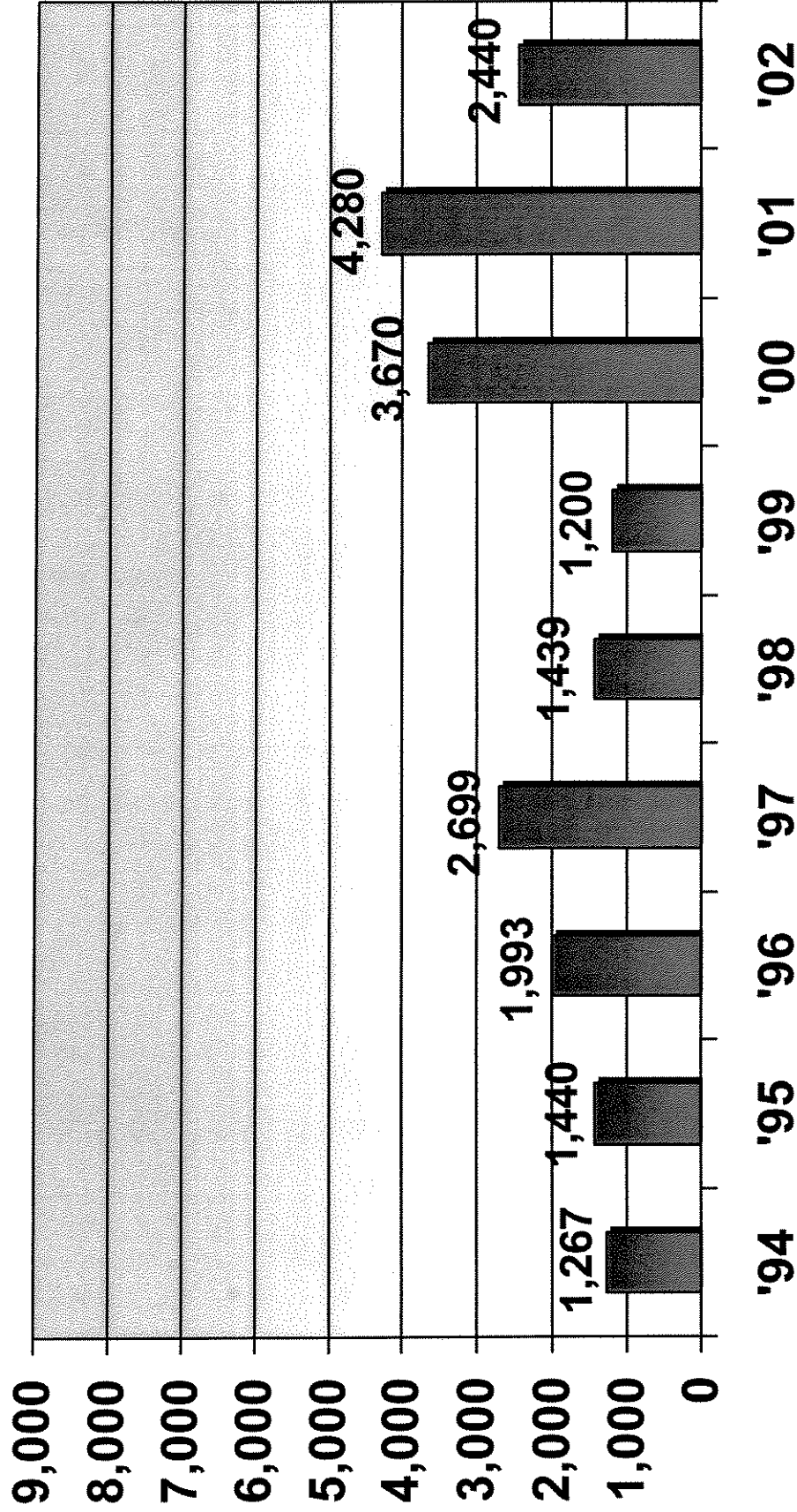


Industry Update

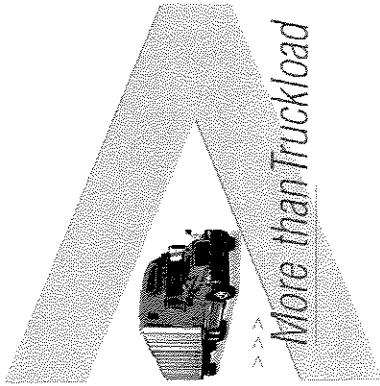


2002 Bankruptcies - More Carriers Failed

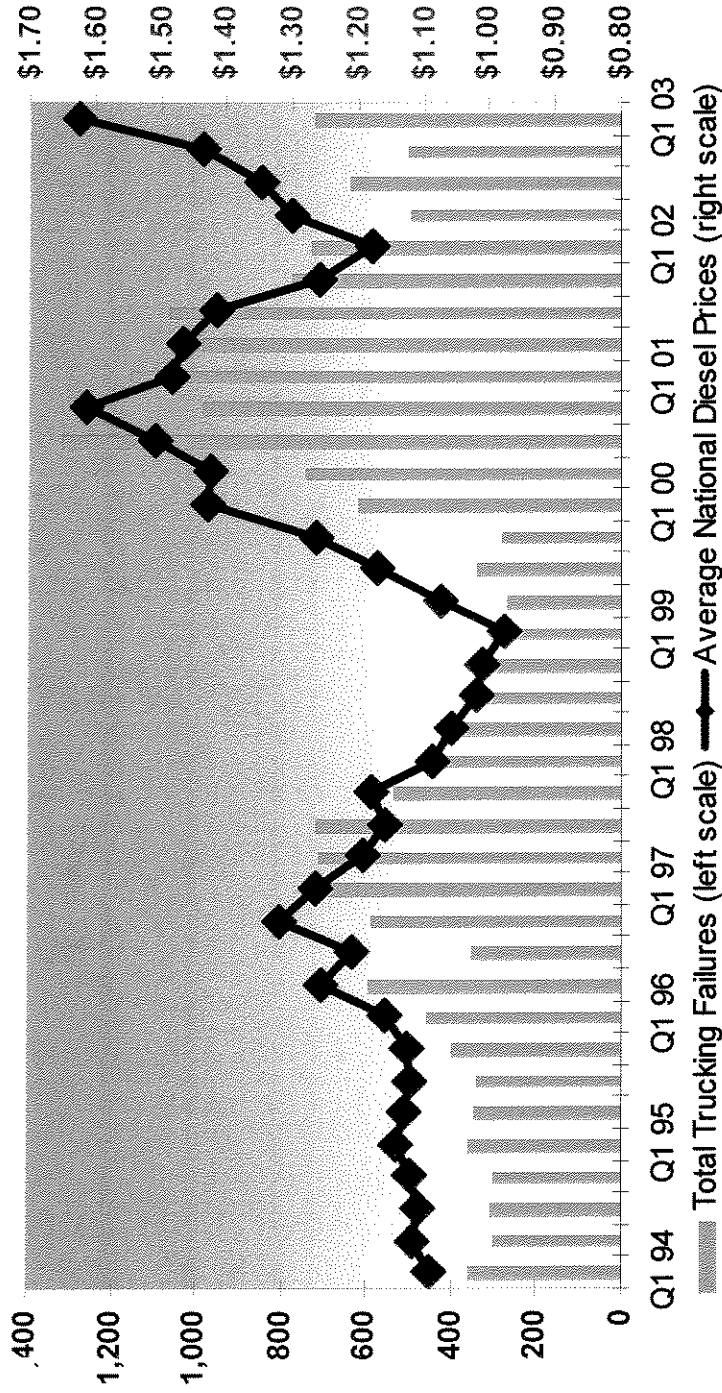
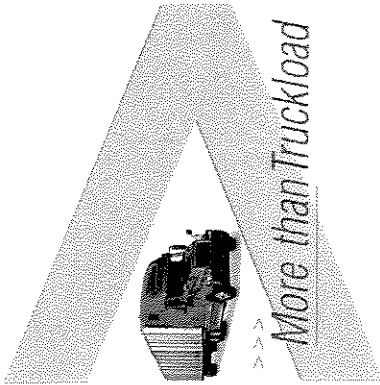
- Bankruptcies at record highs



Source: A.G. Edwards estimates and Dun & Bradstreet May. 03



Trucking Failures vs. Diesel Fuel Prices

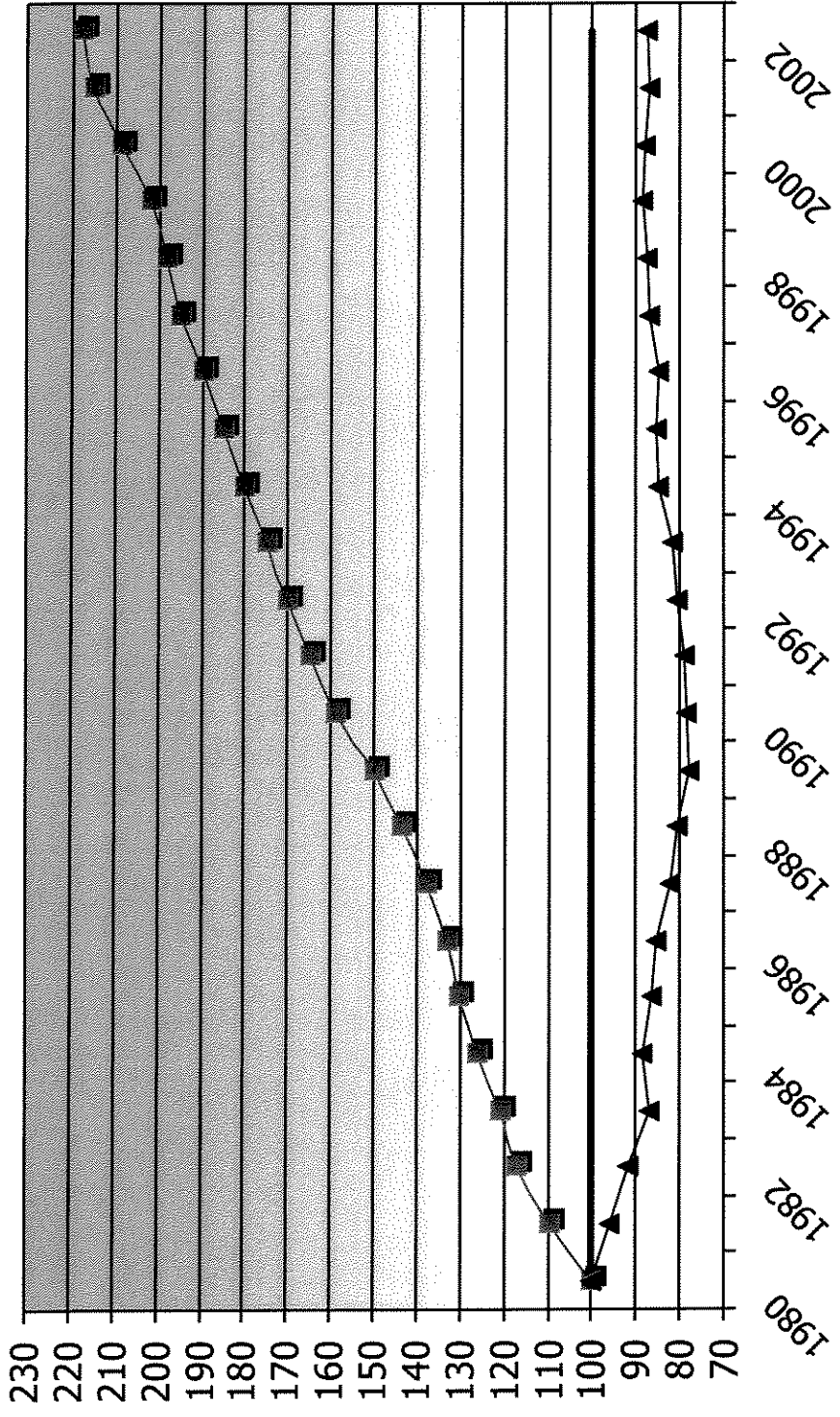


Note: Only includes fleets with five trucks or more.

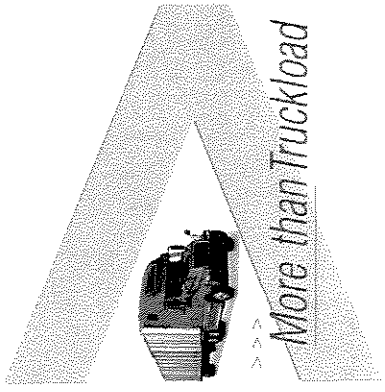
Sources: A.G. Edwards, U.S. Department of Energy, and American Trucking Associations, Inc.

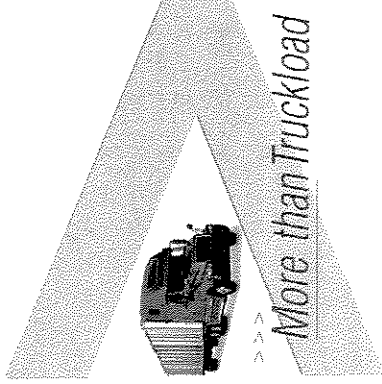
Industry is under strain

Schneider Average Truckload Price vs. Consumer Price Index



Market simply won't accept higher prices.



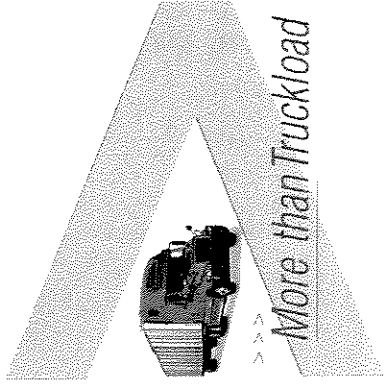


Industry Outlook 2003 and Beyond More of the Same

- Very uncertain outlook for fuel
- '02 Engine issue will keep used equipment market busy (late 2003 critical time for testing)
- Insurance will continue to be major issue (Heartland: 100% Increase in premiums)
- Accelerated consolidation



Huge cost increases on the horizon.



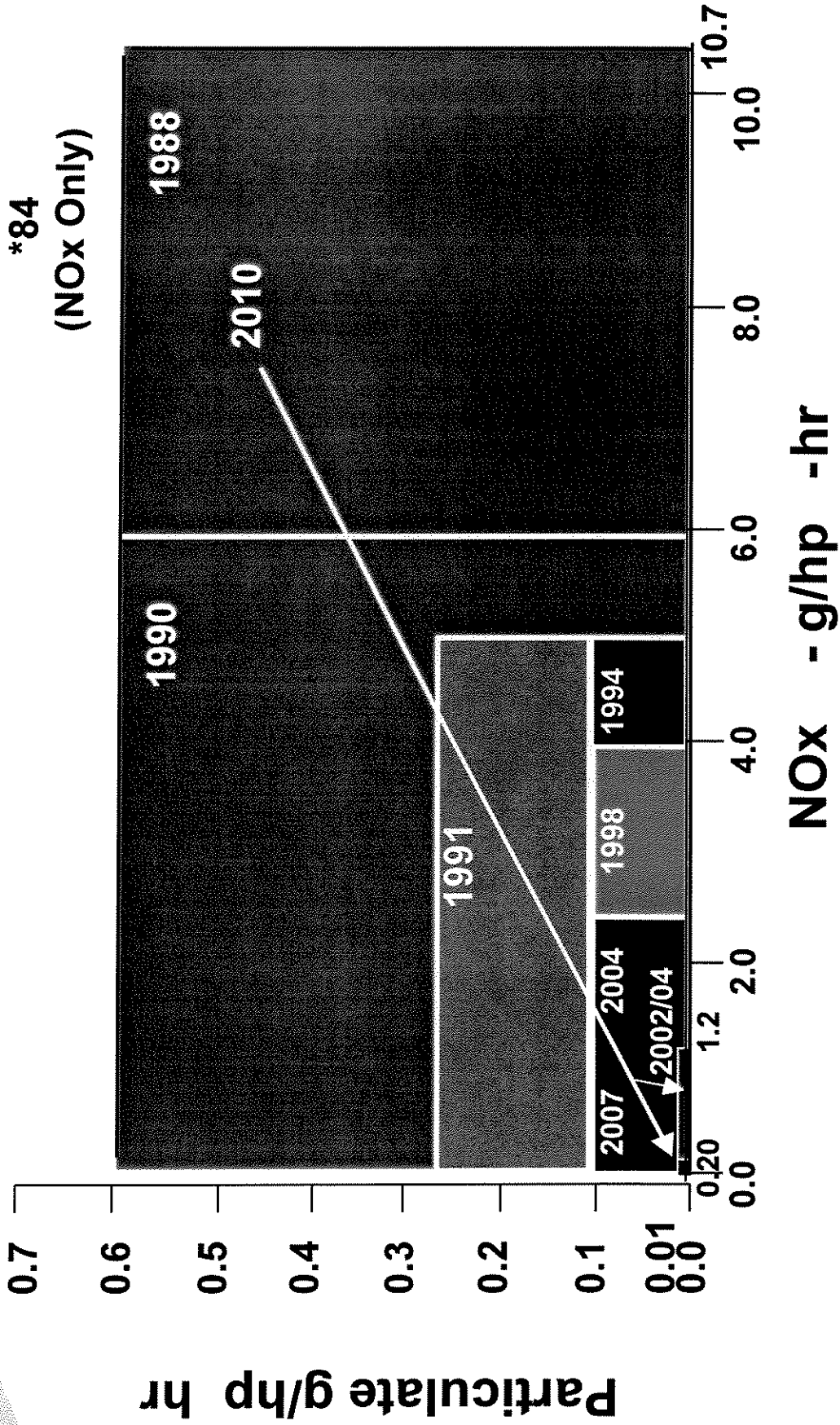
Industry Issues

- Hours of Service
- '02 Engine/'07 Engine
- Other costs outside our control



Huge cost increases on the horizon.

EPA Emission Regulations On-Highway Diesel Engines



More than Truckload

'02 Consent Decree Update



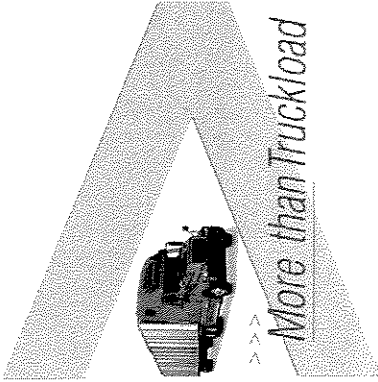
More than Truckload

- Lack of/Late End-User Involvement
- Large Technology Gap
- Inadequate Time for Field Testing
- Certification Standard ≠ Market Acceptance
- Pre-Buy, Low-Buy/Market Disruption
- Loss of Jobs and Environmental Benefits

Costs	EPA Original Estimate	Current Industry Estimate
Cost/engine – 6 year life	\$664	\$15,000
Non-compliance penalties EPA's Estimate	\$943	\$8,943
Cost/tons reduced No _x	\$222	\$10,532
No _x tons reduced due to 10/1/02 Date	1.1 million	0.4 million



Process is Broken



Current Gap in '07 - '10 Cost Estimates

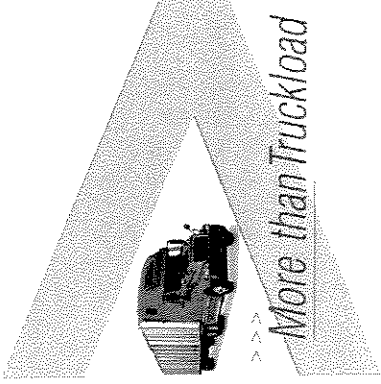
Costs	EPA Estimate ¹	Industry Estimate ²
Hardware	\$3,230	\$16,000
Operating	\$3,785	\$19,000
Total	<u>\$7,015¹</u>	<u>\$35,000</u>
Cost/Mile	1-1.2¢	5-6¢

¹ Does not include reductions of MPG or Residual Value

² Based on preliminary data from Engine manufacturers



Industry (and economy) can't give EPA a blank check

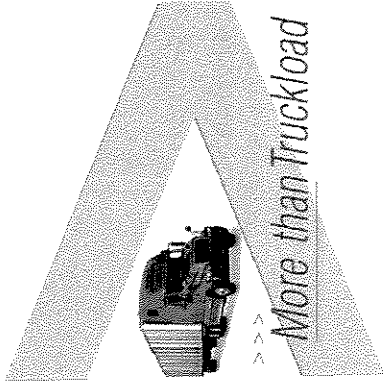


State Issues

- Focus on non-monetary issues
- Reduce complexity by eliminating state/federal overlaps, e.g:
 - emissions – DNR v. EPA
 - handicap vs. Americans with Disabilities Act
 - state vs. federal family medical leave
- Maintain infrastructure



Marginal benefit of unique state provisions small, hidden costs great

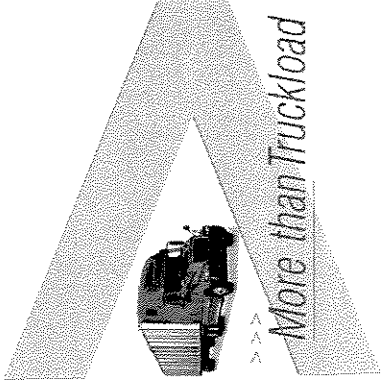


Emissions – DNR v. EPA

- NR 445 – DNR’s attempt to characterize diesel exhaust as carcinogen
 - EPA disclaims any definitive characterization, indicating it is only “potential”
- Overlapping engine test facility specs
- Failure to account for future federal mandates
- Boutique fuels



Draconian proposals (even if not enacted) chill economic expansion

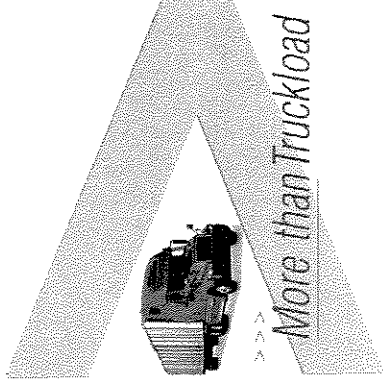


Handicap vs. Americans with Disabilities Act (ADA)

- Crystal Lake Cheese Factory v. Labor & Industry Review Commission
- Under ADA, individual must be able to perform all “essential functions” of job “with or without accommodation”
- Under “Crystal Lake” interpretation, employees must be able to perform some or most of their job duties



Compliance with ADA should be deemed compliance with state's handicap discrimination law

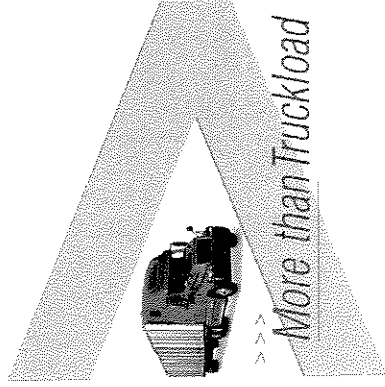


State Family Medical Leave v. Federal

- Different eligibility
- Different leave periods
- Intermittent leave (Wisconsin)
- Substitution if paid for unpaid leaves
 - unintended consequences; greater limits on paid leaves



Cost of managing dual systems > benefit to affected employees

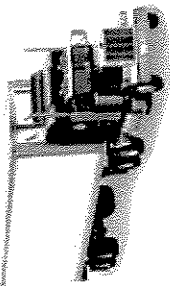


Maintaining Infrastructure

- Highway fund diversions
- General budget
- Non-highway uses
- Marquette Interchange
 - 74,231 movements 1st Quarter
 - Gateway to Wisconsin

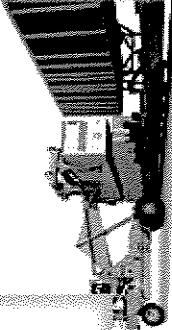
Thank You!

- Spot Brokerage
- Glass Brokerage
- Tariff Based



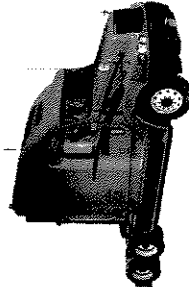
Brokerage

OptiModal
TruckRail



Intermodal

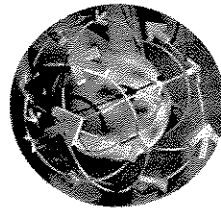
- One-Way Van
- Dedicated
- Expedited
- Specialized
- Bulk



Truckload

SCHNEIDER
NATIONAL
More than Truckload

SCHNEIDER LOGISTICS™
Technology powered solutions.



Logistics

- Operating Services
- Application Services



SCHNEIDER FINANCE
WS MANAGEMENT INC
Financial Services

- SFI
- INS
- New Ventures
- Payment Services