Mapping the Midwest Future: Freight Rail the Backbone of the Midwest Economy

September 29th, 2014
C.H. ROBINSON SNAPSHOT

• One of the world’s largest third party logistics (3PL) providers of freight and transportation logistics, outsource solutions, fresh produce sourcing, and information services

• 100+ years of industry expertise

• Largest network of motor carrier capacity in North America

• $12.8 billion in 2013 gross revenues

• 11,000+ employees worldwide

• Offices in North America, South America, Europe, and Asia

• 63,000+ transportation providers under contract globally

• 46,000+ customers worldwide

• Publicly owned and traded on NASDAQ (Symbol: CHRW)

* Includes transportation management business
Our people, processes, and technology improve the world’s transportation and supply chains, delivering exceptional value to our customers and suppliers.
C.H. Robinson Helps You Grow

1. Manage Spend
2. Improve Efficiency
3. Manage Risk
4. Manage Change
The Other Short Line
Efficiency and Agility in Action
# Second Quarter Corridor Growth

<table>
<thead>
<tr>
<th>Units</th>
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<th>2Q14</th>
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<td>EC-WC</td>
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<td>MW-NW</td>
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Source: IANA Intermodal Market Trends & Statistics Report
Conversion Opportunities – U.S. Highway Traffic

- Highway transportation faces challenges with congestion, truck capacity, driver supply
- Intermodal conversion results in additional baseline capacity and cost savings for shippers
- Over-the-road conversion still in early stages
- Over **20 million** loads still have conversion potential

Source: USDOT FHWA Freight Analysis Framework
Truckload Capacity Constraints

**Active Truck Utilization (%)**

Truck Fleet In Use vs. Active Trucks Available

- May '12: 85.0%
- Aug '12: 87.5%
- Nov '12: 90.0%
- Feb '13: 92.5%
- May '13: 95.0%
- Aug '13: 97.5%
- Nov '13: 100.0%

Source: FTR; Copyright 2014 – Historical Average = 90%
Cumulative Regulatory Impact on U.S. Driver Pool

Source: FTR Associates
CONSEQUENCES FOR RAIL CAPACITY

• DEMAND GROWTH ACCELERATING
  – Trucking Supply Shortages
  – Converging with Other Demands

• TRANSIT TIMES EXTENDED
  – Inventory Increases
  – Industry Capital Allocation
  – Waste and Downtime

• PRODUCTIVITY LOST
  – Asset Velocity
  – Labor Requirements
  – Cost to Serve
HOW DOES INDUSTRY ADAPT

• INFORMATION MANAGEMENT
  – MORE GRANULAR
  – MORE INTEGRATED

• FACILITY FLEXIBILITY
  – ACCESS AND PARKING
  – APPOINTMENT FLEXIBILITY

• URBAN PLANNING AND INVESTMENT
  – COLLABORATE WITH INDUSTRY
  – RESOLVE PASSENGER AND FREIGHT INFRASTRUCTURE CONFLICTS
  – ENSURE FUNDING
THANK YOU