DSC’s Joliet Logistics Center
A Case Study

Ann Drake, CEO
DSC Logistics
April 15, 2010
• Background
• The Promise
• The Reality
• The Future
Our Mission is to achieve customers business goals through the management of change and information in the supply chain.

DSC designs, integrates, manages and adapts customized supply chain solutions for our customer partnerships.

Our Key Partners are J. M. Smucker, Kellogg, Starkist, Kimberly-Clark, MeadWestvaco, Philip Morris USA, Cardinal Health, R. J. Reynolds, Tata, and Yamaha.
Our Locations
Value Chain – Focused On Demographics

New markets and a new economic balance  
Managing complexity through transparency  
New rules, new compliance  
Explosion of information  
Explosion of information  
Product Flow  
Information Flow  
Consumer Behavior  

Driving the value chain

Sustainability and the scarcity of natural resources

Redesigning supply chains

Graying and urbanization  
Demographic  
New Technology

Economic

Regulatory

Ecological

Source: 2016 Future Supply Chain, Capgemini 2009
Global View – Change in Metros

Metros of more than 1 Million people:

1900  2
1950  83
Today  400
North American View – Change in Metros
Mega-Regions
Great Lakes Mega-Region
DSC’s Search for the Future

1998 - Began search for new flagship operation
2000 - Purchased land in April
2003 - Designed and built building (1.2 million sq. ft.)
2004 - Began operations
2006 - Bought additional land in swap deal
Chicago Area Map

- Highways
- Railroads
- Rail Yards
- DSC Corporate Office
- DSC Melrose Park
- DSC Joliet
BNSF Integrated Logistics Park

- 2,500-acre integrated logistics center
- 1,400-acre industrial park
- 1,000-acre BNSF intermodal facility
- 100-acre equipment management area
- $1 billion+ CenterPoint investment
- Excellent national connectivity
- International service – direct connectivity to Port of LA/LB
- 12+ million SF industrial facilities

www.centerpoint-prop.com
Joliet Logistics Center
Elwood, Illinois
The Promise

Reverse Logistics / Returns Center
An ideal site for processing returns from anywhere, to anywhere
- Central location means easy consolidation
- Extraordinary rail and interstate access
- Low shipping costs to both coasts and Asia
- FTZ status offers duty drawbacks
- High traffic volumes mean easy access to containers and trailers when a load is ready.

State-of-the-Art Distribution Center
Whatever the distribution needs, this extraordinary location can serve them well
- Ideally located
- Customizable storage
- Climate control
- Cross-docking capability
- Low drayage costs
- Rail boxcar siding
- 300 drop-trailer spaces
- Fully sprinklered

Transportation Hub of the Nation
Where East meets West...
- 45 minutes from Chicago
- At the intersection of I-80 and I-55
- Proximity to O'Hare and Midway airports
- In a region served by six major rail lines and seven interstate highways
- Totally new infrastructure: road, rail and utilities
- Enterprise Zone, Foreign Trade Zone

International Intermodal Transportation Center
Co-located a few steps from one of the premier transportation centers in North America
- Located next to BNSF's Logistics Park Chicago
- Low drayage costs
- Quick, easy transfer of goods from inbound containers to outbound distribution
- Rail boxcar siding serving DSC's Logistics Center
- Capacity to unload 18 freight cars directly into building

Foreign Trade Zone
A program potentially worth thousands of dollars a year in savings
- Lower inventory costs
- Duty exemption on re-exports
- Duty elimination on waste, scrap, and yield loss
- Merchandise Processing fee savings
- Duty deferral
- Weekly entries
Joliet Customers

- Yamaha
- Unilever
- Turtle Wax
- Whirlpool
- Radio Flyer
Rationale for Joliet

- **Unilever Foods, North America**
  - Reason in Joliet: Real Estate / Cost
  - Trans: Primarily TL

- **Radio Flyer**
  - Reason in Joliet: Rail yard
  - Trans: Rail / TL / LTL

- **Turtle Wax**
  - Reason in Joliet: Service / Cost
  - Trans: Rail / TL / LTL

- **Yamaha Corporation of America**
  - Reason in Joliet: Cost / security
  - Trans: TL / LTL

- **Whirlpool Corporation**
  - Reason in Joliet: Rail yard
  - Trans: Rail / TL / LTL
# Appeal for Customers

<table>
<thead>
<tr>
<th><strong>Pros</strong></th>
<th><strong>Cons</strong></th>
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<tbody>
<tr>
<td>• Active Foreign Trade Zone</td>
<td>• Competitive Labor Market</td>
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<tr>
<td>• Modern Warehouse Design</td>
<td>• Available Real Estate</td>
</tr>
<tr>
<td>• Local Infrastructure</td>
<td>• Limited to BNSF Usage</td>
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<tr>
<td>• Access to Rail (for foreign produced goods)</td>
<td>• Customer Need for Proximity to Intermodal Park</td>
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Challenges – Finding the Right Fit

**Ideal Customer**
- Heavy Rail Use
- High Drayage Spend
- High Container Volume
- Heavy Importer / Exporter
- Overseas Manufacturing
- Multiple Mode Transportation Usage
National Transportation Objectives

Transportation for America: “The Route to Reform” 2009

• Improve Economic Competitiveness, Transportation System Efficiency and Workforce Development Opportunities
• Improve Transportation System Conditions and Connectivity
• Promote Energy Efficiency and Achieve Energy Security
• Ensure Environmental Protection, Restore Climate Stability and Resolve Persistent Environmental Justice Issues
• Ensure Safety for All Transportation Users and Improve Public Health Outcomes
• Provide Equal and Equitable Access to Transportation Options in Urban, Suburban and Rural Communities
Trans-American Freight Network
Potential Intermodal Impact

Did you know?

If 25% of OTR freight switched to rail, by 2025 it would lead to:

- Nearly 800,000 fewer tons of air pollution
- Savings of 16 billion gallons of fuel
- 2.8 billion fewer travel hours wasted in traffic

Concord, NC to Rancho Cucamonga, CA
2,382 Miles – 325 Loads Per year

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<thead>
<tr>
<th></th>
<th>OTR</th>
<th>IML</th>
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<tbody>
<tr>
<td>Rate</td>
<td>$2,450</td>
<td>$1,750</td>
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<tr>
<td>FSC</td>
<td>30%</td>
<td>22%</td>
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<tr>
<td>Rate + FSC</td>
<td>$3,185</td>
<td>$2,135</td>
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Annualized Savings = $341,250

* Pounds of CO₂ Per 100 Ton-Miles
Questions?