

r e a d y f o r a n y t h i n g !

DSC's Joliet Logistics Center

A Case Study

Ann Drake, CEO
DSC Logistics
April 15, 2010

- **Background**
- **The Promise**
- **The Reality**
- **The Future**

DSC Logistics

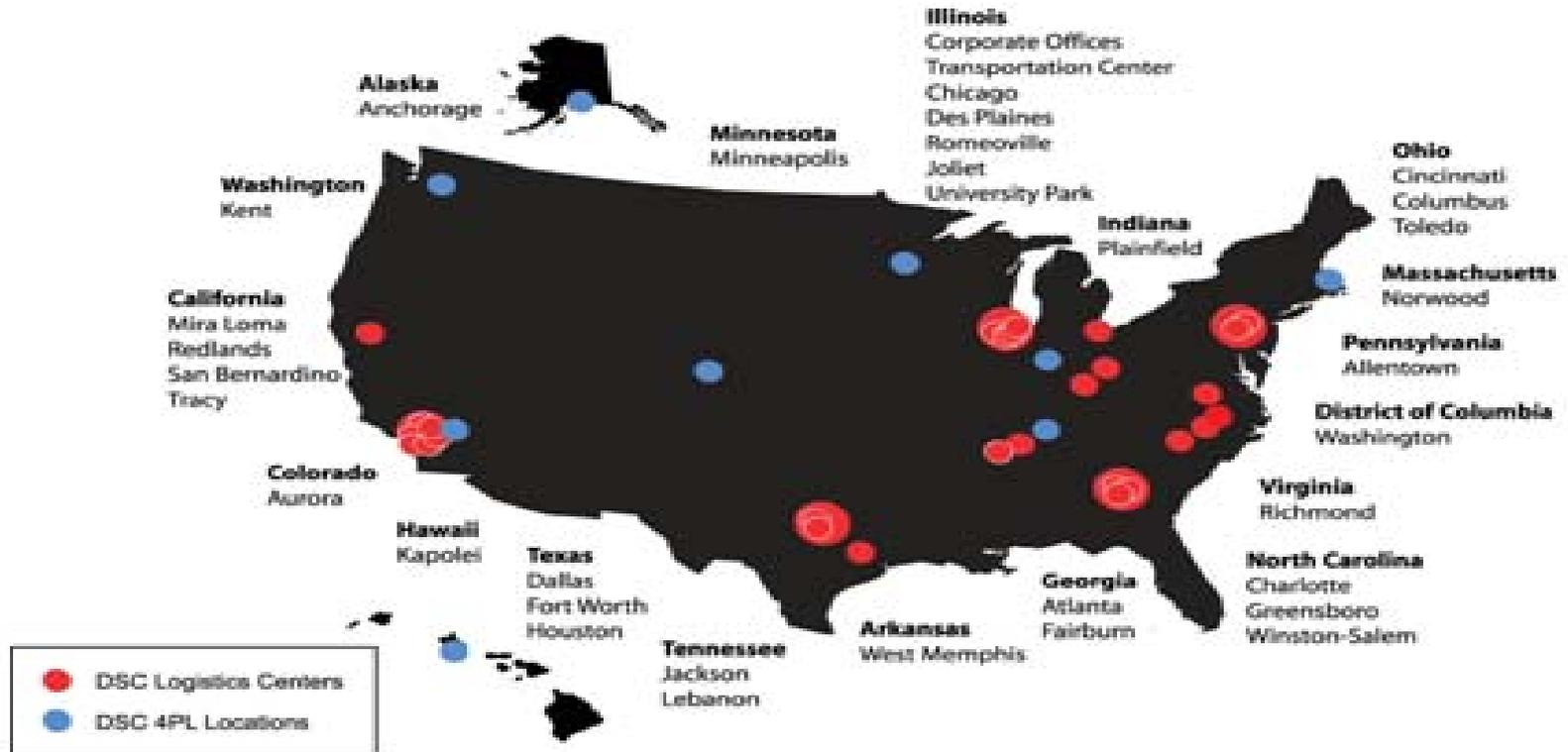
Our Mission is to achieve customers business goals through the management of change and information in the supply chain.

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

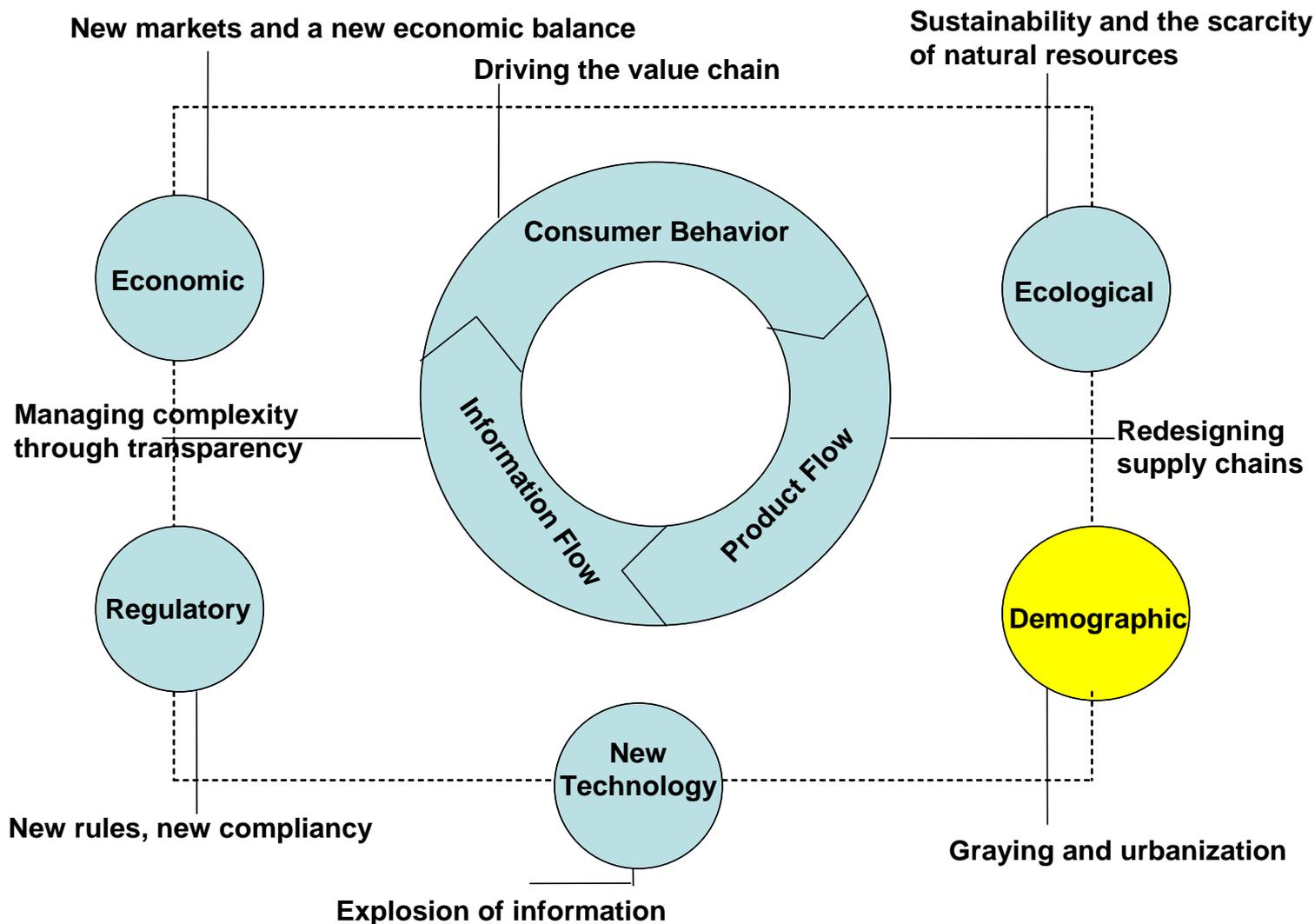
Our Key Partners are J. M. Smucker, Kellogg, Starkist, Kimberly-Clark, MeadWestvaco, Philip Morris USA, Cardinal Health, R. J. Reynolds, Tata, and Yamaha.



Our Locations

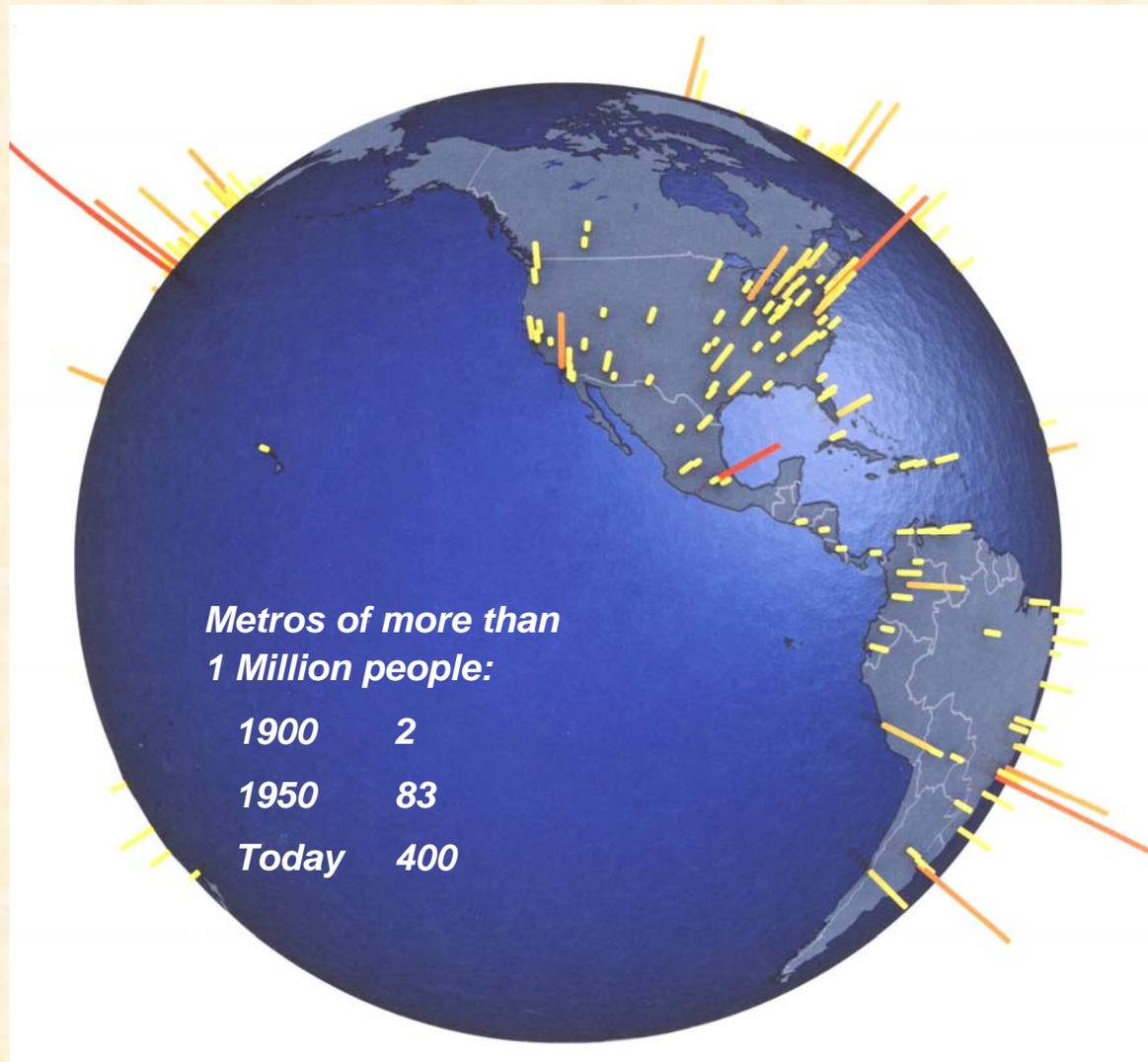


Value Chain – Focused On Demographics

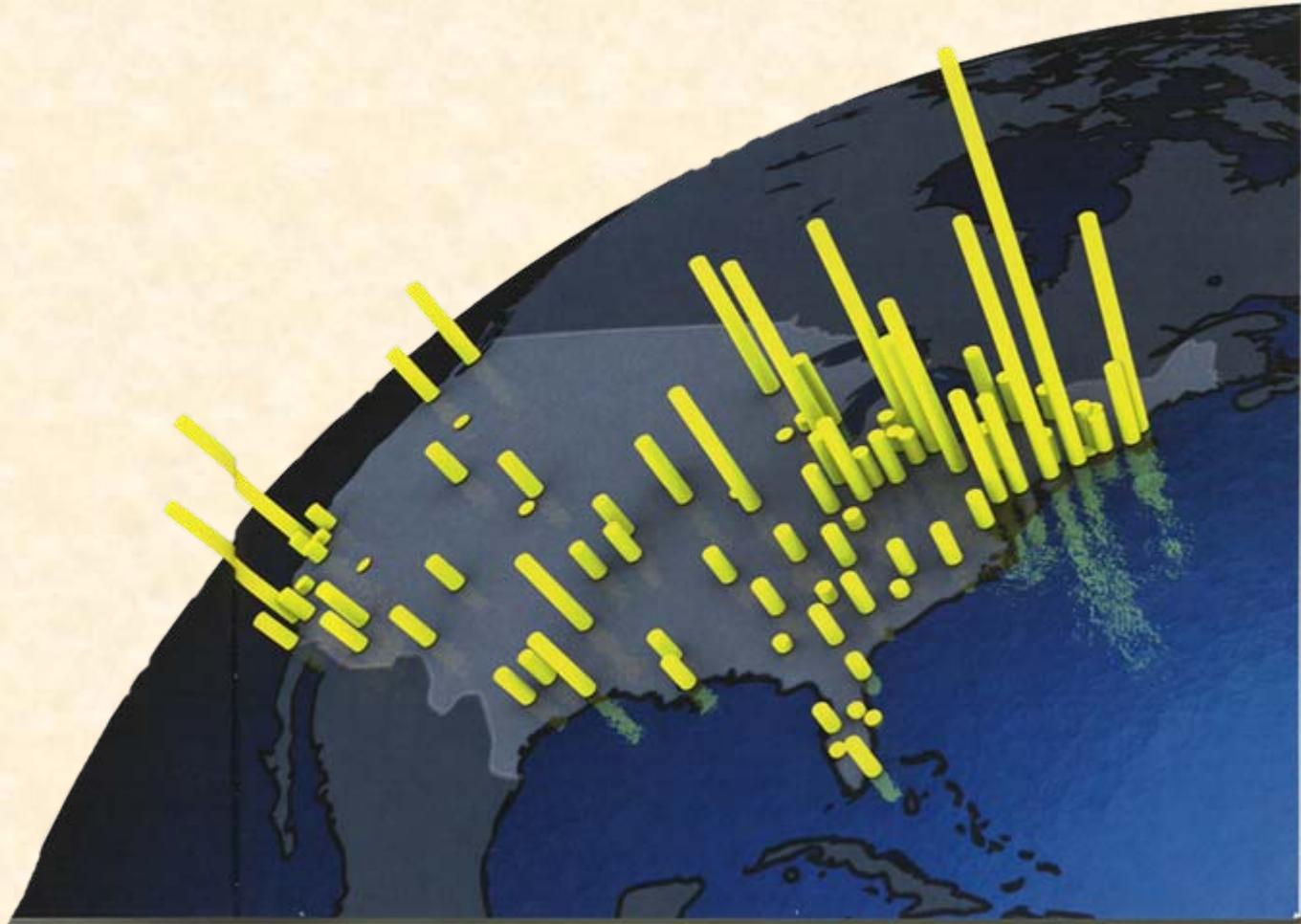


Source: 2016 Future Supply Chain, Capgemini 2009

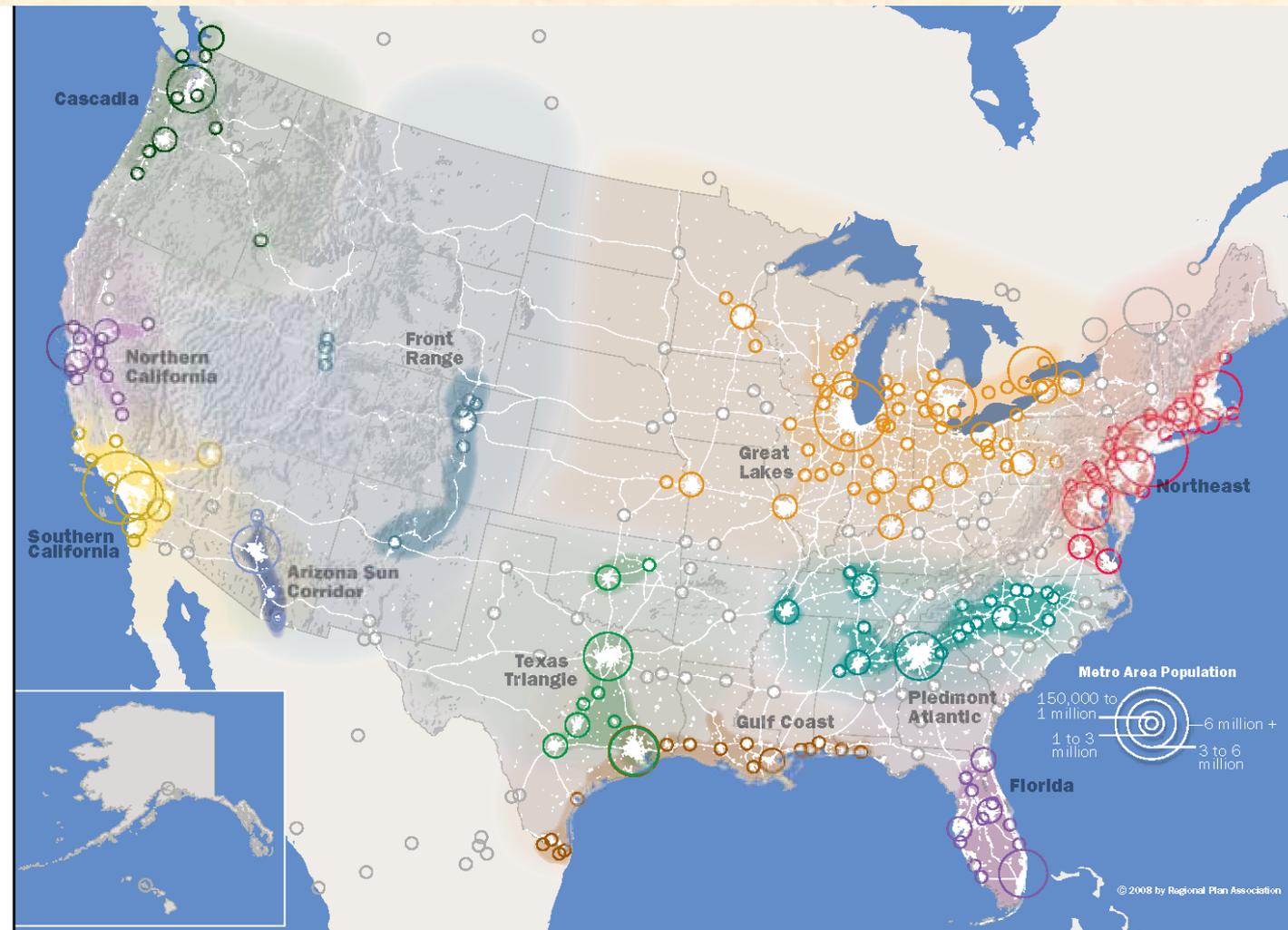
Global View – Change in Metros



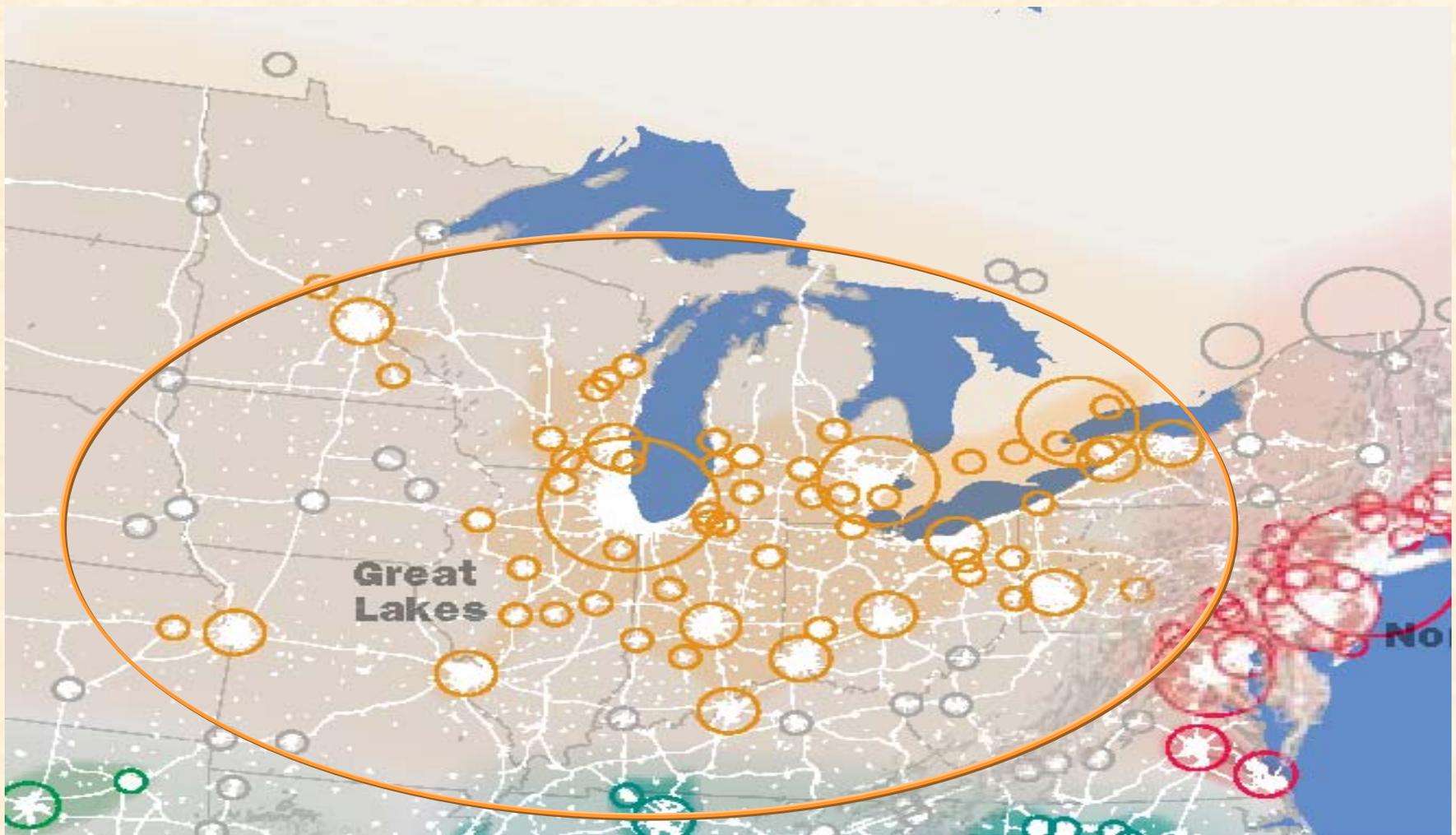
North American View – Change in Metros



Mega-Regions



Great Lakes Mega-Region



DSC's Search for the Future

1998 - Began search for new flagship operation

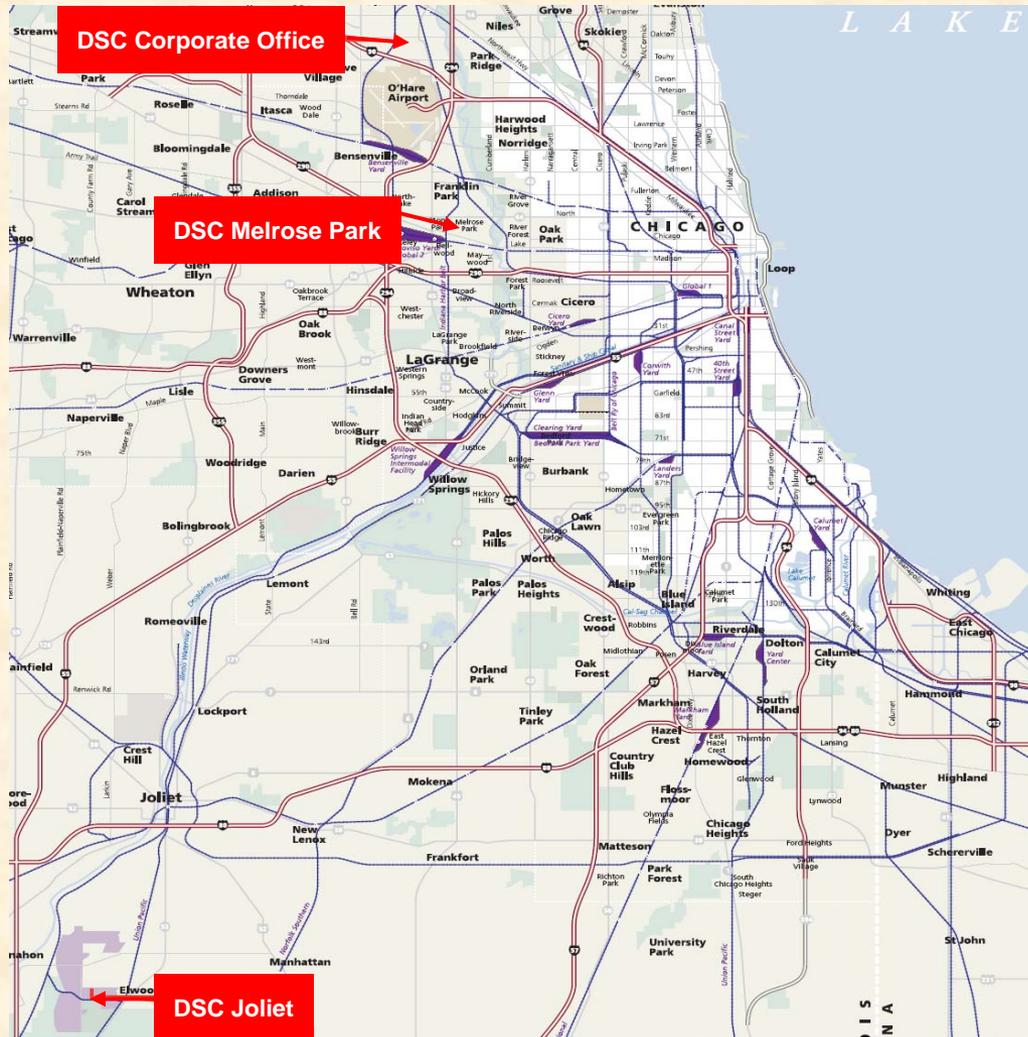
2000 - Purchased land in April

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 LALB
- » 12+ million SF industrial facilities

www.centerpoint-prop.com



CenterPoint Properties®

DSC
LOGISTICS AND
SUPPLY CHAIN MANAGEMENT

ready for anything!

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 means 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
- 116 exterior truck doors
- 2 drive-in doors
- 32' clear height
- Enterprise Zone
- Foreign Trade Zone

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 BSNF'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 10 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

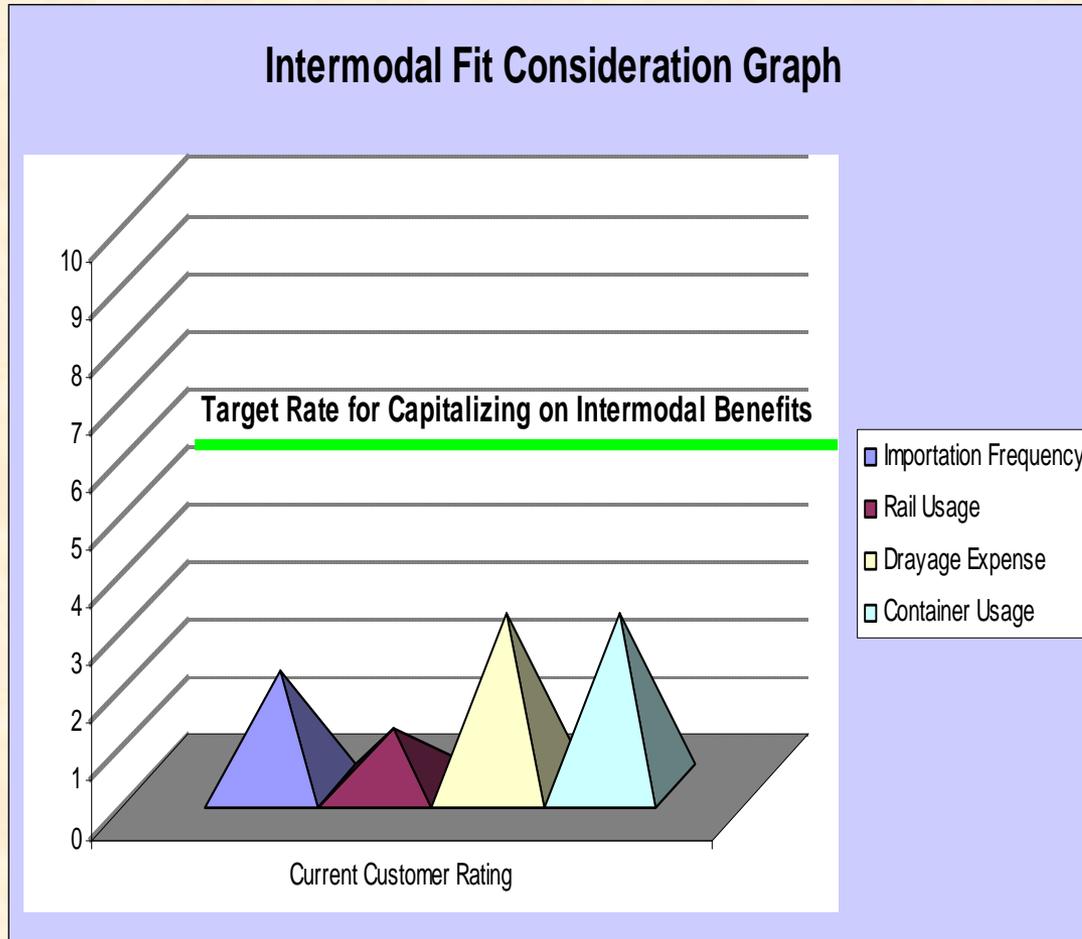
- **Unilever Foods, North America**
 - Reason in Joliet: Real Estate / Cost
 - Trans: Primarily TL
- **Radio Flyer**
 - Reason in Joliet: Rail yard
 - Trans: Rail / TL / LTL
- **Turtle Wax**
 - Reason in Joliet: Service / Cost
 - Trans: Rail / TL / LTL
- **Yamaha Corporation of America**
 - Reason in Joliet: Cost / security
 - Trans: TL / LTL
- **Whirlpool Corporation**
 - Reason in Joliet: Rail yard
 - Trans: Rail / TL / LTL



Appeal for Customers

<u>Pros</u>	<u>Cons</u>
<ul style="list-style-type: none">• Active Foreign Trade Zone	<ul style="list-style-type: none">• Competitive Labor Market
<ul style="list-style-type: none">• Modern Warehouse Design	<ul style="list-style-type: none">• Available Real Estate
<ul style="list-style-type: none">• Local Infrastructure	<ul style="list-style-type: none">• Limited to BNSF Usage
<ul style="list-style-type: none">• Access to Rail (for foreign produced goods)	<ul style="list-style-type: none">• Customer Need for Proximity to Intermodal Park

Challenges – Finding the Right Fit



Ideal Customer

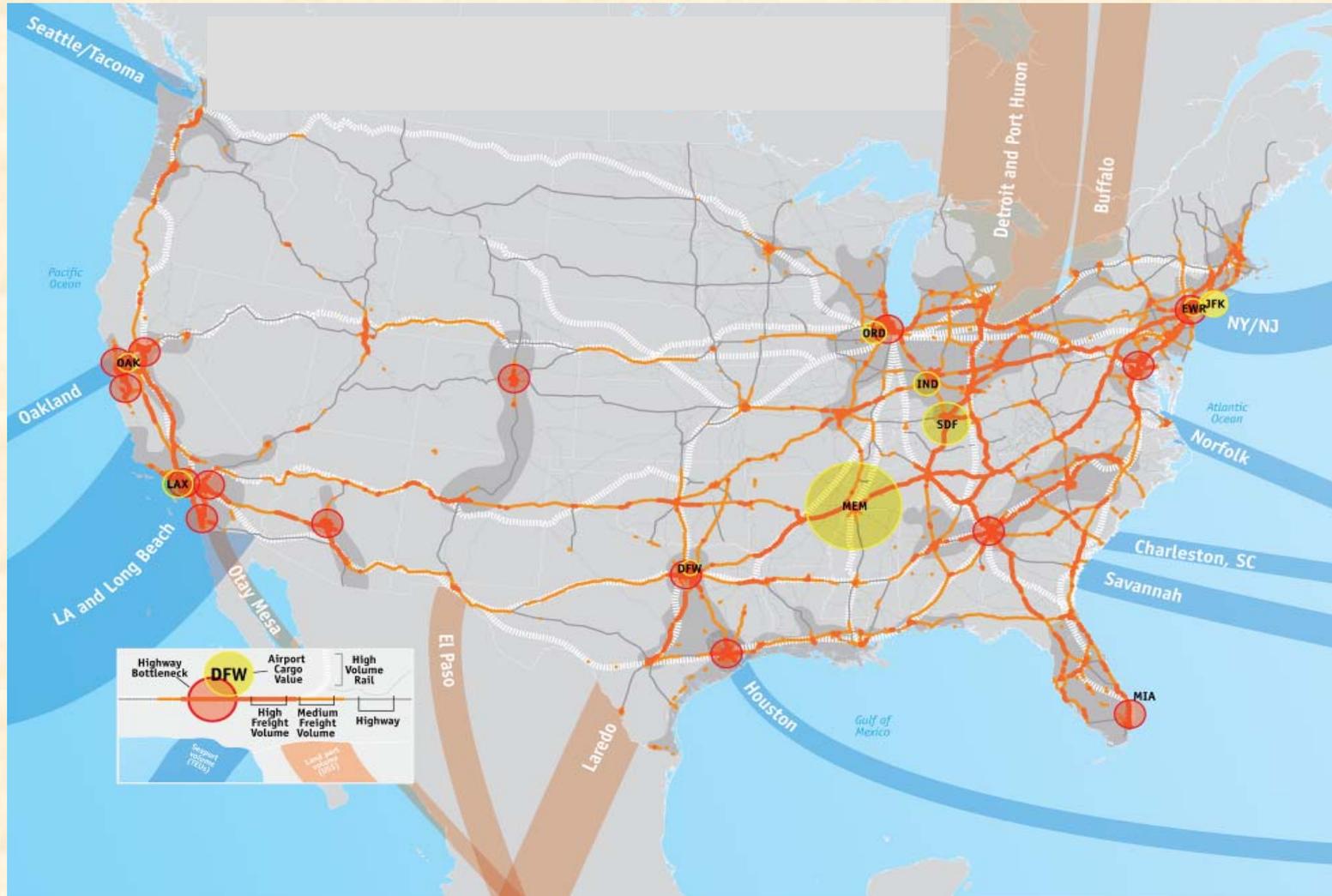
- Heavy Rail Use
- High Drayage Spend
- High Container Volume
- Heavy Importer / Exporter
- Overseas Manufacturing
- Multiple Mode Transportation Usage

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

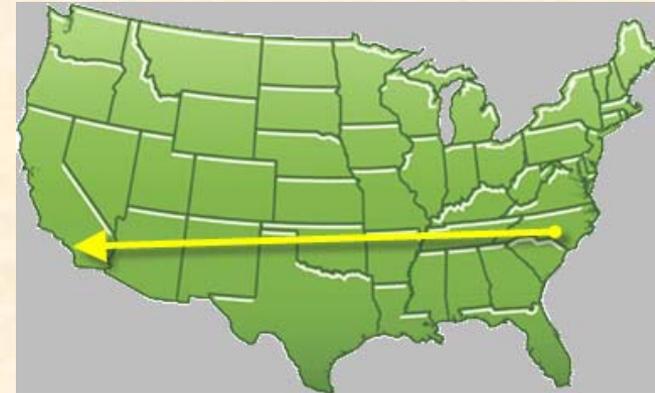
Did you know?

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



* Pounds of CO₂ Per 100 Ton-Miles



Concord, NC to Rancho Cucamonga, CA

2,382 Miles – 325 Loads Per year

	OTR	IML
Rate	\$2,450	\$1,750
FSC	30%	22%
Rate + FSC	\$3,185	\$2,135

Annualized Savings = \$341,250

Questions?