

The World Group Outlook



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Staying Ahead of the Curve

World Group members continue to grow their capabilities, facilities and service offering to provide top-notch services to existing and potential customers.

One Stop Freezing/Loading

NOCS is expanding blast capacity at three port facilities. The LaPorte, TX, NOCS West Gulf expansion has added 8 blast cells for a total of 16 blast cells, accommodating up to 16 truckloads of fresh poultry per day, or approximately 640,000# in a 24 hour period. Blast expansion for the dockside Jourdan Road facility in New Orleans, increases current capacity at the sprawling 160,000 square foot location by 33% to 30 truckloads, or 1,200,000# per day. The Alvar Street warehouse will double its capacity at 16 blast cells, matching the LaPorte, TX, capability of 640,000# of fresh poultry per 24 hour period. The Alvar St. project will be completed in early October.

The need to increase blast capacity for fresh poultry is fueled by growing customer awareness of the overall cost savings in shipping fresh poultry to the port facilities where the product is frozen and loaded for export. The logistics of freezing in the port is reflected in savings on warehousing and trucking costs,



necessitating only one inland move, and only short term storage from production to loading the product for delivery overseas.

NOCS is also firming up plans for a warehouse and ship dock expansion at the Jourdan Road facility, which will enable the company to berth and work 3 breakbulk vessels simultaneously. Presently, the facility's ship dock can accommodate 2 vessels at one time. The warehouse expansion will include approximately

57,000 square feet of below zero storage, which will service the third ship berth, reducing the distance facility operators must travel to position product for loading aboard the ships.

TCS Continues Exciting Growth

In July, 2004, TCS opened a state-of-the-art, 107,000 sq. ft. facility in Trenton, Ontario, dedicated to the frozen storage of food products destined for all Canadian and some American markets. The company held its grand opening celebration recently, complete with a luncheon, tours, ribbon cutting ceremony and guests of honor representing the key account in the facility. TCS meets with such success in the facility quality and technology that the plans are mirrored in the most recent, 60,000 sq. ft. expansion in Edmonton, Alberta. This facility, opened in March 2005, impresses all who tour it, and is expect-



At the recent TCS grand opening ribbon cutting ceremony, Leslie Chester, Nestle CA; Bob Campney, Mayor of Quinte West; Steve Fortin, TCS, Warehouse Operations Manager.

ed to be at full capacity in the near future. To meet the growing demand in Alberta, TCS has expanded its Sales and Marketing team, which now includes Greg Callaghan, Sue Millington and our most recent addition, Mike Noel. The TCS national temperature controlled freight consolidation program continues to succeed in delivering product to market on time, at competitive rates with all associated services completely managed by TCS customer service and partner carriers. This makes TCS a one-stop shop niche in the market.

Technology Updates In The Works

Henningsen is in the process of upgrading its ProVia WMS system. Two warehouses are testing the software with plans to roll out the upgrade to the entire company by the end of 2005.

STAYING AHEAD OF THE CURVE

World Group

MERCHANT EXPANDS THE 3PL MODEL

Over the past few years, Merchants Terminal (MTC) has aggressively pursued its goal of becoming the customer's logistics department.

"We have always been so much more than a warehousing company. From the 1920's Merchants realized that providing just warehousing wasn't going to satisfy our customers. We have come full circle from owning a trucking company in the 1930's that coordinated rail/truck logistics to recently forming our transportation subsidiary, MLogistics®. It is my passion to see this company develop and grow as a true service oriented company that is adding value to our customers," said MTC President, Harry Halpert.

One of Merchant's most successful service offerings is web visibility solution, MVision®, that allows MTC customers to access their inventory anywhere there is an internet con-



nection. Most recently MVision® has added event notification where customers can request automatic notification via email for any data point in the MTC system such as truck arrival/departure, product put-away in the warehouse, and automated end-of-day activity reports.

According to Ernie Ferguson, MTC's Vice President of Sales, MVision® has created a significant demand. "We have customers who use MVision® for their total inventory management. The user friendly set-up, along with the capability to manipulate data through a broad range of reports and email in Excel spreadsheet format, allows total access to their account. It used to be only our large customers who could afford EDI. Although we provide traditional EDI with MVision® we also offer a cost-effective solution that allows our customers to transmit data between our companies by transmitting simple flat files. (continued on page 4)

The Importance of "New"

— Dave Collins, American Cold Storage

"Like most folks in business we are constantly focused on improving the bottom line on a daily basis. This focus of 'keeping the eye on the mark' must not be all consuming. Fundamentally, there are two areas of interest that must be reviewed on a constant basis.

"First, what can we do to enhance our service level or what additional services should we offer at our locations, either as a company or location by location. Secondly, what new technologies do we need to consider to improve what we are doing and what must we do to stay competitive with the larger companies within our industry.

"One of my favorite stories about failure to review technological advances has to do with a cartoon I once saw in the paper. The caption showed a King putting on his armor and taking up his lance while being addressed by his squire about a salesman making a call on the King. Meanwhile, outside of his tent was a salesman holding a machine gun. The King's response was, 'Tell that salesman I don't have time to look at something new, I'm about to do battle!'

"Most of us can certainly feel for what the King is going through. Failure to look at something 'new' can limit your chance for success. One of the great advantages of the World Group is the ability to discuss innovations and cost saving measures as a group during meetings or by staying in contact with your peers to discuss new developments.

"Cooperation among members in the area of innovations in technologies and services for our customers has allowed all of the World Group to stay at the cutting edge."

PROMOTIONS / APPOINTMENTS

Merchants' Announces Appointments/Retirements

Pat Vitek has retired from the Baltimore distribution center on May 31, 2005. Pat was hired in 1964 as a warehouseman and in 1967 was promoted to supervisor of the Baltimore warehouse. He was appointed Plant Manager in 1987, remained in that capacity for the next 18 years. Pat was vital to the success of the Baltimore warehouse using his easy going management style and team approach.



Jim McCormick also retired from MTC's Baltimore warehouse effective May 31, 2005. Jim was hired as a warehouse supervisor assistant to Pat Vitek in 1988. Jim has been an exceptional employee and friend over the years and was a great complement to Pat's management style.



Dan Hopf has been promoted to Plant Manager at MTC Baltimore warehouse. Dan was hired in 2000 as the Baltimore dock supervisor, moving to the Jessup DC in 2001. He was promoted to Assistant Plant Manager of the Jessup Distribution Center in 2004. Dean Conquest was promoted to Warehouse Supervisor of the Baltimore DC. Dean has been with MTC since 1994 as warehouseman at the Jessup and Baltimore operations.



Louis W. Derr has been appointed General Manager of the MTC transportation subsidiary, MLogistics®. Derr comes to MLogistics® with more than 27 years of experience in transportation and distribution. Lou's extensive experience includes rail, truck, and international, and he will manage the expanding subsidiary.



Diane Busch has been promoted to Merchant's Director of Corporate Administration. Busch has been with MTC for over 17 years most recently serving as Executive Secretary. Busch started her career with MTC in 1987 as Secretary and her organizational skills quickly led to her promotion to Executive Secretary in 1989. During 2004 she developed the corporate Procedures Manual/Training Center; an online training tool designed to train and educate all personnel. In her new capacity, Diane continues to perform the Executive Secretary functions, while directing the administration of distribution center audits and inspections.



TCS Promotes Noel As Customer Development Manager

Michael Noel joined the TCS team 3 years ago working at the Edmonton, Alberta facility. Michael worked in operations as the Assistant Manager to help establish the new warehouse in Edmonton. Recently promoted to Manager - Customer Development, Michael brings his acquired educational and warehousing knowledge to the position where he will focus on developing new customer relationships. Michael has a strong educational background, graduating from N.A.I.T. (Northern Alberta Institute of Technology) and receiving his degree in Commerce from the University of Alberta, majoring in Operations Management. He has recently completed his C.I.T.T. (Canadian Institute of Traffic and Transportation) designation making him a strong logistical addition to the Sales and Marketing team.

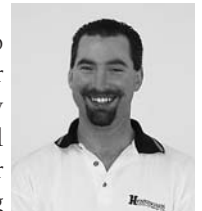


Two Tony's — Henningsen Announces New Hires and Promotions

Tony Bonevitch has been named Logistics Coordinator, East Coast Operations for Henningsen Transportation Services and will be based at the Scranton, Pennsylvania warehouse. Mr. Bonevitch will oversee all transportation functions for East Coast distribution including full truck, LTL, consolidation and direct to store deliveries. Bill Daniel, Transportation Manager said "we are excited to have Tony join the team; he brings over 15 years of transportation experience to the organization. We are looking forward to increased transportation opportunities in the east and Tony has a great knowledge of the area and the business."



Tony Weaver has been promoted to Director of Warehouse Services at our Portland, Oregon warehouse. In his new role, Mr. Weaver will be responsible for all warehouse operations including customer service, safety, training, day to day staffing levels and dock operations. Tony has been with the company since 1991 most recently as Warehouse Superintendent.



Golf Tournament Named For Kitchener — Sue Millington

On June 16/05 we held our fourth annual Customer Appreciation Golf Tournament. This year the tournament was renamed in honor of Craig Kitchener, our VP of Sales and Marketing who tragically passed away in early December of 2004. Our tournament has evolved into not only a successful, fun event for our customers and partners, but also into an opportunity to support the Alzheimer's Society. Through the generosity of many, we were able to more than double our donation to the society this year; something Craig would have been extremely proud of.



Let's tee it up, (from left to right) Dave Phillips, HJ Heinz; Sue Millington, TCS; Chris Glowienka, Sara Lee; Bill McLaren, Export Packers.

On June 24, 15 of our teammates attended an all night "Relay for Life" event to support and help raise funds for the Canadian Cancer Society. A sincere thank you goes out to all of the members of the World Group who generously supported our fundraising events this year! Your contribution to our efforts is much appreciated.

(continued from page 2)

MVision® is all about control and saving our customers time and money."

Founded in the fall of 2003, Merchant's transportation subsidiary MLogistics® continues to thrive offering LTL consolidation services and full truckload and railcar management. MLogistics® has recently expanded its LTL pool consolidation service now offering weekly on-time delivery to 27 states with guaranteed freight rates. Customer's benefit from one point of contact for both warehousing and transportation while reaping the benefits of pricing that offers significant savings over traditional LTL.

Ken Johnson, Merchant's VP of Operations sums up Merchant's strategy. "I've been with Merchants for 13 years, and I have seen our company evolve with the changing logistics landscape. We have always been known as a superior service provider of temperature controlled warehousing while dabbling in transportation and information systems. We now are a full service logistics provider offering our customers state-of-the-art systems and a comprehensive transportation program allowing a one stop shop for the supply chain."



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