

The World Group Outlook



2005 PROGRESS 2006

Some of it's magic, some of it's tragic. World Group members reflect on the events of 2005 and the plans for 2006.

Imperial Highlights

From Brian Davis —
Imperial Freezer Services

- We added a yard truck or switcher truck in early 2005. We use this truck to move dropped trailers in and out of doors. It has helped our customers by allowing them to drop trailers at our facility before and after hours.
- We implemented EDI during 2005. We went live with this new service in September 2005. Currently doing EDI with one customer, but the infrastructure is now in place to allow for easy expansion with other customers.
- In September we added a Tia McCarthy to our customer service department. Tia is in charge of scheduling all loads in and out of our freezer. The addition of a single source for our customers has streamlined the order and scheduling process.
- In the spring of 2005 we passed our annual sanitation audit with a superior rating from the AIB. Superior is their highest rating, and Imperial has achieved this rating eight years running.



MTC Grows Services

Merchants Terminal Corporation completed a successful 2005 highlighted by expanding transportation and web-visibility service offerings. Continuous development of these services is a product of Merchants' goal of becoming their customers' logistics department.

2005 saw the expansion of Merchants' transportation subsidiary, MLogistics®. Founded in 2003, MLogistics® has developed a comprehensive transportation network for customers, offering LTL consolidation and full truckload freight management. The LTL consolidation program expanded to servicing 27 states weekly with guaranteed freight rates and weekly on-time scheduled deliveries. Highlights include expanded service to Wal-Mart and McDonald's distribution centers throughout the East Coast. Plans are in place to expand LTL service to the entire lower 48 states of the U.S.

MVision®, Merchants' industry leading web-visibility solution continued to offer expanded functionality to their customer base. In 2005, many customers took advantage of cost effective EDI transmissions developed as alternatives to traditional EDI programs that are often cost prohibitive. Additionally, expanded event notification capabilities were provided allowing customers more control of their inventories. During 2006, Merchants will provide more options through MVision®, including PODs for shipments handled by MLogistics®.

The outlook at Merchants for 2006 looks bright, with planned development at the company's Landover, MD, campus offering leased space to wholesale distributors. Plans include renovation of 50,000 sq. ft. of space for service to the Washington DC, Northern VA and Rockville/Bethesda, MD markets.





with more emphasis to the growing hospitality market. While the company does not act as a foodservice company, it provides similar services for its food product customers. The distribution arm operates under the name Frialsa Logistics, and provides truck-load and LTL services on partner carrier trucks.

In 2006, the company plans to expand one of the 3 warehouses in the Mexico City area, 2 more expansions for warehouses in the Bajío (center) area and still another for the Culiacan warehouse. Future plans include an additional warehouse in the west area of Mexico City.

Management interviews customers continuously to check performance, identify problems and improve service where needed. Frialsa has an extensive training program for all employees to enhance their skills and give them a better place to work.

The company is represented in the United States by Steve Buell, VP, Sequoia Sales, Hollister, California. Sequoia Sales International is a refrigerated warehousing and logistics consulting firm specializing in USDA/Foreign Agricultural Services Cold Chain Projects throughout Latin America.

One of the most exciting areas that Frialsa has developed with Steve over the last 5 years has been the rail to truck refrigerated trans-load facilities. As the trade demand for U.S and Mexican frozen and refrigerated foods increases, producers are looking for more streamlined and cost-effective distribution methods. Increasing fuel costs and homeland security procedures are two driving forces that are causing producers to consider frozen or refrigerated rail service between the two countries.



Frialsa has been working closely with both the U.S. and Mexican railroads to increase their refrigerated service on these routes. Frialsa has three strategically located refrigerated trans-loading facilities currently in operation; in Mexico City, Monterrey, and the Bajío area. These three new trans-loading facilities are designed to maintain product temperature while efficiently moving these products from rail to truck or truck to rail.

World Group Welcomes Frialsa Frigoríficos



Frialsa

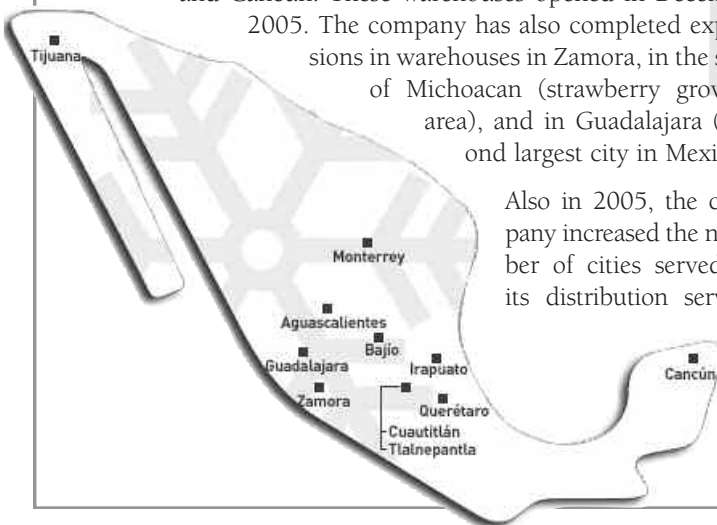
They started small and delivered value. Twenty-three years later, their success spans all of Mexico. Frialsa launched a refrigerated warehouse business in 1983 with 10 employees in one 500,000 cu. ft. facility located on the outskirts of Mexico City. Today, the company boasts 24,500,000 cu. ft in a network of 15 warehouses and a transloading facility, with logistics services delivering to more than 1,200 points in 135 cities throughout Mexico.

Frialsa has a thorough understanding of laws, customs, market demands, and an intimate knowledge of customer needs. Members of the Frialsa sales staff reside around the country near customer's headquarters, and are in continuous contact with all levels of management. Frialsa serves the grower market with state-of-the-art blast freezing, storage and packaging; food processors and consumer product companies benefit from Frialsa's more sophisticated consolidation and temperature controlled distribution services to a wide range of supermarkets, hotels and resorts.

The company is on the move. During 2005, Frialsa opened a facility in Culiacan in the north pacific coast, and a new warehouse with rail service on the north side of Mexico City. Work was recently completed on 2 new warehouses in Torreon (north) and Cancun. These warehouses opened in December

2005. The company has also completed expansions in warehouses in Zamora, in the state of Michoacan (strawberry growing area), and in Guadalajara (second largest city in Mexico).

Also in 2005, the company increased the number of cities served by its distribution service,



U.S. Growers Adds Two

2005 was an exciting year for U.S. Growers, with the purchase of two additional cold storage facilities in close proximity to the company's other locations in Los Angeles. The purchase increased capacity to a whopping 16 million cubic feet in eight locations. The new facilities offer customers blast freezing, frozen, chilled & dry storage capabilities.

The company also experienced substantial growth in the transportation sector, a result of more customers turning to U.S. Growers for all their logistics needs, capitalizing on the convenience of one contact point for all warehousing and distribution requirements.

In February, 2006, U.S. Growers is launching a new customer log-in website, providing comprehensive, 24/7 account information.



NOCS: Renewed and Ready

New Orleans Cold Storage has come a long, long way in the past four months since Katrina, and their recovery has been a difficult assignment. Yet, that familiar toll-free number, 800-STA-COLD, is ringing again in the Crescent City.

Over these past months, NOCS has quietly and diligently reorganized themselves, and is nearing completion of the rebuilding of their three New Orleans warehouses.

- The Alvar street facility will be back in operation the week of 1/9/06, receiving fresh and frozen product.
- The Jourdan Road facility has been involved in a multi-phase reconstruction effort, with different sections of the warehouse coming online sequentially over the next few months, beginning with Room 1, slated to accept fresh and frozen product in mid-February.
- The Airline Drive warehouse has also undergone some necessary reconstruction, and will be ready for frozen product near the end of February.

The staff and management of NOCS offer their heartfelt thanks and gratitude to their customers and industry friends who have supported them throughout the most trying time in their company's 120 year history. As Mark Blanchard, Executive Vice President of NOCS proclaimed in early September, "We'll be back...stronger and better than ever before."

TCS On The Fast Track

Stan Bigford, Trenton CFO, tells it like it is. . . .



"2005 was quite a year for the TCS Group," said company CFO Stan Bigford. "We increased our capacity by 43%, 2/3 of which was in Trenton, the other 1/3 some 2400 miles away, both overseen by the same person and constructed by the same contractor. We tragically lost Craig Kitchener, a close friend and key member of our leadership team. We had the finance guy take over that responsibility, hired a new Director of Finance to help the finance guy, created 3 new sales positions, which were filled internally, to help sell the 43% increase in space, started construction of an additional freezing tunnel for one of our long time customers, helped our fellow employees raise more than \$50,000 for a variety of charities, all while moving over a billion pounds of product in and out of the warehouses.

"2006 doesn't look like it's going to be any slower. We're coping with rationalization by at least 3 major customers, fighting new competition from the US, starting a new freight consolidation program from western Canada to Trenton and beyond, trying to get someone to admit that they don't really know where RFID is going inside the warehouse, looking to continue to expand our customer base, establishing that "Trenton Cold Storage is ETDBW - "Easy to do Business With", all while tackling a deregulated, ever increasing energy market, a tightening labor market (our Edmonton facility had a walloping 450% turnover rate in 2005 due to the draw of the oil projects less than 500 miles away!), all while shoveling out from the earliest snowfall we've had in 20 years. (What happened to global warming?!)"

Henningsen Expands Operations

2005 was a big year at Henningsen Cold Storage, we opened our new Seattle warehouse in February and have grown the business throughout the last 10 months. In December, we hired Wes Himes as our new Warehouse Manager for the operation. Our warehouses remained full through 2005, and we are looking forward to a strong 2006. *Continued on page 4. . .*



Henningsen Expands continued. . .

Henningsen Transportation Services grew as well in 2005 by adding an East Coast office at our Scranton, PA, warehouse and promoting Virginia Madden from Customer Service Representative to Logistics Coordinator for the West Coast and Long Haul operations.

New racks were added to warehouses in Twin Falls, ID, and Portland, OR, to accommodate ever-growing customer demand. Twin Falls added 5,850 new pallet positions and Portland added 1,400 new pallet positions.

Himes Joins Henningsen as Seattle Manager



Wes Himes has been named Warehouse Manager of our new Seattle, WA, logistics center.

In his new role, Wes will be involved in the day to day operations and local sales and marketing of Henningsen's Seattle, WA, operation. Bob Lawyer, Regional Manager said, "We are excited to have Wes join the organization, he brings over 20 years of indus-

The Scranton, PA, warehouse added a new pick/pack operation for Brach's Candy. 70+ SKUs are picked, packaged and shipped to 14 Direct to Store drivers who cover the Northeast including New York and New Jersey.

2006 is shaping up to be another great year; the company plans to roll out a new Web Based Customer Access System which will allow customers to view inventory real time, with custom reporting. 2006 will also bring a new advertising campaign and corporate branding program.

try experience to our warehouse operations team and we look forward to him expanding our presence in the Seattle market."

Wes was formerly Distribution Center Manager of Trident Seafoods in Seattle, WA, where he was responsible for all daily distribution operations at the company's portside location. Prior to joining Trident, Wes was General Manager for Puget Sound International and Distribution Center Manager for SCS Refrigerated Services in Seattle, WA. He has been involved in many industry organizations and is a graduate of the World Food Logistics Organization (WFLO) Institute.