



CORPORATE OVERVIEW

1. Contact Information

Legal Name of Company:	Patterson Warehouses, Inc.
Street Address:	5388 Airways Blvd.
Mailing Address:	P.O. Box 30817
City/State/Zip:	Memphis, TN 38130-0817
Primary Contact:	Buzz Fly
Alternate Contact:	Matt Mulroy
Phone Number:	901-344-2600 Fax: 901-344-9962

2. Management Information

President:	Sammy Bell
Vice-President and General Manager:	Matt Mulroy
Vice-President of Sales and Marketing:	Buzz Fly
Manager – IT & Administrative Services:	Van Oliver
Controller:	Scott Vanderburg
Operations Manager:	David Brinson
Operations Coordinator:	Tim Thornton
Customer Service Coordinator:	Julie Martin
Business Manager:	Bill Anderson

3. Insurance Coverage

Warehouseman's Legal Liability:	\$ 10,000,000
Contents Insurance Rate:	Client insures contents
Worker's Compensation:	\$ 500,000 Limit TN / MS
Employer's Liability:	\$ 2,000,000 General Aggregate
Commercial General Liability:	\$ 1,000,000 Each Occurrence
Auto-Liability:	\$ 1,000,000 Combined Single Unit
Agent:	McDonnell Insurance
In transit Insurance:	Motor Truck Cargo
In transit coverage:	\$ 100,000 Each Occurrence
Deductible:	\$ 10,000

DETAILED INFORMATION

1. Company History, Facilities, and Financial Health

Patterson Warehouses, Inc. is one of the oldest continuously operating companies in the Memphis area with a history dating back to 1856. Current ownership acquired the business in 1975 and started operations with 60,000 square feet of warehouse space and a small trucking fleet. A business plan for sustained growth within the third-party logistics marketplace was immediately implemented focusing on the strategic location of Memphis and its reputation as '*America's Distribution Center*'. Patterson operates today over 2 million square feet of warehouse and distribution space with 1.3 million square feet being company owned facilities that have been built since 1997. Revenues and earnings have grown steadily in each of the last ten years and the company has no debt service outside of the company owned buildings. Patterson currently provides national distribution services for 19 companies, which include Antec, Black & Decker, Conair, Crayola, Home Depot, Medtronic, Polaroid, WaterPik, and Yakima.

There are two operational campuses, 5388 Airways Blvd. in Memphis, TN and 601 Expressway Drive in Horn Lake, MS. Each of the five buildings functions as unique entities with its own operational and administrative staffs. Senior management is located at our corporate office on the Airways Blvd. campus. This management team has been the cornerstone for the success of the company and as a group provides over 125 years of industry knowledge and experience.

Geography

The central U.S. location of Memphis creates many distinct distribution advantages. Inbound container movement can be optimized by using any of the five major railroad hubs. Outbound advantages include one day transit time to more major cities than any other origin point. The 11:00 P.M. cutoff time for FedEx package pickup also maximizes same-day parcel shipping.

Patterson operates no facilities outside of the metro Memphis area. We have formulated strategic alliances and relationships, however, with third-party logistics providers in other major cities that would facilitate the potential for network expansion if required.

Alliances

Patterson Warehouses is a partner in the E*Fill America national network of distribution service providers that encompasses 33 select distribution cities. We have also recently been named the Warehouse Capacity Owner (WCO) for Landstar Global Logistics for the Memphis area. Transportation alliances exist with C.H. Robinson Worldwide to provide complete transportation management (TMS) services as well as LTL direct consolidation programs to major retailer D.C.'s. Local cartage and container drayage is provided for our distribution customers by our in-house carrier Bobbit Trucking.

2. Information Technology and Systems

Patterson utilizes the LMS warehouse management and financial software which was designed and developed specifically for third-party logistics companies. This suite of software was created and is supported by Andlor Consulting of Vancouver, B.C. and has been installed and operational in various versions at Patterson since 1991. Additional support and development is provided by an in-house staff of three IT professionals. Key hardware components include two IBM RS6000 Unix application servers, Dell PowerEdge servers, Cisco routers/switches, and desktop PC's. Firewall protection is provided using the latest Cisco ASA technology and e-mail is managed using Microsoft Exchange. Desktop applications utilize the Windows XP Pro operating system.

The warehouse management system (WMS) controls all facets of the distribution environment utilizing integrated links to all modules. Key modules are as follows:

Inventory / Location / Lot Control	Edi Interpreter / Generator
Receiving / Order Management	Label Printing
Picking / Shipping Operations	RF / Scanning Operations
Management Reporting	Physical Inventory and Cycle Counting
Invoicing	Web-based Inventory and Order Tracking

Receipt and order creation on the Patterson WMS consists primarily of Edi file transfer with some manual entry depending on each customer's capabilities. Both standard Edi and custom flat file formats can be supported. Live Edi transaction sets include 211, 846, 850, 856, 870, 940, 941, 943, 944, 945, 947, and 997 with the capability of utilizing UCS, X.12, Vics, or XML standards. Current connectivity and file transfer capabilities include TCP/IP, VPN, VAN, AS2, or other Internet options using async, bisync, or ftp protocols.

Order management, picking, and shipping are controlled using inventory allocation and ship date and arrive date matrices. Edi interfaces can be invoked for order confirmation and Advance Ship Notices (ASN's) as required. Customer compliant shipping labels such as UCC-128 serial or RFID can also be generated if required.

Wireless technology includes Symbol hand-held terminals equipped with scanners for barcode verification and paperless control.

Scanning technology also includes scan identification of pick and pack units to create carton content packing lists and ASN's.

Customer inventory balances and transaction detail as well as individual receipt and order status can be accessed using login and password control via the Internet. This web-based service known as E-trac is domiciled offsite to ensure data protection and true 24-hour visibility.

Current supply chain optimization is primarily focused on outbound shipping processes since our current customer base controls most of the inbound product flow.

3. Services & Industry Segments

Distribution services include:

- Warehousing and distribution
- Lot number, serial number, and variable weight control
- Inventory and cycle count management
- Order fulfillment direct to business or consumer
- DC and store level shipping
- Full pallet, full case, inner pack, and each level picking and shipping
- Carton contents pick-pack assembly
- Small package manifesting and shipping
- Cross-dock operations
- Product packaging
- Product reconfiguration
- Store display assembly
- Labeling
- Pricing
- Kitting
- Light assembly
- Supplies and materials procurement
- Returns processing
- Quality (QA) inspection
- Product Testing
- Product rework, repair, or refurbishment
- Product disposal

Transportation services include:

- Intermodal drayage
- Local cartage
- Transportation coordination
- Prepaid freight supervision
- Collect freight administration

Industry segments include:

- General commodity, consumer, electronics, medical, and food grade products
- Domestic or imported goods
- Retail replenishment and fulfillment
- Direct to DC, DC cross-dock for Store, and direct to Store
- Consumer fulfillment
- Internet Orders and Drop-shipping
- Just in time raw material plant support

4. Cross-dock capabilities

Cross-dock services are provided as needed in each operation. All cross-dock product is identified using pre-existing or applied placards with double and triple checks during the unloading, loading, and shipping processes.

5. Security and Fire capabilities

All facilities have perimeter fencing and gated entrances with guard shacks. Each guard shack is manned 24-hours a day to prevent unauthorized access. All paperwork from inbound or outbound carriers is checked upon receipt or release from the property. Employee vehicles are required to display a Patterson ID sticker at all times. Visitors are not allowed on premises without verified clearance. Temporary laborers are checked with metal detection devices before and after each working shift, and must display mandatory ID tags at all times.

New employees must pass vigorous screening procedures as well as competency and ethical assessment. On-going assessment of each employee is accomplished through job type certification. Periodic evaluations by direct supervision also ensure the quality of individual workers.

Each building has central security monitoring for both fire and burglar utilizing fixed contacts, beams, and motion detectors. Sprinkler systems are ESFR design with booster pumps. Storage tanks are also utilized in one facility to ensure proper water pressure.

6. Material handling automation

Patterson uses a variety of material handling equipment, which includes fork trucks, clamp trucks, reach trucks, push-pull trucks, order pickers, and pallet jacks. Conveying and packaging equipment includes power and gravity conveyors, carton flow racks, tape machines, stapling machines, banding machines, and automatic shrink-wrap machines.

Examples of some manufacturers are Toyota, Crown, Raymond, and Lantech.

7. Quality Standards

Patterson maintains documented standard operating procedures for all processes. These SOP's are client specific and are updated and published regularly to ensure compliance and promote a continuous improvement philosophy. All lift truck drivers must achieve and maintain OSHA certification.

SUMMARY

Patterson Warehouses, Inc. is recognized as one of the top 100 3PL providers in the country. We are a leader in the logistics industry because of a deeply held philosophy of listening first and allowing our customers to tell us their specific needs and service requirements. We then design and customize all processes to ensure compliance and success with each distribution plan. Our continuous improvement and partnership mentality has allowed us to meet or exceed the expectations of every customer we have served for the last 33 years. The growth, financial strength, and longevity of the company are proof that old fashioned service is still the cornerstone of any business even in the high tech era in which we operate today.

The management team is proud of our accomplishments and the industry knowledge we have gained and truly believe Patterson to be '*simply the best*' in the Memphis marketplace.

