



THE KEARNEY COMPANIES, INC.

Wholesale / Retail Deconsolidation

Warehousing and Distribution

International Freight Forwarding

Customs House Brokerage



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DECONSOLIDATION PROJECT BACKGROUND:

As the mass retailers (Wal-Mart, Target, Kmart, Federated, Sears, JC Penney's and others) continue to demand reduced logistics cycle times and increased supply chain visibility and reliability at a low cost from all sourcing regions, including Central American, apparel importers will be required to import and distribute their cargoes via the most direct means possible to the mass retailer networks. By using a deconsolidation facility at the primary port of entry, the wholesaler or retailer can effectively reduce their total inventory, lower their transportation cost, and speed the flow of much needed promotional or hot-selling product to retailing locations. This "port of entry" distribution or deconsolidation concept has been in place for over 15 years on the US West Coast and US East Coast primarily supporting US importers that are selling Asian sourced merchandise directly to the mass retailers.

With the continued growth in Central American apparel sourcing as a result of CAFTA and the above mentioned demands from the retailers for lower costs and shorter cycle times, The Kearney Companies, Inc. is initiating state of the art deconsolidation service in New Orleans and other Gulf Area Ports (Houston and Gulfport) to immediately enable Central American exporters / importers to begin benefiting from the cost savings and vendor compliance deconsolidation enables. Further, The Kearney Companies, Inc. deconsolidation model, will ensure the Central American trade lane can truly compete in terms of cycle time and overall logistics costs with the Asian sourced product. This will be increasing important as tariff and quota reductions take place over the next several years on Asian sourced goods.

The Gulf Area ports like New Orleans' proximate location to the major Central American Apparel trade and the direct Ocean services into these ports from Central America, makes New Orleans or other Gulf terminals natural locations for "port of entry" distribution. Traditionally, the Central American volumes have not been deconsolidated and have followed a distribution model of having to be re-handled at an inland distribution center prior to being sent to the retailer's distribution center or store. Now, with the increased demands from the retailers to reduce costs and speed total cycle times, deconsolidating and distributing merchandise from the port of entry has become the preferred method of distribution by wholesalers and retailers.

The primary beneficiaries of these deconsolidation services in the Gulf will be wholesalers and retailers who are importing finished garments, footwear, electronics, toys, and house hold items from Central American origins. The potential services include Origin Support services, Local drayage, cross-dock handling, pick and pack services, and other retailer compliance driven value added services like barcode labeling (including RFID) and EDI transmission. These services would be performed in The Kearney Companies, Inc. facilities that are located in the immediate New Orleans port area. Currently, the Kearney Companies, Inc. operates four facilities with roughly 450,000 sq. ft. of total capacity.



WHAT IS DECONSOLIDATION?

Deconsolidation is the process of breaking down bulk international shipments into multiple outbound shipments for final inland delivery directly from the port of entry to a store or distribution center.

BENEFITS AFFECTING YOUR BOTTOM LINE:

Deconsolidating container loads of your products and distributing them by truck or rail, throughout North America according to your specific instructions allows The Kearney Companies, Inc to enable your supply chain to realize:

REDUCED TRANSPORTATION COSTS: You can gain efficiencies on the domestic inland by reducing deliveries to the retailer distribution Center or store by almost 2:1 by using Kearney Companies, Inc to transload ocean containers into domestic 53' trailers.

IMPROVED TOTAL CYCLE TIMES: Eliminate the need for safety stock at your retail stores or distribution center by allowing The Kearney Companies, Inc to manage the flow of your import merchandise in a just in time scenario. You can integrate your work-flows, save re-handling time and minimize points of distribution. Further, you can unitize at the deconsolidation center on pallets or slip-sheets to improve the flow of merchandise in and out of your distribution centers.

INCREASED FLEXIBILITY: You can postpone your final store allocations or distribution center allocation from when the purchase order is booked at origin to a point in time when the goods actually arrive at the port of entry.

RETAILER COMPLIANCE: You can avoid costly charge backs by using The Kearney Companies, Inc.'s deconsolidation service to properly manage the retailer compliance guidelines. This includes bar code labeling, EDI messaging, delivery routing compliance, ship window management, and quality assurance.



KEARNEY COMPANIES' DECONSOLIDATION SERVICES:

- Local Drayage (Harbor & Airport)
- Customs Clearance / Trade Compliance
- Cross-dock handling from ocean container to domestic trailer or rail car
- Inland Transportation management
- Merging Of Domestic & International Orders (Consolidation)
- Sort / Segregate by PO, item, Style, Color, Size (SKU).
- Barcode Scanning (Print, Apply, Scan)
- Store level Pick and Pack services
- Unitization (Pallets or Slip Sheets)
- Quality Control and Retailer Compliance Management
- EDI to Retailers (850 PO Upload, 856 ASN, 810 Invoice, etc...)
- Outbound cargo routing and delivery confirmation



KEARNEY COMPANIES' DECONSOLIDATION FACILITY:

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| • Total Facility Sq. Footage | 450,000 Sq. Ft. |
| • Distance from SS Lines Terminals | 0.5 Miles to 7 Miles |
| • Distance to Intermodal Rail Ramp | 0.5 Miles to 10 Miles |
| • Dock doors | 100 doors + Finger dock |
| • Number of trailer yard spots | 200 w/ surplus yard |
| • Facility Security | Yes |
| • Trailer Yard security | Yes |
| • Fire sprinkler system | Yes |

SS LINE SERVICES TO NEW ORLEANS:

- Seaboard Marine (Direct)
- Maersk Sealand (Direct)
- MSC (Direct)
- Hapag Lloyd (Direct)
- Crowley (Gulfport)
- Zim Lines
- Lykes Line
- APL
- CMA/CGM

