

Company Name **Menlo Worldwide Logistics**

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Fax Number: 650-378-5484

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COMPANY BACKGROUND

Parent Corporation: Con-way, Inc.
Year Started in Logistics: 1990
Market Area: Global
Founding Business: Motor & Airfreight Transportation

Asset Focus: A, N
(A = Asset Based, N = Non Asset Based)

Subsidiaries or Related Companies

Con-way Freight
Con-way Truckload
Con-way Multimodal

OVERALL CAPABILITY

Overall Capability of Provider: Tier 1, major markets, global supply chain manager and lead logistics provider.

KEY PERSONNEL

Robert Bianco President
Robert Bassett VP Sales & Marketing
Gary Kowalski COO
Julie Hui VP Finance
John Herb VP Human Resources

FINANCIAL INFORMATION (LATEST FULL YEAR)

Total Logistics Revenue (\$Millions): 1,478
Total Net Logistics Revenue (\$Millions): 572 **
Total Logistics Employees (Including Drivers): 6,500
Total Long-Term Contracts Held: 200
Average Length of Logistics Contract (Years): 3-5
Ticker Symbol CNW
Exchange: NYSE
* Financial information may be actual company reported or A&A estimates.
** Net Logistics Revenue is net of pass-through revenues for purchased transportation.
*** Average exchange rates for the respective year are used to convert revenues to USD.

ASSETS

Dedicated Contract Carriage Power Units/Trucks:

Total Tractors: 34
Total Trucks: 55
Total Other: 9

Dedicated Contract Carriage Trailers:

Total Dry Van: 80
Total Reefers:
Total Flatbeds:
Total Tankers:
Total Other:

Total Transportation Assets:

Total Tractors:
Total Trucks:
Total Trailers:
Total Aircraft:
Total Ocean:
Total Other:

Total Warehouses & Distribution Centers:

Total Warehouses/DC's: 126
Whse/DC Space (MSF): 18
Total with Rail Doors:
Avg Truck Doors per DC:

Asset Ownership v.s. Leased:

Transportation Equipment: Mostly Leased
Warehouses/DC's: Mostly Leased

INT'L FREIGHT FORWARDING/NVOCC VOLUMES

Total Annual Ocean TEUs:
Total Annual Airfreight Metric Tons:
Total Licensed Customs Brokers:

MAJOR MARKETS

(For detailed industry information, see "Customers" section.)

Automotive Consumer Goods Elements Food, Groceries Healthcare
Industrial Retailing Technological

INFORMATION SYSTEMS

Overall Information Systems Rating: **E** (E=Excellent, G=Good, C=Capable/Adequate, and I=Inadequate)

Software Type:

Software Vendor/Brand:

Transportation Management System (TMS): Oracle--OTM, Proprietary--LMS, TRAXi3
Transportation Planning and Optimization: Oracle--OTM, Proprietary--LMS, Infor/CAPS
Warehouse Management System (WMS): Infor WM Provia (Menlo modified), SIMS
Network Modeling/Site Location: IBM/LogicTools, Infor/CAPS
Freight Bill Audit/Payment Software: TMS, Proprietary--LMS
ERP/Order Management System: Proprietary--LMS

TMS Optimization Routines:

End-to-end Matching/Continuous Moves
Mode Conversion/Optimization
Many to Many Supply Network Optimization

Other Systems Capabilities:

Bar Coding EDI Handling Integrated TMS & WMS Internet Customer Access Real-time Track & Trace
Demand & Supply Forecasting ERP Interfaces Internet Order Fulfillment Radio Frequency Devices XML Data Handling

TRANSPORTATION MANAGEMENT SERVICES

Transportation Planning

- Carrier Mgmt and Contracting
- Inbound Shipment Planning
- Outbound Shipment Planning
- End-to-end Load Matching
- Mode Conversion/Optimization

Transportation Execution

- Contract File Maintenance
- Exception Handling
- Load Tendering
- Loss/Damage Claims
- Tracking & Tracing

- Freight Bill Payment:
- Pre-Audit
 - Post-Audit
 - Performed In-house
 - Outsourced

Transportation Services

- Air Freight Forwarding
- Consolidation/Deconsolidation
- Dedicated Contract Carriage
- Freight Brokerage
- Home Delivery
- Less than Truckload (LTL)
- Ocean Freight Forwarding
- Rail
- Rail TOFC/COFC
- Small Package
- Specialized
- Truckload (TL)

WAREHOUSING & VALUE-ADDED SERVICES

Warehouse/Distribution Center

- Facilities Mgmt
- Frozen
- Refrigerated
- Rail Siding

Value-Added Services

- | | | | |
|---|---|---|---|
| <input type="checkbox"/> Call Centers | <input checked="" type="checkbox"/> Kitting | <input checked="" type="checkbox"/> Pick/Pack | <input checked="" type="checkbox"/> Store Support/Direct Store Delivery |
| <input checked="" type="checkbox"/> Cross Docking | <input checked="" type="checkbox"/> Labelin | <input checked="" type="checkbox"/> Pool Distribution | <input checked="" type="checkbox"/> Sequencing/Metering |
| <input checked="" type="checkbox"/> Customization | <input checked="" type="checkbox"/> Lot Control | <input checked="" type="checkbox"/> Repair/Refurbish | <input checked="" type="checkbox"/> Specialty Packaging |
| <input checked="" type="checkbox"/> Inventory Control/Vendor Mgmt | <input checked="" type="checkbox"/> Merge in Transit | <input checked="" type="checkbox"/> Returnable Container Mgmt | <input checked="" type="checkbox"/> Sub Assembly |
| <input checked="" type="checkbox"/> KanBan | <input checked="" type="checkbox"/> Manufacturing Support | <input checked="" type="checkbox"/> Reverse Logistics | |

OTHER 3PL SERVICES, SKILLS & HANDLING

Other 3PL Services

- Consulting/Process Reengineering
- Factoring/Financial Services
- Installation/Removal
- Order Mgmt
- Purchase Order Mgmt
- Project Logistics
- Quality Control
- Union Services

Special Skills & Material Handling

- Bulk Commodities
- Hazardous Materials
- Food Grade/Sterile
- Temperature Controlled

- ISO Certified Certification Locations: Select locations worldwide.

Other Services:

INTERNATIONAL SERVICES & PRIMARY AREAS SERVED

International Services

- AES/AMS/C-TPAT
- LCL Consolidation
- Customs Brokerage
- Export Crating
- Duty Drawback
- Foreign Trade Zone
- NVOCC
- Port Services

Areas Served

- Africa/Middle East
- Asia/Pacific
- Australia/New Zealand
- Europe
- Latin/South America
- North America

CUSTOMERS

TM-Transportation Mgmt WM-Whse/DC Mgmt VA-Value-Added DCC-Dedicated Contract Carriage
 Inte-Integrated TM&WM IM-Intermodal Intl-International SCM-Supply Chain Network Mgmt. Lead-Lead 3PL

A sample of 3PL clients.

Services Rendered by Menlo

<u>Customer</u>	<u>Industry</u>	<u>Location</u>	<u>TM</u>	<u>WM</u>	<u>VA</u>	<u>DCC</u>	<u>Inte</u>	<u>IM</u>	<u>Intl</u>	<u>SCM</u>	<u>Lead</u>	<u>Other</u>
3Com	Computers, Office Equipment	Santa Clara, CA, Netherla	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A.O. Smith	Electronics, Electrical Equipment	US	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
B&Q	Specialty Retailers	China	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bacardi	Beverages	Asia	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bayer MaterialScience	Chemicals	US	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beefeater Gin	Beverages	Singapore	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Big C	General Merchandisers	Thailand	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blue Coat Systems	Network, Communications Equipment	Netherlands	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMW	Motor Vehicles & Parts	Asia	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bobcat	Construction & Farm Machinery	China, Netherlands, US	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Braun GmbH	Household & Personal Products	China	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Canon	Computers, Office Equipment		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COUNTRIES with OFFICES

Countries served through owned offices or exclusive agents

Menlo

Africa/Middle East

Asia/Pacific

Australia/New Zealand

Europe

North America

Latin/South America

China
Hong Kong
India
Malaysia
Singapore
Taiwan
Thailand

Australia

Belgium
Czech Republic
Germany
Great Britain
Hungary
Ireland
Netherlands

Canada
Mexico
United States

Brazil
Chile

EDITOR'S COMMENTS

Menlo is one of the leading U.S.-based 3PLs. It has adapted a lean six-sigma management approach that is having positive results both on its profitability and in developing new business. Menlo has solid, inbound supply chain management and finished goods distribution capabilities. It is a prime contractor for the U.S. Transportation Command's Defense Transportation Coordination Initiative and recently became the lead logistics provider for truck manufacturer Navistar. Menlo has significantly grown its China and Southeast Asia network and is continuing to expand its European operations. Both are adding significant pieces of business with retailers such as Triumph in the U.K. and Malaysia and Puma in Singapore. Its IT capabilities, including its recent addition of Oracle-TM's transportation management system, provide it with solid supply chain management and optimization capabilities.

Provider's Strengths

Combined and integrated supply chain management, 4PL and lead logistics provider capabilities, significant Asia Pacific presence and expanding global footprint.

Provider's Weaknesses

CASES & NEWS

Menlo Expands its Southeast Asia Network, Lean Management Culture and Corresponding Capabilities [To view in full html format, follow this link: http://www.3plogistics.com/Menlo_Asia_7-2011.htm]

Thailand, Malaysia, and Singapore Site Visits
July 26, 2011

Key Personnel:

Bob Bassett, Vice President of Sales and Marketing
Tom Nightingale, Vice President of Communications and Chief Marketing Officer, Con-way, Inc.
Desmond Chan, Managing Director – South Asia
Thomas Koh, Director, Business Development – South Asia
Naeramit Panprommin, Country Manager – Thailand
Chew Kim Beng, Deputy General Manager – Singapore Operations
Resham Singh Rajput A/L Balgit Singh, Operations Manager – Malaysia

Menlo Southeast Asia Overview

Menlo has expanded its Southeast Asian operations dramatically since our last visit in 2007. Today it is running 27 value-added warehousing operations with a total footprint of 3.5 million square feet and has a workforce of 1,175. In addition to warehousing services, Menlo has added significant pieces of business increasing its regional transportation management capabilities. Although most of Menlo's initial Southeast Asia business centered on meeting the needs of its multinational automotive and high-tech industry customers, Menlo has added many multinational and regional distribution customers in apparel, consumer packaged goods and retail. Menlo's major South Asia customers include BMW, GM, Nike, Philips, Puma, Robert Bosch, Trane, Pernod Ricard, Bacardi, APB, Embraer, Net Appliance, Danfoss, Tata Automotive and Triumph.

While the traditional drivers of logistics outsourcing--manufacturers focusing on core competencies, leveraging third-party logistics providers (3PLs) for cost reductions, and improving operational efficiencies--are in play in Southeast Asia, 3PLs such as Menlo are increasingly becoming key allies in customers' labor cost management strategies. In markets such as Bangkok, Thailand where unemployment is very low and labor costs are increasing above 10% per year, 3PLs provide companies with increased predictability when budgeting for logistics costs.

Menlo South Asia Operating Network:

India: 11 Warehouses, 1,280,000 Sq. Ft., 425 Employees
Thailand: 3 Warehouses, 121,000 Sq. Ft., 90 Employees
Malaysia: 6 Warehouses, 360,000 Sq. Ft., 210 Employees
Singapore: 7 Warehouses, 1,700,000 Sq. Ft., 450 Employees
Total: 27 Warehouses, 3,461,000 Sq. Ft., 1,175 Employees

Bangna-Trad Road Multi-Client Value-Added Warehousing & Distribution Operation

The first operation we toured on our Southeast Asian trek was a modern 86,000 square foot multi-client warehouse on the outskirts of Bangkok, Thailand. The facility has a staff of 80 providing services to five major customers. As a result of its ongoing process improvements, the operation received Menlo's Bronze Lean Management Certification in November 2009. To manage operations, Menlo utilizes its proprietary "SIMS" WMS (warehouse management system) for almost all of the facility's customers.

The facility provides warehousing and distribution services to local markets including retailers and hypermarkets such as Big C, Carrefour, and Tesco. The average monthly volume of products shipped is over 6,000 cubic meters.

In addition to outbound order fulfillment, Menlo performs inbound product receiving and inspection, labeling, product bundling and returns management for its customers.

Menlo Thailand started with its first customer at this facility in 2007 with a 50,000 square foot footprint and has expanded to three sites with 150,000 square feet over the last three years.

For a number of its automotive customers, Menlo manages service parts inventory and coordinates the distribution of parts to dealers and vehicle service centers throughout Thailand, Cambodia, Vietnam, and other Southeast Asia countries.

Each of these customers is pick/pack intensive and more than 500 daily outbound shipments are managed by Menlo. For shipments within a 1,000 kilometer radius of the warehouse, Menlo provides its customers with same-day, or next-day delivery.

Over and above warehouse and transportation management, Menlo is also performing country specific product labeling for the Thai market, repacking products as requested, and performing import labeling.

Malaysia Tanjung Pelepas Distribution Center - Dedicated Service Parts Logistics Warehousing & Distribution Operation

Just across the border from Singapore in the Port of Tanjung Pelepas free trade zone in Malaysia, Menlo is running a dedicated 150,000 square foot service parts logistics warehousing and distribution operation for an automotive customer. The operation started in August 2004. Menlo has a current staff of 45 responsible for fulfilling spare parts and lifestyle item accessory orders to more than 80 auto dealers located in 21 countries throughout Southeast Asia and Oceania.

The warehouse stores multiple model years of automotive and accessory parts in more than 52,000 inventory locations. The majority of larger parts are stored in rack locations and bulky items are stored on the floor. The warehouse has separate storage areas for dangerous goods and accessories. All parts are stored using an ABC inventory management approach with faster moving parts positioned closest to the shipping dock. Small parts are stored in bins and on shelves in a centrally located three-level mezzanine.

Warehouse tasks performed by Menlo include: inbound receiving, sorting and putaway; storage and inventory management; outbound picking, packing, and shipping; carrier dispatch and quality control.

Inbound parts are received via ocean container or as airfreight shipments. All inbound products are checked against invoices to validate product types and quantities prior to putaway.

To support operations, Menlo utilizes a robust system supported with RF scanners to manage tasks and provide real-time data updates throughout the operation. Daily cycle counts and an annual physical inventory are performed to ensure inventory accuracy.

Menlo is measured on four main KPIs (key performance indicators): claims errors (excess shortage, shipping error overage), inventory accuracy, inbound lead time, and outbound lead time. It also tracks an additional seven KPIs for Menlo's own internal quality measurement. Together they make up a "Balanced Scorecard" for the detailed measurement of operational performance. For 2011, Menlo is exceeding its customer's and five of its own performance goals in all of the scorecard areas.

To support Menlo's Lean Management objectives, Menlo has initiated a series for Kaizen process improvement events. Events completed in 2009-11 which resulted in significant process improvement savings included the following project titles:

1. Container Loading for Dangerous Goods
2. Reduce Container Time at Yard & Warehouse
3. Improve FIFO Parts Process
4. Improve Packing Productivity for Fast Moving Bulky Parts
5. Improved Picking Productivity with "Top 2000" Implementation

Each of the four Menlo supervisors is responsible for supporting at least one Kaizen event per year. As a result of its Lean Management initiatives and the corresponding operational improvements, this Menlo's operation was awarded with a corporate Silver Certification in November 2010. In addition, the client also awarded Menlo with its Gold Award in 2010.

Boon Lay Singapore Warehouse

The last operation we visited is the largest of Menlo's seven warehouses in Singapore. The 284,000 square foot Boon Lay multi-client warehouse has both domestic distribution storage areas and bonded areas for export products. Just under half of the operation focuses on handling imports and providing regional and local distribution for wine and spirits customers. Each of the operations detailed below utilize Menlo's SIMS WMS for warehouse management.

The first operation we toured was a distribution hub for Menlo's Wine & Spirits customers. It occupies approximately 180,000 square feet of the warehouse including five separate temperature and humidity controlled rooms. Some of the well known brands stocked in this facility include Beefeater Gin, Chivas Regal, Glenlivet, Malibu Rum, Jack Daniel's, Martell, and Johnnie Walker.

Inbound containers of product are received and checked against orders to verify quantities. Next, they will be putaway into the respective storage areas based on their storage requirements.

Some of the value-added services include tracking of each case and bottle and labeling to meet the regulatory requirements of the final countries of distribution; these countries include China, Indonesia, Singapore, and Vietnam.

In November 2009, Menlo began its warehouse and local distribution operations for athletic shoe, apparel, and accessories manufacturer Puma. Menlo's experience in retail logistics was key in landing the Puma account.

Services performed include inbound product receiving and quality/quantity inspections, premium product handling, price tagging for domestic orders, and returns management. Menlo also supports Puma's ad-hoc promotional events such as tradeshow and campaigns.

Menlo is currently exceeding its KPI performance benchmarks for Puma. They include: Web visibility to reflect real-time data of inbound/outbound orders and stock availability, over 99.9% on-time receiving performance, 100% order fulfillment, delivery and reporting performance; inventory accuracy of 99.95%, and 99.99% data accuracy for system updates.

As a result of Menlo's performance in Singapore, Puma awarded Menlo its Malaysian distribution business in March 2011.

Menlo Southeast Asia Operations Summary

Menlo has expanded extensively in Southeast Asia over the past three years. As it continues to grow its automotive and high-tech customer base, it has progressively brought on more retail and consumer products local and regional value-added warehousing and distribution business. Based upon its new business gains and solid new customer "pipeline", Menlo is adding warehouse space and growing operations throughout

Southeast Asia. It has solidified its management team and business approach. With Lean Management process improvement skills, Menlo has done well securing multinational and regional customers. From what we've seen, we predict that its successes will continue.

Menlo Worldwide Logistics Continues its European Network Expansion [To view in full html format, follow this link:
http://www.3plogistics.com/Menlo_9-2010.htm]
Maastricht, Netherlands and Gyal, Hungary Site Visits
September 27, 2010

Key Personnel:

Bob Bassett, Vice President of Sales and Marketing
Todd Johnson, Vice President of International Operations
Tony Gunn, Managing Director Europe
Arthur van Gerven, Sr. Director, Business Development, Key Account Management and 4PL Services
Jori Liebrand, Site Manager – Maastricht
Samantha Sawelberg, Lean Coordinator – Maastricht
Kornel Matos, Logistics Manager – Gyal

Menlo Worldwide Logistics Europe Overview

Menlo Worldwide Logistics generated gross revenue of \$1.3 billion and net revenue of \$514 million in 2009. In addition, for the first two quarters of 2010 it has realized record profits and revenue gains. Menlo's global staff of approximately 6,500 manages operations in 20 countries on five continents. Menlo's expanding operational footprint has moved it into a select group of third-party logistics providers (3PLs) which we classify as tier-one major market 3PLs.

In Europe, Menlo has a staff of over 450 operating out of 15 locations in seven European countries. The 15 locations include value-added warehousing and distribution operations in: Belgium, Czech Republic, Germany, Hungary, Ireland, Netherlands, and United Kingdom. Menlo's primary service offerings in Europe include both dedicated and multi-client warehousing and multi-modal transportation management. Its total warehousing footprint is just over 80,000 square meters (SQM). It also manages two transportation management routing centers; Eersel, Netherlands and Gyal, Hungary. Menlo Europe's transportation management services include pan-European ground truckload, less than truckload (LTL), airfreight, ocean and last mile delivery services. Besides these 3PL services, the Menlo European team also provides 4PL services to some global accounts. Its key European customers are in the high-tech, consumer, medical devices and industrial industries.

In a recent visit, we had the opportunity to tour Menlo's European operations in Maastricht, Netherlands and a smaller warehousing operation in Gyal, Hungary. These are detailed below.

Maastricht Value-Added Warehousing and Distribution Operations

In December 2009, Menlo took over the management of a dedicated service parts warehousing and distribution operation in Maastricht for a high-tech equipment manufacturer. Over 10,000 stock keeping units (SKUs) of parts inventory are maintained by Menlo in the 19,300 square meter warehouse. With a staff of 65, it is providing the following services: inbound materials receiving and processing, parts inventory management, parts repackaging, outbound order fulfillment, and outbound transportation export documentation and routing administration. The warehousing facility itself is U-shaped, has 30 foot high ceilings, and is split into 10 sections. Parts orders come in through the customer's order management system into warehouse management system (WMS) for picking using wireless scanners. The operation distributes parts orders to Europe, Russia, the Middle East, and Africa. All outbound orders processed by 6 P.M. are shipped the same day.

As with all of the Menlo warehousing operations we have toured, Lean management principles to drive out waste and improve operational efficiencies are being deployed in Maastricht. Menlo has transitioned the operation from its customer and implemented a new organizational structure. It is reengineering operations and has worked with the customer in significantly reducing on hand parts inventory while maintaining service levels. In its first six months of operation, Menlo was able to reduce the required warehouse inventory space by just over 2,500 square meters and has an ultimate goal to reduce it by 5,800 square meters. The reduction in required warehousing space yields a significant cost savings to the customer and provides Menlo with space to add new accounts within the operation and convert it from a dedicated to multi-client facility.

Specific steps taken to transition the operation from the customer to Menlo management and implement Lean management principles have included:

- Menlo taking over the contract for the facility.
- Development of a Menlo/customer Business Contingency Plan.
- Started to integrate environmental, safety, and health programs.
- Relationship management to grow the two cultures towards each other.
- Integration of quality processes into daily operations (outbound check, error file, empty location check, root cause analysis).
- Conduct Lean/5S/Value Stream Mapping training.
- Performed a "Red-tag" campaign to identify unneeded equipment in work areas.
- Started the first "5S walk" and created the first VSM (Value Stream Mapping) to map inbound process flows and reengineer the process.
- Started implementation of work area "visuals", for example: work area pictures, and pick cart organization pictures.
- Implemented a "star card" program to reward employees for exceptional work performance.
- The operation has started to perform and implement process improvements from Kaizen events.

The Maastricht operation is on track to obtain Menlo's Lean Bronze level by the end of 2010.

Gyal Multi-Client Value-Added Warehousing and Transportation Management Operations

Menlo's 3,500 square meter Gyal bonded warehouse is located just outside of Budapest, Hungary. Its value-added service offering includes: customs brokerage, packaging, labeling, vendor managed inventory programs, just-in-time production kitting and sequencing operations, and regional and global transportation management. To support its warehousing operations, Menlo is using its proprietary "SIMS" WMS and "LMS" transportation management system.

The primary customer is a high-tech manufacturer in the financial services industry and a Menlo global customer. Menlo manages the customer's global finished goods distribution and runs its European transportation routing center onsite at the customer's manufacturing plant

that is in the same industrial park as Menlo's Gyal warehouse. The Gyal operation performs work for another four customers as well.

Menlo's European routing center management staff work hand-in-hand with the customer's purchasing personnel to manage inbound vendor material shipments to the plant. The majority of the customer's materials are sourced from Asia, Europe, and the United States. In addition to the inbound freight, the routing center manages outbound ocean and air shipments destined to the United States, South America, Middle East, and Africa. Menlo's transportation management has provided the customer with significant double-digit transportation savings in each of its first three years of operation.

In terms of adapting Menlo's Lean operating philosophy, the Gyal operation completed its first Kaizen event in the first quarter of 2010 and Menlo's 5S processes have been implemented and managed in its warehouse. The operation is on track to obtain Menlo's Lean Bronze level in the third quarter of 2010.

Summary

In addition to its European and Americas operations, Menlo has developed a significant presence in mainland China, Asia Pacific and has developing operations in Australia. Its expanding global footprint has allowed Menlo to advance to become a true tier-one major market supply chain manager. Through its Lean management philosophy, Menlo has been able to attract significant new business, increase its profitability and reduce costs for its customers. Its Lean approach is making Menlo especially attractive to high-tech and healthcare vertical industry customers. In summary, Menlo is on the right track and we anticipate that it will continue to grow globally and build upon its recent profit gains.

Menlo Worldwide Logistics Continues its North Asia Expansion [To view in full html format, follow this link:

http://www.3plogistics.com/Menlo_China_1-2010.htm

Shanghai and Suzhou, China Site Visits

January 6, 2010

Key Personnel:

Gary So – Managing Director, North Asia

Jess Goldberg – Vice President, North Asia

Bryan Yan Fu – Business Development Manager, North Asia

Tom Song – Operations Manager, Suzhou China

Zhang Qiang – Warehouse Operations Manager

Menlo China Overview

In a recent visit to Shanghai, we had the opportunity to review Menlo Worldwide Logistics' expanding Chinese operations. Menlo Worldwide Logistics has over 47 years of experience in China. In 1962, it established a Hong Kong office and in 1999 Menlo Worldwide Logistics established a wholly-owned subsidiary, Shanghai-Menlo Worldwide Logistics (Shanghai) Company Ltd., in the Waigaoqiao Free Trade Zone. In 2006, Menlo formed a wholly owned foreign enterprise (WFOE) allowing it to provide domestic warehousing and transportation services. In 2007, Menlo greatly expanded its domestic mainland Chinese supply chain management network through the acquisition of Shanghai based Chic Logistics. Chic was a significant domestic Chinese provider of non-asset based transportation management and value-added warehousing services. In 2009, Menlo rebranded the Menlo/Chic China operations as Menlo Worldwide Logistics, North Asia.

Operated by a staff of 1,400, Menlo North Asia had gross revenue/turnover of over \$68 million in 2008 and has developed significant warehousing and transportation network coverage in mainland China. Its total warehousing network has 2.1 million square feet (197,000 square meters) of warehouse space and Menlo's transportation capacity exceeds 9,100 trucks. Significant warehousing operations have been established in 12 key cities: Beijing, Chengdu, Guangzhou, Hong Kong, Shanghai, Shenyang, Shenzhen, Suzhou, Tianjin, Urumchi, Wuhan, and Xian. Menlo's network operations are managed from seven regional branch offices including its centralized transportation management operation collocated with its Shanghai headquarters. In North Asia, Menlo serves customers in the consumer packaged goods, automotive, industrial, medical equipment, health & beauty, and high technology vertical industries.

Menlo's North Asia warehouse network processes approximately 3,000 to 10,000 customer orders per day. It also provides customers with solid domestic transportation management capabilities for less than truckload, truckload, domestic air, in-land barge, and rail shipments. In 2008, Menlo managed in excess of 1,080,000 shipments between approximately 700 cities. In addition to its use of outside carriers, Menlo maintains a fleet of 50 trucks equipped with GPS (global positioning units) for satellite tracking. Its annual freight under management exceeds \$50 million.

The best benchmark of Menlo's value-added warehousing and distribution capabilities in China is its Mary Kay operation. We had a chance to visit this operation in February 2008 and it has grown considerably since then. In our opinion, it is one of the most sophisticated logistics operations we have seen in China.

Menlo processes over two million outbound sales orders per year for Mary Kay from its central distribution center in Shanghai, seven regional distribution centers, and 73 direct sales counter (order pick up point) operations throughout China.

Mary Kay Shanghai Operations

In the Songjiang District of southwest Shanghai, Menlo is running a 23,000 square meter (247,570 square foot) warehouse for Mary Kay cosmetics. 19,400 square meters of the warehouse is dedicated to a central distribution center (CDC) operation that manages the replenishment of cosmetics inventories for seven Mary Kay regional distribution centers (RDCs) within China.

The CDC operation receives a daily average of 30 inbound truckloads of Mary Kay product from its manufacturing operation in Hangzhou. The CDC is staffed with 18 people responsible for replenishing inventories in Mary Kay's seven China RDCs located in Beijing, Chengdu, Guangzhou, Shanghai, Shenzhen, Wuhan, and Xian. Over 1,000 stock keeping units (SKUs) of product are maintained in on-hand inventory.

Menlo uses a proprietary warehouse management system (WMS) with an EDI interface to Mary Kay's JD Edwards enterprise resource planning (ERP) system. Menlo's WMS is used in conjunction with radio frequency (RF) devices to manage overall work flows. The connected systems ensure accurate order information flows and inventory levels in the CDC and RDC operations.

The Shanghai RDC operation is collocated in 3,600 square meters of the warehouse and has an approximate staff of 25. Seventy percent of the thousands of orders it fulfills each day are direct to salesperson residential orders. The remaining orders are delivered overnight to 19 Shanghai area Mary Kay pickup counter operations.

Most of the high-volume RDC order picking is performed by 14 pickers in two main pick modules. An average of over 200,000 order lines of product are picked each day. Both pick modules are segmented into seven picking zones and stations. Paper orders have incorporated

barcodes which are scanned using RF devices at each station. Specified products are picked from rack positions and placed into cartons on a roller conveyor. Every individual carton of Mary Kay product has an enclosed RFID (radio frequency identification) tag to identify its contents and specifications. The RFID tag is also scanned at each station to verify order accuracy during the picking process.

After picking, the orders are packed out and a label is generated for each carton containing shipping and order number information.

All of the outbound transportation from the RDC is managed by Menlo using China Post, a small number of outside carriers, and its own trucking fleet.

Suzhou Powerwave Dedicated Warehouse

Approximately 50 miles west of Shanghai in Suzhou, China, Menlo runs a dedicated value-added warehousing and distribution operation for Powerwave Technologies, a wireless communications network solutions company.

The 7,200 square meter (77,500 square foot) Menlo Powerwave Suzhou warehouse began operations January 1, 2008 after a three-month start up. It is located in a newer warehousing campus and is very modern with three-high storage racking and open shipping and receiving areas. It is very similar to other Menlo warehouses we have visited in the U.S. and Europe.

The operation has a staff of 21 managing several hundred SKUs of finished goods inventory and wireless communications components. Warehousing services performed include product receiving, business-to-business order fulfillment, picking, packing and repacking, and overall inventory management. One-hundred percent of all outbound orders are checked before shipping to ensure order accuracy. The operation also prepares export documentation as needed for outbound shipments. Powerwave has approximately 20 to 60 outbound shipments per day from Suzhou.

The Powerwave operations are run using RF devices interfaced with Menlo's proprietary SIMS WMS. SIMS in-turn interfaces with Powerwave's Oracle ERP for order management and visibility.

The operations staff has also been trained using Menlo's key lean management principles. This training has paid off; for the four key performance indicators (KPIs) being tracked for Powerwave, Menlo is currently running at 100% in each. The KPIs include shipping and inventory accuracy and inbound receiving and outbound order processing metrics.

North Asia Operations Review Summary

Menlo has taken significant steps in becoming a key 3PL in the domestic Chinese market. It is one of the largest players in contract logistics on the mainland, and the level of sophistication of its operations is closer to those of Western 3PL operations when compared to most of the manual-intensive Chinese operations we have visited.

By leveraging its local expertise, deploying its lean management principles and solid information systems, engineering, and contract logistics skills, Menlo Worldwide Logistics has gained a solid footing for future growth in China.

Menlo Worldwide Logistics Extends its Network Transportation Management Reach [To view in full html format, follow this link:

http://www.3plogistics.com/Menlo_Aurora_8-2009.htm

Aurora, IL USA Site Visit

August 27, 2009

Key Personnel:

Bob Bianco, President

Bob Bassett, Vice President of Sales and Marketing

John Beckett, Vice President – Aurora Network Logistics Center Operations

Tommy Barnes, Director of Transportation Procurement

Menlo Worldwide Network Logistics Center (NLC) Overview

While we have reported on many Menlo global warehousing operations over the past years, warehouse management is only half of the Menlo 3PL story. With a global transportation management staff of 374 serving 45 customers, Menlo managed approximately 3.3 million international and domestic transportation shipments in 2008. It is on track to manage \$1.2 billion of transportation in 2009 and is targeting to grow its transportation management business to over \$2 billion by the end of 2012.

A large amount of Menlo's transportation is managed from its 150 person Network Logistics Center (NLC) operation in Aurora, IL making the NLC a significant player in domestic transportation network management. Approximately 83% of the transactions the NLC manages are for outbound shipments and 17% are inbound. Of the NLC transactions, 72% are for domestic shipments and 28% are international. Menlo's key transportation management accounts include more recent customers Bayer MaterialScience, Dana, and the DTICI (Defense Transportation Coordination Initiative), and long-running Menlo customers Dow, HP, Starbucks, Ricoh, Sears, Electrolux, and Stanley.

Menlo's NLC utilizes a straightforward daily transportation management approach. Over 97% of orders are received electronically from customers via EDI (electronic data interchange), direct data feeds, or through manual order entry into Menlo's proprietary supply chain management system dubbed "LMS" (Logistics Management System). The orders are then consolidated into shipments and the appropriate transportation mode is determined based upon shipment size and service requirements. From there, a primary carrier is selected based upon its cost, service performance, and operating territory. Once all of the orders are planned and the plan is approved by the NLC's staff of approximately 70 load planners, shipments enter the transportation execution phase and are tendered to the respective carriers.

The LMS handles both domestic transportation modes and international air and ocean shipping. It has multi-currency and measurement unit capabilities and provides for currency conversion. Secondary service for non-transportation partner fees (storage, customs, etc.) functionality has also been developed allowing the LMS to provide customers with total cost calculations for transportation and services at an order level.

The LMS also has web applications for order entry, tracking and tracing shipments, event management, rate calculations, and carrier interfaces for load tendering. Additionally, to help better manage transportation functions, Menlo has developed a number of standard reports in its LMS.

NLC operations utilize multiple planning boards and numerous quality and productivity measures which are tracked each day and over time.

Menlo is driving "Lean" management principles throughout its organization and the NLC is no exception. Its customers are each supported by the Delivery Performance Team. The original concept for the team was developed some years ago by Menlo for HP. It works with customers and carriers to define a perfect order in the customer's terms and manage its transportation processes in light of the definition. Each customer's complete network (inbound and outbound) is analyzed and modeled on an ongoing basis to make process improvements.

Prior to daily transportation management by the NLC, it works with most customers in rationalizing their carrier networks. It uses the web based "EMPTORIS" procurement tool to structure single and multi-customer request for proposal (RFP) carrier procurement activities. The tool's functionality allows Menlo to standardize carrier rate and cost structures, contracts, and develop standard agreed to performance metrics

for its customers. Menlo is currently working with over 530 domestic and international transportation providers and is an active Environmental Protection Agency SmartWay transport partner.

The customer case studies below are good examples of the NLC/Menlo's transportation management capabilities.

DTCI (Defense Transportation Coordination Initiative) Customer Case Study

In 2007, the United States Transportation Command (USTRANSCOM) awarded the Defense Transportation Coordination Initiative (DTCI) contract to Menlo. Menlo was contracted to develop, deploy, and manage an integrated transportation management program incorporating daily transportation planning and execution for all Department of Defense (DOD) material shipments moving in and out of continental US DOD facilities. It was a natural project for the NLC.

The DTCI rollout has been in multiple phases and when completed, the operations will encompass up to 68 DOD sites. The total freight under management will be approximately \$1.6 billion over the contract life. Menlo is currently implementing Phases II & III which will be concluded in December. Upon completion, it will be managing shipments between 68 DOD sites. Approximately 72% of the shipments currently being managed by the 37 person DTCI NLC operation are less-than-truckload (LTL), 15% are airfreight, and 13% are truckload (TL) and specialized TL. To date, Menlo has realized gross savings of over 25% for USTRANSCOM through improved carrier procurement and carrier management. For example, it has been able to convert many air shipments to lower cost ground transportation providers.

Thus far the NLC is not systematically consolidating LTL to TL, but it will begin mode conversion/optimization operations in 2010 once Government systems can accommodate complex routing instructions. This should add significant additional savings.

Overall, the NLC operations are performing very well. Menlo has provided USTRANSCOM with on time pickups within eight operational hours of shipment tenders for over 98% of the shipments it has handled and has made on time deliveries on nearly 96% of the total shipments in the current period. In addition, small businesses are receiving 50% of the transportation spend through the initiative which greatly exceeds the contractual target of 23%.

Dana Customer Case Study

Dana is leading supplier of axles, drive shafts, and structural, sealing and thermal-management products to major vehicle and engine manufacturers in the global automotive, commercial vehicle, and off-highway markets. In 2008, Dana partnered with Menlo to reduce its logistics costs and improve transportation service levels for its US and Canadian plants.

Menlo deployed a centralized Lean Control Center, leveraging other Tier 1 suppliers. The solution incorporates Menlo logistics specialists co-located with Dana's global logistics team in Fort Wayne, IN. Combined, this team exceeded savings and service expectations, which led to the expansion of the account one year later to include Dana's Mexican logistics. The Mexican addition, based on-site at Dana's Queretaro, MX location, along with a leveraged Menlo staff in Guadalajara, MX, supports daily execution of logistics plans engineered via Menlo's engineering resources. Overall, Menlo through a lean foundation and its LMS system has developed a cohesive, information rich, solution for all of Dana North America.

Summary

With expanding European, Asian, and North American operations, Menlo has advanced to being a true Tier 1 major market supply chain manager. Its growing domestic NLC operations have been a critical component to its global growth. With its Lean management focus, Menlo has been able to attract significant new business even in the current recessionary environment. Its Lean approach is making Menlo especially attractive to high-tech, industrial, automotive and healthcare vertical industry customers.

Damaris Turns to Menlo for Quality Distribution Services

AMSTERDAM - June 2, 2011 - Menlo Worldwide Logistics (Menlo), the global logistics subsidiary of Con-way Inc. (NYSE: CNW), will carry-out logistics, warehousing and distribution services for the UK-based quality lingerie producer Damaris. The appointment of Menlo is designed to improve the fashion house's delivery service to customers by shortening order turn-around times and enhancing reliability of its supply chain.

In commenting on the contract, Louisa Jarman, sales director of Damaris said, "Our customers are wide-ranging in nature, from large department stores to high-street retailers to individuals ordering online. However they are similar in their demand for a quality delivery service comparable to our superior product range. It was to meet these criteria, as well as provide the geographical scope that our international market requires, that we selected Menlo."

After receiving merchandise from Damaris' manufacturing plants in Asia at its Swindon, UK, facility, Menlo provides a range of value-added services including labeling, kimball tagging*, gusseting and pricing of individual garments. Menlo then processes all orders before shipping them to Damaris customers throughout Europe and the rest of the world. This includes supplying and dove-tailing with Damaris' existing distributor networks in Asia and the United States.

"At Menlo, we have developed an in-depth knowledge of the garment industry and a proficiency in managing the supply chain demands peculiar to the global fashion business," said Tony Gunn, Menlo's Managing Director Europe.

"We are delighted to bring these skills to bear on behalf of Damaris within our multi-user warehouse facility in Swindon."

Through the addition of Damaris to its portfolio, Menlo is advancing its range of value-added logistics services that are pertinent to the fashion industry in general and the lingerie sector in particular. Menlo is strengthening its commitment to the global supply chain of garments and aims to continue to grow within this specialized vertical.

*A kimball tag is a small punched card attached to merchandise which is detached at the point of sale in order to provide machine readable sales data.

Menlo Worldwide Logistics to Expand Work for Bobcat Company

Company expects to hire 35 additional employees, will open extended operation for engine machining and subassembly in portion of former Bismarck manufacturing plant

SAN MATEO, Calif., and BISMARCK, N.D. — May 18, 2011 — Menlo Worldwide Logistics, the global logistics subsidiary of Con-way Inc. (NYSE: CNW), today announced it is expanding manufacturing support operations for Bobcat Company and will be hiring approximately

35 additional employees in the next few weeks.

Menlo currently provides component logistics and supply chain management services for Bobcat through its Manufacturing Support Center (MSC) in Bismarck. With the MSC facility at capacity, the company has decided to locate the expanded operations in a portion of Bobcat's former assembly plant in Bismarck. Menlo expects to utilize 25,000 square feet in the former Bismarck plant, complementing the 100,000-square-foot MSC facility it has operated for Bobcat since 2006.

The Bismarck facility will serve as an extension of Menlo's current scope of work, and will provide pre-production engine machining, subassembly, kitting and delivery services. It is part of the overall supply chain and logistics support solution which Menlo provides for West Fargo, N.D.-based Bobcat.

"Menlo is proud of the valued partnership we have enjoyed with Bobcat and we are very pleased to be awarded this expanded work," said Joseph M. Dagnese, Menlo's vice president, automotive and industrial. "These are complementary services that will deliver benefits to Bobcat through proven supply chain best practices, allowing Bobcat to leverage its core competencies and concentrate on the job of building great machines."

"By relying on Menlo to take on more pre-production engine machining and subassembly work, we are able to free-up resources at our Gwinner plant," said Rich Goldsberry, president, Bobcat North America and Oceania. "This will support Bobcat product line expansions and new machine introductions related to Tier 4 emission regulation changes."

Menlo has provided component supply management, subassembly and logistics for Bobcat at the MSC facility, which is located at the Northern Plains Commerce Centre (NPCC), since 2006. The company has successfully assisted Bobcat in streamlining logistics operations maintaining a staff of 120 employees at the MSC. Bobcat itself has an additional 145 employees in Bismarck.

Work will begin immediately to ramp up the expanded support operations with a target completion in June.

Menlo Worldwide Government Services LLC Wins Renewal of Contract for Defense Transportation Coordination Initiative (DTCI)

U.S. Department of Defense Exercises Menlo's Option, Cites Cost Avoidance, Strategic Performance Improvements to CONUS Distribution Network

SAN MATEO, Calif. - March 08, 2011 - Menlo Worldwide Logistics, the global logistics subsidiary of Con-way Inc. (NYSE: CNW), announced today that the U.S. Army's Military Surface Deployment and Distribution Command (SDDC) has awarded two contract modifications to Menlo Worldwide Government Services, LLC. The actions renew Menlo as prime contractor for the U.S. Defense Transportation Coordination Initiative (DTCI) and further expand the scope of its contract by adding 19 additional Department of Defense (DOD) shipper sites to the DTCI program. Menlo was selected as prime contractor in August 2007 for a base three-year period with four one-year renewal options. Menlo was awarded the first renewal year and the expanded scope based on its performance over the initial three-year contract, during which Menlo and its subcontractors introduced sophisticated logistics practices and technologies which significantly reduced costs, improved process efficiency and increased on-time delivery of supplies for the nation's military services.

DTCI is a strategic logistics program directed by the U.S. Army's Military Surface Deployment and Distribution Command (SDDC). Menlo Worldwide Government Services, LLC is prime contractor with Computer Sciences Corp. (CSC), ONE Networks Enterprises, Inc. and Olgoonik Logistics as principal subcontractors. As DTCI's prime contractor, Menlo operates an integrated logistics solution for shipment planning, optimization, shipment execution and overall transportation management for material shipments moving into and among DOD facilities in the 48 contiguous United States.

During the base period, Menlo designed and implemented a program that synchronized transportation operations from some 96 independent DOD shipping sites in the United States and utilizing hundreds of transportation service providers. In addition to dedicated load planning, route management and customer service teams, Menlo created specific "strike teams" to identify tactical improvement opportunities, then devised and implemented solutions to further improve operational efficiency and effectiveness. During the base contract period, the company exceeded key performance indicators and cost avoidance goals with DTCI to-date realizing approximately \$158 million in gross cost avoidance.

In comments last summer before the U.S. Senate's Committee on Homeland Security and Governmental Affairs, Alan F. Estevez, Principal Deputy Assistant Secretary of Defense, Logistics and Materiel Readiness, said:

"Through DTCI, DOD is outsourcing the day-to-day management of its domestic freight to a world-class third-party logistics provider. In this new business model, the 3PL provider receives shipment requirements, identifies consolidation opportunities, prepares shipment plans for delivery, arranges for transportation providers, and performs carrier quality assurance functions. USTRANSCOM, in its role as the DOD Distribution Process Owner (DPO), designated DTCI as one of the DPO top 10 initiatives. DTCI has produced measurable improvements and is bringing about increased cost savings and better efficiency in shipping operations."

"It's an honor to be able to bring our expertise to bear in ways that enable our nation's war fighters to be better prepared with the right supplies on time at the right time to accomplish their missions," said Robert L. Bianco Jr., president, Menlo Worldwide Logistics and a former U.S. Army officer. "We are proud to have earned the opportunity to continue our work as DTCI's prime contractor."