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PENN's VISION

To be recognized as a high-quality customer-oriented organization that exceeds our customers' expectations while providing a culture of teamwork and an opportunity for long-term success for our employees.



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Charting Your Course for Success



John M. Brown, President

I wish to pay tribute to our managers and employees and the values upon which we operate PENN Warehousing & Distribution, Inc. Since our busi-

ness was established in 1920, Penn Warehousing & Distribution, Inc. has been handling a wide range of storage and delivery needs.

Our goal of providing the best possible service to meet the needs of our customers is a challenge we have mastered through superior handling and performance, technological advancements and a constant eye on customer satisfaction. We still apply these values

and diligently work to uphold them in order to maintain solid contractual relationships and a secure financial base.

We are a company whose source for inspiration and motivation is our customers, and we deeply appreciate your continuing trust and support. We at PENN Warehousing & Distribution, Inc. are confident that we can create a mutually beneficial relationship with all of you.

Moving in the Right Direction –

With Containers, Automobiles & Other Cargoes on the Rise, Port of Philadelphia's 2010 Cargo Statistics Show Big Gains Over Previous Year

Philadelphia, February 4, 2011 – A recovering national economy, in conjunction with a variety of new business relationships established at the Port of Philadelphia in 2010, has resulted in a sizable gain in overall tonnage last year compared to 2009 levels. With 3,644,919 in metric tons of cargo handled in 2010 compared to the 3,107,067 tons of cargo handled in 2009, overall

tonnage at the Port of Philadelphia was up 17% last year, reported officials of the Philadelphia Regional Port Authority (PRPA) today.

“Last year, we didn't point to a challenging national economy as an excuse for a reduction in port business,” said PRPA Executive Director James T. McDermott, Jr. “We went out and aggressively sought new business,

even if many believed it unlikely we could land it. What actually happened was the opposite: Hyundai and Kia made Philadelphia its preferred US East Coast port of entry, Sea Star Line established a major Puerto Rican service here, and M-real, a past port customer, returned to the Port of Philadelphia with its high-quality paper cargoes, to name three major new pieces of business

Big Gains Continued



The Port of Philadelphia's high-quality paper cargoes, seen here in the Port's new Pier 74 warehouse, saw big gains in 2010.

attracted in 2010. On top of that, many of our previous cargoes and services moved in an upward trend, too. Now that the economy is showing signs of recovery, we're already a step ahead."

Mr. McDermott credits aggressive marketing by PRPA and its terminal operators, along with continued state investment in the Port's terminals and facilities, as prime components in the turnaround that's taken place, a turnaround that is occurring faster at the Port of Philadelphia than at other U.S. ports in the wake of the weaker economy of the immediate past years.

Recent developments have been gratifying," said Mr. McDermott. "Another example is our MSC European service, which commenced in 2009. Though busy at its outset, that service matured in 2010, significantly increasing activity at the Packer Avenue Marine Terminal."

Both containerized and non-containerized cargoes all showed healthy gains in 2010. With 264,059 TEU's of containerized cargo handled in 2010 compared to the 222,900 TEU's handled in 2009, containers were up a dramatic 18%. Counted as tonnage instead of TEU's 1,860,097 metric tons of containers were moved in 2010 compared to the 1,682,356 tons of containers handled in 2009, an 11% gain.

Non-containerized cargoes also showed big increases. With 1,108,329 metric tons of non-containerized cargoes handled in 2010 compared to the 840,876 tons handled the year before, these cargoes were up 32%. Particular highlights among non-containerized cargoes in 2010 include the following:

Automobiles: Primarily as a result of massive numbers of Hyundai and Kia automobiles that have been arriving at PRPA's

Packer Avenue Marine Terminal since spring of 2010, automobile business here went from being virtually non-existent in 2009 to about 69,000 units being moved in 2010. That business has continued strongly into 2011, with the regular arrival of Glovis automobile-carrying vessels at the Packer Avenue Marine Terminal, with processing of the vehicles taking place at the adjacent Pier 98 Annex Automobile Processing Facility. Computed as tonnage, 77,350 tons of automobiles moved through the Port in 2010, compared to the 496 tons of the same cargo handled the previous year.

Paper: The noted Scandinavian paper manufacturer M-real returned to the Port of Philadelphia after a several year hiatus in 2010, bringing along with it the company's preferred ocean carrier, Wagenborg Shipping, resulting in a healthy 53% gain in forest products cargoes at the Port in 2010. 389,109 tons of forest products were handled last year here, compared to the 254,522 tons handled in 2009. As well as rolls of high-quality paper, forest products cargoes at the Port include pulp, lumber, and other wood products.

PRPA's dedicated Forest Product Distribution Center at Delaware and Snyder Avenues in South Philadelphia is the principal handler of the Port's forest products cargoes. A brand-new, state-of-the-art forest products warehouse opened at the Pier 74 portion of the

facility last year, a major reason M-real's paper cargoes returned to Philadelphia.

With 328,904 metric tons of fruit being handled at the Port of Philadelphia in 2010 compared to the 321,702 tons handled the previous year, fruit was up 2%. Fruit from Chile and bananas from Columbia are two of the major fruit cargoes regularly handled at the Port.

Liquid bulk cargoes were up 16% with 676,493 metric tons of liquid bulk cargoes being handled in 2010 compared to 583,835 tons handled in 2009.

While steel cargoes continue to be modest compared to 1980s and 1990s levels, steel experienced a 53% gain last year, with 170,215 metric tons handled. Cocoa beans (97,492 tons handled) and project cargo (39,156 tons handled) were roughly in line with 2009 figures.

"I believe that the Port of Philadelphia made the correct strategic move in becoming more aggressive, not less, in the wake of the national economic downturn of recent years," reiterated Mr. McDermott. "Instead of waiting for things to turn around on the national level, we got out there and went to work. Principally, we got our 45-foot channel deepening project finally moving forward, and we made major strides in turning our Southport marine terminal

Big Gains Continued

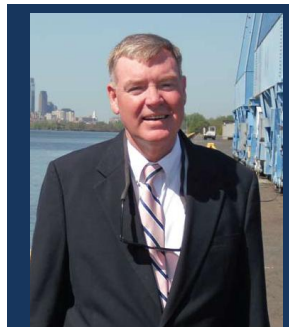
project from a dream to a reality. Both of those initiatives signaled to the world that we seriously mean business, and directly or indirectly helped our cargo increases last year.”

“The Commonwealth of Pennsylvania’s support of our activities and our strong partnership with our terminal operators were other key components,” Mr. McDermott continued. “We still have a long way to go, but we’re gratified to see so many strong examples that we’re moving in the right direction. Let me emphasize this: Our latest cargo figures demonstrate again what an important contribution a vibrant seaport makes to the state and local economy. Comparing 2009 to 2010, activity at the Port of Philadelphia generated a 29% increase in direct and indirect jobs, from 4,188 to

4,845 as well as bringing about a total increase in federal, state, and local revenue to \$90.3 million from 63.9 million. Total business activity for 2010 amounted to \$659 million, up from 2009’s \$453 million. Clearly, it’s important for the Port of Philadelphia to be successful, because the stakes are so high.”

The Philadelphia Regional Port Authority is an independent agency of the Commonwealth of Pennsylvania charged with the management, maintenance, marketing, and promotion of publicly owned port facilities along the Delaware River in Philadelphia, as well as strategic planning in the port district. PRPA works with its terminal operators to modernize, expand, and improve its facilities, and to market those facilities to prospective port users. Port cargoes and the activities they

generate are responsible for thousands of direct and indirect jobs in the Philadelphia area and throughout Pennsylvania, as well as numerous other economic benefits.



*James McDermott,
PRPA, Executive Director*

**Article & photos by:
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New Port Security Alerts – Delaware Bay Sector

On April 22, 2011 - an announcement was issued by the Area Maritime Security Committee, USCG Sector Delaware Bay, that the color-coded Homeland Security Advisory System has been replaced by a two-level National Terrorism Advisory System (NTAS). The NTAS Alerts will consist of the following two alerts: Imminent Threat Alert – warns of a credible, specific and impending terrorist threat against the United States; Elevated Threat Alert – warns of a credible terrorist threat against the United States.

This information will be more effective in communicating information about terrorist threats by providing timely, detailed information to the public, government agencies, first responders, airports and other transportation hubs including the private sectors. To learn more about these changes and how they affect the maritime community, please visit the following website: www.dhs.gov/files/programs/ntas.shtm

Emergency Response Team Fire Extinguisher Training

May 24, 2011 - The Emergency Response Team at PENN Warehousing & Distribution, Inc. participated in the annual Fire Extinguisher and Fire Safety course held by Cintas.

The course included classroom training followed by hands-on fire extinguisher training. The hands-on training utilized a laser powered system that simulates all types of fires. Each team member practiced extinguishing a fire using a training fire extinguisher. The system has sensors that indicate whether or not the fire is being put out correctly and will extinguish ONLY if done correctly. This system is THE BEST source of fire training Cintas offers!

Fire Extinguisher Training Continued



Emergency Response Team

Emergency Response Team pictured from left to right are: Brian Smith, Terminal Manager; Bill Collins, Leadman; Anthony Guercio, Warehouseman/Trainer; Shanna Gattuso, Executive Assistant; Jim Matijosaitis, Leadman; Brian McCabe, Leadman; Chrissy Bruno, General Manager, Creative Leasing; and, Frank Schmal, Senior Terminal Manager. Frank Schmal (pictured right) took first place with the fastest time extinguishing a fire. Frank was awarded a Cintas first-aid kit.



Frank Schmal

Employee Spotlight – Brian Smith



Pictured above from left to right: Jim Matijosaitis, Leadman, and Brian Smith, Terminal Manager

upon for any current or future challenges under his direction. He also oversaw re-wrapping and sealing rolls of refurbished paper in the “re-wrap” area. Later on, Brian took on the role of a Leadman in the warehouse until his retirement from the union in December of 2010.

of 27 years. Brian has three children: Brittaney, Brian, and Colin, and four beautiful grandchildren, with one on the way!

In his free time, Brian enjoys fishing, the beach and, of course, his grandchildren.

In January 2011, Brian became a major addition to PENN’s warehouse management team by taking on the role of Terminal Manager. Brian has paired up with Frank Schmal, Senior Terminal Manager. He is also a member of the Workplace Safety Committee.

Here’s A Heat Safety Fact!
WATER. REST. SHADE.
THE WORK CAN’T GET DONE WITHOUT THEM.

Brian Smith has been a part of PENN Warehousing & Distribution, Inc. for the past 26 years. Hired in 1985, Brian was a member of the Teamsters Union Local 107 for 25 years. During that time, Brian worked at PENN Warehousing & Distribution, Inc. as a Warehouseman (Teamster) performing a wide variety of tasks and projects throughout his career, providing a depth of experience and knowledge to draw

PENN is pleased to have someone with Brian’s experience and skill. We expect Brian to play an integral role in our ongoing effort to improve warehousing techniques. When asked what challenges he faces this year, Brian replied, “Managing the guys I use to work side-by-side with each day for over 25 years.”

Prior to working at PENN Warehousing & Distribution, Inc., Brian worked at Schmidt’s Brewery, Canada Dry, and Sears and Roebuck. He currently resides in the Northeast Philadelphia with his wife, Sandra

COMMENTS? SUGGESTIONS?

This is your Port Side Post! If you have ideas for future articles or information you’d like to see included in *The Port Side Post*, please let us know. To submit ideas or suggestions, please contact:

Donna Lasch – reception@pennci.com

New Hires:

Donna Lasch
Joseph Crudele
Nicholas Laska
Stephen Marker
Jeffrey Gillison

Welcome!

Warehouse Management System - Migration & Information Technology Upgrades

The first quarter of 2011 has seen the completion of several long-term information technology projects.

We have upgraded hardware and software infrastructure migrating our warehouse management system to the latest version of Abecas Insight.

This gives us several advantages, one of which is an enhanced ability to automate processes and reports to better service our customers.

We have also re-written our RF application for

hand-held scanners used in the warehouse. This allows us considerably faster development cycles for fixes and enhancements.

All Legacy EDI mappings and programs have been consolidated and moved to a more robust platform, allowing better traceability and more flexibility.

We have migrated all users from our legacy e-mail application to Google Apps, allowing shared calendars, as well as a cleaner user interface which can now be accessed from anywhere an

internet connection is available.

We expect to reap the rewards of expanded operational flexibility, enhanced warehouse management abilities, and faster processing speeds.

It was no small feat, but we began seeing immediate results.

Article by: Don Hills and Terry Brown



Above photos: Bob McNulty, PENN Warehouseman scanning rolls using new RF application.



New Product Handling Spotlight – Mower Conditioner

PENN Warehousing & Distribution's product base has primarily been paper rolls/pallets with the forest products segment. Our handling equipment and expertise would seem to be tailored to handling these rolls and pallets with great care, but we have the flexibility to safely handle other project cargo with the same level of professionalism.

We recently had an opportunity to handle two mower conditioners that were being exported via sea container.

This large, two-piece item was manufactured right here in Pennsylvania. It was shipped into our facility to be loaded and secured into a container for its journey overseas. Our warehousemen fully assessed the necessary loading

and properly secured the device to maintain its 'new' condition as it travels across the globe to its new owner. The loaded container (pictured bottom right) is now ready to be sealed.

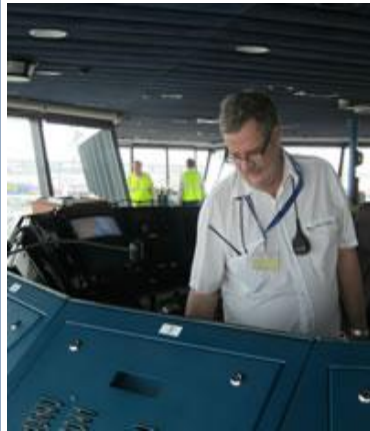
We welcome the opportunity to handle various types of project cargo, like these mower conditioners. These products require specialized securing to ensure protection throughout their journey.

PENN has the knowledge, equipment, and space to handle diverse cargo for companies looking for shipping solutions.

Article by: Hubert Manns, Controller



A Day in the Life of Penn Warehousing & Distribution



Full article can be read at RISI.com. Kenneth Norris, Contributing Editor, Pulp and Paper International Magazine and [RISI.com](mailto:knorris@ifpta.org). knorris@ifpta.org. Reprinted with permission

New York, May 2, 2011 - (RISI) — Penn Warehousing & Distribution spent April 29th unloading the rest of a cargo of high-quality coated paper rolls from TransFighter, a TransAtlantic vessel that regularly calls on the Port of Philadelphia. Severe weather the day before threw dangerous storms across the region and forced PENN to change the normal schedule. As the sun rose, PENN crews and staff started a busy morning to get back on track.

To handle the approximately 15,500 metric tons of cargo delivered by TransFighter, PENN usually schedules a total of 20 hours, 12 the first day and 8 the next. With rain hampering the first day, crews of longshoremen worked with a fleet of 35 flatbed trucks to catch up the unloading and stay within the two-day goal.

“We’re very sensitive about the weather,” says Jim Lyons, President of JH Stevedoring. “But, we have a dedicated house gang with the experience to adjust to what’s needed.”

Handling one or two vessels a day is common for PENN; they have a record of handling three vessels in a single day. But the crews focus on one vessel at a time for best quality of the cargo.

As one truck is loaded inside the hold, a second stands ready at the bot-

tom of the ramp. The white stripes on the tires are a safety initiative developed by the work crews. When cranes are used to load cargo on the flatbeds, the visual reference helps prevent damage by letting the operator know the truck is moving.

The TransFighter has two cargo holds, an upper hold in the middle of the ship and a lower hold below. Trucks drive up the ramp into the upper hold where forklifts with Bolzoni Auramo clamps load the rolls onto the flatbed trailers. In the lower hold, forklifts work in tandem teams, one inside the hold and one on the side dock with another round of flatbed trucks.

Inside the ship, water- and dust-proof doors compartmentalize the holds, protecting the cargo from moisture and damage during any movement while at sea. Not surprisingly, paper rolls are packed from floor to ceiling, and from port to starboard. Once the ships dock and the side-hatch opens, it takes creativity and ingenuity to pull out the first rolls and make room for the handling equipment to work inside the hold.

While stevedores unload the rolls, the crew of TransFighter keeps a watchful eye on the ship. Over the course of unloading the vessel, the port will see both high and low tide, which constantly changes the level of the boat and the angle of the main ramp. To compensate, the crew adjusts the

vessel’s ballast, making sure the ramp doesn’t reach too-steep an angle, jeopardizing safety or the product.

“We’re constantly coordinating with the ship’s crew throughout the entire process,” says Lyons. “And the pilot works with the port crew to see when we’ll finish and how to adjust the ship’s time to leave for the quickest turnaround.”

Inside PENN’s offices at Piers 78 & 80, the main forest products terminals for the Port of Philadelphia, the office staff checks and double-checks the ship’s manifest, the condition of the product, and coordinates how to store the cargo depending on the customer’s needs. Pre-planning with the warehouse sets the rolls in allotments based on storage time, transportation needs and customer preferences.

Family-owned and operated since 1920, PENN is composed of three companies: PENN Warehousing & Distribution, JH Stevedoring and Murphy Marine. Using a strategic alliance of the three companies, PENN has developed a unique, consolidated approach to maritime freight delivery and storage. Aside from forest products, PENN also handles fruits and other commodities at Philadelphia and the Port of Wilmington, Delaware.