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For Immediate Release

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Shipping Iceless Broccoli in Corrugated Common Footprint Costs Less

New Study Shows Significant Savings for Retailers and Grower/Shippers

INDIANAPOLIS, IN (March 7, 2006) – A new study conducted by Heads Up Systems, Inc. (West Linn, Ore.) concluded that shipping iceless broccoli in Corrugated Common Footprint (CCF) containers saves retailers and grower/shippers 27 percent in total supply-chain costs, compared to shipping in reusable plastic containers (RPCs). The study is the fifth in a series of studies sponsored by the Corrugated Packaging Alliance (CPA).

The iceless broccoli study used actual data provided by a California grower and a large grocery retailer to compare total shipping and handling costs using CCF containers and either purchased or leased RPCs. Full Disclosure™, a sophisticated, activity-based cost modeling tool¹ was used to evaluate total annual costs for shipping 34 million pounds of iceless broccoli 2,000 miles (approximately the distance between Salinas, California, and Atlanta, Georgia). The analysis² concluded that in this scenario, shipping in CCF containers saved retailers and grower/shippers more than \$2.7 million annually, compared to RPCs.

Detailed Findings

In the iceless broccoli analysis, total supply chain costs for packaging, handling and distribution amounted to \$7.1 million in modular CCF containers, versus a total cost of \$9.8 million in RPCs – a difference of more than \$2.7 million or 27

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¹ Full Disclosure was developed by the American Forest & Paper Association (AF&PA) and the Fibre Box Association (FBA).

² The iceless broccoli analysis was conducted in August 2005.

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percent of the total cost. The difference is even greater, \$2.9 million or 29 percent more, when rental costs for RPCs are included in the comparison.

The cost comparison showed that using RPCs costs more than corrugated during the first and second stages of the distribution cycle, when the product travels from the grower/shipper to a distribution center and then to retail locations. This increased cost is due to higher container, transportation and handling expenses. Once the container reaches the store, corrugated is recovered for recycling, incurring no further costs and even earning revenue for the retailer. RPCs, however, continue to accrue additional costs in sorting, washing, repairing and backhauling to locations where they will next be used. In the iceless broccoli case, RPCs incur an additional \$788,000 in trucking and handling costs to get from the store back to the user.

Who pays? The retailer bears substantial added costs -- \$2.5 million annually, or \$1.71 more per container -- to ship in RPCs rather than in CCF containers. The grower/shipper's net costs increase by \$435,677 (or \$0.29 per container) using RPCs instead of corrugated, due to higher container and handling costs.

The pool operator generates a small profit of \$68,146, which raises questions about the long-term sustainability of its currently documented rental rates.

"The Full Disclosure analysis clearly shows that in this scenario -- as in those previously studied using oranges, watermelon, grapes and apples -- corrugated makes the most sense in this supply chain because it is the cost-effective choice for retailers and grower/shippers," said Dwight Schmidt, executive director of the CPA. For more information on the CCF and Full Disclosure studies, visit the Corrugated Packaging Alliance at www.corrugated.org.

The Corrugated Packaging Alliance (www.corrugated.org) is a corrugated industry initiative jointly sponsored by the American Forest & Paper Association (AF&PA) (www.afandpa.org) and the Fibre Box Association (FBA) (www.fibrebox.org). Its mission is to foster growth and profitability of corrugated in applications where it can be demonstrated, based on credible and persuasive evidence, that corrugated should be the packaging material of choice; and to provide a coordinated industry focus that effectively acts on industry matters that cannot be accomplished by individual member companies.

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