

PASHA PEOPLE



The Pasha Group News and Information Source

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Alabama Bound!

According to the Center for Automotive Research, automotive is the single largest manufacturing sector in the nation. No other single industry directly generates so much retail business and employment. Over the last couple of decades, international companies - a group that includes Mercedes-Benz, BMW, Hyundai and its sister company, Kia, as well as Honda, Volkswagen, and Toyota - have become an increasingly important part of that sector.

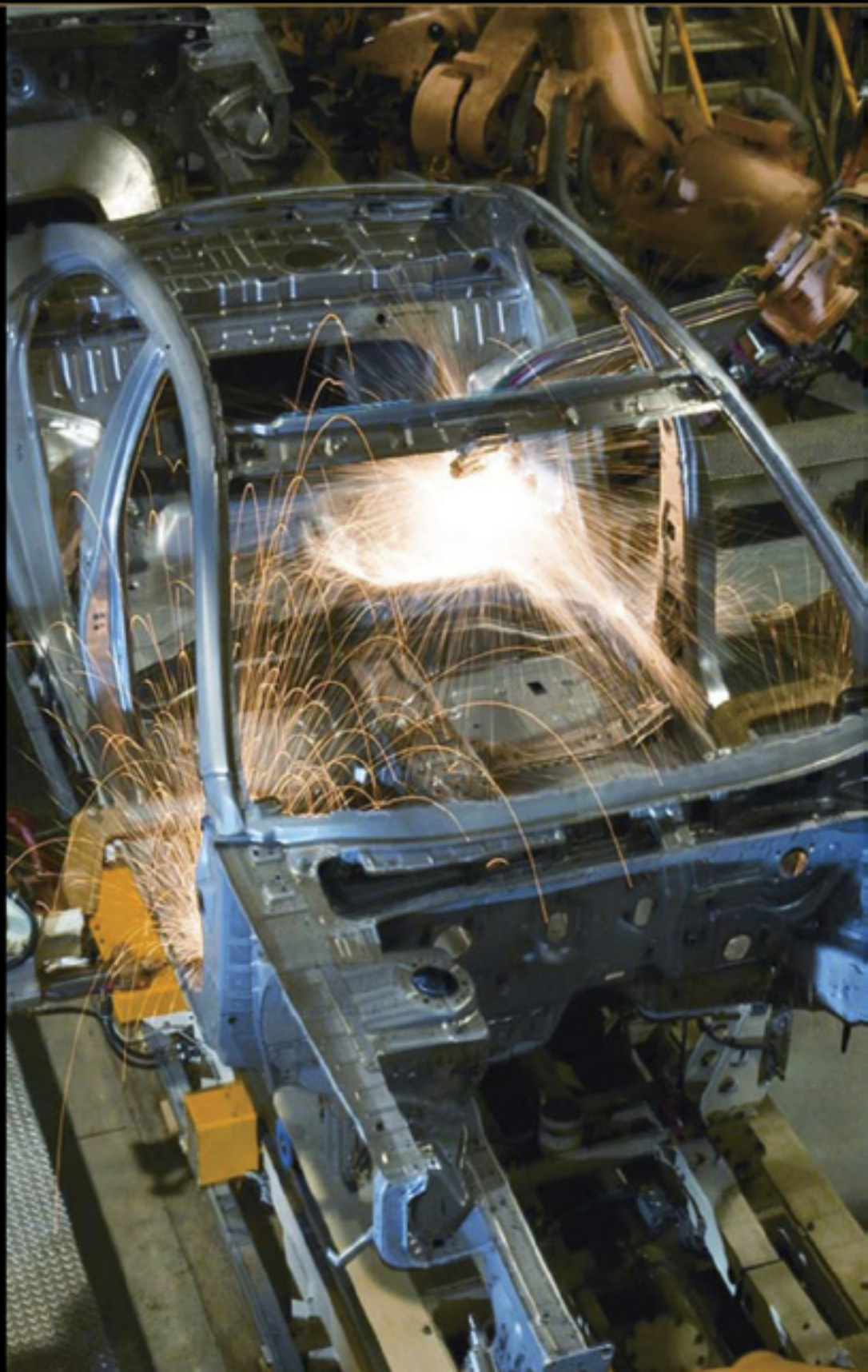
Recognized as being an industry leader in pioneering vehicle handling and processing methods, The Pasha Group offers its automotive customers innovative full-service vehicle port processing facilities on both the East Coast and West Coast. Less visible, but of equal importance, are the services we offer to the manufacturing plants of Mercedes-Benz U.S. International (MBUSI) and Hyundai Motor Manufacturing (HMM), both located in the state of Alabama. In this issue, we will introduce you to the partnerships that get the work done.

The plants offer tours to visitors and, as the result of the tremendous investment made by these companies in plant and people assets, put on quite a show. The robotics alone are amazing. In addition to observing the standard welding arms sparking and dancing around the steel shells, one can see articulated robotic arms gently picking up bucket seats, and slowly gyrating to achieve the proper angle before inserting them inside the interior of vehicles, much like watching a futuristic ballet. Other arms carefully pick up windshields, delicately and precisely placing them into the vehicles' openings where employees finish the installation.

It's at the end of the assembly line where Pasha and its partners step forward to play their role in the performance of quality ...



Partners in Performance





Working on the Railroad

Pasha Automotive Services (PAS), American Honda, and Burlington Northern Santa Fe (BNSF) began plans last year for a crucial rail infrastructure project in Del Mar, CA. The project, which began in mid-2007, involved driving several piles to stabilize the bluff and prevent the tracks from slipping. This was a major task which impacted how both PAS and BNSF would be able to perform for our customer, Honda. While the clouds looming over this venture seemed to be very dark and heavy, and doubts existed as to the viability of the project, raising the bar on communication and teamwork led to a successful conclusion.

PAS increased the size of the day crew to put out more rail cars under the time constraints set by the track engineers. Rail maintenance was upped to improve inspection and repairs of railcars to avoid any delays in loading. Process changes were made that reduced safety inspection time on all trains leaving the terminal. BNSF stepped in and changed the way they operate to make the same adjustments in service to move the trains through 'absolute' track windows. Only one hiccup occurred, but resulted in a net zero delay to project completion, which was achieved in December. A three-way success for all, and really a "non event" for our good customer, Honda!

Outstanding Teamwork

At American Honda's annual logistics conference last September, PAS made the podium twice. We were recognized for Outstanding Teamwork Western Region, along with our business partners Burlington Northern Santa Fe, Selland Auto Transport and Pacific Motor Transport. And our joint venture, APLS, received the same honor for the Southern Region, along with our partner Alaplex Transport.

Premier Partner Award

For the fourth year in a row, Pasha Distribution Services (PDS) received the American Honda Motor Co., Inc. Premier Partner Award, presented by President and CEO Koichi Kondo. PDS is one of 15 award recipients selected in 2007 from 60 suppliers nominated by American Honda associates nationwide. (It is the sixth time that Pasha has been the recipient of this outstanding honor since its 1998 inception.)

Industry Education Coordinator Brian Moore, American Honda, nominated Pasha and states, "Your company has earned this valued award based upon relative ratings in quality, customer service and cost effectiveness. Project complexities, years of service, multiple nominations and social responsibility are also built into each composite score. Your service excellence in the aforementioned areas places you in a very elite group of American Honda suppliers."

Moore added, "Since we asked Pasha over several years to donate the shipping of the cars and equipment we contribute to our Automotive Youth Education Systems (AYES) and the Professional Automotive Career

Training program (PACT), you have provided us with a level of support and professionalism that, I believe, is unparalleled." The Pasha Group's long relationship with American Honda speaks volumes - their success is our success, and the students exposed to these programs are receiving an education in a great industry. PDS is part of the Automotive and Logistics Division, providing transportation and delivery of vehicles throughout North America."



Performance Excellence

PDS is a big hit with Honda in Nashville as well, which recently received First Quarter Performance Excellence recognition. The criteria are based on Honda's metrics for dwell time, transit time, and damage prevention. Eight operations are recognized by region, and in a year's time this is the third instance of Nashville receiving recognition for the Southeast Region.



Baltimore Welcomes Case New Holland

Case New Holland (CNH) is one of the principal manufacturers of agricultural and construction equipment in the world. A majority-owned subsidiary of Fiat Group, CNH was formed in 1999 through the merger of two renowned companies at the international level: New Holland NV and Case Corporation. CNH is the resultant power behind these families of leading agricultural and construction equipment brands. Combined, the companies have a rich 170-year tradition that traces their roots back to International Harvester in the 1830s, and to the McCormick Harvesting Machine Company, formed in Chicago in 1848.



Left to Right: Rich Frick, PAS Senior Vice President; Dave Czerniewski, CNH Vice President North America Logistics; John Pasha, PAS General Manager; Dror Noach, CNH Vice President Global Logistics; George W. Pasha, IV, President and CEO, The Pasha Group, and Mark McCoy, PAS Special Projects.

The Pasha Group, with its own strong legacy in vehicle transportation and experience in Over High and Wide rolling stock, is the perfect fit for the import and export needs of CNH equipment. The gear ranges from agricultural farm tractors of various sizes, to asphalt pavers, excavators, backhoes, front end loaders, hay balers, large 'pickers' (used to break up concrete), and dump trucks. Definitely an interesting variety!

The Auburn Automobile Company produced quality cars from 1903 until 1938. The company was sold in 1919 to a group of Chicago investors and in 1924, E.L. Cord took over as president. The Auburn - Cord Company purchased Duesenberg Automobile and Motors Company. The three cars - Auburn, Cord and Duesenberg became mostly luxury cars and were in demand by the wealthy and the "stars." The cars set high marks for the industry and made America's first production front-wheel drive car, the Cord L-29, in 1929. In 1938 the Auburn Automobile Company closed ending an era of cars from the "golden age of transportation."



AUBURN-FULLER
DISTRIBUTORS
Auburn Motor Cars Cord Front Drive

In February 2008, our Baltimore facility welcomed the first of Case New Holland's annual import volume of 12,000 units of heavy machinery and tractors. Manufactured in plants worldwide (Italy, Belgium, Turkey, United Kingdom, Japan), the equipment currently arrives on three different steamship lines. Under our yard manager's direction, two of these ships perform a direct discharge into Pasha Automotive Services' Baltimore terminal. Much like ordinary vehicles, Pasha brings the units into inventory, makes repairs, and provides storage. The standard rule for all cargo is that units be in post-factory or dealer-ready condition. The criteria are thorough and must be met. We have joined forces with experienced vendor Bennett Distribution Services (BDS), who brings years of experience in Over High and Wide equipment along with value-added mechanical expertise. Pasha Automotive Services and Bennett Distribution Services share the same business philosophies and approach to vehicle handling. The two companies, working as one supplier in support of Case New Holland, are proving to be a uniquely effective and formidable team with a concentrated focus on exceeding Case New Holland's expectations.

Diversified Cargo

There are some unusual challenges. As excavators, tractors and backhoes have different space allocation needs than automobiles, special parking assignments need to be deployed. Once the equipment is dealer allocated, the team needs to also physically load the equipment onto flatbeds for dealer delivery. System modifications are needed to import serial numbers into Pasha OnTrack™ Automotive (as opposed to VIN numbers on vehicles). It's a bit different than staging luxury vehicles into load lines for car carriers or enclosed railcars, but a very impressive sight to see rows of brightly-colored tractors in our yard.

Case New Holland also exports about 8,000 units a year from Baltimore. We are responsible for inspection at the first point of rest at the rail-unloading site. Units which need repair will come into our inventory; otherwise they are driven directly to the Mid-Atlantic Terminal yard for export loading.

The Baltimore launch has been very successful for all concerned. Pasha's technology systems provide key metric data that allows Case New Holland to better manage their supply chain, and our process-driven approach ensures smooth import and export handling. Pasha welcomes the opportunity to diversify our competencies and expertise in service offerings at our current and future port operations. Dror Noach, CNH Vice President for Global Logistics, has been quoted as saying, "We must work in clear partnership and with trust. You are able to do a lot of things when you have the right relationship with the right people." A philosophy to which The Pasha Group subscribes and endorses. We welcome Case New Holland to our family of customers.



... distributor points, clean, polish, replace and
... clean fuel pump, adjust carburetor.
... adjust valve tappets.
... synchronize.
... tighten fan and generator belts.
... Tighten water pump pack nut.
... Road test car by expert Service Inspector.
... Cylinder head gasket is included in the way of material.

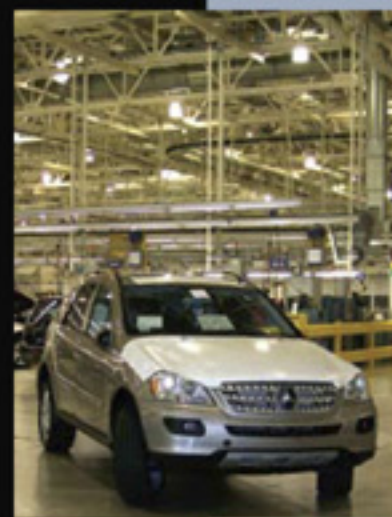
SPECIAL OFFER FOR PERIOD STATED ABOVE - \$9.95 COMPLETE

Our regular charge for this operation is \$14.85. We trust we may have the pleasure of serving you this month at the reduced figure.

Very truly yours,
AUBURN-FULLER COMPANY
Geo W. Pasha
Service Manager



Blast From the Past



Partners in Performance – Alabama Bound!

Act I - Alaplex Pasha Logistics Services

Located between Tuscaloosa and Birmingham in West Alabama, Vance is a typical small southern town – with one major difference. Within minutes of shopping and restaurants, like any other suburban community, lies the Mercedes-Benz USI assembly plant, which occupies more than 3 million square feet on almost 1,000 acres of land, and where it manufactures the luxurious M-Class, R-Class and the GL-Class vehicles.

Mercedes chose Tuscaloosa County as its first passenger vehicle manufacturing facility in the United States, and designed the \$400 million plant to fulfill the goal of producing the M-Class SUV for the worldwide market. Production began in January 1997, and, as of 2008, the company has invested another \$600 million for needed expansion.

Leading Role

Before the vehicle was actually launched, however, Mercedes-Benz allowed the producers of "The Lost World: Jurassic Park" to use two pre-production M-Class SUVs in the film. The vehicle's star turn in the movie was a unique way to introduce the SUV to the motoring public. The trucking company hauling the movie vehicle around in a fully-enclosed auto transport trailer, but still getting high visibility, was Alaplex Transportation, Inc. The tie-in led Mercedes-Benz to offer a "Request For Quotation" for Alaplex to operate the new MBUSI factory Vehicle Distribution Center.



Alaplex, a primary carrier of Pasha's military privately owned vehicle point-to-point program, provided an enclosed trucking service out of Baltimore for Honda's NSX program. Alaplex had also been one of Pasha's leading carriers in the Mississippi area. Alaplex invited Pasha to collaborate on the RFQ. The two companies saw an outstanding opportunity to blend their different areas of expertise and present Mercedes-Benz with a joint venture operation that met the impressive quality standards of the manufacturer. Together they created a new partnership, Alaplex Pasha Logistics Services (APLS), and were awarded the contract in early 1997.

The plant has an annual production volume of 174,000 units and exports more than \$1 billion in finished product to countries throughout the world. Today, APLS employees perform all yard management duties, moving inventory from the end of the production line through to load-out by rail and staging for truckaway. At the end of the line, the APLS team, using exacting standards, inspects vehicles and signs off on behalf of Mercedes-Benz USA. They package all related literature, by country and region, for all units and place into each vehicle. APLS is also involved in an accessory program to install running boards and satellite radio systems. The APLS rail crew was the first to score a 99% on an unannounced Association of American Railroads (AAR) audit – a significant achievement. AAR is committed to keeping the railroads of North America safe, fast, efficient, clean, technologically advanced, and secure.

On The Record

We had a recent conversation with Alaplex co-owner Norm King (William Emanuel is his partner). King notes, "Meeting and exceeding the Mercedes-Benz quality standards are the goals of APLS: 'Nothing but the best for our customers and the environment... Let's do our best together with continuous improvement.' Continuous improvement means regular client audits, regular client communication, and keeping those communication lines open." Norm and Bill believe in a hands-on approach with both our client's management and the labor team.

When asked about the partnership with Pasha, he remarked, "Our partnership with Pasha has proven to be strong and capable over the years. They play a very supportive role. The plant has undergone considerable expansion, which can be challenging! With the addition of the R-Class vehicle, and later the GL-Class, MBUSI has raised the bar for production of Mercedes-Benz badged vehicles produced in the United States and exported worldwide. APLS has a hand in ensuring smooth supply chain coordination from the factory to destination dealers in the U.S. and export port locations to serve those global markets. Our most challenging issues are rising costs across the board and labor-available human resources. With all the plants and factories in the area, unemployment is quite low. There is a lot of competitive pressure. We see the future as very promising and continue to focus on quality with attention to the client's needs and requirements. That three-pointed star is bright and shining."

In addition to its contract with MBUSI, APLS operates two rail ramps in the greater Birmingham area for both the BNSF and CSX railroads. These ramps serve as a local "destination ramp" for inbound automotive traffic and have served as origin points for both Mercedes-Benz USA and American Honda traffic. In 2007, American Honda recognized TDSI (the operator for CSX) as rail ramp operator of the year. APLS is very proud to say that we move the metal for TDSI on a daily basis at that location!

Act II - Montgomery Vehicle Processors, LLC

Located in Montgomery, Alabama's Capital City, Hyundai's first assembly and manufacturing facility in North America is one of the most advanced assembly plants in the U.S. The 2-million square-foot manufacturing plant resides on 1,744 acres of land and includes a



stamping facility, paint shop, vehicle assembly shop, a two-mile test track and an engine shop. The plant began production in 2005, and manufactures two models, the Sonata and the Santa Fe, which are distributed throughout North America, Canada and Puerto Rico. It has a production capability of 300,000 units per year.

Majority partner Pasha, together with IAP, operates Montgomery Vehicle Processors, LLC (MVP), which acts as a subcontractor to GLOVIS America, (lead logistics provider to Hyundai and Kia). MVP provides finished vehicle services to the Hyundai Motor Manufacturing plant. (Alaplex Transportation was an original partner in the joint venture, but sold its interest to Pasha and IAP.)

How It Works

Sited a few hundred yards from the Hyundai plant, MVP employs some 300 employees. Operating in two shifts, they provide a variety of services. In a smooth sequence, vehicles come off the assembly line to the first point of rest where an initial inspection is conducted. Vehicles with paint or body flaws are returned to the plant for remediation. Units passing the inspection move to the undercoating line for the application of rust proofing material to the undercarriage. From the undercoating shop, the units head for the Vehicle Processing Center for installation of floor mats and vehicle literature. Selected units are driven to the mechanical area for the installation of accessories. If at any time during the vehicle processing a body or mechanical defect is discovered, the vehicle is sent to MVP's body and paint shop or mechanical repair shop for repair. To round out its full processing services, MVP also operates a car wash and a fueling station.



Jimmy Poindexter, Director of Operations for MVP

Unallocated units are stored on the facility premises. MVP uses a radio frequency system to record vehicle movements and facilitate rapid location of vehicles when they are allocated for dealer delivery. Allocated units are driven to the rail area and loaded onto railcars or to the trucking load line. MVP operates its own rail yard and has its own locomotive for switching railcars around the yard. MVP personnel clean and repair empty railcars received from CSX and stage them to receive the vehicles. Once loaded, a CSX locomotive pulls the railcars out, headed for their U.S. and Canada dealer destinations.

Questions and Answers

Jimmy Poindexter, Director of Operations for MVP, and Dave Grant, MVP's Human Resources Manager, recently participated in a dialogue.

Q. What prompted the partnership?
A. Pasha had an established reputation in the auto processing business and IAP had an established relationship with Kia and Hyundai. By coming together, both companies could capitalize on each other's strength and realize certain synergies.

Q. How would you measure the success of Hyundai?
A. They have definitely become a force to be reckoned with in the automotive industry, largely through improved quality and sales.

Q. How do you perceive Pasha's role in the partnership?
A. Pasha is the majority owner and has operational control of the partnership. Pasha provides top management support along with human resources and extensive support and training from their rail operations management team. The overall reputation Pasha has within the industry has also given MVP the foundation on which to build a processing operation unsurpassed in the industry.

Q. In today's markets, what do you perceive as the most challenging issues?
A. Meeting and exceeding the quality standards and requirements of our customers. The challenges in the industry have become more than just simple processing and logistics services. We must function as an extension of the manufacturer to ensure their quality product reaches the consumer. In making the customer a success within the industry, we can in turn expand, improve, and become a success in our sector of the industry.

Q. How do you see the future?
A. In the future, we anticipate increased customer satisfaction and continued improvements in the quality of our processing. We would also like to be poised to be one of the main contenders for the new Kia plant in West Point, Georgia, about an hour from Montgomery. Kia, a subsidiary of Hyundai, expects to begin production in 2009, with anticipated sales in the U.S. to reach 800,000 vehicles by 2010. The MVP staff, from management down to hourly employees, is really focused on this expansion. The future is an opportunity for growth.

Q. How has MVP grown with the plant operation?
A. As the plant operation grows, we have been able to respond and sometimes anticipate changes that might affect our processes. From the beginning here in 2005, MVP has faced many challenges. All three entities of Hyundai are on site: GLOVIS Logistics, Hyundai Motors Manufacturing Alabama, and distributor Hyundai Motors America. The environment in which we operate offers little room for error as we are under the intense scrutiny of one or more of these groups. However, the effort has paid off as they increasingly rely on our abilities and accumulated knowledge of the business.

Q. What stands out most about the work that MVP provides?
A. MVP retains the highest quality rankings for final quality. Additionally, MVP has assembled a flexible team of employees that enables us to meet the needs of our customers on a timely basis.

Q. How is MVP different from other service providers in the same industry?
A. Unlike most service providers, MVP has the challenge of operating in a plant environment. Most processors are not located in such close proximity to a vehicle manufacturer. Most part operations have ships that might unload once a week. Our 'ship' unloads twice a day! Things here happen fast and we can change direction even faster.





Pasha People
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Our name stands behind every move™

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BMW North America has signed a three-year contract with The Pasha Group to staff and jointly operate its Brunswick, Georgia Vehicle Distribution Center (VDC). This is the first time that the BMW organization has contracted an outside company to perform vehicle processing, accessorization, inspections and repair for their high quality vehicles in the U.S.

The Brunswick facility first operated several years ago when BMW began importing their vehicles into the southeastern U.S. With the 1993 completion of BMW's Spartanburg, South Carolina plant, the manufacturer transferred the Brunswick operations to other locations to coordinate distribution. (The Spartanburg plant produces the BMW models X5 and Z4 for worldwide distribution.)

As part of BMW's vigorous growth in the U.S. marketplace and abroad, the company continuously realigns its distribution logistics to meet current and future expansion. To this end, BMW has reopened the Brunswick VDC to supplement its other port locations in New Jersey, South Carolina and California. Every VDC ensures that each BMW, Mini and Rolls Royce vehicle complies with the company's rigorous quality standards before delivery to its dealers and customers.

Pasha Automotive Services and the Pasha family have a long history with premium sector vehicles. In the 1930s, our founder, George W. Pasha (1899-1996), sold and

serviced Duesenbergs, Auburns and Cords, some of the most desirable luxury cars of the era. Given that heritage, Pasha is pleased to add BMW to our roster of high-end vehicle clients. We maintain customer-specific operating procedures ensuring each manufacturer receives the gold standard of services. With an automotive history reaching back so many years, Pasha strives to provide excellence beyond customer expectations.

We maintain a staff of automotive specialists to perform parts assembly and body shop repairs, check fluids, install accessories, detail vehicles and conduct complete post-production mechanical inspections. Pasha's Quality Check List ensures that every vehicle arrives dealer ready. Pasha's proprietary vehicle tracking system, Pasha OnTrack™ Automotive, uses the latest integrated barcode technology to provide critical information for process management and inventory control.

BMW is committed to the very highest in quality for all its products and services. We believe their choice of The Pasha Group to complement the superior processes and standards of their high performance product lines recognizes our ability to share that commitment.

