

**INTELLIGENT SYSTEMS AND R4 GLOBAL SOLUTIONS RELEASE FINDINGS OF STUDY
ON ITEM-LEVEL RFID IN THE RETAIL SUPPLY CHAIN**

*Retail Industry Pilots and Pioneering Study Signal First Phase Of Global Alliance Aimed At Advancing
The Adoption Of Item-Level RFID In The Retail Storefront*

San Francisco and New York, March 29, 2005 – Intelligent Systems (www.is-mwv.com), a division of MeadWestvaco (NYSE: MWV), and R4 Global Solutions™ (www.r4gs.com), a leading provider of RFID-enabled technology and services, today announced findings from a recent study focused on the use of item-level RFID technology in the retail receiving, stock room and store floor environments. The study is the first step in a broad alliance agreement between the two companies aimed at solving two of the retail industry's largest problems: out-of-stocks, which cost U.S. retailers an estimated \$50 billion annually, and shrinkage, which costs an additional \$31 billion annually.

Results of the study show that item-level RFID technology used in managing retail inventory delivered an eight-fold increase in employee productivity, streamlined inventory management systems, reduced out-of-stocks by nearly 60 percent and significantly reduced shrinkage. The findings of this study corroborate much of the publicly available data from the initial item-level store pilot run by \$50 billion retailer Tesco, a 2004 pilot which utilized the Intelligent Systems item-level technology.

The two companies have deployed the item-level/shelf reader technology within R4's San Francisco RFID Lab facility, and have begun incorporating the technology into Intelligent Systems and R4 client engagements in the U.S. and abroad.

The study highlighted the potential benefits of item-level technology for use in managing inventory within the retail storefront. Findings from the study corroborated findings from well-publicized retailer pilots, including:

- An 8X improvement in employee productivity in areas attributed to inventory management. For many retailers labor is a "top 3" cost center – improvements in this area can mean hundreds of millions of dollars annually.

- A reduction in out-of-stocks by 50-60%. Out-of-stocks cost retailers billions of dollars annually, with large retailers averaging out-of-stocks of 8% or more of inventory. The initial Tesco trial indicated that the RFID in-store network can increase on-shelf availability by 50%, according to IT Director, Colin Cobain.
- A reduction in shrinkage by as much as 40%. U.S. retailers lose more than \$31 billion annually (1.7% of annual sales) to shrinkage, according to the University of Florida Retail Security Survey.

“R4 has been working with leading retailers since 2003 to evaluate the potential of item-level RFID technology in the retail environment.” said Jeff Richards, CEO of R4 Global Solutions. “We are starting to see an increase in item-level pilot activity due to two primary factors: the overwhelming economic business case and the introduction of operationally viable technology such as the solutions R4 and Intelligent Systems are deploying. By teaming with Intelligent Systems, we are able to deploy operational, proven systems in the retail and pharmaceutical environment that take advantage of R4’s industry experience and technical expertise.”

The two companies have begun incorporating the item-level/RFID technology into Intelligent Systems’ and R4’s client applications in the U.S. and abroad, and are continuing further item-level research among leading retail and consumer packaged goods companies. Results from the next phase of research will be issued in mid-2005.

“The results of our pilot at Tesco and elsewhere are beginning to shine a light on the real potential for item-level RFID technology in the retail storefront” said Robert Locke, president of Intelligent Systems. “Our technology has been in development for several years, and we’re happy to be working with R4 to take these solutions to market. There are a number of ‘experimental’ item-level systems being publicized, but our solutions have been operational for over a year now. Additionally, R4 is one of the only technology services firms in the U.S. to be working with more than one top 15 U.S. retailer. The alliance effort between our two companies provides our retail customers with true industry leadership.”

R4 and Intelligent Systems are collaborating on a number of item-level initiatives with Fortune 500 retail and consumer packaged goods industry leaders, and are leveraging the results from the Q1 2005 item-level study in these engagements. The two companies have also collaborated on a white paper addressing

the topic, entitled “Item-Level RFID in the Retail Storefront.” Copies of the white paper can be downloaded at www.is-mwv.com or www.r4gs.com.

About MeadWestvaco Corp. & Intelligent Systems

Intelligent Systems, a division of MeadWestvaco Corporation (NYSE: MWV), provides EPCglobal-compliant item-level inventory management solutions for manufacturers and retailers. Our unique approach greatly reduces the cost and complexity of item-level data collection applications. Intelligent Systems’ technology has been developed to take advantage of the open-architecture features of the EPC Network, and supports the vision of low-cost ubiquitous RFID pursued by EPCglobal and its other subscribers. For more information, please visit www.is-mwv.com or email info@is-mwv.com.

About R4 Global Solutions

R4 Global Solutions is a leader in delivering EPC-class RFID technology solutions to clients in the Retail, Consumer Packaged Goods, Manufacturing, and Pharmaceutical industries. R4 clients include many of the top consumer goods, retail and pharmaceutical industry companies in the world. R4 is headquartered in San Francisco, CA with additional locations in Michigan, Virginia, Boston, Atlanta and New Jersey. R4 maintains two RFID Laboratory facilities, one in San Francisco and the other in Dallas, TX. R4 is a sponsor of EPC Global. For more information visit R4 Global Solutions on the Web at www.r4gs.com or send an email to info@r4gs.com.

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