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December 19th, 2012

Dear Industry Partner:

Recent talks between the International Longshoremen's Association (ILA) and United States Maritime Alliance (USMX) have broken off with no set date to reconvene negotiations. Although a federal mediator is now in place, he/she declines to comment on any timetable.

If no settlement or extension occurs by December 29, the ILA is prepared to enact a coast-wide work stoppage, the first in 35 years, at all U.S. East Coast (USEC) and Gulf ports at the advisement of ILA President Harold Daggett. At this time, the strike would most likely begin after New Year's Day.

Port strikes would affect all container and roll-on/roll-off traffic with the exception of break-bulk, perishables, and military cargo. Due to the increased traffic and negative impact this will have on all North American Ports still operating, carriers will implement the following Port Congestion Surcharges. These additional fees would apply to any shipments received on/after December 30, regardless of the routing.

- \$20 per weight or measure (w/m) (LCL) – for all cargo including USWC-bound containers
- \$1,000 per 40' container – for all cargo including USWC-bound containers

If an agreement is reached, carriers will mitigate or otherwise eliminate all applicable surcharges. Please immediately contact your local Sales Executive or Operations Specialist today for alternative action planning.

We are closely monitoring all labor discussions. We will advise you on this dynamic situation as major updates occur.