



Kuehne + Nagel, Inc.
Corporate Office
10 Exchange Place, 19th Floor
Jersey City, N.J. 07302

June 30, 2010

Dear Valued Customer,

The challenges in the Transpacific Eastbound (TPEB) market continue to severely impact the marketplace. The main issues are:

- Space constraints throughout most of the year
- Peak season that will further exacerbate the situation
- Equipment shortages in all major global trades
- Interior Port Intermodal (IPI) movements being closely monitored by carriers, based on revenue considerations

No doubt you've received communications and seen news articles outlining the above.

With regard to the IPI movements, it is understood that the carrier community is in the process of analyzing the cost for positioning equipment in North America (for example, Memphis, Tenn.).

Based on internal discussions, we are very concerned about the impact all of these issues will have on our customers. Clearly, it is our priority to ensure that you will receive a reliable, cost-effective service level to support your supply chain. It is crucial we provide you with a model to ensure the highest levels of flexibility and customer service.

Here are the steps we're initiating to reduce the impact to your business:

- **Protection of existing allocations:** For the next two to three months, our main focus will be to protect existing space allocations.
- **"Sweeper vessels":** Known hot-spots, such as Shanghai, Hong Kong and Yantian offer sporadic sweeper opportunities, which we are aggressively pursuing. They have restrictions, however, and are premium priced.
- **Additional capacity:** We are actively in discussions with three major European and five Asian carriers to secure additional capacity, effective October 1, 2010. This is not a guarantee, but is part of our business planning.
- **U.S. West Coast deconsolidations:** In Southern California, our multiple deconsolidation partners will help us offer a service in response to the expected IPI restrictions. Your local sales representative and branch management will discuss available option, as applicable.

Today we already are proactively seeking every opportunity to buy and protect additional space in this very difficult market. Furthermore, today we already are paying premiums directly to carriers to ensure space protection.

To facilitate all of these efforts, Kuehne + Nagel will re-introduce an ARC charge, effective July 15, 2010, as follows:

- 20' container: USD 160 per unit
- 40' container: USD 200 per unit
- 40' high-cube container: USD 225 per unit
- 45' container: USD 250 per unit

Please let us reiterate that our priority has not changed from what we have discussed with you during the past year. In today's market and into the near future, our primary objective is to protect and support your supply chain and to move your cargo as efficiently and cost effectively as possible.

Kuehne + Nagel values your business and we're doing our best to monitor the many aspects of this dynamic, challenging trade and ensure that we provide you with market-competitive, solution-driven pricing options. Should market conditions change, we will re-evaluate our pricing and capacity strategy.

Should you have any questions or concerns, please get in touch with your local Kuehne + Nagel sales or operational contact.

Best regards,

Bill Kascel
Vice President
Transpacific Development