CEVA Logistics

18 March 2008

Dear Ocean Product Customer:

We are experiencing a high demand for North America Full Container Load (FCL) exports to Europe, Asia and Latin America. There are several factors influencing these events. The weakening US dollar compared to many currencies is creating a huge wave of export demand in North America. Steamship lines have reduced or eliminated some North America port calls and this has caused equipment shortages and an extremely tight export market. Export vessels from North America are moving out at 100% capacity. In addition, some USEC cargo is moving via rail (MLB) to USWC for Asia. Finally, USEC All Water Service for exports is beyond capacity to Asia, Europe and Latin America and is presently booking four weeks out due to vessel and equipment reductions.

Due to these conditions and the unexpected and extraordinary demand from North America we will be increasing our rates effective April 1, 2008. At CEVA Ocean Line we are committed to “Making Business Flow” and are confident we’ll obtain additional allocations from our core carrier partners. You can rest assured we will be diligent in our efforts to keep the increase to a minimum amount necessary to mitigate these un-forecasted events.

One way to protect equipment and allocation and keep increased costs to a minimum is for you to provide a reliable weekly forecast of your equipment needs on a port pair basis. Your forecast will help us allocate and confirm space properly with our core carriers to your key export markets and meet the expectations of all parties within your supply chain. Please send us your weekly equipment and allocation forecast by lane pairs to your local CEVA facility or salesperson beginning Monday, 24 March, 2008.

This information will be particularly helpful as it relates to new business starts; any new business should be planned out at least four weeks in advance of your required allocation. Your forecast is extremely important and without accurate and timely updates we run the risk of equipment shortage and increased costs. Inland points are especially hard hit with shortages of ocean containers, chassis, and rail cars. To meet the additional export demands we are initiating CEVA trans-load operation centers in New York, Charleston, Houston, Los Angeles, and Seattle to handle any additional export cargo that can not be accommodated thru normal FCL routes.

We appreciate your business and support as we work through these challenges together. Please contact your local CEVA office or account representative should you have any questions.

Sincerely,

Gary Phelps
Vice President, North America Ocean Products