

■ North America – Terminal Congestion Update

October 10, 2014

Dear Customer,

Further to our status update of September 8, 2014 congestion issues continue to affect our industry and our ability to offer predictable container transport for your supply chains. As such, we felt it advisable to provide a status update and actions that are being taken.

1) Los Angeles / Long Beach

- I. Hapag-Lloyd continues to work with our partners to shift services to terminals to improve both velocity of containers and reduce congestion.
 - CC2 service shifted to Pacific Container Terminal Pier J.
 - SE1 eastbound call shifted and is alternating between California United Terminal (CUT) and AP Moller Terminal (APMT).
 - SE2 service shifted from TRAPAC to Total Terminal (TTI).
 - The approaching inbound off-peak season is also expected to bring some relief to the current congestion issues.
- II. The Union Pacific (UP) rail embargo implemented on 8-14-2014 for exports from New Orleans, Houston, Dallas, El Paso (Santa Teresa), Laredo, Memphis, Kansas City, St. Louis, Chicago, Omaha, Denver, Salt Lake City to Eagle Marine (GGS) has been lifted.
- III. The success of the import delivery appointment system at some terminals has been limited in part by a lack of sufficient container handling equipment to pre-mount those containers prior to the scheduled pick-up appointment. Import customers and their motor carrier vendors are encouraged to confirm availability of their cargo by checking the terminal's website prior to sending a truck to the terminal in order to avoid a denial of service when they arrive at the terminal gate.
- IV. There continues to be an acute shortage of truck power. There have been press releases that the driver average pay is 12% less than industry average and ATA estimates that industry has a shortage of approximately 30,000 drivers nationwide. In the interim Hapag-Lloyd is working hard to recruit additional vendor companies.
- V. Chassis shortage is also exacerbated due to our services being fragmented over many terminals. A chassis relief team comprising of terminals, chassis

vendors and PierPass has been established and is looking to set up a temporary asset sharing plan among the chassis providers with the next 30-90 days. A long term solution is expected in 2015.

We will continue to look into alternative measures to assist our customer and alleviate the burden felt from these congestion issues.

For further information please contact your local Hapag-Lloyd office.

Kind Regards,

Hapag-Lloyd (America) Inc.
as agent of Hapag-Lloyd AG