

■ Pacific Maritime Association (PMA) – ILWU Negotiations Status Update

May 15, 2014

Dear Customer,

The negotiations between International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) have now started. The current master contract expires as of midnight on June 30, 2014.

Given the uncertainty of the situation, we would like to offer the below responses to frequently asked questions:

Question: Does Hapag-Lloyd have a contingency plan?

Answer: Yes, Hapag-Lloyd has a contingency plan by service for all anticipated scenarios which will be communicated as the situation develops.

Question: What should the customer expect?

Answer: Customers are encouraged to monitor the status of the negotiations directly in the [PMA website](#), to get an idea about all possible outcomes of the negotiations.

Question: Can customers request Hapag-Lloyd for specific routings?

Answer: Hapag-Lloyd will endeavour to guide/assist customers to accommodate any new routing requested as a result of customers own initiative. Please contact your respective sales office.

Question: Is Hapag-Lloyd charging a congestion surcharge?

Answer: Hapag-Lloyd has implemented a congestion surcharge. Please refer to our [CustomerInfo](#) of April 30, 2014 which is available in our website along with all previous customer letters. Please also find the applicable tariff verbiage below:

RURE-001 rule 056.1.3 Congestion Surcharge to and from USA

It is recognized that a strike, lockout, work stoppage, work slow-down or other labor-related disruption to operations at any U.S. port (collectively, labor unrest) will cause congestion. In the event of labor unrest, Hapag-Lloyd will implement a Congestion Surcharge effective **June 10, 2014**, applicable as follows:

For all import cargo based on the date of cargo arrival at all USA locations (via USA or Canada or Mexico ports) and all Canada / Mexico locations (via USA ports), on or after June 10, 2014. This charge shall be payable on a freight collect basis, unless otherwise agreed by Carrier and Shipper. (Congestion Surcharge Destination) (CGD)

For all export cargo received by the Carrier or its agent on or after June 10 at any USA

locations (via USA or Canada or Mexico ports) and at all Canada / Mexico locations (via USA ports). This charge shall be payable on a freight prepaid basis, unless otherwise agreed by Carrier and Shipper. (Congestion Surcharge Origin) (CGO)

Subject to those rights and remedies available under Carriers Bill of Lading, other rules contained in this tariff or otherwise, all shipments as noted above shall be subject to a congestion charge in the amount of (Rule 056.1.3 of RURE-001 tariff refers):

- **USD 800 / 20'**
- **USD 1000 / 40'**
- **USD 1125 / 40' HC**
- **USD 1266 / 45' HC**

In the event no labor unrest occurs, this charge shall not be applicable. Once labor unrest has occurred, this charge shall continue to be assessed until such time as Carrier provides notice in this tariff that the impact of the labor unrest on its operations and those of any affected port(s) has ended.

Application Date of Congestion Surcharge:

Exports via West Coast Ports (Canada, USA, Mexico) - Congestion charge will be applied upon notice, but not before June 10, 2014.

Imports via West Coast Ports (Canada, USA, Mexico) - Upon Notice but not before June 10, 2014.

Imports and Exports via Gulf Coast or East Coast Ports (Canada, USA, Mexico) - Upon Notice but not before June 10, 2014.

Please find further specific details under the relevant ocean and surcharge tariffs.

Question: What are Hapag-Lloyd tariff terms for Labor disruption/strike?

Answer: In the event that labor unrest (including but not limited to strikes, lock-outs, work stoppages or slowdowns) disrupts carrier's operations and/or results in increased costs to the carrier, any and all increased or additional costs relating to the movement of cargo subject to this tariff resulting from or relating to such labor unrest including but not limited to increased or additional port, terminal, stevedoring, storage, and inland transportation costs, shall be for the account of the cargo. For further details refer to our tariff filing: [RURE-001 rule 022](#)

We continue to remain optimistic for a positive development in these ongoing negotiations. For further information please contact your local Hapag-Lloyd office.

Kind Regards,

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