

Dear Customer:

I am writing in regards to imports from the Far East and containers arriving in Los Angeles/Long Beach and move on by truck from there. If you don't have cargoes that fit this scenario you do not have to read any further. No bad news for you this time.

Re: PierPass

In May I wrote to you about PierPass (you can retrieve the email from our website www.seajet.com under news and then under Seajet Newsletter Archive). Officially PierPass went into effect this last Saturday, July 23, 2005 but has then been postponed at the very last minute to Wednesday, July 27, 2005. The reason was that many cargo owners, forwarders and brokers had not registered with PierPass and it was feared that if no extra time would be given containers would have started to pile up at the port complexes. However as it stands, PierPass will now go into effect without fail on Wednesday, July 27, 2005.

As a quick overview, PierPass was created as a non-profit organization in an attempt to reduce the traffic and pollution in the Los Angeles area resulting from the enormous traffic of containerized cargo moving through the ports of Long Beach and Los Angeles.

Under the PierPass program, a Traffic Mitigation Fee (TMF) will be assessed to all loaded containers entering or exiting the terminals by road during peak hours (Monday - Friday - 3:00 am to 6:00 pm). Containers moving in and out of the ports during off peak hours (Monday - Thursday - 6:00 pm to 3:00 am and Saturday from 8:00 am - 6:00 pm) will not be subject to this fee.

The TMF will be assessed at the following rates: US\$ 40/20' and 80/40'/40'HQ/45'.

PierPass will not assess the TMF on the following container movements:

- Returned empty containers and chassis
- Domestic containers
- Transshipment containers to other ports/cities moving by rail subject to Alameda Corridor Charge (ACC) (=IPI and MLB)
- Non containerized cargo

The payment of the TMF is the responsibility of the cargo owners, meaning importers and exporters, and must be paid directly to PierPass. For import containers the TMF must be paid before the terminals will release such containers that are subject to this fee. The TMF can only be paid by companies that have registered with PierPass. No payments at the gate will be accepted.

In order to facilitate the smooth handling of such containers and to avoid delays Seajet has registered with PierPass and will arrange for the payment of the TMF for its customers. In order to recover the administrative cost Seajet will invoice US\$ 55/20' and US\$ 95 for all other containers. If you would prefer registering with PierPass and ensure payments prior to pick up please advise. To read more about PierPass please go to <http://www.pierpass.org>.

Re: Trans-Pacific-Eastbound Inland Fuel Surcharge

Please be advised that TSA members (please see attachment for member lines) have announced the implementation of a Floating Inland Fuel Surcharge (IFC) which will take effect on August 15, 2005 and which is to be reviewed and adjusted on a quarterly basis.

Listed below is a summary of the current structure of the IFC going into effect on August 15, 2005:

- US West Coast/US East Coast Port CY delivery: Not applicable
- US West Coast/US East Coast door deliveries by truck: US\$ 40/container (only if arranged by the ocean carrier)
- IPI/MLB/RIPI: US\$ 137/container - this applies to containers shipped via West or East Coast ports going to cities beyond such ports. Examples: Containers coming in via the West Coast or East Coast and moving on by rail to rail yard Chicago, IL or Worcester, MA or Syracuse, NY and arranged by the carriers. Basically any containers that go on by rail beyond the port of entry.

Please find enclosed the press release from TSA. Not to fool anybody, the carriers are still full from the Far East to the USA and are taking advantage of this situation. Otherwise the same arguments that apply to imports would have to apply to exports. However, ships are not full going back to the Far East and as a result the IFC does not apply to export containers. Accordingly I view this latest surcharge as nothing but a rate increase that carriers feel they can get away with. On a positive note, most of Seajet's East Coast accounts are now moving on all water services and will not be subject to this charge.

As always please feel free to contact me with any questions that you may have.

Best regards
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