



May 3, 2002

Dear Customer,

Due to recent economic conditions affecting the balance of trade between the United States and Asia, the ocean carriers have implemented the following basic General Rate Increase (GRI) on all ocean freight shipments originating in Asia destined for USA ports, effective May 1, 2002:

\$225 per 20ft container
\$300 per 40ft container
\$340 per 40HC container
\$380 per 45ft container

Also, the carriers have advised us that a Peak Season Surcharge (PSS) will likely be imposed on all ocean freight beginning June 1 through September 30, 2002, as follows:

\$225 per 20ft container
\$300 per 40ft container
\$340 per 40HC container
\$380 per 45ft container

Though the GRI and PSS pricing reflects an across-the-board rate increase, Danzas AEI Intercontinental is actively negotiating these rates with the carriers on behalf of our customers. Contact your Danzas AEI Intercontinental account representative for complete details.

Additionally we would like to update you regarding the current labor situation involving the International Longshore and Warehouse Union (ILWU) on the West Coast. The contract between the ILWU and PMA (Pacific Maritime Association) expires on June 30, 2002. Formal negotiations between the parties begin on Monday, May 6th and promise to go to the 11th hour. The implications of a possible strike or lockout by July are great for all parties involved in international shipping to and from U.S. ports on the West Coast. For those who are importing into the West Coast, we recommend that you ensure a sufficient product inventory is kept on hand in the United States as July 1 approaches, and that all exporters move their shipments out prior to that time.

As new information arises on these very important issues, we will keep you informed. In the meantime, please feel free to contact your local Danzas AEI Intercontinental office for further details.

Sincerely,

Philipp Rathgeb
Vice President, Ocean Freight
North America

Gary Osterbach
Director, Ocean Services
Western Division