

State of Ports of Los Angeles and Long Beach

February 25, 2020

To All Valued Customers,

REDUCED PORT HOURS

Due to the reduction in import cargo from China and other ports because of the spread of the Coronavirus, the terminals in Long Beach and Los Angeles are limiting their gate hours. Several terminals are closing their gates for one or both shifts intermittently due to the vast reduction in import traffic. The terminals are also implementing restrictions for mandatory dual transactions, No Drop chassis transactions, and multiple day closures per week. This process is causing current delays in accessing equipment for export, empty returns, and export returns. This may cause an empty import container to dwell longer after it is empty. To reduce costs to our customers, we may have to leave the container spotted until we can confirm a redelivery appointment at the terminal. With the current closures, this period can be up to 72 hours, not counting weekends.

This reaction by the ports is to limit their labor costs when there is not enough import traffic to justify the expense. Unfortunately, this policy is affecting the exports cargo by limiting gate hours in which to return the loaded export.

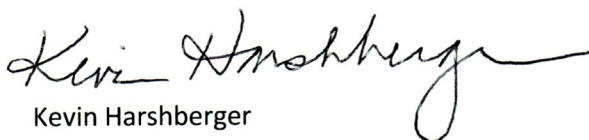
LOOKING BEYOND THE CORONAVIRUS AFFECT

We all hope and pray for containment and ultimately a vaccine for this virus. When this happens, I am anticipating a rush of import cargo that will severely tax the resources of the Intermodal transportation chain. Likely worse than the backlog that occurs each holiday season. The terminals will be overwhelmed with vessels, the terminal acreage will be full, and the trucking company's capacity is limited and will not be able to keep up with the "funneled" volume demand.

It is also possible that there will be a chassis shortage due to anticipated large import volumes that can't be unloaded fast enough due to warehouse space constrictions. This ultimately turns these containers into portable warehouses, similar to what we all experienced during the tariff surge.

Tricon Transportation, Inc. will always do our very best to expedite your cargo to its intended destination, regardless of what terminal conditions are. I just want to make everyone aware of the possibility of delays due to this international challenge we are all facing.

Sincerely,



Kevin Harshberger

President

