



# **NATIONAL FORWARDING COMPANY, INC.**

2800 ROOSEVELT ROAD – BROADVIEW, ILLINOIS 60155

Telephones: (708) 345-0550 1-800-323-9125

Fax: (708) 345-9112

DATE: May 19, 2008

TO: Agents of National Forwarding, National Van Lines, Subsidiaries and Affiliates

FROM: Patrick C. Johnson, President

SUBJECT: **DP3 Program Update**

Please be advised that a Settlement has been reached between the Protestors and DoD regarding the DP3 Protest which had been pending before GAO. The terms of the settlement are as follows:

1. After July 1, 2008, the government intends to implement DP3.
2. The initial roll-out of DP3 will be limited to the 18 Transportation Offices initially named. They are:

| <b>INSTALLATION NAME</b>          | <b>GBLOC</b> | <b>BRANCH</b>   |
|-----------------------------------|--------------|-----------------|
| USCG SC, Kodiak, AK               | MAPS         | US Coast Guard  |
| CG ISC, Alameda, CA               | LHNQ         | US Coast Guard  |
| FISC San Diego, CA                | LKNQ         | US Navy         |
| JPPSO-Colorado Springs, CO        | KKFA         | US Air Force    |
| CG ISC, Miami, FL                 | CLPK         | US Coast Guard  |
| Fort Leavenworth, KS              | KPAT         | US Army         |
| JPPSO-NE, Chelmsford, MA          | AGFM         | US Air Force    |
| PPSO Ft. Bragg, NC                | BKAS         | US Army         |
| MCB, Camp Lejeune, NC             | BKMT         | US Marine Corps |
| White Sands Missile Range, NM     | KLAE         | US Army         |
| USA Field Artillery & Ft Sill, OK | HOAT         | US Army         |
| JPPSO-San Antonio, TX             | HAFC         | US Air Force    |
| JPPSO-WA Ft. Belvoir, VA          | BGAC         | US Army         |
| FISC Puget Sound, WA              | JENQ         | US Navy         |
| Camp Zama, Japan                  | QFAC         | US Army         |
| Nav Support Act, Naples, Italy    | UCNQ         | US Navy         |
| Spangdahlem AB, Germany           | WFFL         | US Air Force    |
| Euro Theater CPPSO                | WKAS         | US Army         |

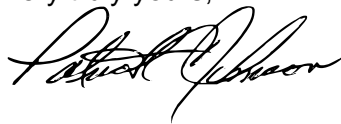
3. On or after August 1, the government must give us at least 60 days notice of their intention to expand DP3 beyond the 18 test sites. We will then have an opportunity to refile rates for the remaining installations but not the initial 18 sites.
4. The current program will continue in operation until DPS is fully operational. The government's goal is still to transition all shipment awards to DP3 by October 1.
5. In consideration of the above, the Protests were withdrawn without prejudice. If DoD does not comply with the Settlement Agreement, the Protests may be refiled.

We have Alan F. Wohlstetter, General Counsel for the Household Goods Forwarders Association of America, to thank for the filing of the Protest and negotiation of the Settlement Agreement. AMSA agreed with the filing of the Protest and submitted a written filing in support of it.

DoD restated their intention to fully implement DP3 by October 1. However, the wording of the agreement clearly indicates that the earliest date on which shipments can be expanded beyond the 18 test sites will be October 1 (August 1 plus the 60-day notification period). We expect, however, that DoD will begin rolling out DP3 to other installations within 60 days of providing the required notification of their intent to do so. We expect that they will make every effort to roll out DP3 after October 1 on a fairly aggressive timetable providing their end-to-end testing and the experience moving shipments between the 18 test sites is successful.

We will keep you advised as more information becomes available.

Very truly yours,

A handwritten signature in black ink, appearing to read "Patrick Johnson". The signature is fluid and cursive, with a large initial "P" and "J".

PCJ/lg