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To: All Military Agents for National Van Lines, National Forwarding and/or its Affiliates or Subsidiaries

From: Tim Helenthal, VP, Agency Services

Subject: **Update on DP3**

We want to provide you with a brief update on what is going on with the implementation of DP3 so you know where we stand as of today. There are many rumors out there and we want to try and clarify some items.

During the week of February 11th to 15th carriers filed rates for DP3. This is what was called the initial (or first) round of rate filing. During this initial round, rates are checked for errors and to ensure that the rates meet SDDC's 'rate reasonableness' criteria.

SDDC rejected a majority of most carriers' rates from the initial round because the rates didn't meet the 'rate reasonableness' criteria. Further clarification supplied by SDDC states that the rates were rejected because they were too high. Even though carriers can't discuss what they filed, there was a general sense that most carriers filed a 'reasonable rate'.

Due to the fact that such a huge percentage of rates were rejected, many carriers and the industry associations complained that the "rate reasonableness" criteria used by SDDC must be flawed.

SDDC has stated that they will revisit their criteria to ensure that it works as they intended. We do not know when they will have completed their analysis. However they have postponed the second round of rate filing, which is now scheduled from March 17th to 24th.

For now, SDDC continues to expect DP3 to go live with shipments picking up April 1st. This is initially limited to shipments moving only between the 18 'test' sites. (View the list of those sites and the expected phase in dates of all sites at www.nationalforwarding.com by clicking DP3 Phase-In, DPS Phase II.)

Shipments of Air Force personnel will not be included in this initial rollout of DPS. The Air Force needs to have some accounting software upgrades before they can be a part of DPS. We have just learned that they don't expect this to be done until after October 1st, 2008. (They were hoping for a midsummer solution.)

We will continue to monitor the situation and provide you updates as they are available and necessary. Thanks for your representation of National.