National Retail Federation®
The Voice of Retail Worldwide

August 27, 2012

Mr. Harold Daggett
President
International Longshoremen's Association
5000 West Side Ave.
North Bergen, NJ 07047

Mr. James Capo
Chairman and CEO
United States Maritime Alliance, Ltd.
485C US Highway 1 South
Iselin, NJ 08830

Dear Mr. Daggett and Mr. Capo:

On behalf of the National Retail Federation (NRF) and the millions of employees we represent and the customers we serve, I am writing to urge both parties to immediately resume contract negotiations.

NRF and our members were disappointed and alarmed to learn about the breakdown of negotiations on August 22, particularly considering the progress that was made during the July round of discussions. As we have previously communicated, we understand and recognize that there are tough issues that need to be resolved. The issues will only be resolved, however, by agreeing to stay at the negotiating table until a final deal is reached. Failure to reach agreement will lead to supply chain disruptions which could seriously harm the U.S. economy.

We are facing a critical time as the peak shipping season is getting underway. Some retailers have already enacted contingency plans to ensure that holiday merchandise will reach stores in time. These moves have been undertaken because of the perceived risk of supply chain disruptions. Now that there is a real risk of disruption, most retailers using the East and Gulf Coast ports will be forced to execute contingency plans within the next week to meet in-store holiday deadlines. These contingency plans carry a great expense but they are necessary to avoid disruptions that will add costly delays to our members' supply chains as well as other importers and exporters who rely on East and Gulf Coast maritime facilities.

Having a secure long-term longshore labor contract in place is critical to ensure that the East and Gulf Coast ports continue to benefit from growing freight volumes. Without such certainty, retailers and others will surely reevaluate their supply chains and the short-term and long-term reliance on these ports. One only needs to look at what happened after the 2002 West Coast lockout to understand how labor instability caused long-term shifts toward the use of East and Gulf Coast ports. These gains will surely be lost without resolution to these important contract negotiations.

As the world's largest retail trade association and the voice of retail worldwide, NRF represents retailers of all types and sizes from the United States and more than 45 countries abroad including department stores, specialty, apparel, discount, online, independent, grocery and chain restaurants, among others. Retailers operate more than 3.5 million U.S. establishments that support

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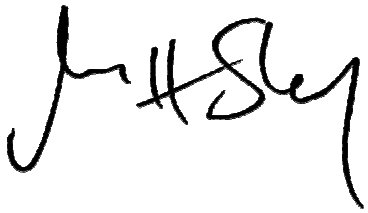
one in four U.S. jobs – 42 million working Americans. Contributing $2.5 trillion to annual GDP, retail is a daily barometer for the nation's economy.

Again, we urge both parties to return to the negotiating table to discuss and resolve the remaining issues. These negotiations are too important to not be resolved in a timely manner. We continue to believe that both parties can reach an agreement that will ensure the continued success and competitiveness of these ports for the foreseeable future. If you have any questions, please contact Jonathan Gold, NRF's Vice President, Supply Chain and Customs Policy at (202) 626-8193. Thank you for your consideration.

Sincerely,



Matthew Shay
President and CEO
National Retail Federation