



October 4, 2012

Dear Valued Customer:

US Customs and Border Protection (US CBP) completed its transition from the Automated Manifest System (AMS) to the Automated Commercial Environment (ACE) effective September 29, 2012. At that time US CBP began utilizing ACE exclusively for all trade participants. "K" Line made the necessary system changes in advance and transitioned to ACE on June 12, 2012.

The change from AMS to ACE has a very limited impact on most cargo moving to the US; however, the following scenario may be impacted:

- Cargo that moves inland under "K" Line's bond with a subsequent move on another party's bond (PTT, IT, T&E or IE).

The cargo in the above scenario is impacted only if the bill of lading is moving against a Master in-bond document (meaning the in-bond number is shared with other bills of lading).

"K" Line issues Master in-bond numbers only when bills of lading on the same vessel voyage with the same port of discharge and customs clearance point are manifested to US CBP at the same time.

When a Master in-bond has been issued, US CBP will reject any subsequent in-bond filings until **all** bills of lading on the Master have been arrived in ACE. "K" Line currently arrives all in-bond moves at the bill of lading level once the first container on the bill of lading has arrived at the customs clearance point. "K" Line does not submit in-bonds arrivals at the container level.

On October 2, 2012 US CBP published clarification to the trade community regarding the handling of subsequent in-bonds in ACE. Please see the below link for this publication:

http://apps.cbp.gov/csms/docs/18979_539471299/In_bond_Questions_and_Answers_SEPT_2012.pdf

If you plan on issuing a subsequent in-bond and wish to ensure your cargo does not move on a Master in-bond, you may send a request for a single in-bond number to NorthAmericaImportCS@us.kline.com and the individual shipment will be updated to a single in-bond. This must be requested two (2) business days prior to vessel ETA at the port of discharge.

In the future, "K" Line will begin issuing single in-bonds on **all** cargo unless specifically requested to issue a Master in-bond. We expect this revised programming to be in place within the next 45 days.

Please contact our Import Customer Service Department at 800-609-3221 option # 2 if you have any questions or if you require any additional assistance.

Best regards,

"K" Line America, Inc. on behalf of Kawasaki Kisen Kaisha, Ltd.