



Subject: Information and policy statement concerning Lynden Transport's Fuel Surcharges as fuel costs change.

Dear Lynden Transport Customer:

Virtually all ocean and highway carriers serving the Alaska freight transportation market on an interstate and intrastate basis include fuel surcharges in their billing of otherwise applicable freight charges. Lynden Transport is no exception. The following information is provided concerning how Lynden Transport's fuel surcharges apply and change as the cost of fuel in this market fluctuates and gives a policy statement concerning customer actions related to fuel surcharges.

Fuel surcharges applicable to shipments taking highway service for the major portion of the linehaul route have fuel surcharges tied to the cost of diesel fuel determined by the U.S. Department of Energy. Each week the USDOE updates the cost of highway diesel fuel and disseminates this information to the shipping public. Lynden has established percentage surcharge tables tied to a diesel fuel price starting at a level of \$1.15 per gallon with a scale of percentage surcharges beginning at 0% when the price per gallon is at \$1.15 or lower and the percentage surcharges increasing as diesel fuel costs climb above \$1.15 per gallon.

Lynden Transport uses various ocean carriers for underlying linehaul service over various routes. Shipments routed via services where the primary linehaul transportation is performed by ocean carriers are subject to fuel surcharges based on the fuel surcharges applied by the underlying ocean carriers. These surcharges are not tied to the Department of Energy's weekly fuel cost reports and change from time to time as the underlying water carriers revise their fuel surcharges.

As the price of crude oil and the cost of fuel change over time, Lynden Transport's fuel surcharges reflect these changes. This fact has been demonstrated regularly both on the up side and the down side as the volatility of fuel costs has occurred. It is Lynden's position the fuel surcharges being assessed are necessary to allow Lynden Transport to maintain its services and are truly reflective of market conditions both on the cost and the revenue sides of the ledger. This being the case, Lynden Transport must continue to apply appropriate and competitive fuel surcharges and cannot allow unilateral action by customers to reduce or eliminate these surcharges.

Lynden Transport appreciates the high level of support our customers provide us and believes our customer base understands and will adhere to our fuel surcharge policy stated herein.