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June 25, 2015

Dear Valued Customer:

RE: General Excise Tax (GET) Exemption

All of Young Brothers' freight checking, stevedoring and barge services are subject to GET except for services relating to loading and unloading a customer's freight from the barge. That is, while you pay GET on freight charges assessed by Young Brothers, you receive a *partial* exemption from GET for the loading and unloading portion of our service. This percentage is adjusted annually to reflect changes in the cost of service relating to loading and unloading freight from barges.

Effective July 1, 2015, 22.378 percent of your freight charges and cargo insurance will be exempt from GET; the current exemption is 23.517 percent. Below is an example application of the current and new GET exemptions.

**Current Calculation of GET on a 20-foot YB Container to the Neighbor Island.**

	Amount	Taxable %age	Taxable Amount	Invoiced Amount
Freight Charges	\$ 557.34			
FPA (2.85%)	\$ 15.88			
<b>Sub Total Freight</b>	<b>\$ 573.22</b>	<b>76.483%</b>	<b>\$438.42</b>	<b>\$573.22</b>
Cargo Insurance	\$ 15.64	100.00%	\$ 15.64	\$ 15.64
Wharfage	\$ 93.80	0.00%	<u>\$ 0.00</u>	\$ 93.80
			\$454.06	
General Excise Tax on Freight, Fuel, and Insurance			4.166%	<u>\$ 18.91</u>
Invoice Total Amount Due:				\$701.57

Calculation of GET on a 20-foot YB Container to the Neighbor Island **Effective July 1, 2015**

	Amount	Taxable %age	Taxable Amount	Invoiced Amount
Freight Charges	\$ 557.34			
FPA (2.85%)	\$ 15.88			
Sub Total Freight	\$ 573.22	77.622%	\$444.95	\$573.22
Cargo Insurance	\$ 15.64	100.00%	\$ 15.64	\$ 15.64
Wharfage (7/1/2015)	\$ 96.61	0.00%	<u>\$ 0.00</u>	\$ 96.61
			\$460.59	
General Excise Tax on Freight, Fuel, and Insurance			4.166%	<u>\$ 19.19</u>
Invoice Total Amount Due:				\$704.66

Under existing law, shipments originating from the Neighbor Islands to O`ahu are and will continue to be taxed at 4.712 percent instead of 4.166 percent.

If you have any questions, please contact your local customer service representative.

Sincerely,

*/s/ Roy Catalani*

Roy Catalani

VP, Strategic Planning and Government Affairs