

June 25, 2013

Dear Valued Customer:

RE: General Excise Tax (GET) Exemption

Effective July 1, 2013, a GET exemption will once again apply to a portion of your freight charges, resulting in a reduction in what you pay to transport cargo through Young Brothers. Two years ago under Act 105, the Hawaii Legislature suspended certain GET exemptions to improve tax revenues for the State. One of these exemptions applied to revenue from freight checking, stevedoring, and barge services. With the repeal of Act 105, 26.366 percent of your freight charges and cargo insurance will be exempt from GET. Below is an example of the current and new application of GET.

Current Calculation of GE Tax on a 20' YB Container to the Neighbor Island.

	<u>Amount</u>	<u>Taxable %age</u>	<u>Taxable Amount</u>	<u>Invoiced Amount</u>
Freight Charges	\$ 516.86			
FPA (7.25%)	\$ 37.47			
Credit for Sale of Retired Barge	\$ -3.98			
Sub Total Freight	\$550.35	100.00%	\$550.35	\$550.35
Cargo Insurance	\$ 15.64	100.00%	\$ 15.64	\$ 15.64
Wharfage	\$ 83.50	0.00%	<u>\$ 0.00</u>	\$ 83.50
			\$565.99	
General Excise Tax on Freight, Fuel, and Insurance			4.166%	<u>\$ 23.58</u>
Invoice Total Amount Due:				\$673.07

Calculation of GE Tax on a 20' Container to the Neighbor Island **Effective July 1, 2013**

	<u>Amount</u>	<u>Taxable %age</u>	<u>Taxable Amount</u>	<u>Invoiced Amount</u>
Freight Charges	\$516.86			
FPA (7.25%)	\$ 37.47			
Credit for Sale of Retired Barge	\$ -3.98			
 Sub Total Freight	 \$550.35	 73.634 %	 \$405.24	 \$550.35
 Cargo Insurance	 \$ 15.64	 100.00%	 \$ 15.64	 \$ 15.64
Wharfage (7/1/2013)	\$ 89.34	0.00%	<u>\$ 0.00</u>	\$ 89.34
			\$420.88	
General Excise Tax on Freight, Fuel, and Insurance			4.166%	<u>\$ 17.53</u>
Invoice Total Amount Due Effective July 1, 2013:				\$672.86

Under existing law, shipments originating from the Neighbor Islands to Oahu 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 or your Account Representative.

Sincerely,

/s/ Matthew J. Humphrey
Matthew J. Humphrey
Vice President and General Manager