

Dear «Sir\_\_Madam»

### **Escalating Shipping and Fuel Prices**

The implications of increasing fuel costs have been extensively reported in the media recently. This has an impact on all sectors of business and society including your own, but I am sure you will appreciate it has serious implications for transport companies which operate their own fleet.

We have watched the price of fuel increase year on year as a result of international pressures, and domestic duty impositions, but in the last 8 weeks alone, the price has risen each week. Our last fuel surcharge had to be implemented on 1<sup>st</sup> December 2007 when fuel reached 90 pence per litre. Since then, fuel has increased by over 6% to 96.1p per litre.

Bullet Express Ltd has received forecasts from its major fuel supplier BP, who have indicated that the price of fuel is unlikely to fall until the 3<sup>rd</sup> quarter of 2008. In order to avoid the situation whereby we are meeting and/or talking about fuel prices and surcharge levels on a monthly basis, Bullet Express plans to implement the following system;

### **Shipping and Fuel Matrix**

We feel that the most practical way to deal with shipping and fuel price changes is to implement a fuel matrix in the same manner as other reputable hauliers, and the shipping companies have done. The advantages of this are as follows;

- It clarifies in advance the level of surcharge to be applied, thus enabling our customers to plan ahead, and even adopt the same matrix to recover the costs from their customers
- It avoids the need to continually discuss the subject of fuel surcharges
- It provides transparency over costs
- Our customers will benefit from any reduction in price at the earliest opportunity

The price that Bullet Express pays for fuel on the 1<sup>st</sup> of every month will be used to establish the surcharge for that forthcoming month, therefore the price of fuel on 1<sup>st</sup> April shall be used as the basis of the surcharge for the whole of April. This price will be communicated to you on the first working day after the 1<sup>st</sup> of every month.

As already mentioned, there has been an increase in shipping and fuel costs of over 6% (6p per litre) since 1<sup>st</sup> December, which we have absorbed, however this cannot continue should we suffer further increases. With this in mind we will be implementing the following matrix from the 1<sup>st</sup> April.

The situation with fuel costs is a very serious one for us all, however we would like to point out these increases are to simply allow us to recover the cost we have to pass to the fuel company or the Government in Duty. The government have last week delayed the increase in by a further 2p from the 1<sup>st</sup> April to 1<sup>st</sup> October which has eased some pressure.

**NB. This Fuel Matrix will be posted on our webpage: [www.bulletexpress.co.uk](http://www.bulletexpress.co.uk)**

## Bullet Express Ltd

### SHIPPING & FUEL SURCHARGE MATRIX

Currently 96.1p per litre plus vat

Derv pence per litre		Shipping & fuel surcharge
96 - 96.99	-	6.65%
97 - 97.99	-	7%
98 - 98.99	-	7.35%
99 - 99.99	-	7.70%
100 - 100.99	-	8.05%
101 - 101.99	-	8.40%
102 - 102.99	-	8.75%
103 - 103.99	-	9.10%
104 - 104.99	-	9.45%
105 - 105.99	-	9.80%
106 - 106.99	-	10.15%
107 - 107.99	-	10.50%
108 - 108.99	-	10.85%
<b><u>109 - 109.99</u></b>	<b>-</b>	<b><u>11.20%</u></b>
110 - 110.99	-	11.55%
111 - 111.99	-	11.90%
112 - 112.99	-	12.25%
113 - 113.99	-	12.60%
114 - 114.99	-	12.95%
115 - 115.99	-	13.30%
116 - 116.99	-	13.65%
117 - 117.99	-	14%
118 - 118.99	-	14.35%
119 - 119.99	-	14.70%
120 - 120.99	-	15.05%

Please be assured that we understand that this is a challenging time for all concerned, and trust that you appreciate the impact that shipping and fuel costs have on our business, both of which are beyond all of our control.

In the meantime, please accept our thanks for your continued understanding and support. We look forward to continued service in 2008.

Yours sincerely