

## DETAILED INFORMATION ON FUEL SURCHARGE

The fuel surcharge mechanism has been elaborated on the basis of analyses of the share of fuel costs in the costs of the services provided by PEKAES. Because of the differences in the share of the fuel costs in domestic services and international services, PEKAES applies separate fuel surcharges for those services.

Fuel surcharge is defined with the use of the so called fuel surcharge index for domestic services and international services respectively. This index means a percentage surcharge to the freight in the service. The construction of the fuel surcharge index ensures that fuel price changes are reflected both upwards and downwards. It results in a respective increase or decrease of the fuel surcharge. In particular, it results in a decrease of the surcharge down to zero if the fuel price reaches the basic price level or is lower.

Temporarily the value of the fuel surcharge index is calculated at the end of each week by comparing the average price of 1m<sup>3</sup> of EKODIESEL diesel oil for the 7 days preceding the index publication period. The calculated index is applied in the indicated period. The average fuel price is determined on the basis of the prices published by PKN ORLEN. The average basic fuel price was determined separately for the fuel surcharge indexes for domestic services and international services and is as follows respectively: 2.162,25 PLN (the average fuel price in January 2004) and 2.354,83 PLN (the average fuel price in July 2004).

The value of the fuel surcharge will be specified as a separate item in the sale invoices. And in order to ensure predictability of the transport costs, PEKAES changes the value of the fuel surcharge index only when the average fuel price change in relation to the basic price exceeds the threshold of 5% or its multiple. Each case of exceeding that threshold means a change of the fuel surcharge index for domestic services by 0.8 percentage points and for international services by 1.0 percentage points.