CertainTeed
SAINT-GOBAIN
Insulation

November 15, 2018

Dear valued CertainTeed Insulation Customer:

During the past 12 months we have experienced increased challenges with the dynamics of moving freight. The introduction of Electronic Logging Devices (ELDs), in conjunction with an industry-wide driver shortage is not only driving up carrier costs, but also reducing overall carrier capacity across North America. These issues have been further compounded by an improving economy.

While we are doing all we can to mitigate these issues, carriers are demanding unprecedented rate increases to cover their costs and retain drivers. CertainTeed can no longer absorb all of these additional costs, which are projected to continually increase for at least the next 10-12 months. As a result, **effective January 1st, 2019 we are implementing a Transportation Surcharge** to partially offset some of these costs. This will be in addition to the current Fuel Surcharge already in place. Even with these additional fees, CertainTeed Insulation continues to absorb a large portion of the increase.

The new Transportation Surcharge will be based on the **Cass Truckload Linehaul Index™** and will be adjusted quarterly based on the average index in the previous quarter. The index as of September 2018 was 138.4.

CASS Truckload Linehaul Index	Transportation Surcharge Fee per Invoice			
Index Quarterly Average	Full Truckload	1/2 Truckload	1/3 Truckload	1/4 Truckload
Below 125	$0	$0	$0	$0
125 to 129.9	$50	$25	$17	$13
130 to 134.9	$100	$50	$34	$25
135 to 139.9	$150	$75	$50	$38
140 to 144.9	$200	$100	$67	$50
145 to 149.9	$250	$125	$83	$63

The new Transportation Surcharge will appear as a separate line item on all shipments on or after January 1st, 2019.

CertainTeed Insulation will review this charge on a quarterly basis while continuing to explore solutions that meet your delivery expectations while controlling costs.

Thank you for your continued support of CertainTeed Insulation.

Sincerely,

Gonzalo Lopez-Polin
Director, Supply Chain
CertainTeed Insulation