

AFS



2020 FedEx GRI Analysis



Summary

- On 9/16/2019, FedEx announced the General Rate Increase for 2020, with an effective date of 01/06/2020.
- The announced average increase is 4.9% for Domestic Express, US Export and US Import, Ground and Home Delivery services. FedEx Freight rates will increase by 5.9%.

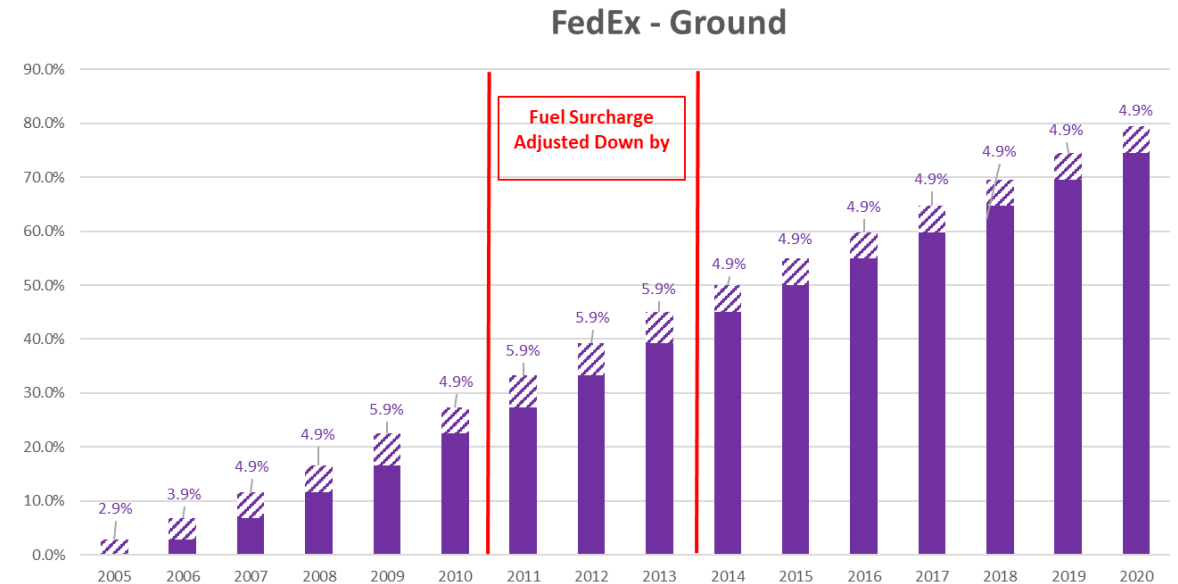
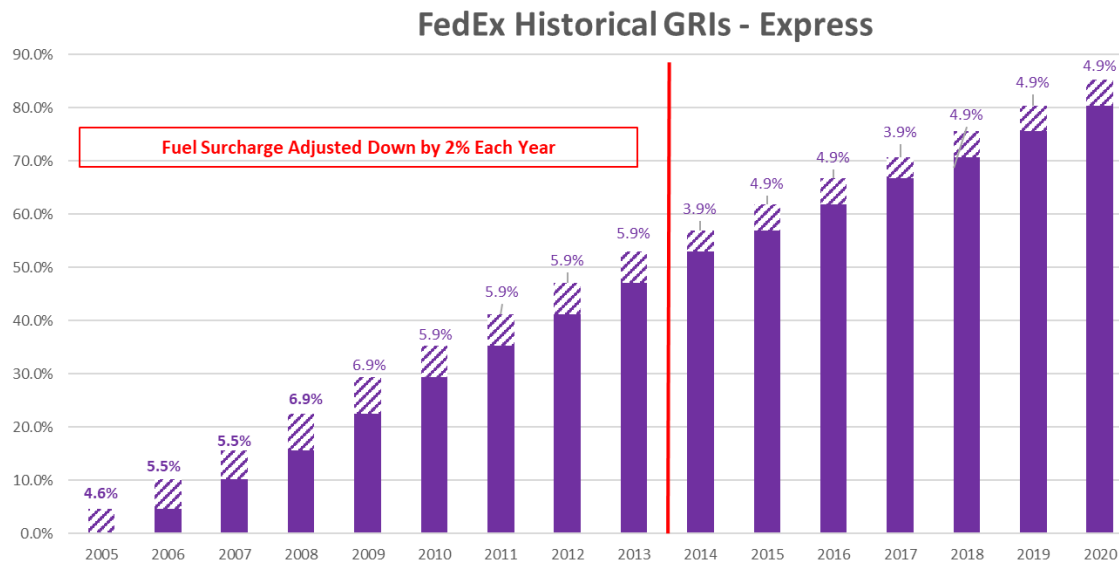
Fedex Services	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	TO AK/HI	TO AK/HI	From
								Metro	Rural	AK/HI
								Zone 9-10	Zone 11-12	Zone 13-16
First Overnight	2.93%	3.12%	4.31%	4.20%	4.41%	5.93%	6.26%	6.04%	6.39%	6.06%
Priority Overnight	3.83%	3.82%	4.88%	4.71%	4.92%	6.67%	7.20%	7.67%	7.90%	7.90%
Standard Overnight	3.89%	3.89%	4.82%	4.57%	4.69%	6.51%	6.43%	6.91%		6.91%
2Day A.M.	3.89%	3.89%	3.89%	4.89%	4.90%	5.34%	5.64%	5.85%		5.89%
2Day	4.86%	4.92%	4.89%	5.89%	5.48%	5.50%	5.80%	6.42%	6.91%	6.89%
Express Saver	6.83%	6.84%	6.57%	6.89%	6.89%	7.89%	7.89%			
Ground	5.15%	5.09%	5.29%	5.16%	5.01%	5.18%	4.95%	4.17%		4.44%

Rate Increase Summary

- General theme of the rate increase remains consistent with previous years.
- Shorter zones get lower increases, while longer zones (including AK and HI) get higher increases.
 - Overnight Letter gets higher increases, especially mid to long zones.
 - Rate premium of Standard Overnight over Economy 2-day decreases slightly.
 - Express Saver gets an average increase of over 7%, clearly indicating carrier preference to move volume away from this service.
 - Ground minimum increases by 4.8% to \$8.23.
 - SmartPost retains identical rates as Ground for shipments up to 9 lbs., then 32% to 36% premium for shipments 10 lbs. and above.

Historical GRIs

- FedEx list rates have been consistently increasing year over year for both Express and Ground shipments.
- The cost of a one pound package shipped from Atlanta to Dallas using Priority Overnight service would increase from \$37.85 in 2010 to \$65.75 in 2020 (not including any surcharges), an increase of 74%! CPI increase is 17.6% for the same period.



Peak Season Surcharges

- 2019 Peak season period for peak surcharges extends from Oct. 21, 2019 to Jan. 5, 2020, 11 weeks in total.
- No additional holiday residential surcharges in 2019 Peak season.

Surcharge Name	Applicable Services	Start Date	End Date	2018 Rate	2019 Rate	Increase %
Additional Handling Surcharge	US Express, US/Intl Ground	11/8/2019	1/5/2020	\$3.20	\$4.10	28.1%
Ground Unauthorized Package Charge	US Express, US/Intl Ground	10/21/2019	1/5/2020	\$150.00	\$435.00	190.0%
Oversize Charge	US Express, US/Intl Ground	10/21/2019	1/5/2020	\$27.50	\$37.50	36.4%

Other Surcharges – AHS & OVS

- Effective Jan 20, 2020, AHS and Oversize surcharges will be applied to international shipments with different criteria.

Surcharges	Services	
	US Domestic	International
Additional Handling Surcharge		
- Weight	Weight threshold decreased from 70 lbs. to 50 lbs.	Applies to US Import shipments; Weight threshold at 70 lbs.
- Dimension/Packaging	No Change	Applies to US Import shipments.
- AHS - Freight	Longest side criteria decreased from 70 to 62 inches	Applies to US Import shipments; Longest side criteria of 62 inches.
Oversize Surcharge	No Change	Applies to international shipments; Does NOT have 90-lb minimum billable weight.

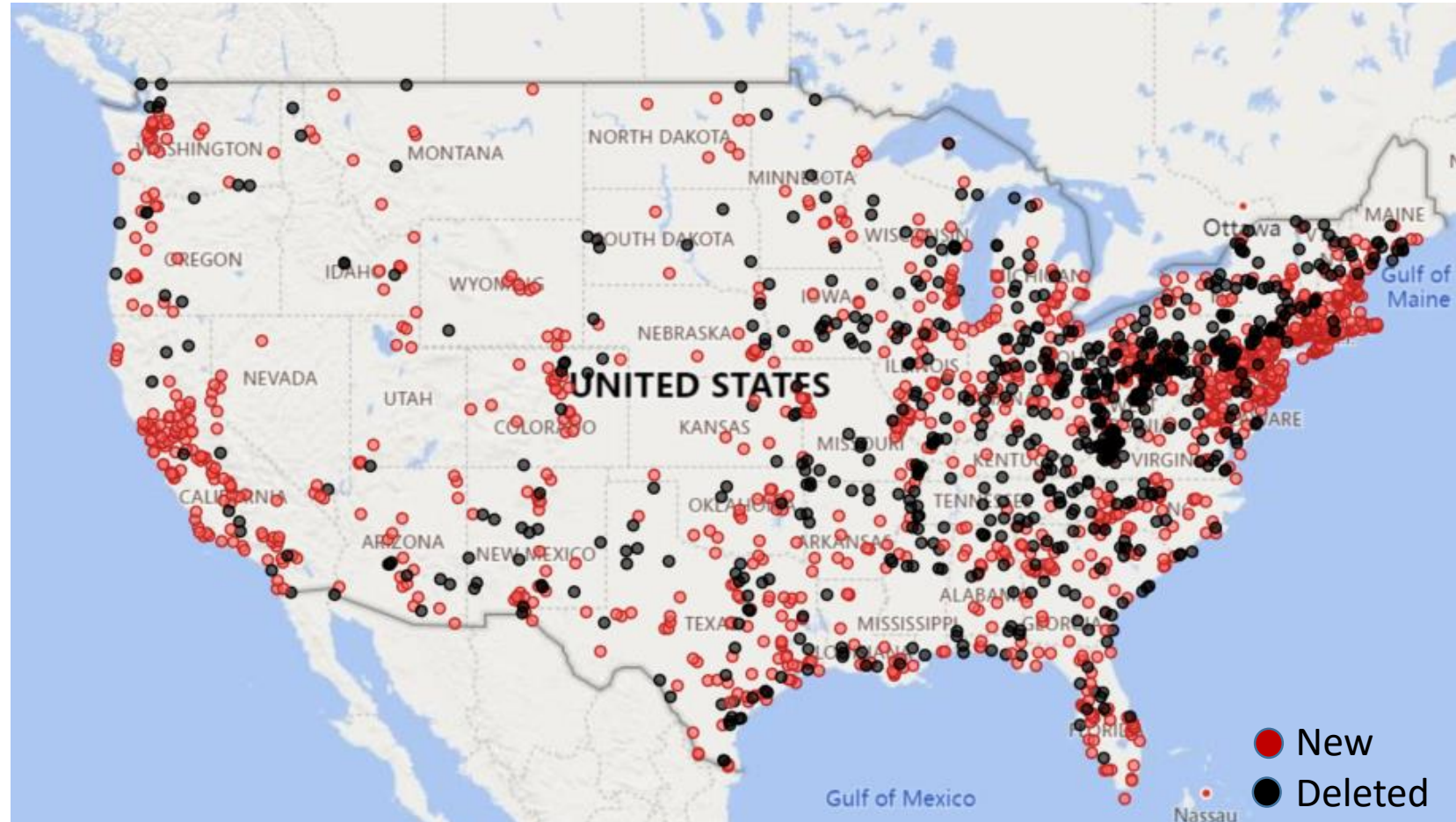
Other Surcharges - Fuel

- Effective Jan 20, 2020, Fuel Surcharge will start to apply on the following surcharges.
 - Additional Handling Surcharges
 - Both Express and Ground
 - Non-stackable for Express
 - AHS Peak surcharge
 - Delivery Signature Options for Express
 - Indirect Signature
 - Direct Signature
 - Adult Signature
 - Collect on Delivery
 - Both Express and Ground
 - Ground Electronic C.O.D
 - FedEx Home Delivery Convenient Delivery Options
 - Day Certain
 - Evening
 - Appointment

Zip Code Changes for DAS

- Effective Jan 6, 2020, Delivery Area Surcharge (DAS) will apply to about 1,200 new zip codes in 2020. Detailed zip code moves are summarized below:

Coverage	2019	New	Downgrade from DAS Extended	Upgrade from DAS	Removed	2020
DAS	4,181	1,445	1,624		258	6,095
DAS Extended	19,261	532		897	533	18,533
Total	23,442	1,977	1,624	897	791	24,628



Surcharges Increase

Surcharge Name	Applicable Services	2019	2020	Increase%
Additional Handling Surcharge				
Dimension	U.S. Express/Ground, Intl' Express/Ground Services	\$13.50	\$15	11.1%
Weight	U.S. Express/Ground , Intl' Express/Ground Services	\$20	\$24	20.0%
Packaging	U.S. Express Services, U.S. Ground Services, Intl' Ground/Express	\$12	\$13	8.3%
Freight	U.S./Intl' Express Freight Services	\$175	\$185	5.7%
Non-Stackable	U.S. /Intl' Express Freight Services	\$215	\$230	7.0%
Address Correction				
Express	U.S./Intl' Express/Gound Services,Intl' Express Freight Services	\$16	\$17	6.3%
Express Freight	U.S. Express Freight Services	\$84	\$88.50	5.4%
Express Multiweight	Maximum charge with FedEx Express Multiweight® Pricing	\$112	\$119	6.3%
Ground Multiweight	Maximum charge with FedEx Ground Multiweight® Pricing	\$48	\$51	6.3%
Dangerous Goods Surcharge				
Dry ice)	U.S./Intl' Express Package Services	\$5.55	\$5.85	5.4%
Accessible - First/Priority Overnight	FedEx First Overnight®, FedEx Priority Overnight®	\$98	\$105	7.1%
Accessible - First Overnight/1 Day Freight-per shipment	FedEx First Overnight® Freight, FedEx 1Day® Freight - Minimum per shipment	\$104	\$109.50	5.3%
Accessible - First Overnight/1 Day Freight-per pound	FedEx First Overnight® Freight, FedEx 1Day® Freight - per pound charge	\$0.82	\$0.87	6.1%
Accessible - Intl' Express/Freight, per shipment,min	Intl' Express/Express Freight Services, Minimum per shipment	\$153.50	\$162.50	5.9%
Accessible - Intl' Express/Freight	Intl' Express/Express Freight Services, per pound charge	\$0.83	\$0.88	6.0%
Inaccessible - Express	U.S. Express Package Services	\$49	\$51.50	5.1%
Inaccessible - Freight -per shipment, min	U.S. Express Freight Services - Minimum per shipment	\$48	\$50.50	5.2%
Inaccessible - Freight -per pound	U.S. Express Freight Services - per pound charge	\$0.31	\$0.33	6.5%
Inaccessible - Intl' - per shipment,min	Intl' Express/Freight Services, Minimum charge per shipment	\$75.50	\$81	7.3%
Inaccessible - Intl' - per pound	Intl' Express/Freight Services, per pound charge	\$0.41	\$0.44	7.3%
Declared Value				
value between \$100.01 and \$300	U.S. Express/Ground Services, International Ground Service	\$3	\$3.15	5.0%
value excess of \$300, per \$100 of declared	U.S. Express/Ground Services, International Ground Service	\$1	\$1.05	5.0%
Intl' Express/Express Freight	Intl' Express/Express Freight, per \$100 in excess \$100, or \$9.07 per pound which is greater	\$1	\$1.05	5.0%
US Express Freight, min	U.S. Express Freight, Minimum per \$100 of value in excess of \$100	\$1	\$1.05	5.0%
US Express Freight, per pound	U.S. Express Freight, per pound charge	\$1	\$1.05	5.0%
Delivery Area Surcharge				
Express/Ground Residential	U.S. Express Package Services, FedEx Ground (Residential)	\$4.20	\$4.40	4.8%
Express /Ground Extended Residential	U.S. Express Package Services, U.S. Ground Services (Extended Residential)	\$4.65	\$5.40	16.1%
Express Commercial	U.S. Express Package Services (Commercial)	\$2.85	\$3.10	8.8%
Express Extended Commercial	U.S. Express Package Services (Extended Commercial)	\$2.85	\$3.60	26.3%
Ground Commercial	FedEx Ground (Commercial)	\$2.70	\$2.95	9.3%
Ground Extended Commercial	FedEx Ground (Extended Commercial)	\$2.70	\$3.45	27.8%
Express Alaska	Express Alaska Package Services (Residential, Commercial)	\$27.50	\$29	5.5%
Express Hawaii	Express Hawaii Package Services (Residential, Commercial)	\$8.40	\$8.85	5.4%
Home Delivery-Residential	FedEx Home Delivery® (Residential)	\$3.65	\$4	9.6%

Surcharges Increase

Surcharge Name	Applicable Services	2019	2020	Increase %
Delivery Area Surcharge cont'd				
Express Multiweight - Commercial	Max charge with Express Multiweight (Commercial)	\$14.25	\$15.50	8.8%
Express Multiweight - Extended Commercial	Max charge with Express Multiweight (Extended Commercial)	\$14.25	\$18	26.3%
Express/Ground Multiweight - Residential	Max charge with Express Multiweight (Residential)	\$21	\$22	4.8%
Express/Ground Multiweight - Extended Residential	Max charge with Express Multiweight (Extended Residential)	\$23.25	\$27	16.1%
Ground Multiweight - Commercial	Max charge with Ground Multiweight (Commercial)	\$13.50	\$14.75	9.3%
Ground Multiweight - Extended Commercial	Max charge with Ground Multiweight (Extended Commercial)	\$13.50	\$17.25	27.8%
Home Delivery Multiweight - Residential	Max charge with Ground Multiweight (Home Delivery Residential)	\$18.25	\$20	9.6%
Delivery Reattempt Charge				
per shipment, minimum	U.S. Express Freight Services, Minimum per shipment	\$63.50	\$67	5.5%
per pound	U.S. Express Freight Services, per pound charge	\$0.069	\$0.073	5.8%
Extended Service Area Delivery	U.S. Express Freight Services	\$140	\$175	25.0%
Extended Service Area Pickup	U.S. Express Freight Services and FedEx Intl' Premium	\$140	\$175	25.0%
Extra Services Charge	U.S. Express Freight Services and FedEx Intl' Premium, per handler hour	\$94.50	\$99.50	5.3%
Collect on Delivery (C.O.D.)				
Express	U.S. Express Package Services	\$14.50	\$15.50	6.9%
Freight	U.S. Express Freight Services	\$79	\$83	5.1%
Express Multiweight	Max charge with Express Multiweight Pricing	\$101.50	\$108.50	6.9%
Delivery Signature Options				
Adult Signature	U.S./Intl' Express/Ground Services	\$6.05	\$6.35	5.0%
Signature Required	U.S. Express/Ground, Intl' Express/Ground Services	\$5	\$5.25	5.0%
Adult Signature - Multiweight	Max charge with FedEx Express/Ground Multiweight	\$42.35	\$44.45	5.0%
Signature Required - Multiweight	Max charge with FedEx Express/Ground Multiweight	\$35	\$36.75	5.0%
FedEx Email Return Label	U.S./Intl' Express/Ground/Express Freight, Intl' Ground(Canada to U.S.)	\$1	\$1.05	5.0%
FedEx ExpressTag®	U.S. Express Package Services	\$5.80	\$6.10	5.2%
Ground Collect On Delivery				
Regular and Guaranteed	Ground/Intl' Ground regular and guaranteed	\$14.50	\$15.50	6.9%
Currency	Ground/Intl' Ground currency	\$14.50	\$15.50	6.9%
Currency Additional	Ground/Intl' Ground, Addl' charge \$31.50/package or 4% of the currency C.O.D amount	\$31.50	\$33.50	6.3%
Multiweight	Max charge with Ground Multiweight —regular and guaranteed	\$101.50	\$108.50	6.9%
Multiweight currency	Max charge with Ground Multiweight —currency	\$346.50	\$368.50	6.3%
Ground Electronic C.O.D.				
per package	FedEx Ground, per package	\$14.50	\$15.50	6.9%
weekly in 48 hours	FedEx Ground, Addl' weekly service for deposite within 48 hours	\$10.50	\$11.50	9.5%
weekly in 24 hours	FedEx Ground, Addl' weekly service for deposite in 24 hours	\$37.00	\$39.00	5.4%
FedEx Ground® Alternate Address Pickup Fee	U.S. Ground Services, Intl' Ground Service, per unique address per week	\$10.50	\$11.50	9.5%
FedEx Ground® Automated Pickup Weekly Fee	U.S. Ground Services, Intl' Ground Service, per week	\$13	\$14	7.7%

Surcharges Increase

Surcharge Name	Applicable Services	2019	2020	Increase %
Home Delivery Convenient Delivery Options				
Date Certain	FedEx Home Delivery, per shipment (Date Certain)	\$3.15	\$3.35	6.3%
Evening	FedEx Home Delivery, per shipment (Evening)	\$7.35	\$7.75	5.4%
Appointment	FedEx Home Delivery, per shipment (Appointment)	\$16	\$17	6.3%
FedEx Print Return Label	U.S. Express/Ground/Express Freight, Intl' Express/Ground/Express Freight	\$1	\$1.05	5.0%
Ground Unauthorized Package Charge	U.S. Ground/Intl' Ground	\$675	\$875	29.6%
Ground Weekly Pickup Fee				
weekly \$75 or more	Ground, invoiced weekly shipping charges of \$75 or more, per week	\$14.50	\$15.50	6.9%
weekly less than \$75	Ground, invoiced weekly shipping charges of less than \$75, per week	\$29	\$31	6.9%
Hazardous Materials	FedEx Ground	\$35	\$37	5.7%
Inside Delivery Charge				
per shipment, minimum	U.S. Express Freight, Min per shipment	\$105	\$110.50	5.2%
per pound	U.S. Express Freight , per pound	\$0.068	\$0.072	5.9%
Intl' Out-of-Delivery-Area Surcharge				
per shipment, minimum	Intl' Express/Express Freight, Min per shipment	\$38	\$40	5.3%
per pound	Intl' Express/Express Freight, per pound charge	\$0.38	\$0.40	5.3%
Metro Service Area Delivery	U.S. Express Freight	\$140	\$175	25.0%
Metro Service Area Pickup	U.S. Express Freight and FedEx Intl' Premium	\$140	\$175	25.0%
Missing or Invalid Account Number	U.S. /Intl' Express/Express Freight, U.S./Intl' Ground Services	\$16	\$17	6.3%
Northern Canada Surcharge				
70 lbs or less	Intl' Ground Service, 70 lbs or less	\$73.50	\$77.50	5.4%
> 70 lbs	Intl' Ground Service, > 70 lbs	\$105	\$115	9.5%
Oversize Charge	U.S. Express/Ground/Intl' Ground	\$90	\$100	11.1%
Oversize Charge - Home Delivery	FedEx Home Delivery	\$90	\$120	33.3%
Payer Rebilling	U.S. /Intl. Express, U.S. Express Freight Services	\$16	\$17	6.3%
Reroute of Shipment				
Express	U.S. Express Package Services	\$16	\$17	6.3%
Express Freight	U.S. Express Freight Services	\$84	\$88.50	5.4%
Express Multiweight	Max charge with FedEx Express Multiweight	\$112	\$119	6.3%
Residential Delivery Charge				
Express/Ground	U.S. Express/Ground, Intl' Express/Ground Services	\$4.40	\$4.65	5.7%
Multiweight	Max charge with FedEx Express/Ground Multiweight	\$39.60	\$41.85	5.7%
Home Delivery	FedEx Home Delivery	\$3.80	\$4	5.3%
Freight	U.S./Intl' Express Freight Services	\$140	\$150	7.1%
Residential Pickup Charge	U.S. Express Freight Services, International Premium	\$140	\$150	7.1%

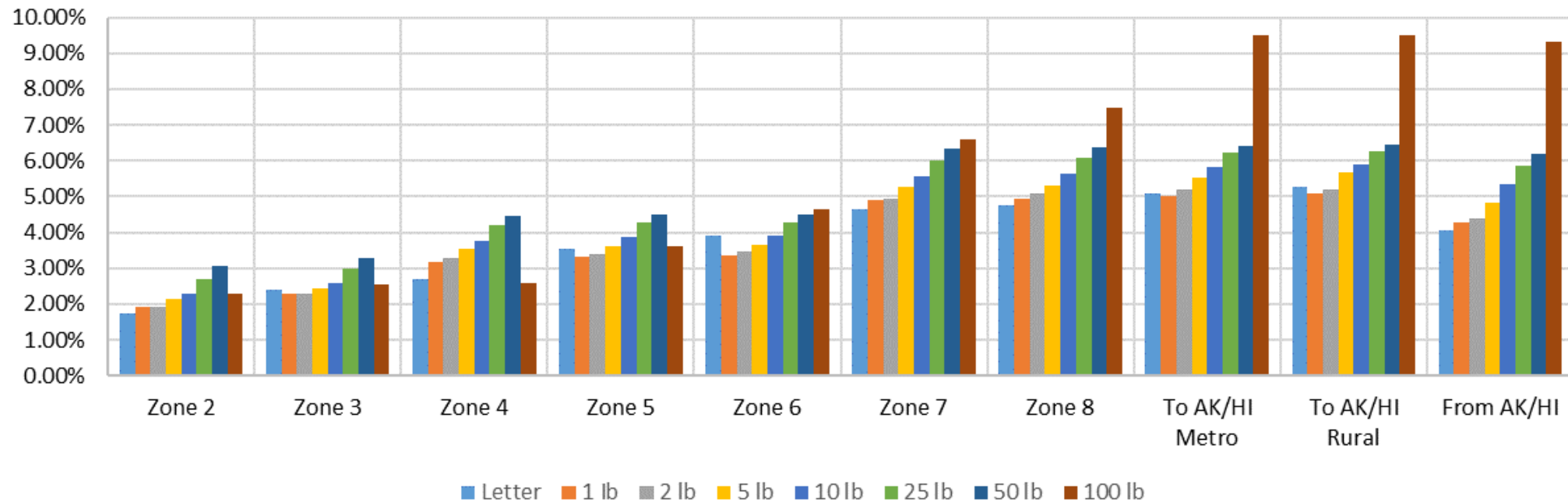
Appendix

First Overnight

Average GRI By Zone

Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
2.93%	3.12%	4.31%	4.20%	4.41%	5.93%	6.26%

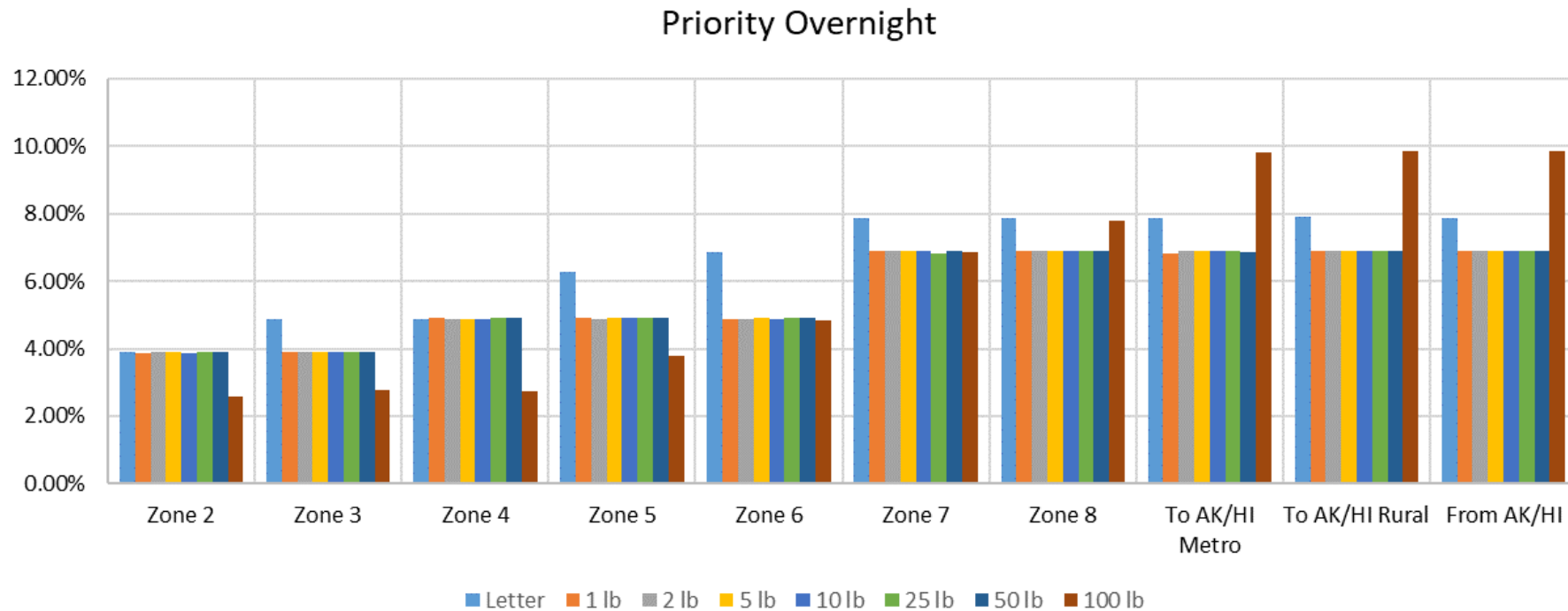
First Overnight



- FedEx retained the flat premium of First Overnight over Priority Overnight at \$30.
- Longer zones (zone 7-8) and AK/HI get higher increase (~6.1%) across weight breaks.

Priority Overnight

Average GRI By Zone						
Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
3.83%	3.82%	4.88%	4.71%	4.92%	6.67%	7.20%

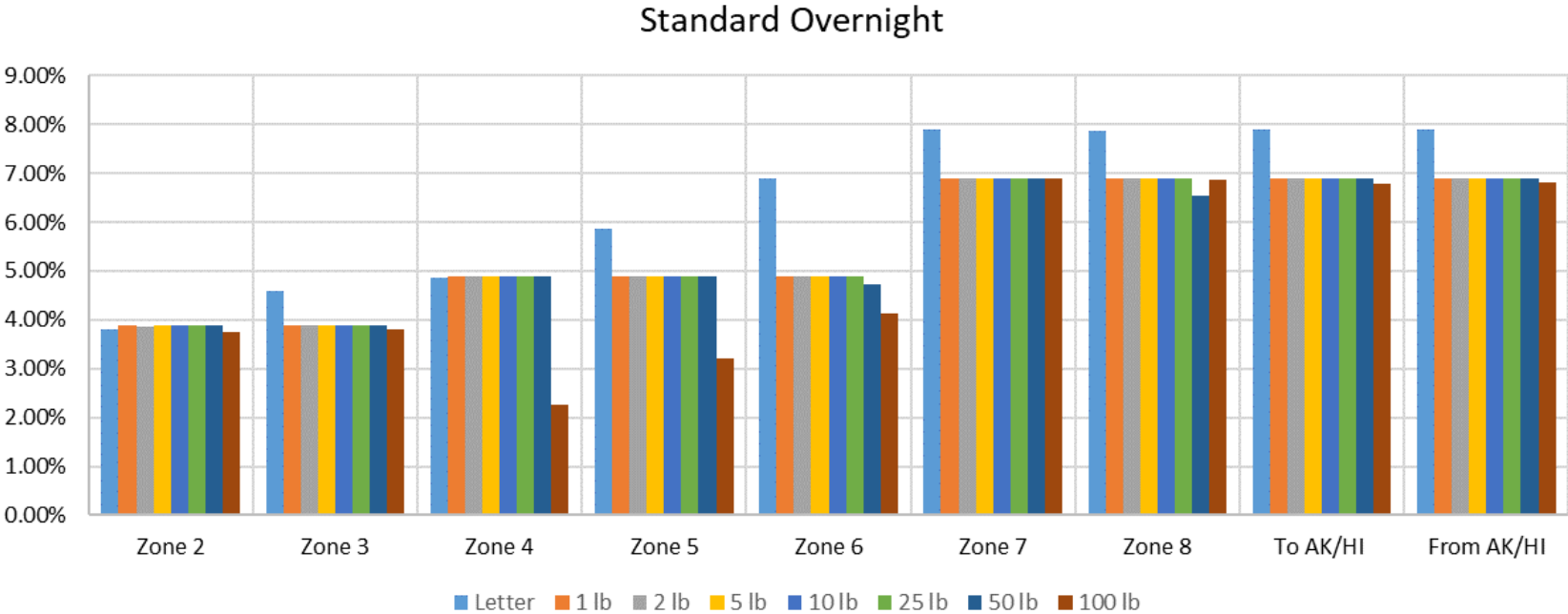


- PO Letter gets higher increases.
- On average, shorter zones get much lower increases (~3.8%) than longer zones (~6.8%) across weight breaks.
- AK/HI rates take a higher increase on average (6.8%), with over 100 lbs. rates go up by 9.8%.

Standard Overnight

Average GRI By Zone

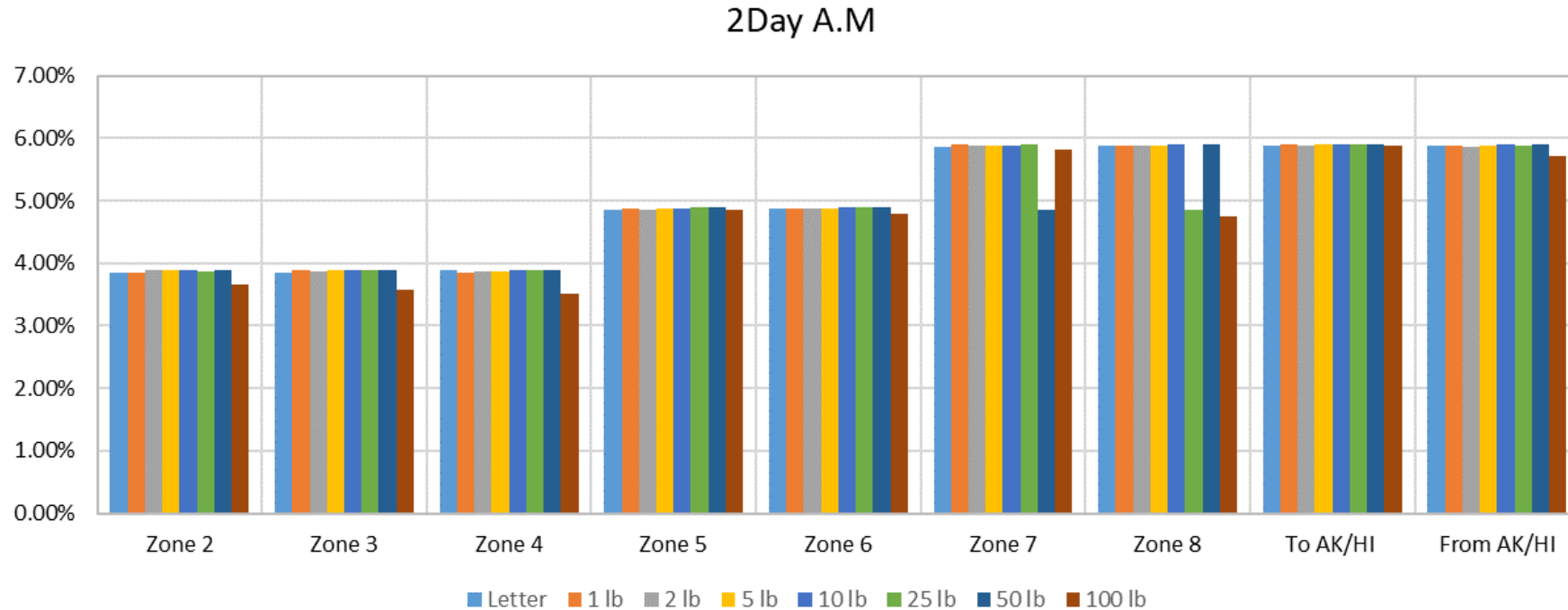
Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
3.89%	3.89%	4.82%	4.57%	4.69%	6.51%	6.43%



- SO Letter gets higher increases.
- Similar to PO, shorter zones get much lower increases (~3.8%) than longer zones (~6.5%) across weight breaks.

Economy 2 Day AM

Average GRI By Zone						
<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>
3.89%	3.89%	3.89%	4.89%	4.90%	5.34%	5.64%

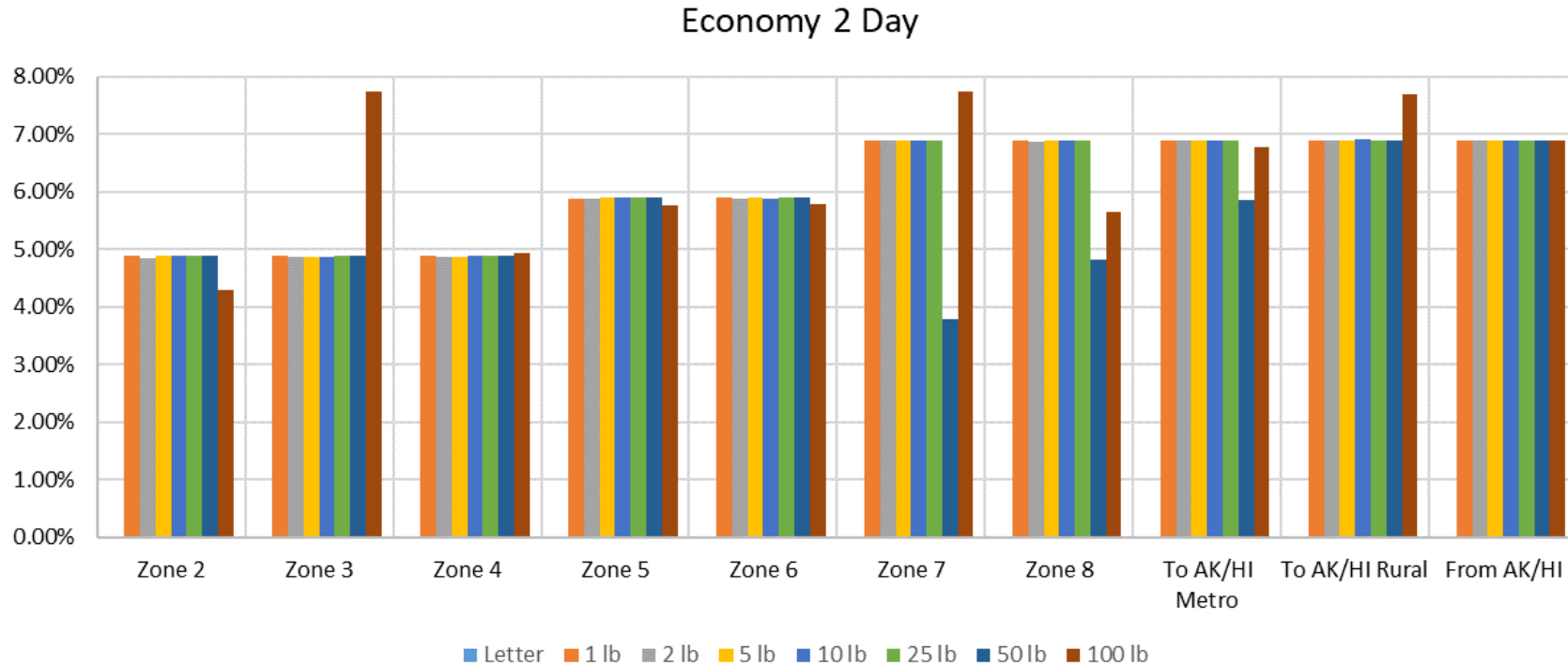


- Uniform increase across weight breaks and zones.
- Long zones, including AK/HI, bear the highest increase at about 5.9%.

Economy 2 Day

Average GRI By Zone

<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>
4.86%	4.92%	4.89%	5.89%	5.48%	5.50%	5.80%

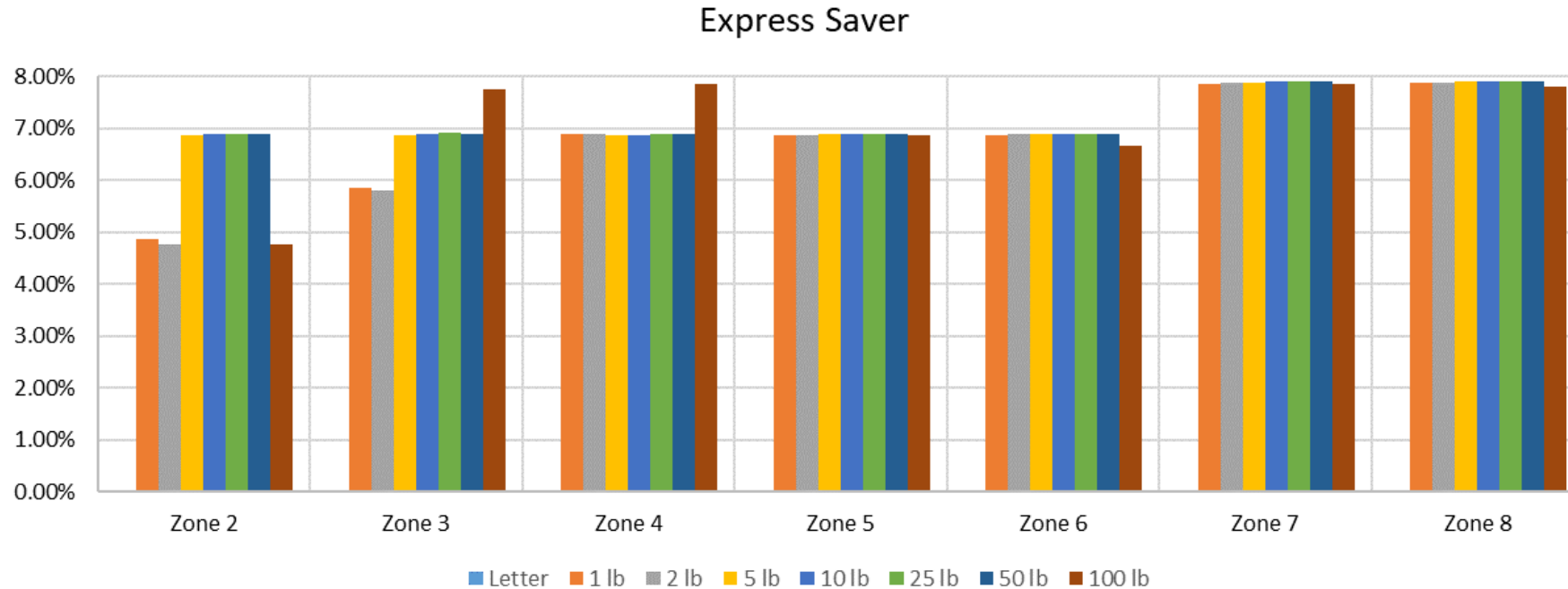


- Above average increase (~5.3%) across weight breaks and zones.
- Long zones, including AK/HI have much higher increases (~6.9%)

Express Saver

Average GRI By Zone

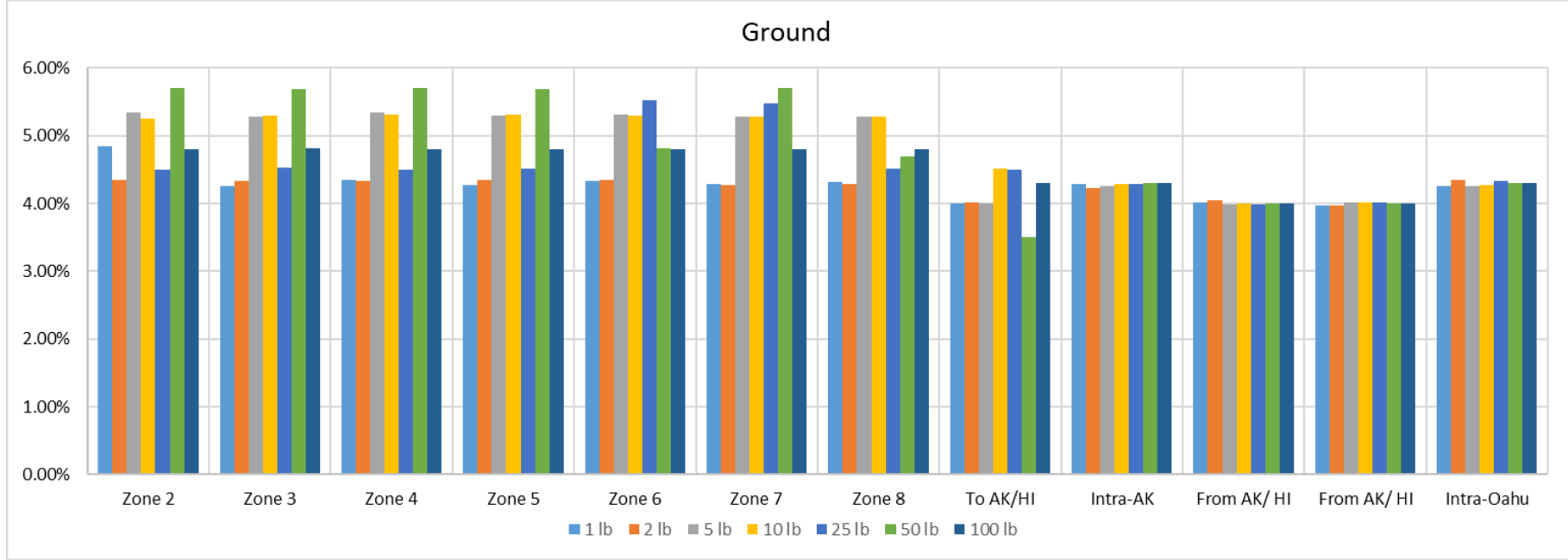
<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>
6.83%	6.84%	6.57%	6.89%	6.89%	7.89%	7.89%



- Express Saver takes on the highest average rate increase at 7.1% across zones and weight breaks. FedEx leverages the rate increases to incent customers to either upgrade or downgrade away from Express Saver.

Ground and FHD

Average GRI By Zone						
Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
5.15%	5.09%	5.29%	5.16%	5.01%	5.18%	4.95%

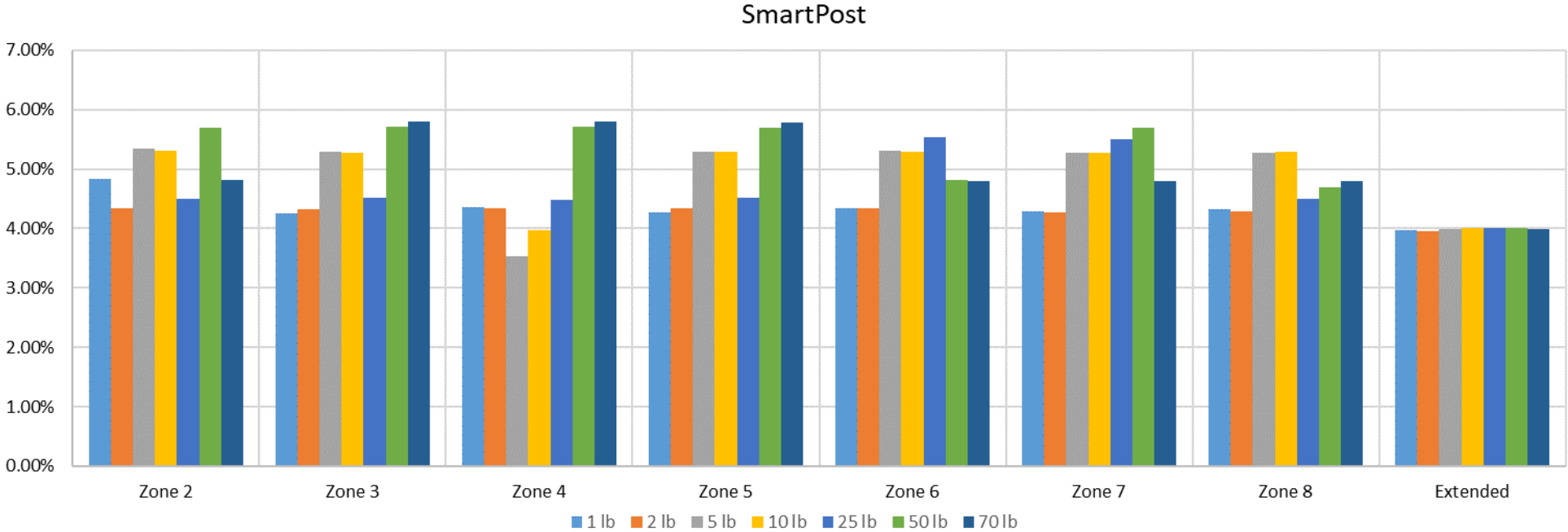


- Ground zone 2-8 rates increase by 5.2% on average.
- Ground minimum go up from \$7.85 to \$8.23, an increase of 4.84%.
- AK/HI zones see an fairly flat ~4% increase.

SmartPost

Average GRI By Zone

Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
5.24%	5.09%	5.15%	5.27%	5.10%	5.31%	5.01%



- Zones 2-8 under 9 lbs. rates are identical to Ground and FHD.
- Rates for 10 lbs. to 15 lbs. are 32% over Ground and 16 lbs. and above are 36% over Ground rates.
- Packages for extended zones get almost flat 4% increase.