



## **LTL Cost Management Service Details\***

*\*These LTL Cost Management Service Details ("LTL CM Details") adhere to and are in addition to the terms set forth in the Service Order Form and Standard Terms & Conditions.*

### **1. Services:**

#### **AFS shall perform the following services for Customer:**

- AFS will analyze Customer's LTL shipping profile and costs;
- AFS will work with Customer in an advisory capacity in order to reduce Customer's LTL shipping costs; and
- AFS will receive Customer carrier invoices, evaluate for program compliance and process them weekly. Upon completion of the processing period, AFS will forward to Customer, for approval and payment of invoices, an invoice and a detail of all bills processed.

#### **Customer shall perform the following services for AFS:**

- Timely provide (or grant access to) information requested by AFS that is necessary for AFS to perform the review and analysis of Customer's LTL shipping costs and savings.

**2. Engagement & Terms:** Pursuant to the Service Order Form, Customer has agreed to receive LTL cost management services ("LTL CM Services") from AFS. Accordingly, Customer agrees to engage AFS as its sole and exclusive representative for the purpose of performing LTL cost management services for a minimum Term as set forth in the Service Order Form. The Term will begin on the date the new LTL pricing is implemented by Customer and continuing thereafter until the end of the Term ("LTL CM Services Term"). LTL CM Services will continue thereafter on a monthly basis until Customer notifies AFS in writing that it no longer wishes to receive such services in accordance with the Notification provision set forth below.

### **3. Fee:**

#### **A. Shared Savings**

In the event Service Order Form indicates Customer's Fee is based on Shared Savings, the following Fee terms apply:

Before the involvement of AFS, Customer's current LTL transportation costs (base rates and/or discount levels), as of the date of this Agreement, shall be considered as the benchmark for the purpose of computing LTL Savings. AFS will jointly set the benchmarks with Customer by utilizing Customer's carriers to develop an index. With the involvement of AFS, Customer realizes LTL cost reduction following the execution of this Agreement. LTL

Savings is defined as the difference between the benchmark and the LTL cost reductions realized with AFS' involvement. AFS will

adjust the benchmark index annually (within 30 days of the anniversary date of the Effective Date) based on the cumulative average of the negotiated General Rate Increases ("GRI's") to accommodate for carrier GRI's.

For shipments where there is no savings from line haul charges, a fee of \$1.50 will apply, unless specified otherwise in the Service Order Form.

AFS' LTL Savings fee is a percentage of the LTL Savings realized by Customer on their LTL transportation cost as set forth in the Service Order Form.

#### **B. Weekly Management Fee**

In the event the Service Order Form indicates that Customer's Fee consists of a Weekly Management Fee, the following Fee terms apply:

- For providing the LTL services set forth above, AFS shall be paid a Management Fee in the amount set forth in the Service Order Form.

#### **C. Weekly Processing Fee**

Customer may be charged a Weekly Processing Fee as set forth in the Service Order Form. Weekly processing includes weekly detail, a quarterly summary, and exception reporting. If there is a consolidation of services performed weekly, there will only be one combined Weekly Processing Fee (e.g., the Weekly Processing Fee will encompass all services performed on a weekly basis).

#### **D. Set-Up / Implementation Fee**

In the event the Service Order Form indicates that a set-up/implementation fee ("Set-Up Fee") applies, Customer will not be invoiced for the Set-Up Fee and the Set-Up Fee will be waived as long as Customer completes the initial LTL CM Services Term set forth in the Service Order Form. If LTL CM Services are cancelled by Customer prior to the end of the initial LTL CM Services Term for any reason other than a Termination for Breach as set forth in Section 5 below, customer will be invoiced for payment of the Set-Up Fee.

**5. Claims Processing & Recovery:** In the event Customer elects to request AFS' assistance with individual LTL claims during the LTL CM Services Term ("LTL Claim"), AFS will manage each individual LTL Claim for a \$25 fee per LTL Claim filed. In addition, Customer will be invoiced for 25% of the funds recovered by AFS in connection with each such LTL Claim.

**6. Covenants:** If Customer negotiates shipping rates directly with, or accepts any proposal directly from any carrier following the Effective Date of the Service Order Form, but prior to implementation of new LTL pricing achieved by AFS' LTL CM Services, Customer agrees to pay fees to AFS based on the cost savings achieved under such contract(s) for the Term set forth herein. This includes any reactionary rate changes issued by a Carrier to discourage the Customer from proceeding with the rate negotiations by and through AFS.



**7. Termination:** Customer and AFS understand the importance of providing high quality support services including freight bill processing and timely payment of freight bills. During the entire term of this Agreement, if an issue occurs and is not corrected to Customer's satisfaction, Customer has the right to present the issue in writing to AFS. At that point, AFS has thirty (30) days to rectify the issue. Should the issue not be corrected to the Customer's satisfaction within this thirty (30) day period, Customer may notify

AFS in writing of their intent to terminate the agreement with 30 days' notice (hereinafter referred to as a "Termination for Breach"). No penalties or additional payments will be required other than payment for bills which have already been processed up to termination. If either party wishes to terminate this Agreement after the primary Term, a thirty (30) day written notice is required.

**8. Notification:** All notifications or correspondence related to this Agreement shall be sent via Certified Mail to AFS Logistics, L.L.C., Attn: Ryan Jarvis, AFS General Counsel, P.O. Box 18170, Shreveport, LA 71138-1170 along with an e-mail copy to rjarvis@afs.net.