



## Important FedEx Announcement

FedEx has notified E&I of price changes. E&I's contract with FedEx allows for price changes on an annual basis with proper notification, which we have received.

In the year since the contract was released, there have been severe economic changes affecting the entire industry. FedEx has been significantly impacted by the current economic situation, which is the impetus for this pricing change. Put simply, the initial pricing was so good, that it could not be sustained. As a result, prices will change, and the pricing structure will move from flat rate pricing to zone pricing, with annual revenue band levels.

As these changes represent major structural changes to the agreement, the old competitively solicited contract will be cancelled and a new, negotiated agreement with FedEx will go into effect on June 1, 2009.

We are pleased to note that fuel surcharges for express packages will be reduced from the current fixed rate of 32.5% to a rate adjusted monthly (currently 0%) and posted on the FedEx website. For ground delivery, fuel surcharges will drop from the current fixed rate of 9.5% to 2.25% currently, and will also be adjusted monthly.

In addition:

- Pick up fees will continue to be waived
- The member rebate of 1.5% will remain in place
- Money Back Guarantee - Transportation charges refunded or credited, upon request, on shipments delivered after the delivery commitment time.

Additionally, the contract will be adding several value-added services such as:

- Vendor Enablement Program (VEP) – to aid in the coordination of all inbound shipments with vendors
- FedEx Office
- FedEx International Mail Services (FIMS)
- LTL and TL Freight Discounts
- Access to FedEx Trade Networks Services

Specifics regarding each of the above value-added services will be forthcoming prior to June 1st.