



Effective January 1, 2018, FedEx Express and Ground/Home Delivery packages will increase an average of 4.9%. When carriers raise their base rates, they present the increase as an overall average, across all zone and weight combinations. It is important for shippers to understand that the true impact to your shipping costs will depend solely upon on your unique shipping profile.

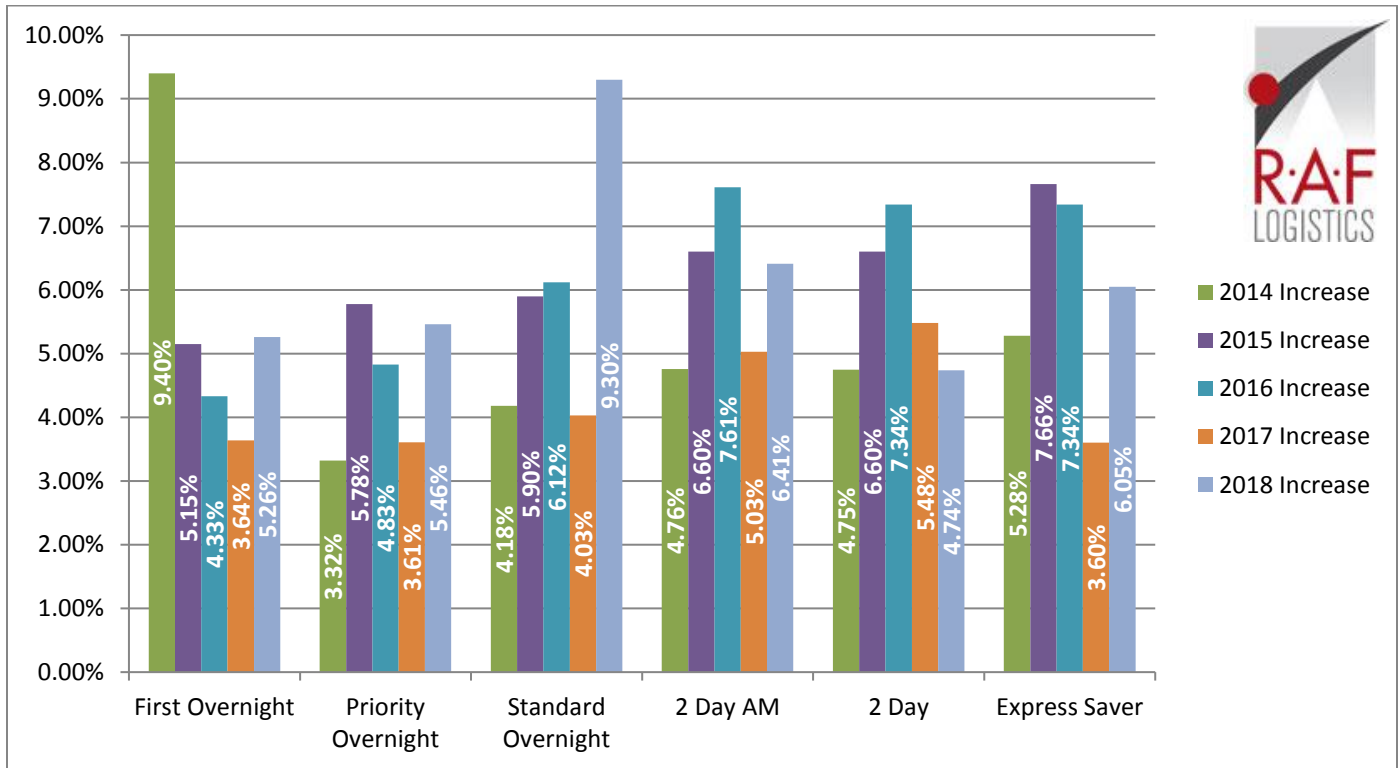
As we explore the announced changes to the FedEx base rates, we will also illustrate some less publicized, but very important changes that can also have a major impact on your shipping costs. Some of these highlights include, a new dimensional rating rule will be applied to FedEx Smartpost, a new Third Party Billing fee and new “Peak Season” Surcharge rates.

RAF Logistics strives to provide you with the information you need to make proactive decisions and drive down shipping costs. In this analysis, we break down the actual percentage increases for each service. Key factors including size, weight, service and zone all determine the real impact to your business for the year ahead.

You need a partner who specializes in parcel analysis and management, and can explain how these “average” increases will truly impact your specific shipping profile. Our tools provide you with a detailed, real-time evaluation and analysis of how these rate and fee changes affect your business. Knowledge is power and understanding the complexities of carrier pricing agreements and how these rate increases impact your business is why you need to partner with us.

With over 40 years of experience and the industry’s most robust web-based analytic tools, RAF Logistics is here to provide you the leverage needed to reduce cost and optimize service. For more information, please visit us at www.raflogistics.com, email us at sales@customerservice.com or call us at **1.877.443.RAFL**.

Increase Overview

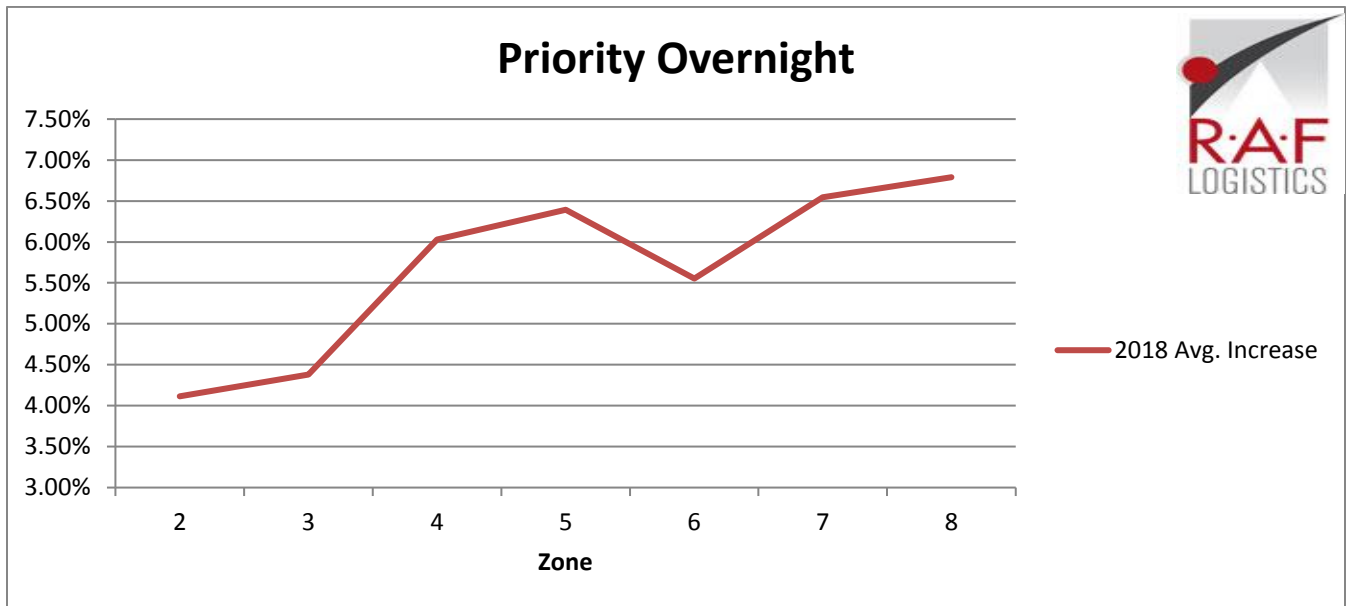


% Increases are based of overall averages for each service

Overall, this marks a significant increase from last year. The most notable increase is for Standard Overnight at 9.3% increase! All other services took a fairly significant increase with the exception of 2 Day which was about 1% lower than 2017. How will these increases impact your business? It is just another reason you need a partner like RAF Logistics. Our experience and analysis will help simplify what the carriers have made very complex.

Services

Priority Overnight



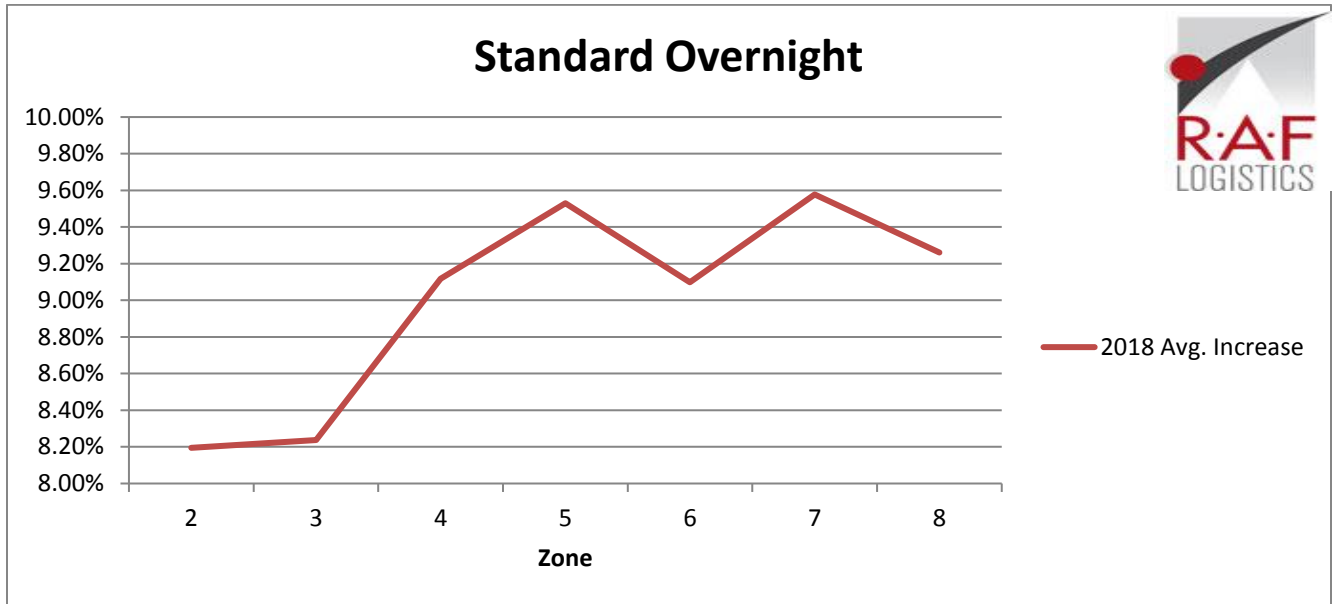
*Average increase 1lb-50lb for zones 2-8

Zone 2 and 3 took the lowest increase. While zone 8 was the highest. The average increase is 5.69%

Priority Overnight 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	4.14%	7.90%	7.88%	7.89%	7.89%	7.89%	7.89%
2	4.12%	4.11%	7.89%	7.89%	4.90%	5.10%	7.90%
3	4.11%	4.12%	7.90%	7.89%	7.89%	7.89%	7.89%
4	4.12%	4.11%	7.89%	7.90%	4.90%	7.88%	7.89%
5	4.12%	4.11%	6.32%	7.90%	5.03%	7.89%	7.90%
6	4.12%	4.12%	7.89%	7.89%	7.90%	7.89%	7.90%
7	4.12%	4.11%	7.89%	7.90%	4.90%	7.89%	7.90%
8	4.11%	4.10%	4.79%	5.53%	4.90%	7.90%	7.90%
9	4.11%	4.11%	4.10%	4.93%	4.90%	5.26%	5.31%
10	4.10%	4.12%	4.11%	5.10%	4.90%	5.27%	5.31%
20	4.11%	4.11%	4.10%	4.40%	4.91%	5.31%	5.30%
30	4.11%	4.11%	4.74%	4.95%	4.90%	5.25%	5.30%
40	4.10%	4.10%	4.77%	4.95%	4.91%	5.10%	5.38%
50	4.10%	4.11%	4.13%	4.36%	4.90%	5.12%	5.30%

Standard Overnight



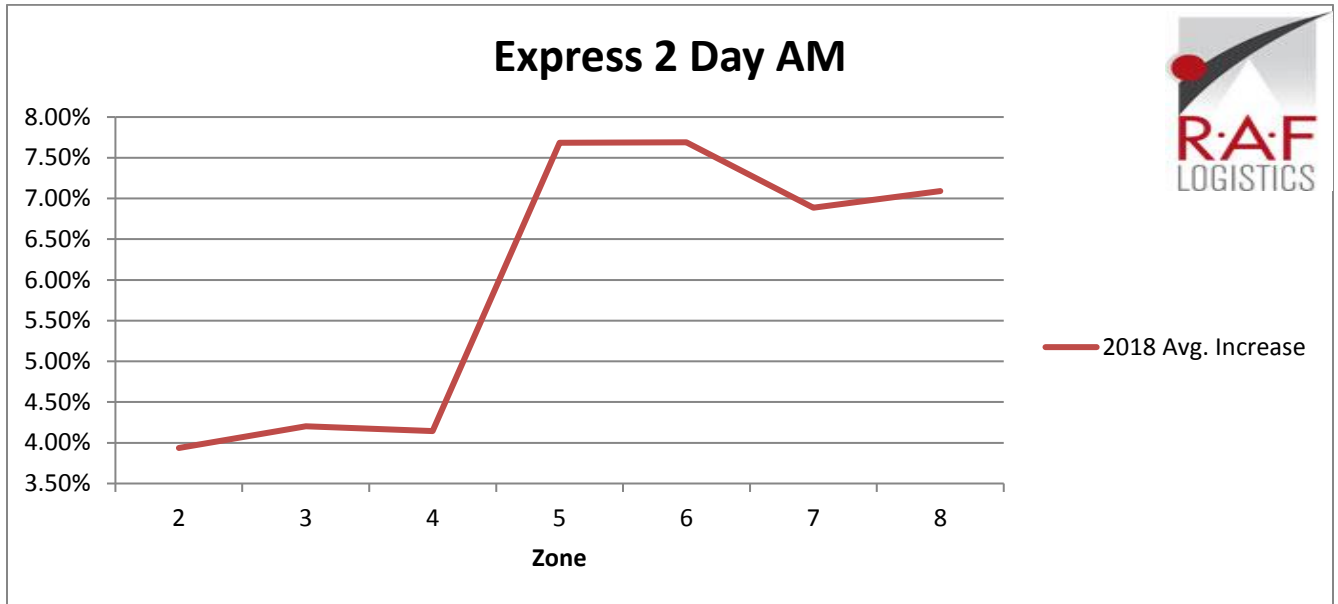
*Average increase 1lb-50lb for zones 2-8

The average increase for Standard Overnight is 9.00%

Standard Overnight 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	8.22%	8.21%	8.76%	8.97%	9.18%	9.27%	9.37%
2	8.22%	8.22%	8.76%	8.97%	9.19%	9.27%	9.38%
3	8.22%	8.24%	8.77%	8.97%	5.29%	9.28%	9.40%
4	8.24%	8.24%	8.78%	8.98%	9.19%	9.27%	9.39%
5	8.23%	8.25%	8.76%	8.98%	9.18%	9.28%	9.39%
6	8.24%	8.24%	8.77%	8.97%	9.18%	9.29%	9.40%
7	8.22%	8.24%	8.78%	8.99%	9.18%	9.28%	9.39%
8	8.25%	8.22%	8.77%	8.97%	9.18%	9.28%	9.39%
9	8.25%	8.24%	8.77%	8.98%	9.19%	9.29%	9.39%
10	7.67%	8.24%	7.95%	8.98%	8.78%	9.16%	9.02%
20	8.22%	8.24%	10.03%	11.09%	9.84%	10.35%	5.72%
30	8.24%	8.25%	10.87%	11.09%	10.01%	10.35%	10.39%
40	8.24%	8.25%	10.87%	11.08%	10.23%	10.35%	10.45%
50	8.24%	8.24%	9.00%	10.40%	9.75%	10.35%	9.56%

Express 2 Day AM



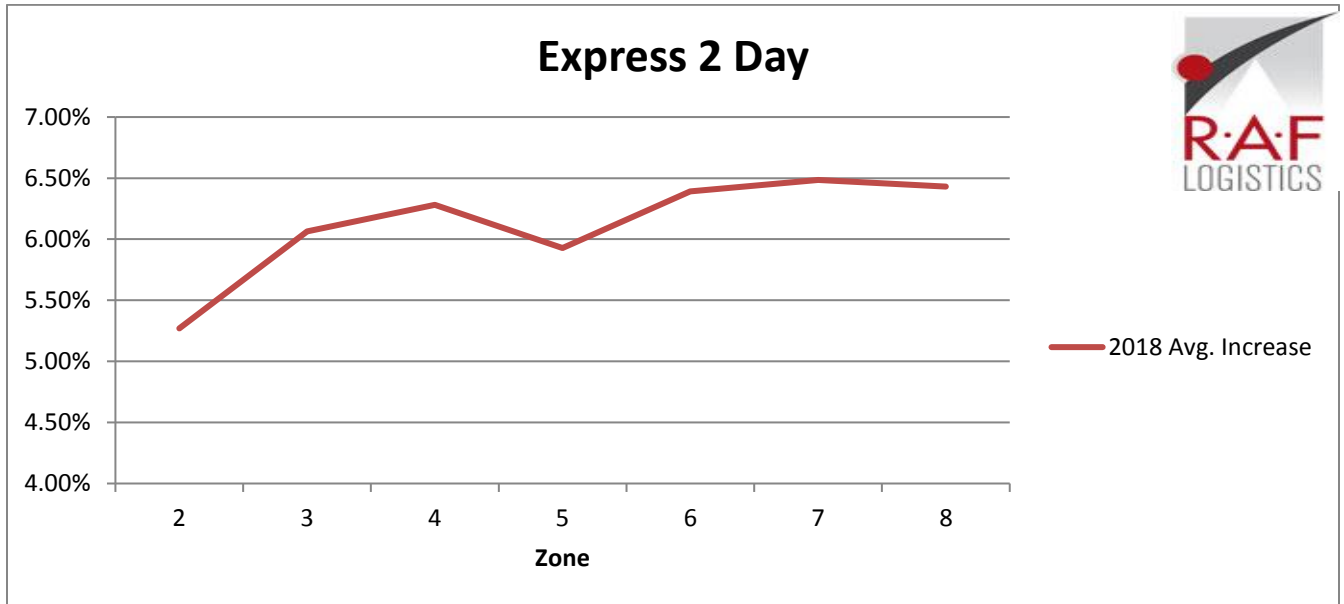
*Average increase 1lb-50lb for zones 2-8

The highest increases occur in zones 5-8. Overall average increase of 5.95% across all zones.

Express 2 Day AM 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	3.91%	3.91%	3.93%	7.66%	7.68%	6.88%	7.07%
2	3.95%	3.94%	3.90%	7.67%	7.67%	6.90%	7.08%
3	3.94%	3.91%	3.91%	7.67%	7.68%	6.88%	7.09%
4	3.92%	3.93%	3.90%	7.67%	7.70%	6.88%	7.09%
5	3.91%	3.94%	3.94%	7.68%	7.69%	6.88%	7.09%
6	3.94%	3.93%	3.93%	7.68%	7.69%	6.88%	7.10%
7	3.91%	3.91%	3.91%	7.70%	7.69%	6.89%	7.09%
8	3.94%	3.92%	3.93%	7.69%	7.70%	6.89%	7.09%
9	3.91%	3.92%	3.92%	7.69%	7.69%	6.89%	7.09%
10	3.93%	3.92%	3.92%	7.70%	7.70%	6.89%	7.09%
20	3.93%	3.91%	3.90%	7.70%	7.70%	6.90%	7.10%
30	3.92%	3.91%	3.91%	7.70%	7.70%	6.90%	7.10%
40	3.91%	3.90%	3.91%	7.69%	7.70%	6.90%	7.10%
50	4.07%	7.89%	7.08%	7.70%	7.70%	6.90%	7.10%

Express 2 Day



*Average increase 1lb-50lb for zones 2-8

Zone 7 had the highest increase. Average increase of 6.12%.

Express 2 Day 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	6.18%	6.29%	6.25%	6.36%	6.40%	6.49%	6.58%
2	6.20%	6.27%	6.29%	6.38%	6.37%	6.50%	6.59%
3	6.15%	6.30%	6.26%	6.38%	6.37%	6.47%	6.57%
4	6.14%	6.25%	6.26%	6.37%	6.40%	6.48%	6.58%
5	6.19%	6.26%	6.29%	6.38%	6.40%	6.49%	6.59%
6	6.19%	6.27%	6.29%	6.38%	6.40%	6.49%	6.59%
7	6.20%	6.27%	6.28%	6.38%	6.40%	6.49%	6.60%
8	6.15%	6.29%	6.29%	6.40%	6.39%	6.49%	6.59%
9	6.17%	6.26%	6.27%	6.40%	6.40%	6.50%	6.59%
10	2.04%	6.29%	6.27%	6.38%	6.39%	6.49%	6.59%
20	6.18%	6.29%	6.29%	6.39%	6.39%	6.49%	6.59%
30	4.66%	6.29%	6.30%	6.39%	6.39%	6.50%	6.60%
40	3.89%	6.29%	6.29%	6.40%	6.40%	6.50%	6.60%
50	1.43%	3.27%	6.29%	0.00%	6.40%	6.42%	4.38%

Express Saver



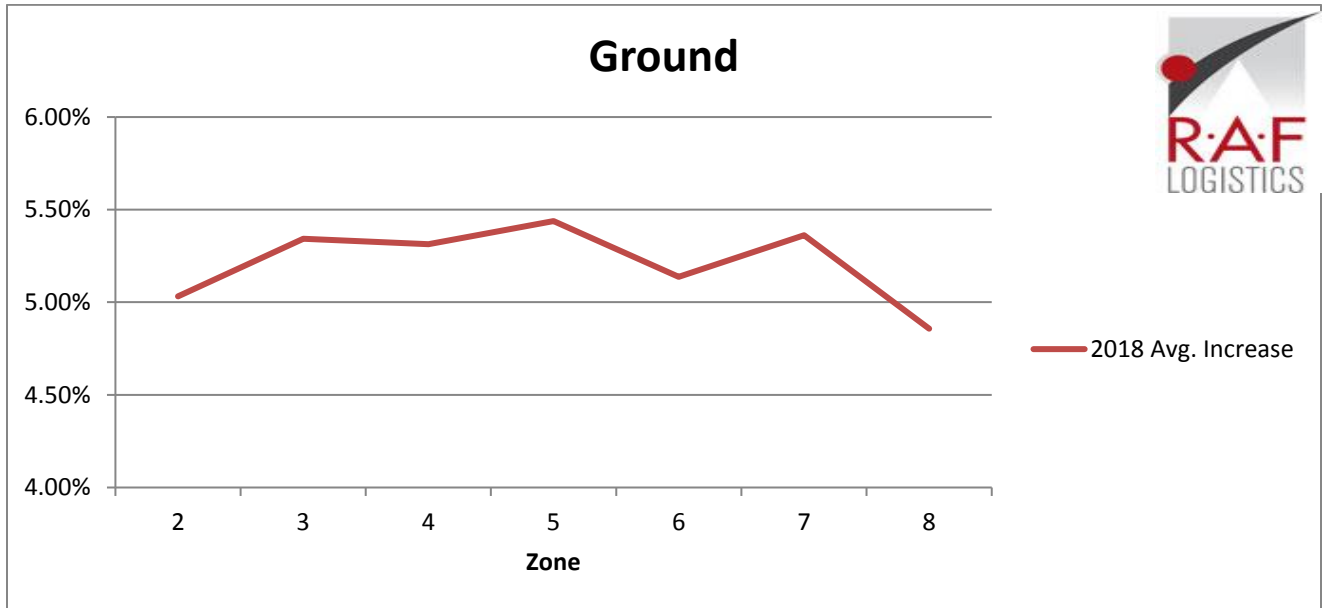
*Average increase 1lb-50lb for zones 2-8

Zones 7 took the highest increase at over 7%. Average increase of 4.87%.

Express Saver 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	4.18%	4.17%	4.15%	7.38%	7.38%	7.36%	7.39%
2	4.17%	4.16%	4.14%	7.37%	7.38%	7.36%	7.38%
3	4.19%	4.16%	4.14%	7.36%	7.40%	7.38%	7.37%
4	4.18%	4.15%	4.20%	7.38%	1.93%	7.38%	7.39%
5	4.17%	4.15%	4.18%	1.92%	1.91%	7.39%	7.38%
6	4.15%	4.17%	4.16%	7.37%	7.40%	7.38%	7.38%
7	4.20%	4.19%	4.19%	1.93%	1.91%	7.40%	1.92%
8	4.20%	1.06%	0.00%	1.93%	1.92%	7.39%	1.90%
9	3.55%	0.52%	0.00%	1.92%	1.91%	7.40%	7.38%
10	3.07%	0.00%	0.00%	1.90%	1.91%	7.39%	7.40%
20	4.20%	3.39%	4.18%	7.38%	1.90%	7.39%	7.40%
30	4.19%	4.20%	4.18%	7.39%	7.40%	7.40%	7.40%
40	4.08%	4.19%	4.19%	7.39%	5.24%	7.40%	7.40%
50	3.57%	3.56%	4.20%	7.39%	1.90%	7.40%	7.40%

Ground



*Average increase 1lb-50lb for zones 2-8

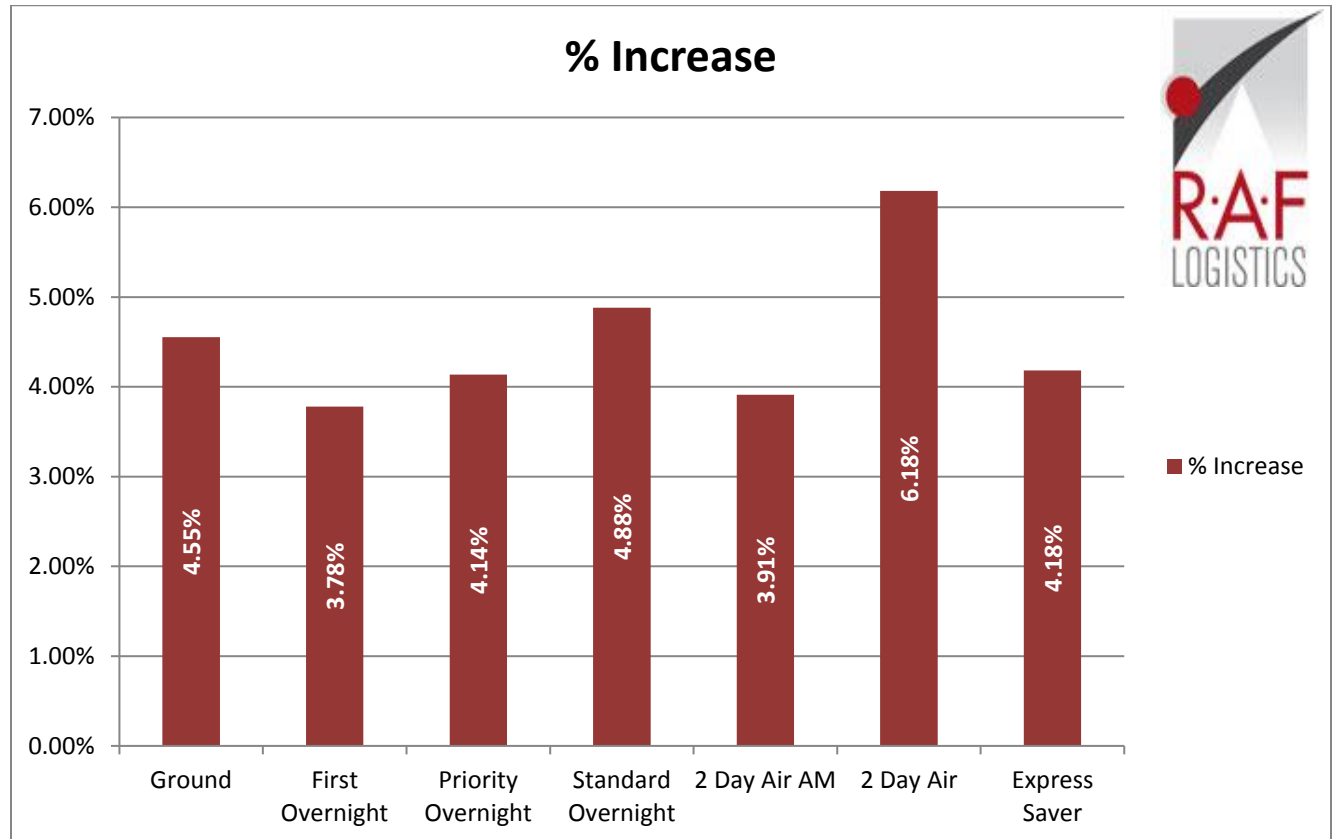
Average increase of 5.21%.

Ground 2018 Increase

WT (lbs)	2	3	4	5	6	7	8
1	4.55%	5.56%	5.53%	5.53%	5.45%	5.50%	5.52%
2	4.50%	5.45%	4.51%	4.52%	4.54%	5.48%	4.47%
3	4.55%	5.45%	4.48%	5.53%	5.51%	5.51%	4.51%
4	4.50%	4.52%	4.52%	4.51%	4.48%	5.47%	4.50%
5	5.56%	5.65%	4.59%	5.64%	5.63%	5.60%	4.59%
6	5.61%	5.60%	5.64%	5.62%	5.58%	5.62%	4.63%
7	5.64%	5.57%	5.64%	5.62%	5.57%	5.63%	5.62%
8	4.86%	5.63%	5.58%	5.59%	5.56%	5.62%	5.58%
9	4.56%	5.59%	5.59%	5.63%	5.61%	5.61%	4.59%
10	4.56%	5.28%	5.56%	5.56%	4.60%	5.58%	4.61%
20	6.00%	6.01%	6.04%	5.98%	4.98%	5.00%	4.98%
30	4.97%	5.01%	5.75%	6.00%	5.00%	5.01%	5.00%
40	5.70%	4.68%	5.69%	5.69%	4.71%	4.72%	4.70%
50	4.86%	4.79%	5.29%	4.71%	4.71%	4.71%	4.69%

Minimum Net Charge

Understanding the impact that the annual rate increase has on Minimum Charges is another important piece of the parcel puzzle. Quite frankly, increases to the minimum net charges could have a bigger impact on your specific shipping profile than the increase to the base rates. If the majority of your business lies near or at the minimum net charge, your discounts will have less of an impact. Below is a table and chart of each minimum increase for the domestic services.



Minimum Net Charge Increase Table

Service	Min Net 2014	Min Net 2015	Min Net 2016	Min Net 2017	Min Net 2018	\$ Increase	% Increase
Ground	\$6.24	\$6.61	\$6.94	\$7.25	\$7.58	\$0.33	4.55%
First Overnight	\$52.30	\$53.35	\$54.09	\$55.59	\$57.69	\$2.10	3.78%
Priority Overnight	\$24.30	\$25.35	\$26.09	\$26.59	\$27.69	\$1.10	4.14%
Standard Overnight	\$20.70	\$22.30	\$23.83	\$24.59	\$25.79	\$1.20	4.88%
2 Day Air AM	\$15.76	\$16.96	\$18.04	\$18.41	\$19.13	\$0.72	3.91%
2 Day Air	\$13.70	\$14.75	\$15.69	\$16.50	\$17.52	\$1.02	6.18%
Express Saver	\$12.90	\$13.90	\$14.83	\$14.83	\$15.45	\$0.62	4.18%

Third Party Billing

Effective January 22, 2018, FedEx will charge a Third Party fee to all FedEx Express and Ground shipments that are billed to a third party. The fee will be 2.5% of transportation charges, surcharges and additional fees not including duties and taxes. This mirrors the changes that UPS established previously in 2016 for Third Party Billing.

Additional Handling and Oversize fee

The Additional Handling Surcharge will now apply to any FedEx domestic or International Express package with measurements of greater than 48 inches along its longest side.

The Oversize Charge will apply to any FedEx domestic Express and Ground package exceeding 96 inches in length or 130 inches in length and girth. The rating for an Oversize package will be based on the greater of the package's actual rounded weight or dimensional weight which is subject to a 90lb minimum billable weight.

Dimensional Weight – SmartPost

Effective January 22, 2018, all FedEx Smartpost packages will now be subject to dimensional weight pricing. The newly published dim of 139 will be applied to Smartpost and all other services. This is a big deal for SmartPost shippers! Having the tools and analytics to understand the magnitude of this change is essential, and RAF Logistics is here to help.

For example, let's look at a 7 lb. package that is shipped Smartpost with dimensions 11x12x11. Using the newly published dim of 139, your new package weight will be 11 lbs instead of the 7lbs! Typically, base rates and agreement discounts for Smartpost are most beneficial in the 1 – 9 lb. range. Anything higher than that should most likely be shipped using the Home Delivery network. The bottom line is that this illustrates another real complexity to shipping your packages. This is why you need the demonstrated expertise that RAF Logistics. Our mission is to educate you, so you can make proactive decisions that will positively improve your bottom line.

Accessorial, Surcharges and Fees

Surcharges	2014	2015	2016	2017	2018	2018 Increase	2018 Increase - %
FedEx Ground - Commercial & Extended - DAS	\$2.07	\$2.20	\$2.30	\$2.45	\$2.55	\$0.10	4.08%
FedEx Express - Commercial & Extended - DAS	\$2.25	\$2.35	\$2.45	\$2.60	\$2.70	\$0.10	3.85%
FDX Express & Ground - Residential - DAS	\$3.40	\$3.55	\$3.70	\$3.90	\$4.00	\$0.10	2.56%
FedEx Home Delivery - DAS	\$2.85	\$3.00	\$3.15	\$3.35	\$3.45	\$0.10	2.99%
FedEx Express & Ground Extended Residential - DAS	\$3.65	\$3.80	\$4.00	\$4.20	\$4.40	\$0.20	4.76%
Declared Value	\$.90/\$100	\$.95/\$100	\$1/\$100	\$1/\$100	\$1/\$100	\$1/\$100	N/A
Declared Value Minimum Charge	\$2.70	\$2.90	\$3.00	\$3.00	\$3.00	\$0.00	0.00%
FedEx Express & FedEx Ground - Residential Surcharge	\$3.35	\$3.50	\$3.65	\$3.85	\$4.15	\$0.30	7.79%
FedEx Home Delivery - Residential Surcharge	\$2.90	\$3.10	\$3.25	\$3.45	\$3.60	\$0.15	4.35%
Weekly Pickup FedEx(Combined Weekly Shipping Charge Greater than \$75)	\$11.30	\$11.30	\$12.50	\$13.00	\$13.50	\$0.50	3.85%
Weekly Pickup FedEx (Combined Weekly Shipping Charge Less than \$75)	\$22.60	\$22.60	\$25.00	\$26.00	\$27.00	\$1.00	3.85%
Address Correction	\$12.00	\$12.50	\$13.00	\$14.00	\$15.00	\$1.00	7.14%
Adult Signature	\$4.75	\$5.00	\$5.25	\$5.50	\$5.75	\$0.25	4.55%
Additional Handling	\$8.50	\$9.00	\$10.50	\$11.00	\$12.00	\$1.00	9.09%
Oversize Charge	\$55.00	\$57.50	\$67.50	\$72.50	\$80.00	\$7.50	10.34%

Summary

In conclusion, we have shared some very detailed information that provides a solid baseline analysis of how the FedEx rate increases truly impact each specific level of service.

The next step is to partner with **RAF Logistics** to craft and analyze your company's unique parcel profile. That is the key in determining how this increase will impact your specific business. With over 40 years of industry **Knowledge**, combined with our proprietary **RAF Logistics Web Based Technology**, we will provide you with the **Leverage** you need to optimize savings and improve service.

Call us toll free at **1.877.443.RAFL**, email us at **sales@raflogistics.com** or visit us at **www.RAFlogistics.com**.

RAF Logistics

"Parcel Is Our Passion"