



Dear valued customer,

Below you will find a brief summary of the impact of the carrier rate increases for 2009. As always this is expected; however, it comes at a time when the slumping economy magnifies its effect. The carriers clearly must protect their businesses and profitability in this environment of lower shipment counts. The customer must also seek to protect their business. Being aware of the impact, having the visibility of your shipping personality and shipping smarter are the necessities of navigating through these difficult times.

The carriers are also making huge demands on customers to waive their rights to service guarantees. We have worked closely with hundreds of customers throughout the years implementing internal mechanisms and streamlining the processes that facilitate and diminish the time between order receipt and tender to the carriers. These mechanisms enable smart shippers to maintain a competitive advantage in order fulfillment and thereby customer satisfaction. Relieving carriers of service performance commitments can result in double-digit percentage service failure; leaving shippers wondering why they have implemented painstaking internal quality control measures?

As you will see below, one of the most significant increases comes via CWT Hundred Weight Service. **In some cases as high as a 95% increase!** Please contact us for CWT assessments and other LTL shipping options.

If you think it is time to open discussions with your parcel carrier with regards to pricing and contractual considerations, please call us for contract reviews.

We will continue throughout 2009 and beyond to provide our customers the most comprehensive and insightful visibility of shipping expenditures in the industry. 2009 will mark dynamic new utilities and applications from PMAC in deciphering your freight spend, auditing solutions and management.

Best regards and the happiest of holidays!

Parcel Management Auditing and Consulting, Inc.

Rich Michals

The UPS Service Guarantee is in effect throughout the holiday season with the following exceptions: The delivery commitment time for all International Services and Air Services shipments to be delivered within the U.S. and Puerto Rico will be extended by 90 minutes on Nov. 28, on Dec. 18 through Dec. 26, and on Dec. 31. Refunds or credits will not be issued for UPS Ground and UPS Standard to Canada shipments picked up or scheduled to be delivered on Dec. 1 through Dec. 31; and for Air Services shipments, including UPS 3 Day Select® shipments, picked up in the U.S. and Puerto Rico on Dec. 22 through Dec. 24. For further details on the UPS Service Guarantee, visit ups.com for UPS Tariff/Terms and Conditions.

UPS 2009 Rate and Accessorial Charge Increases:

Base Rates:

New Pricing Takes Effect January 5, 2009

UPS has released new list rates for 2009, including an average increase of **5.9%** for UPS Ground packages.

Even though the average increase is 5.9%, the all-important **zone 2 one-pound minimum charge is up 37 cents to \$4.57, an 8.8% increase. Overall, the 1-5 lb. Ground rates are up 7.7%.**

UPS also announced that domestic and international air shipments will increase by an average of **6.9%**. However, as they have done in the past three years, UPS will lower the fuel surcharge index by 2%, for a net increase on air and international shipments of 4.9%. For domestic air shipments, actual rate increases range from **2% to 13.2%**, depending on service, weight and zone. Here are the average increases for domestic air shipments, by service level:

- Next Day Air up an average of **8%**
- Next Day Air Saver up an average of **8.4%**
- 2nd Day Air up an average of **8%**
- 3 Day Select up an average of just **3.8%**

UPS also announced a number of changes to their Accessorial Surcharges — here are the highlights:

- Address Correction charge for UPS Ground packages will increase \$2, to \$8, a substantial **33% increase**.
- Residential Surcharge, up \$0.10 to \$2.40, a **4.3% increase**
- Declared Value (insurance) will increase \$0.05 per \$100 to \$0.65, an **8.3% increase**. The minimum charge for Declared Value will increase \$0.15 to \$1.95.
- Additional Handling will increase \$1.00, to \$7.50, a **15.4% increase**.
- The charges for Signature Required will increase by \$0.25. Adult Signature Required will be \$3.75 in 2009.
- The charge for both Saturday Pickup and Saturday Delivery will increase by \$2.50 to \$15, an increase of **20%**.

- The Daily Pickup charge will increase \$1 per week. From \$8 to \$9, an increase of **12.5%**. Remember, this is for each account number.
- UPS Next Day Early A.M. surcharge will increase by \$2.50 to \$31.00, an **8.6%** increase.

New Rural Charges (Delivery Area Surcharge)

One of the most surprising changes—UPS will now have *two* rural Delivery Area Surcharge lists—a "regular" DAS list, **up 10 cents to \$1.60** for commercial addresses and **\$2.40** for residential addresses, and a brand new "Extended DAS" list, which is an additional \$0.25 surcharge *on top* of the regular DAS surcharge. The new "Extended" DAS applies only to Residential shipments, at least for 2009 (it's listed as a "no charge" item for commercial addresses). More than 75 million people now live in a ZIP Code subject to at least one of these "rural" area charges—over 25% of the US population; and nearly 50 million of those people are now subject to the new, 25-cent Extended charge.

Residential shipments addressed to these new Extended areas will now pay a total of **\$2.65** for the rural component. Keep in mind that rural charges are also subject to fuel surcharges, so this new Extended Surcharge could easily top **\$3**. While most of these ZIP Codes are in truly rural areas, others are decidedly not.

Hundred Weight Price Increase

IMPORTANT!

Increase in Total Charges UPS CWT 2009 Minimums Class 50/Tier 1 for Selected Shipments									
Origin / Destination	SVC	Zone	2008 Billed WT	2009 Billed WT	2008 Pub Rate	2009 Pub Rate	2008 Pub Chgs	2009 Pub Chgs	2009 Increase Total Chgs
New York City to Pittsburgh	CWT Ground	4	300	400	\$26.90 / CWT	\$28.10 / CWT	\$80.70	\$112.40	39%
New York City to Kansas City	CWT Ground	6	300	400	\$38.65 / CWT	\$40.35 / CWT	\$115.95	\$161.40	39%
New York City to San Francisco	CWT Next Day Air	8	200	360	\$2.45 / LB	\$2.66 / LB	\$490.00	\$957.60	95%

UPS Hundredweight Minimum Billable Weight Per Package

	2009		2008	
	Ground 3 Day Select	Air Shipments	Ground 3 Day Select	Air Shipments
Tier 1 Rates	20.0	18.0	15.0	10.0
Tier 2 Rates	20.0	18.0	15.0	10.0
Tier 3 Rates	18.0	15.0	15.0	10.0
Tier 4 Rates	18.0	15.0	15.0	10.0
Tier 5 Rates	15.0	10.0	15.0	10.0
Tier 6 Rates	15.0	10.0	15.0	10.0
Tier 7 Rates	15.0	10.0	15.0	10.0
Alaska Rates	See note below *		15.0	10.0
Hawaii Rates			15.0	10.0

*AK and HI origin CWT tiers use the same minimum billable weights as Tiers 1-7 for US48 origin.