

**FEDEX GROUND PACKAGE SYSTEM, INC.**  
**PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT**



JUNE 2002

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**FEDEX GROUND PACKAGE SYSTEM, INC.**  
**PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT**

**BACKGROUND STATEMENT.** FedEx Ground Package System, Inc. is a duly licensed motor carrier engaged in providing a small package information, transportation and delivery service throughout the United States, with connecting international service. The Contractor is an owner-operator of one or more pieces of trucking equipment suitable for use in such a service. Contractor wants to make this equipment available, together with a qualified operator for each piece of equipment, to provide daily pick-up and delivery service on behalf of FedEx Ground.

FedEx Ground wants to provide for package pick-up and delivery services through a network of independent contractors, and, subject to the number of packages tendered to FedEx Ground for shipment, will seek to manage its business so that it can provide sufficient volume of packages to Contractor to make full use of Contractor's equipment. Contractor wants the advantage of operating within a system that will provide access to national accounts and the benefits of added revenues associated with shipments picked up and delivered by other contractors throughout the FedEx Ground system. In order to get that advantage, Contractor is willing to commit to provide daily pick-up and delivery service, and to conduct his/her business so that it can be identified as being a part of the FedEx Ground system. Both FedEx Ground and Contractor intend that Contractor will provide these services strictly as an independent contractor, and not as an employee of FedEx Ground for any purpose. Therefore, this Agreement will set forth the mutual business objectives of the two parties intended to be served by this Agreement -- which are the results the Contractor agrees to seek to achieve -- but the manner and means of reaching these results are within the discretion of the Contractor, and no officer or employee of FedEx Ground

shall have the authority to impose any term or condition on Contractor or on Contractor's continued operation which is contrary to this understanding.

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**1. EQUIPMENT AND OPERATIONS.**

**1.1 Power Equipment.** In conjunction with providing to FedEx Ground transportation services as herein provided, Contractor will provide and utilize the vehicular equipment identified in the most recent Addendum 1 to this Agreement (hereinafter called the "Equipment"). Contractor certifies that the Equipment meets the requirements of all applicable federal, state and municipal laws and regulations, and, subject to the determination of FedEx Ground of its suitability for the service called for in this Agreement, the selection and replacement of the Equipment is within the discretion of Contractor.

**1.2 Equipment Maintenance.** Contractor agrees, at Contractor's expense, to maintain the Equipment in accordance with the safety and equipment standards specified in applicable federal, state and municipal laws and any rules, regulations and orders of any applicable agency. In particular, Contractor agrees to provide FedEx Ground with proof of timely maintenance and inspection of the Equipment in accordance with the periodic mandatory vehicle maintenance and inspection regulations administered or required by any federal, state or municipal agency with jurisdiction over the operations described in this Agreement. The periodic maintenance schedule recommended by the equipment manufacturer shall be deemed to meet these requirements, absent specific federal, state, or municipal regulations. In the event the Equipment is found to be deficient under any law or regulation, Contractor agrees to remove the Equipment from service

with FedEx Ground until it is brought into compliance. During such interim period, Contractor shall, at Contractor's expense, provide alternative equipment suitable for use in carrying out Contractor's obligations under this Agreement.

**1.3 Operating Expenses.** Contractor agrees to bear all costs and expenses incidental to operation of the Equipment, whether empty or loaded, including, without limitation, all risks of depreciation, all maintenance (including cleaning and washing), fuel, oil, tires, repairs, business taxes, consumption and sales taxes, personal property taxes, ad valorem taxes, fuel and road-use taxes, ton-mile taxes, insurance coverage as provided herein, workers compensation assessments, licenses, vehicle registration renewal fees, base plates, and all highway, bridge and ferry tolls. To facilitate payment of licenses, taxes and fees, where mutually convenient or otherwise required by statute or regulation, Contractor hereby authorizes FedEx Ground to pay these charges on Contractor's behalf and to charge Contractor for any such payments, together with any direct expenses incurred by FedEx Ground in connection with their payment. Contractor agrees that unless strictly prohibited by law, any licenses, permits, assessments and taxes paid by FedEx Ground on behalf of Contractor pursuant to this paragraph may be charged back against and deducted from any compensation owed Contractor by FedEx Ground.

**1.4 Operation of the Equipment.** Contractor agrees to direct the operation of the Equipment and to determine the methods, manner and means of performing the obligations specified in this Agreement. FedEx Ground shall be considered to have such exclusive possession, use and control of the Equipment required by D.O.T. regulation at 49 CFR Part 376.12(c), or other

applicable regulations, but shall have no right or authority, without the express permission of Contractor, to operate the Equipment for any purpose (except for incidental yard movement and positioning) unless the Equipment is driven either by Contractor or by an operator engaged by Contractor. While the Equipment is in the service of FedEx Ground, it shall be used by Contractor exclusively for the carriage of the goods of FedEx Ground, and for no other purpose. If the Equipment is operated in the service of anyone other than FedEx Ground, including any separate business activities of Contractor, Contractor agrees to hold FedEx Ground harmless from any liability arising from operation of the Equipment that may be asserted against FedEx Ground by any person.

**1.5 Equipment Identification while in FedEx Ground's Service.** Contractor agrees to mark Equipment while in FedEx Ground's service with such identifying colors, logos, numbers, marks and insignia as may be required either under applicable regulations, including 49 CFR Part 390, or to identify the Equipment as a part of the FedEx Ground system. Contractor may use the Equipment for other commercial or personal purposes when it is not in the service of FedEx Ground, with the understanding that all such identifying numbers, marks, logos and insignia will be removed or masked (by paper or plastic overlay) when the Equipment is so used.

**1.6 Licensing.** If necessary to comply with the vehicle registration requirements of applicable state regulations or laws, the base plate portion of the Equipment registration shall be in the name of FedEx Ground. If, at any time during the term of this Agreement, applicable state regulations require Contractor to obtain an owner/driver operating authority in order to serve intrastate



customers, Contractor agrees, at his/her own expense, to acquire and maintain such operating authority and to cooperate with FedEx Ground in altering the arrangements set out in this Agreement to the extent necessary to ensure compliance by Contractor and FedEx Ground with -- any such state regulations, practices and procedures.

**1.7 Logs and Reports.** Contractor agrees to prepare daily driver logs and daily inspection reports, along with fuel receipts, shipping documents, and other documents as required by law or regulation, and to file the originals with FedEx Ground upon the conclusion of each business day.

**1.8 Shipping Documents and Collections.** Contractor agrees to prepare and present for the signature of consignors and consignees such shipping documents as FedEx Ground may from time to time designate, and to complete and return these documents to FedEx Ground at the end of each business day. Contractor further agrees to collect any charges owed by consignors and consignees and to return all collected charges to FedEx Ground at the end of each business day.

**1.9 Contractor Performance Escrow Account.** Contractor agrees to deposit with FedEx Ground at such time and in such manner as FedEx Ground may specify the sum of \$1,000, which deposit shall be held by FedEx Ground in an account (hereinafter called the "Contractor Performance Escrow Account"). FedEx Ground agrees to handle the Contractor Performance Escrow Account as follows:

- (a) Amounts held by FedEx Ground in the Contractor Performance Escrow Account shall be applied only for the purposes described in subparagraph (d) below.
- (b) FedEx Ground agrees to pay (by credit to Contractor's weekly Settlement Statements at quarterly intervals) interest on the daily balance in the Contractor Performance Escrow Account. Such interest shall be at a rate equal to the average annual yield of 13-week U.S. Treasury bills at the rate established at the beginning of each quarter for the funds held on deposit during such quarter.
- (c) FedEx Ground agrees to provide Contractor with an accounting of all credits to or subtractions from Contractor's balance in such Account as part of Contractor's weekly Settlement Statement.
- (d) Upon termination of this Agreement, Contractor agrees that any balance attributable to Contractor in the Contractor Performance Escrow Account shall be applied to reduce any indebtedness of Contractor to FedEx Ground as reflected on Contractor's Settlement Statements or other instruments. Contractor shall remain liable for any remaining indebtedness which exceeds Contractor's balance in such Account.
- (e) Upon Contractor's fulfillment of the obligations due to FedEx Ground upon termination, FedEx Ground shall, after making such deductions from the

Contractor Performance Escrow Account as are permitted herein, provide

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Contractor with a final accounting of all final transactions involving Contractor's balance in such Account and remit to Contractor any remaining balance within 45 days from the date of termination.

**1.10 Agreed Standard of Service.** FedEx Ground has represented to shippers and consignees that, in arranging transportation of packages within the FedEx Ground system, it will provide a standard of service that is fully competitive with that offered by other national participants in the industry. Contractor acknowledges the benefits to his/her business of participation in the FedEx Ground national system, and agrees to conduct activities under the terms of this Agreement to achieve the results represented to shippers and consignees. To achieve these business objectives, Contractor agrees to:

- (a) Provide daily pick-up and delivery service to consignees and shippers on days and at times which are compatible with their schedules and requirements within Contractor's Primary Service Area, as that term is defined in this Agreement, and in such other areas as Contractor may be asked to provide service in the event Contractor elects to participate in the Flex Program described in Paragraph 9 of this Agreement, all consistent with the competitive standards within the industry (provided, however, that on any day where the volume of packages available for pick-up or delivery in Contractor's Primary Service Area exceeds the volume that

Contractor can reasonably be expected to handle on such day, FedEx Ground may  
reassign a portion of such packages to another contractor);

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- (b) Make reasonable efforts to retain and increase the base of shippers and consignees served and the number of packages handled per shipper within Contractor's Primary Service Area;
- (c) Handle, load, unload and transport packages using methods that are designed to avoid theft, loss and damage;
- (d) Cooperate with FedEx Ground's employees, customers and other contractors, to achieve the goal of efficient pick-up, delivery, handling, loading and unloading of packages and equipment, and provide such electronic and/or manual data pertaining to package handling as is reasonably necessary to achieve this goal;
- (e) Foster the professional image and good reputation of FedEx Ground and Contractor with shippers and consignees, including adhering to the vehicle identification and operator appearance standards specified in Paragraphs 1.5 and 1.12 of this Agreement;

(f) Conform to all applicable federal, state and local laws, regulations and ordinances;

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(g) Cause the Equipment to be operated safely and in compliance with all applicable laws and regulations; and,

(h) Conduct all business activities with integrity and honesty, in a professional manner, and with proper decorum at all times.

**1.11 Refused or Returned Shipments.** If a package cannot be delivered on the day it is tendered to Contractor for delivery, Contractor agrees to return the package to FedEx Ground that same day at the terminal facility where it was tendered for delivery, and to inscribe on the package and to provide by electronic and/or manual means whatever notational references FedEx Ground may from time to time reasonably require in order to document the package location and the reason for non-delivery (i.e., service cross).

**1.12 Operator and Equipment Appearance Standard.** Contractor acknowledges that the presentation of a consistent image and standard of service to customers throughout the system is essential in order to be competitive with other alternatives available to shippers and consignees and to permit recognition and prompt access to customers' places of business. Accordingly, each person having contact with the public under the provisions of this Agreement will wear a FedEx Ground-approved uniform, maintained in good condition, and will otherwise keep his/her

personal appearance consistent with reasonable standards of good order as maintained by competitors and promulgated from time to time by FedEx Ground. In addition, the Equipment shall be maintained in a clean and presentable fashion free of body damage and extraneous markings, in accordance with the standards of the industry.

**1.13 Communications Equipment.** Contractor shall, at Contractor's expense, purchase or lease the electronic communications equipment necessary to fulfill the obligations specified in Paragraph 1.10 (d) above and which complies with specifications promulgated from time to time by FedEx Ground. Alternatively, at Contractor's option, Contractor may acquire such equipment from FedEx Ground through the Business Support Package described in Paragraph 7 of this Agreement.

**1.14 Contractor's Obligation to Meet Standards of Customer Service.** Contractor shall have the obligation to assure that all persons who operate the Equipment are fully trained and capable of meeting the customer service standards set forth in this Agreement. FedEx Ground shall, during the first 30 days of the term of this Agreement, familiarize Contractor with various quality service procedures developed by FedEx Ground. In addition, qualified FedEx Ground terminal personnel may, at their option, visit customer locations with Contractor four times annually to verify that Contractor is meeting the standards of customer service provided in this Agreement.

**1.15 Discretion of Contractor to Determine Method and Means of Meeting Business Objectives.** It is specifically understood and agreed by both parties that Contractor shall be

responsible for exercising independent discretion and judgment to achieve the business

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objectives and results specified above, and no officer, agent or employee of FedEx Ground shall have the authority to direct Contractor as to the manner or means employed to achieve such objectives and results. For example, no officer, agent or employee of FedEx Ground shall have the authority to prescribe hours of work, whether or when the Contractor is to take breaks, what route the Contractor is to follow, or other details of performance.

## **2. VEHICLE OPERATION.**

**2.1 Additional Vehicles; Safe Operation Required.** Contractor may, with the consent of FedEx Ground and consistent with the capacity of the terminal serviced by Contractor, own and operate more than one vehicle, with any such additional vehicles to be driven by qualified operators employed by Contractor, as described in subparagraph 2.2 below. The FedEx Ground Safe Driving Standards are attached hereto and made a part of this Agreement. No vehicle may be operated pursuant to this Agreement by any operator who is not in compliance with such standards.

**2.2 Employment of Qualified Persons.** Contractor may employ or provide person(s) to assist Contractor in performing the obligations specified by this Agreement. All persons so employed or provided by Contractor shall be qualified pursuant to applicable federal, state and municipal safety standards and the FedEx Ground Safe Driving Standards, and shall be fully trained, at Contractor's expense, to operate the Equipment. Contractor understands and agrees that such persons shall not be considered employees of FedEx Ground and that it is Contractor's

responsibility to assure that such persons conform fully to the applicable obligations undertaken by Contractor pursuant to this Agreement. Contractor further agrees to:

- (a) Bear all expenses associated with qualifying such persons to perform the services agreed to be provided herein, including, without limitation, the cost of physical examinations and drug screen tests;
- (b) Bear all expenses associated with the employment of such persons, including, without limitation, wages, salaries, employment taxes, workers compensation coverage, health care, retirement benefits and insurance coverages;
- (c) Assume sole responsibility for compliance with all applicable laws, rules, regulations and orders respecting payroll deductions and maintenance of payroll and employment records; and,
- (d) Hold FedEx Ground harmless from any liability and claims by others or by governments arising from Contractor's relationship with Contractor's employees or substitutes whether under industrial accident prevention laws or any other federal, state or municipal laws applicable to the relationship between employers and employees.



### 3. INSURANCE AND INDEMNITIES.

3.1 Non-Trucking Liability Coverage -- Contractor Responsibility. Contractor agrees to obtain and keep in force at all times a policy(ies) of public liability (automobile/truckers bodily injury and property damage insurance coverage), issued by an insurance company qualified to write such coverage in the state(s) where the Equipment is operated, and rated A, Class VII or better by A.M. Best Co., to cover all costs, losses and expenses arising from operation of the Equipment while it is in operation without packages on board (empty mile coverage) in amounts not less than \$1,000,000 per occurrence. Contractor shall provide FedEx Ground Certificate(s) of Insurance evidencing such coverage naming FedEx Ground an additional insured and providing FedEx Ground 30 days' prior written notice of cancellation or material change. Minimum coverage requirements are listed in Addendum 2.

3.2 Public Liability -- FedEx Ground's Responsibility. FedEx Ground agrees to self-retain and maintain insurance coverages for public liability (general and automobile/truckers personal injury and property damage insurance coverage), and cargo loss and damage risks in amounts sufficient to meet its legal obligations under 49 CFR Part 387 and, subject to the exception described in subparagraph 3.5, will indemnify Contractor and Contractor's drivers against liability for operation of Equipment when any package is on board while on FedEx Ground's business subject to the following exceptions and conditions, the occurrence of any one of which will void this indemnity:

- (a) As to the involved Equipment operator, if the operator has engaged in intentional misconduct or reckless or willfully negligent operation of the Equipment;
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- (b) As to the Contractor, if the Contractor is not the involved Equipment operator, but has knowledge of or reason to anticipate such operator's intentional misconduct or reckless or willfully negligent operation of the Equipment; or
- (c) As to Contractor and operator(s), when FedEx Ground has elected to discontinue its indemnity hereunder pursuant to the provisions of subparagraph 3.3.

**3.3 Public Liability -- Contractor's Responsibility.** At any time that FedEx Ground discovers that Contractor or an operator engaged by Contractor to drive the Equipment fails to meet FedEx Ground's Safe Driving Standards as published from time to time, all as determined by FedEx Ground in its sole discretion, FedEx Ground may elect to terminate its indemnity for liability to Contractor and Contractor's drivers (hereinafter referred to as "indemnity termination"). Any such election of indemnity termination shall be given in writing to Contractor not less than 30 days before the effective date thereof, as specified in such election. In such event (unless Contractor cures such violation to FedEx Ground's sole and complete satisfaction before such effective date), Contractor shall obtain, effective not later than such specified date, and continually thereafter maintain, a policy of public liability (automobile/truckers bodily injury and property damage insurance coverage) for a combined single limit of not less than \$2,000,000 naming FedEx Ground as an additional insured, issued by an insurance company qualified to

write such coverage in the state(s) where the Equipment is operated and rated A, Class VII or better by A.M. Best Co. Such insurance coverage shall be evidenced by a Certificate of Insurance provided to showing FedEx Ground as an additional insured and providing FedEx Ground 30 days' prior written notice of cancellation or material change. In addition, Contractor will obtain and continually thereafter maintain a policy of insurance for cargo loss and damage risk for an amount not less than \$40,000 per vehicle, with deductibles not greater than \$250, to be issued by an insurance company meeting the same qualifications provided above. Such insurance coverage shall be evidenced by a Certificate of Insurance provided to FedEx Ground naming FedEx Ground as an additional insured and providing FedEx Ground 30 days' prior written notice of cancellation or material change.

**3.4 FedEx Ground's Non-Liability for Equipment.** Contractor agrees that FedEx Ground shall not be liable to Contractor for any depreciation, loss or damage that may occur to the Equipment by collision, fire, theft or similar occurrence, excepting such loss or damage as may be caused by FedEx Ground, its agents, servants and employees.

**3.5 Contractor's Responsibility for Certain Losses.** The following indemnities constitute an exception to the provision for risk protection to Contractor provided in subparagraph 3.2. During the term of this Agreement and thereafter, Contractor agrees to indemnify and save FedEx Ground harmless against liabilities as follows:

- (a) The first \$1,000 arising from each claim brought against FedEx Ground and all liabilities incurred by FedEx Ground for or on the account of bodily injury and/or property damage in any manner caused by, incidental to or growing out of any act or omission of Contractor or Contractor's agents, servants or employees arising out of the ownership, maintenance, use or operation of the Equipment and/or FedEx Ground-provided equipment, or out of the conduct of Contractor's business;
- (b) After one year of continuous safe operation of the Equipment under the terms of this Agreement, the Contractor's responsibility under this subparagraph shall be reduced to \$500; after two years, to \$250; and after three years to zero (provided, however, in the event the Equipment is involved in an at-fault accident while in the service of FedEx Ground, the Contractor's responsibility shall revert to \$1,000 until, by passage of time without a further at-fault accident, the modifications of this subparagraph (b) again apply);
- (c) The first \$1,000 of each claim for loss or damage to packages tendered for shipment or handling hereunder while such packages are in the possession of Contractor or Contractor's agents, servants or employees;
- (d) Any or all claims brought against FedEx Ground and liabilities incurred by FedEx Ground arising from the Contractor's relationship with Contractor's employees,

whether under industrial accident prevention laws, or any other federal, state or municipal laws, rules, regulations and orders applicable to the relationship between employers and employees; and,

- (e) Any and all claims brought against FedEx Ground or liabilities incurred by FedEx Ground for or on account of Contractor's failure or failure of Contractor's agents, servants or employees to comply with any laws, rules, regulations or orders applicable to Contractor's business.
- (f) Any and all claims brought against FedEx Ground or liabilities incurred by FedEx Ground in the event the Contractor or the involved Equipment operator fails to assist FedEx Ground in securing and giving evidence, attending hearings and trials, obtaining the attendance of witnesses, or otherwise fails to cooperate with FedEx Ground in such matters.

**3.6 Work Accident and Workers Compensation.** Contractor agrees to obtain and keep in force at all times during the term of this Agreement work accident and/or workers compensation insurance insuring Contractor and all of Contractor's employees. At Contractor's option, such coverage may be obtained either under a policy negotiated by FedEx Ground, through an applicable state sponsored program, or through a policy providing comparable benefits and issued by an insurance company qualified to write such coverage in the state(s) where the Equipment is operated, and rated A, Class VII or better by A.M. Best Co. Such insurance

coverage shall be evidenced by a Certificate of Insurance provided to FedEx Ground and

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providing FedEx Ground 30 days' prior written notice of cancellation or material change.

Minimum coverage requirements are as listed in Addendum 2.

#### **4. SETTLEMENT WITH CONTRACTOR.**

**4.1 Settlement for Services Performed.** FedEx Ground agrees to settle on a weekly basis with Contractor for services provided in accordance with the settlement schedule set forth in Addendum 3, from which settlement shall be deducted charges for items which are authorized in writing or required by law. The settlement to Contractor shall consist of the following parts:

- (a) **Package Pick-Up and Delivery Settlement**, which amount shall be a payment ...  
for stops made and packages handled.
  
- (b) **Contractor and Van Availability Settlement**, which amount shall be payable to Contractor with respect to each business day that Contractor provides services under this Agreement, in consideration of Contractor making available to FedEx Ground at the start of such day a clean, properly maintained van, driven by a qualified and uniformed operator. In order to encourage van availability on business days falling immediately before and immediately after certain national holidays, the Contractor and Van Availability Settlement shall be enhanced on such days, as shown in Addendum 3.

(c) Temporary Core Zone Density Settlement, which amount shall be payable to Contractor with respect to each business day that Contractor provides services under this Agreement in Contractor's Primary Service Area, in consideration of Contractor agreeing to provide daily package pick-up and delivery service during such period of time when the customer density and package volume in such Primary Service Area is still developing. In the event Contractor provides service in another contractor's Primary Service Area pursuant to the Flex Program, Contractor shall also receive a proportionate share of any Temporary Core Zone Density Settlement applicable to such other Primary Service Area. The intention of Contractor and FedEx Ground is to cooperate in increasing the customer density and package volume in Contractor's Primary Service Area to such an extent that the Temporary Core Zone Density Settlement will be reduced or eliminated, and Contractor agrees that, as such density and/or package volume increases, FedEx Ground may reduce or eliminate the Temporary Core Zone Density Settlement. Except where the Contractor's Primary Service Area is reconfigured, with a resulting increase in customer density and/or package volume, or in the case of a new terminal opening or other major increase in customer density and/or package volume in Contractor's Primary Service Area, such settlement amount shall not be decreased by more than \$10 per day in any six month period, and then only with 30 days' prior written notice to Contractor.

(d) **Flex Fee**, which amount shall be payable to Contractor with respect to each business day that Contractor provides services under this Agreement, provided Contractor has agreed to participate in the Flex Program offered by FedEx Ground.

(e) **Quarterly Performance Settlement**, which amount shall be paid in the first settlement of each quarter, beginning after Contractor has completed one year as an FedEx Ground Contractor and shall be equal to that percentage specified in Addendum 3 of the aggregate amounts credited to Contractor in the immediately preceding quarter, pursuant to subparagraphs (a)-(d) above.

**4.2 Settlement Statements.** FedEx Ground agrees to issue Settlement Statements and settlement checks to Contractor on a weekly basis (except when this Agreement is terminated as provided herein, in which case a final Settlement Statement and settlement check shall be issued within 45 days of termination). Settlement Statements shall contain a computation of the settlement Contractor is entitled to receive and an itemized listing of all deductions from Contractor's settlement. FedEx Ground shall have no responsibility to make deductions for, or to pay wages, benefits, health, welfare and pension costs, withholding for income taxes, unemployment insurance premiums, payroll taxes, disability insurance premiums, social security taxes, or any other similar charges with respect to Contractor or Contractor's employees. To facilitate prompt settlement, Contractor agrees to prepare such settlement documents and records as FedEx Ground may from time to time require in order to compute such settlement. Upon



written request, Contractor shall be provided copies of those documents which are necessary to determine the validity of all deductions from Contractor's settlement. Settlement Statements and the entries thereon shall be deemed conclusive and binding on Contractor, unless written objections to entries on a questioned Settlement Statement are received by FedEx Ground within 30 days from the date of issuance of the Settlement Statement to which the objections apply.

## **5. CONTRACTOR PRIMARY SERVICE AREA.**

**5.1 Definition.** Contractor shall be responsible for the daily pick-up and delivery of packages in Contractor's Primary Service Area, as assigned to Contractor from time to time by FedEx Ground, and as shown in Addendum 4 to this Agreement.

**5.2 Mutual Intention to Reduce Geographic Size of Primary Service Area.** Contractor recognizes that, as the customer base and package volume in the Primary Service Area increases, the geographic size of the area which Contractor will be able to serve with the Equipment can be expected to decrease. Contractor acknowledges that the increased concentration in customer base and package volume which results from a decrease in the geographic size of Contractor's Primary Service Area is in the interest of Contractor, since Contractor will thereby have the opportunity to complete a greater number of package pick-ups and deliveries with less expense, and Contractor agrees to cooperate with the reasonable efforts of FedEx Ground in gathering data necessary to evaluate Contractor's Primary Service Area, including permitting FedEx Ground personnel to ride with Contractor from time to time in connection with these efforts. FedEx Ground shall have the authority, upon five work days of prior written notice to Contractor, to

reconfigure Contractor's Primary Service Area to take account of customer service requirements.

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During such notice period, FedEx Ground shall give Contractor the opportunity, using means satisfactory to FedEx Ground, to continue to provide in such Primary Service Area the level of service called for in this Agreement. In the event Contractor is not able to provide reasonable means to continue to service the Primary Service Area, FedEx Ground may, in its sole discretion, reconfigure such area.

**5.3 Recognition of Contractor's Proprietary Interest in Customers Served.** This Agreement is based on the concept that Contractor and FedEx Ground are each engaged in an undertaking to operate an efficient package delivery service which is fully competitive with the standards of other national participants in the industry. FedEx Ground and Contractor recognize that, because of the reciprocal benefits which flow from participation in an interrelated, national service, they have a mutual interest in increasing package volume and the number of customers both in Contractor's Primary Service Area and in the service areas of other contractors who have entered into substantially identical agreements with FedEx Ground. Contractor specifically acknowledges that the intentions set forth in this Agreement to provide a national delivery service cannot be met -- either nationwide or in the service area served by the terminal (the "Terminal Service Area") which includes Contractor's Primary Service Area -- without the participation of a network of contractors. Therefore this Agreement contemplates the recognition both by the parties hereto and by other contractors in the FedEx Ground system of a proprietary interest by Contractor in the customer accounts in his/her Primary Service Area as that area is configured from time to time, and a consequent right of Contractor to receive payment in the

event his/her Primary Service Area is reconfigured with the result that customers previously served by the Contractor are reassigned. Depending on the circumstance, as provided below, such payments may be from other contractors or from FedEx Ground. In consideration of the mutual obligations contained herein and in substantially similar agreements with other contractors, the parties hereto agree as follows:

In the event Contractor's Primary Service Area is reconfigured so that the Contractor gains customer accounts, the Contractor hereby authorizes FedEx Ground to deduct from Contractor's settlement and to pay to the Contractor relinquishing such accounts the payments calculated as provided below; and

In the event Contractor's Primary Service Area is reconfigured so that customer accounts which had been serviced by the Contractor are reassigned to another contractor or to a spotted trailer, the Contractor shall receive payments, calculated and made as provided below.

Payments to or from Contractor for customer accounts gained or relinquished when Contractor's Primary Service Area is reconfigured shall be calculated and made as follows:

First, the average number of package deliveries per day gained or relinquished by Contractor shall be determined by reference to the average number of package

deliveries in the area relinquished in the three most recent complete FedEx

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Ground accounting periods;

**Second**, the average number of package pick-ups per day gained or relinquished by the Contractor shall be determined by reference to the average number of package pick-ups in the area relinquished in the three most recent complete accounting periods;

**Third**, the Contractor shall be entitled to a payment of the dollar amount specified in Addendum 5, multiplied by the average number of package deliveries relinquished, and the dollar amount specified in Addendum 5, multiplied by the average number of package pick-ups relinquished;

**Fourth**, the Contractor shall make payments calculated using the same formula as set forth in the preceding paragraph to relinquishing contractor(s) for package deliveries and pick-ups gained;

**Fifth**, in the event, in connection with the reconfiguration, package deliveries or pick-ups previously in Contractor's Primary Service Area are reassigned to another contractor, FedEx Ground shall remit payment to Contractor, but only as to the extent FedEx Ground receives payments from the contractor to whom the package deliveries or pick-ups were reassigned;

**Sixth**, in the event package pick-ups or deliveries are permanently reassigned to a spotted trailer, FedEx Ground itself shall have the obligation to make the payments to the Contractor called for herein; and

**Seventh**, if contractors so request, and if FedEx Ground in its sole discretion agrees, payments provided hereunder may be made by credits to and deductions from the affected Contractor's weekly settlement, as shown on such Contractor's Settlement Statement.

**6. CONTRACTOR CUSTOMER SERVICE (CCS) PAYMENTS.** In addition to the payments listed above in Paragraph 4, beginning with the first day of the second full FedEx Ground accounting period, Contractor shall be eligible to receive performance-based Contractor Customer Service (CCS) payments each period in the amounts specified in Addendum 6. Payment shall be based on Contractor meeting individual customer service and safety goals, as well as Contractor's terminal meeting it's service goals, all as determined by FedEx Ground.

**7. BUSINESS SUPPORT PACKAGE.** Contractor shall not be required to purchase or rent any products, equipment, or services from FedEx Ground as a condition to entering into this Agreement. At Contractor's election (which election shall be as indicated on Addendum 7, and may be changed annually during the first FedEx Ground accounting period and as provided below) FedEx Ground will provide a Business Support Package to Contractor at a per van charge to Contractor as set out in the current version of Addendum 7, which amount shall be deducted from Contractor's weekly settlement. The Business Support Package shall include uniforms,

communications and data processing equipment, D.O.T. inspections, equipment washing, drug tests meeting D.O.T. requirements, and other items and services found in the current version of Addendum 7. The cost of the Business Support Package may be changed once annually to reflect changes in the cost to FedEx Ground of providing such package. In the event FedEx Ground proposes to implement any such change, it shall provide Contractor with 30 days' prior written notice, during which period Contractor may elect to discontinue participation.

**8. SERVICE GUARANTEE PROGRAM.** FedEx Ground and Contractor recognize the mutual benefits to each party of keeping the Equipment, together with a qualified operator, in continuous daily service pursuant to the terms of this Agreement. The expenses of both maintenance and engaging a substitute operator during periods when Contractor is ill or does not desire to drive are, pursuant to the terms of this Agreement, borne by Contractor. In order to encourage Contractor to accumulate a fund from which these and other unusual costs of operation can be paid when they arise, FedEx Ground agrees to maintain an interest-bearing fund, a Service Guarantee Account (with interest calculated and applied the same way as with respect to the Contractor Performance Escrow) to account for contributions to the Service Guarantee Account. Contractor may from time to time, and solely at Contractor's discretion, make contributions to such Account. Each quarter, FedEx Ground shall credit matching contributions to the Account as follows:

<u>Contractor Average Balance in Preceding Quarter</u>	<u>Quarterly Matching Contribution</u>
\$ 500 or more	\$100
\$ 750 or more	\$150
\$1,000 or more	\$200

In addition, if Contractor has more than one year as a P&D contractor for FedEx Ground, FedEx Ground shall, on the anniversary of the date Contractor first became a P&D Contractor for FedEx Ground, credit the Service Guarantee Account with a Service Bonus. The amount of this Service Bonus shall be in accordance with the settlement schedule set forth in Addendum 3. The Contractor may withdraw amounts credited to the Service Guarantee Account at any time and for any purpose. FedEx Ground may, at its discretion and taking into account the credit history of Contractor, make a loan to Contractor to fund maintenance costs in excess of the balance in the Contractor's Service Guarantee Account. The maximum amount of any such loan is as follows: if the aggregate balance in Contractor's Service Guarantee Account is between \$500 and \$1,000, the maximum loan is the amount of such aggregate balance; if such aggregate balance is in excess of \$1,000, the maximum loan is twice the amount of such aggregate balance, up to a maximum loan of \$5,000. Loans must be repaid within one year, and shall bear interest at the same rate as then applicable to interest payments by FedEx Ground on balances held in the Contractor Performance Escrow Account.

**9. FLEX PROGRAM.** At Contractor's election (which election shall be as indicated on Addendum 3, and may be changed annually during the first FedEx Ground accounting period), Contractor may participate in the FedEx Ground Flex Program. By electing to participate, Contractor agrees to accept packages from outside Contractor's Primary Service Area for pick-up and delivery, up to daily pick-up and delivery capacity (determined by reference to time required, mileage, and van capacity), when requested to do so by FedEx Ground terminal management. In consideration of Contractor's election to participate, Contractor shall receive, in addition to other components of the settlement provided in Paragraph 4 of this Agreement, a daily flex fee as specified in Addendum 3 for each piece of vehicular equipment in service under this Agreement. Such payment shall be made with respect to each business day that Contractor has also become entitled to the Contractor and Van Availability Settlement, regardless of whether Contractor is called upon to pick up or deliver packages outside Contractor's Primary Service Area. P&D contractors who utilize a tractor/trailer to perform P&D work, may elect to participate in the flex program, but will only receive the daily flex fee as specified in Addendum 3, on days they actually make a live pickup or delivery stop. P&D trailer spots do not qualify for the daily flex fee.

**10. HR 10 PLAN.** At Contractor's election (which election shall be and may be changed annually during January of each year, Contractor may, provided Contractor meets the eligibility requirements for participation, adopt the Prototype Defined Contribution Retirement Plan created and sponsored by Merrill Lynch for self-employed individuals such as Contractor (hereinafter referred to as the "Plan"). Any contributions by Contractor shall be in such amounts as Contractor shall specify, not to exceed 15 percent of the "covered compensation," as that term is



used in the Internal Revenue Code of 1986, as amended, of Contractor and his employees, shall be subject to any applicable limitations contained in the Plan, and shall be allocated to participant accounts as provided in the Plan.

**11. TERM OF AGREEMENT.**

**11.1 Initial Term.** This Agreement shall, at the election of Contractor, as indicated by Contractor's initials below, continue in full force and effect for an initial term ranging from one to three years from the date this Agreement is signed. Contractor hereby elects a term of:

- a) one year \_\_\_\_\_
- b) two years \_\_\_\_\_
- c) three years \_\_\_\_\_

**11.2 Renewal Terms.** This Agreement shall automatically renew for successive terms of one year each after expiration of the initial term unless Contractor or FedEx Ground provides the other party notice of non-renewal in writing at least 30 days prior to the expiration of the initial term or any successive renewal term.

**12. TERMINATION PROVISIONS.**

**12.1 Termination.** This Agreement may be terminated during the initial term or during any renewal term hereof, as follows:

- (a) At any time, by mutual agreement of Contractor and FedEx Ground;

- (b) By FedEx Ground in the event that Paragraphs 3.2(a) or 3.2(b) apply;
- 
- (c) By Contractor or FedEx Ground if the other party breaches or fails to perform the contractual obligations imposed by this Agreement;
- (d) By either party in the event that FedEx Ground:
- (1) ceases to do business in all or part of the Terminal Service Area; or,
  - (2) as a result of a decline in business, reduces operations in all or part of the Terminal Service Area; or
- (e) By Contractor, upon 30 days' prior written notice to FedEx Ground. The parties hereto specifically recognize the damage to FedEx Ground, which is difficult to quantify, but which includes the cost of engaging and qualifying temporary operators and replacement equipment to service Contractor's Primary Service Area, if Contractor should terminate his/her service obligations hereunder without first giving notice as provided in this paragraph. Therefore, in the event of such unauthorized termination by Contractor (except if such termination is caused by the death or disability of Contractor) Contractor shall pay to FedEx Ground, as liquidated damages, and not as a penalty, the sum of \$1,000. FedEx Ground may withhold such amount from Contractor's final settlement or from Contractor's Performance Escrow Account.

12.2 Obligations Upon Termination. Upon termination of this Agreement for any reason,

Contractor agrees promptly to:

- (a) Return to FedEx Ground's terminal facility any trailers furnished by FedEx Ground for use in connection with the Equipment (if Contractor fails to return FedEx Ground's trailers to FedEx Ground's terminal facilities, FedEx Ground shall be entitled to a rental charge of \$50 per day per trailer until said trailer is returned, (each 24-hour period or fraction thereof being considered one day, and may deduct any such charges from Contractor's final settlement, or from Contractor's Performance Escrow Account);
- (b) Return to FedEx Ground any packages tendered for pickup and/or delivery and any shipping papers, documents, collections, or other property of FedEx Ground in Contractor's possession;
- (c) Return to FedEx Ground any property of FedEx Ground furnished to Contractor pursuant to the Business Support Package; and
- (d) Remove and return or permanently mask (such as by painting over) all of FedEx Ground's vehicle identification from the Equipment.

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FedEx Ground may withhold the return of any monies owed Contractor, including any balance remaining in Contractor's Performance Escrow Account, until Contractor completes the return of the items listed above.

**12.3 Arbitration of Asserted Wrongful Termination.** In the event FedEx Ground acts to terminate this Agreement (which acts shall include any claim by Contractor of constructive termination) and Contractor disagrees with such termination or asserts that the actions of FedEx Ground are not authorized under the terms of this Agreement, then each such disagreement (but no others) shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (AAA) and judgment upon the award of the arbitrator may be rendered in any court having jurisdiction thereof, according to the following:

- (a) Written notice of a demand for arbitration must be mailed by Contractor to FedEx Ground and to the AAA by certified mail within 90 days of the occurrence of the claimed wrongful termination. Failure to mail written notice of a demand for arbitration within such 90 day period and comply with all procedural requirements set forth in the Commercial Arbitration Rules of the AAA shall constitute an absolute bar to the institution of any proceedings and a waiver of the claimed wrongful termination. The copy of the demand sent to the American Arbitration Association will be addressed to Four Gateway Center, Suite 419, Pittsburgh, PA 15222-1207, with a request that the demand be forwarded to the appropriate AAA Regional Office.

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- (b) ~~The dispute shall be heard and determined by a single arbitrator, chosen pursuant to the procedures of the AAA.~~
- (c) The arbitrator shall set the date, time, and place for each hearing, and shall schedule the hearing and make his or her determination in an expeditious manner. Neither party shall be entitled to written or deposition discovery from the other, except with respect to damages.
- (d) As to any dispute or controversy which under the terms hereof is made subject to arbitration, no suit at law or in equity based on such dispute or controversy shall be instituted by either party hereto, other than a suit to confirm, enforce, vacate, modify or correct the award of the arbitrator as provided by law; provided, however, that this clause shall not limit FedEx Ground's right to obtain any provisional remedy including, without limitation, injunctive relief, writ for recovery or possession or similar relief, from any court of competent jurisdiction, as may be necessary in FedEx Ground's sole subjective judgment to protect its property rights.
- (e) The arbitrator shall have the authority only to conclude whether the termination of Contractor was within the terms of this Agreement, to determine damages if required to do so under this subparagraph, and to provide for the division of the AAA fees and AAA assessed expenses of the arbitration between the parties;

provided, however, each party shall bear the cost of attorneys, expert witnesses, or other expenses incurred by that party, and the arbitrator shall have no authority to allocate or apportion such costs. If the arbitrator concludes the termination was within the terms of this Agreement, the termination shall be effective on the date specified in the notice of termination from FedEx Ground to Contractor. If the arbitrator concludes the termination was not within the terms of this Agreement, then, at the option of FedEx Ground: (1) the Contractor shall be reinstated within a reasonable period of time, not to exceed 90 days from the Company's receipt of the arbitrator's decision, and in that event shall be entitled to damages equal to the arbitrator's determination of what Contractor's net earnings (after payment of all expenses which are borne by Contractor pursuant to this Agreement) would have been during the period between the date of termination and the date of reinstatement; or (2) Contractor shall nevertheless be terminated, and, in that event, shall be entitled to damages equal to the arbitrator's determination of what Contractor's net earnings (after payment of all expenses which are borne by Contractor pursuant to this Agreement) would have been during the period between the date of termination to the last day of the term of this Agreement (without any renewals). Contractor shall have no claim for damages in any other amount, and the arbitrator shall have no power to award punitive or any other damages.

(f) The arbitrator shall provide the parties with only a written determination of the outcome of the arbitration, without accompanying opinion, and shall have no authority to alter, amend or modify any of the terms and conditions of this Agreement, and further, the arbitrator may not enter any award which alters, amends or modifies the terms or conditions of this Agreement in any form or manner.

**13. MERGER OF UNDERSTANDING.** This Agreement, the Addenda hereto, and the Attachments to the Addenda, constitute the entire agreement and understanding between the parties and, when executed, shall constitute a revocation of any earlier Contractor Operating Agreement between the parties. This Agreement, the Addenda and Attachments shall not be modified, altered, changed or amended in any respect unless in writing and signed by both parties

**14. CAPTIONS.** Captions appearing in this Agreement are for convenience only and do not in any way limit, amplify, modify or otherwise affect the terms and provisions of this Agreement.

**15. SAVINGS CLAUSE.** If any part of this Agreement is declared unlawful or unenforceable, the remainder of this Agreement shall remain in full force and effect.

**16. FAILURE TO ENFORCE.** Failure of either party to enforce strictly any provision of this Agreement shall not be construed as a waiver thereof or as excusing the other party from future performance.

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**17. FORCE MAJEURE.** The performance of the obligations of this Agreement on the part of either FedEx Ground or the Contractor shall be excused by reason of closing of public highways, changes in customer shipping and/or receiving requirements, strikes or work stoppages, weather conditions which make operations unsafe or impractical, Acts of God, or temporary or permanent cessation of business by FedEx Ground within the Terminal Service Area.

**18. ASSIGNMENT.** This Agreement shall be binding upon and enure to the benefit of the parties to this Agreement and their assignees. FedEx Ground shall have the right to assign its rights and obligations hereunder to an affiliate of FedEx Ground. Provided Contractor is in good standing hereunder, Contractor shall, with 30 days' prior written notice to FedEx Ground, have the right to assign his/her rights and obligations hereunder to a replacement contractor acceptable to FedEx Ground as being qualified to provide the services of Contractor under this Agreement (the "Replacement Contractor"), and, provided Contractor or Contractor's representative continues to provide service under this Agreement up to the effective date of such assignment, FedEx Ground shall thereupon enter into a new agreement with Replacement Contractor on substantially the same terms and conditions as herein contained. In addition, in the event of the death or disability of Contractor, Contractor or his/her representative shall have a period of 30 days from and after such death or disability to secure a qualified Replacement Contractor to whom Contractor's rights and obligations may be assigned. Any consideration to be paid by Replacement Contractor on account of such assignment shall be strictly a matter of agreement between Contractor (or Contractor's representative) and Replacement Contractor. As a matter of



accommodation to Contractor, FedEx Ground at its sole discretion, may agree, upon receipt of written instructions from Contractor and Replacement Contractor, to collect such consideration from Replacement Contractor by means of deductions from Replacement Contractor's weekly settlements for a period not to exceed one year, and promptly to remit such amounts to Contractor or his/her representative. FedEx Ground shall have no other obligations whatsoever either to secure a Replacement Contractor for the benefit of Contractor, or to assure any payment to Contractor on account of Contractor's assignment of this Agreement.

**19. GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

**CONTRACTOR ACKNOWLEDGES AND REPRESENTS THAT CONTRACTOR HAS**

**READ AND FULLY UNDERSTANDS THE PROVISIONS OF THIS AGREEMENT,  
AND HAS HAD SUFFICIENT TIME AND OPPORTUNITY TO CONSULT WITH  
PERSONAL FINANCIAL, TAX AND LEGAL ADVISORS PRIOR TO EXECUTING  
THIS AGREEMENT.**

**IN WITNESS WHEREOF, the parties hereto enter into and execute this Agreement this**

**\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_.**

**FedEx Ground Package System, Inc.:**

**Contractor:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

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EFFECTIVE:

ADDENDUM 1

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

IDENTIFICATION OF LEASED EQUIPMENT

FedEx Ground Unit Number	Vehicle Make	Vehicle Year	Body Type	VIN	Number Axles
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EFFECTIVE: 1/2/94

ADDENDUM 2

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

INDEPENDENT CONTRACTOR INSURANCE COVERAGE  
WORK ACCIDENT INSURANCE & NON-TRUCKING LIABILITY  
MINIMUM COVERAGE REQUIREMENTS

WORK ACCIDENT INSURANCE	
COVERAGE	LIMITS
Disability	66 2/3% of earnings payable weekly
Disability Benefit Period	2 years
Medical	\$250,000 maximum -- Reasonable & Customary
Medical Benefit Period	2 years
Loss of Life	55% of earnings
Loss of Life Benefit Period	2 years
Loss of Life Amount	\$144,000
Co-insurance	0
Deductible	0
Contingent Workers' Compensation	Required
Minimum A.M. Best Rating	A
Alternative Coverage	Workers compensation by "A" rated insurer or state owned and licensed in Contractor's home state

NON-TRUCKING LIABILITY AND PHYSICAL DAMAGE	
COVERAGE	LIMITS
Auto liability	\$1,000,000 combined single unit
Empty Miles vs. Non-Dispatch	Required
Physical Damage	Stated Value
Comprehensive Deductible	\$500.00
Collision Deductible	\$500.00
Rental Reimbursement	\$100/day -- 30 days -- tractors \$50/day -- 60 days -- vans
Additional Insured	FedEx Ground must be named
Minimum A.M. Best Rating	A

EFFECTIVE: 6/03/02

ADDENDUM 3

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT  
SETTLEMENT

FedEx Ground agrees to settle with Contractor at terminal \_\_\_\_\_ for performance of the contractual obligations imposed by this Agreement as follows:

I. Package Pick-Up and Delivery Settlement

- A. Delivery Settlement per stop at each consignee or other authorized location for the purpose of delivering a package(s).

Vehicle Type:

Van: \$1.14 per stop, \$.23 per package delivered  
Straight Truck: \$1.10 per stop, \$.26 per package delivered  
Tractor Trailer: \$1.05 per stop, \$.27 per package delivered

- B. Package Pick-up Settlement per stop at each shipper or other authorized location for the purpose of picking up a package(s) for delivery elsewhere.

Vehicle Type:

Van: \$1.07 per stop  
Straight Truck: \$1.05 per stop  
Tractor Trailer: \$1.00 per stop

	<u>Van</u>	<u>Straight Truck</u>	<u>Tractor Trailer</u>
1st-50th package per stop	\$.150	\$.150	\$.130
51st-100th package per stop	\$.130	\$.130	\$.120
101st-200th package per stop	\$.118	\$.118	\$.096
201st-300th package per stop	\$.106	\$.106	\$.077
301st-400th package per stop	\$.094	\$.094	\$.062
401st-500th package per stop	\$.082	\$.082	\$.050
501st-PLUS package per stop	\$.070	\$.070	\$.040

\$1.50 minimum pick-up settlement (when 2 or less packages)

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 C. Pick-up of International packages:


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## 1. Pick-up Settlement - International

	<u>Van</u>	<u>Straight Truck</u>	<u>Tractor Trailer</u>
1st-50th package per stop	\$.190	\$.190	\$.180
51st-100th package per stop	\$.170	\$.170	\$.170
101st-200th package per stop	\$.158	\$.158	\$.146
201st-300th package per stop	\$.146	\$.146	\$.127
301st-400th package per stop	\$.134	\$.134	\$.112
401st-500th package per stop	\$.122	\$.122	\$.100
501st-PLUS package per stop	\$.110	\$.110	\$.090

Stop settlement shall be as otherwise described in this agreement with no additional stop pay for pick-up or delivery of International packages in conjunction with domestic package pick-up and delivery service.

- D. Oversize Packages -- \$.07 for each delivery of a package designated as oversize by origin using van, straight truck or tractor trailer equipment.
- E. C.O.D. Delivery Settlement -- \$.30 for each delivery of a package bearing a valid C.O.D. label.

Additional settlement will be paid for delivery of shipper designated CASH C.O.D. packages, in the amount of 1% of the CASH C.O.D. amount collected or \$2.50, which ever is greater.

Delivery stop settlement for the first C.O.D. "no money" stop will be paid, provided that stop is scanned and logged and the consignee's signature is obtained.

- F. Call Tag Settlement -- \$.50 for each Call Tag package picked up in response to a validly issued Call Tag.

Delivery stop settlement for the first Call Tag "not ready" stop will be paid, provided that stop is scanned and logged and the consignee's signature is obtained.

- G. One-time Pick-up Settlement -- \$.30 for each stop made in response to a one-time pick-up request, in addition to the stop settlement otherwise described in paragraph I, B of this Addendum.

- H. One Hundred Plus -- \$1.00 for each delivered 100+ pound package and \$.50 for each 100+ pound package picked up.
- I. Daily Mileage Settlement -- For each mile driven daily in excess of 200 miles the following settlement shall be paid:

201 - 250 Miles	\$0.276 per mile
251 - 300 Miles	\$0.331 per mile
300 Plus Miles	\$0.386 per mile

Does not apply to straight trucks or tractors doing trailer spots.

- J. Spotted Trailer Settlement -- See Attachment I-1 to this Addendum.
- K. At a designated Contractor load and/or unload terminal, Contractor will be paid \$ \_\_\_\_\_ for each package loaded or unloaded prorated equally on the basis of persons participating in the sort and total number of packages. For example, if ten persons participate in the sort, Contractor will receive 1/10<sup>th</sup> of settlement paid.
- L. Fuel/Mileage Settlement. In the event of substantial increases in fuel prices in Contractor's terminal area, Contractor shall receive an additional fuel/mileage settlement, calculated as follows (If fuel price per gallon/settlement per mile go above the scale shown below, the numbers will continue to increase incrementally.):

Fuel Price per Gallon	\$1.25	\$1.35	\$1.45	\$1.55	\$1.65	\$1.75	\$1.85	\$1.95
Settlement per Mile	+01¢	+02¢	+03¢	+04¢	+05¢	+06¢	+07¢	+08¢

For purposes of calculating this settlement, fuel prices will be based on the lowest self-service cash price available to Contractor within a five-mile radius of the terminal.

**II. Contractor and Van Availability Settlement**

- A. Van availability settlement of \$45 for each business day that Contractor makes a van or straight truck and a qualified driver available and provides services under the Agreement. Tractors and supplemental vans are not eligible for this daily van availability.

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B. A holiday van availability bonus of \$50 if Contractor makes the Equipment, including P&D tractors, and a qualified driver available on both the work day falling immediately before and the work day falling immediately after the following national holidays:

New Year's Day  
Fourth of July

Memorial Day  
Labor Day

C. A holiday van availability bonus of \$100 if Contractor makes the Equipment, including P&D tractors, and a qualified driver available on both the work day falling immediately before and the work day falling immediately after the Thanksgiving and the day after Thanksgiving Holidays and Christmas Eve and Christmas Day holidays.

D. The Company reserves the right to name the work days preceding and following any holiday falling on or in conjunction with a weekend.

III. **Temporary Core Zone Density Settlement.** See Attachment I-3 to this Addendum.

IV. **Flex Program.** Daily flex fee of \$7.50, payable as provided in the Agreement. P&D Contractors operating a tractor/trailer to perform P&D work may elect to participate in the Flex Program but will only receive the daily flex fee on days they actually make a live pickup or delivery stop. P&D trailer spots do not qualify for the daily flex fee. By initialing the appropriate space below, Contractor

\_\_\_ elects

\_\_\_ elects not

to participate in the Flex Program.

V. **Quarterly Performance Settlement**

A. After Contractor has been a contractor one full year, FedEx Ground agrees to provide additional settlement to Contractor for overall performance of the obligations imposed by this Agreement on a quarterly basis in accordance with the following provisions:

1. The Quarterly Performance Settlement shall be fixed at 2.25 percent of the gross P&D settlement for the quarter on each one of Contractor's approved P&D van, truck, and tractor operations, including settlement earned in support of linehaul operations.



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2. ~~Quarterly Performance Settlement shall not exceed \$2,000 per P&D van, truck, or tractor each year.~~
  3. Supplemental equipment is not eligible for separate Quarterly Performance Settlement. Settlement earned by supplemental equipment shall be included in Contractor's gross P&D settlement subject to the 2.25 percent computation.
  4. To qualify for this settlement, Contractor must be an active contractor for the entire quarter. Quarterly Performance Settlement will not be paid if Contractor terminates, for any reason, during the quarter, and will not be paid on gross settlement earned by any van, truck, or tractor operation that is terminated during the quarter.
  5. The Quarterly Performance Settlement shall be paid in the period following the end of the quarter.
  6. Contractor may elect to have this settlement deposited to Contractor's interest-bearing Service Guarantee Account, added to a previously established HR-10 Plan, or take it in cash settlement, as specified below.

B. Contractor hereby elects as follows:

- |       |                                      |         |
|-------|--------------------------------------|---------|
| 1.    | Portion to HR-10 Plan                | ____%   |
| 2.    | Portion to Service Guarantee Account | ____%   |
| 3.    | Portion to Cash Settlement           | ____%   |
| Total |                                      | 2.25% * |

Contractor initial \_\_\_\_\_

**VI. Service Bonus**

- A. A Contractor with more than one, but less than five, years as a P&D contractor shall receive a Service Bonus of \$500; credited to the Service Guarantee Account on the anniversary of the date Contractor first became a P&D Contractor for FedEx Ground.
- B. If a Contractor has five or more years as a P&D Contractor, the Service Bonus shall be \$1,000.
- C. If a Contractor has ten or more years as a P&D Contractor, the Service Bonus shall be \$1,500.

6/03/02

- 
- D. ~~If a Contractor has fifteen or more years as a P&D Contractor, the Service Bonus shall be \$2,000.~~
- E. A FedEx Ground approved second P&D van or truck operated by a P&D Contractor shall also receive a Service Bonus, credited to the Service Guarantee Account of that second unit on the anniversaries and in the amounts specified above. Up to third and fourth additional units shall be eligible for the Service Bonus.

**VII. Added Service Settlement.** See Attachment I-4 to this Addendum.

A/G

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EFFECTIVE:

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ATTACHMENT I-1 TO ADDENDUM 3

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

SPOTTED TRAILER SETTLEMENTS

Account

Settlement (\$)

Notes:

1. FedEx Ground agrees to pay Contractor a full settlement per account when a trailer is spotted (or a previously spotted trailer is picked up) and no other pick-up or deliveries are performed enroute to or from the terminal.
2. FedEx Ground agrees to pay Contractor a half settlement per account when a trailer is spotted (or previously spotted trailer is picked up) and pick-up and/or deliveries are made enroute either to or from the terminal.
3. If other pick-up and/or deliveries are performed enroute both before and after a trailer is spotted (or a previously spotted trailer is picked up), FedEx Ground agrees to pay Contractor a Drop and Hook settlement of \$6 in addition to any other settlement due Contractor for pick-ups and deliveries.

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EFFECTIVE:

ATTACHMENT I-2 TO ADDENDUM 3

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

RAILHEAD, AIRPORT, STORAGE STAGING AREA  
AND SHUTTLE SETTLEMENTS

Name and Location

Settlement (\$)

Note: Settlement is a composite amount and includes drops, hooks, and other activities related to picking up or delivering equipment at the above locations.

6/7/99

EFFECTIVE:

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ATTACHMENT I-3 TO ADDENDUM 3

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

TEMPORARY CORE ZONE DENSITY SETTLEMENT

<u>Core Zone</u>	<u>Package</u> <u>Van</u>	<u>Settlement (\$)</u>	
		<u>Straight</u> <u>Truck</u>	<u>Tractor/Trailer</u>

Core Zones are comprised of one or more five-digit ZIP Code areas.

If Contractor provides pick-up and/or delivery service in more than one Core Zone on any one day, Contractor's Core Zone settlement for that day shall be prorated between the Core Zones, taking into consideration the number of stops in each Core Zone for vans and packages and stops for straight trucks and tractor/trailers.

For Contractors driving greater than 200 miles a day, the miles driven and differences in Core Zone settlement are also considered.

Core Zone settlement will be prorated if Contractor provides pick-up and/or delivery service for less than seven hours in any one day.

EFFECTIVE:

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ATTACHMENT I-4 TO ADDENDUM 3

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

ADDED SERVICE SETTLEMENT

Contractor will receive additional settlement in the amounts shown below for each day an approved helper is used and the total number of pickup and delivery stops completed by Contractor are greater than the established thresholds.

<u>Contractor</u>	<u>\$15 Threshold</u>	<u>\$20 Threshold</u>	<u>\$30 Threshold</u>
	_____ stops	_____ stops	_____ stops

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EFFECTIVE:

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ADDENDUM 4

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

PRIMARY SERVICE AREA

Contractor's Primary Service Area is as described below or refer to specific attachment that describes the Service Area:

(Copy of Contractor's load chart and pickup listing should be attached.)

\_\_\_\_\_  
Terminal Manager

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

~~EFFECTIVE: 6/5/00~~

## ADDENDUM 5

### PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

#### PROPRIETARY INTEREST

FedEx Ground recognizes that Contractor has a proprietary interest in the customer accounts in Contractor's Primary Service Area, as defined in Addendum 4 of this Agreement (but excluding package deliveries assigned by shippers to the FedEx Home Delivery division of FedEx Ground). FedEx Ground also recognizes that in the event Contractor's Primary Service Area is reconfigured, resulting in customers previously served by contractor being permanently reassigned, Contractor is entitled to payment. Such payment may be from other contractors or from FedEx Ground, in accordance with the provisions of Paragraph 5.3 of this Agreement.

For every delivery package relinquished, under the provisions of Paragraph 5.3 of the Agreement, Contractor is entitled to a minimum payment of \$1.00 per package.

For every pick-up package relinquished, under the provisions of Paragraph 5.3 of the Agreement, Contractor is entitled to a minimum payment of \$2.00 per package. This does not include trailer spots.

As Contractor's settlement and density increase in the Primary Service Area, the potential value of Contractor's customers may increase. Contractor may offer more than the minimum amounts prescribed above for packages being relinquished by another contractor, in order to gain additional customers and increase profitability, or Contractor may sell to the highest bidder when Contractor's customers are being reassigned. FedEx Ground makes no guarantees of such increases, nor will FedEx Ground interfere in such transactions between Contractor and other persons who have the capability and qualifications to perform the services required by this Agreement.

In the event a trailer spot, pick-up or delivery being performed by a P&D Contractor operating a tractor/trailer is permanently returned to a P&D Contractor operating a van or straight truck, FedEx Ground shall pay the tractor/trailer Contractor a one-time payment of \$100.00 for each such trailer spot.

In every case involving payment for packages transferred between contractors, whether tractor/trailer, van, or straight truck, the reason must be based on FedEx Ground's determination, reasonably made, that such changes in pick-up and delivery assignments are permanent, not seasonal, nor known to be of short duration.



EFFECTIVE: 6/7/99

ADDENDUM 6

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

CONTRACTOR CUSTOMER SERVICE PROGRAM

Beginning with the completion of one full FedEx Ground accounting period, a P&D Contractor is eligible to receive an individual, performance related bonus, each period, under the Contractor Customer Service (CCS) Program.

Payment of this bonus will be based on Contractor's individual performance or the performance of Contractor's employed driver, the length of Contractor's service and on Contractor's terminal meeting its CCS Goals.

<u>Contract Service</u>	<u>Individual Safety and Customer Service</u>	<u>Terminal Local Inbound Service Goals</u>
1 <sup>st</sup> full Period - 3 years	\$205.00 per period	1st Level pays \$50
3 years - 5 years	230.00 per period	2nd Level pays \$75
Over 5 years	260.00 per period	99% pays \$99

INDIVIDUAL SERVICE AND SAFETY

Each full accounting period, eligibility for the individual CCS Bonus will be determined by the Contractor's performance in customer service and safety. To qualify, during each period, Contractor or Contractor's driver must have no at-fault accidents, no verified customer complaints, meet the goals set for daily scanning or sheeting of packages returned to the terminal at the end of each day, and must remain a contractor and complete the full accounting period.

Examples of customer complaints include, but are not limited to, complaints about the following:

- ◆ Driver release to business.
- ◆ Unauthorized indirect deliveries.
- ◆ Rudeness, abusive, or objectionable language or behavior.
- ◆ Poor appearance or not in FedEx Ground uniform.
- ◆ Failure to follow customer instructions.
- ◆ Unsafe driving.
- ◆ Accidents or property damage.

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TERMINAL SERVICE

Eligibility for the Terminal CCS Bonus will be based on whether Contractor's terminal meets its local inbound service goal. If it does, all contractors at that terminal receive the Terminal CCS Bonus; if it does not meet its goal, no one receives the Terminal Bonus.

NO MISSED PICKUPS

A service bonus of \$50 will be paid each period to every contractor who has had no missed pick-ups during that period.

Contractor may request, in writing, in the first period of each quarter, that CCS monies be deposited in Contractor's HR-10 Account, Service Guarantee Account, or be paid in the applicable weekly settlement.

Contractors with multiple vans are eligible for CCS awards for each van beginning after each such additional van has been in service for one full period.

EFFECTIVE: 6/4/01

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ADDENDUM 7

PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT  
BUSINESS SUPPORT PACKAGE

The Business Support Package consists of the following items:

- Uniform Program.
- Lease of FedEx Ground scanner, printer (where applicable) and communications and related equipment necessary for customer service and package data processing.
- Annual D.O.T. inspection.
- Drug tests meeting D.O.T. requirements.
- Equipment washing service which complies with applicable federal, state and municipal regulations pertaining to waste water run-off and at sufficient frequency to meet the Appearance Standards of Paragraph 1.12 of this Agreement.
- The opportunity, at contractor's discretion, to purchase from vendors, at FedEx Ground negotiated prices, tires, batteries, bumpers, package handling equipment, body repairs, preventive maintenance services, and painting.

Contractor is not required to purchase the Business Support Package. The cost of the Package is \$8 per day, per van, for each business day Contractor is entitled to receive van availability. If Contractor elects to participate in the program, Contractor agrees to be liable for loss or damage to such equipment received under this program under the following conditions:

1. Loss while in the possession of Contractor;
2. Willful and/or intentional damage;
3. Damage resulting from disregard of vendor's recommended operating procedures.

Contractor will not be liable for normal wear and tear or defects associated with manufacture and/or vendor repair and maintenance.

By initialing the appropriate space below, Contractor

\_\_\_ elects

\_\_\_ elects not

to participate in the Business Support Package. Contractor may change such election as provided in the Agreement.

EFFECTIVE: 6/5/00

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## ATTACHMENT I-1 TO ADDENDUM 7

### PICK-UP AND DELIVERY CONTRACTOR OPERATING AGREEMENT

#### TIME-OFF PROGRAM

Each contractor, at his or her own discretion, may elect to participate in the company's time-off program. The program consists of the following key elements:

A contractor is eligible to sign up for two weeks time-off during each year. Weeks available will be posted prior to the company fiscal year. (A year being the normal company fiscal year, June through the end of May).

- A contractor operating multiple vans may select time-off for each van for which deductions are made for the Business Support Package (BSP).
- Selection of time off weeks will take place in May of each year with selections made according to length of time as a contractor. Highest local inbound service for the previous full accounting period will serve as a tie-breaker.
- Each contractor will select one week off, in order, through the entire list of participating contractors before the second week is selected, in the same order.
- A contractor who signs up for the time-off program must remain in the program for the entire year.

The Time-Off Program will provide participating contractors with two weeks off under the following conditions:

- The contractor's van will not be used to service his or her work area.
- The contractor will have no liability for accidents, claims or service resulting from the activities of the individual working in his work area during his absence.
- Contractor's eligibility for a CCS bonus during the time-off period will not be affected by the replacement driver.

Prior to taking time-off, the replacement driver will ride with the contractor an appropriate number of days to familiarize himself with the contractor's work area.

- The contractor is expected to provide guidance, suggestions, and advice concerning the most efficient manner of serving his work area and any special customer requirements.

- The cost of such familiarization rides is included in the Time-Off Program.

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To participate in the Time-Off Program, Contractor must indicate that he or she understands and agrees to the following provisions:

- For two weeks time-off, Contractor agrees to have an additional \$3.00 added to the daily BSP settlement deduction.
- Contractor will not receive any settlement for work performed by the replacement driver in his or her work area during the time-off period.
- If a contract is terminated for any reason, contractor is not entitled to any reimbursement of monies collected in the BSP for time-off.
- If a contract is terminated and contractor has taken all or part of his selected time-off, the remaining monies owed to the BSP for the Time-Off Program that year will be deducted from final settlement.
- If a contract is not renewed at the time it expires and contractor is participating in the Time-Off Program but has not taken any time-off, he or she will be reimbursed the amount paid into the BSP for time-off.
- If a contractor, participating in the Time-Off Program, sells his or her work area and the buyer agrees to participate in the program and continue the BSP deduction for the remainder of the year, the selling contractor will not be charged for the remainder of the year. In that case, the buyer will assume the days off selected by the selling contractor.
- Any contractor participating in the Time-Off Program may sell or trade his selected days off to any other participating contractor in the same type of group. Terminal management must be informed for planning purposes only. A one-time lump sum settlement deduction may be used for such transactions using the Contractor Equity Settlement Deduction form (SET005), not to exceed \$1,000.

I wish to participate in the Time-Off Program and hereby acknowledge that I understand and accept the above provisions and conditions of the Time-Off Program.

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Signature

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Printed Name

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Date

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## FEDEX GROUND SAFE DRIVING PROGRAM

FedEx Ground maintains a program of self-coverage for public liability and property damage risks supplemented by insurance coverages with a commercial insurance carrier. Under this program, FedEx Ground is able to maintain cost-effective management of its exposure arising through road accidents and cargo loss and damage. The success of the program requires that all drivers maintain, without exception, a high standard of care at all times when driving a motor vehicle, whether or not on Company business. For those drivers who do maintain such a high standard -- and they include the overwhelming majority of drivers engaged in driving on FedEx Ground business -- this program provides a distinct benefit to them and those they serve. The protection against liability afforded thereunder is essentially cost-free to them.

The criteria for safe driving have been developed by FedEx Ground from its own experience and in consultation with its drivers. FedEx Ground will disqualify any driver from participation in the FedEx Ground Safe Driving Program who does not comply with the requirements and standards set forth below; provided, however, notwithstanding any provision of this Safe Driving Program, Contractor is not relieved of the obligation to conform to all applicable federal, state and local laws in the operation of the Equipment, as provided in paragraph 1.10 (f) of the Agreement, and breach of that obligation remains grounds for termination of the Agreement pursuant to paragraph 12.1 (c) thereof. The result of disqualification would be to require that substitute insurance covering the driver be found if he/she is to continue to render services required for FedEx Ground's business.

### Driver Eligibility Requirements

The driver eligibility requirements listed below are the minimum requirements for all drivers:

1. No record of conviction for a felony.
2. A minimum age of 21 years.
3. A minimum of one year's experience (within the past three years) as a driver of commercial motor vehicles similar to the type of equipment to be utilized by the driver, or successful completion of a FedEx Ground-approved driver training course.
4. Possession of a valid commercial driver's license for the type of vehicle to be operated, issued by the resident state of the driver.

5. No record of a driver's license suspension or revocation for more than 30 days, during the 36 consecutive months prior to the date of engagement.
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The suspension or revocation must be the direct result of the conviction while operating a motor vehicle.

Suspensions for failure to appear (FTA), failure to meet financial responsibility laws, or non-moving convictions (NMVC) are excluded.

6. No record of citation or conviction for the violations listed below during the 36 consecutive months prior to the date of engagement:
- a. Driving while under the influence of alcohol or drugs;
  - b. Refusal to submit to a test of intoxication or impairment requested by a police officer or FedEx Ground;
  - c. Operating a motor vehicle which contains alcoholic beverages in open containers contrary to law;
  - d. Being charged with homicide resulting from the unlawful or negligent operation of a motor vehicle;
  - e. Operating a motor vehicle while the driver's license was suspended, cancelled or expired;
  - f. Failing to stop, or remain, at the scene of an accident;
  - g. Driving a motor vehicle in a speed exhibition, contest or drag race;
  - h. Use of a motor vehicle in the commission of a felony;
  - i. Dangerous or careless operation of a motor vehicle, whether causing harm to another person or not;
  - j. Operating a motor vehicle without the permission of the owner; and,
  - k. Fleeing or attempting to flee a police officer.
7. No record of involvement in an at-fault traffic accident resulting in a person's death, or bodily injury.

- ~~8. No record of involvement in more than two at-fault traffic accidents and two moving violations in any vehicle in the 36 consecutive months prior to the date of engagement.~~
9. No record of involvement in more than one at-fault traffic accident and three moving violations in any vehicle in the 36 consecutive months prior to the date of engagement.
10. No record of conviction for more than four motor vehicle moving violations in any vehicle in the 36 consecutive months prior to the date of engagement.
11. Completion of a suitable contractor/driver information sheet.
12. A history of safe commercial driving experience and satisfactory work history.
13. Evidence of a valid commercial driver's license.
14. A current and satisfactory motor vehicle record abstract.
15. Successful completion of a thorough physical examination confirming physical fitness to operate a commercial motor vehicle. The physical examination must be completed by a qualified physician approved by FedEx Ground.
16. Successfully pass a drug screen administered at such time and place and in such manner as determined by FedEx Ground.
17. No record of positive results in any drug or alcohol test.
18. Successful completion of a written examination pertaining to commercial vehicle safety. The examination is to be scored and must show evidence that instruction was given to provide accurate information on incorrect responses.
19. Successful completion of a well-designed road driving skill test which meets the minimum commercial driver's license standards.

#### FedEx Ground Driver Safety Standards

The following acts or omissions by a driver are prohibited:

1. Driving while under the influence of alcohol or drugs.
2. Refusing to submit to a drug or alcohol test requested by a law enforcement officer or FedEx Ground.



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3. Operating a motor vehicle which contains alcoholic beverages, or a controlled substance contrary to law.

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  4. Being charged with homicide resulting from the unlawful or negligent operation of a motor vehicle.
  5. Operating a motor vehicle while the driver's license has been suspended, cancelled or has expired.
  6. Failing to stop, or remain, at the scene of an accident.
  7. Driving a motor vehicle in a speed exhibition, contest or drag race.
  8. Using a motor vehicle in the commission of a felony.
  9. Dangerous or careless operation of a commercial motor vehicle (such as speeding at 80 m.p.h. or more; or more than one incident of speeding at 15 m.p.h. or more, over the posted speed limit), whether causing harm to another person or not.
  10. Operating a motor vehicle without the permission of the owner.
  11. Fleeing or attempting to flee a police officer.
  12. Causing an at-fault traffic accident resulting in a person's death, or bodily injury resulting in medical costs or incurred reserves in excess of \$50,000, or property damage in excess of \$25,000.
  13. Causing more than two at-fault accidents in any vehicle in any 12 consecutive months, or more than five at-fault accidents in any vehicle in any 36 consecutive months period. Any accident involving less than \$500 in property damage is exempt from the five accident rule.
  14. Committing more than two motor vehicle moving violations in a commercial vehicle, or more than three motor vehicle moving violations in any vehicle, in any 12 consecutive months period.
  15. Committing more than five motor vehicle moving violations in any vehicle in any 36 consecutive months period.
  16. Negligently or knowingly failing systematically to inspect, repair, maintain and otherwise ensure the leased equipment is at all times in safe operating condition.
  17. Carrying passengers not authorized by FedEx Ground while on FedEx Ground's business.

~~18. Failure to report an accident as soon as possible.~~

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19. Falsifying any safety-related report or document such as an annual motor vehicle record report.
20. Violation of any applicable hours of service policy(ies), rule(s) or regulation(s).
21. Failure to complete or refusal to undergo a thorough physical examination confirming physical fitness to operate a commercial motor vehicle at least every two years and following any physical or mental impairment from injury or disease. Such physical examination must be completed by a qualified physician approved by FedEx Ground.
22. Failure to pass or submit to a drug screen administered at such time and place and in such manner as determined by FedEx Ground.
23. Failure to report promptly any incident resulting in property damage and any incident or accident involving any pedestrian or occupant of any type of vehicle, whether or not the incident or accident appears to have resulted in personal injury, regardless of who appears to be at fault.
24. Failure to forward immediately to FedEx Ground every demand, notice, summons or other legal process received that involves a claim, suit or other legal process received that involves a claim, suit or other legal proceeding arising from or in any way related to any matter encompassed within the provisions of this Safe Driving Program.
25. Failure to cooperate fully with FedEx Ground in the conduct of any legal action, regulatory hearing or other similar process arising from or in any way related to any matter encompassed within the provisions of this Safe Driving Program. Such cooperation includes, without limitation, attendance at hearings, trials, meetings, etc.; the securing of evidence; and, obtaining the attendance of witnesses.

NOTE: With respect to any of the acts or omissions above specified that would constitute an offense of law, and which, if the driver were found guilty would result in disqualification, FedEx Ground in its sole discretion based upon reasonable inquiry, may make a preliminary determination of the probability that the driver is guilty of the offense whether charged or not. In such event, FedEx Ground may suspend the driver for up to 15 days pending the filing of charges against such driver. If such charges are filed, such suspension shall continue until a final determination by a court, and will become permanent unless the driver is found not guilty of the offense at issue.