

FedEx Corp. disclosed on Friday a series of surcharges to cover the delivery of shipments during the upcoming peak shipping season, as well as a separate 60-cents-per-package surcharge to extend into 2022.

The holiday surcharge cycle begins Oct. 4 with levies on shipments that typically move outside of FedEx's main processing stream and that require some type of extraordinary handling. A \$5.95-per-package surcharge will be imposed on shipments requiring "special handling." A \$62.50-per-piece charge will be imposed on so-called oversize shipments that don't fit the company's conveyable processes. In addition, a \$350-per-package charge will be levied on "unauthorized" shipments that FedEx (NYSE:FDX) generally discourages because their large sizes and weights make them more appropriate for LTL shipping and handling rather than parcel.

The special-handling and oversize surcharges apply to all U.S. air and ground services, as well as international ground services. The unauthorized shipment surcharge applies on U.S. and international ground services. All three charges expire Jan. 16.

Surcharge season kicks in hard on Nov. 1 when a \$1.50-per-piece levy will be imposed on all deliveries moving under FedEx's Ground Economy program, which used to be branded as "SmartPost" when FedEx tendered parcels to the U.S. Postal Service for final deliveries to residences. Earlier this year, FedEx said it had completed a multiyear effort to bring all of that business in-house.

The first surcharge expires on Nov. 28. A second surcharge, which will be double the prior levy at \$3 per package, begins the following day and runs until Dec. 12. For the third cycle, which runs from Dec. 13 to Jan. 16, FedEx will reduce the surcharge to its original \$1.50.

Also on Nov. 1, FedEx will begin six weeks of residential delivery surcharges on large enterprise customers using its domestic express and ground services. The surcharge amounts will apply to customers shipping more than a combined 25,000 weekly packages of Express and Ground residential deliveries, as well as Ground Economy.

This year, FedEx will have two holiday surcharge cycles. The first will run from Nov. 1 to Dec. 12 and is based on weekly package volumes that will move Oct. 4-17. The second cycle runs from Dec. 13 to Jan. 16, and applies to weekly volumes tendered Nov. 15-28.

The per-piece pricing formula will be determined by a "peaking factor" that takes the appropriate holiday volume, divides that sum by the weekly average residential and Ground Economy parcels shipped between Feb. 3 and March 1, 2020 — the last period of normalized pre-COVID-19 volumes, and then multiplies that number by 100, FedEx said.

Effective Jan. 17, customers whose volumes made them subject to the holiday surcharge will pay a 60-cents-per-piece levy on those shipments. There is no end date to that surcharge cycle, FedEx said.