

**DHL WORLDWIDE EXPRESS, INC.  
U.S. ORIGIN DOMESTIC AND U.S. ORIGIN INTERNATIONAL  
SERVICE AGREEMENT WITH  
THE STATE OF CALIFORNIA**

This Agreement is entered into by and between DHL Worldwide Express, Inc., a Delaware corporation with principal offices at 1200 South Pine Island Road, Suite 600, Plantation, Florida 33324 (herein referred to as "DHL") and The State of California, with offices at 1700 West National Drive, Sacramento, California 95834 (herein referred to as "The State" or "Customer").

**AGREEMENT**

**THE SERVICE**

Customer agrees to purchase from DHL, and DHL agrees to provide service to fulfill the agreed upon amount of Customer requirements for expedited international air express service for documents and/or dutiables and domestic air and ground express service for documents and/or packages. At the discretion of DHL, we will include city and county government for this program.

**DOMESTIC RATES**

The rates enclosed as Exhibit B are for door to door air domestic shipments from all Customer U.S. locations to all DHL U.S. destinations as listed in the DHL Worldwide Express Guide, subject to DHL's network standards.

The rates enclosed are for domestic outbound prepaid or regularly scheduled domestic inbound collect or third party billed shipments invoiced by DHL to Customer.

The rates enclosed as Exhibit C are for door to door domestic ground shipments from all Customer U.S. locations to all DHL U.S. destinations in the continental U.S. as listed in the DHL Worldwide Express guide, subject to DHL's network standards.

DHL will arrange to move any size and weight shipments for Customer. Rates for shipments outside DHL's network standards are based on Customer's specific requirements. DHL will provide information upon request.

**INTERNATIONAL RATES – U.S. ORIGIN**

The rates enclosed as Exhibit D are for expedited U.S. origin outbound DHL International Document Service ® and Worldwide Priority Express ® shipments from all Customer U.S. locations to all DHL international service destinations as listed in the DHL

Worldwide Express Guide, subject to DHL's network standards. The rates do not include any applicable document preparation fees, duties, taxes, and international onforwarding.

DHL will arrange to move any size and weight shipment for Customer. Rates for shipments outside our network standard are based on Customer's specific requirements. The DHL Worldwide Express Guide or DHL Customer Service can provide specific country restrictions on weight, value, commodity, etc.

While our normal tariff is based on a door-to-door price, some destinations can incur additional fees due to high shipment value, commodity, licensing or other local customs regulations.

DHL WorldFreight® service is available for international shipments over 220 pounds. DHL will provide information on specific availability and rates.

#### CUSTOMER'S RESPONSIBILITY FOR PAYMENT

The rates presented are for U.S. origin international outbound prepaid shipments. Outbound collect shipments are possible, but must be pre-arranged. The shipper and the consignee are jointly and severally liable for all unpaid charges on collect shipments. Customer will be billed for all such charges if not paid for by the consignee.

#### EMERGENCY SITUATIONS

DHL reserves the right to assess temporary emergency surcharges, such as fuel surcharges, to recover costs associated with emergency situations that could not be reasonably anticipated at the time of the preparation of this Agreement. Emergency surcharges will be temporary and will be in addition to negotiated rates. Emergency surcharges will be across-the-board surcharges assessed upon DHL's general customer base. DHL will provide thirty (30) days written notice of any pending emergency situations requiring a surcharge.

#### SPECIAL SERVICES & ACCESSORIAL FEES

Exhibit E describes these services and current fees. DHL's fee list is available at [www.dhl-usa.com/dhlfees](http://www.dhl-usa.com/dhlfees) and will be updated or supplemented from time to time.

#### LOCATIONS APPLICABLE FOR RATES

New Customer locations serviced directly by DHL may be added at the beginning of any DHL billing cycle by applying to your DHL Representative. In order to participate in this agreement, prospective customers need to contact their local DHL representative and establish a DHL account number. This can be achieved by calling 1-800-CALL-DHL.

Shipments from locations not encompassed in this Agreement, and shipments using DHL's services other than those services referenced herein, will be billed at DHL's standard rates.

### SHIPMENT VALUE PROTECTION

DHL's maximum liability per shipment is one hundred dollars or, in the case of shipments to certain international destinations, nine dollars and seven cents per pound as defined in DHL's Terms and Conditions of Carriage. DHL will, upon Customer's request, provide Shipment Value Protection at a cost of seventy cents (\$0.70) per hundred dollars of declared value. Customer requests for Shipment Value Protection over \$50,000 per shipment must be pre-approved by DHL Risk Management. DHL is under no obligation to approve Shipment Value Protection over \$50,000.

### PAYMENT

#### On Site Shipment Process Computer Generated Shipments

The DHL shipment processing computer EasyShip® can provide daily invoices, but Customer may choose to pay daily or weekly. Daily billed EasyShip invoices are subject to supplemental billing or credit for Customer data entry errors.

#### Other Shipments

DHL will invoice Customer on a weekly basis for the services provided during the previous week. The California Prompt Payment Act will apply to all DHL invoices under this agreement and for those DHL services that are not covered in this agreement. Accounts will be considered past due 15 days after invoice date. DHL may terminate this Agreement at any time upon Customer's non-payment of any bill or other charges not reasonably contested by Customer when the same has reached past due status.

Customer is subject to supplemental billing or credit for Customer data entry errors on DHL waybills.

Electronic billing and remittance options are available. DHL will provide details and requirements upon request.

### REVENUE INCENTIVE

DHL will issue to the State a rebate of 1.21 % of the net revenue received by DHL each quarter from the State pursuant to this Agreement, minus any credits paid to the State during that quarter. Net revenue consists of the sum paid to DHL for transportation charges minus any sums paid for fuel surcharges, other emergency surcharges and accessorial charges. The rebate checks will be sent to the State's Transportation Management within 60 days after the end of each quarter.

## TERM OF AGREEMENT; TERMINATION or Amendment

This Agreement shall take effect on September ~~27~~, 2003 and shall remain in force and effect until September ~~27~~ 2006, unless earlier terminated or amended upon not less than thirty (30) days prior written notice by one party to the other party, or as otherwise provided in this Agreement. Furthermore, either party shall be entitled to terminate this Agreement immediately upon the insolvency or bankruptcy of the other party, or if the other party has a receiver or trustee appointed over any of its assets.

## REVENUE EXPENDITURE

The discounted rates presented are in expectation of a minimum U.S. paid annual revenue to DHL of \$2 million. There shall be no penalty to Customer in the event of a shortfall. The rates are based on the projected shipment volumes and shipment profile provided by Customer.

## RATE REVIEW -

The rates covered in this agreement can be reviewed at any time given a thirty (30) day notice.

## LIMITATIONS OF LIABILITY

DHL shall use its best efforts to pick up, transport, and deliver Customer's documents and packages in accordance with DHL's regular practices and procedures. HOWEVER, DHL SHALL IN NO CASE BE LIABLE FOR ANY LOSS, DELAY, DAMAGE, MISDELIVERY, OR NON-DELIVERY BEYOND THE LIMITATIONS SPECIFIED IN DHL'S THEN CURRENT TERMS AND CONDITIONS OF CARRIAGE, AND TERMS AND CONDITIONS OF SERVICE (FOR U.S. GROUND SHIPMENTS), AND THE TERMS AND CONDITIONS CONTAINED ON ANY DHL WAYBILL ACCOMPANYING A SHIPMENT TRANSPORTED BY DHL FOR CUSTOMER. DHL'S TERMS AND CONDITIONS OF CARRIAGE, AND DHL'S TERMS AND CONDITIONS OF SERVICE, ARE ATTACHED AS EXHIBIT F and G.

## UNDERTAKING AS TO CONTENTS

Customer shall not use the service in any manner whatsoever that violates DHL's list of unacceptable items for transport, or any statute, law, rule or regulation promulgated by any state, nation or country or any agency thereof, or breaches any regulations as to air carriage applying domestically or internationally. If Customer breaches this obligation, DHL shall have the right to terminate this Agreement immediately upon discovery of such breach.

## ENTIRE AGREEMENT, MODIFICATION

The parties have incorporated in this Agreement, and the attached Exhibits, their complete and entire understanding. Neither party has made or relied upon any representations, warranties, promises, covenants, or undertakings other than those expressly set forth or incorporated herein. No modification to this Agreement shall be effective unless in writing and signed by an authorized person of each party.

## NOTICES

All notices required or permitted hereunder shall be in writing and either delivered by express courier, or mailed, postage prepaid, by certified mail, return receipt requested. Notices shall be effective upon receipt. Notices shall be addressed as follows:

### To Customer:

The State of California  
Transportation Management  
1700 West National Drive  
Sacramento, California 95834  
Attention: David Wallace

### To DHL:

DHL Worldwide Express, Inc.  
John Connor  
Global Account Manager  
1201 South Fern Street  
Arlington, Virginia 22202

## FORCE MAJEURE

If either party is delayed or interrupted in or prevented from the performance of its obligations hereunder by reason of any act of God, fire, flood, war, public commotion, disaster, mechanical breakdowns, governmental enactment, regulation or order, or any other cause beyond its reasonable control, such party shall not be liable to the other therefor; and the time for the performance of its obligations shall be extended for a period equal to the duration of the contingency that occasioned the delay, interruption or prevention.

## GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws provisions.

## INVALIDITY OF TERM OR CONDITION

If any term or condition of this Agreement is considered invalid or unenforceable under the laws of any state or country, this shall not affect its validity in any other state or country, and it shall not affect the validity of any other term or condition herein.

SEVERABILITY

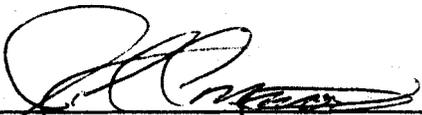
Wherever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under applicable law. However, if any provision of this Agreement shall be determined to be prohibited by or invalid under any applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

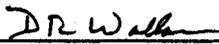
PARAGRAPH HEADINGS

The paragraph headings in this Agreement are for convenience only and shall not affect, qualify, amplify, add to or subtract from the contents of the paragraphs which they reference.

For: DHL Worldwide Express, Inc.

For: The State of California

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

Title: Cheryl Alvarez Manager

Title: Transportation Mgr.

Date: 9-22-03

Date: 9-10-03