

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-05-31**
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FILER

FRITZ COMPANIES INC

CIK: **890662** | IRS No.: **943083515** | State of Incorpor.: **DE** | Fiscal Year End: **0531**
Type: **10-K** | Act: **34** | File No.: **000-20548** | Film No.: **99670441**
SIC: **4731** Arrangement of transportation of freight & cargo

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the Fiscal Year Ended May 31, 1999
Commission File Number 0-20548

FRITZ COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction of incorporation or organization)

94-3083515
(IRS Employer Identification Number)

706 Mission Street, Suite 900, San Francisco, California 94103
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (415) 904-8360
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name on each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.01 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (S 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At June 28, 1999, the aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant was approximately \$229 million.

At June 28, 1999, the number of shares outstanding of registrant's Common Stock was 36,434,661

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Proxy Statement relating to the 1999 annual meeting of shareholders have been incorporated by reference -- Part III of the Form 10-K (Items 10, 11, 12 and 13)

Recent Developments:

Strategy: During the second half of the 1999 fiscal year, building on

strategic plans laid out more than two years ago, the Company made several strategic moves to accelerate the planned changes. The construction of our unique franchise, reinforced by our worldwide locations and multiple services, has essentially been completed. For the past two years, we have involved ourselves in the execution phase. In order to maximize these efforts, best-in-class processes, measurements and methods must be put in place. To this end, the skill set of the top management team was significantly broadened with the addition of several new key executives with diverse backgrounds. Also, a series of new initiatives were undertaken to increase customer focus, reduce costs and build employee loyalty. The Company believes these actions will contribute directly to enhancing profitable growth and building shareholder value.

Strategic Update: With the new management team in place, a series of actions have been initiated to enhance our strategic plans and make the company increasingly customer focused and responsive. This strategic update focuses on the following:

- o building employee loyalty while reducing costs,
- o enhancing customer focus,
- o applying important new management models.

As a first step, the Company's mission statement was revised to include best-in-class customer satisfaction as the stated organizational purpose. Then the Company formalized and disseminated to all employees the core values that are the foundation of the "Fritz Way." A series of customer surveys have been conducted to evaluate satisfaction levels and provide specific targets for improvement. Further, a model of continuous improvement in customer satisfaction has been designed and communicated throughout the organization, providing the underlying logic for all operational decisions.

Consistent with the continuous improvement model, a new sales management structure has been put in place. This structure includes new training and incentive programs that are designed to assure significantly improved company response to customer requirements. Similarly, the Company has established a global Fritz University, to facilitate training and assure consistency in worldwide practices, as well as a reliable and predictable level of service to our customers. This employee-run training organization reflects the belief that employees are our most valuable assets in providing best-in-class customer satisfaction.

The Company values its employees and its loyal base of customers who are working with the Company during this period of re-engineering and revitalization. The Company believes the results will increasingly be seen in improved levels of service, efficiency, accountability and measurable quality performance. The enhancements the Company has made to its strategic plan constitute essential steps toward placing the Company on a path toward stable, profitable growth which the Company feels will contribute meaningfully to enhanced shareholder value.

PART I

Item 1- Business

General

Fritz Companies, Inc. (the Company) is a leader in providing global

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logistics services and related information services for importers and shippers worldwide. The Company is primarily engaged in providing logistics management, international air and ocean freight forwarding, customs brokerage, and material management and distribution services. The Company also provides value-added services through logistics information as well as international and domestic movement of goods customarily provided by traditional freight forwarders. These services are designed to provide integrated global logistics solutions for customers to streamline their operations, improve their inventory management information and enhance their profitability and to provide customers with more efficient and effective international transportation strategies.

The Company was incorporated in Delaware in August 1988, and is a successor to a company incorporated in California in 1933. Internationally, the Company operates a number of subsidiaries under the names "Fritz Transportation International," "Fritz Air Freight," "Fritz Starber," "Fritz Fliway," "Fritz Logistics," and "Fritz Companies," among others. Unless the context otherwise requires, references in this Form 10-K to the Company include Fritz Companies, Inc., its subsidiaries and its predecessor companies. Although the

Company's executive office is located in the United States at 706 Mission Street, Suite 900, San Francisco, California 94103, its network is global. The Company has offices throughout North America, Australia, New Zealand, South Africa, Asia, Europe, Latin America, and the Middle East.

See Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's Consolidated Financial Statements, including the Notes thereto, for data related to the Company's revenues, operating profit and long-lived assets by geographic regions. Unless otherwise stated, all amounts in this Form 10-K are in thousands, except per share amounts.

The following table presents revenue and net revenue in thousands of dollars and as a percentage of total revenue or net revenue, as the case may be, attributable to the Company's principal logistics services:

<TABLE>

	For the Year Ended May 31,					
	1999		1998		1997	
	Amount	%	Amount	%	Amount	%
Revenue						
Customs Brokerage	\$ 163,701	11.8	\$ 165,055	12.7	\$ 152,257	13.2
Ocean Freight Forwarding	416,108	30.0	375,933	28.9	334,701	28.9
Airfreight Forwarding	606,526	43.7	576,643	44.4	531,100	45.9
Material Management & Distribution	201,392	14.5	182,452	14.0	138,712	12.0
Total Revenue	\$ 1,387,727	100.0	\$ 1,300,083	100.0	\$ 1,156,770	100.0
Net Revenue						
Customs Brokerage	\$ 163,701	28.3	\$ 165,055	29.6	\$ 152,257	29.9
Ocean Freight Forwarding	126,060	21.8	120,497	21.6	107,480	21.1
Airfreight Forwarding	166,832	28.9	158,514	28.4	149,333	29.3
Material Management & Distribution	121,384	21.0	114,199	20.4	100,301	19.7
Total Net Revenue	\$ 577,977	100.0	\$ 558,265	100.0	\$ 509,371	100.0

</TABLE>

Narrative Description of Business

International Airfreight and Ocean Freight Forwarding The Company is among the largest forwarders of international air and ocean freight in the United States.

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The Company's revenue from international ocean freight forwarding is derived from logistics services both as an indirect ocean carrier (a "Non-Vessel Operating Common Carrier" or NVOCC) and as an authorized agent for shippers and importers. The Company may also function as an agent for steamship companies. The Company's revenue from international airfreight forwarding is derived from logistics services both as an indirect air carrier (IAC) and as an authorized cargo sales agent of various airlines.

The Company also provides logistics services including warehousing, protective packing, cargo consolidation, document preparation and electronic transmittal, electronic purchase order/shipment tracking, inventory management, expedited document delivery for customs clearance, priority notification to consignee of cargo arrival, and inland transportation of freight from point of origin to a distribution center or the carrier's cargo terminal.

The Company serves a broad range of freight forwarding customers. The Company's ocean freight forwarding customers include retailers and industrial companies shipping automotive parts, heavy equipment, steel, chemicals, forest products, clothing, and produce. In general, airfreight has a high value relative to its weight and the cost of shipment is usually a small portion of its value. The Company's principal airfreight customers are shippers of medical equipment and

parts, drugs and pharmaceuticals, computer and high technology equipment and parts, aircraft and automotive parts, electrical equipment, machinery and machine parts, measuring and testing instruments, chemicals and fashion apparel.

As a NVOCC and an IAC, the Company procures customer shipments, consolidates shipments bound for a particular destination, determines the routing for consolidated shipments, selects the direct carrier or charters an ocean vessel or aircraft and tenders each consolidated lot as a single shipment to the direct carrier for transportation to a distribution point.

The Company's rates are based on the shipment weight and/or volume. Rates charged by the Company are ordinarily less than the rate the shipper would be charged by a steamship line or an airline. The consolidation of customers' shipments allows the Company to obtain lower rates from steamship lines or airlines than the rates the Company charges to its customers for individual shipments. In addition, in certain tradelanes the Company controls a high volume of freight and, accordingly, is able to obtain reduced rates from certain carriers or charter operators. This rate differential is the primary source of the Company's net ocean and airfreight revenue as an indirect carrier.

By accepting goods for ocean or air shipment as a NVOCC or IAC, the Company assumes the role as a carrier and becomes responsible to the shipper for the safe delivery of the shipments, subject to a legal limitation on liability of \$500 (not in thousands) per ordinary shipping unit of ocean freight and \$20 (not in thousands) per kilogram of airfreight. Because the Company's relationship with the steamship line or airline is as a shipper, the steamship line or airline generally assumes the same responsibility to the Company as the Company assumes to its clients.

As an authorized agent for shippers and importers, and as an authorized cargo agent of various airlines and steamship companies, the Company arranges transportation of individual shipments and receives a commission from the direct carrier for arranging the shipments. When acting as such an agent, the Company does not consolidate shipments and does not have responsibility for shipments once they have been accepted by the direct carrier.

As part of the Company's freight forwarding activities, the Company

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provides project forwarding and logistics services involving governmental and commercial projects, including foreign military sales, power plant construction, shipbuilding, construction of manufacturing assembly facilities, civil infrastructures and other large scale installations. The Company's project forwarding services include integrated logistics for conveying heavy materials and equipment from multiple origins to project sites. Such services may include managing the customer's transportation, customs clearance and material management and distribution. Most of these shipments are transported by ocean carrier. The government portion of the Company's project forwarding business requires a United States Government Department of Defense security clearance of the Company's management team and those employees assigned to the project. The warehouses receiving and storing the cargo must have a security clearance.

In addition to ocean and airfreight forwarding services, the Company provides forwarding services and cross marketing in the United States for a number of its agents. The Company is compensated by sharing in the agents' profits on their consolidation shipments.

The Company is licensed by the Federal Maritime Commission of the United States and is a member of the International Air Transport Association.

Customs Brokerage: The Company is the largest customs broker in the United States according to the United States Customs Service. The Company's customs brokerage operations for air and ocean imports cover over 400 (not in thousands) ports of entry in the United States. The Company's customs brokerage operation is among the most sophisticated in the United States as a result of its size, technology and integration with other transportation logistics services provided to its customers. In addition, the Company provides overseas customs brokerage services in countries such as Australia, Canada, the United Kingdom, Mexico and many Latin American countries.

As a customs broker in the United States, the Company is engaged by importers to prepare the documentation required for entering merchandise into the United States. In this capacity, the Company is

responsible for coordinating all events and communicating the status of shipments from the time of shipment arrival through customs clearance. The Company receives commercial and transportation documentation, reviews it for completeness and accuracy, prepares and files documents necessary to clear customs, obtains customs bonds, assists the importer in obtaining the appropriate commodity classification and arranges for payment of collect freight charges. In most cases, the Company also deposits import duties with the United States Customs Service on behalf of the importer. In addition, the Company provides ancillary customs brokerage services to its customers, including placement of surety bonds, duty reduction programs and duty-drawback (recovery of duties paid when imported merchandise is re-exported). The Company also provides bonded warehouse services which enable importers to defer payment of customs duties until the cargo is released from bond in conjunction with their production or distribution schedules. See "Material Management and Distribution".

In providing customs brokerage services, the Company has access to information concerning a shipment's origin and value, destination and mode of transportation. As a result, the Company has been able to obtain additional business by identifying opportunities to improve customer service or reduce customers' expenses through expanded utilization of the Company's other services, including container unloading, inventory warehousing and arranging delivery of cleared cargo to its final destination.

The Company is a leader in the use of computer technology for customs brokerage activities on behalf of its clients. The Company was one of

the first customs brokerage operations to link with the United States Customs Service through the Automated Broker Interface information system and to develop a comprehensive, proprietary, on-line, interactive customs brokerage system which permits customers to monitor the status of a shipment as it passes through the government clearance process. The Company's information systems enable the Company to electronically prepare documents, transmit information necessary for cargo pre-clearance through customs, expedite cargo release and provide nationwide control of customs clearance at multiple ports of entry for its customers. See "Information Systems."

The Company's customs brokerage services are provided by the Company's licensed customs brokers and support staff who have substantial knowledge regarding the complex tariff and government regulations applicable to customs duty payments and other fees, commodity classifications, valuation and import restrictions. In addition, the Company has developed substantial customs brokerage expertise within particular client industries. The Company believes its industry specialization is unique among competitors and enables the Company to provide high levels of service to customers in these industries. The Company provides ongoing training programs, which include preparation for the United States customs broker license examination to employees, as well as to customers.

The following table sets forth the number (in 000's) of United States Customs entries filed by the Company:

<TABLE>

		For the Year Ended May 31,		
		1999	1998	1997
		----	----	----
	Number of Entries Filed			
<S>		<C>	<C>	<C>
		2,699	2,652	2,204

</TABLE>

As a customs broker operating in the United States, the Company is licensed by the United States Department of the Treasury and regulated by the United States Customs Service. The Company's fees for customs brokerage services are not regulated and the Company does not have a fixed fee schedule for such services. Instead, customs brokerage fees are based on the complexity of the transaction and the type of services required, but are generally not related to the value of the customers' goods. In addition to its fees, the Company bills the importer for amounts which the Company pays on the importer's behalf, including duties, taxes, collect freight charges and similar payments.

The Company offers its customs brokerage services primarily to purchasers of imported goods. The Company's largest customs brokerage customer in 1999 accounted for 21.1% of customs brokerage revenue and

2.5% of the total consolidated revenue. The Company believes the loss of this customer would not have a material adverse effect on results from operations.

Material Management and Distribution: As part of its integrated global logistics services, the Company provides an array of material management and distribution services to its customers. The Company uses state of the art warehouse management systems to deliver material management solutions to its global customer base.

The Company manages a mixture of multi-client facilities as well as stand-alone contract logistics operations. The Company supports clients from a wide variety of industry segments with emphasis on high-tech, retail, footwear, and manufacturing.

Warehousing services are available for the Company's customers in

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certain of its facilities, as well as in space leased from others. The Company maintains approximately 7.3 million square feet of owned and leased warehouse space. The Company's warehousing services include receiving, deconsolidation and decontainerization, cargo loading and unloading, assembly of freight, customer inventory management and protective packing and storage. For import shipments, the Company provides bonded warehouse services at certain locations to importers so they can defer payment of customs duties until cargo releases are required to meet customers' production or distribution schedules. The goods stored in bonded warehouses are held until the importer is ready to withdraw or re-export them. The Company is paid storage charges for use of its warehouses and fees for other services.

The Company provides surface transportation and domestic distribution services involving the movement of shipments for local and long-haul delivery to and from customers' doors. In this capacity, the Company procures shipments from its customers, consolidates less than truckload quantities, determines the routing, selects the carrier and tenders each shipment to such carrier for transportation. The Company provides this service as an indirect carrier and as an agent. The Company also provides logistics services by coordinating the most efficient and cost-effective mode of long-haul surface transportation to its customers.

No single customer accounted for ten percent or more of total consolidated revenue in fiscal 1999.

Information Systems

The Company invests substantial resources in its information systems to accomplish the global objective of developing and maintaining an integrated logistics system. The Company's information system strategy is to provide accurate, reliable and timely access to information regarding logistics and internal operations through responsive and cost-effective information systems technologies.

The Company developed the Fritz Logistics Expediting System (FLEX) to enable customers to track the flow of goods throughout the transportation process. Customers can complete queries to receive the current status of shipments. Most customers utilizing FLEX are multi-national corporations with a large number of foreign suppliers. Customers can use FLEX to generate special reports on supplier compliance with purchase order requirements to enhance the effectiveness of their merchandising programs. Development and enhancements to the FLEX system have continued since its inception, and include linking automated customs brokerage systems to FLEX to monitor the status of shipments as they pass through the customs clearance process. The Company's on-line, interactive, nationwide customs brokerage system was one of the first to link with the United States Customs Service's information systems.

An important component of the Company's business strategy is to expand the concept and use of the FLEX system. The Company intends to accomplish this objective by further developing FLEX and replacing several domestic and international systems with one, global, integrated system referred to as the Global Business System (GBS). This system is designed to improve internal productivity while providing an unparalleled level of customer service for this industry. Segments or all components of this system have been deployed in over ten countries, with new countries coming on-line every quarter.

The Company has also developed a Web-based software system which provides visibility to shipping information and customs entry activity for any customer with access to the Internet. The Company continues to

invest in Internet capabilities for our customers and adds new features to our Web-based products every quarter.

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For information regarding the Company's Year 2000 compliance program, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Year 2000.

Marketing: An important part of the Company's business strategy is its client-oriented marketing approach. The Company's marketing efforts focus on senior transportation and logistics executives, financial officers and purchasing directors of large and medium sized users of international transportation logistics services. In connection with the Company's emphasis on developing and maintaining long-term relationships with such clients, the Company has developed several strategic marketing programs, including a National Accounts Program, Global Logistics Councils and a Global Advisory Board.

Competition and Business Conditions: The Company's principal businesses are directly affected by the volume of international trade, particularly trade between the United States and foreign nations, which is influenced by many factors. These influences include economic and political conditions in the United States and abroad, major work stoppages, exchange controls, currency fluctuations, wars and other armed conflicts, and United States and foreign laws relating to tariffs, trade restrictions, foreign investments and taxation. The global logistics services industry is intensely competitive and expected to remain so for the foreseeable future. The Company encounters competition from a large number of firms. Much of this competition is from local or regional firms which have only one or a small number of offices and do not offer the breadth of services and integrated approach offered by the Company. However, some of the competition is from major United States and foreign-owned firms which have networks of offices and offer a wide variety of services. The Company believes quality of service, including information systems capability, global network capacity, reliability, responsiveness, expertise, convenience, scope of operations, customized program designs and price are important competitive factors in its industry.

The Company encounters strong competition in the markets for each of its principal services, identified as: customs brokerage, air and ocean freight forwarding and material management and distribution. The Company has customs brokerage offices in most major ports in the United States, Canada, United Kingdom and other selected foreign locations. Although the Company competes with several large United States and foreign firms in virtually all of its locations, the principal customs brokerage competition comes from local and regional firms.

As an ocean freight forwarder, the Company's competition includes steamship companies, large forwarders with multiple offices and local and regional forwarders with one or a small number of offices. As an airfreight forwarder, the Company's principal competition comes from other airfreight forwarders in the United States and overseas. As a material management and distribution service provider, the Company's principal competition includes local, regional, national and international providers of the same or similar services.

Approximately 63% of the Company's revenue was recorded by non-United States subsidiaries in 1999. The strength of the United States Dollar, coupled with the economic contraction in Asia, are having an impact on the Company's operations. For example, the Company has experienced flat volumes to Asia and modest volume increases to the United States and Europe from Asia. In addition, competitive pressures continue to exert downward pressure on transportation pricing.

Regulation: As a customs broker operating in the United States, the

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Company is licensed by the United States Department of the Treasury and regulated by the United States Customs Service. The Company's fees as a customs broker are not regulated. The Company's airfreight forwarding business is subject to regulation, as an indirect air cargo carrier, under the Federal Aviation Act by the Department of Transportation (DOT), the successor to the Civil Aeronautics Board, although Part 296 of the DOT's Economic Aviation Regulations exempts airfreight forwarders from most of the act's requirements. In its ocean freight forwarding business, the Company is licensed as an ocean transportation intermediary by the Federal Maritime Commission (FMC). The FMC does not regulate the Company's fees in any material respect. The Company's

NVOCC business is subject to regulation under the FMC tariff filing and surety bond requirements, and under the Shipping Act of 1984 and the Ocean Reform Shipping Act of 1998, particularly those terms proscribing rebating practices. The Company is regulated as a direct and an indirect truck cargo carrier by the DOT, previously the Interstate Commerce Commission, by which the Company is licensed as both a common carrier and a property broker. For dispatch purposes, the Company also holds an FCC Radio License. The Company's marine cargo insurance brokerage business is licensed by the California Department of Insurance.

The Company's offshore operations are subject to similar regulation by the regulatory authorities of the respective foreign jurisdictions. Some of the Company's warehouse operations are approved by the United States Customs Service as container freight stations, and/or cargo examination stations and/or Class III bonded warehouses.

Trademarks: The Company holds registered trademarks and/or service marks in the United States and numerous foreign countries for "Fritz Companies" and certain related names and the Company's logo.

Employees: As of May 31, 1999, the Company had approximately 10,000 (not in thousands) employees located throughout the world. The Company considers its relationship with its employees to be satisfactory.

Management: The Company's executive officers are as follows:

<TABLE>

Name	Age	
-----	-----	
<S>	<C>	
Lynn C. Fritz	57	Chairman of the Board and Chief Executive Officer
Raymond L. Smith	44	Chief Operating Officer
Dennis L. Pelino	51	President
Ronald F. Dutt	52	Executive Vice President and Chief Financial Officer
Joseph Carnes	42	Executive Vice President
Jan H. Raymond	50	Executive Vice President, Secretary and General Counsel
Eugene E. Wojciechowski	44	Executive Vice President and Chief Information Officer
Brad Skinner	51	Executive Vice President Sales, Marketing and Process Improvement
Janice J. Washburn	50	Controller and Principal Accounting Officer
Janet Helvey	47	Vice President - Accounts Receivable
Seamus M. Owen	55	Vice President - Human Resources

</TABLE>

Lynn C. Fritz became Chief Executive Officer of the Company in 1986 after serving in numerous positions since joining the Company on a full-time basis in 1965. Mr. Fritz received his B.A. degree from Georgetown University and his J.D. degree from Lincoln University School of Law.

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Raymond L. Smith joined the Company in January 1999 as Chief Operating Officer. Prior to joining the Company, he served six years as President of US Fleet Leasing. Previously, Mr. Smith was with GE Capital for 15 years where he graduated from GE's Financial Management Program and held numerous progressively higher responsibilities. Mr. Smith received his BA degree, with distinction, from the University of Nebraska and MBA from Emory University.

Dennis L. Pelino joined the Company in 1986 as Director of Sales and Marketing, became a Director of the Company in 1991 and was appointed Chief Operating Officer in October of 1993. He was promoted to Executive Vice President in May 1995 and President in August 1996. Since 1988, Mr. Pelino has been responsible for the Company's international operations, as well as the Company's transportation services as an indirect carrier, and key warehousing and distribution services.

Ronald F. Dutt joined the Company in May 1999 as Executive Vice President and Chief Financial Officer. Prior to joining the Company, he was Senior Vice President of Financial Planning and Analysis at Visa International. Previously, Mr. Dutt served in senior financial positions at USL Capital, and held positions of increasing responsibilities in the Controller's Office and Corporate Treasurer's Office at Ford Motor Company. He received his MBA from the University of Washington and BA from the University of North Carolina.

Joseph Carnes joined the Company in September 1987. During his 12 years with the Company he has held several operational positions of increasing responsibility. In December 1998, Mr. Carnes was promoted to Executive Vice President of North American Operations having

responsibility for all services including warehousing.

Jan H. Raymond has been General Counsel of the Company since 1985, Secretary since 1991, Senior Vice President since 1993 and Executive Vice President since 1998. Prior to joining the Company, Mr. Raymond was an associate with the law firm of Brobeck, Phleger & Harrison. Mr. Raymond, who is a licensed customs broker, holds a B.S. degree from Cornell University with a J.D. degree from the University of California at Berkeley's Boalt Hall School of Law.

Eugene E. Wojciechowski joined the Company in January 1997 as Senior Vice President and Chief Information Officer and became an Executive Vice President in April 1999. Prior to joining the Company, he was Vice President of Information Systems at USL Capital Corporation, a division of Ford Motor Company, and held positions of increasing responsibility at GE Capital, PHH Group Inc., and ADP Network Services. Mr. Wojciechowski holds a MBA in Information Systems from the University of Maryland and a B.S. in Mathematics and Business Administration from Towson State University.

Brad Skinner joined the Company in January 1999 as Vice President of Sales, Marketing and Worldwide Process Improvement and became an Executive Vice President in April 1999. A twenty year veteran of the transportation and logistics industries, he joined the Company after serving as Executive Vice President of Transportacion Ferroviaria Mexicana (TFM), where he was a principle architect of the newly privatized Mexican railroad and logistics company. Mr. Skinner previously served as Vice President at Southern Pacific Rail Corporation, and has held management positions with American President Company, Burlington Northern Motor Carriers and Schneider National.

Janice J. Washburn joined the Company in September 1998 as Controller and Principal Accounting Officer. For the prior year she was the Controller for CIS Consulting, Inc. Previously, Ms. Washburn held financial positions of increasing responsibility at APL Limite, Inc., Pacific Gas & Electric Co. and Arthur Andersen & Co. Ms. Washburn holds a B.A. in accounting from the University of Puget Sound and is Certified Public Accountant in the state of California.

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Janet Helvey joined the Company in March 1997 as Vice President of Accounts Receivable. Prior to joining the Company, she was the Controller - Accounts Receivable of BAX Global, Inc. (formerly Burlington Air Express, Inc.). Ms. Helvey holds a B.A. degree from Muskingum College.

Seamus M. Owen joined the Company in April 1998 as Vice President of Human Resources. Prior to joining the Company, he served as Vice President of Human Resources for Sydran Services, Inc. Prior to joining Sydran Services, Mr. Owen held increasingly responsible roles with United Airlines, Sea-Land Services and Ross Stores, Inc. Mr. Owen holds a B.S. degree from San Francisco State University.

Item 2 - Properties (Not in thousands)

As of May 31, 1999, the Company operated approximately 400 offices and logistics centers worldwide, including its headquarters in San Francisco. The Company also operated approximately 115 warehousing and distribution centers, which range in size from approximately 1,000 square feet to approximately 595,000 square feet. The warehousing and distribution centers totaled approximately 7.3 million square feet as of May 31, 1999 of which the Company owns approximately 647,000 square feet and leases the remaining space. The leases for the Company's principal properties generally have terms of three years or more and often include options to renew. While some of the Company's leases are month-to-month and others expire in the near term, the Company does not believe the expiration of any of its leases will have a material adverse effect on its operations. See Note 6 of Notes to Consolidated Financial Statements.

Item 3 - Legal Proceedings

The Company is party to routine litigation incident to its business, primarily claims for goods lost or damaged in transit or improperly shipped. Most of the lawsuits in which the Company is the defendant are covered by insurance and are being defended by the Company's insurance carriers.

In 1996, a total of six complaints were filed (three in federal court and three in state court of California) against the Company and certain of its then officers and directors, purporting to be brought on behalf

of a class of purchasers or holders of the Company's stock between August 28, 1995 and July 23, 1996. The complaints allege various violations of Federal Securities law and California Corporate Securities law in connection with prior disclosures made by the Company and seek unspecified damages.

The three class action suits filed against the Company in state court were dismissed with prejudice by the Superior Court of California for the County of San Francisco on grounds the claims asserted under the California Corporate Securities law and common law fraud were not legally tenable. One of the dismissals was reversed on appeal, permitting the plaintiff to file an amended complaint. That amended complaint was dismissed with leave to amend. A further amended complaint was filed and was dismissed without leave to amend. That dismissal is on appeal.

The three class action suits filed against the Company in federal court were consolidated into one suit which was dismissed with prejudice, finding that plaintiffs had not alleged any statement that was false and misleading in violation of the federal securities laws. Plaintiffs have filed an appeal with the Ninth Circuit Court of Appeals. That appeal is pending.

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The Company is unable to predict the ultimate outcome of these suits and it is possible the outcome could have a significant adverse impact on the Company's future consolidated results of operations. However, the Company believes the ultimate outcome of these matters will not have a significant adverse impact on the Company's consolidated financial position.

Item 4 - Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5 - Market for the Registrant's Common Stock and Related Security Holder Matters

The Company's common stock is traded on the NASDAQ national market system under the symbol FRTZ.

The following table sets forth the high and low sales price in the NASDAQ national market system for the Company's common stock for the period from June 1, 1997 to May 31, 1999.

<TABLE>

	Price Range	
	High	Low
Fiscal Period 1999		
<S>	<C>	<C>
First Quarter	\$ 13.875	\$ 7.438
Second Quarter	10.250	5.875
Third Quarter	12.438	7.125
Fourth Quarter	11.812	6.875
Fiscal Period 1998		
First Quarter	\$ 13.500	\$ 8.500
Second Quarter	16.000	11.500
Third Quarter	14.750	11.000
Fourth Quarter	16.812	12.625

</TABLE>

There were approximately 598 stockholders of record as of May 31, 1999. No cash dividends were paid to stockholders during the year ended May 31, 1999.

The Company intends to retain its future earnings for use in its business and, accordingly, anticipates no cash dividends will be paid to holders of shares of common stock in the foreseeable future.

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Item 6 - Selected Financial Data
(In Thousands Except Per Share Data)

<TABLE>

	For the Year Ended May 31,				
	1999	1998	1997	1996	1995 (a)
	(Unaudited)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenue	\$ 1,387,727	\$ 1,300,083	\$ 1,156,770	\$ 1,043,858	\$ 870,903
Net Revenue	577,977	558,265	509,371	457,568	366,487
Merger and related costs	----	----	----	14,555	----
Income from operations	25,051	25,813	2,858	(b) 38,659	50,645
Net income	13,452	18,090	308	25,001	32,310
Net income per share - basic	.37	.51	.01	.73	1.00
Net income per share - diluted	.37	.50	.01	.71	.99
Total assets	726,908	720,813	723,516	733,462	576,698
Long-term obligations, net of current portion	89,606	101,346	84,884	89,505	33,567
Stockholders' equity	264,082	250,328	234,695	230,747	174,215

</TABLE>

- a) On May 30, 1995, the Company completed its merger with Intertrans Corporation (Intertrans), which was accounted as a pooling of interests. Accordingly, the Company's financial statements were restated for all periods prior to the merger, to include the results of operations, financial position and cash flows of Intertrans. The twelve months ended May 31, 1995 period represents combined operating results reported for the Company and Intertrans for the twelve months ended March 31, 1995 and April 30, 1995, respectively. In May 1995 the Company recorded merger and related costs in connection with the merger with Intertrans of approximately \$30.0 million. In 1996, the Company recorded additional merger and related costs of \$14.6 million which were incurred in association with the Intertrans merger.
- b) The results in 1997 include a third quarter increase to the Allowance for Doubtful Accounts of approximately \$17.0 million due to less than satisfactory collection performance.

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company operates its integrated logistics business as two segments comprised of four principal services. The segments are comprised of United States Operations and Foreign Operations. The Company's principal services are customs brokerage, international airfreight and ocean freight forwarding and material management and distribution.

Revenue for ocean and airfreight forwarding and surface transportation consolidation as an indirect carrier includes the consolidation and transportation costs (e.g., ocean freight costs). Revenue for customs brokerage, ocean and airfreight forwarding and surface transportation as an agent includes only the fees and commissions related to such shipments. Margin represents the ratio of net revenue to revenue.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto.

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Results of Operations:

For comparative purposes, the following tables are provided for the results of operations, for the business segments, for the years ended May 31, 1999, 1998 and 1997.

<TABLE>

UNITED STATES OPERATIONS

For the Year Ended May 31,		
1999	1998	1997

<S>	Revenue	<C>	<C>	<C>
	Customs Brokerage	\$ 107,100	\$ 101,834	\$ 94,751
	Ocean Freight Forwarding	107,166	112,176	100,845
	Airfreight Forwarding	195,528	206,515	197,212
	Material Management and Distribution	97,327	87,776	75,822
	Total Revenue	\$ 507,121	\$ 508,301	\$ 468,630
	Net Revenue			
	Customs Brokerage	\$ 107,100	\$ 101,834	\$ 94,751
	Ocean Freight Forwarding	56,022	57,715	55,229
	Airfreight Forwarding	66,930	63,253	57,889
	Material Management and Distribution	76,973	69,565	60,911
	Total Net Revenue	\$ 307,025	\$ 292,367	\$ 268,780
	Operating Expenses	\$ 294,830	\$ 277,856	\$ 267,751
	Income From Operations	\$ 12,195	\$ 14,511	\$ 1,029
	Long-lived Assets	\$ 148,817	\$ 139,800	\$ 142,521

FOREIGN OPERATIONS

For the Year Ended May 31,

	1999	1998	1997
Revenue			
Customs Brokerage	\$ 56,601	\$ 63,221	\$ 57,506
Ocean Freight Forwarding	308,942	263,757	233,856
Airfreight Forwarding	410,998	370,128	333,888
Material Management and Distribution	104,065	94,676	62,890
Total Revenue	\$ 880,606	\$ 791,782	\$ 688,140
Net Revenue			
Customs Brokerage	\$ 56,601	\$ 63,221	\$ 57,506
Ocean Freight Forwarding	70,038	62,782	52,251
Airfreight Forwarding	99,902	95,261	91,444
Material Management and Distribution	44,411	44,634	39,390
Total Net Revenue	\$ 270,952	\$ 265,898	\$ 240,591
Operating Expenses	\$ 258,096	\$ 254,596	\$ 238,762
Income From Operations	\$ 12,856	\$ 11,302	\$ 1,829
Long-lived Assets	\$ 195,957	\$ 191,047	\$ 190,232

</TABLE>

Fiscal Year Ended May 31, 1999 Compared to Fiscal Year Ended May 31, 1998

General:

Revenue increased 6.7% to \$1,387.7 million. Net revenue increased 3.5% to \$578.0 million. Operating expenses increased 3.8%, marginally higher than the net revenue increase. The net gains on currency transactions dropped significantly to \$1.9 million from \$7.3 million in the prior year. This drop was partially offset by a \$0.6 million increase in interest income and a \$0.8 million decrease in interest expense.

United States Operations:

Revenue and Net Revenue: Revenue was flat for the current year but net revenue increased by 5.0%. Operating expenses increased by 6.1%.

Customs brokerage revenue and net revenue increased 5.2%. The increase was largely due to growth in the retail and electronics industries from both new and existing customers. Most of this growth involved goods being shipped from Asia, fueled by the robust American economy. A significant portion of this growth stemmed from our existing client base reflecting a strong client retention rate. Pricing continued to be relatively stable, though slight erosions occurred in our border locations. The number of United States Customs entries filed by the Company increased approximately 1.8% to 2.70 million from 2.65 million in the prior year. Border operations, which account for almost one-fifth of the total entries for the period, continue to reflect double-digit growth rates driven mostly by Canadian imports. Rescoping major accounts contributed to the improvement of margin. In addition, approximately one-half of the customs brokerage processing documentation has been centralized to improve the quality of the product.

Ocean freight forwarding revenue and net revenue decreased 4.5% and 2.9%, respectively. Inbound ocean freight demand remained strong throughout 1999. In addition the Company added a number of new accounts. Ocean freight rates from the Far East, the Company's largest trade lane, increased in the last half of the year. Conversely, ocean export activity was down significantly due to the economic situation in Asia, Latin America and Russia. U.S. export orders and volume were down in all three regions. While ocean outbound NVOCC revenue from the U.S. increased only slightly, net revenue increased by more than 10%. Lack of growth in revenue was a direct reflection of the erosion of ocean container rates in all of the major trade lanes. Growth in net revenue was due to our ability to buy ocean container spaces, either through service contracts, or on the spot market at favorable rate levels.

Airfreight forwarding revenue decreased 5.3%, due to decreased volume to Asia, Europe and Latin America and the strength of the U.S. dollar. However, net revenue increased by 5.8% due to the use of centralized gateways to improve consolidation, cost control, and increased volume purchasing.

Material management and distribution revenue and net revenue increased 10.9% and 10.6%, respectively. The greatest growth was in Seattle, Dallas, Atlanta, Rochester and Los Angeles where new customers and increased volumes drove the increase in revenue. In addition, the growth in revenue and net revenue was due to increased demand from existing integrated logistics customers, expansion of overseas services, expansion of warehouse facilities and the strong United States economy. Rescoping of certain customers led to an increase in revenue and margin.

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Operating Expenses: Operating expenses increased 6.1%. Salaries and related costs increased due to higher labor costs associated with Year 2000 compliance and the Company's new global transportation and financial systems, and higher medical insurance costs. Operating expenses as a percentage of net revenue rose to 96.0% from 95.0% in the prior year. The Company is committed to the reduction of operating expenses through the continuing implementation of its strategic plan, previously discussed, by focusing resources, training personnel, and emphasizing customer satisfaction.

Foreign Operations:

Revenue and Net Revenue: Revenue increased by 11.2% but net revenue increased only 1.9% reflecting the higher costs associated with the imbalance of trade with the U.S. The effect of translation rate changes during the period resulted in a decrease in net revenue during 1999 of approximately \$12.4 million. The resultant growth rate was adversely affected by approximately 4.6 percentage points.

Customs brokerage revenue and net revenue decreased 10.5% reflecting the large reduction in traffic going into the foreign locations from the U.S.

Ocean freight forwarding revenue increased by 17.1% while net revenue increased by 11.6%. The margin decrease reflected the soft European market and the resultant pressure on margins. The Company is focusing on increasing NVOCC business in an attempt to improve margins. Ocean Export revenue, which consists of documentation fees and commissions, was negatively impacted because lower shipping costs produce lower commissions.

Air freight forwarding revenue increased by 11.0% while net revenue increased 4.9%, the pressure on margins again reflecting the soft European markets. The perceived turnaround of the Asian economies in

the third quarter of fiscal 1999 began to improve air margins.

Material management and distribution revenue increased by 9.9%, however net revenue remained at prior year levels. The scheduled opening of our 400,000 plus square foot warehouse in South China in the first quarter of fiscal 2000 should position the Company for further growth in revenue and net revenue for these services.

Operating Expenses: Operating expenses increased 1.4%. Salaries and related costs increased due to higher labor costs associated with Year 2000 compliance and the implementation of the Company's new global transportation and financial systems. Operating expenses as a percentage of net revenue were 95.3% in 1999 and 95.7% in 1998.

Fiscal Year Ended May 31, 1998 Compared to Fiscal Year Ended May 31, 1997

General:

Revenue increased 12.4% to \$1,300.0 million. Net revenue increased 9.6% to \$558.3 million. Operating expenses increased 5.1%, considerably lower than the net revenue increase. The net gains on currency transactions increased by 126% to \$7.3million. This increase, together with higher levels of interest income, was sufficient to offset interest expense which remained unchanged at \$8.2 million.

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United States Operations:

Revenue and Net Revenue: Revenue increased by 8.5% while net revenue increased 8.8%. Operating expenses increased by 3.8%.

Customs brokerage revenue and net revenue increased 7.5%. The number of United States Customs entries filed by the Company increased approximately 20.3% to 2.65 million from 2.20 million in the prior year. The increase in revenue and number of United States Customs entries filed was caused principally by increased Canadian border activity, expansion of business with existing customers, continued NAFTA incentives and increased import activity from Asian countries.

Ocean freight forwarding revenue and net revenue increased 11.2% and 4.5% respectively, due to increased shipping volumes from new and existing customers. During 1998, management continued to expand market share, increased ocean tonnage and increased net ocean freight revenues while offering competitive market rates to customers.

Airfreight forwarding revenue decreased by 4.7% due primarily to decreased exports from the U.S. to Asia, Europe and Latin America and pricing pressures. However, net revenue improved by 9.3% due primarily to cost reductions achieved through the use of gateways and shipment consolidations.

Material management and distribution revenue and net revenue increased 15.8% and 14.2%, respectively. The greatest growth was in the United States where new customers and increased volumes led to growth in revenue in Seattle, Dallas, Atlanta and Rochester. In addition, the growth in revenue and net revenue was due to increased demand from existing integrated logistics customers, expansion of overseas services, expansion of warehouse facilities and the strong United States economy.

Operating Expenses: Operating expenses increased 3.8%, significantly less than the 8.8% growth in net revenue. Salaries and related costs increased due to growth in the number of personnel. Operating expenses as a percentage of net revenue improved to 95.0% from 99.6% in the prior year.

Foreign Operations:

Revenue and Net Revenue: Revenue increased by 15.1% but net revenue increased only 10.5% reflecting the higher costs associated with the imbalance of trade with the U.S. The effect of translation rate changes during the period resulted in a decrease in net revenue during 1998 of approximately \$20.2 million. The resultant growth rate was adversely affected by approximately 7.6 percentage points.

Customs brokerage revenue and net revenue increased 9.9% due to improvement of traffic going into the foreign locations from the U.S.

Ocean freight forwarding revenue increased by 12.8 % while net revenue increased by 20.2%, due to increased shipping volumes from existing and new customers, with additional products being shipped to North America

and Europe. Increased NVOCC shipments helped to improve revenue as well as improving the margin. The trend towards NVOCC business continues at a rapid rate as certain of our customers realize the improved transit times provided by this service.

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Air freight forwarding revenue increased by 10.9% while net revenue increased 4.2%. There was significant erosion in margin, primarily in the Asia-Pacific area due primarily to higher airline costs, which could not be passed on to customers. The increase in revenue came primarily in Hong Kong from both new and existing customers. Europe was another growth area for air freight activity.

Material management and distribution revenue increased 50.5% while net revenue increased by 13.3%. A significant portion of the increased revenue and net revenue resulted from the expansion of cross border trucking operations in Europe. The decrease in margin was due primarily to increased warehousing and transportation operating costs in Europe. New facilities were opened in Holland and Venezuela.

Operating Expenses: Operating expenses increased 6.6%, significantly less than the 10.5% growth in net revenue. Operating expenses as a percentage of net revenue decreased to 95.7% from 99.2% in the prior year.

Liquidity and Capital Resources:

Cash and equivalents were \$50.6 million at May 31, 1999, representing a 6.1% decrease from \$53.9 million at May 31, 1998. Positive operational cash flow of \$57.4 million was used to fund capital expenditures of \$35.7 million resulting in free cash flow of \$21.7 million. Capital expenditures consisted mostly of expenditures for computer hardware and software, leasehold improvements, and warehouse equipment.

The Company paid cash of \$9.0 million relating to acquisitions. These payments consisted of reductions to existing debt totaling \$4.3 million and \$4.7 million for contingency payments to the sellers of previously acquired businesses and to purchase all or part of the remaining minority interest in previously acquired companies.

On March 27, 1998, the Company entered into a \$100 million syndicated multi-currency credit facility (Credit Facility), maturing March 2001. This facility was extended to March 2002 upon its one-year anniversary. Borrowings under this facility are classified as long-term debt. The purpose of the Credit Facility is to provide letters of credit and working capital as required. The Company must comply with certain financial covenants such as: 1) minimum working capital, 2) minimum net worth, 3) maximum leverage ratio, 4) minimum fixed charge coverage ratio, and 5) maximum capital expenditures.

As of May 31, 1999, utilization of the Credit Facility was \$15.2 million, comprised of \$4.5 million of borrowings under the Credit Facility and \$10.7 million for outstanding letters of credit. Therefore, the Company's total available borrowing capacity under the Credit Facility as of May 31, 1999 was approximately \$84.8 million.

The Company makes significant disbursements on behalf of its customers for items such as customs duty and taxes. Billings to customers for these disbursements, which can be several times the amount of the revenue derived from these transactions, are not recorded as revenue and expenses in the Company's income statement. These obligations, which greatly exceed reported revenues, are recorded as amounts due from customers and trade accounts payable.

New Accounting Standards:

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In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company is currently evaluating the impact, if any, of SFAS no. 133 which is effective for all quarters of fiscal years beginning after June 15, 2001.

"Safe Harbor" Statement Under the Private Securities Litigation Reform

In this filing, the Company makes forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our operations, plans, events, expectations or objectives. Also, when any of the words "believes", "expects", "anticipates" or similar expressions are used the Company is making forward-looking statements. Many possible events or factors could affect the future financial results and performance of the Company. Any of these events or factors could cause results or performance to differ materially from those expressed in our forward-looking statements. These possible events or factors include the following:

Year 2000

Many computer systems, including some utilized by the Company, use only two digits to represent the year in date fields. These systems may be unable to accurately process certain data before, during, or after the year 2000. Business and governmental entities are at risk for possible miscalculations or systems failures, possibly causing disruptions in their business operations. This is commonly known as the Year 2000 (Y2K) problem.

The Company is reliant on its internal computer systems and applications, located in numerous countries, to conduct its business as an international freight forwarder, customs broker and logistics provider. The Company is also reliant upon the external system capabilities of third parties, with which the Company has major business relationships.

The key computer systems of the Company are its transportation (ocean freight, airfreight and trucking), customs brokerage, material management, communications, marketing, and financial systems. The Company has established a Y2K program management office to identify and resolve specific Y2K issues and problems. A Y2K inventory, assessment, and plan of action has been completed for all of the Company's global systems. All of the Company's key business systems, with minor exceptions, were Y2K compliant by the end of June 1999. There are several locations including Singapore, Indonesia, and Peru that, for tactical purposes, have deferred completion dates and will be compliant on or before September 30, 1999.

The Company believes its greatest Y2K risk for disruption to its business is the potential noncompliance of third parties. The Company believes these third party risks are an inherent risk to the industry and are not specific to the Company. As a result, the Company has contacted third parties (i.e. vendors, governmental agencies, etc.) around the world with whom the Company has material direct and indirect business relationships. The business partners that have responded to the Company's inquiries indicate that they will be Y2K compliant on a timely basis. The Company successfully completed Year 2000 testing with the U.S. Customs Service. Year 2000 efforts of Customs bureaus in other countries are being monitored and are varying in scope and progress. Despite written assurances, there are no guarantees that the systems of other parties, on which the Company and its competitors rely, will be

compliant. These potential interruptions may have a material adverse effect on the Company's operations.

Total costs to replace or modify the Company's business systems for Y2K are currently estimated to be \$6.1 million. However, there can be no assurance that the costs to replace or modify the Company's business systems will not exceed this estimate. As of May 31, 1999, approximately \$5.5 million had been spent on Y2K efforts. The cost estimates include, but are not limited to, the cost of internal staff and outside consultants who are working on modifying, upgrading and testing systems; the Y2K project management office; new or upgraded software; and various Y2K tools. These costs are being expensed as incurred. The funding of all past and future Y2K expenses has been, or will be paid through internally generated cash flows from operations or borrowed funds. The costs associated with the replacement of the selected international stations' operating and financial systems are not included in the above estimates. The cost of the replacement systems are being capitalized and amortized in accordance with the Company's normal accounting policies as Y2K compliance is an incidental benefit expected from these systems. The primary reasons for installing these replacement systems include productivity gains, improved customer service, improved operating procedures, and controls.

The Company's business may be materially affected if its systems or the

systems of critical third parties are not Y2K compliant by January 1, 2000. The possible consequences of noncompliance include, among other things, the inability to provide services to certain areas of the world, delays in product delivery, invoicing errors, and possible collection difficulties. The Company may be required to shift portions of its daily operations to manual processes and thus face time delays in its operations as well as increased processing costs. In addition, the Company may not be able to provide customers with timely and pertinent information regarding their orders or shipments. This may negatively affect customer relations and potentially lead to the loss of customers. The Company is unable to estimate the potential financial impact of these scenarios. However, the Company believes that its Y2K readiness program, including its contingency plans, should help to reduce material adverse effects that such disruptions may create.

As part of the Company's contingency planning, it has determined that operating in a manual mode, for a limited time, is a workable alternative with the exception of its U.S. customhouse brokerage system. The Company is currently identifying and developing specific contingency plans intended to mitigate the effects of Y2K disruptions. In the event of a Y2K disruption resulting from the Company system or other third party system failure, the Company believes it will be able to provide adequate resources to successfully transition from automated systems processing to manual processing. In addition, the Company will have the ability to engage outside temporary labor. Also, the Company will secure alternate carriers who are Y2K ready in order to continue to provide basic business services.

Currency and Other Risk Factors:

The Company's worldwide operations are transacted in many currencies other than the U.S. dollar. Accordingly, the Company is exposed to inherent risks of international currency markets and governmental regulations. The Company manages these currency exposures through a variety of means such as hedging, conversion of local cash to U.S. dollars, and accelerating and decelerating international payments among the Company's offices and agents. The Company's translation adjustment and foreign exchange losses for fiscal year 1999 increased due to the strengthening of the U.S. dollar relative to certain currencies of Asia, Europe and Latin America. The charge to equity in the currency translation adjustment during 1999 was \$6.1 million while net foreign

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currency gains realized during fiscal year 1999 were approximately \$1.9 million. Devaluation of foreign currencies could adversely impact the financial results of operations in future periods.

The Company's ability to provide service to its customers is highly dependent on good working relationships with a variety of entities such as airlines, steamship carriers and governmental agencies. Changes in space allotments available from carriers, governmental deregulation efforts, regulations governing the Company's products, and/or the international trade and tariff environment could affect the Company's business in unpredictable ways.

The Company routinely commits to purchasing space with carriers for expected volumes based on anticipated future demands. The Company then solicits freight from its customers to fill that committed space. Failure to utilize that space because of a downturn in the economy could have a adverse effect on operating results.

Management believes the Company's business has not been significantly or adversely affected by inflation in the past. Historically, the Company has generally been successful in passing cost increases to its customers by means of price increases. However, competitive marketplace conditions could impede the Company's ability to pass on future cost increases to customers and could erode the Company's operating margins.

Additional risks and uncertainties include:

- (i) The Company's ability to continue its program to improve operating results and cash flows,
- (ii) Dependence of the Company on international trade resulting from favorable worldwide economic conditions,
- (iii) Dependence of the Company on continued services of key executives and managers,
- (iv) Risks associated with the Company's acquisition strategy, including:
 - (a) Diversion of management's attention to assimilation of operations and personnel of acquired companies,

- (b) Potential adverse short-term effects of acquisitions on the Company's operating results, and
- (c) Integration of financial reporting systems and acquired assets.
- (v) The possible inability of the Company's information systems to keep pace with the increasing complexity and growth of the Company's business and Y2K issues,
- (vi) The increasing level of investment required by the transition of the Company from prior predominance of customs brokerage revenue to an increasing emphasis on integrated logistics and providing a full range of international transportation and supply chain management services,
- (vii) Other risks disclosed elsewhere in this Form 10-K or in the Company's other filings with the Securities and Exchange Commission.

The Company is continuing its comprehensive review of its pricing structure of its various services and customer credit terms. The Company is also continuing to review its expenses to improve the quality and efficiencies of the Company's processes.

Item 7a- Quantitative and Qualitative Market Risk Disclosure

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The Company is exposed to market risks in the ordinary course of business. These risks relate primarily to fluctuations in foreign currency exchange rates and short term interest rates. Financial derivatives are employed to manage these risks in certain countries under certain circumstances. Under no circumstances are financial derivatives utilized for trading or speculative purposes.

Foreign Exchange Sensitivity

The Company maintains worldwide operations and transacts business in many currencies other than the U.S. dollar. Because the Company's foreign subsidiaries are typically local-currency functional entities, the Company is exposed to transactional and translational gains and losses as relative currency values fluctuate. As a result, the Company's consolidated cash flow and net income are subject to variations due to changes in exchange rates.

The Company manages its currency risks through a variety of means, such as employing financial derivatives, converting local cash to U.S. dollars, and accelerating and decelerating payments among the Company's offices and agents. Financial derivatives typically take the form of forward foreign exchange contracts, though options are occasionally purchased to hedge certain transactions. As of May 31, 1999, the Company had forward contracts outstanding of \$1.5 million equivalent value and had no option contracts. A 10% change in value of the U.S. dollar relative to the underlying currency of these forward contracts would have an immaterial effect on the Company's earnings.

The Company's earnings are sensitive to changes in foreign exchange rates due to the revaluation of monetary assets and liabilities. These balance sheet items, denominated in non-functional currency include cash, accounts receivable, accounts payable and debt. The table below provides the U.S. dollar equivalent of these balances summarized as assets and liabilities and shows the sensitivity of the net exposure to a 10% change in value of the functional currency relative to the non-functional currency.

(\$ amounts in millions)

<TABLE>

Non-Functional Currency	Cash & A/R	A/P & Debt	Net Exposure	Gain / (Loss) if Functional Currency	
				Appreciates 10%	Depreciates 10%
<S>	<C>	<C>	<C>	<C>	<C>
U.S. Dollar	94.7	(52.3)	42.4	(4.2)	4.2
Chinese Renminbi	12.4	(7.9)	4.5	(0.5)	0.5
U.K. Pound	1.1	(9.2)	(8.1)	0.8	(0.8)
German Mark	1.2	(6.2)	(5.0)	0.5	(0.5)
Belgian Franc	0.5	(3.7)	(3.2)	0.3	(0.3)

Japanese Yen	0.1	(1.9)	(1.8)	0.2	(0.2)
French Franc	1.0	(2.8)	(1.8)	0.2	(0.2)
Finnish Mark	0.0	(1.8)	(1.8)	0.2	(0.2)
Other	6.1	(10.7)	(4.6)	0.5	(0.5)

</TABLE>

Interest Rate Sensitivity

The Company's exposure to interest rate risk relates primarily to its cash and short-term investments and its debt obligations. The Company

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currently does not employ any financial derivatives to manage the risk associated with its cash investments. It does however, currently employ a swap to convert a portion of its variable rate debt to a fixed rate.

At May 31, 1999 the Company had \$50.6 million of cash and cash equivalents, subject to variable, short-term interest rates. On the same date, the Company had debt obligations of \$93.9 million, of which \$8.6 million was subject to variable, short-term interest rate risk. In addition, the Company had \$13.7 million of off-balance sheet transactions which were subject to variable interest rate risk. The net exposure of the Company to variable, short-term interest rate risk is therefore \$28.3 million. A hypothetical increase or decrease in variable, short-term interest rates of 1% would have an immaterial effect on the Company's earnings.

Item 8 - Financial Statements and Supplementary Data

The information required by this item is set forth at the pages indicated in Item 14(a) of this Annual Report.

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10 - Directors and Executive Officers of the Registrant

The information required by this item is incorporated herein by reference from the sections entitled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" of the Company's definitive proxy statement to be filed with the Securities and Exchange Commission no later than 120 days after the Company's year end and to be delivered by the Company to its shareholders in conjunction with the 1999 Annual Meeting of Shareholders. See also Item 1 above.

Item 11 - Executive Compensation

The information required by this item is incorporated herein by reference from the sections entitled "Compensation of Executive Officers," "Options Granted to Executive Officers" and "Employment Agreements" of the Company's definitive proxy statement to be filed with the Securities and Exchange Commission no later than 120 days after the Company's year end and to be delivered by the Company to its shareholders in conjunction with the 1999 Annual Meeting of Shareholders.

Item 12 - Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated herein by reference from the section entitled "Ownership of Management and Principal Stockholders" of the Company's definitive proxy statement to be filed with the Securities and Exchange Commission no later than 120

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days after the Company's year end and to be delivered by the Company to its shareholders in conjunction with the 1999 Annual Meeting of

Shareholders.

Item 13 - Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference from the section entitled "Transactions with the Company" of the Company's definitive proxy statement to be filed with the Securities and Exchange Commission no later than 120 days after the Company's year end and to be delivered by the Company to its shareholders in conjunction with the 1999 Annual Meeting of Shareholders.

PART IV

Item 14-Exhibits, Financial Statement Schedules and Reports on Form 8-K

- (a) The following documents are filed as part of this report on Form 10-K:
(1) Consolidated Financial Statements of the Company:
Consolidated Balance Sheets F-1
Consolidated Statements of Operations F-2
Consolidated Statements of Stockholders' Equity And Comprehensive Income F-3
Consolidated Statements of Cash Flows F-4
Notes to Consolidated Financial Statements F-5
Independent Auditors' Report F-19
(2) Financial Statement Schedules:
Schedule II - Valuation and Qualifying Accounts F-20
All other schedules are omitted by absence of conditions under which they would be required or because the required information is included in the consolidated financial statements or notes thereto.
(3) Exhibits:
See attached Exhibit Index F-21
(b) The Company filed the following reports on Form 8-K from March 1, 1999 through the date hereof in 1999.
None.

Signatures

Pursuant to requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 22, 1999

FRITZ COMPANIES, INC.

By /s/ Lynn C. Fritz
Lynn C. Fritz
Chairman of the Board

<TABLE>

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on July 22, 1999 by the following persons on behalf of the registrant and in the capacities indicated.

Table with 3 columns: Signature, Title, Date. Row 1: /s/ Lynn C. Fritz, Chairman of the Board and Chief Executive Officer (Principal Executive Officer), July 22, 1999. Row 2: /s/ Raymond L. Smith, Chief Operating Officer, July 22, 1999.

Raymond L. Smith

/s/ Dennis L. Pelino
Dennis L. Pelino

President and Director

July 22, 1999

/s/ Ronald F. Dutt
Ronald F. Dutt

Executive Vice President and
Chief Financial Officer and
Principal Financial Officer

July 22, 1999

/s/ Janice J. Washburn
Janice J. Washburn

Controller and
Principal Accounting Officer

July 22, 1999

/s/ James E. Gilleran
James E. Gilleran

Director

July 22, 1999

/s/ Preston Martin
Preston Martin

Director

July 22, 1999

/s/ Paul Otellini
Paul Otellini

Director

July 22, 1999

/s/ William J. Razzouk
William J. Razzouk

Director

July 22, 1999

</TABLE>

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FRITZ COMPANIES, INC.

FORM 10-K

<TABLE>

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	May 31, 1999	May 31, 1998
	-----	-----
ASSETS		
CURRENT ASSETS:		
<S> Cash and equivalents	<C> \$ 50,599	<C> \$ 53,935
Accounts receivable, net of allowance for doubtful accounts of \$20,466 in 1999 and \$23,232 in 1998	396,640	406,381
Deferred income taxes	16,461	16,978
Prepays and other current assets	17,860	23,142
	-----	-----
Total current assets	481,560	500,436
	-----	-----
PROPERTY AND EQUIPMENT - NET	103,535	92,049
	-----	-----
OTHER ASSETS:		
Intangibles, net of accumulated amortization of \$21,362 in 1999 and \$16,866 in 1998	112,666	112,965
Deferred income taxes	13,395	3,399
Other assets	15,752	11,964
	-----	-----
Total other assets	141,813	128,328
	-----	-----
TOTAL ASSETS	\$ 726,908	\$ 720,813
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term obligations and short-term borrowings	\$ 4,333	\$ 4,764
Accounts payable	255,706	266,863
Accrued liabilities	87,562	74,880
Income tax payable	15,348	12,394
	-----	-----
Total current liabilities	362,949	358,901
	-----	-----
LONG-TERM OBLIGATIONS	89,606	101,346
OTHER LIABILITIES	10,271	10,238

TOTAL LIABILITIES	462,826	470,485
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock: par value \$.01 per share; 60,000 shares authorized, 36,420 shares issued and outstanding, (35,896 shares issued and outstanding in 1998)	364	359
Additional paid-in capital	138,369	131,797
Treasury stock - at cost	(174)	---
Retained earnings	144,437	130,985
Accumulated other comprehensive loss	(18,914)	(12,813)
Total stockholders' equity	264,082	250,328
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 726,908	\$ 720,813

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended May 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
REVENUE	\$ 1,387,727	\$ 1,300,083	\$ 1,156,770
FREIGHT CONSOLIDATION COSTS	809,750	741,818	647,399
NET REVENUE	577,977	558,265	509,371
OPERATING EXPENSES			
Salaries and related costs	342,211	326,025	302,555
General and administrative	210,715	206,427	203,958
Total operating expenses	552,926	532,452	506,513
INCOME FROM OPERATIONS	25,051	25,813	2,858
OTHER INCOME (EXPENSE)	(5,268)	789	(2,384)
INCOME BEFORE INCOME TAX EXPENSE	19,783	26,602	474
INCOME TAX EXPENSE	6,331	8,512	166
NET INCOME	\$ 13,452	\$ 18,090	\$ 308
Weighted average shares outstanding - Basic	36,203	35,744	35,128
Net Income per share - Basic	\$.37	\$.51	\$.01
Weighted average shares outstanding - Diluted	36,290	36,128	35,473

Net Income per share - Diluted

\$.37 \$.50 \$.01
 =====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
 (In Thousands)

	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Loss	Total Stockholders' Equity
					Shares	Amount		
<S> <C> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, May 31, 1996	34,898	\$ 349	\$ 118,485	\$ 112,587	0	\$ 0	\$ (674)	\$ 230,747
Net income				308				308
Foreign currency translation adjustment							(2,304)	(2,304)
Comprehensive loss								(1,996)
Common stock issued in acquisition of companies	215	2	350					352
Stock grants and option exercised	292	3	5,158					5,161
Employee Stock Purchase Plan	40		431					431
Balance, May 31, 1997	35,445	\$ 354	\$ 124,424	\$ 112,895	0	\$ 0	\$ (2,978)	\$ 234,695
Net income				18,090				18,090
Foreign currency translation adjustment							(9,835)	(9,835)
Comprehensive income								8,255
Common stock issued in acquisition of companies	161	2	2,155					2,157
Stock grants and options exercised	251	3	4,796					4,799
Employee stock purchase plan	39		422					422
Balance, May 31, 1998	35,896	\$ 359	\$ 131,797	\$ 130,985	0	\$ 0	\$ (12,813)	\$ 250,328
Net income				13,452				13,452
Foreign currency translation adjustment							(6,101)	(6,101)
Comprehensive income								7,351
Common stock issued in acquisition of companies	90	1	699					700
Stock grants and options exercised	388	4	5,484					5,488
Employee stock purchase plan	46		389					389

Treasury stock purchases					(27)		(174)		(174)
Balance, May 31, 1999	36,420	\$ 364	\$ 138,369	\$ 144,437	(27)	\$	(174)	\$	(18,914) \$ 264,082

</TABLE>

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>

	Year Ended May 31,		
	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
<S> Net income	<C> \$ 13,452	<C> \$ 18,090	<C> \$ 308
Adjustments to reconcile net income to net cash			
Provided by (used in) operating activities:			
Depreciation and amortization	27,508	26,385	24,600
Deferred income taxes	(9,479)	(6,358)	(5,005)
Stock compensation	1,922	4,412	2,299
Other	485	(1,073)	(1,559)
Effect of changes in:			
Receivables, net	9,741	14,253	(15,314)
Prepays and other current assets	5,282	4,954	391
Payables and accrued liabilities	8,441	(5,605)	(36,231)
Net cash provided by (used in) operating activities	57,352	55,058	(30,511)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(35,749)	(21,797)	(42,481)
Acquisitions, net of cash acquired	(4,701)	(6,621)	(12,237)
Payment of acquisition related debt	(4,313)	(8,758)	(11,873)
Purchase of treasury stock	(174)	---	---
Proceeds from sale of fixed assets	3,802	3,485	33,747
Acquisition of long term lease	(5,160)	---	---
Other	(717)	(2,806)	(1,093)
Net cash used in investing activities	(47,012)	(36,497)	(33,937)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in short-term borrowings	---	(11,991)	22,833
Proceeds from issuance of long-term obligations	1,180	11,695	8,016
Payments of debt	(9,197)	(4,378)	(11,513)
Proceeds from stock options exercised	925	389	5,161
Employee stock purchases	388	422	431
Other	---	(303)	(1,269)
Net cash (used in) provided by financing activities	(6,704)	(4,166)	23,659
Foreign currency translation effect on cash	(6,972)	(3,828)	(2,304)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(3,336)	10,567	(43,093)

CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	\$	53,935	43,368	86,461
CASH AND EQUIVALENTS AT END OF PERIOD	\$	50,599	53,935	43,368
OTHER CASH FLOW INFORMATION:				
Income taxes paid	\$	13,940	9,640	8,185
Interest paid	\$	7,222	8,471	8,622
Noncash investing and financing activities in connection with acquisitions:				
Receivables assumed	\$	----	(6,084)	----
Payables and accrued liabilities assumed		----	6,557	2,189
Capital stock issued	\$	700	2,155	350
Other		----	(2,628)	----

</TABLE>

See accompanying notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)

Note 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The consolidated financial statements include the accounts of Fritz Companies, Inc. (the Company) and all significant domestic and international companies wherein the Company has more than a 50% equity ownership or otherwise exercises control. The Company's interest in 20% to 50% owned companies are recorded on the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform with the current year's financial statement presentation.

The Company's consolidated financial statements reflect certain estimates and assumptions which affect amounts reported and disclosed in these financial statements and related notes in accordance with generally accepted accounting principles. Actual results could differ from those estimates.

Cash and Equivalents Cash and equivalents include demand deposits and short-term investments with original maturities of three months or less.

Property and Equipment: Property and equipment are stated at cost. Depreciation and amortization are determined using the straight-line method for the estimated useful lives of assets as follows:

Buildings	40	years
Furniture and equipment	5 - 10	years
Computer hardware and software	3 - 5	years

Leasehold improvements are amortized over their estimated useful lives or terms of the related lease, whichever is shorter. Certain costs related to internally developed software are capitalized and amortized on a straight-line basis over their expected useful life (not to exceed five years), commencing when the asset is placed in service.

Maintenance and repair expenditures are charged to expense when incurred.

Intangibles: Intangibles, including goodwill and covenants-not-to-compete, result from business acquisitions. Amortization is determined using the straight-line method over the estimated useful lives of the intangible assets as follows:

Goodwill	40	years
----------	----	-------

Net intangibles as of May 31, 1999 include goodwill of \$112,453 and covenants-not-to-compete of \$213.

Long-lived assets, including goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-term assets is measured by a comparison of the carrying amount of such

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assets against the undiscounted future cash flows expected to be generated by the assets. If such assets are determined to be impaired, the impairment to be recognized is measured by the amount by which the assets' carrying amounts exceed the assets' discounted future cash flows.

Foreign Currency Translation Adjustment: Foreign assets and liabilities have been translated at year-end exchange rates and related revenues and expenses have been translated at average rates of exchange in effect during the year. The impact of exchange rate changes is shown as "Accumulated Other Comprehensive Income" in stockholders' equity. Transaction gains and losses from foreign exchange transactions are included in results of operations.

Comprehensive Income Effective June 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," which establishes standards for the reporting of comprehensive income and its components in financial statements. Comprehensive income consists of net income and other gains and losses affecting shareholders' equity that, under generally accepted accounting principles, are excluded from net income. For the Company, the components of comprehensive income consist of net income and foreign currency translation gains and losses.

During the years ended May 31, 1999 and 1998, the Company maintained its policy to reinvest the earnings of the non-United States subsidiaries as a long-term commitment. Accordingly, the "foreign currency translation adjustments" have not been adjusted for United States taxes.

Off-Balance Sheet Risk and Concentration of Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk are principally represented by temporary cash investments and accounts receivable. The Company places its temporary cash investments with financial institutions to limit its risk of loss.

The Company's customer base is representative of a wide range of industries and includes customers located throughout the world. The Company had no significant concentration of credit risk as of May 31, 1999 or 1998. See Notes 3 and 8 of Notes to Consolidated Financial Statements for discussion of the Company's off-balance sheet risks.

Revenue Recognition: Revenues and expenses related to the transportation of freight are recognized at the time the freight departs the terminal of origin. This method approximates recognizing revenues and expenses when the shipment is completed. Customs brokerage revenues are recognized upon completing documents necessary for customs entry purposes. Material management and distribution revenue is recognized upon execution of the service provided.

Revenue realized by the Company as an indirect carrier includes the direct carrier's charges to the Company for transporting the shipment. Revenue realized in other capacities includes only the commissions and fees charged for applicable services rendered.

Net Revenue for air and ocean freight forwarding and consolidation of surface transportation as an indirect carrier is determined by deducting freight consolidation and transportation costs from such revenue.

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<TABLE>

Net Income Per Share: The Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share," effective December 1, 1997. Basic and diluted earnings per share are presented below:

	Year Ended May 31,		
	1999	1998	1997
Basic:			
<S> Net income	<C> \$ 13,452	<C> \$ 18,090	<C> \$ 308
Weighted-average number of common shares outstanding	36,203	35,744	35,128
Basic earnings per common share	\$ 0.37	\$ 0.51	\$ 0.01
Diluted:			
Net income	\$ 13,452	\$ 18,090	\$ 308
Shares:			
Weighted-average number of common shares outstanding	36,203	35,744	35,128
Potentially dilutive common shares	87	384	345
Total shares	36,290	36,128	35,473
Diluted earnings per common share	\$ 0.37	\$ 0.50	\$ 0.01

</TABLE>

Options with an exercise price greater than the average market price of common shares were not included in the computation of diluted earnings per share, as they were anti-dilutive.

Income Taxes: The Company uses the asset and liability method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of differences between book and tax bases of various balance sheet assets and liabilities and gives current recognition to the effect of any change in tax rates and laws.

Stock Options: The Company accounts for its stock compensation plans using the intrinsic method as allowed under SFAS No. 123; therefore, costs are reflected in the consolidated statements of operations only when stock options are granted at less than 90% of fair value at date of grant. The Company realizes an income tax benefit from the exercise or early disposition of certain stock options. This benefit reduces current income taxes payable and increases additional paid in capital. See Note 10 of Notes to Consolidated Financial Statements.

Note 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	May 31,	
	1999	1998
<S> Land	<C> \$ 950	<C> \$ 1,006
Building and leasehold improvements	40,479	40,018
Furniture and equipment	72,836	61,637
Computer hardware and software	82,414	65,103
Software development in progress	3,482	3,488
Total	200,161	171,252
Less accumulated depreciation and amortization	(96,626)	(79,203)
Total	\$ 103,535	\$ 92,049

</TABLE>

Depreciation and amortization of property and equipment amounted to \$22,611 in 1999, \$21,125 in 1998, and \$19,639 in 1997. Software development in progress includes external costs incurred to develop software which has not been completed as of balance sheet date. During the years ended May 31, 1999 and 1998, \$444 and \$1,495, respectively,

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represented software development costs completed and transferred to "Computer hardware and software."

Note 3: OBLIGATIONS AND BORROWINGS

Short-term borrowings and long-term obligations consist of the following:

<TABLE>

	May 31,	
	1999	1998
Long-term obligations:		
6.43% Senior Notes due on April 15, 2003, interest payable semi-annually	\$ 75,000	\$ 75,000
Bank credit agreement providing a \$100 million credit facility maturing March 27, 2002 with interest at LIBOR (6.3% as of May 31, 1999) plus 0.325% to 0.750% as determined by fixed charge coverage ratio .	4,500	10,000
Installment obligations related to acquisitions, non-interest bearing, due 1999 - 2002 (less unamortized discount based on imputed interest rate of 7.0% - approximately \$117 and \$229 in 1999 and 1998, respectively)	3,888	6,678
Term note, paid during 1999	---	1,851
Term note payable to a bank dated June 18, 1997, bearing interest at SIBOR (6.4% as of May 31, 1999) plus a margin ranging from 0.5% to 0.7% with seven quarterly payments of \$250 beginning the 40th month from date of the agreement and remaining balance outstanding due at the end of the 60th month	7,245	8,294
Other obligations	3,306	4,287
Total long-term obligations	93,939	106,110
Less current portion	(4,333)	(4,764)
Net long-term obligations	\$ 89,606	\$ 101,346

</TABLE>

At May 31, 1999, the Company's aggregate maturing long-term obligations and short-term borrowings for the years 2000 through 2004 were \$4,333; \$2,765; \$5,376; \$81,372 and \$93, respectively and none thereafter. The carrying value of the Company's long-term obligations approximates their fair value.

On March 27, 1998, the Company entered into a \$100 million syndicated multi-currency credit facility (Credit Facility), maturing March 2001. In March 1999, this facility was extended to expire in March 2002. The purpose of the Credit Facility is to provide letters of credit and working capital not covered by internally generated funds. The Company must maintain compliance with certain financial covenants such as: 1) minimum working capital, 2) minimum net worth, 3) maximum leverage ratio, 4) minimum fixed charge coverage ratio, and 5) maximum capital expenditures. As of May 31, 1999, the balance outstanding under the Credit Facility was \$4.5 million and the weighted average floating interest rate as of that date was 5.8%. At May 31, 1999, the Company was contingently liable for letters of credit of \$10.7 million which reduces the Company's borrowing capacity under the current credit facility. The Company had \$15.5 million in similar letters of credit outstanding at May 31, 1998 under the Company's credit facility then in effect.

The Company is required to comply with various financial covenants such

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as leverage, fixed charge coverage and current ratios within its other credit agreements, many of which include cross default provisions tied to the Credit Facility.

Information regarding the Company's activity in the Credit Facility is as follows:

<TABLE>

For the Year Ended May 31,

	1999		1998		1997	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Maximum amount outstanding during period	\$	25,500	\$	41,000	\$	55,120
Average amount outstanding during period	\$	7,316	\$	20,184	\$	29,669
Weighted average interest rate during period		6.0%		6.7%		5.8%

</TABLE>

Note 4 - INCOME TAXES

The current and deferred components of income tax expense (benefit) are as follows:

<TABLE>

		For the Year Ended May 31,			
		1999	1998	1997	
<S>	Current	<C>	<C>	<C>	
	Federal	\$	2,022	\$	(5,674)
	State		2,334		(338)
	Foreign		10,514		11,183
	Total current		14,870		5,171
	Deferred				
	Federal	(9,231)	(4,237)	(5,446)	
	State	(1,438)	(2,662)	(363)	
	Foreign	1,190	541	804	
	Total deferred	(9,479)	(6,358)	(5,005)	
	Total	\$	8,512	\$	166

</TABLE>

Sources of income (loss) before income taxes are as follows:

<TABLE>

		For the Year Ended May 31,			
		1999	1998	1997	
<S>	United States	\$	(7,944)	\$	(33,768)
	Foreign		34,546		34,242
	Total	\$	26,602	\$	474

</TABLE>

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The following provides a reconciliation of the statutory federal income tax rate and provision to the effective income tax rate and provision:

<TABLE>

		For the Year Ended May 31,					
		1999	%	1998	%	1997	%
<S>	Statutory federal income tax expense	\$	6,924	\$	9,311	\$	166
	Increases (decreases) resulted from:		35.0		35.0		35.0

Difference between foreign tax rate and federal rate	60	0.3	(1,147)	(4.3)	(540)	(113.9)
State taxes benefit, net of federal income tax effect	(1,516)	(7.7)	(328)	(1.2)	(159)	(33.5)
Amortization of Goodwill (Non-Section 338)	309	1.6	280	1.1	275	58.1
Meals and Entertainment	219	1.1	197	0.7	273	57.4
Others	335	1.7	199	0.7	151	31.9
	-----	-----	-----	-----	-----	-----
Total	\$ 6,331	32.0	\$ 8,512	32.0	\$ 166	35.0
	=====	=====	=====	=====	=====	=====

</TABLE>

The significant components of net deferred income tax assets are as follows:

<TABLE>

	May31,	
	1999	1998
	-----	-----
Deferred income tax assets:		
Current:	<C>	<C>
Compensated absences	2,361	1,913
Net operating loss carryforward	----	1,721
Foreign tax credits and other tax credits	2,201	2,511
Capital loss carryforward	595	600
Allowance for doubtful accounts	6,354	7,186
Write-off of duplicate information systems and facilities	53	308
Other reserves and accruals	5,841	3,983
	-----	-----
Subtotal	17,405	18,222
Less: valuation allowance	(944)	(1,244)
	-----	-----
Total current deferred income tax assets	16,461	16,978
	-----	-----
Noncurrent:		
Net operating loss carryforward	9,735	----
Deferred compensation	2,866	2,117
Other reserves and accruals	3,143	2,867
	-----	-----
Subtotal	15,744	4,984
	-----	-----
Total deferred income tax assets	32,205	21,962
	-----	-----
Deferred noncurrent income tax liabilities:		
Depreciation and amortization	(1,234)	(1,585)
Other deferred tax liabilities	(1,115)	----
	-----	-----
Subtotal	(2,349)	(1,585)
	-----	-----
Net deferred income tax assets	29,856	20,377
	=====	=====

</TABLE>

The valuation allowance for current deferred income tax assets as of May 31, 1999 and 1998, results from capital loss carryforwards and foreign tax credits. The Company has evaluated the long-term deferred tax assets and determined no valuation allowance is required as management believes it is more likely than not the long-term deferred income tax assets will be realized in the future.

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During the years ended May 31, 1999, 1998 and 1997, the Company maintained its policy to reinvest the earnings of the non-United States subsidiaries as a long-term commitment. Accordingly, the "Accumulated other comprehensive income" included in the equity section of the balance sheets have not been adjusted for the effect of U.S. taxes. Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$197 million at May 31, 1999. Additional United States income taxes may be due upon remittance of those earnings (net of foreign tax). If all earnings were distributed, approximately \$32 million would be payable at May 31, 1999.

Note 5 - RELATED PARTY TRANSACTIONS

The Company has previously leased office space from the Company's Chairman and Chief Executive Officer (the Chairman). The Company did not rent any property from the Chairman during the current year; however, rental expense applicable to previous leases was \$263 for the year ended May 31, 1997. No leases with the Chairman were in effect as of May 31, 1998 or May 31, 1999.

In connection with the Company's U.S. customs brokerage operations, customers are required to obtain surety bonds. The Company places such customs bonds with Intercargo Corporation (Intercargo) and other underwriters of customs bonds. The Chairman owned approximately 3.1% of the outstanding common stock of Intercargo in prior years. As of May 31, 1999 all Intercargo shares owned by the Chairman have been sold. In 1999, 1998 and 1997 the Company placed approximately \$4,558; \$4,343; and \$4,400, respectively, of insurance business with Intercargo and received approximately \$573; \$589; \$373, respectively, in insurance commissions and fees from Intercargo. The Company believes the amounts paid and received are substantially the same as the Company would have incurred and realized from other third parties.

The Company paid premiums until 1992 on life insurance policies on the Chairman though the Company is not the beneficiary. Such cumulative premium payments, which approximate surrender value, of \$1,400 at May 31, 1999 and 1998, are included in other assets. The premiums will be refunded by the beneficiary upon death of the insured or cancellation of the policies, whichever comes first. The Company has no future obligation to pay premiums on these policies.

Note 6 - COMMITMENTS

The Company leases office and warehouse space and computer and other office equipment from third parties, including certain operating leases financed by special purpose entities, under operating leases expiring through 2013. Minimum future rental payments by the Company as of May 31, 1999 are as follows:

<TABLE>

	Rental Payments	Sublease Income	Net Rental Payments
Year ending May 31,	-----	-----	-----
<S> <C>	<C>	<C>	<C>
2000	40,011	1,211	38,800
2001	30,433	812	29,621
2002	20,408	286	20,122
2003	16,504	226	16,278
2004	13,268	173	13,095
2005 and thereafter	45,194	130	45,064
	-----	-----	-----
Total	165,818	2,838	162,980
	=====	=====	=====

</TABLE>

Net rental expense from these leases was as follows:

<TABLE>

	For the Year Ended May 31,		
	1999	1998	1997
	-----	-----	-----
<S> <C>	<C>	<C>	<C>
Gross lease expense	59,226	\$ 54,453	\$ 42,834
Less sublease rental income	(4,083)	(2,603)	(2,336)
	-----	-----	-----
Net rental expense	55,143	\$ 51,850	\$ 40,498
	=====	=====	=====

</TABLE>

Note 7 - ACQUISITIONS

Purchases:

In 1999, the Company acquired the remaining interests in five freight forwarding companies and one third of the remaining interest in another for \$2,593 in cash and \$74 in debt. Intangible assets of \$1,307 were recorded in connection with the acquisitions.

In 1998, the Company acquired the equity interest of a freight forwarding company for an aggregate purchase price of approximately \$1,552 through the issuance of 120 shares of the Company's stock. The acquired company included current assets of approximately \$6,413; fixed assets of approximately \$342; and assumed liabilities, which are primarily current in nature, of approximately \$6,659. An intangible asset of approximately \$526 was recorded in connection with the acquisition.

In 1997, the Company acquired assets and remaining interests in several freight forwarding companies for an aggregate purchase price of approximately \$10,000 consisting of cash of \$8,600 and payable obligations of \$1,400. Relative to total 1997 acquisitions, the Company acquired current assets of approximately \$2,300; fixed assets of approximately \$1,300 and assumed liabilities, which are primarily current in nature, of approximately \$2,200. Intangible assets of approximately \$8,200 were recorded in connection with those acquisitions which are amortized on a straight-line basis. The remainder was recorded to eliminate the Company's minority interest payable.

The Company entered into certain acquisition agreements which have provisions regarding contingent future payments. As of May 31, 1999, approximately \$1,588 of such future contingent payments exist which have not been recorded by the Company and are dependent upon full achievement of specified net revenue or pretax income levels.

Intangible assets, including goodwill and covenants not to compete, totaling approximately \$4,130 and \$2,936 were recorded in 1999 and 1998, respectively, in connection with current and previous acquisitions. Cash payments made during 1999 of \$6,421 represent payments to reduce acquisition debt payable and payments related to contingent purchase price. Amortization expense for intangible assets was approximately \$4,331, \$4,474 and \$4,700 in 1999, 1998, and 1997, respectively.

The purchase method of accounting was used for all acquisitions made in fiscal years presented herein. The operations of acquired companies are reflected in the Company's consolidated financial statements from their respective dates of acquisition.

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Note 8 - CONTINGENCIES

The Company is party to routine litigation incident to its business, primarily claims for goods lost or damaged in transit or improperly shipped. Most of the lawsuits in which the Company is the defendant are covered by insurance and are being defended by the Company's insurance carriers.

In 1996, a total of six complaints were filed (three in federal court and three in state court of California) against the Company and certain of its then officers and directors, purporting to be brought on behalf of a class of purchasers or holders of the Company's stock between August 28, 1995 and July 23, 1996. The complaints allege various violations of Federal Securities law and California Corporate Securities law in connection with prior disclosures made by the Company and seek unspecified damages.

The three class action suits filed against the Company in state court were dismissed with prejudice by the Superior Court of California for the County of San Francisco on grounds the claims asserted under the California Corporate Securities law and common law fraud were not legally tenable. One of the dismissals was reversed on appeal, permitting the plaintiff to file an amended complaint. That amended complaint was dismissed with leave to amend. A further amended complaint was filed and was dismissed without leave to amend. That dismissal is on appeal.

The three class action suits filed against the Company in federal court were consolidated into one suit which was dismissed with prejudice, finding that plaintiffs had not alleged any statement that was false and misleading in violation of the federal securities laws. Plaintiffs have filed an appeal with the Ninth Circuit Court of Appeals. That appeal is pending.

The Company is unable to predict the ultimate outcome of these suits and it is possible the outcome could have a significant adverse impact on the Company's future consolidated results of operations. However, the Company believes the ultimate outcome of these matters will not have a significant adverse impact on the Company's consolidated financial position.

Note 9 - SEGMENT DISCLOSURE AND GEOGRAPHIC AREA INFORMATION

The Company operates in the international freight forwarding industry, which encompasses customs brokerage, airfreight and ocean freight forwarding, and material management and distribution. No single customer accounted for ten percent or more of consolidated revenue.

The Company manages its operations in two segments, United States and Foreign. The Company's Chief Operating Officer reviews operating results and creates operating plans based on these two segments. The Company's two key operations executives represent these segments. Bonuses and other incentives are distributed based on the segment results.

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Certain information regarding the Company's principal logistics services and operations by geographic areas is summarized below:

<TABLE>

		Year Ended May 31,		
		1999	1998	1997
Net Revenue:				
<S>		<C>	<C>	<C>
	Customs Brokerage	\$ 163,701	\$ 165,055	\$ 152,257
	Ocean Freight Forwarding	126,060	120,497	107,480
	Airfreight Forwarding	166,832	158,514	149,333
	Material Management & Distribution	121,384	114,199	100,301
	Total Net Revenue	\$ 577,977	\$ 558,265	\$ 509,371
Net Revenue				
	United States	\$ 307,025	\$ 292,367	\$ 268,780
	Canada	45,349	42,939	38,048
	Other North America	2,103	1,985	1,774
	Europe	96,755	96,157	87,957
	China	37,071	34,431	35,018
	Singapore	10,199	10,888	11,015
	Other Asia	38,579	39,282	36,150
	Latin America	40,896	40,216	30,629
	Total Foreign	270,952	265,898	240,591
	Total Net Revenue	\$ 577,977	\$ 558,265	\$ 509,371
Income From Operations				
	United States	\$ 12,195	\$ 14,511	\$ 1,029
	Canada	1,180	(489)	9
	Other North America	17	376	440
	Europe	562	5,028	826
	China	8,007	4,436	6,424
	Singapore	1,349	617	(56)
	Other Asia	2,582	2,835	146
	Latin America	(841)	(1,501)	(5,960)
	Total Foreign	12,856	11,302	1,829

Total Income from Operations	\$	25,051	\$	25,813	\$	2,858
Long-lived Assets						
United States		148,817	\$	139,800	\$	142,521
Canada		36,997		39,112		37,211
Other North America		575		695		762
Europe		48,340		49,116		49,156
China		68,883		59,520		61,829
Singapore		14,240		14,505		17,342
Other Asia		6,416		5,621		6,581
Latin America		20,506		22,478		17,351
Total Foreign		195,957		191,047		190,232
Total Long-lived Assets	\$	344,774	\$	330,847	\$	332,753

</TABLE>

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Note 10 COMMON STOCK (In thousands, except share and per share amounts)

In October 1992, the Company established the 1992 Omnibus Equity Incentive Plan ("1992 Plan"), pursuant to which an aggregate of 1,520,000 shares of common stock was reserved for issuance to key employees of the Company. The 1992 Plan was amended to increase the number of shares of common stock available for award by an additional 1,520,000 shares in May 1994, 1,500,000 shares in October 1996 and 1,500,000 shares in September 1998. The 1992 Plan permits awards of non-qualified stock options and incentive stock options within the meaning of Section 422 of the Internal Revenue Code, as well as stock appreciation rights, restricted stock, and performance awards entitling the recipient to receive cash or common stock in the future following attainment of performance goals determined by the committee administering the 1992 Plan.

The majority of options granted under the Company's 1992 Plan are exercisable one-third each on the day after the first, second and third anniversary of the original grant. The majority of restricted stock vests 100% on the day after the fifth anniversary of the original grant. Both options and stock were granted at a price equal to fair market value on the respective dates of grant except for 240,000 shares of options which were granted at 90% of fair market value at date of grant. Total stock-based compensation expense of approximately \$2,590; \$3,520; and \$3,300 was recorded in 1999, 1998, and 1997, respectively.

Each employee stock option assumed by the Company under a previous merger agreement will continue to have and be subject to, the same terms and conditions set forth in the relevant stock option plans. The plans required stock options granted to key employees be at a price not less than the stock's fair market value on the respective dates of grant. The majority of options granted are exercisable one-third after first anniversary date of the grant, two-thirds after two years and are fully exercisable three years from date of grant. No options have been granted under this plan since the merger on May 30, 1995.

Effective February 1993, the Company adopted the Non-Employee Director Restricted Stock Plan (Director Plan) with an aggregate of 50,000 shares of common stock for issuance to outside directors as a portion of their annual compensation, which vest six months from date of grant. Shares issued to outside directors under the Director Plan were 4,844, 4,468 and 2,490 during 1999, 1998 and 1997, respectively. Separately, 1,200 restricted shares were granted in 1996 to non-employee directors under the 1992 Plan and vest three years from date of grant.

The Company adopted SFAS No.123, "Accounting for Stock-Based Compensation," and exercised the election to continue to apply the provisions of APB No. 25, "Accounting for Stock Issued to Employees," to its stock option plans. Accordingly, compensation expense has only been recognized in the Consolidated Statements of Operations in connection with the shares related to options granted at 90% of fair market value on the respective dates of grant. Compensation expense was \$134; \$161; and \$161 in 1999, 1998, and 1997, respectively. Had compensation expense of the Company's stock-based compensation plans been determined using the fair value based method described in SFAS 123

in 1999, 1998 and 1997, the Company's pro forma net income and earnings per share would have been:

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<TABLE>

		Year Ended May 31,		
		1999	1998	1997
<S>	Net Income:	<C>	<C>	<C>
	As reported	\$ 13,452	\$ 18,090	\$ 308
	Pro forma	\$ 12,231	\$ 17,180	\$ (192)
	Earnings per share:			
	Basic-			
	As reported	\$.37	\$.51	\$.01
	Pro forma	\$.34	\$.48	\$ (.01)
	Diluted-			
	As reported	\$.37	\$.50	\$.01
	Pro forma	\$.34	\$.48	\$ (.01)

</TABLE>

The fair value of each option grant is estimated based on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

<TABLE>

		Year Ended May 31,		
		1999	1998	1997
<S>	Expected volatility	<C> 40.00%	<C> 40.00%	<C> 40.00%
	Risk-free interest rates for terms of:			
	2 years	5.64%	5.71%	6.45%
	3 years	5.72%	5.81%	6.60%
	4 years	5.79%	5.86%	6.66%
	Dividend yield	0	0	0
	Expected option life in years	4	4	4

</TABLE>

Stock option activity was as follows:

<TABLE>

		Year Ended May 31,		
		1999	1998	1997
<S>	Outstanding, beginning of period	<C> 1,960,000	<C> 1,509,000	<C> 2,135,000
	Granted	496,000	660,000	300,000
	Canceled	(31,000)	(158,000)	(761,000)
	Exercised	(16,000)	(51,000)	(165,000)
	Outstanding, end of period	2,409,000	1,960,000	1,509,000
	Options exercisable	1,447,000	1,115,000	1,137,000
	Restricted stock activity			
	Outstanding, beginning of period	539,000	372,000	320,000
	Granted	263,000	187,000	69,000
	Canceled	(34,000)	(20,000)	(17,000)
	Outstanding, end of period	768,000	539,000	372,000

Restricted stock exercisable		222,000		184,000		67,000
		=====		=====		=====
Weighted Average Exercise Price:						
Outstanding, beginning of period	\$	12.04	\$	13.25	\$	16.96
Granted		9.62		10.39		8.86
Canceled		12.65		14.74		21.68
Exercised		7.80		7.90		14.21
Outstanding, end of period		11.47		12.04		13.25
Weighted average fair value of options granted	\$	3.31	\$	3.60	\$	3.17
		=====		=====		=====

</TABLE>

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The relevant information regarding stock options outstanding at May 31, 1999:

<TABLE>

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding May 31, 1999	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable May 31, 1999	Weighted Average Exercise Price
<C>	<C>	<C>	<C>	<C>	<C>
\$ 6.0625 to 8.1250	444,536	5.71 years	\$ 7.8034	360,121	\$ 7.7477
8.5000 to 8.9041	21,650	6.16 years	8.7028	8,783	8.8614
9.3125 to 9.3125	455,000	9.16 years	9.3125	30,000	9.3125
9.7500 to 10.0620	18,082	5.51 years	9.9792	9,082	9.9315
10.1250 to 10.1250	526,999	8.15 years	10.1250	198,930	10.1250
10.1875 to 11.8750	99,330	7.68 years	11.1428	42,853	11.2478
12.0375 to 12.0375	420,000	4.59 years	12.0375	420,000	12.0375
12.3750 to 15.0000	263,260	5.49 years	14.5940	219,603	14.7869
15.0685 to 23.4375	51,703	5.56 years	21.7276	49,403	21.6480
28.6250 to 28.6250	108,333	5.75 years	28.6250	108,333	28.6250
	-----			-----	
\$ 6.0625 to 28.6250	2,408,893	6.76 years	\$ 11.4741	1,447,108	\$ 12.5818
	=====	=====	=====	=====	=====

</TABLE>

The number of shares available for issuance under the 1992 Plan as of May 31, 1999 was 1,757,947 shares.

On April 25, 1997, the Company conducted a discretionary repricing exchange program for all options issued under the 1992 Omnibus Equity Incentive Plan, other than those issued to certain senior officers. Under the terms of the program, option holders could elect to exchange outstanding options for half of that number of options at an option price equal to fair market value on April 25, 1997. Fair market value as of that date was \$8.125 per share. A total of 482,000 previously issued options were exchanged for 241,000 new options issued in connection with the program.

The Company initiated a three-year employee retention program whereby selected managers and administrative personnel were awarded a total of 33,192 shares effective September 1, 1996, 27,036 shares effective July 31, 1997, and 24,226 shares effective July 31, 1998, at no cost to the employee.

Effective July 1, 1996, the Company adopted an Employee Stock Purchase Plan (ESPP). A maximum of 200,000 shares of common stock is available for issuance pursuant to the ESPP. To be eligible to participate in the Plan an employee must have completed one year of service and have been scheduled to work more than twenty hours per week. Certain highly compensated employees may be excluded from participation at the discretion of the Compensation Committee of the Board of Directors.

The ESPP purchases stock based on the lower of 100% of market value on the business day preceding the first day of the quarter in which the stock is purchased or 90% of the average closing price on the pre-set, quarterly purchase date. Approximately 8.7% of eligible employees have participated in the Plan in the past year. During 1999, the Company sold shares at a weighted average issue price of \$8.4306.

Under SFAS 123, compensation expense is recognized for the fair value of the employees' purchase rights if the discount from market price is greater than 5%. This was estimated using the Black-Scholes option-pricing model with the following assumptions for 1999: expected

volatility -- 40%; weighted average risk-free interest rate - 4.67%; dividend yield -- zero; and purchase term -- 3 months. The weighted

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average fair value of those purchase rights granted in 1999 was \$62. This compensation cost has been included in calculating the pro forma net income and earnings per share.

On September 16, 1998, the Company announced that its Board of Directors authorized the purchase of up to \$5,000 of the Company's common stock. As of May 31, 1999, the Company has made purchases totaling \$174, at an average price of \$6.45 per share.

NOTE 11. RETIREMENT PLAN

The Company has a 401(k) retirement plan covering substantially all U.S. employees. The Company has recorded matching contributions in the amount of \$577; \$689; and \$594 in 1999, 1998, and 1997, respectively.

NOTE 12. QUARTERLY FINANCIAL DATA (Unaudited)

The following table sets forth selected quarterly financial data for the years ended May 31, 1999 and 1998:

<TABLE>

	Three Months Ended			
	August 31, 1998	November 30, 1998	February 28, 1999	May 31, 1999 *
<S>	<C>	<C>	<C>	<C>
Revenue	\$ 342,329	\$ 381,946	\$ 317,553	\$ 345,899
Net revenue	145,146	153,716	134,914	144,201
Income (loss) from operations	9,831	15,003	(2,993)	3,210
Net income (loss)	6,676	8,552	(2,958)	1,182
Net income (loss) per share - Basic	.19	.24	(.08)	.03
Net income (loss) per share - Diluted	.19	.24	(.08)	.03

	Three Months Ended			
	August 31, 1997	November 30, 1997	February 28, 1998	May 31, 1998
Revenue	\$ 326,699	\$ 343,611	\$ 307,210	\$ 322,563
Net Revenue	139,239	145,164	132,282	141,580
Income from operations	6,723	10,546	1,672	6,872
Net income (loss)	3,806	6,885	2,636	4,763
Net income (loss) per share - Basic	.11	.19	.07	.13
Net income (loss) per share - Diluted	.11	.19	.07	.13

</TABLE>

* As a result of the Company's improved collection performance over the past two years an adjustment was made in the fourth quarter of 1999 to reduce bad debt reserves by \$2.5 million which resulted in an increase in earnings of \$0.05 per share.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Fritz Companies, Inc.:

We have audited the accompanying consolidated balance sheets of Fritz Companies, Inc. and subsidiaries as of May 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and comprehensive income and cash flows for each of the years in the three-year period ended May 31, 1999. In connection with our audits of the consolidated financial statements, we also audited the related consolidated financial statement schedule as of and for the years ended May 31, 1999, 1998 and 1997. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fritz Companies, Inc. and subsidiaries as of May 31, 1999 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended May 31, 1999, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

San Francisco, California
June 28, 1999

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Schedule II - Valuation and Qualifying Accounts
For the Years Ended May 31, 1999, 1998 and 1997
(In thousands)

<TABLE>

	Balance Beginning Of Period	Charges To Income	Net Write-Offs Charged to Reserves and Other	Balance At End of Period
	-----	-----	-----	-----
For the Year Ended May 31, 1999				
<S> Allowance for doubtful accounts	<C> 23,232	<C> 4,005	<C> \$ (6,771)	<C> \$ 20,466
	=====	=====	=====	=====
For the Year Ended May 31, 1998				
Allowance for doubtful accounts	22,292	8,740	\$ (7,800)	\$ 23,232
	=====	=====	=====	=====
For the Year Ended May 31, 1997				
Allowance for doubtful accounts	6,401	23,786	\$ (7,895)	\$ 22,292
	=====	=====	=====	=====

</TABLE>

EXHIBIT INDEX

EXHIBIT		PAGE
2.1	Agreement and Plan of Reorganization entered by and among the Registrant, Fritz Air Freight and Intertrans Corporation and Amendment No. 1 thereto dated as of April 12, 1995. (Incorporated by reference to Exhibit 2.1 to Form 8-K dated February 14, 1995 filed on or about February 21, 1995 and to Appendix A to the Joint Proxy Statement/Prospectus filed on or about April 13, 1995, respectively).	
3.1	Registrant's Restated Certificate of Incorporation. (Incorporated by reference to Exhibit 3.1 to Registration Statement No 33-50808, filed on August 17, 1992.)	
3.2	Registrant's Restated Bylaws.	F-23
4.1	Specimen certificate of Registrant's Common Stock. (Incorporated by reference to Exhibit 4.1 to Registration Statement No. 33-50808, filed on August 17, 1992.)	
10.1	Fritz Companies, Inc. Salary Investment and Retirement Plan, and amendments thereto. (Incorporated by reference to Exhibit 10.8 to Registration Statement No. 33-50808, filed on August 17, 1992.)*	
10.2	1992 Omnibus Equity Incentive Plan, as amended. (Incorporated by reference to Exhibit 10.9 to Registration Statement No. 33-50808, filed on August 17, 1992.)*	
10.3	Nonemployee Director Restricted Stock Plan. (Incorporated by reference to Exhibit A to the definitive proxy materials of Registrant, filed on or about April 10, 1993.)*	
10.4	Employment Agreement between Registrant and Dennis Pelino dated June 1, 1995. (Incorporated by reference to Exhibit 10.21 to Form 10-Q for the quarter ended August 31, 1995.)	
10.5	Purchase Agreement between Registrant and Gestion J.L.G., Inc. dated as of April 29, 1994. (Incorporated by reference to Exhibit 1.2 to Form 8-K dated May 2, 1994 filed on or about May 16, 1994.)	
10.6	Addendum to the purchase agreements between the Registrant and Gestion J.L.G., Inc. dated as of April	

	26, 1994. (Incorporated by reference to Exhibit 10.23 to Form 10-Q for the quarter ended September 30, 1994.)	
10.7	Note Purchase Agreement between the Registrant and various other parties dated April 15, 1996 for \$75,000,000 of 6.43% notes due April 15, 2003. (Incorporated by reference to Exhibit 10.24 to Form 10-K for the year ended May 31, 1996.)	
10.8	Fritz Companies, Inc. Employee Stock Purchase Plan. (Incorporated by reference to Exhibit 10.26 to the Registration Statement on Form S-8 No. 33-07639 filed on July 3, 1996.)	
10.9	Employment and Performance Based Retention Plan between the Registrant and Dennis L. Pelino dated as of October 31, 1996. (Incorporated by reference to Exhibit 10.28 to Form 10-Q for the quarter ended November 30, 1996.)**	
10.10	Term Loan Facility agreement dated June 18, 1997 between Standard Chartered Bank and the Registrant totaling \$13.9 million (denominated in Singapore dollars), maturity is five years from date of agreement, payments are scheduled quarterly beginning thirty-nine months from the date of the agreement, interest rate equivalent to the Singapore Interbank Offer Rate (SIBOR) plus 50 to 70 basis points depending on the amount borrowed, and is collateralized by certain property owned by the Company.	
10.11	Syndicated multi-currency credit facility agreement dated March 27, 1998 for \$100 million maturing on March 27, 2001	
10.12	Extension of syndicated multi-currency credit facility agreement dated March 27, 1998 for \$100 million changing the maturing date to March 27, 2002, Dated March 30, 1999	F-34

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EXHIBIT		PAGE
10.13	First Amendment Agreement dated March 1, 1998 to the Note Purchase Agreement dated April 15, 1996 for \$75 million of 6.43% senior notes due April 15, 2003	
10.14	U.S. Customs Brokerage service agreement between the Registrant and Federal Express Corporation dated August 25, 1998	F-41
10.15	Employment and Non-Compete Agreement between Registrant and Brad Lee Skinner dated December 1, 1998. *	F-85
10.16	Employment Offer Letter from the Registrant to Raymond L. Smith dated December 7, 1998. *	F-90
10.17	Guarantee Agreement between the Registrant and Joseph L. Carnes dated December 16, 1998.	F-96
10.18	Employment and Non-Compete Agreement between Registrant and Jan H. Raymond dated January 1, 1999. *	F-98
10.19	Employment and Non-Compete Agreement between Registrant and Ronald F. Dutt dated April 30, 1999. *	F-104
10.20	Amendment # 3 to Registrants Salary Investment and Retirement Plan dated May 12, 1998	F-109
21.1	Subsidiaries of the Registrant	F-119
23.1	Consent of KPMG LLP on Form S-8 Registration Statement No. 33-57238, 33-78472, 33-93070, 333-15921 and 333-07639, and on Form S-4 Registration Statement No. 33-70674	F-124
27	Financial Data Schedule	F-125

* Indicates, as required by Item 14(a)(3), a management contract of compensatory plan required to be filed as an exhibit to this Form 10-K.

** Confidential Treatment has been requested for portions of this Exhibit.

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RESTATED
BYLAWS
OF
FRITZ COMPANIES, INC.

ARTICLE I
OFFICES

Section 1.

Registered Office.

The registered office of the corporation in the State of Delaware shall be 1013 Centre Rd, city of Wilmington, county of New Castle, State of Delaware. The name of the registered agent is Corporation Service Company. Such registered agent has a business office identical with such registered office.

Section 2.

Other Offices.

The Corporation also may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 11
STOCKHOLDERS

Section 1.

Stockholder Meetings.

(a) Time and Place of Meetings. Meetings of the stockholders shall be held at such times and places, either within or without the State of Delaware, as may from time to time be fixed by the Board of Directors and stated in the notices or waivers of notice of such meetings.

(b) Annual Meeting. The annual meeting of the stockholders shall be held at 11:00 A.M. on the last Tuesday in September or on such other date and at such other time as may be designated by the Board of Directors, for the election of directors and the transaction of such other business properly brought before such annual meeting of the stockholders and within the powers of the stockholders.

(c) Special Meetings. Special meetings of the stockholders of the

Corporation for any purpose or purposes may be called at any time by the Chairman of the Board of Directors, the Chief Executive Officer of the Corporation or the Board of Directors, or at the request in writing of stockholders owning not less than ten percent (10%) of the voting power of the Corporation. Business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice of such meeting.

(d) Notice of Meetings. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, written notice of each meeting of the stockholders shall be given not less than ten (10) calendar days nor more than sixty (60) calendar days before the date of such meeting to each stockholder entitled to vote thereat, directed to such stockholder's address as it appears upon the books of the corporation, such notice to specify the place, date, hour and, in the case of special meeting, the purpose or purposes of such meeting. When a meeting of the stockholders is adjourned to another time and/or place, notice need not be given of such adjourned meeting if the time and place thereof are announced at the meeting of the stockholders at which the adjournment is taken, unless the adjournment is for more than

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thirty (30) calendar days or unless after the adjournment a new record date is fixed for such adjourned meeting, in which event a notice of such adjourned meeting shall be given to each stockholder of record entitled to vote thereat. Notice of the time, place and purpose of any meeting of the stockholders may be waived in writing either before or after such meeting and will be waived by any stockholder by such stockholder's attendance thereat in person or by proxy. Any stockholder so waiving notice of such a meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

(e) Quorum. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, the holders of not less than a majority of the shares entitled to vote at any meeting of the stockholders, present in person or by proxy, shall constitute a quorum and the affirmative vote of the majority of such quorum shall be deemed the act of the stockholders. If a quorum shall fail to attend any meeting of the stockholders, the presiding officer of such meeting may adjourn such meeting from time to time to another place, date or time, without notice other than announcement at such meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting of the stockholders as originally noticed. The foregoing notwithstanding, if a notice of any adjourned special meeting of the stockholders is sent to all stockholders entitled to vote thereat which states that such adjourned special meeting will be held with those present in person or by proxy constituting a quorum, then, except as otherwise required by law, those present at such adjourned special meeting of the stockholders shall constitute a quorum and all matters shall be determined by a majority of the votes cast at such special meeting.

Section 2.

Determination of Stockholder Entitled to Notice and to Vote.

To determine the stockholders entitled to notice of any meeting of the stockholder or to vote thereat, the Board of Directors may fix in advance a record date as provided in Article VII, Section I of these Bylaws, or if no record date is fixed by the Board of Directors, a record date shall be determined as provided by law.

Section 3.

Voting.

(a) Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, each stockholder present in person or by proxy at a meeting of the stockholders shall be entitled to one vote for each full share of stock registered in the name of such stockholder at the time fixed by the Board of Directors or by law as the record date for the determination of stockholders entitled to vote at such meeting.

(b) Every stockholder entitled to vote at a meeting of the stockholders may do so either in person or by one or more agents authorized by a written proxy executed by the person or such stockholder's duly authorized agent whether by manual signature, typewriting, telegraphic transmission or otherwise.

(c) Voting may be by voice or by ballot as the presiding officer of the meeting of the stockholders shall determine. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by such stockholder's proxy, and shall state the number of shares voted.

(d) In advance of any meeting of the stockholders, the Board of Directors may appoint one or more persons as inspectors of election ("Inspectors") to act at such meeting. If Inspectors are not so appointed, or if an appointed Inspector fails to appear or fails or refuses to act at a meeting of the stockholders, the presiding officer of such meeting may, and at the request of any stockholder or such stockholder's proxy shall, appoint Inspectors at such meeting. Such Inspectors shall take charge of the

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ballots at such meeting. After the balloting thereat on any question, the Inspectors shall count the ballots cast thereon and make a written report to the secretary of such meeting of the results thereof. An Inspector need not be a stockholder of the corporation and any officer of the Corporation may be an Inspector on any question other than a vote for or against such officer's election to any position with the Corporation or of any other questions in which such officer may be directly interested. If there are three Inspectors, the determination, report or certificate of two such Inspectors shall be effective as if unanimously made by all Inspectors.

Section 4.

List of Stockholders.

The officer who has charge of the stock ledger of the Corporation shall prepare and make available, at least ten (10) days before every meeting of stock-holders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each such stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to such meeting, during ordinary business hours, for a period of at least ten (10) days prior to such meeting, either at a place within the city where such meeting is to be held and which place shall be specified in the notice of such meeting, or if not so specified, at the place where such meeting is to be held. The list also shall be produced and kept at the time and place of the meeting of the stockholders during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5.

Action By Consent of Stockholders.

Except as otherwise restricted by law or the Certificate of Incorporation any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken with out a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III
BOARD OF DIRECTORS

Section 1.

General Powers.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed by, the Board of Directors.

Section 2.

Election of Directors.

(a) Number, Qualification and Term of Office. The authorized number of

directors of the Corporation shall be fixed from time to time by the Board of Directors, but shall not be less than three (3). The exact number of directors shall be determined from time to time, either by a resolution or Bylaw provision duly adopted by the Board of Directors. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, each of the directors of the Corporation shall be elected at the annual meeting of the stockholders and each director so elected shall hold office until such director's successor is elected or until such director's death, resignation or removal. Directors need not be stockholders.

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(b) Vacancies. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Unless otherwise restricted by law or by the Certificate of Incorporation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the stockholders. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the stockholders and until such director's successor shall have been elected or until such director's death, resignation or removal.

(c) Resignation. Any director may resign from the Board of Directors at any time by giving written notice thereof to the Chairman of the Board, the Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when such resignation shall become effective shall not be so specified, then such resignation shall take effect immediately upon its receipt by the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(d) Removal. Except as provided in the Certificate of Incorporation, any director of the Corporation may be removed from office with or without cause, but only by the affirmative vote of the holders of not less than a majority of the outstanding capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 3.

at the following times:

Meetings of the Board of Directors.

(a) Regular Meetings. Regular meetings of the Board of Directors shall be held without call

(i) at such times as the Board of Directors shall from time to time by resolution determine; and

(ii) immediately following the adjournment of any annual or special meeting of the stockholders.

Notice of all such regular meeting hereby is dispensed with.

(b) Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors, by the Chief Executive Officer, by the Board of Directors or by any three (3) directors. Notice of the time and place of special meeting of the Board of Directors shall be given by the Secretary or an Assistant Secretary of the Corporation, or by any other officer authorized by the Board of Directors. Such notice shall be given to each director personally or by mail, messenger, courier telephone, telecopy, facsimile, telegraph, email or any other form of recorded communication at such director's business or residence address. Notice by mail shall be deposited in the United States mail postage prepaid, not later than the third day prior to the date filed for such special meeting. Notice by telephone, telecopy, facsimile or telegraph shall be sent, and notice given personally, by email or by messenger or courier to any other form of recorded communication shall be delivered, at least twenty-four (24) hours prior to the time set for such special meeting. Notice of a special meeting of the Board of Directors need not contain a statement of the purpose of such special meeting.

(c) Adjourned Meetings. A majority of directors present at any regular or special meeting of the Board of Directors or any committee thereof, whether or not constituting a quorum, may adjourn any meeting from time to time until a quorum is present or otherwise. Notice of the time and place of holding

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ny adjourned meeting shall not be required if the time and place are fixed at the meeting adjourned.

(d) Place of Meetings. Meetings of the Board of Directors, both regular and special, may be held at any place within or without the state of Delaware which has been designated in the notice of the meeting or, if not stated in the notice or if there is not notice, designated by resolution of the Board of Directors. In the absence of any such designation, meetings of the Board of Directors shall be held at the Corporation's principal executive office.

(e) Participation by Telephone. Members of the Board of Directors or any committee thereof may participate in any meeting of the Board of Directors or committee through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

(f) Quorum. At all meeting of the Board of Directors or any committee thereof, a majority of the total number of directors then in office or such committee, shall constitute a quorum for the transaction of business and the act

of a majority of the directors present at any such meeting at which there is a quorum shall be the act of the Board of Directors or any committee thereof, except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws. A meeting of the Board of Directors or any committee thereof at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of directors so long as any action is approved by at least a majority of the required quorum for such meeting.

(g) Waiver of Notice. The transactions of any meeting of the Board of Directors or any committee thereof, however called and noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, quorum be present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to hold such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a special meeting will be automatically waived by any director's attendance or participation at such meeting.

Section 4.

Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors at any meeting thereof may be taken without a meeting thereof or at any meeting of a committee thereof may be taken without a meeting if all members of the Board of Directors or such committee thereof consent thereto in writing and the writing or writings are filed with the minutes of the proceeding of the Board of Directors or such committee thereof.

Section 5.

Compensation of Directors.

Unless otherwise restricted by law, the Certificate of Incorporation or these Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Member of committees of the Board of Directors may be allowed like compensation for attending committee meetings.

Section 6.

Committees of the Board.

Board of Directors, each committee to consist of one or more directors. Each such committee, to the extent permitted by law, the Certificate of Incorporation and these Bylaws, shall have and may exercise such of the powers of the Board of Directors in the management and affairs of the Corporation as may be prescribed by the resolutions creating such committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. The Board of Directors shall have the power, at any time for any such reason, to change the members of any such committee, to fill vacancies, and to discontinue any such committee.

(b) Minutes of Meetings. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

(c) Limits on Authority of Committee. No committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151 (a) of the General Corporation Law of the State of Delaware, fix the designations and any of the preferences or rights of such share relating to dividends, redemption, dissolution, any distribution of assets of the corporation, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending any provision of these Bylaws; nor, unless the resolutions establishing such committee or the certificate of Incorporation expressly so provide, shall have the power or authority to declare a dividend, to authorize the issuance of stock, to adopt a certificate of ownership and merger, or to fill vacancies in the Board of Directors.

ARTICLE IV OFFICERS

Section 1.

Officers.

(a) Number. The officers of the Corporation shall be chosen by the Board of Directors. There shall be two classes of officer: executive officers and non-executive officers. Executive officers shall include Chairman of the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial

Officer, President and Executive Vice Presidents. Non-executive officers shall include Vice Presidents, Treasurer, Controller and Secretary. The Board of Directors also may appoint one or more Assistant Vice-Presidents, Assistant Secretaries or Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem necessary. Any Executive Vice President or Vice President may be given such specific designation as may be determined from time to time by the Board of Directors. Any number of offices may be held by the same person, unless otherwise by law, the Certificate of Incorporation or these Bylaws.

(b) Election and Term of Office. The officers shall be elected annually by the Board of

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Directors at its regular meeting following the annual meeting of the stockholders and each officer shall hold office until the next annual election of officers or until such officer's successor is elected, or until such officer's death, resignation or removal. Any officer may be removed at any time, with or without cause, by a vote of the majority of the Board of Directors. Any vacancy occurring in any office may be filled by the Board of Directors.

(c) Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 2.

Chairman of the Board of Directors.

The Chairman of the board of Directors shall preside at meeting of the stockholders and the

Board of Directors. Unless otherwise designated by the Board of Directors, the Chairman of the Board shall be the chief executive officer of the Corporation. Subject to the provision of these Bylaws and to the direction of the Board of Directors, he or she shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers that are commonly incident to the office of the chief executive or that are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the duties, employees and agents of the Corporation.

Section 3.

Chief Executive Officer.

In the absence of the Chairman of the Board, or if there is none, the Chief

Executive Officer shall preside at meetings of the stockholders and the Board of Directors. The Chief Executive Officer shall assume and perform the duties of the Chairman of the Board in the absence or disability of the Chairman of the Board or whenever the office of the Chairman of the Board is vacant.

Section 4.

President.

In the absence of the Chairman of the Board and the Chief Executive Officer, or if there is none, the President shall preside at meetings of the stockholders and the Board of Directors. The President shall assume and perform the duties of the Chairman of the Board in the absence or disability of the Chairman of the Board and the Chief Executive Officer or whenever the office of the Chairman of the Board and the Chief Executive Officer is vacant.

Section 5.

Chief Operating Officer.

Subject to the provisions of these Bylaws and to the direction of the Board of Directors and the Chairman of the Board, the Chief Operating Officer shall have responsibility for the day-to-day operations of the Corporation and shall perform all duties and have all powers that are commonly incident to the office of chief operation officer or that are delegated to him or her by the Board of Directors or the Chairman of the Board.

Section 6.

Vice Presidents.

The Executive Vice Presidents and Vice Presidents shall have such powers and perform such duties as from time to time may be prescribed for them, respectively, by the Board of Directors or Chief Executive Officer.

Section 7.

Secretary and Assistant Secretaries.

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The Secretary shall record or cause to be recorded, in books provided for the purpose, minutes of the meeting of the stockholders, the Board of Directors and all committees of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws as required by law; be custodian of all corporate records (other than financial) and of the seal of the

Corporation, and have authority to affix the seal to all documents requiring it and attest to the same; give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by the Board of Directors, Chief Executive Officer or by the President. At the request of the Secretary, or in the Secretary's absence or disability, any Assistant Secretary shall perform any of the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary.

Section 8.

Chief Financial Officer, Chief Accounting Officer, Treasurer and Assistant Treasurers.

The Chief Financial Officer shall render statements of the financial affairs of the Corporation in such form and as often as required by the Board of Directors, Chief Executive Officer or the President. The Chief Accounting Officer shall keep or cause to be kept the books of account of the Corporation, shall perform all other duties commonly incident to his office and shall perform such other duties and have such other powers as the Board of Directors, Chief Executive Officer or the President shall designate from time to time. At the request of the Chief Financial Officer, or in the Chief Financial Officer's absence or disability, the Chief Accounting Officer or the Controller may perform any of the duties of the Chief Financial Officer and, when so acting, shall have all powers of, and be subject to all the restrictions upon, the Chief Financial Officer. At the request of the Chief Accounting Officer, or in the Accounting Officer's absence or disability, any Treasurer or Assistant Treasurer may perform any of the duties of the Chief Accounting Officer and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Chief Accounting Officer. Except where by law the signature of the Chief Financial Officer or Chief Accounting Officer, as applicable, is required, each of the Controller or the Treasurer shall possess the same power as the Chief Financial Officer or Chief Accounting Officer, as applicable, to sign all certificates, contracts, obligation and other instruments of the Corporation.

ARTICLE V INDEMNIFICATION AND INSURANCE

Section 1.

Actions Against Directors and Officers.

The Corporation shall indemnify to the fullest extent permitted by, and in the manner permissible under, the laws of the State of Delaware any person made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative (a "Proceeding"), by reason of the fact that such person or such person's testator or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or served any other enterprise as a director or officer at the request of the Corporation or any predecessor of the Corporation (the "Indemnitee"), including without

limitation, all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with such Proceeding.

In furtherance and not in limitation of the foregoing provisions, all reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the corporation within 20 calendar days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the

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expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article V.

Section 2.

Contract.

The provisions of Section I of this Article V shall be deemed to be a contract between the Corporation and each director and officer who serves in such capacity at any time while such Bylaws is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

Section 3.

Nonexclusivity.

The rights of indemnification provided by this Article V shall not be deemed exclusive of any other rights to which any director or officer of the corporation may be entitled apart from the provisions of this Article V.

Section 4.

Indemnification of Employee and Agents.

The Board of Directors in its discretion shall have the power on behalf of the Corporation to indemnify any person, other than a director or officer, made a party to any action, suit or proceeding by reason of the fact that such person or such person's testator or intestate, is or was an employee or agent of the Corporation.

Section 5.

Insurance.

Upon a resolution or resolutions duly adopted by the Board of Directors of the Corporation, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation against any liability asserted against such person and incurred by him in any capacity, or arising out of his capacity as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of applicable law, the Certificate of Incorporation or these Bylaws.

ARTICLE VI
CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1.

Certificates for Shares.

Unless otherwise provided by a resolution of the Board of Directors, the shares of the Corporation shall be represented by a certificate. The certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by or in the name of the Corporation by (a) the Chairman of the Board of Directors, the Chief Executive Officer, the Chief Operating Officer, the President or any Executive Vice President and (b) the Chief Financial Officer or the Secretary or any Assistant Secretary. Any or all of the signatures on a certificate may be facsimile. In case any officer of the Corporation, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is

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issued, such certificate may nevertheless be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issuance.

Section 2.

Transfer.

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3.

Record Owner.

The Corporation shall be entitled to treat the holder of record of any shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

Section 4.

Lost Certificates.

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE VII
MISCELLANEOUS

Section 1.

Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting nor more than sixty (60) days prior to any other action. If not fixed by the Board of Directors, the record date shall be determined as provided by law.

(b) A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournments of the meeting, unless the Board of Directors fixes a new record date for the adjourned meeting.

(c) Holders of stock on the record date are entitled to notice and to vote or to receive the dividend, distribution or allotment of rights or to exercise

the rights, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided by agreement or by law, the Certificate of Incorporation or these Bylaws.

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Execution of Instruments.

The Board of Directors may, in its discretion, determine the method and designate the signatory officer of officers, or other persons, to execute any corporate instrument or document or to sign the corporate name without limitation, except where otherwise provided by law, the Certificate of Incorporation or these Bylaws. Such designation may be general or confined to specific instances. In any event, any executive officer may execute any instrument in the name of and on behalf of the Corporation.

Section 3.

Voting of Securities Owned by the Corporation.

All stock and other securities of other corporations held by the Corporation shall be voted, and all proxies with respect thereto shall be executed, by the person so authorized by resolution of the Board of Directors, or, in the absence of such authorization, by the Chief Executive Officer or Secretary.

Section 4.

Corporate Seal.

The Corporation shall have a corporate seal in such form as shall be prescribed and adopted by the Board of Directors.

Section 5.

Construction and Definitions.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the General Corporation Law of the State of Delaware shall govern the construction of these Bylaws.

Section 6.

Amendments.

These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the stockholders at any meeting or by the Board of Directors.

Bank of America

March 30, 1999

To All Lenders via First Class Mail

RE: Credit Agreement (the "Agreement") dated as of March 27, 1998 among, t~
t~ Fritz Companies, Inc. (as "Borrower"), Certain Subsidiaries of the Borrower
(as "Guarantors"), the Several Lenders from time to time party hereto, and
NationsBank N.A. (as "Agent")

Bank of America NT&SA
555 California Street, 41st Floor
San Francisco, CA 94104-1502

Carl Fye
Vice President
Credit Products 5771

Direct Dial: (415) 953-6903

FAX: (415) 622-2385

On behalf of NationsBank, N.A., as Agent for the Lenders, enclosed is a
complete set of executed signature pages for all Lenders approving the extension
of the Maturity Date for an additional one-year period to March 27, 2002 (the
"Extension Date") as provided for under Section 2.5 of the above referenced
Credit Agreement. As you are aware the effective date for this Extension was
March 10, 1999.

Very truly yours,

NationsBank N.A., as Agent

/s/ Carl Fye
Carl Fye
Vice President

cc: t, Lee Reamy, Assistant Treasurer, Fritz Companies, Inc.

Jason Morris, NationsBank (copy only/via interbranch)
Donna Cornell, NationsBank (originals/via interbranch)

Re: Fritz Companies, Inc. February 3, 1999 Page 2

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The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Companies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002.

NationsBank N.A.

By:/s/Kevin C. Leader

Name: Kevin C. Leader

Title: Vice President

KEVIN Q. LEADER
Vice President

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Re: Fritz Companies, Inc.
February 8, 1999
Page 2

The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Companies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002.

BankBoston N.A

By: /s/ Alicia Szendiuch

Name: Alicia Szendiuch

Title: Director

Fax to: Carl Fye, V.P.

(415) 622-2385

RESPONSE DUE NO LATER THAN
FRIDAY, February 26, 1999

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The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Companies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002.

Standard Chartered Bank
[fill in complete name of Lender]

By: /s/ Sylvia D. Rivers/ /s/ Woo Young Song

Name: Sylvia D. Rivera/Woo Young Song

Title:. Assistant VP/ Vice President

Fax to: Carl Fye, V.P.
(415) 622-2385

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The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Companies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002.

MELLON BANK, N.A.

[fill in complete name of Lender]

By: /s/ Gill S. Realon.

Name: GILL S. REALON

Title: VICE PRESIDENT

Fax to: Carl Fye, V.P.
(415) 622-2385

RESPONSE DUE NO LATER THAN
FEBRUARY 26, 1999

[GRAPHIC OMITTED] [GRAPHIC OMITTED]

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Re: Fritz Companies, Inc.
February 8, 1999
Page 2

The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Companies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002:

Bank One, Texas N.A.
Name of lender]

By: /s/Richard L. Kogers
Vice President

Fax to: Carl Fye, V.P.

(415) 622-2385

Name: RESPONSE DUE NO LATER
THAN
Title: FRIDAY, February 26, 1999

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Re: Fritz Companies, Inc.
February 8, 1999
Page 2

The undersigned Lender consents to the foregoing one-year period "Extension Date" requested by Fritz Com2anies, Inc. for the Credit Agreement dated March 27, 1998. The "Maturity Date" for such extension would be March 27, 2002.

I THE FIRST NATIONAL BANK OYCHICAGO

[fill in complete name ofLender]

By./s/ Aaron S Lanski

Title:

Name: AARON S LANSKI
Corporate Banking Officer

Fax to: Carl Fye, V.P.

(415) 622-2385

RESPONSE DUE NO LATER THAN.
FRIDAY, February 26, 1999

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Contract No. 99-0239

U.S. CUSTOMS BROKERAGE

SERVICE AGREEMENT

MEMPHIS

between

Federal Express Corporation

and

Fritz Companies, Inc.

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U.S. CUSTOMS BROKERAGE
SERVICE AGREEMENT

Contract No. 99-023 9

This Agreement made and entered into as of the 25th day of August, 1998 between Federal Express Corporation ("Federal") and Fritz Companies, Inc. ("Contractor").

RECITALS

1. Federal transports packages from various points, worldwide to locations within the United States as set forth in Exhibit F of this Agreement (the "Locations") for expedited delivery through an "Express Consignment and Carrier Facility or Hub Facility" ("Hub") (each collectively or individually referred to herein as "Hub") as defined in 19 CFR - 128.

2. Packages arriving from foreign countries must be reported to and processed by, various government agencies either before or on arrival in the United States.

3. The various reports and processes involved are extremely technical in nature and errors in the proper handling of which may subject the importer to severe civil and/or criminal penalties.

4. The obligations of Federal to its customers require that every package be reported, and required processing completed, in time to make delivery commitments.

5. The volumes and short time frames combine to make it possible to meet these commitments only by dedicating several licensed Customs Brokers, large numbers of individuals trained in brokerage services and functions, and dedicated computer systems and resources to this task.

6. Contractor is a commercial firm offering Customs Brokerage services to the general public and has the computer systems, resources and personnel capable of providing these regulatory reporting and processing requirements with the professionalism and timeliness described herein.

7. Contractor is willing to provide such services to Federal and Federal is willing to employ Contractor.

Now therefore, in consideration of the foregoing, and/or other good and valuable considerations set forth in this Agreement, the parties agree as follows:

I . TERM. (a) The terms for each of the Locations as shall be from time to time governed by this Agreement (the "Term") in Exhibit F attached hereto.

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(b) Either party shall have the unlimited right to terminate any Location for which Services are being provided under this Agreement prior to the related expiration date by giving not less than one hundred and eighty (180) days' written notice to the other party. Neither party may terminate more than one of the Locations at any one time. Should a party exercise this right of termination for any of the Locations, neither party may exercise its right to terminate any remaining Locations for a period not to exceed one hundred and twenty (120) days from the effective date of the termination of the most recently terminated Location. In the event of a notice of a termination of any of the Locations, Contractor shall be entitled only to the Fee earned and Reimbursable actually incurred as of the effective date of termination for that particular Location. If Federal terminates any Location pursuant to this clause, Contractor shall have the right to an increase in the pricing for the Services provided by Contractor at the remaining Locations. The parties shall mutually agree on the revised pricing within sixty (60) days of the notice by Contractor to increase the rates; however in no event may the increase in the rates exceed the following: (a) In the event that the Anchorage Location is terminated early, the Memphis and Oakland Location pricing shall each increase by three percent (3%); (b) In the event that the Memphis Location is terminated early, the Anchorage and Oakland Location pricing shall each increase by nineteen percent (19%); and (c) In the event that the Oakland Location is terminated early, the Anchorage and Memphis Location pricing shall each increase by one percent (1%); The increase in pricing for the remaining Locations shall commence upon the termination of the particular Location terminated by Federal.

(c) In the event of a material change in the U.S. Regulations or the Regulations of any applicable foreign government which directly impacts Contractor's ability to perform the Services or directly affects the costs incurred by Contractor in performing the Services, then Contractor may request a renegotiation of the terms of this Agreement. In such event, Contractor shall provide Federal with written notice of its desire to renegotiate this Agreement specifically referencing the changed regulation(s) which affect Contractor's ability to perform the Services. Contractor shall submit a report which explains and substantiates the effect of such changes. Federal and Contractor shall renegotiate the contract with terms acceptable to Federal and Contractor within sixty (60) days of Federal's receipt of such notice.

(d) Regardless of the Effective Date of this Agreement, Federal agrees that the pricing of this Agreement, as specified in Exhibit B, is effective as of March 1, 1998. Therefore, upon execution of this Agreement, Federal agrees to pay Contractor pursuant to the March 1, 1998 pricing of Two Hundred Ninety One Thousand Four Hundred Forty-Six Dollars (\$291,446) per month and Federal shall reimburse Contractor for any shortfall from March 1, 1998 to the Effective Date. In addition, the invoice for the broker performance incentive from September 1997 through January 1998 in the amount of \$188,900.00 and the invoice for the UPS strike costs in the amount of \$149,774.00 shall also be paid by Federal. Federal agrees to pay all of these charges within seven (7) days of the execution of this Agreement.

2. SERVICES. (a) In consideration of Federal's payments under this Agreement, and upon the request of Federal, Contractor shall perform in accordance with the terms of this Agreement the services described in this Section 2 (the "Services"). For all shipments transported by Federal

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arriving at the Hub and destined to points within the United States and which require entry and clearance through United States Customs, and for which Federal is empowered to arrange such entry and clearance, Federal hereby designates Contractor and Contractor hereby accepts such designation, as Federal's Licensed Customs Brokers; to enter and clear all such shipments in accordance with the provisions of 19 CFR Section 111 et. seq., and in accordance with the Broker Performance Standards and provisions of Exhibit A to this Agreement. Contractor shall be the "Importer of Record" for all shipments except those for which the ultimate consignee requests that it be the "Importer of Record" and provides Contractor with a duly executed Power of Attorney and has a surety bond in favor of the United States. In connection with the Services:

(i) Contractor will provide all forms and supplies necessary for Customs and Regulatory Agency clearance.

(ii) Contractor shall provide all equipment required for the preparation and filing of Customs entries and Regulatory Agency Documents and at its own

expense supply, support, and maintain such equipment and associated costs thereof.

(iii) Federal will have the option to provide data lines to the Hub at no cost to Contractor for use to perform Customs Clearance services. Federal will provide fax machines and maintenance and toner supplies required to receive and process clearance documentation. Contractor will supply paper required for fax machines.

(iv) Contractor shall provide to Federal opportunities to improve services or reduce costs through better procedural changes or investment. Federal shall evaluate such suggestions and decide if such changes shall be made. If such investment decision is made by Federal, the amortization of the cost of the investment and the interest shall be agreed to in writing by the parties and shall be paid by Federal over the remaining term of this Agreement.

(v) Contractor shall maintain and provide to Federal at Federal's request, a hit showing the customers that have requested that a customer be listed as the importer of record.

(b) As part of the Services, Contractor will advise Federal of all cargo which should go into and out of Federal's In-Bond cage. Contractor will maintain a package-hold log detailing Contractor's advised movements into and out of Federal's In-Bond cage. Shipments caged will be processed by Contractor in accordance with Federal's established standards and billed as set forth in Exhibit B. Responsibility for the actual physical content of the In-Bond cage shall remain with Federal. Corrections to the manifest, Immediate Transportation (IT) or Inward Cargo Manifest shall be made by Federal.

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(c) Federal will provide to Contractor at no charge adequate facilities as necessary for Customs shipment release processing and equipment (exclusive of equipment needed to generate Customs forms and associated documents and to process shipments through U.S. Customs and other government agencies, which will be provided by Contractor) for use by Contractor in performance of duties required of Contractor by this Agreement at the Hub. The pricing of adequate facilities of the current facilities are incorporated in the current compensation in Exhibit B of this Agreement. The cost for any additional changes or improvement to the facilities that are necessary for Contractor to perform the Services under this Agreement, shall be agreed upon by the parties in advance. Contractor will provide additional offsite space at its expense to facilitate increased volumes and service.

(d) Federal will provide at each of the Locations two (2) parking spaces for Contractor owned or leased vehicles during Hub operating hours. This space shall be used by Contractor for the purpose of parking vehicles employed in the movement of staff, supplies and files between Federal's Hub and the Contractor's offices. This space shall be located at a site mutually agreeable by Contractor

and Federal. Contractor's personnel will be allowed to park in the Federal employee parking area and Federal will provide transportation (if parking spaces allotted are not within walking distance of the Hub) from parking area to entrance of the Hub.

(e) Contractor will provide Federal with a statistic's report for each month of the Term (the "Statistic's Report") which Statistic's Report will itemize the volume of each type of Services provided by Contractor during the immediately preceding month for each billed category described in Exhibit B. The Statistic's Report will fully substantiate each invoice submitted to Federal for Fees.

(f) Except as expressly provided in this Agreement, Contractor shall advance and pay to the applicable governmental agency all duties and taxes and fees required in connection with Contractor's performance of the Services (the "Reimbursables"). Notwithstanding the foregoing, when Federal is listed as the importer of record of a shipment (which shall occur only if specifically requested by Federal) and the duties for such shipment exceed the applicable amount set forth in Exhibit B, Federal shall remit any such payment directly to U.S. Customs. Contractor will be responsible for timely communication to Federal when such direct payment of duties by Federal is necessary. Reimbursement by Federal of Reimbursables advanced by Contractor under this Agreement shall be in accordance with Section 4.

3. PAYMENT FOR SERVICES. In consideration of Contractor's complete performance of the Services in accordance with this Agreement, Federal shall pay Contractor a fee (the "Fee") based on the rates for the specific location as set forth in Exhibit B and payable as provided in this Section 3. However, no portion of the Fee shall be payable unless properly documented in accordance with this Agreement. On a monthly basis, Contractor shall submit to Federal an invoice (original and two copies) for its Fee for Services completed during each month of the Tenn. Each invoice must include a statistical volume sheet inclusive of all service types charged on the invoice. Each Customized Process Account ("CPA") surcharge invoiced must include statistical volumes by customer name, type of entry and category. All CPA designated accounts

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must be pre-approved in writing by the Customs Brokerage Administration ("CBA") in Memphis prior to invoicing. No unauthorized CPA account charges shall be reimbursed by Federal. All charges invoiced to Federal must appear on the Price List except for compensation for expenses outside of the Agreement which must be itemized and approved in writing. Contractor's invoices for Fees must be accompanied by any other documentation as may be reasonably requested by Federal for its proper review of such invoice. Federal shall promptly review Contractor's invoice and approve for payment such amounts as Federal reasonably determines to be properly due under the Agreement. Payment by Federal shall be made within seven (7) business days of Federal's receipt and approval of

Contractor's invoice. Federal shall state in writing its reason for withholding any or all of the monies requested by Contractor.

4. PAYMENT OF DUTIES/TAXES. (a) In addition to the Fee, Federal shall reimburse Contractor for the Reimbursables. No Reimbursable claimed will be payable unless properly documented in accordance with this Agreement. Contractor will submit to Federal an itemized invoice of all Reimbursables within four (4) business days from Custom's release of the shipment, which invoices shall be in the form of a Daily Customer Invoice Summary ("DCIS") provided by Contractor to Federal in hard copy or electronically through a Duties and Taxes Revenue Control ("DTRC") system transmission. Payment by Federal of Contractor's invoices for Reimbursables shall be made within seven (7) business days of Federal's receipt and approval of such Reimbursable invoice. Federal shall state in writing its reason for withholding any or all of the Reimbursables requested by Contractor.

(b) Notwithstanding the foregoing, the four (4) business day invoice provision set forth above shall not apply to those entries which have "Customized Processing" involved. For the purpose of invoicing, "Customized Processing" is defined as follows:

(i) Those shipments processed under the Post Operations Services (POPS) program where Federal or a customer has failed to immediately provide required Entry/Entry Summary information.

(ii) Those shipments for which written customer instructions on Entry/Entry Summary Verification exist, provided that such Customer written instructions must be on file and present in Federal's System.

(iii) Any invoices which Federal rejects for lack of proper additional documentation provided that Contractor researches such reject within 48 hours of receipt of the reject and corrects the error or the parties mutually agree that the cause of the reject is because of Federal's error and not an error of Contractor.

(iv) All invoices for CPA and FDA shipments.

In the case of Customized Processing, all Reimbursables invoices shall be presented to Federal within three (3) business days after receipt of the applicable information from the customer. The

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Contractor shall maintain all proof of receipt of such information and all correspondence made to secure such information.

(c) Contractor will utilize Federal's overnight service or hand deliver Reimbursables invoices to the applicable department designated by Federal at no charge to Contractor.

(d) If Entry Summary Transactions exceed the amount specified in Exhibit B, Reimbursables will be invoiced to Federal within three (3) business days, except where Federal's customer has requested a review of the entry prior to payment of duties and taxes, or requires other Special Handling.

(e) In the event of an additional billing request for payment by U.S. Customs, Contractor will invoice to Federal any and all additional Federal, Federal's customer, or U.S. Customs imposed duties/taxes due to voluntary tenders/disclosures, liquidation, reliquidation or suspension within five (5) business days of Contractor's receipt of the additional amount required by the billing request for payment. Federal shall have no obligation for payment should Contractor fail to invoice within this time period. Contractor will maintain a dated receipt for each additional billing request received from Federal, the customer or U.S. Customs. Contractor may bill a customer directly only after receiving Federal's written consent to do so; which consent shall not be unreasonably withheld. Only upon Contractor's request and Federal's consent shall Contractor communicate with the customer relating to any matter in connection with the preparation of the entry/entry summary and provide such information as the customer requests.

(f) Notwithstanding the foregoing, in cases where Contractor fails to meet the time frames set forth above in 4 (b) (iii), the obligation of the Contractor and Federal shall be as follows: If Contractor invoices Federal between the day of U.S. Customs release ("Release") and up to the fifteenth (15th) calendar day thereafter, Federal will pay Contractor its Fee and all Reimbursables. If Contractor invoices Federal between the sixteenth(16th) and the thirtieth (30th) business day after Release, Federal shall assess a late penalty fee to Contractor of fifteen dollars (\$15) per entry but Federal shall still pay all Reimbursables. If Contractor invoices Federal between the thirty-first (31st) and the forty-fifth calendar day after Release, Federal will assess a late penalty fee of \$20 per entry and shall be under an obligation to pay the related Reimbursables. If Contractor invoices Federal on or after the forty-sixth (46th) calendar day, Federal shall assess a late penalty of twenty dollars (\$20) per entry and Federal shall have no obligation to pay any Reimbursables. All such invoices invoiced by Contractor after the thirtieth (30th) calendar day shall be invoiced to Federal in hard copy paper form. Federal shall have no obligation for payment of consolidated informal entry invoicing which is greater than fifteen (15) calendar days after the date of entry. However, Contractor may invoice the client of Federal directly for payment of such Reimbursables upon Federal's consent, which shall not be unreasonably withheld. The late penalty fees set forth above shall be shown as a deduction from fees owed Contractor in the invoices delivered pursuant to Section 3 above.

(g) Any refunds due to Federal or Federal's customers shall be refunded to Federal within fifteen (15) business days of receipt of any refunded amounts from U.S. Customs, mutually agreed to vendor rebilled invoices or corrected entries. All refunds shall be accompanied by all necessary information and documentation to specifically identify the subject transaction.

5. QUALIFIED PERSONNEL. (a) Contractor warrants that it holds all necessary bonds and licenses required to provide the Services; that it will provide sufficient numbers of qualified personnel and licensed Customs Brokers to provide responsible supervision for the Services, that it will provide at least one (1) Licensed Customs Broker available and on site at the Hub during clearance time, and will exercise reasonable care and due diligence in its performance of the Services, provided that Contractor may rely upon all information contained in the documents provided by the customer and, in the absence of such information, may employ its professional judgment in preparing the entry/entry summary. Upon request of Federal, Contractor shall furnish to Federal appropriate evidence of adequate workers' compensation insurance coverage on all employees. All Contractor employees shall abide by Federal's security rules and regulations.

(b) Neither Contractor nor Federal will negotiate for the employ, nor employ, the other's employees without prior written consent of the other party. The covenant contained in the immediately preceding sentence shall survive the term of this Agreement by one (1) year. In the event of any breach of the foregoing covenant, the injured party shall be entitled to injunctive relief in addition to such other relief available at law or equity.

(c) The Contractor shall, in the event of any technical non-performance or severe personality problems on the part of the Contractor's personnel, recall such personnel at the written request of a Senior Manager or above of Federal, upon forty-eight (48) hours notice. Contractor shall make best efforts to immediately assign new personnel in this situation and will assume the cost of this replacement as well as any learning period necessary to bring such new personnel to productive status.

(d) The selection and minimum specifications for Contractor's employees is attached herein as Exhibit E and becomes an integral part of this Agreement as to any of Contractor's employees working on Federal's premises.

6. EVENTS OF DEFAULT AND TERMINATION. (a) If any one or more of the following events of default occur, then this Agreement may, in addition to the remedies set forth below, be terminated at the option of the party not in default, provided that the non-defaulting party's option to terminate shall not be deemed an election of remedies:

(b) Failure of either party to pay when due any payment which may be required under this Agreement which failure shall remain uncured for a period of seven (7) business days after the defaulting party's receipt of written notice

of such non-payment;

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(c) Any breach or failure of either party to observe or perform any other term, condition, or covenant required to be observed under this Agreement, which breach or failure remains uncured for a period of ten (10) business days after the defaulting party's receipt of written notice of such breach or failure;

(d) The breach of any warranty or falsity of any material representation as of the time made by either party, which breach or falsity shall entitle Federal to immediately terminate this Agreement;

(e) The dissolution, liquidation, cessation of business or termination of existence of either party;

(f) The insolvency, bankruptcy, or assignment for the benefit of creditors, the consent of the appointment of a trustee or receiver for a substantial part of the business or the admission in writing of either party of its inability to pay its debt as they may mature;

(g) The institution against either party of bankruptcy, reorganization, insolvency, or liquidation proceedings or any other proceedings for relief under any bankruptcy or similar federal, state or local law for the relief of debtors, provided that such proceeding is not dismissed within thirty (30) calendar days after such institution.

7. REMEDIES. In addition to any other remedy provided in his Agreement, upon the occurrence of any of the above events of default, either party shall be entitled to all remedies available in equity or pursuant to applicable law.

8. INDEPENDENT CONTRACTOR. The parties intend that an independent contractor relationship shall be created by this Agreement. Federal is interested only in the results to be achieved, and the conduct and control of the work will lie solely with Contractor. Contractor shall not be considered an agent or employee of Federal for any purpose.

9. PROPRIETARY INFORMATION. (a) Contractor and Federal agree that in the performance of Contractor's services for Federal, each party has or may have acquired information ("Proprietary Information") which is (i) confidential, secret, unique and proprietary to the other party, having been developed or accumulated over a lengthy period of time by the other at a great expense or developed by both parties, and (ii) other technical, business or financial information including, but not limited to customer lists, trade secrets, operational processes and the party's method of brokerage processing, the use or

disclosure of which by third parties is, or may reasonably be construed to be, contrary to the other party's interest. Contractor and Federal agree that such Proprietary Information has been disclosed to the other party in confidence and for use only by the recipient of such Proprietary Information for the sole and exclusive benefit of the disclosing party and only in connection with the performance of the matters contemplated under this Agreement. Federal and Contractor further agree that each will: (i) hold in confidence such Proprietary Information at all times during and after termination of this Agreement; (ii) except for agents of the United States Government authorized to obtain such

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information pursuant to 19 CFR - 111.24 or other applicable statutes or regulations, not disclose or communicate Proprietary Information to any third party; and (iii) not make use of Proprietary Information on its behalf or on behalf of any third party.

(b) Federal and Contractor agree that in the event of any violation or threatened violation of the provisions of this Section 9, the injured party shall be authorized and entitled to obtain from any court of competent jurisdiction preliminary and permanent injunctive relief as well as an equitable accounting of all profits or benefits arising from such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies at law or in equity to which the injured party, may be entitled.

(c) The obligations of confidentiality set forth above shall not apply to information (i) which is or becomes part of the public domain through no action of the recipient, (ii) which the recipient can prove to the disclosing party's reasonable satisfaction that such information was existing in Contractor's files prior to the disclosure, (iii) which the recipient can prove to the disclosing party's reasonable satisfaction that such information is developed independently without reference to the other party's confidential information, or (iv) is required by applicable law to be disclosed.

10. NON-COMPETITION. During the Term, Contractor shall not, without prior written consent of Federal, perform advisory, and/or brokerage services, directly or indirectly, at any Hub or Express Consignment Carrier Facility as defined in 19 CFR - 128 for any other person or entity engaged in the express courier or parcel industry, unless otherwise agreed in writing by Federal.

INDEMNIFICATION. (a) Contractor hereby agrees to indemnify and hold harmless Federal, its officers, agents, and employees from any liabilities, damages, expenses, demands, claims, suits, or judgments including reasonable attorneys' fees, costs, and expenses incidental thereto, that are caused by the negligence of Contractor in performing or negligent failure to perform the Services for Federal under this Agreement that results in financial loss to Federal. However, this indemnity obligation and any other such liability of

Contractor arising out of the Services provided by Contractor shall be limited to the amount of three million dollars (\$3,000,000) per year (beginning on the Effective Date of this Agreement) in the aggregate for any such claims. However, under no circumstances shall Contractor be liable for incidental or consequential damages.

(b) Federal agrees to defend, indemnify and hold harmless Contractor, its parents, affiliated companies, officers, agents, and employees from any and all liabilities, damages, expenses, demands, claims, suits, and judgments including all reasonable attorneys' fees, costs and expenses incidental thereto, as a result of the following in connection with Contractor's performance of the Services under this Agreement: the consignee's failure to redeliver shipments or parts thereof due to U.S. Customs or other agencies or the consignee's or consignor's failure to furnish information to U.S. Customs; the consignee's or consignor's failure to furnish documents covered under a missing document bond; fraudulent, negligent, or erroneous actions on the part

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of parties other than Contractor and its officers, agents, or employees; failure of U.S. Customs to require entry until after post-sort review of the manifest; any procedural operations that are directed by Federal and for which Contractor has provided written notice to Federal that such operation may violate provisions of applicable law or regulations; errors as a result of documents not in compliance with Section 141.86 of the Customs Regulations and all claims for duties, paperwork, cargo, or any other claims (not to include recurring incidents brought to the attention of Contractor) not under the control of Contractor made by U.S. Customs or other parties and all or any of these arising out of, or related to Services provided by Contractor to Federal under this Agreement. Federal's obligation of indemnity shall not cover any claims arising out of the negligence, gross negligence or willful misconduct of Contractor or out of situations in which Contractor has rendered the consignee or consignor post entry services at the consignee's or consignor's direction, for additional compensation from the consignee or consignor separate from Services described in this Agreement or any other claims which do not arise out of the performance by Contractor of the Services under this Agreement.

12. SERVICE FAILURES. Any Contractor error (e.g. improper release, unnecessary cage, rejected entry) resulting in a service failure for which Federal must reimburse customers shall be so reimbursed by Contractor in addition to those caused by failure to file entries timely. In the event that the Contractor fails to present an entry to U.S. Customs on a shipment after timely receipt of the required documentation, or information, or as a result of Contractor's Automated Systems (primary and/or backup) being down and access to information is unavailable which causes service failures for Federal. Contractor shall reimburse Federal for all losses to the customer actually incurred equal to the entry fee charged to Federal by Contractor for the individual shipment on

days where no incentive payment has been earned by Contractor. On days where an incentive payment has been received by Contractor and in the event that Contractor fails to present an entry to U.S. Customs on a shipment after timely receipt of the required documentation, or information, or as a result of Contractor's Automated Systems (primary and/or backup) being down and access to information is unavailable which causes service failures for Federal and Federal provides Contractor with written proof of reimbursement to the customer, Contractor shall reimburse Federal an amount equal to the actual refund(s) paid by Federal to the customer not to exceed the incentive paid Contractor for the given day. At no time will the total reimbursement exceed the daily incentive paid the Contractor.

In the event any error is solely the fault of Contractor and is shown to be the direct cause of shipment delay and such delay would cause the shipment to miss its service commitment, and results in the shipment being expedited to the customer, Contractor will be responsible for such additional cost as mutually determined by Contractor and Federal's U.S. Brokerage Department, but such cost shall not exceed the cost of expediting the shipment to the destination.

13. CHANGES IN WORK. (a) Federal may order extra Services or make changes by altering, adding to or deducting from the Services by signing a change order in the form of Exhibit C ("Change Order"). Services performed pursuant to a valid Change Order shall be performed subject to the conditions of this Agreement.

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(b) Federal also by written instruction to Contractor may make changes in the Services not involving extra cost and not inconsistent with the purposes of the Services without execution of a Change Order, but otherwise, no extra Services shall be done or changes made unless pursuant to a Change Order, and no claim for an addition to the Fee or an extension of the Term shall be valid unless so ordered in a signed Change Order.

(c) Upon receipt of a written request from Federal for changes in the Services which would affect the Fee or the Termination Date, Contractor shall submit a statement detailing Contractor's proposal for accomplishing the changes proposed by Federal and the effect, if any, on the Fee and the Termination, Date. If Federal accepts Contractor's proposal, a Change Order shall be executed by the parties and the Fee, Maximum Reimbursable Amount and Termination Date shall be adjusted as agreed, subject to any special conditions applicable to Change Orders set forth in Exhibits A and B.

(d) Significant operational irregularities which occur in the course of performing the Services under this Agreement that cause the Contractor to incur additional and uncontrollable costs shall be documented in writing to Federal.

Such occurrences shall be mutually agreed by the parties and shall be designated as "Mass Exceptions" which will include, but not be limited to, the following occurrences upon the mutual agreement of the parties: (a) flights that arrive later than thirty (30) minutes prior to the scheduled sort down time and Federal directs Contractor to process that flight the same night; (b) unscheduled Hub closures; (c) changes in holiday work schedules without thirty (30) days' notice from Federal; (d) a Federal system outage in excess of one (1) hour during the brokerage process that creates significant delays or costs for the Contractor (such as, IMS, VISA, BTS, etc.) or (e) flight routing changes initiated by Federal without providing Contractor at least one (1) hour notice prior to flight departure. This Mass Exception shall be properly documented by Contractor and both parties must, in connection with events described in (b) and (c) above, mutually agree upon the compensation for such Mass Exception prior to its occurrence. Federal shall pay the compensation to Contractor for such Mass Exception as agreed by the parties. In the case of the occurrence of events described in (a), (d), or (e) above, Contractor shall be reimbursed for the additional costs at the rates set forth in Exhibit B.

14. RIGHT OF AUDIT AND DOCUMENTATION. (a) Contractor shall keep full and accurate financial and other records in connection with the performance of the Services all of which records shall be open to audit by Federal or any authorized representative of Federal during the Term during normal business hours and upon a reasonable amount of written notice, taking into consideration the age, number and type of records and until five (5) years following the expiration of the term or earlier termination of this Agreement. In addition, Contractor shall make it a condition of all subcontracts relating to the Services that all subcontractors will keep accurate financial and other records in connection with their work and that such records shall be open to audit by Federal or any authorized representative of Federal during the performance of the subcontractor's work and until five (5) years following the subcontractor's completion of its work.

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(b) All customer profile information on file with Contractor and obtained in connection with this Agreement, shall be provided to Federal upon request by Federal during the Term and until two (2) years following the expiration of the Term.

(c) Contractor shall maintain and update an internal operational procedures manual. A copy of this manual will be provided to Federal within thirty (30) days of entering into this Agreement. Any updates to the manual(s) will be made within seven (7) days of the final implementation of the operational or procedural change. All such updates will be provided to Federal within seven (7) days of request by Federal's Customs Brokerage Department following the completion of the manual update.

(d) Contractor shall provide Federal with an organizational chart of the operations within thirty (30) days of entering into this Agreement. The organizational chart should contain a listing of all personnel (including job titles). Any updates or changes made to the organizational information shall be provided to Federal within seven (7) days after request by Federal's Customs Brokerage Department following such change or update.

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INSURANCE. (a) At all times during the performance of the Services, the Contractor shall maintain in force the insurance described in Exhibit D, in the amounts and with the endorsements there specified and as further provided in this Section 15.

(b) All insurance policies maintained by the Contractor shall provide that insurance as applying to Federal shall be primary and Federal's insurance shall be noncontributing irrespective of any insurance Federal maintains.

(c) All insurance maintained by the Contractor pursuant to this Article 15 shall be written by insurance companies licensed to do business in the state in which the Services are performed, shall be in form and substance satisfactory to Federal and shall provide that insurance will not be subject to cancellation, termination, or change except after thirty (30) days' prior written notice to Federal.

(d) All liability insurance policies, except for any worker's compensation insurance policies and professional errors and omissions insurance policies, maintained by the Contractor pursuant to this Agreement shall be endorsed to name Federal and its respective officers, directors and employees as additional insureds, and all property damage insurance shall be endorsed with a waiver of subrogation by the insurer as to Federal.

(e) Prior to the execution of this Agreement, the Contractor shall furnish to Federal certificates of insurance reflecting policies in force. Contractual liability insurance shall specifically acknowledge the provisions of Article I I

(f) Contractor shall also maintain insurance in order to satisfy its obligation pursuant to Section I I hereof. Federal shall pay for the cost of such insurance policy in the manner set forth in Exhibit D.

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16. WARRANTY AND PERFORMANCE DELIVERABLES. Contractor warrants and agrees that all work and Services performed hereunder will represent best efforts, reasonable care and will be of the highest professional standards and quality. The Services performed will be in a good, professional, workmanlike and competent manner in conformity with the requirements of this Agreement.

Contractor agrees that it will exercise reasonable care and due diligence in its performance of the Services. Contractor agrees and commits to use its best efforts to provide any deliverables required by this Agreement by the specific time required under this Agreement. This includes, but is not limited to, such deliverables as reports, computer programs, project modifications, research, findings,, procedural enhancements. Deliverable time commitments may be extended with written approval of Federal.

17. CONTROLLING LAW. The interpretation of this Agreement shall be governed in all respects by the laws of the State of New York.

18. ASSIGNMENTS. This Agreement may not be assigned without the prior and express written consent of the other party except that upon prior written notice either party may assign all or any part of its rights and delegate its duties under this Agreement to a wholly-owned subsidiary or affiliate.

19. ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the parties and supersedes all previous written or oral agreement between the parties. This Agreement shall not be modified or affected by any course of dealing, course of performance or usage of trade.

20. EXHIBITS. All exhibits described in this Agreement shall be deemed to be incorporated in and made a part of this Agreement, except that if there is any inconsistency between this Agreement and the provisions of any exhibit, the provisions of this Agreement shall control. Terms used in an exhibit and also used in this Agreement shall have the same meaning in the exhibit as in this Agreement.

21. MODIFICATION. Except as otherwise provided, this Agreement shall not be modified except by written agreement signed on behalf of Federal and Contractor by their re'spective authorized officers.

22. SEVERABILITY. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired.

23. NOTICES. All notices, approvals, requests, consents and other communications given pursuant to this Agreement shall be in writing and shall be effective when received, if hand delivered, sent by telex, sent by Federal Express service or sent by certified or registered mail, addressed as follows:

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If to Contractor:

Fritz Companies, Inc.
2005 Nonconnah Blvd., Suite 31

Memphis, TN 38132
Attn: Director,
Express Clearance Customs,

With a Copy to:

General Counsel
Fritz Companies, Inc.
706 Mission Street
San Francisco, CA 94103

If to Federal:

Federal Express Corporation
2600 Nonconnah Blvd., Suite 191
Memphis, Tennessee 38132
Attn: Sr. Manager, Brokerage Services

With a Copy to:

Federal Express Corporation
1980 Nonconnah Blvd.
Memphis, TN 38132
Attn: Managing Director,
Business Transactions

and

Federal Express Corporation
2600 Nonconnah Blvd., Suite 307
Memphis, TN 38132
Attn.: Sr. Supply Chain Specialist;
Brokerage Services

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24. VALIDITY OF AGREEMENT. This Agreement shall not be valid nor binding upon Federal unless it shall have been executed by an officer of Federal and legally approved as evidenced by the signature of Federal's attorney in the space provided.

25. SURVIVAL. The provisions of this Agreement which by their nature extend beyond the expiration or earlier termination of the Agreement will survive and remain in effect "until all obligations are satisfied. Specifically, the Contractor's obligations to indemnify Federal and Federal's obligations to indemnify Contractor shall survive this Agreement.

26. WAIVER. The failure of either party at any time to require performance by the other of any provision of this Agreement shall in no way affect that party's right to enforce such provision, nor shall the waiver by either party of any breach of any provision of this Agreement be taken or held to be a waiver of any further breach of the same provision or any other provision.

27. SECTION HEADINGS. All section headings and captions used in this Agreement are purely for convenience and shall not affect the interpretation of this Agreement.

28. DISCLOSURE. The Contractor shall in each instance obtain the prior written approval of Federal concerning exact text and timing of news releases, articles, brochures, advertisements, prepared speeches and other information releases concerning this Agreement.

29. CHANGE OF CONTROL. In addition to such other rights as Federal may have, Federal shall have the right to immediately terminate this Agreement upon the acquisition of a majority ownership or voting control of the capital stock, business or assets of Contractor by any third party which is not an affiliate or subsidiary of the Fritz Companies, Inc. Contractor shall promptly notify Federal in writing of any such change in control.

30. FURTHER ASSURANCES. Each party agrees that it will take such actions, provide such documents, do such things and provide such further assurances as may reasonably be requested by the other party during the term of this Agreement. Contractor agrees to provide to Federal, from time to time, such public financial information as Federal may reasonably request to determine Contractor's ability to perform its obligations under this Agreement.

31. SET OFF. There shall be no right of set-off of sums due and payable to Contractor hereunder, whether for duties and taxes or other payables unpaid by consignee or shipper to Federal or for claims of Federal alleged to have arisen under this Agreement.

32. MILLENNIUM COMPLIANCE (a) "Four-Digit Year Format" shall mean a format that allows entry or processing of a four-digit year date where the first two digits will designate the century and the second two digits will designate the year within the century. "Leap Year" shall mean the year during which an extra day is added in February (February 29th). Leap Year occurs in all years evenly divisible by the number four (4), except that a year that is divisible by 100 is not a Leap Year (unless it is also divisible by 400, i.e., making the year 2000 a Leap Year). "Year/2000 Compliant" shall mean that dates outside of the range 1900-1998, including the years 1999, 2000 and thereafter, encountered and/or processed by the equipment will be correctly recognized, calculated, sorted, stored, displayed and/or otherwise processed in any level of computer hardware or software including, but not limited to, microcode, firmware, application programs, system software, utilities, files and databases.

(b) Contractor shall use its best efforts to ensure: (i) that the equipment is Year/2000 Compliant; is designed to be used prior to, during and after the calendar year 2000 A.D.; will operate consistently, predictably and accurately, without interruption or manual intervention, and in accordance with all requirements of this Agreement, including without limitation all specifications and/or functionality and performance requirements, during each such time period,

and the transitions between them, in relation to dates it encounters or processes; (ii) that all date recognition and processing by the equipment will include the four digit year format and will correctly recognize and process the date of February 29, and any related data, during Leap Year; and (iii) that all date sorting by the equipment that includes a "year category" shall be done based on the four-digit year format.

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(c) Contractor shall use its best efforts to ensure that the equipment will accept data from other systems and sources that are not Year/2000 Compliant, the equipment must properly recognize, calculate, sort, store, output and otherwise process such data in a manner that eliminates any century ambiguity so that the equipment remains Year/2000 Compliant.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

FRITZ COMPANIES, INC.

FEDERAL EXPRESS CORPORATION

By: /s/ R. Arovas

By: Gerald L. Leary

Title: Executive Vice President
(Contractor)

Title: V.P. GTS
(Federal)

.40977

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EXHIBIT A

to that certain

Services Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.
("Contractor")

SERVICES/SPECIFICATION

1. RELATIONSHIPS

A. Contractor is employed by Federal on a contractual basis to act as a customs broker, and the importer of record on the behalf of the consignee/shipper/Federal to customs clear import packages as stated and defined in the contractual Agreement. Contractor will be the importer of record for all shipments covered by this Agreement unless otherwise specifically requested by the Consignee of a shipment.

B. Federal will provide adequate personnel and facilities to and be responsible for the movement, staging, opening and closing of import packages for U.S. Customs.

11. SUPERVISION

Employees of Contractor must observe all safety, security, and placard requirement and regulations while on Federal's premises.

111. RESPONSIBILITY

A. Entry Preparation

From manifests and documentation of entry information, Contractor will supply and/or verify the Harmonized Code classification number and duty rate to be applied and correct formal/informal entry number to be assigned to each shipment.

2. Contractor is responsible for using its best efforts for the timely production of entry forms necessary for:

(a) Completion of rating and selection of all items in a timely manner necessary for Customs Entry/Entry Summary to federal agencies.

(b) The Customs release of the cargo, unless such is not possible due to the lack of quality, quantity, complexity, or timeliness of the documentation available to Contractor or governmental restrictions on Customs release (i.e., quota, contraband, etc.).

(c) Lawful, timely entry/entry summary submission to U.S. Customs.

3. Contractor shall take all reasonable precautions to avoid the release of merchandise from the Hub that would be subject to a post-release redelivery by U.S. Customs or redelivery by U.S. Customs for other government agencies. Contractor to reimburse Federal penalties incurred if the return is not successful provided Contractor is clearly at fault.

B. Aircraft Arrival

1. Contractor will receive aircraft manifests and other documents from Federal.

2. From these, Contractor will match document and complete entry packets for each shipment.

C. Handling of In-Bond Cargo

1. Federal's aircraft off loader will insure that all in-bond shipments are kept together and loaded in a separate container(s).

2. Federal's pull-in-driver will take in-bond shipments to designated in-bond area and drop container(s).

3. Federal is responsible for all physical handling of in-bond cargo including timely display of contents to U.S. Customs and Contractor when so instructed by either U.S. Customs or Contractor.

D. Customs Inspection

1. Package inspection and method of opening and presentation of entry packets will be at the discretion of the Customs Inspector.

2. Federal's employee(s) will open and close packages by the method prescribed by the Customs Inspector.

E. Customs Cleared Packages

1. After package clearance, Federal's employee(s) will close package and cover in-bond sticker with a Federal's promotional sticker, mark final destination I.D. on packages and take them to the sort input.

2. After package clearance, Federal will be responsible for matching the released shipment with the released documents provided to Federal by Contractor.

F. Duty Verification

Contractor agrees to the terms of the Duty Verification Program as outlined and mutually agreed to. Disputes which arise involving transactions whereby Contractor has failed to follow the agreed upon procedures will be rebilled to the Contractor. Contractor will be responsible for the amount of the incorrect duty assessed as well as absorb the cost of the custom entry fee and the cost of initial post entry petitioning/protests.

G. Caged or Detained Freight

Contractor will handle all direct customer contact and resolutions to caged or detained freight, as well as attempt to reduce the potential caged shipments through preventative means such as POPS and PREVENTATIVE programs.

IV. ABILITY TO MAKE SORT

A. Provided Federal meets the aforementioned requirements as outlined in Exhibit A and the following overall standard, Contractor will ensure that on all* shipments requiring clearance, an appropriate entry will be lodged with U.S. Customs in a manner which will allow Customs clearance by sort down.

(*)Does not apply to commodities that require a higher level of technical assistance or other government agency release (i.e. live/quota entries, liquor, TIB entries, etc.); shipments in excess of ten (10) line items per air waybill; and shipments where further documentation or information is required resulting in detainment.

1. Manifest download of information must be received two (2) hours prior to aircraft arrival.

2. Contractor must receive usable advanced faxes of required documentation

for Customs clearance on minimum of seventy five (75) percent of the shipments requiring formal entry processing (To Exclude Textiles).

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3. Federal must have the last document available and to the Contractor as mutually agreed to before the end of the sort.

4. Contractor and Federal to mutually agree on standards for live quota entries. To be defined in "Broker Performance Standards".

5. Shipments in excess of ten (10) HS Codes to be considered complex unless usable faxes are received at least one (1) hour in advance of cargo arrival and the total HS Codes do not exceed one hundred (100).

B. In the event that Contractor fails to present an entry to U.S. Customs in a timely manner (after all standards and requirements. are met) which causes service failures, Contractor shall be subject to the terms and conditions of Section 12, Service Failures.

V. PERFORMANCE STANDARDS

The performance standards will be determined by Federal and Contractor publication "Broker Performance Standards". Changes to this publication will be as mutually agreed to by both parties or as required by U.S. Customs. The Contractor will also provide publication "Automated Report Card" (ARC) on a quarterly basis, no later than 14 calendar days after the end of the quarter. The ARC information will be made available to Federal in electronic and hardcopy formats. The categories reported are to be mutually agreed upon and will include but will not be limited to Broker Performance, Invoicing, Clearance Support and Duty Disputes.

VI. EXCEPTIONS

A. If for any reason a shipment does not qualify for Customs clearance, it will be held in Federal's secured area. Contractor will make timely notification to Federal in order for Federal to make notification to the origin and destination. Contractor will assist Federal as necessary in resolving all issues involved in detention.

B. Contractor will be available to act on the request(s) of the ultimate consignee regarding "post entry services" such as drawbacks, protests, and reductions of duty and will make its best efforts to complete these request(s) to the satisfaction of the ultimate Consignee and U.S. Customs. Compensation for such post entry services will be for the account of the ultimate Consignee and charges by Contractor shall be dictated by Contractor's Memphis standard fee

schedule in effect at the time the service is rendered. Contractor is not required to extend credit to any ultimate Consignee/Consignor and is not required to perform any post-entry services without reasonable compensation. If credit cannot be established with the ultimate Consignee, Contractor has the option not to perform the services required until payment is received.

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C. limit the liability for fines, penalties, or other claim by any agency of the U.S. Government as a result of false, misleading, incomplete or insufficient documentation or information supplied by Consignors or Consignees. Contractor will attempt to collect handling fees and any duties due from the Consignor/Consignee in advance; however, if the Consignor/Consignee refuses to render an advance payment, those fees and duties necessary to protect the correctness of the entry will be invoiced to Federal and will be due and payable within seven (7) business day of invoice date.

D. All duties and user fees will be paid to Contractor by Federal. Federal will collect duties and user fees from Consignor/Consignees. Federal invoices for duties and user fees will be supported by a copy of the Customs Entry CF7501 as well as any other documentation needed to support the Customs Entry as supplied to Federal by Contractor.

E. Post Entry and Express Customs clearance do not include extensive research and copying to satisfy Customs audit requirements on behalf of Federal. Federal is to provide adequate personnel and equipment to produce needed backup to satisfy Customs requirements made in conjunction with such audits. This section does not include Customs audit of Contractor's company as a licensed broker.

F. At the written request of Federal, Contractor will provide appropriate personnel to meet with Federal's clients to resolve pending problems and/or to avoid potential future problems. Prior to travel, Contractor and Federal will mutually agree which party will be responsible for reimbursable travel and lodging expenses.

G. Where specifically requested by Federal, and the request does not cause additional handling or additional undue cost to Contractor, Contractor shall allow for services regarding Automated Clearing House (ACH) payment direct from customers.

H. Where specifically requested by Federal, Contractor shall work with

Federal and its customers to develop and complete operational procedures to allow for Services regarding remote entry filing. Where cost is a consideration the Contractor will work with Federal and Federal's customers to a mutual agreement.

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EXHIBIT B- 1

to that certain

Services Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.

("Contractor")

Memphis, Tennessee.

Term for this Location: Commence as of the date of this Agreement and shall expire on September

1, 2000 unless earlier terminated as provided in this Agreement.

MEM PRICE LIST FOR CUSTOMS CLEARANCE SERVICES

1) Formal Entries (1,2)

From I - 1250 Entries per day \$18.75 ea.

From 1251 and above Entries per day \$16.00 ea.

2) Caged or Detained Shipments requiring Formal or Informal Entry (3)

\$21.25 ea.

3) Informal Entries (1)

From I - 750 Entries per day \$ 8.50 ea.

From 751 and above Entries per day \$ 8.00 ea.

4) Customer Service (4)	
a) Direct with Federal's Clients and Shippers	\$ 9.35 ea.
b) Delay Notification (CDN)	\$ 6.75 ea.
5) Consolidated Entries	\$21.25 ea.
Each additional AWB line item	\$ 1.65 ea.
6) Consolidated Entries/Customer Specific Shipments	\$21.25 ea.
Additional Invoices on Consolidated Entries	\$ 2.00 ea.
7) Section 321 Entries (5)	\$ 1.65 ea.

Notes to Price List Entries are located on pages 4 and 5

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8) Entries Filed Via Importers System (6)	\$21.25 ea.
9) Customized Process Accounts (CPA) (7)	Applicable Entry Fee(s), plus Applicable Category Fee(s) listed below
Category 1) Use of Proprietary System/Database	\$5.00 per entry
Category 2) Customized Broker System and/or HTSUS PC Database-PARTS reference	\$ 1.00 per entry
Category 3) Extensive research/supplemental documentation (Trademark letters, Copyright, Licensing, Radiation Declarations)	\$2.00 per entry
Category 4) Elevated levels of communication required	\$4.00 per entry
a) Verification Handling (Pre-and Post-clearance)	
b) IPD freight movement coordination with Federal's Ops	
C) Special monitoring requests (shipper/consignee/carrier)	
Category 5) Special Data Entry (Landed Cost Reports, Customized 750 and other various customer reportin)	\$2.00 per entry
10) TIB Entries (8)	\$75.00 ea.
11) Surety Bond (9)	\$40.00 minimum
12) Liquor Entries (10)	\$65.00 ea.
13) Transportation Entries 0 1)	\$35.00 ea.

14) Federal Express Corporate Entries (12)	\$50.00 ea.
15) Protest Fees	
a) Customer Requested	\$75.00 ea.
b) Federal Express Requested	\$40.00 ea.
16) Food and Drug Administration Shipment Processing	
a) FDA (EEPS Processing)	\$ 2.50 ea.
\$ 2.50 e	
b) FDA Single 701 Manual Processing	\$ 2.50 ea.
c) FDA Disclaims	\$ 1.00 ea.

Notes to Price List Entries are located on pages 4 and 5

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17) Department of Defense Entries (13)	\$38.50 ea.
18) Extra Harmonized Tariff Classifications (14)	\$ 1.10 ea.
19) Marking/Mutilation of "Sample" Merchandise (15)	\$3.50 per piece
20) Preprocessed Formal Entries (16)	\$24.19 ea.
2 1) Mass Exceptions Overtime Rate	\$25.00 per hour
22) Additional Interim Monthly Billing (17)	\$291,446

NOTES TO PRICE LIST

The fees listed are based on present service requirements and daily volume projections as outlined by Federal.

Contractor effects U.S. Customs clearance and release of shipments with:

- o One air way bill/commercial invoice, or its electronic equivalent.
- o All necessary documents are on hand and correctly completed (i.e. visas, export licenses, TSCA, FCC740, HS7, textile declarations, import and state department licenses, or other preentr

required documentation).

As discussed, the fees include technical support. The listed fees are predicated on Contractor receiving manifest information electronically from Federal.

Federal shall advance Contractor the sum of \$500,000 per month, which sum is to be applied against the monthly amount invoiced to Federal under Section 3 and this Exhibit B- I -

Notwithstanding the actual monthly amount invoiced to Federal under Section 3, Federal agrees to pay Contractor the following monthly minimum Fees for each year of the term of this Agreement:

Months 1-24	\$750,000.00
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Entry summary transactions exceeding One Thousand Dollars (\$ 1,000) (duties and taxes) will be invoiced within three ('3) business days as specified in Section 5A, except where Federal's client has requested a review of the entry prior to payment of duties or requires other Customized Processing.

When Federal is listed as the importer of record (which shall occur only if specifically requested by Federal) and duties exceed \$5,000.00, Federal shall remit payment directly to US Customs.

Notes to Price List Entries are located on pages 4 and 5

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It is understood and agreed that the price and rates set forth in this Agreement presume and are premised upon the regulations, procedures and requirements as of the date of this Agreement.

Given Federal's time and service commitments and the necessity to make sort 100% of the time and Contractor's commitment to achieving same, the following shall apply: Federal shall provide Contractor with additional incentives at the compensation levels indicated in the "Broker Performance Standards". Contractor will re-imburse Federal for any and all service deficiencies as determined under the "Broker Performance Standards", at the rates indicated in those standards. Contractor must submit all proof necessary for Federal's payment of any incentives determined to be payable to Contractor. This proof shall be submitted with Contractor's monthly service billing. The incentives payout is not an'accruable amount. The performance incentives/disincentives are separate and apart from all other fees and minimums and only applies to locations where we employ a performance incentive program.

These standards need to be completed and in place upon contract signing.

NOTE: Contractor will provide a reduction in contract fees as follows:

- A. On all days where the four largest volume flights arrive within 1 minutes of schedule, the formal entry fee would be reduced by \$.40/entry. This is to be reported by Contractor as an amendment to the monthly ent volume statistics presented with invoicing. Flight arrival times will be those as reported by Federal's Hub Control Center.
- B. On all days where Federal achieves a 95%+ of original faxing compliance, a reduction of all formal entries by \$1.05 will occur. This will be reporte by Contractor as an amendment to the monthly entry volume statistics presented with invoicing.

All payments to be made to Contractor's Memphis location.

NOTES TO PRICE LIST ENTRIES

- (1) Formal and Informal Entries - Prices are tiered.
- (2) Formal Entries - Includes Formal Dutiable, Formal Free, Live/Quota Entries and Customer Processing Accounts. It does not include, Cages.
- (3) Caged or Detained Shipments - Does not include the Customer Service Fee which covers a separate service excluding the Customs Entry.
- (4) Customer Service - For Cages. Does not apply at this time. Implementation to be mutually agreed upon and Federal's Senior Manager or above to issue a letter of authorization.

Direct contact by Contractor with Federal's Clients and Shippers -
Regulatory Delays.

Notes to Price List Entries are located on pages 4 and 5

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- (5) Section 321 Entries - "Mod Act" Review Process and Validation.
- (6) Entries Filed Via Importers System - Entries requiring data input into the shipper or importer's proprietary system for Billing, Regulatory compliance, or other business requirements.
- (7) Customized Processing Accounts (CPA)- To be applied to all Entries designated by Customs Brokerage Administration as CPA. All CPA entries are included in the Entry volumes. Multiple Categories may apply to individual accounts/shipments/entries. In these cases, Contractor will invoice Federal the applicable entry fee plus each applicable Category fee.
- (8) TIB Entries - Includes Initial Entry, Tracking and Export Entry. Not including the cost of the Surety Bond.

(9) Surety Bond - TIB Entries Only, other rates apply to other types of Bonds. Bond cost are \$10.00 per \$1,000 of the Bond Amount - \$40.00 minimum.

(10) Liquor Entries - Requires the Importer's Bond, Import Permit, and Label Approval.

(11) Transportation Entries - IT's, T&E's, IE's.

(12) Federal Express Corporate Entries - Non-Express Shipments Only. This fee applies to any U.S. port of entry, but does not apply to shipments moving through Federal's express revenue system. Governmental Agency overtime services are not included in flat fee.

(13) Department of Defense Entries - Including the Initial Filing for DSCAR Certification.

(14) Extra Harmonized Tariff Classifications - Over 10 per Entry with a Maximum of 100.

(15) Marking/Mutilation of "Sample" Merchandise - Must be pre-approved in writing by Federal's Customs Brokerage Administration.

(16) Preprocessed Formal Entries - For all Formal Entries which are preprocessed at Contractor's Anchorage, AK location in the Pacific Earl Entry Center (P.E.E.C.) for designated shipments on Federal's Super Express freighter flight. Audit documentation will be submitted with the billing packet supporting the modified fee.

(17) Additional Interim Monthly Billing - Covers additional negotiated amounts payable to compensate Contractor for additional costs incurred. It is assumed by the parties, that upon any renegotiation of the rates set forth in this Exhibit, the dollar amount of this line item will be included in the re-negotiated rates and this item shall no longer be payable.

Notes to Price Last Entries are located on pages 4 and 5

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EXHIBIT B-2

to that certain

Services Agreement
between

Federal Express Corporation

("Federal")
and

Fritz Companies, Inc.
("Contractor")

Anchorage, Alaska.

Term for this Location: Commence as of the date of this Agreement and shall expire on February 28, 2000 unless earlier terminated as provided in this Agreement.

ANC PRICE LIST FOR CUSTOMS CLEARANCE SERVICES

FORMAL ENTRIES

1) Formal/Live/Quota Entries (1, 2)

From I -	100 Entries per day	\$24.19 ea.
From I -	200 Entries per day	\$24.19 ea.
From I -	300 Entries per day	\$23.97 ea.
From I -	400 Entries per day	\$23.70 ea.
From I -	500 Entries per day	\$23.53 ea.
From I -	600 Entries per day	\$23.05 ea.
From I -	700 Entries per day	\$22.70 ea.
From I -	800 Entries per day	\$22.30 ea.
From I -	900 Entries per day	\$21.87 ea.
From I -	1000 Entries per day	\$21.52 ea.
From I -	1100 Entries per day	\$20.82 ea.
From I -	1200 Entries per day	\$20.25 ea.
From I -	1300 Entries per day	\$19.75 ea.
From I -	1400 Entries per day	\$19.34 ea.
From 1	1401 or more Entries per day	\$18.97 ea.

2) Caged or Detained Shipments - Requiring Formal Entry (3, 4) \$24.45 ea.

3) Consolidated Formal Entries/Customer Specific Shipments (2) \$26.46 ea.

Additional Invoices/AWB on Consolidated Formal Entries \$ 3.31 ea.

Notes to Price List Entries are located on pages 5 and 6

[GRAPHIC OMITTED][GRAPHIC OMITTED]

Category 4) Elevated levels of communication required	\$ 4.00 per entry
a) Verification Handling (Pre-and Post-clearance)	
b) IPD freight movement coordination with Federal's Ops	
c) Special monitoring requests (shipper/consignee/carrier)	
Category 5) Special Data Entry (Landed Cost Reports, Customized 7501 and other various customer reporting)	\$2.00 per entry
10) TIB Entries (8)	\$85-00 ea.
11) Surety Bond (9)	\$40.00 minimum
12) Liquor Entries (10)	\$65.00 ea.
13) Transportation Entries (11)	\$35.00 ea.
14) Federal Express Corporate Entries (12)	\$50.00 ea.
15) Protest Fees	
a) Customer Requested	\$75.00 ea.
b) Federal Express Requested	\$40.00 ea.
16) Food and Drug Administration Shipment Processing	
a) FDA Shipment (OASIS Processing)	\$ 3.00 ea.
b) FDA Single 701 Manual Processing	\$ 3.00
ea.	
c) FDA	
Disclaims	\$ 1.00 ea.
17) Department of Defense Entries (13)	\$42.50 ea.
18) Extra Harmonized Tariff Classifications (14)	\$ 1.00 ea.
19) U.S. Wildlife and Fisheries (15)	
a) Processing and Filing of U.S. Wildlife Form 3177 (First 5 Items)	\$10.00 ea.
b) Additional Items over 5	\$ 2.50 ea.
20) Marking/Mutilation of "Sample" Merchandise (16)	\$10.00 ea.
21) Mass Exceptions Overtime Rate	\$32.50 per hour

NOTES TO PRICE LIST

The fees listed are based on present service requirements and daily volume projections as outlined by Federal and also:

a) If FedEx introduces a Super Freighter which does not exceed an entry volume reduction in Anchorage of more than 50%.

b) If U.S. Customs informal entry threshold does not increase above \$2,500.

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Contractor effects U.S. Customs, clearance and release of shipments with:

- o One air way bill/commercial invoice, or its electronic equivalent.
- o All necessary documents are on hand and correctly completed (i.e. visas, export licenses, TSCA, FCC740, HS7, textile declarations, import and state department licenses, or other pre-entry required documentation).

As discussed, the fees include technical support. The listed fees are predicated on Contractor receiving manifest information electronically from Federal.

Federal shall advance Contractor the sum of \$350,000 per month (*), which sum is to be applied against the monthly amount invoiced to Federal under Section 3 and this Exhibit B-2.

Notwithstanding the actual monthly amount invoiced to Federal under Section 3, Federal agrees to pay Contractor the following monthly minimum Fees for each year of the term of this Agreement:

Months 1 to 12	\$500,000.00
Months 13 to 24	\$550,000.00

(a) Monthly minimums and advances are established to ensure Contractor will be able to maintain consistent staffing and equipment, regardless of operational fluctuations. Contractor agrees to mutually adjust the Monthly Minimum and Advance to reflect operational modifications or other changes

in Contractor's responsibilities. Adjustments to the Monthly Minimum and Advance will be proportional to volume changes, operational changes, or regulatory changes.

Entry summary transactions exceeding One Thousand Dollars (\$1,000) (duties and taxes) will be invoiced within three (3) business days as specified in Section 4, except where Federal or Federal's client has requested a review of the entry prior to payment of duties or requires other Customized Processing.

When Federal is listed as the importer of record (which shall occur only if specifically requested by Federal) and duties exceed \$5,000.00, Federal shall remit payment directly to US Customs.

It is understood and agreed that the price and rates set forth in this Agreement presume and are premised upon the regulations, procedures and requirements as of the date of this Agreement.

Notes to Price List Entries are located on pages 5 and 6

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Given Federal's time and service commitments and the necessity to make sort 100% of the time and Contractor's commitment to achieving same, the following shall apply: Federal shall provide Contractor with additional incentives at the compensation levels indicated in the "Broker Performance Standards". Contractor will re-imburse Federal for any and all service deficiencies as determined under the "Broker Performance Standards", at the rates indicated in those standards. Contractor must submit all proof necessary for Federal's payment of any incentives determined to be payable to Contractor. This proof shall be submitted with Contractor's monthly service billing. The incentives payout is not an accruable amount. The performance incentives/disincentives are separate and apart from all other fees and minimums and only applies to locations where we employ a performance incentive program.

These standards need to be completed and in place upon contract signing.

NOTE: Contractor will provide a reduction in contract fees as follows:

- A. On all days where the four (4) largest volume flights arrive within fifteen (15) minutes of schedule, and are in excess of the number of days in which the (4) largest volume flights arrive over (30) minutes of schedule, and all primary scans are completed by 1:30 P.M. (ANC local time), the formal entry fee would be reduced by \$0.20 per formal entry. All reductions would be eliminated for each calendar week (Sunday-Saturday) if there are any roll-overs of flights to the next day. Flight arrival times will be those as reported by Federal's hub

control center.

- B. On all days where Federal achieves a ninety-five (95) percent or greater faxing compliance rate from all routes and/or origin locations, the formal entry fee will be reduced by \$0.55 per formal entry. Faxing compliance will be in accordance with established fax guidelines for Far East origin locations mutually agreed to by the parties.
- C. Contractor assumes the responsibility for the cost of maintaining personnel to manage the pre-review of textiles in Hong Kong.

All payments to be made to Contractor's Memphis location.

NOTES TO PRICE LIST ENTRIES

- (1) Formal and Informal Entries - Prices are Not Tiered. Total Formal or total Informal volumes will be used to determine one price for each type of entry.
- (2) Formal Entries - Includes Formal Dutiable, Formal Free, Live/Quota Entries and Customer Processing Accounts. It does not include, Cages.
- (3) Entry volumes for each category includes all Dutiable, Free, Live/Quota Entries if applicable.

Notes to Price List Entries are located on pages 5 and 6

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- (4) Caged or Detained Shipments - Does not include the Customer Service Fee which covers a separate service excluding the Customs Entry.
- (5) Customer Service - For Cages. Implementation to be mutually agreed upon and Federal's Customs Brokerage Administration/Memphis Senior Manager or above to issue a letter of authorization. Responsibilities will include customer contact to notify Customers of shipment delays and to rectify those regulatory deficiencies which lead to a detention and caging of U.S. inbound shipments. Also responsible for obtaining regulatory information, updating Federal's COSMOS System, and eventual release of shipments.
- (6) Section 321 Entries - Only applies to those shipments involving a Floor/Document Review.
- (7) Customized Processing Accounts (CPA)- To be applied to all Entries designated by Customs Brokerage Administration as CPA. All CPA entries are included in the Entry volumes. Multiple Categories may apply to individual accounts/shipments/entries. In these cases, Contractor will

invoice Federal the applicable entry fee plus each applicable Category fee.

- (8) TIB Entries - Includes Initial Entry, Tracking and Export Entry. Not including the cost of the Surety Bond.
- (9) Surety Bond - TIB Entries Only, other rates apply to other types of Bonds. Bond cost are \$10.00 per \$1,000 of the Bond Amount - \$40.00 minimum.
- (10) Liquor Entries - Requires the Importer's Bond, Import Permit, and Label Approval. May also require approval from Federal's Legal Department.
- (11) Transportation Entries - IT's, T&E's, IE's.
- (12) Federal Express Corporate Entries - Non-Express Shipments Only. This fee applies to any U.S. port of entry, but does not apply to shipments moving through Federal's express revenue system. Governmental Agency overtime services are not included in flat fee.
- (13) Department of Defense Entries - Includes the Initial Filing for DSCAR Certification.
- (14) Extra Harmonized Tariff Classifications - Over 10 per Entry with a Maximum of 100.
- (15) U.S. Wildlife and Fisheries - These are additional and are not included in the Entry Fees listed.
- (16) Marking/Mutilation of "Sample" Merchandise - Must be pre-approved in writing by Federal's Customs Brokerage Administration.

Notes to Price List Entries are located on pages 5 and 6

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EXHIBIT B-3

to that certain

Services Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.
("Contractor")

Oakland, California Term for this Location: Commence as of the date of this Agreement and shall expire on August 31, 1999 unless earlier terminated as provided in this Agreement...

OAKLAND PRICE LIST FOR CUSTOMS CLEARANCE SERVICES

FORMAL ENTRIES

1) Formal/Live/Quota Entries (1, 2)

From I -	100 Entries per day	\$21.45 ea.
From I -	200 Entries per day	\$20.40 ea.
From I -	300 Entries per day	\$20.00 ea.
From I -	400 Entries per day	\$19.00 ea.
From I -	500 Entries per day	\$18.75 ea.
From I -	600 Entries per day	\$18.50 ea.
From I -	700 Entries per day	\$18.15 ea.
From I -	800 Entries per day	\$17.75 ea.
From I -	900 Entries per day	\$17.75 ea.
From I -	1000 Entries per day	\$17.75 ea.

2) Caged or Detained Shipments - Requiring Formal Entry (3, 4) \$20.40 ea.

3) Consolidated Formal Entries/Customer Specific Shipments (2) \$23.95 ea.

Additional Invoices/AWB on Consolidated Formal Entries \$3.30 ea.

Notes to Price List Entries are located on pages 5 and 6

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4) Informal Entries (1, 2)

INFORMAL ENTRIES

From I -	100 Entries per day	\$7.50 ea.
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From I -	200 Entries per day	\$7.25 ea.
From I -	300 Entries per day	\$6.75 ea.
From I -	400 Entries per day	\$6.50 ea.
From I -	500 Entries per day	\$6.25 ea.
From I -	600 Entries per day	\$6.00 ea.
From I -	700 Entries per day	\$6.00 ea.
From I -	800 Entries per day	\$6.00 ea.
From I -	900 Entries per day	\$6.00 ea.
From I -	1000 Entries per day	\$5.88 ea.

5) Caged or Detained Shipments - Requiring Informal Entry (3, 4) \$20.40 ea.

6) Consolidated Informal Entries - Non Customer Specific \$21.45 ea.

Each additional AWB line item \$1.75 ea.

OTHER ENTRIES

7) Customer Service (5)
a) Direct with Federal's Clients and Shippers \$9.15 ea.

b) Delay Notification (CDN) \$6.75 ea.

8) Section 321 Entries (3, 6) \$2.25 ea.

9) Customized Process Accounts (CPA) (7) Applicable Entry Fee(s), plus
Applicable Category Fee(s)
listed below

Category 1) Use of Proprietary System/Database \$5.00 per entry

Category 2) Customized Broker System and/or HTSUS PC \$ 1. 00 per entry
Database-PARTS reference

Category 3) Extensive research/supplemental documentation \$2.00 per entry
(Trademark letters, Copyright, Licensing, Radiation
Declarations)

Category 4) Elevated levels of communication required \$4.00 per entry
a) Verification Handling (Pre-and Post-clearance)
b) IPD freight movement coordination with Federal's Ops

Notes to Price List Entries are located on pages 5 and 6

c) Special monitoring requests (shipper/consignee/carrier)

Category 5) Special Data Entry (Landed Cost Reports, Customized 7501 and other various customer reporting)	\$2.00 per entry
10) TIB Entries (8)	\$85.00 ea.
11) Liquor Entries (9)	\$50.00 ea.
12) Transportation Entries (10)	\$32.50 ea.
13) Federal Express Corporate Entries (11)	\$50.00 ea.
14) Protest Fees	
a) Customer Requested	\$75.00 ea.
b) Federal Express Requested	\$40.00 ea.
15) Food and Drug Administration Shipment Processing	
a) FDA Shipment (OASIS Processing)	\$4.00 ea.
b) FDA Single 701 Manual Processing	\$4.00 ea.
c) FDA Disclaims	\$1.00 ea.
16) Department of Defense Entries (12)	\$42.50 ea.
17) Extra Harmonized Tariff Classifications (13)	\$1.00 ea.
18) U.S. Wildlife and Fisheries (14)	
a) Processing and Filing of U.S. Wildlife Form 3177 (First 5 Items)	\$ 10.00 ea.
b) Additional Items over 5	\$2.50 ea.
19) Marking/Mutilation of "Sample" Merchandise (15)	\$3.50 per piece
20) Preprocessed Formal Entries (16)	\$24.19 ea.
21) Mass Exceptions Overtime Rate	\$32.50 per hour

NOTES TO PRICE LIST

The fees listed are based on present service requirements and daily volume

projections as outlined by Federal if U.S. Customs informal entry threshold does not increase above \$2,500.

Notes to Price List Entries are located on pages 5 and 6

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Contractor effects U.S. Customs clearance and release of shipments with:

- o One air way bill/commercial invoice, or its electronic equivalent.
- o All necessary documents are on hand and correctly completed (i.e. visas, export licenses, TSCA, FCC740, HS7, textile declarations, import and state department licenses, or other pre-entry required documentation).

Fees listed below include technical support and are based on Federal providing Contractor an equivalent of approximately 1,000 sq.ft. office space next to Customs and approximately 2,500 sq. ft. of additional office space (*) at the Oakland facility for Contractor use in providing clearance services. The quoted fees are predicated on Contractor receiving manifest information electronically from Federal.

(*) The additional 2,500 sq. ft. of office space may be provided as a trailer but must be at least within a reasonable vicinity of the Customs clearance operation.

Federal shall advance Contractor the sum of \$75,000 per month (*), which sum is to be applied against the monthly amount invoiced to Federal under Section 3 and this Exhibit B-3.

Notwithstanding the actual monthly amount invoiced to Federal under Section 3, Federal agrees to pay Contractor the following monthly minimum Fees for each year of the term of this Agreement:

Months 1-24	\$100,000.00 (*)
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(*) Monthly minimums and advances are established to ensure Contractor will be able to maintain consistent staffing and equipment, regardless of operational fluctuations. Contractor agrees to mutually adjust the Monthly Minimum and Advance to reflect operational modifications or other changes in Contractor's responsibilities. Adjustments to the Monthly Minimum and Advance will be proportional to volume changes, operational changes, or regulatory changes.

Entry summary transactions exceeding One Thousand Dollars (\$1,000) (duties and taxes) will be invoiced within three (3) business days as specified in Section 4, except where Federal or Federal's client has requested a review of the entry prior to payment of duties or requires other Customized

Processing.

When Federal is listed as the importer of record (which shall occur only if specifically requested by Federal) and duties exceed \$5,000.00, Federal shall remit payment directly to US Customs.

It is understood and agreed that the price and rates set forth in this Agreement presume and are premised upon the regulations, procedures and requirements as of the date of this Agreement.

Notes to Price List Entries are located on pages 5 and 6

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All payments to be made to Contractor's Memphis location.

NOTES TO PRICE LIST ENTRIES

- (1) Formal and Informal Entries - Prices are Not Tiered. Total Formal or total Informal volumes will be used to determine one price for each type of entry.
- (2) Formal Entries - Includes Formal Dutiable, Formal Free, Live/Quota Entries and Customer Processing Accounts. 'It does not include, Cages.
- (3) Entry volumes for each category includes all Dutiable, Free, Live/Quota Entries if applicable.
- (4) Caged or Detained Shipments - Does not include the Customer Service Fee which covers a separate service excluding the Customs Entry.
- (5) Customer Service - For Cages. Implementation is currently authorized by Federal's Customs Brokerage Administration/Memphis Senior Manager. Responsibilities include customer contact to notify Customers of shipment delays and to rectify those regulatory deficiencies which lead to a detention and caging of U.S. inbound shipments. Also responsible for obtaining regulatory information, updating Federal's COSMOS System, and eventual release of shipments.
- (6) Section 321 Entries - Only applies to those shipments involving a Floor/Document Review.
- (7) Customized Processing Accounts (CPA)- To be applied to all Entries designated by Customs Brokerage Administration as CPA. All CPA entries are included in the Entry volumes. Multiple Categories may apply to individual accounts/shipments/entries. In these cases, Contractor will

invoice Federal the applicable entry fee plus each applicable Category fee.

- (8) TIB Entries - Includes Initial Entry, Tracking and Export Entry. Not including the cost of the Surety Bond.
- (9) Liquor Entries - Requires the Importer's Bond, Import Permit, and Label Approval. May also require approval from Federal's Legal Department.
- (10) Transportation Entries - IT's, T&E's, IE's.
- (11) Federal Express Corporate Entries - Non-Express Shipments Only. This fee applies to any U.S. port of entry, but does not apply to shipments moving through Federal's express revenue system. Governmental Agency overtime services are not included in flat fee.

Notes to Price List Entries are located on pages 5 and 6

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- (12) Department of Defense Entries - Includes the Initial Filing for DSCA Certification.
- (13) Extra Harmonized Tariff Classifications - Over 10 per Entry with a Maximum of 100.
- (14) U.S. Wildlife and Fisheries - These are additional and are not included in the Entry Fees listed.
- (15) Marking/Mutilation of "Sample" Merchandise - Must be pre-approved in writing by Federal's Customs Brokerage Administration.
- (16) Preprocessed Formal Entries - For all Formal Entries which are preprocessed at Contractor's Anchorage, AK location in the Pacific Early Entry Center (P.E.E.C.) for designated shipments on Federal's Super Express freighter flight. Audit documentation will be submitted with the billing packet supporting the modified fee.

Notes to Price List Entries are located on pages 5 and 6

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EXHIBIT C
to that certain
Service Agreement

between

Federal Express Corporation
("Federal")

and
Fritz Companies, Inc.
("Contractor")

CHANGE ORDER FORM

Service Agreement No:

Change Order Date:

TO: Contractor:

Address:

City/State:

As provided in your Service Agreement with Federal Express Corporation dated
, the following changes in the Services are made:

This Change Order when signed by the parties will have the following effect:

a. Fee:

(increase/decrease/NA)

b. Termination Date:

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This Change Order in no other way alters the terms and conditions of the Service Agreement which are ratified and confirmed other than as amended by this Change Order.

FRITZ COMPANIES, INC.

FEDERAL EXPRESS CORPORATION

By: /s/ R. Arovos

By: /s/ Gerald P. Leary

Title:
("Contractor")

Title: Vice President
("Federal")

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Exhibit D

to that certain

Service Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.
("Contractor")

INSURANCE REQUIREMENTS

I Workers' Compensation

(a) State	Statutory
(b) Applicable Federal (e.g., Longshoremen's)	Statutory
(c) Employer's Liability\$	250,000.00

2. Comprehensive General Liability
Including Premises - Operations' Contractual Liability;
Products and Completed Operations; with a Combined
Single Limit not less than \$ 1,000,000.00

3. Completed Operations and Products Liability shall be
maintained for 2 years after final payment.

4. Comprehensive Automobile Liability with a Combined Single
limit not less than \$ 1,000,000.00

5. Employee Fidelity Bond, naming Federal as obligee, in an
amount not less than \$25,000.00 per employee per
occurrence

6. Surety Bond with U.S. Customs in an amount not less than
\$ 5,000,000.00

Federal shall pay the amount of \$ 10,000.00 per month in order to reimburse
Contractor for the insurance required pursuant to Section 15(f) of the
Agreement.

[GRAPHIC OMITTED] [GRAPHIC OMITTED]

11 1

Exhibit E

to that certain

Service Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.
("Contractor")

SELECTION AND MINIMUM SPECIFICATION FOR EMPLOYEES

Criminal Reference Checks

Contractor may utilize the company of their choice to provide the criminal background check and must meet the enclosed criteria. The results of these investigations and copies of the appropriate supporting documentation must be made available to Federal upon request.

A criminal background check must be performed for all employees first being assigned to Federal prior to reporting for work. Criminal checks performed 120 days or less prior to the report date will be considered valid. The background checks must be for the county of residence & county of employment, and must cover the last 7 years (or as otherwise permitted under applicable law), prior to the employee being assigned to Federal.

If the completed criminal background check indicates that the prospective employee has been convicted of a misdemeanor or a felony within the last 7 years (or as otherwise permitted under applicable law), the Sr. Manager of the contracting security department at Federal must be consulted prior to assigning the employee to Federal.

Contractor shall not assign anyone convicted of a job related crime without first consulting with the Sr. Manager of the contracting security department at Federal or a pre-designated representative. The criminal background check is good for the same time period as the I.D. badge.

Drug Screening

A drug screen that meets Federal's Protocol Standards will be conducted for each employee first being assignment at Federal. A negative test result will be required for assignment.

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The 5 drugs that each prospective employee is to be tested for are: (1) Marijuana, (2) Cocaine, (3) Opiates, (4) Phencyclidines (PCP), and (5) Amphetamines.

The testing laboratories must be SAMHSA (Substance Abuse and Mental Health Services) approved and must contact the Department of Transportation (DOT) for the minimum allowable levels established by the DOT. The drug screen is required initially and the employee is subject to future drug screens if there is probable cause.

Badges

As required, Contractor will provide suitable identification badges as approved by Federal, any government agencies, and local airport authorities for each employee assigned to Federal.

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Exhibit F

to that certain

Service Agreement

between

Federal Express Corporation
("Federal")

and

Fritz Companies, Inc.
("Contractor")

LOCATIONS AND TERMS

Locations:

- 1) Memphis, Tennessee
- 2) Anchorage, Alaska
- 3) Oakland, California

Terms:

Memphis, Tennessee

The term of this Agreement for Contractor's Services in Memphis, Tennessee shall commence as of the date of this Agreement and shall expire on September 1, 2000 unless earlier terminated as provided in this Agreement.

Anchorage, Alaska

The term of this Agreement for Contractor's Services in Anchorage, Alaska shall commence as of the date of this Agreement and shall expire on February 28, 2000 unless earlier terminated as provided in this Agreement.

Oakland, California

The term of this Agreement for Contractor's Services in Oakland, California shall commence as of the date of this Agreement and shall expire on August 31, 1999 unless earlier terminated as provided in this Agreement.

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EMPLOYMENT AND NON-COMPETE AGREEMENT

This Agreement is entered into this 1st day of December, 1998 by and between FRITZ COMPANIES, INC., a Delaware Corporation (Fritz) and Brad Lee Skinner ("Executive").

Whereas Executive has certain knowledge and skills in the International Logistics business and wishes to be employed by Fritz; and

Whereas Fritz desires to employ Executive in its business;

Wherefore, Fritz and Executive in consideration of the covenants contained herein agree as follows:

I - Fritz shall employ Executive as of January 1, 1999 in the position of Vice President-Global Sales and Marketing, resident in the San Francisco Bay Area reporting to The Office of the Chairman (or its successor).

2. Fritz shall compensate Executive for such employment as follows:

a. Twenty Thousand Eight Hundred Thirty-Three Dollars (\$ 20,833) gross salary per month;

b. Fringe Benefits as provided to all Fritz Executives reporting to The Office of the Chairman.

c. Participation in the Performance Based Retention Plan under the terms and conditions of such Plan as are determined by the Executive Committee and/or Compensation Committee of the Board of Directors of Fritz from time to time. For Fiscal Year 1999, such Plan provides for eligibility for payment in Fritz common stock (30% vested and 70% cliff vesting at 5 years) in an amount up to the equivalent of one year's base salary.

d. A one-time grant, subject to approval by the Compensation Committee of the Board of Directors of Fritz, of ten thousand (10,000) non-qualified stock options with an exercise price equal to the closing price of Fritz common stock on the NASDAQ stock exchange on the first day of employment of Executive hereunder (if such date is not a trading day on the NASDAQ stock exchange, then the exercise price shall be the closing price on the last trading day prior to such first day of employment), and subject to the terms and conditions of the standard Fritz Non-qualified stock option Agreement

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e. Grants of restricted stock and/or stock options from time to time as approved in the sole discretion of the Board of Directors of Fritz.

f. A one-time interest-free loan of Five Hundred Thousand Dollars (\$500,000) to be used exclusively towards the purchase and/or remodeling of a residence for Executive in the San Francisco Bay Area, which loan shall be forgiven in One Hundred Thousand Dollar (\$ 100,000) increments at the completion of each full year of continuous employment hereunder. The balance of such loan is repayable in full upon the termination of employment of Executive with Fritz regardless of cause. In the event of the death of Executive while in the employ of Fritz, the balance of such loan shall be forgiven.

g. Reimbursement of documented closing costs and/or points on the

aforementioned residence in an amount not to exceed two percent (2%) of the purchase price of such residence.

h. Fritz shall make its corporate apartment in San Francisco available to Executive for the months of January and February, 1999 for the use exclusively of Executive and his wife and children. In the event of unavailability of such apartment, Fritz shall reimburse Executive for lodging expenses for him and his wife and children for A or part of such period until such time as Executive takes possession of the residence referred to above. In addition, Fritz shall reimburse Executive for any other temporary Irving expenses incurred by Executive up to the date of taking of possession of the residence referred to above,. However, in no event shall total reimbursements for the items in this subsection h. exceed Ten Thousand Dollars (\$10,000.00).

3. This Agreement shall have a term of five (5) years expiring on December 31, 2003. All terms herein shall remain unchanged for the duration of the ten-n of this Agreement unless changed or modified by a written document signed by The Office of the Chairman of Fritz.

4. Either party may terminate this Agreement with no further liability or obligations hereunder for good cause or material breach of contract by the other party. For purposes hereof, 'good cause shah mean:

a. Executive materially fails to meet the mutually agreed upon performance objectives agreed upon at the commencement of each fiscal year through the normal management by objectives process as established by Fritz; or

b. commission of any felony or any crime involving moral turpitude or dishonesty-, or

C. participation in a fraud or act of dishonesty against the Company; or

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d. intentional damage to Company property-, or

e. material breach of this Agreement or any written policies of the Company, or

f. conduct by the Executive that, in the good faith and reasonable determination of the Board of Directors of Fritz, demonstrates gross unfitness to serve in your position hereunder, or

g. any material reduction in the compensation of Executive.

5. In the event that Fritz elects to terminate Executive's employment without good cause at any time during the term of this Agreement, Fritz shall pay Executive a lump sum payment equal to one year's base salary. Such payment shall be Executive's sole legal remedy for such termination and Executive shall execute a full legal release of Fritz to that effect.

6. Should Executive continue in the employ of Fritz after the expiration of this Agreement, he should be an at will Executive whose employment may be terminated by Executive or Fritz with or without cause. Compensation and other terms and conditions of such at will employment shall be those mutually agreed upon by Executive and Fritz as of the commencement date of such at-will employment

7. Executive shall not engage in any activity whatsoever which conflicts with the interests of Fritz or with Executive's duties as an Executive of Fritz. Executive understands that Executive's employment is on a full-time basis, and Executive agrees not to engage in any other employment or business-related activity without the prior written consent of an officer of Fritz. Executive hereby represents that Executive has no agreements with, or obligations to, any person or entity which conflicts, or may conflict, with the interests of Fritz or with Executive's duties as an Executive of Fritz.

8. Executive understands and acknowledges that during Executive's employment with Fritz, Executive has been and shall be exposed to Confidential Information (defined below), all of which is proprietary and which rightfully belongs to Fritz. Executive shall hold in a fiduciary capacity for the benefit of Fritz all such Confidential Information obtained by Executive during Executive's employment with Fritz and shall not directly or indirectly, at any time, either during or after Executive's employment with Fritz, without Fritz's prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than authorized Executives of Fritz except as required in the performance of Executive's duties for Fritz. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft. The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry, which was

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obtained from Fritz or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive as an Executive of Fritz or on behalf of Fritz, including, without limitation, information

concerning the provision of freight forwarding services such as the cost of such services, price lists, marketing program or plans, lists of customers, potential customers, dealers and contacts and other compilations of confidential information.

9. Upon termination of Executive's employment (regardless of cause), Fritz agrees to pay Executive, in consideration of Executive's Covenants and Agreements in this Section 9, base salary, payable in equal semimonthly installments for a period up to six (6) months the length of which shall be in Fritz' sole discretion ("Non-Competition Period"); provided, however, that no payments shall be due under this Section 9 if Fritz waives in writing the noncompetition/nonsolicitation provisions set forth in this Section 9 within thirty (30) days of the effective date of such termination. Unless waived in writing by Fritz, the following shall apply

a. during the term hereof and for the Non-Competition period after Executive ceases to be employed by Fritz, Executive shall not, directly or indirectly, either for himself or any other person, own, manage, control, participate in, invest in, permit his name to be used by, act as consultant or advisor to, render services for (whether alone or in association with any individual, entity, or other business organization), or otherwise assist in any manner any individual or entity that engages in or owns, invests in, manages or controls any venture for enterprise engaged in the provision of services that are similar to, or in competition with, or may materially detract from, any services provided by Fritz or as to which Fritz had firm plans as of the date Executive ceased to be employed by Fritz. Nothing herein shall prohibit Executive from being a passive owner of not more than two percent (20/6) of the outstanding stock, of any class of securities of a corporation engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation.

b. during the Non-Competition Period, Executive shall not, directly or indirectly, (i) induce or attempt to induce or aid another in inducing any Executive of Fritz to leave the employ of Fritz, or in any way interfere with the relationship between Fritz and any Executive of Fritz, or (H) induce or attempt to induce any customer of Fritz to cease doing business with Fritz, or in any way interfere with the relationship between Fritz and any customer or other business relation of Fritz.

c. during the Non-Competition Period, Executive shall not, directly or indirectly employ any Executive of Fritz who voluntarily terminates such employment until three months have passed following termination of such employment

d. in the event a court shall refuse to enforce the agreements contained herein, either because of the scope of to the geographical area specified in this Agreement or the duration of the restrictions,

the parties hereto expressly confirm their intention that the geographical area

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covered hereby and the time period of the restrictions be deemed automatically reduced to the minimum extent necessary to permit enforcement

10. Each of the parties hereto acknowledges and agrees that the extent of damages to Fritz in the event of a breach by Executive of d-ds Agreement would be impossible to ascertain and there is and will be available to Fritz no adequate remedy at law to compensate it in the event of such a breach. Consequently, Executive agrees that, in the event that he breaches any of such covenants, Fritz shall be entitled, in addition to any other relief to which it may be entitled including without lirnitation money damages, to enforce any or all of such covenants by injunctive or other equitable relief ordered by any court of competent jurisdiction.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding its choice of laws/conflict. of laws jurisprudence and venue shall exist, exclusively in the Federal or State courts situated in San Francisco, California.

FRITZ COMPANIES, INC.

BRAD LEE SKINNER

By:/s/Jan H.Raymond
Title: General Counsel/Sr. Vice-President

/s/ Brad Lee Skinner

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Fritz Companies, Inc.

December 7, 1998

Mr. Raymond L. Smith
30 Ralston Court
Hillsborough, CA 94010

Dear Ray:

Fritz Companies, Inc. ("Fritz" or "the Company") is pleased to offer

you the position of Chief Operating Officer ("COO") on the terms described below.

As COO of Fritz, you will report to the Chief Executive Officer ("CEO") and you will be part of the Office of the Chairman along with me, acting in my capacity as CEO. All Company senior executives will report to the Office of the Chairman. You will work in the San Francisco Bay Area, California, and perform the duties customarily associated with this position, and such duties as may be assigned to you by the CEO or the Board of Directors. Your initial assignment will be to oversee the successful completion of the GBS and Y2K projects. Over time your responsibilities will be expanded to include executing the strategies and policies of the Company; achieving the Company's financial, operational, and performance objectives; and preparing an action plan to be approved by the CEO. You also will be a member of the Executive Committee. Your date of hire will be January 18, 1999.

Your initial base salary will be \$300,000 per year less standard deductions and withholdings, paid semi-monthly. Unless otherwise mutually agreed in writing, your annual base compensation with the Company will not be less than \$300,000. You will participate in the Company's performance-based retention plan. Under this plan, at the end of each year you will be eligible for a restricted stock bonus in an amount of stock equivalent to one year's salary. Under the current plan, thirty percent (30%) of such restricted stock shall be immediately vested. The remaining 70% shall vest in its entirety five years after the date of the stock grant. You will be eligible to participate in the current fiscal year's Performance Based Retention Plan after you and the Chairman have set mutually agreed upon goals and objectives for this fiscal year. As with all executives, receipt of stock bonuses will be subject to the achievement of our annual financial plan and individual management objectives pursuant to the terms of the plan. You will also be eligible for additional stock bonuses at the discretion of the Board.

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Mr. Raymond L. Smith
December 7, 1998
Page Two

Upon approval by the Board on or about the date your employment commences with Fritz, you will receive an incentive stock option grant, under the terms of the Company's Option Plan, in the total amount of 10,000 shares of Fritz Common Stock at an exercise price equal to the fair market value of Fritz Common Stock on the date of grant. One-third of this grant shall vest on the first anniversary of

your date of hire. The remaining two-thirds of this grant will vest in equal amounts on the second and third anniversaries of your date of hire in accordance with the Company's standard vesting policy. Other terms of the option shall be consistent with the Company's Option Plan and with the terms set forth in your stock option grant. From time to time, the Board reviews the outstanding option grants for senior Company executives and may issue additional options in the future at its discretion.

The Company will reimburse you for reasonable, documented business expenses pursuant to Company policy.

In addition to your salary and incentive compensation, you will be eligible for the following Company benefits consistent with Company policy: three weeks of vacation per year, annual physical examination, life insurance, and medical and dental coverage for yourself and your dependents.

Of course, you will be expected to abide by all of the Company's policies and procedures. As a further condition of your employment, you agree to refrain from any unauthorized use or disclosure of the Company's proprietary or confidential information or materials. You also agree to sign and comply with the enclosed Confidentiality Agreement. By accepting this offer, you are representing that you are not a party to any agreement (e.g., a non-compete) with any third party or prior employer that would conflict with or inhibit your performance of your duties with Fritz.

You will be expected to devote your full time and attention to the business activities of the Company, except that you may continue to serve upon boards of directors upon which you presently serve. You may not serve upon additional boards of directors or engage in other outside professional activities without the Company's consent.

Either you or the Company may terminate your employment relationship at any time for any reason whatsoever, with or without cause or advance notice. If the Company terminates your employment without cause at any time within the first five years of employment, or if you terminate your employment for good reason within that period, the Company will pay you, as the only severance compensation, the amount of \$500,000, subject to standard payroll deductions and withholdings. This payment will be made in a lump sum as soon as practicable following your termination. You will be required to sign a general release of claims in order to obtain this severance. If you resign for other than good reason or your employment is terminated for cause, all compensation and benefits will cease immediately, and you will receive no severance benefits.

Mr. Raymond L. Smith

December 7, 1998

Page Three

For purposes of this letter agreement, "cause" means misconduct, including: (i) conviction of any felony or any crime involving moral turpitude or dishonesty; (ii) participation in a fraud or act of dishonesty against the Company; (iii) willful breach of the Company's policies; (iv) intentional damage to the Company's property; (v) material breach of this Agreement, your Confidentiality Agreement or any Employment Agreement; (vi) material failure to meet the mutually agreed upon performance objectives set at the commencement of each fiscal year through the normal management by objectives process as established by the Company; or (vii) conduct by you that, in the good faith and reasonable determination of the Board, demonstrates gross unfitness to serve. For purposes of this letter agreement, "good reason" means (i) any material reduction in your compensation, including but not limited to any such material reduction following a change in control of the Company; or (ii) termination of your employment by the Company within twelve (12) months after a change in control of the Company. For purposes hereof, "change in control" shall mean (a) the disposition by Mr. Lynn Fritz (other than to related persons or companies or trusts beneficially controlled by Mr. Fritz) of thirty percent (30%) or more of the issued and outstanding shares of voting stock in the Company; or (b) the accumulation by one person or entity of a quantity of voting stock of Fritz equal to or greater than one hundred ten percent (110%) of the beneficial holdings of voting stock of Fritz by Mr. Lynn Fritz.

In consideration of the Company vesting, one year from the last day of your employment with the Company, all options previously granted to you but not yet vested as of your last day of employment by the Company, you shall not compete with the Company (either directly or indirectly) or solicit the employees or clients of the Company for a period of one year from the last day of employment by the Company. In the event that your employment is terminated by the Company for cause, the Company shall have the right to void this clause.

This letter constitutes the complete, final and exclusive embodiment of the entire agreement between you and Fritz with respect to the terms and conditions of your employment. In entering into this agreement, neither party is relying upon any promise or representation, written or oral, other than those expressly contained herein, and this agreement supersedes any other such promises, representations or agreements. It may not be amended or modified except in a written agreement signed by you and a duly authorized Company officer. As required by law, this offer of employment is subject to proof of your right to work in the United States.

To ensure rapid and economical resolution of any disputes which may arise under this agreement, you and the Company agree that any and all disputes or controversies of any nature whatsoever, regarding the interpretation, performance, enforcement or breach of this agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum) under the then-existing rules of Judicial Arbitration and Mediation Services ("JAMS") in San Francisco, California. The prevailing party in the arbitration shall be entitled to recover his or its attorneys' fees.

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Mr. Raymond L. Smith
December 7, 1998
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If you choose to accept our offer as described above, please sign below and return this letter to me by the close of business on December 11, 1998.

I am enthusiastic about the prospect of your joining the Fritz team. I look forward to a productive and enjoyable relationship helping Fritz grow.

Very truly yours,

Fritz Companies, Inc.

By: /s/ Lynn C. Fritz
Chairman and Chief Executive Officer

Agreed and Accepted.

By: /s/Raymond L. Smith

Date: 12/7/99

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CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement is entered into this 7th day of December, 1998 by and between Fritz Companies, Inc., on behalf of itself and its worldwide network of subsidiaries and affiliates

(collectively "Fritz") and Raymond Smith ("Executive").

Whereas Fritz Companies, Inc. desires to employ Executive in a position where he will be exposed to and have access to confidential information of Fritz; and

Whereas Executive desires to be employed by Fritz Companies, Inc.;

Wherefore, as a material consideration for Fritz Companies, Inc. employing Executive, Executive agrees and covenants that:

Executive understands and acknowledges that during his employment with Fritz, he shall be exposed to Confidential Information (defined below), all of which is proprietary and which rightfully belongs to Fritz. Executive shall hold in a fiduciary capacity for the benefit of Fritz all such Confidential Information obtained by Executive during his employment with Fritz and shall not, directly or indirectly, at any time, either during or after his employment with Fritz, without Fritz' prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than, authorized employees of Fritz except as required in the performance of Executive's duties for Fritz. Executive shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft. The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry, which was obtained from Fritz or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive as an employee of Fritz or on behalf of Fritz, including, without limitation, information concerning the provision of freight forwarding services such as .the cost of such services, price lists, marketing programs or plans, lists of customers, potential customers, dealers and contacts and other compilations of confidential information.

Executive acknowledges and agrees that the extent of damages to Fritz in the event of a breach by Executive of this Agreement would be impossible to ascertain and there is and will be available to Fritz no adequate remedy at law to compensate it in the event of such a breach. Consequently, Executive agrees that, in the event that he breaches any of such covenants, Fritz shall be entitled, in addition to any other relief to which it may be entitled including without limitation money damages, to enforce any or all of such covenants by injunctive or other equitable relief ordered by any court of competent jurisdiction.

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

FRITZ COMPANIES, INC.
By: Title:

/s/ RAYMOND SMITH

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Fritz Companies, Inc.

December 16, 1998

Mr. Joseph L. Carnes
406 Lighthouse Lane
Peachtree City, GA 30269

Dear Joey:

As a result of our discussions, I am proposing the following guarantee to you over the next four years. In order to guarantee your access to the stock that you are currently vesting, the vesting time will be modified as follows for your three existing stock grants:

Grant Date	# RS	
2/15/97	20,000	
7/23/97	8,988	Will vest on January 1, 2001
7/27/98	11,275	

In order to guarantee a minimum stock grant to you and an accelerated vesting date, I am proposing the following schedule:

Grant Date	# RS	Vesting
7/99	20,000	30% immediate vesting, 70% cliff vesting at 3 years.
7/2000	20,000	30% immediate vesting, 70% cliff vesting at 2 years.
7/2001	20,000	Immediate vesting.
7/2002	20,000	Immediate vesting.

In addition to the above, you will receive an immediate grant equivalent to 15,000 shares gross on January 1, 1999, at the market price on the grant date. This will be provided on an after-tax net grant basis such that the withholding taxes will be paid in cash and the after-tax net shares will be deposited into your Alex. Brown brokerage account. The foregoing is conditioned, of course, upon your being employed by Fritz on the respective vesting dates.

On January 1, 1999, your salary will be increased to \$275,000 per year, and your title will be changed to Executive Vice President. You will be made an officer of the Company at a mutually agreed-upon date in the near future.

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Mr. Joseph Carnes
December 16, 1998
Page Two

Either you or the Company may terminate your employment relationship at any time for any reason whatsoever, with or without cause or advance notice. If the Company terminates your employment without cause at any time within the next five years of employment, the Company will pay you, as the only severance compensation, the amount of \$400,000, subject to standard payroll deductions and withholdings. This payment will be made in a lump sum as soon as practicable following your termination. You will be required to sign a general release of claims in order to obtain this severance. If you resign, your employment is terminated for cause, all compensation and benefits will cease immediately, and you will receive no severance benefits.

For purposes of this letter agreement, "cause" means misconduct, including: (i) conviction of any felony or any crime involving moral turpitude or dishonesty; (ii) participation in a fraud or act of dishonesty against the Company; (iii) willful breach of the Company's policies; (iv) intentional damage to the Company's property; (v) material breach of this Agreement or your Proprietary Information and Inventions Agreement; or (vi) conduct by you that, in the good faith and reasonable determination of the Board, demonstrates gross unfitness to serve.

Joey, you are a key member of the Fritz management team, and I am taking this special action both to state your value to the company and to insure your continued employment with us.

Sincerely,

/s/ Lynn C. Fritz

Agreed:

/s/ Joseph L. Carnes

Date:12/30/98

Fritz Companies, Inc.

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS AGREEMENT is entered into this 1" day of January, 1999, by and between FRITZ COMPANIES INC., a Delaware Corporation ("Fritz" or "the Company") and JAN H. RAYMOND ("Employee").

WHEREAS, Employee has certain knowledge and skills in the freight forwarding/customs brokerage business and wishes to continue to be employed by Fritz; and

WHEREAS Fritz desires to continue to employ Employee in its business;

WHEREFORE, Fritz and Employee in consideration of the covenants contained herein agree as follows:

1. Fritz shall employ Employee as of January 1, 1999 in the position of Executive Vice President/General Counsel/Secretary and as a member of the Executive Committee of Fritz in San Francisco reporting to the Office of the Chairman (or its successor).
2. Fritz shall compensate Employee for such employment as follows:

(a) Base salary equal to no less than eighty percent (80%) of the average base salary of the three highest paid officers of Fritz (excluding the Office of the Chairman). For purposes of this Agreement, the Office of the Chairman shall be limited to the CEO and the COO. In no event shall Employee's base salary be reduced at any time during the term of this Agreement. Such salary shall be adjusted to comport with the above percentage initially as of January 1, 1999 and thereafter at the first meeting of each fiscal year of the Compensation Committee of the Board of Directors of Fritz or July 31 of each year, whichever comes earlier.

(b) Eligibility to receive stock options in the discretion of the Compensation Committee of the Board of Directors of Fritz ("the Board"). However, Employee shall receive during each fiscal year of the term of this Agreement, stock option shares equal to no less than eighty percent (80%) of the average number of stock option shares granted during that fiscal year to the three highest paid officers of Fritz (excluding the Office of the Chairman).

(c) Eligibility to receive stock grants in the discretion of the

Compensation Committee of the Board of Directors of Fritz. However, Employee shall receive during each fiscal year of the term of this Agreement, stock grants equal to no less than eighty percent (80%) of the average number of shares of stock granted during that fiscal year to the three highest paid officers of Fritz (excluding the Office of the Chairman).

(d) Participation in the Performance Based Retention Plan (or such other plan as succeeds it) at the level prescribed therein for executive officers of Fritz. The level of award thereunder shall be as provided for in such plan for executive officers of Fritz, but, in no event, shall any such award be less than eighty (80%) of the average award to the three highest paid officers of Fritz (excluding the Office of the Chairman).

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(e) In calculating any awards to Employee under subparts (b), (c) and (d) above, any awards to persons who were employed by Fritz for less than the entire fiscal year shall be annualized.

(f) An award of seven thousand five hundred (7,500) unrestricted shares of Fritz stock as of the signing of this Agreement. This award shall not be considered in calculating any award under subparts (c) or (d) above.

(g) Company benefits as provided to all Executive Officers of Fritz reporting to the Office of the Chairman (or its successor).

3. This Agreement shall have a term of three (3) years, expiring on December 31, 2001. If Fritz terminates Employee's employment without cause at any time prior to December 31, 2001, and if Employee complies with the terms set forth in Paragraph 8 herein, Fritz will pay Employee's then current base salary through December 31, 2001 as Employee's only severance compensation. These payments will be made on Fritz's regular payroll dates, subject to standard payroll deductions and withholdings. Employee may resign at any time for any reason whatsoever. If Employee resigns, or his employment is terminated for cause, or if Employee breaches the terms of Paragraphs 7, 8 or 9 herein, all compensation and benefits will cease immediately, and Employee will receive no severance benefits or, if he has already begun receiving severance benefits, he shall receive no further severance benefits.

4. For purposes of this Agreement, "cause" means misconduct, including: (i) conviction of any felony or any crime involving moral turpitude or dishonesty; (ii) participation in a fraud or act of dishonesty against the Company, or other form of gross misconduct; (iii) willful breach of the Company's policies; (iv) intentional damage to the Company's property; or (v) material breach of this Agreement or Employee's Proprietary Information Agreement.

5. Should Employee continue in the employ of Fritz after the expiration of this Agreement, he will be an at-will employee whose employment may be terminated by Employee or Fritz with or without cause. Compensation and the other terms and conditions of such at-will employment shall be those provided

for in this Agreement unless otherwise mutually agreed by the parties in writing.

6. Employee shall not engage in any activity whatsoever which conflicts with the interests of Fritz or with Employee's duties as an employee of Fritz. Employee understands that Employee's employment is on a full-time basis, and Employee agrees not to engage in any other employment or business-related activity without the prior written consent of the Office of the Chairman of Fritz. Employee hereby represents that Employee has no agreements with, or obligations to, any person or entity which conflict, or may conflict, with the interests of Fritz or with Employee's duties as an employee of Fritz.

7. Employee understands and acknowledges that during Employee's employment with Fritz, Employee has been and shall be exposed to Confidential Information (defined below), all of which is proprietary and which rightfully belongs to Fritz. Employee shall hold in a fiduciary capacity for the benefit of Fritz all such Confidential Information obtained by Employee during Employee's employment

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with Fritz and shall not, directly or indirectly, at any time, either during or after Employee's employment with Fritz, without Fritz' prior written consent, use any of such Confidential Information or disclose any of such Confidential Information to any individual or entity other than authorized employees of Fritz except as required in the performance of Employee's duties for Fritz. Employee shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft. The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry, which was obtained from Fritz or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Employee as an employee of Fritz or on behalf of Fritz, including, without limitation, information concerning the provision of freight forwarding services such as the cost of such services, price lists, marketing programs or plans, lists of customers, potential customers; dealers and contacts and other compilations of confidential information. Employee also agrees to continue to comply with any proprietary information and inventions agreement previously signed by Employee.

8. Upon termination of Employee's employment (regardless of cause), for a period which may be extended for up to six months in Fritz's sole discretion (the "Non-Competition Period"), Employee agrees to the following:

(a) During the Employee's employment and the Non-Competition Period, Employee shall not, directly or indirectly, either for himself or any other person, own, manage, control, participate in, invest in, permit his name to be used by, act as consultant or advisor to, render services for (whether alone or in association with any individual, entity, or other business organization), or otherwise assist in any manner any individual or entity that engages in or owns,

invests in, manages or controls any venture or enterprise engaged in the provision of services that are similar to, or in competition with, or may materially detract from, any services provided by Fritz or any services which Fritz has firm plans to provide as of the termination of Employee's employment. Nothing herein shall prohibit Employee from being a passive owner of not more than two percent (2%) of the outstanding stock of any class of securities of a corporation engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation.

(b) During the Non-Competition Period, Employee shall not, directly or indirectly induce or attempt to induce any customer of Fritz to cease doing business with Fritz, or in any way interfere with the relationship between Fritz and any customer or other business relation of Fritz.

(c) During the Non-Competition Period, Employee shall not, directly or indirectly, employ any employee of Fritz who voluntarily terminates his or her employment at Fritz until three months have passed following termination of such employment.

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If Employee's employment is terminated without cause and the Non-Competition Period extends beyond December 31, 2001, Employee shall receive the equivalent of his base salary at the time of the termination of his employment through the end of the Non-Competition Period. If Employee's employment is terminated with cause or Employee resigns and Fritz elects to invoke the Non-Competition Period, Employee shall receive the equivalent of his base salary at the time of the termination of his employment for the duration of the Non-Competition Period. These payments will be made on Fritz' regular payroll dates, subject to standard payroll deductions and withholdings.

9. For the period of Employee's employment with Fritz and for any Non-Competition Period thereafter, Employee shall not, either directly or indirectly, solicit or attempt to solicit any employee, consultant or independent contractor of Fritz to terminate his or her relationship with Fritz to become an employee, consultant or independent contractor to or for any other person or entity.

10. All restricted stock grants and stock options of Employee not then vested shall immediately vest upon any of the following events:

(a) The death of Employee.

(b) The permanent disability of Employee.

(c) The termination of the employment of Employee by Fritz other than for cause as defined in Section 4 above.

(d) Change of control of Fritz. For purposes hereof, change of control shall be defined as: (i) the disposition by Lynn Fritz or his heirs of thirty percent (30%) or more of the issued and outstanding shares of voting stock of Fritz (other than to parties whose ownership would be deemed to be beneficial ownership by Mr. Fritz under SEC reporting rules and regulations); or (ii) the accumulation by one person or entity of a quantity of voting stock of Fritz equal to or greater than the beneficial holdings of voting stock of Fritz by Lynn Fritz or his heirs.

Employee shall have the full term of each stock option in which to exercise any such stock option in the event of the occurrence of any of the events listed in subparts (a) through (d) above (regardless of whether the stock option was already vested as of the date of such event or vesting was accelerated as of the date of such event.

(e) Attainment of twenty years of service in the employ of Fritz.

11. In the event that Employee's employment is terminated other than for cause (as defined in Paragraph 4 herein) within one year of a change of control, as defined in Paragraph 10(d) herein, Fritz shall pay Employee, in addition to any other legal obligations under this Agreement, a lump sum equal to one year of Employee's then current base salary. For purposes of this Paragraph 11 only, resignation by Employee due to any adverse change in title, reporting structure, responsibilities, functions, compensation, office space or any material denigration in the working conditions of Employee shall be considered to be a termination of Employee's employment by Fritz other than for cause.

12. To ensure rapid and economical resolution of any disputes which may arise under this agreement, Employee and Fritz agree that any and all disputes or controversies of any nature whatsoever, regarding the interpretation, performance, enforcement or breach of this Agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in some other forum), to the fullest extent permitted by law, by Judicial Arbitration and Mediation Services ("JAMS") in San Francisco, California under the then-existing JAMS

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rules. The prevailing party in the arbitration shall be entitled to recover his or its attorneys' fees. Nothing in this paragraph is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration.

13. In the event that any one or more of the provisions contained in this Agreement is, for any reason, held to be invalid, illegal or, unenforceable in any respect, such invalidity, illegality or unenforceability will not affect the other provisions of this Agreement, and then the remaining terms and provisions hereof shall be unimpaired, the invalid, illegal or unenforceable term or provision shall be modified or replaced so as to render it valid, lawful, and

enforceable in a manner which represents the parties' intention with respect to the invalid or unenforceable term or provision insofar, as possible.

14. This Agreement is intended to bind and inure to the benefit of and be enforceable by Employee and Fritz, and their respective successors, assigns, heirs, executors and administrators, except that Employee may not assign any of his duties hereunder and he may not assign any of his rights hereunder without the written consent of the Office of the Chairman.

15. This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you and Fritz with respect to the terms and conditions of Employee's employment. In entering into this Agreement, neither party is relying upon any promise or representation, written or oral, other than those expressly contained herein, and this Agreement supersedes any other such promises, representations or agreements. It may not be amended or modified except in a written agreement signed by Employee and a duly authorized officer of Fritz.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

FRITZ COMPANIES, INC.

/s/ JAN H. RAYMOND

By: /s/ Lynn C. Fritz
Title: Chairman of the Board of Directors/
Chief Executive Officer

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EMPLOYMENT AND NON-COMPETE AGREEMENT

This Agreement is entered into this 30th day of April, 1999 by and between FRITZ COMPANIES, INC., a Delaware Corporation ("Fritz!") and Ron Dutt ("Dud").

Whereas Dutt has certain knowledge and skills in the management of financial functions and wishes to be employed by Fritz; and

Whereas Fritz desires to employ Dutt in its business;

Wherefore, Fritz and Dutt in consideration of the covenants contained herein agree as follows:

1 . Fritz shall employ Dutt as of May 17, 1999 in the position of Chief Financial Officer in the San Francisco Bay Area reporting to the Office of the Chairman (or its successor).

2. Fritz shall compensate Dutt for such employment as follows:

a. Nineteen Thousand Five Hundred Eighty Three Dollars (\$ 19,583.00) gross salary per month;

b. Participation in the Fritz Performance Based Retention Plan;

c. Fringe Benefits as provided to all Fritz executives on the Executive Committee;

d. Three weeks paid vacation per year,

e. Reimbursement of reasonable business related expenses in accordance with the Fritz travel and entertainment policy,

f. A one-time grant of Seven Thousand Five Hundred (7500) stock, options pursuant to the standard terms and conditions of the standard Fritz stock, option agreement.

g. A one-time cash payment of Thirty Thousand Dollars (\$30,000.00) payable on the first day of employment hereunder.

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3. This Agreement shall have a term of two (2) years expiring on May 16-, 2001. All terms herein shall remain unchanged for the duration of the term of this Agreement unless changed or modified by a written document signed by Dutt and the Office of the Chairman of Fritz.

4. Fritz may terminate this agreement with no further liability or obligation hereunder for "cause". For purposes hereof, "cause" shall mean misconduct including, but not limited to: i. Conviction of any felony or any crime involving moral turpitude or dishonesty, ii. Participation in a fraud or act of dishonesty against the company; iii. Willful breach of the company's

policies; iv. Intentional damage to the company's property; v. Material breach of this agreement; vi. Material failure to meet the mutually agreed upon performance objectives set at the commencement of each fiscal year through the normal management by objectives process as established by the company, or vii. Conduct that in the good faith and reasonable judgement of the Board of Directors of Fritz demonstrates gross unfitness to perform your job functions.

5. In the event that Dutt's employment hereunder is terminated, other than for cause, or in the event that Dutt's employment is terminated within one year after a change in control of Fritz, Fritz shall, as Dutt's sole remedy for such termination of employment: i. Pay Dutt the sum of Three Hundred Thousand Dollars (\$ 300,000); and ii. Immediately vest all stock options previously granted to Dutt by Fritz.

For purposes hereof, "change in control" shall mean:

i. The cessation of employment by Fritz of either Lynn Fritz or Ray Smith; or ii. The disposition by Lynn Fritz (to parties other than those deemed to be beneficially controlled by Lynn Fritz for SEC reporting purposes) of thirty percent (30%) or more of the issued and outstanding shares of voting stock in the Company; or iii. The accumulation by one person or entity (other than those deemed to be beneficially controlled by Lynn Fritz for SEC reporting purposes) of a quantity of voting stock of Fritz equal to or greater than one hundred ten percent (110%) of the beneficial holdings of voting stock of Fritz held by Lynn Fritz.

6. Should Dutt continue in the employ of Fritz after the expiration of this Agreement, he will be an at-will employee whose employment may be terminated by Dutt or Fritz with or without cause. Compensation and other terms and conditions of such at-will employment shall be those mutually agreed upon by Dutt and Fritz as of the commencement date of such at-will employment.

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7. Dutt shall not engage in any activity whatsoever which conflicts with the interests of Fritz or with Dutt's duties as an employee of Fritz. Dutt understands that Dutt's employment is on a full-time basis, and Dutt agrees not to engage in any other employment or business-related activity without the prior written consent of the Office of the Chairman of Fritz. Dutt hereby represents that Dutt has no agreements with, obligations to, any person or entity which conflicts, or may conflict, with the interests of Fritz or with Dutt's duties as an employee of Fritz.

8. Dutt understands and acknowledges that during Dutt's employment with Fritz, Dutt has been and shall be exposed to Confidential Information (defined below), all of which is proprietary and which rightfully belongs to Fritz. Dutt shall hold in a fiduciary capacity for the benefit of Fritz all such Confidential Information obtained by Dutt during Dutt's employment with Fritz and shall not, directly or indirectly, at any time, either during or after Dutt's employment with Fritz, without Fritz' prior written consent, use any of

such Confidential Information or disclose any of such Confidential Information to any individual or entity other than authorized employees of Fritz except as required in the performance of Dutt's duties for Fritz. Dutt shall take all reasonable steps to safeguard such Confidential Information and to protect such Confidential Information against disclosure, misuse, loss or theft. The term "Confidential Information" shall mean any information not generally known in the relevant trade or industry, which was obtained from Fritz or which was learned, discovered, developed, conceived, originated. or prepared during or as a result of the performance of any services by Dutt as an employee of Fritz or on behalf of Fritz, including, without limitation, information concerning the provision of freight forwarding services such as the cost of such services, price lists, marketing programs or plans, lists of customers, potential customers, dealers and contacts and other compilations of confidential information.

9. Upon termination of Dutt's employment (regardless of cause), Fritz agrees to pay Dutt, in consideration of Dutt's Covenants and Agreements in this Section 9, base salary, payable in equal semi-monthly installments for a period up to six (6) months the length of which shall be in Fritz' sole discretion ("Non-Competition Period); provided, however, that no payments shall be due under this Section 9 if Fritz makes a payment to Dutt. pursuant to Section 5 of this Agreement or if Fritz waives in writing the noncompetition/nonsolicitation provisions set forth in this Section 9. Unless waived in writing by Fritz, the following shall apply:

a. during the term hereof and for the Non-Competition period after Dutt ceases to be employed by Fritz, Dutt shall not, directly or indirectly, either for himself or any other person, own, manage, control, participate in, invest in, permit his name to be used by, act as consultant or advisor to, render services for (whether alone or in association with any individual, entity, or other business organization), or otherwise assist in any manner any individual or entity that engages in or owns, invests in, manages or controls any venture for enterprise engaged in the provision of services that are similar to, or in competition with, or may materially detract from, any services provided by Fritz or as to which Fritz had firm plans as of the date Dutt ceased to be employed by Fritz. Nothing herein shall prohibit Dutt

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from being a passive owner of not more than two percent (2%) of the outstanding stock of any class of securities of a corporation engaged in such business which is publicly traded, so long as he has no active participation in the business of such corporation.

b. during the Non-Competition Period, Dutt shall not, directly or indirectly, (i) induce or attempt to induce or aid another in inducing any employee of Fritz to leave the employ of Fritz, or in any way interfere with the relationship between Fritz and any employee of Fritz, or (H) induce or attempt to induce any customer of Fritz to cease doing business with Fritz, or in any way interfere with the relationship between Fritz and any customer or other

business relation of Fritz.

C. during the Non-Competition Period, Dutt shall not, directly or indirectly employ any employee of Fritz who voluntarily terminates such employment until three months have passed following termination of such employment.

d. in the event a court shall refuse to enforce the agreements contained herein, either because of the scope of the geographical area specified in this Agreement or the duration of the restrictions, the parties hereto expressly confirm their intention that the geographical areas covered hereby and the time period of the restrictions be deemed automatically reduced to the minimum extent necessary to permit enforcement

10. Each of the parties hereto acknowledges and agrees that the extent of damages to Fritz in the event of a breach by Dutt of this Agreement would be impossible to ascertain and there is and will be available to Fritz no adequate remedy at law to compensate it in the event of such a breach. Consequently, Dutt agrees that, in the event that he breaches any of such covenants, Fritz shall be entitled, in addition to any other relief to which it may be entitled including without limitation money damages, to enforce any or all of such covenants by injunctive or other equitable relief ordered by any court of competent jurisdiction.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. To ensure rapid and economical resolution of any disputes which may arise under this agreement, Dutt and Fritz agree that any and all disputes or controversies of any nature whatsoever, regarding the interpretation, performance, enforcement or breach of this agreement shall be resolved by confidential, final and binding arbitration (rather than trial by jury or court or resolution in any other forum) under the then existing rules of judicial Arbitration and Mediation Services ("JAMS") in San Francisco, California. In the event that JAMS ceases to exist as an arbitration service, any such matter shall be resolved by confidential, final and

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binding arbitration under the then existing rules of the American Arbitration Association in San Francisco, California. The prevailing party in the arbitration shall be entitled to recover his or its attorneys' fees and costs.

FRITZ COMPANIES, INC.

RON DUTT

By: /s/ Raymond Smith
Title: Office of the Chairman

/s/ Ron Dutt

AMENDMENT NO. 3
TO THE
FRITZ COMPANIES, INC.
SALARY INVESTMENT & RETIREMENT PLAN

The Fritz Companies, Inc" Salary Investment & Retirement Plan (1992 Restatement) (the "Plan") is hereby amended as follows, effective January 1, 1999 unless otherwise noted:

1 . Effective January 1, 1997, the last paragraph of Section 1.5(c) is amended in its entirety to read as follows:

In addition, in any Plan Year any Basic Compensation in excess of \$150,000, or such other amount established by the Secretary of the Treasury, in accordance with Section 401(a)(17) of the Code (the "Compensation Limit"), shall be disregarded.

2. A new Section 1.8A is added directly after Section 1.8 to read as follows:

1.8A Common Stock means the common stock of the Company.

3. Effective July 1, 1985, in order to clarify the intended meaning of the Plan provisions limiting eligibility to individuals classified by the Company or an Employer as common law employees, Section 1.15 is amended in its entirety to read as follows:

1.15 Eligible Employee means every Employee on the U.S. dollar payroll of an Employer, except the following Employees:

(a) Employees whose compensation and conditions of employment are subject to determination by collective bargaining, provided that retirement entitlements have been a subject of good-faith bargaining between an Employer and the person's lawful representative or bargaining agent;

(b) Employees who have not attained age 21;

and

(c) Employees who, as to any period of time are classified or treated by the Company or an Employer as an independent contractor, a consultant, a leased employee (within the meaning of section 414(n) of the Code) or any employee of an employment agency, even if such individual is subsequently determined to have been a common law employee of the Company or an Employer during such period.

4. Effective January 1, 1997, Section 1.20 is deleted in its entirety.

5. Effective January 1, 1997, Sections 1.22 and 1.23 are amended in their entirety to

read as follows:

1.22 Highly Compensated Active Employee means any Employee who performs services for an Employer during the Determination Year and who, during the Look-Back Year, (a) received Basic Compensation from an Employer in excess of \$80,000 (as adjusted pursuant to sections 414(q)(1) and 415 (d) of the Code), and (b) and was a member of the "top-paid group" for such year; provided, however, that subject to the satisfaction of such conditions as may be prescribed under section 414(q)(1) of the Code, the Company may elect for any Plan Year not to apply the requirement of clause (b) above. The term Highly Compensated Active Employee also includes an Employee who is a 5% owner at any time during the Look-Back Year or Determination Year. An Employee shall be considered to be in the "top-paid group" for any Look-Back Year if the Employee is in the group consisting of the top 20% of Employees when ranked on the basis of Basic Compensation paid during such year.

1.23 Highly Compensated Employee means an Employee who is either a Highly Compensated Active Employee or a Highly Compensated Former Employee. The determination of who is a Highly Compensated Employee, including the determination of the number and identity of Employees in the "top-paid group," will be made in accordance with Section 414(q) of the Code and the regulations thereunder.

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6. Section 3.2 is revised in its entirety to read as follows:

3.2 Matching Contributions.

(a) At the end of each Plan Year an Employer may make a Matching Contribution to the Matching Contributions Account of each Participant who is employed on the last day of the Plan Year (or who died, retired or incurred an ongoing Disability during such Plan Year) and for whom Salary Deferral Contributions were made during such Plan Year.

(b) Matching Contributions shall be equal to a percentage of the Participant's Basic Compensation. The percentage shall be determined based on

the pre-tax United States profits of the Company for the Plan Year, as determined by the Compensation Committee of the Company in its sole discretion, in accordance with the following schedule:

Amount of Profit	Match Percentage Level
Less than \$5 Million	0%
\$ 5 Million but less than \$10 Million	1%
\$10 Million but less than \$15 Million	2%
\$15 Million but less than \$20 Million	3%
\$20 Million or more	4%

Notwithstanding the foregoing, in no event will a Participant's Matching Contribution for a Plan Year exceed the Salary Deferral Contribution made by the Employer on behalf of the Participant for the Plan Year.

(c) Matching Contributions shall be paid in cash or in the form of shares of Common Stock, in the sole discretion of the Compensation Committee of the Company. To the extent that Matching Contributions to be made by Employers other than the Company are to be made in the form of shares of Common Stock, such Employers shall transfer the amount of their Matching Contributions to the Company in cash, and the Company shall transfer the appropriate number of shares of Common Stock (as determined in accordance with the paragraph (d) below) to the Trust Fund on such Employers' behalf.

(d) When Matching Contributions are to be made in the form of shares of Common Stock, the number of shares to be contributed shall be determined (a) by dividing the amount of the Matching Contribution (expressed as a dollar

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amount) by an amount equivalent to the average of the closing prices of Common Stock as reported on NASD National Market system (or such other stock exchange on which the Common Stock is reported) for the two consecutive trading days immediately preceding the date of the transfer, or (b) pursuant to such other method as shall be selected by the Committee and communicated to the Participants.

(e) To the extent that the Employer Contributions are made in cash, they shall be invested in shares of Common Stock.

7. Effective January 1, 1998, Section 5.5 shall be amended to substitute the phrase

"\$5,000" for the phrase "\$3,500" each time it appears.

8. Effective January 1, 1997, Section 6.2(a)(iv) is deleted in its entirety.

10. Effective January 1, 1997, Section 6.2(e)(iv) is deleted in its entirety.

11. Effective January 1, 1997, Section 6.2(f) is amended in its entirety to read as

follows:

(f) "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of

(i) the aggregate amount of the Matching Contributions and Participant Contributions allocated to a Highly Compensated Employee for a Plan Year, over

(ii) the maximum amount of such contributions that may be allocated to the Highly Compensated Employee without violating the limitations set forth in paragraph 6.3.

The maximum amount that may be allocated to a Highly Compensated Employee shall be determined by ranking the Highly Compensated Employees by the amount of their aggregate Matching and Participant Contributions (the "Aggregate Contribution Amount") in descending order and then reducing the Matching Contributions and Participant Contributions from the Accounts of the Highly Compensated Employees starting with the Highly Compensated Employee with the highest Aggregate Contribution Amount to the extent required to: (i) enable the Plan to satisfy the limitations set forth in paragraph 6.3, or (ii) cause such Highly Compensated Employee's Aggregate Contribution Amount to equal the

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Aggregate Contribution Amount of the Highly Compensated Employee with the next highest Aggregate Contribution Amount. This process shall be repeated until the Plan satisfies the limitations set forth in paragraph 6.3. In no event shall the amount of Excess Aggregate Contributions exceed the amount of Matching Contributions and Participant Contributions made on behalf of a Highly Compensated Employee for a Plan Year.

12. Effective January 1, 1997, Section 6.2(g) is amended in its entirety to read as

follows:

(g) "Excess Contributions" means, with respect to any Plan Year, the excess of:

(i) the Salary Deferral Contributions allocated to a Highly Compensated Employee for a Plan Year, over

(ii) the maximum amount of Salary Deferral Contributions that may be allocated to the Highly Compensated Employee without violating the limitations set forth in paragraph 6.3.

The maximum amount that may be allocated to a Highly Compensated Employee shall be determined by ranking the Highly Compensated Employees by amount of their Salary Deferral Contributions (the "Salary Deferral Contribution Amount") in descending order and then reducing the Salary Deferral Contributions from the Accounts of the Highly Compensated Employees starting with the Highly Compensated Employee with the highest Salary Deferral Contribution Amount to the extent required to: (i) enable the Plan to satisfy the limitations set forth in paragraph 6.3, or (ii) cause such Highly Compensated Employee's Salary Deferral Contribution Amount to equal the Salary Deferral Contribution Amount of the Highly Compensated Employee with the next highest Salary Deferral Contribution Amount. This process shall be repeated until the Plan satisfies the limitations set forth in paragraph 6.3. In no event shall Excess Contributions exceed the amount of Salary Deferral Contributions made on behalf of a Highly Compensated Employee for a Plan Year.

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13. Effective January 1, 1998, Section 6.3 is amended in its entirety to read as

follows:

6.3 Percentage Limitations on Contributions

Notwithstanding anything in the Plan to the contrary, the Average ADP and the Average ACP of Participants must each satisfy either the basic limitation or the alternative limitation set forth below:

(a) Basic Limitation

The Average Percentage for eligible Highly Compensated Employees (those who are eligible to participate in the Plan under Section 2, whether or not such Employees elect to have their Basic Compensation reduced) shall not exceed for the Plan Year the Average Percentage for eligible Non-Highly Compensated Employees (those who are eligible to participate in the Plan under Section 2, whether or not such Employees elect to have their Basic Compensation reduced) for the preceding Plan Year multiplied by 1.25.

(b) Alternative Limitation

The Average Percentage of Highly Compensated Employees who are eligible to

participate in the Plan under Section 2 (whether or not such Employees elect to have their Basic Compensation reduced) shall not exceed for the Plan Year the Average Percentage for Non-Highly Compensated Employees who are eligible to participate in the Plan under Section 2 (whether or not such Employees elect to have their Basic compensation reduced) for the preceding Plan Year multiplied by two, provided that the Average Percentage for Highly Compensated Employees for the Plan Year does not exceed the Average Percentage for Non-Highly Compensated Employees for the preceding Plan Year by more than two percentage points.

(c) Multiple Use Limitation

If both the average actual deferral percentage test and the average contribution percentage test do not satisfy the basic limitation set forth in paragraph (a)

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of this paragraph 6.3 and one or more Highly Compensated Employees are eligible to have Salary Deferral Contributions made on their behalf and to have Matching Contributions made on their behalf or to make Participant Contributions to the Plan, then the sum of the Actual Deferral Percentages of Highly Compensated Employees for the Plan Year shall not exceed the greater of.

(i) The sum of- (A) 1.25 times the greater of the Actual Deferral Percentages or Contributions Percentages of Non-Highly Compensated Employees for the preceding Plan Year, plus (B) two percentage points plus the lesser of the Actual Deferral Percentages or Contribution Percentages of Non-Highly Compensated Employees for the preceding Plan Year; or

(ii) The sum of (A) 1.25 times the lesser of the Actual Deferral Percentages or Contribution Percentages of Non-Highly Compensated Employees for the preceding Plan Year, plus (B) two percentage points plus the greater of the Actual Deferral Percentages or Contribution Percentages of Non-Highly Compensated Employees for the preceding Plan Year.

If the multiple use limitation sets forth in this paragraph (c) is exceeded, the Administrator shall determine the maximum percentage to be used in place of the calculated percentage for all Highly Compensated Employees that would reduce either or both the Actual Deferral Percentage or Contribution Percentage for the Highly Compensated Employees in order that the multiple use limitation shall be satisfied. Any excess shall be handled in the same manner that Excess Contributions or Excess Aggregate Contributions are handled.

14. Effective January 1, 1998, Sections 7. 1 (1) and (in) are amended in their entirety to

read as follows:

(1) No loan shall be made unless the Participant agrees to make loan payments by payroll deduction in accordance with rules established by the Committee.

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(m) Notwithstanding the foregoing, if during the term of a loan a Participant who has been making loan payments by payroll withholding ceases to receive periodic compensation payments from an Employer, and if distribution of the Participant's Account has not begun, the Participant shall make the remaining loan payments by check or an automatic payment method which the Committee (in its sole discretion) determines provides security comparable to that of payroll withholding. If a Participant who has been making loan payments by a method described above begins receiving periodic compensation payments from an Employer, the Participant shall authorize payroll withholding for the remaining loan payments.

15. Effective January 1, 1999, Section 7. 1 (p) is amended in its entirety to read as

follows:

(p) In the event a loan is to be made to a Participant in accordance with this Section 7. 1, a loan subaccount shall be established as an investment of the Participant under each Account used to fund the loan. The Accounts used to fund the loan, and the order in which Accounts are used to fund the loan, shall be determined in accordance with uniform and nondiscriminatory procedures adopted by the Committee and modified by it from time to time.

16. Effective January 1, 1998, Section 8.1 is amended by substituting the phrase

"\$5,000" for the phrase "\$3,500" each time it appears.

17. Effective January 1, 1998, Section 8.4 is amended by substituting the phrase

"\$5,000" for the phrase "\$3,500" each time it appears.

18. Effective January 1, 1999, a new Section 8.4A is added directly after Section 8.4

to read as follows:

8.4A Form of Lump Sum Distribution

(a) Cash. With respect to any portion of a Participant's Account that is not invested in Common Stock, any lump sum distribution from such portion of the Account shall be made in the form of a single lump sum payment of cash (or its

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equivalent) equal to the vested balance credited to such portion of the Account as of the relevant Valuation Date.

(b) Common Stock - Any lump sum distribution from such portion of a Participant's Account that is invested in Common Stock as of the Valuation Date shall be made in the form of a single lump sum payment of such whole number of shares of Common Stock as is equivalent to the full value of the shares of Common Stock then credited to such portion of the Account.

(c) Fractional Shares. If shares of Common Stock are to be distributed, only full shares shall be distributed and cash (or its equivalent) shall be distributed in lieu. of any fractional share.

19. Effective January 1, 1998, the second sentence of Section 8.6(a) is amended in its

entirety to read as follows.

A Participant's benefits shall commence no later than April I of the calendar year in which the Participant attains age 70¹/₂ or terminates his or her employment with all Employers (whichever is later), provided however, that the benefits of a Participant who is a 5% owner shall commence no later than April I of the calendar year in which the Participant attains age 70 ¹/₂.

20. Effective January 1, 1998, Section 8.8 is amended by substituting the phrase

"\$5,000" for the phrase "\$3,500" each time it appears.

21. Effective January 1, 1998, Section 9.5 is amended by substituting the phrase

"\$5,000" for the phrase "\$3,500" each time it appears.

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22. Effective October 13, 1996, a new Section 14. 10 is added to the Plan to read as

follows:

14. 10 Military Duty

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code. Loan repayments will be suspended under this Plan as permitted under section 414(u)(4) of the Code.

20. Effective January 1, 1996, Appendix A is amended by substituting the phrase

"Logistics Service (U.S.A.) Co., Inc. (effective January 1, 1996)" for the phrase "Logistics

Service (U.S.A.) Co., Inc."

IN WITNESS WHEREOF, FRITZ COMPANIES, INC., by its duly authorized officer, has executed this Amendment No. 3 on the date indicated below.

FRITZ COMPANIES, INC.

Dated: May 12, 1998

By/s/ Jan H. Raymond
Title: Sr. V. P.

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EXHIBIT 21.1

DOMESTIC

STATE OF INCORPORATION

FAF Domestic Air Freight Services	California
FNC International, Inc	California
Fritz International Insurance Broker	California
Fritz Transportation International	California
Fritz Government Services, Inc.	California
Arthur J. Fritz & Co.	Delaware
Fritz Companies, Inc	Delaware
Frontier Freight Forwarders, Inc.	Florida
Unlimited National, Inc	Illinois
Unlimited Warehousing, Inc	Illinois
Logistics Service (U.S.A.) Co. Inc.	New Jersey
Trade Management Services	New Jersey
Wall Shipping Co., Inc	New Jersey
FCI Logistics, Inc.	Oklahoma
Air Compak International, Inc.	Pennsylvania
Fritz Air Freight, Inc.	Texas
Fritz Export Packing, Inc.	Texas
Russian Gateway Holding Company, Inc.	Delaware
TG International, Inc.	Texas

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EUROPE

COUNTRY OF INCORPORATION

Fritz Companies (Austria) GmbH	Austria
Fritz Companies Belgium N.V.	Belgium
Fritz Companies (Czech) S.R.O.	Czech Republic
Oy Nielsen Global Freight AB	Finland
Fritz Companies France S.A.	France
Fritz Companies (Deutschland) GmbH	Germany
Fritz Companies Hungaria Kft.	Hungary
Fritz Companies (Ireland) Limited	Ireland

Fritz Global Technologies Limited	Ireland
Fritz Companies C.B. Ltd.	Israel
Fritz Companies Israel T. Ltd.	Israel
Fritz Companies (Italy) S.R.L.	Italy
Globe Financial S.A.	Luxembourg
Airtex International B.V.	Netherlands
FCI Holdings International B.V.	Netherlands
Fritz Companies Nederlands B.V.	Netherlands
Fritz Companies Norway AS	Norway
Fritz Companies Portugal-Transitarios Ld	Portugal
Fritz Companies (C.I.S.)	Russia
Fritz Companies Sweden AB	Sweden
Fritz Companies (Switzerland) AG	Switzerland
Fritz International Transport Trade Ltd.	Turkey
Fritz Companies Ukraina	Ukraine
Fritz Companies (UK) Limited	United Kingdom

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AMERICAS

COUNTRY OF INCORPORATION

Fritz De Argentina S.A	Argentina
Laugus Cargo S.A.	Argentina
Fritz Do Brasil Transportes Internacionais Ltda.	Brazil
Fritz Trans-Shoes Agenciamento De Transportes Nacionais E Internacionais, Ltda	Brazil
Fritz Express Logistica Integrada Transportes Nacionais E Internacionais, Ltda	Brazil
Air Compak International (Canada) Inc.	Canada
Amstel Inc.	Canada (Federal)
Denpha Customs Brokers Inc.	Canada (Federal)
243393 Ontario Limited	Canada (Ontario)
Fritz Companies Canada Inc.	Canada (N.B.)
Fritz Starber Inc.	Canada (Ontario)
Secomat Inc.	Canada (Quebec)
Fritz Chile S.A.	Chile
Fritz de Colombia Ltda.	Colombia
Fritz Internacional S.A.	Costa Rica
Fritz De Santo Domingo S.A.	Dominican Rep.
Transportadora Maritima De Carga S.A.	Dominican Rep.
Fritz El Salvador S.A. de C.V.	El Salvador
Fritz Guatemala S.A.	Guatemala
FCI Companies De Mexico S.A. de C.V.	Mexico
Fritz Companies de Mexico S.A. de C.V.	Mexico

Trade and Service I.D.M. S.A. de C.V.	Mexico
Fritz Companies (Panama) Inc.	Panama
Fritz Container Line Inc.	Panama
Mirabel International Transport S.A.	Panama
Fritz del Peru S.A.	Peru
Fritz Companies Peru S.A	Peru
Fritz Companies Puerto Rico, Inc.	Puerto Rico
Fritz Almacenes Generales C.A.	Venezuela
Fritz Customs Brokers S.A	Venezuela
Fritz Venezuela S.A.	Venezuela

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ASIA	COUNTRY OF INCORPORATION
Fritz Air Freight (Bangladesh) Ltd.	Bangladesh
Fritz Ocean Freight (Bangladesh) Ltd.	Bangladesh
Amel Express Limited	Hong Kong
Fritz Air Freight Beijing (H.K.) Limited	Hong Kong
Fritz Air Freight (H.K.) Limited	Hong Kong
Fritz Air Freight Shanghai (H.K.) Limited	Hong Kong
Fritz China Services (H.K.) Limited	Hong Kong
Fritz Companies India (H.K.) Ltd.	Hong Kong
Fritz Transportation International (H.K.) Limited	Hong Kong
Fritz Transportation International Xiamen (H.K.) Limited	Hong Kong
Intertrans Cargo Services (H.K.) Ltd.	Hong Kong
Intertrans Consulting Services Ltd.	Hong Kong
Integrated Systems Ltd.	Hong Kong
J.F.T. Sea-Air Consolidation, Ltd.	Hong Kong
Logistics Air Service Ltd.	Hong Kong
Logistics Euro-Freight Ltd.	Hong Kong
Logistics Far East Co. Ltd.	Hong Kong
Logistics (Holdings) Ltd.	Hong Kong
Logistics Services (H.K.) Co. Ltd.	Hong Kong
Logistics Terminal Limited	Hong Kong
United Great Shipping Ltd.	Hong Kong
Fritz Freight Forwarding India Private Ltd.	India
P.T. Fritz Ritra International Transportation Services	Indonesia
Fritz Air Freight Korea, Inc.	Korea
Fritz Transportation International (Korea) Co. Ltd.	Korea

Fritz Logistics Services (M) SDN. BHD.	Malaysia
FIT Forwarding SDN. BHD	Malaysia
FIT Logistics SDN. BHD	Malaysia
Fritz Logistics SDN. BHD.	Malaysia
Fritz Transportation International (Malaysia) SDN BHD	Malaysia
Fritz Air Freight Nepal (Private) Limited	Nepal
Fritz Companies Pakistan (Private) Limited	Pakistan
Fritz Logistics Service (Tianjin) Co. Ltd.	PRC
Shanghai Outer GAO QIAO Fritz Co., Ltd.	PRC
Shenzhen Fritz Warehouse Distribution Service Co., Ltd.	PRC
Fritz Logistics Phils., Inc.	Philippines
FTI (Philippines) Inc.	Philippines
Philippine Logistics Services, Inc.	Philippines
FAF-Fritz PTE Ltd.	Singapore
Fritz Logistics (s) Pte. Ltd.	Singapore
FTI-Fritz PTE Ltd.	Singapore
Logistics Transport (s) Pte. Ltd.	Singapore
Masters Airfreight Pte. Ltd.	Singapore
Fritz Companies Lanka (Private) Limited	Sri Lanka
Fritz Transportation International (Private) Limited	Sri Lanka
Union Transport (Private) Limited	Sri Lanka
Fong Ching Airfreight Co. Ltd./	
Fritz Air Freight (Taiwan) Co., Ltd.	Taiwan
Fritz Transportation International (Taiwan) Co., Ltd.	Taiwan
Logistics Service (Taiwan) Co. Ltd.	Taiwan
FAF-Fritz (Thailand) Limited	Thailand
Fritz Transportation International (Thailand) Limited	Thailand

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MISCELLANEOUS

COUNTRY OF INCORPORATION

Air Compak International (Australia) Pty. Ltd.	Australia
AFA AirFreight Pty. Ltd	Australia
Fritz-Fliway Pty. Ltd.	Australia
Global Sky Express (Aust.) Pty. Ltd.	Australia
Hargrave Edwards, Co. Pty. Ltd.	Australia
Intertrans Australia Pty. Ltd.	Australia
Mavin (Aust.) Pty. Ltd.	Australia
Park Freight International Pty. Ltd.	Australia
QAFCO Pty. Ltd.	Australia
Specialized Logistics Services Pty. Ltd.	Australia
Trade Management Australia Pty. Ltd.	Australia

Fritz Companies, Botswana (Proprietary) Limited	Botswana
Intermodal (Botswana) (Proprietary) Limited	Botswana
Fritz Egypt Company W.L.L.	Egypt
Fritz (NZ) Limited	New Zealand
Fritz Companies South Africa (Proprietary) Ltd.	South Africa

</TABLE>

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ACCOUNTANTS' CONSENT

The Board of Directors and Stockholders
Fritz Companies, Inc.:

We consent to incorporation by reference in the registration statements (No. 33-78472), (No. 33-57238), (No. 33-93070), (No. 333-15921) and (No. 333-07639) on Forms S-8 and (No. 33-70674) on Form S-4 of Fritz Companies, Inc. of our report dated June 28, 1999 relating to the consolidated balance sheets of Fritz Companies, Inc. and subsidiaries as of May 31, 1999 and 1998 and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended May 31, 1999, and the related schedule, which report appears in the May 31, 1999 annual report on Form 10-K of Fritz Companies, Inc.

KPMG LLP

San Francisco, California
July 22, 1999

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