



Global Citizenship Report 2008

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**Our role is to connect
the world in responsible
and resourceful ways.**

People trust us to deliver services to them in a highly reliable yet cost-effective manner. We know they expect us to do it responsibly and with respect for our team members, our environment and our communities.

Some FedEx people literally see the world from 30,000 feet. Others see it from people’s front porches. As a whole, our team looks out at the world from more than 220 countries and territories and through 35 years of history.

These perspectives give us insight into the impact FedEx makes on the world. We see how the Access we provide contributes positively to people’s lives, businesses’ success and nations’ growth. We see that creating long-term value is about more than financial returns. It’s also about continuously earning the trust of our team members, customers, shareowners and the communities we serve.

We take that trust very seriously. People around the world have welcomed FedEx into their communities and their daily lives. They trust us to deliver services to them in a highly reliable yet cost-effective manner. We know they expect us to do it responsibly and with respect for our team members, our environment and our communities.

This Global Citizenship Report frames how we think about our responsibilities. It reflects our deep commitment to great service for customers and communities. It describes our initiatives toward sustainable operations and strong governance. It features the dedication of our people, who make everything else possible. The report includes important metrics that make our efforts and progress visible. In essence, it helps us raise the bar for ourselves.

We believe we can do the most good by focusing on areas where we can apply our specific expertise:

- o Our physical and digital networks give people worldwide access to new economic opportunities, changing what’s possible in their lives and fueling business innovation.

- o We apply our innovative spirit to deliver our services in ways that are more efficient and better for the environment.
- o Through our global networks, whenever disaster strikes, we can provide relief quickly and efficiently almost anywhere in the world.
- o Our people-first philosophy has always been the bedrock of our value system. We hire, develop and reward great people, who in turn become the face of FedEx within their communities, serving local needs with passion and generosity.

We realize the world faces big challenges. We believe that with sustained, sincere effort from all sectors — companies, governments, non-governmental organizations, and individuals — we can overcome any challenge and create greater possibilities for people, businesses and nations worldwide.

In the pages that follow, we discuss how we’re doing our part to achieve those goals and keep earning the trust that has made FedEx the company it is.

Sincerely,



Frederick W. Smith
Chairman, President and CEO
FedEx Corporation

Principles That Guide Our Citizenship

- o Value our team members
- o Serve our customers
- o Preserve and enhance our reputation
- o Continue earning the trust of communities we serve
- o Grow our business responsibly
- o Transparent and effective internal and external communications

Economics and Access

Our physical and digital networks provide increased Access, giving people everywhere the means to connect with opportunity and innovation.



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FedEx has helped modernize the way the world is connected. We have always been in the business of providing access to new opportunities. By growing our business responsibly, we empower people through choice, opportunity and innovation as we enhance financial returns for our shareowners.

Environment and Efficiency

Our role is to expand the world's ability to connect more efficiently, while minimizing our impact on the environment.



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We are leading innovations in the use of alternative energy sources, minimizing waste generation through pollution prevention and recycling, and integrating environmental responsibility into our daily operations.

Community and Disaster Relief

As we expand our networks, we improve our ability to provide faster emergency relief when disasters strike. It's just one way we leverage our infrastructure, our expertise and our people to help communities worldwide.



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The networks we've built serve more than 220 countries and territories. The same channels that we use every day to deliver packages also speed relief supplies around the world in the wake of natural disasters.

People and Workplace

Our efforts to serve our customers, shareowners and communities are brought to life by the everyday actions of our people.



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We understand that the people of FedEx — more than the planes, trucks or technology — make FedEx what it is today. We continue to invest in a talented workforce, to support the changing needs of our customers and communities.

Report Highlights

This first Global Citizenship Report is a way for us to share the efforts of our operating companies with our stakeholders in one place. FedEx reaches nearly every part of the world, so our decisions and businesses have a broad impact. This report gives us the opportunity to share with you the goals we've set, to formalize the way we're reporting progress and to put additional measures in place to report our progress in the future.

Data for this report was collected and consolidated whenever possible from each of our operating companies. The information is based on our most recent fiscal year, which ended on May 31, 2008. You can find this Global Citizenship Report, and supplemental information, at csr.fedex.com.

We recognize that our ability to capture data will improve over time, and the amount of information will grow. These two pages provide a snapshot of our progress, but are not intended to be a complete listing of our efforts. A more comprehensive summary can be found in the following sections of this report. We plan to publish this report annually.

We have set long-term financial performance goals that support the company's core financial strategies:

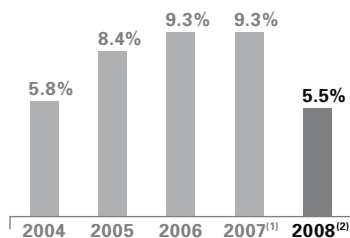
- Growing revenue by 10 percent per year
- Achieving a 10+ percent operating margin
- Increasing EPS by 10 percent to 15 percent per year
- Improving cash flow and increasing returns, such as return on invested capital

FY08 Financial Highlights

Revenue (In Billions)



Operating Margin



Diluted Earnings Per Share



(1) Results for 2007 include a \$143 million charge associated with up-front compensation and benefits under a new four-year agreement with the pilots of FedEx Express.

(2) Results for 2008 include a charge of approximately \$891 million (\$696 million, net of tax, or \$2.23 per diluted share), predominantly related to non-cash impairment charges associated with the decision to minimize the use of the Kinko's trade name and goodwill resulting from the Kinko's (re-branded as FedEx Office) acquisition.

Environment and Efficiency

Aircraft Emissions

We plan to reduce our FedEx Express aircraft CO₂ emissions 20 percent by 2020 on a pounds per ATM basis⁽¹⁾.

Goal **(20%)** by 2020

FY08 **(3.7)%**⁽²⁾

(1) Available ton mile (ATM) is defined as one ton of capacity (cargo) transported one mile.

(2) 2008 improvement is cumulative since our baseline in 2005.

Vehicles

We are improving vehicle fuel efficiency and reducing CO₂ emissions from our FedEx Express vehicle fleet.

Goal **20%** by 2020
fuel economy improvement

FY08 **13.7%**⁽²⁾

Utilities Emissions

In 2009, we plan to report on global operations for Scope 2 emissions, measuring the impact of our facilities and utilities. To date, we are able to track utilities emissions on approximately 75 percent of our global facilities.

Goal **100%** tracking

FY08 approximately **75%** tracked

Renewable Energy

We plan to expand our on-site renewable energy generation in addition to procurement of renewable energy credits (RECs) purchased.

Goal **25,000 MWh**

FY08 exceeded 25,000 MWh of RECs procured, and generated more than 1,000 MWh of on-site solar energy

Community and Disaster Relief

Philanthropy as a Percentage of Pretax Profits

Includes both cash and in-kind donations.

FY08 **1.1%**⁽¹⁾

(1) Results for 2008 exclude the effect of the Kinko's-related charge of approximately \$891 million.

Volunteer Hours

We are establishing a system for tracking the many hours of volunteer work our employees contribute. Our goal is to be able to track volunteer hours by 2009.

People and Workplace

Full-time Retention Rate

We strive to maintain or improve our full-time retention rate.

FY08 **93.1%**

2008 global percentage

Women and Minorities in Management Roles

We plan to continue to increase the number of women and minorities in management.

FY08 **38.6%**

2008 global percentage is conservative since FedEx does not have minority data for international regions


Employee Engagement

Our goal is to continue achieving high participation rates for employee feedback surveys.

FY08 **93.4%**

Percent of eligible global employees who participate in annual feedback surveys





“Now that our baskets are shipped worldwide, anyone can buy them and the profit comes back to us. I’m able to buy food and send many kids in my village to school. I could not do these things before. Life has changed for me.”

Aristude Mukashyaka
Rwandan Master Weaver
Path to Peace

After the brutal 1994 genocide, Rwanda was suddenly 70 percent female, leaving women like Aristude Mukashyaka with little means of support. Then a United Nations representative visiting the country was captivated by the traditional Rwandan baskets, and Path to Peace was born by implementing a “trade not aid” philosophy. By 2004, basket sales reached \$50,000, and by 2007, sales topped \$1.5 million. Today, with the help of Macys.com in the U.S., along with FedEx and Fair Winds Trading worldwide, more than 2,500 weavers earn close to twice the national average income in Rwanda by selling their baskets around the world.

Economics and Access



Our physical and digital networks provide increased Access, giving people everywhere the means to connect with opportunity and innovation.

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FedEx is committed to responsibly improving Access. The ability for people to connect to one another and to what they need ultimately creates opportunity and stimulates economies.

FedEx connects people and businesses around the world. As we improve Access, we enhance the long-term value of our company for our shareowners. Recent research has also shown how significantly Access improves personal well-being and economic health.

Economics

FedEx strives to connect the world in an efficient and sustainable way, increasing Access to meet consumers' needs and promote business opportunities in the more than 220 countries and territories we serve. We believe this enhances the long-term value of our company for our shareowners and the customers who rely on our services.

We have set long-term financial performance goals that support the company's core financial strategies:

- o Growing revenue by 10 percent per year
- o Achieving a 10+ percent operating margin
- o Increasing EPS by 10 percent to 15 percent per year
- o Improving cash flow and increasing returns, such as return on invested capital

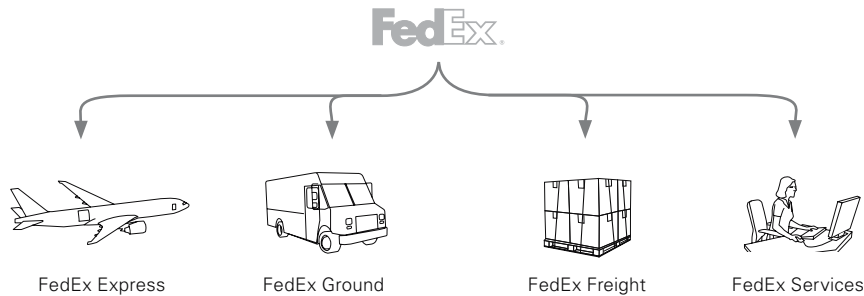
Our 35-year history testifies to our success in taking a long-term view of our business. That history also illuminates both the opportunities for growth we have pursued, such as our pioneering role in China, and the challenges we have overcome, such as several fuel price surges and economic downturns. We provide detailed financial and other information in our Annual Report, available on our Web site, ir.fedex.com.

Financial Highlights

<i>In millions, except earnings per share</i>	2008 ⁽¹⁾	2007 ⁽²⁾	Percent change
OPERATING RESULTS			
Revenue	\$37,953	\$35,214	8
Operating income	2,075	3,276	(37)
Operating margin	5.5%	9.3%	
Net income	1,125	2,016	(44)
Diluted earnings per share	3.60	6.48	(44)
Average common and common equivalent shares	312	311	0
Capital expenditures	2,947	2,882	2
FINANCIAL POSITION			
Total assets	\$25,633	\$24,000	
Total debt	2,008	2,646	
Common stockholders' investment	14,526	12,656	

(1) Results for 2008 include a charge of approximately \$891 million (\$696 million, net of tax, or \$2.23 per diluted share), predominantly related to non-cash impairment charges associated with the decision to minimize the use of the Kinko's trade name and goodwill resulting from the Kinko's (rebranded as FedEx Office) acquisition.

(2) Results for 2007 include a \$143 million charge associated with up-front compensation and benefits under a new four-year agreement with the pilots of FedEx Express.



Company Profile

Headquartered in Memphis, Tenn., FedEx is a publicly owned and traded corporation (NYSE: FDX) that provides a global portfolio of transportation, e-commerce and business services through companies competing collectively, operating independently and managed collaboratively under the respected FedEx brand. These operating companies are primarily represented by FedEx Express, FedEx Ground, FedEx Freight and FedEx Services. These companies form the core of our reportable segments.

Our Operating Segments

FedEx Express: Federal Express Corporation (FedEx Express) is the world's largest express transportation company, offering time-definite delivery to 90 percent of the world's gross domestic product within one to three business days. The FedEx Express segment also includes FedEx Trade Networks, which provides international trade services, specializing in customs brokerage and global cargo distribution.

FedEx Ground: FedEx Ground Package System, Inc. (FedEx Ground) is a leading provider of small-package ground delivery service. FedEx Ground provides day-definite, economical service to every business address in the United States, Canada and Puerto Rico, as well as delivery to nearly 100 percent of residential addresses in the U.S. through FedEx Home Delivery.

The FedEx Ground segment also includes FedEx SmartPost, which specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages using the U.S. Postal Service for last-mile delivery to residences.

FedEx Freight: FedEx Freight Corporation (FedEx Freight) is a leading U.S. provider of less-than-truckload (LTL) freight services through its FedEx Freight business (regional LTL freight services) and its FedEx National LTL business (long-haul LTL freight services). The FedEx Freight segment also includes FedEx Custom Critical, North America's largest time-specific, critical shipment carrier, and Caribbean Transportation Services, a leading provider of airfreight forwarding services between the United States and Puerto Rico.

FedEx Services: FedEx Corporate Services, Inc. (FedEx Services) provides sales, marketing and information technology support, as well as customer service support through FedEx Customer Information Services, primarily for the benefit of FedEx Express and FedEx Ground. The FedEx Services segment also includes FedEx Office and Print Services (FedEx Office), formerly known as FedEx Kinko's, a leading provider of document solutions and business services, and FedEx Global Supply Chain Services, which offers a range of supply chain solutions.

- FY08 consolidated revenue was \$38 billion.
- An average daily volume of more than 7.6 million shipments for express, ground and freight.
- Service offerings available in more than 220 countries and territories, with significant service operations around the world.

Small Business Education

Through the FedEx PyMEX Membership Program, FedEx Express is the first and only transportation company to offer educational seminars to entrepreneurs, including tools and training to help them export their products worldwide. Since 2004, FedEx Express has offered more than 400 workshops on international trade, tracking goods and e-commerce to more than 11,000 small and medium businesses.

Access Research

The complete study — “How Greater Access Is Changing the World” — as well as an Executive Summary, are available on our Web site at access.fedex.com.

Access

Since FedEx made its first delivery in 1973, the world’s interconnections have grown, fostering unprecedented economic freedom. FedEx plays an important role in the ongoing expansion and acceleration of Access, which has fundamentally changed what’s possible for people, businesses and communities almost everywhere on earth.

Recent research shows how significantly Access improves personal well-being and economic health. This is true both on the macro level — where more Access enables nations to transform themselves and enables industries and businesses to thrive — and on the level of individual people, such as Rwandan basket weaver Aristude Mukashyaka. Collectively, millions of individual stories like hers comprise a change for the better around the world.

Understanding Access

In the course of our global network expansion, we have seen countless examples of how people and businesses benefit from the connections we help them make. We have come to recognize that Access is not only the heart of our business but also a significant force for positive change in the world. So, we committed to becoming an ongoing source of thinking and learning about Access, to foster an understanding that helps people, businesses and communities realize the opportunities and benefits associated with it.

In 2005, we commissioned the nonprofit research firm SRI International to define the drivers and benefits of Access, and then to study published data on 75 countries in order to assess the correlation. In 2008, SRI International updated and expanded this research to cover 109 countries. The research makes clear the direct relationship between Access and the well-being of people and businesses in those nations. It ranks — in what is now known as the Access Index® — the countries that have gained the most from improved access to ideas, talent and resources. The findings reveal that Access has a measurable, positive effect on quality of life for individuals, on business and development cycles, and on the economic health and growth of nations.

We applied the findings of this study to begin a global discussion about Access — a discussion informed by research that offers governments, businesses and investors a diagnostic picture of the types of infrastructure available or needed to increase Access. We have facilitated this dialogue through detailed presentations to policymakers in Washington, D.C., Paris and other venues, through an annual journal entitled *Access Review*, and through a Web presence at access.fedex.com, where detailed information is available on this subject.

Benefits of Access

The SRI International research demonstrates the benefits to people, businesses and nations that Access can provide — or that lack of Access can deny.

Benefits for People

Nowhere is the exponential impact of Access experienced more strongly than at the level of the individual. The reduction in poverty rates in India and China related to improvement in Access are two examples of the measurable benefits at the individual level. These benefits take on even greater meaning with a third point of reference: the United Nations Human Development Report Index.

In both the 2006 and 2008 SRI Access research reports, the nations at the top of the Access Index® consistently mirror the top nations of the 2007/2008 United Nations Human Development Report Index. And, unfortunately, so do the nations at the bottom, indicating that nations low in human development are also low in Access. That data reinforces the strong connection between human well-being and levels of Access.



Poverty levels in East Asia — the world’s poorest region in 1981 — have dramatically decreased, due largely to poverty reduction in China. The population living on less than \$1.25 per day has fallen from nearly 80 percent in 1981 to under 20 percent in 2005.

Benefits for Businesses

Greater access to information, physical materials and markets has transformed contemporary business — in the ways companies operate, innovate, compete and create value.

Access gives businesses the ability to reach markets more easily and efficiently. This increased reach is driven by widespread use of the Internet, access to advanced information technology and the increased speed and reliability of shipping. The opportunity to do business in expanded markets allows businesses to specialize, achieve economies of scale, generate additional revenue and grow or invest in new opportunities.

Supply chains have been modernized by the availability of real-time information about purchases and inventories, and by faster, more reliable transportation. The result is that the ratio of inventory to sales is dropping. This means that business is now more efficient, and the money that would be tied up in inventory is free to be invested in more productive ways. The ability to readily and rapidly share ideas, information, parts and prototypes is also breaking down the traditional corporate approach to innovation,

producing a collaborative model in which customers, researchers, small businesses and other partners — located anywhere in the world — can co-create new services, products or business models.

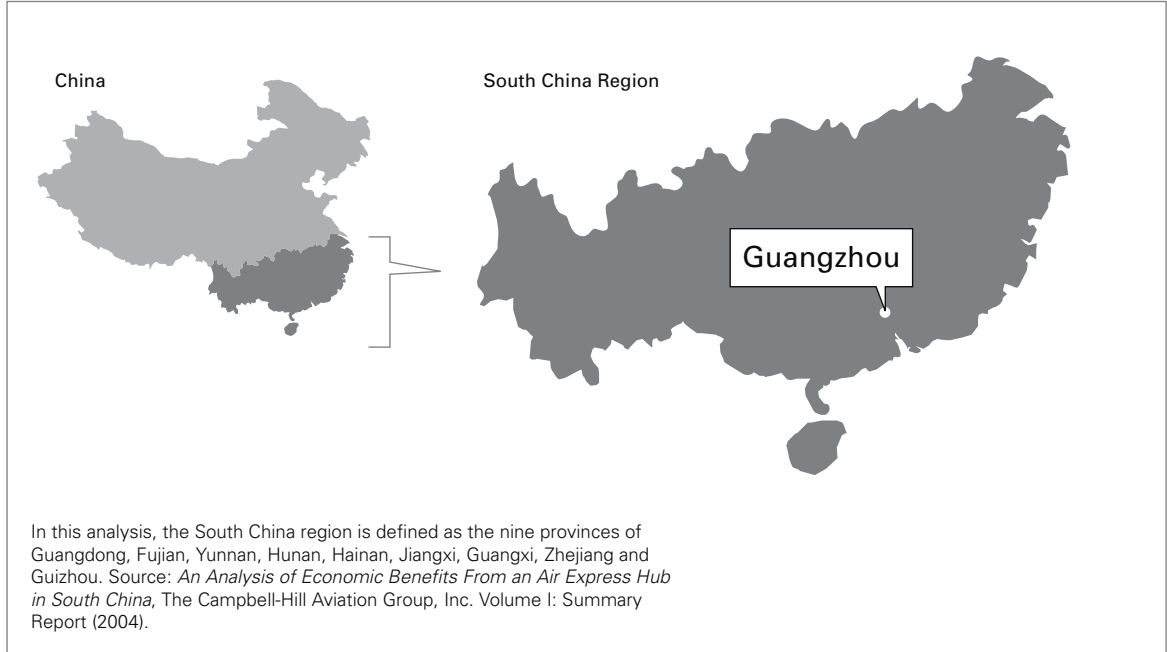
Finally, company size is now less of a factor in determining access to resources, partners or markets. Access helps level the playing field for small businesses, where even start-ups can compete with large businesses, stimulating competition and innovation.

Benefits for Nations

Access enables nations to take part in the interconnected global economy, which evidence suggests is vital for the well-being of their citizens and the health of their businesses. This is evident in how China’s poverty rates have declined by more than 68 percent since the enactment of economic reforms and subsequent increases in Access. Similarly, poverty rates in India fell 18 percent between 1981 and 2005. In support of our belief that strengthening the interconnectedness of markets results in increased global trade, investment and competitiveness, FedEx has consistently championed an “open skies”

Poverty statistics on this page come from: *The Developing World Is Poorer Than We Thought, But No Less Successful in the Fight against Poverty*, Shaohua Chen and Martin Ravallion. “*Policy Research Working Paper*, no. WPS 4703” (2008).

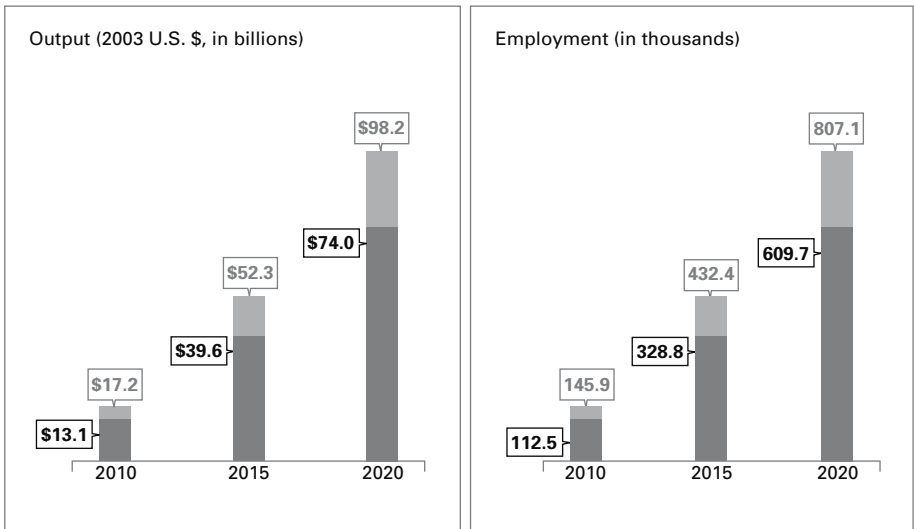
Total Impact of FedEx Express Hub on China and South China



Total Impact of FedEx Express Hub:

- On China
- On South China

This chart shows the projected effect the new FedEx hub in Guangzhou is expected to have on both the GDP and employment rate of the South China region, as well as the country as a whole.





policy, which allows airlines to fly, without outdated economic regulation, between many countries. We have also been an active advocate with both the World Trade Organization and the U.S. Trade Representative on the importance of harmonizing customs protocols across the globe. We believe antiquated customs protocols and other trade barriers thwart Access and risk the economic health of many countries.

There is also growing recognition that being a hub for Access brings advantages to a city, region or nation. History has shown this to be true for centuries, from the Silk Road hub of Samarkand to great ports like Amsterdam in the age of sail. Experts on trade, transportation and urbanism say that cities efficiently integrated around airports are the modern equivalent. Guangzhou in China and Dubai in the United Arab Emirates are two modern examples of how regions are securing well-being and prosperity by creating Access hubs.

For China, this is evident in an economic impact study prepared by the Campbell-Hill Aviation Group. They project the total economic impact (including all multiplier effects) of the new FedEx hub for Asia-Pacific, being built as part of the new Baiyun International Airport in Guangzhou, to be \$98.2 billion of stimulated gross domestic product output and 807,100 new jobs by 2020.

In choosing Guangzhou, FedEx was the first global shipper to commit to placing its Asia-Pacific hub in China, thus reinforcing its history of pioneering commitment to facilitating Access.

“FedEx has helped make hybrid truck technology a reality. More than 50 companies have added hybrid vehicles since FedEx led the launch that changed the marketplace.”

Gwen Ruta
Vice President for Corporate Partnerships
Environmental Defense Fund

In an ongoing effort to transform the transportation industry, FedEx Express teamed up with the Environmental Defense Fund to pioneer commercial hybrid electric vehicles. In 2005, FedEx Express received the Blue Sky Award for our “nearly single-handed placement of commercial hybrid trucks on the map for corporate America.” We are now expanding our hybrid fleet across the globe.



Environment and Efficiency



Our role is to expand the world's ability to connect more efficiently, while minimizing our impact on the environment.

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We have pioneered innovations that have helped FedEx and our industry reduce our environmental footprint.

FedEx plays an important role in how the world is connected. Yet the commercial transportation industry has no single solution for reducing its environmental footprint. FedEx is committed to operating and innovating in new ways that can help our business as well as our industry.

Highlights

Aircraft CO₂ emissions reduced by 3.7% on a pounds per available ton mile basis*

Vehicle fuel efficiency improved by 13.7%*

Capability to track **utilities emissions** on approximately 75% of global facilities

Procured more than 25,000 MWh of **renewable energy credits** in FY08

*Improvement is cumulative since our 2005 baseline. See page 13 for details.

For years, we have implemented successful initiatives for reducing our carbon footprint. Notably, working with the Environmental Defense Fund, we pioneered the development of commercial hybrid electric vehicles for our use, as well as others in the commercial vehicle sector. Our 350,000-square-foot solar-powered facility in Oakland, Calif., was the largest commercial solar rooftop installation at the time it was built. Since then, we've opened two more solar-powered installations in California, with another opening in Cologne, Germany, in the spring of 2010. Through FedEx Office, we've pioneered a digital network that enables documents to be professionally printed and finished closer to where they're needed, reducing the resources used to physically transport shipments. And we became leaders in the print/copy industry by adopting forest-based products guidance, establishing requirements that our vendors follow sustainable forest-management practices and recycled content standards.

This section reports data on our environmental impact. As with other sections of this report, we are interested in stakeholder dialogue to improve this report in the future. Contact information is included at the end of this report.

Greenhouse Gas Emissions

Improving Fuel Efficiency and Creating Alternative Solutions

Greenhouse gas emissions, and the desire to transform economic systems to rely less on fossil fuels, have dominated the environmental discussion for the past several years. We realize that we can and must address greenhouse gas emissions, energy security concerns and economic considerations holistically. In the short term, improving the way we use energy will be more effective than any other strategy to reduce greenhouse gas emissions. Transportation, along with all other economic sectors, should be working toward a transition in our energy supply makeup, including the development of low-carbon, sustainable fuels for transportation, low-carbon technologies in power generation, and cleaner vehicle technologies, such as hybrid electric vehicles.

As a leader in the transportation industry and in the aviation sector, we realize that we must rethink our approach to fuel consumption, and have been working in this regard for some years. Reducing our reliance on fossil fuels is not just a matter of environmental sustainability but of economic necessity. Fuel accounted for about 12.1 percent of our total operating costs in fiscal year 2008. In fact, almost 82 percent of our direct emissions from mobile sources (Scope 1) are generated by our aircraft. Pareto analysis shows us that aviation is our biggest greenhouse gas contributor, and also our biggest opportunity for improvement. By steadily replacing our planes with more fuel-efficient models, we can make the biggest impact in reducing our greenhouse gas emissions and fuel consumption.

However, focusing on aircraft is not our only approach to reducing greenhouse gas emissions. As we increase the fuel efficiency of our operations, we are also actively seeking alternative solutions. Aiding in the development and commercialization of hybrid electric trucks is another way we are taking measures to reduce emissions. And our efforts to optimize many of our delivery routes ensure that excess truck capacity is kept to a minimum, and trucks travel as short a distance as possible to complete deliveries.



We know a big part of the solution is not just new technology, but making it affordable. As we bring new innovations to our own business, we're also advocating for policy changes that will make these technologies a more viable option for other businesses.

Leading up to passage of the Energy Independence and Security Act of 2007, FedEx was the only transportation company to call for mandatory fuel economy standards for commercial medium- and heavy-duty trucks within the United States. Such standards will help to stimulate production of alternative-energy trucks. Following our lead, the American Trucking Associations also endorsed fuel economy standards for commercial trucks in May 2008.

We have also advocated for extending tax credits for hybrid electric commercial vehicles, and for enhancements in commercial air traffic routing that would significantly improve the efficiency of air travel.

Enterprise-wide Direct Emissions

FedEx direct emissions (Scope 1) are generated primarily by our aircraft fleet in FedEx Express and our vehicle fleets in FedEx Express and FedEx Freight, company-owned vehicles in FedEx Ground and pickup-and-delivery vehicles in FedEx Office. We are able to report the vast majority of our direct emissions, including all global aircraft emissions and vehicle emissions, from the United States and Europe, Middle East and Africa. We will include Scope 1 emissions for vehicles from Canada, Asia-Pacific and Latin America in our 2009 report. However, these emissions are minimal as a percentage of total emissions.

Globally, FedEx emits 39.5 metric tons of aircraft and vehicle CO₂ emissions per \$100,000 in revenue.

Indirect emissions (Scope 2) of greenhouse gases generated from electricity FedEx has purchased are not included in this report. We plan to include such data in our 2009 report and will consider including all of our purchased transportation emissions (Scope 3) in future reports.

Aircraft Emissions Reduction Goal: 20 Percent by 2020

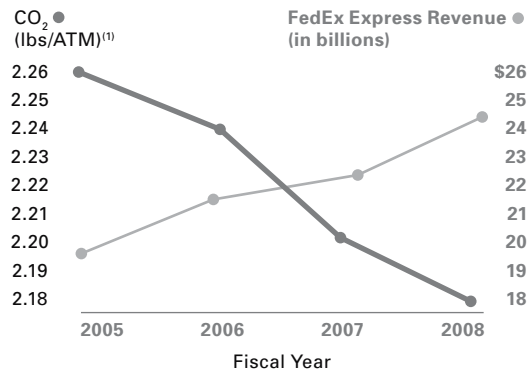
Our goal is to reduce greenhouse gas emissions from our FedEx Express global air operations by 20 percent per available ton mile⁽¹⁾ by 2020 based on a fiscal year 2005 baseline. In FY05, FedEx global air operations emitted 2.3 pounds per available ton mile. At the end of FY08, global air operations emitted 2.2 pounds per available ton mile. Since FY05, we have reduced our relative emissions by 3.7 percent, while our revenues in the FedEx Express segment have grown at a compound annual growth rate of 7.8 percent.

We plan to replace 90 Boeing 727 aircraft currently in our fleet with the Boeing 757, which began service for FedEx Express in August 2008. This aircraft replacement program alone is expected to result in a reduction of more than 350,000 metric tons of CO₂ emissions annually when completed.

More About Emissions

Every FedEx company produces both direct and indirect emissions. FedEx Scope 1 emissions encompass our aircraft and vehicles. Our aircraft are responsible for almost 82 percent of these emissions. In our 2009 report, we plan to include data on Scope 2 emissions, which include our facilities. In future reporting, we intend to collect data on Scope 3 emissions, which encompass aspects of our supply chain that we do not directly own, such as trucks owned and operated by independent contractors.

Global Aircraft CO₂ Efficiency, FY05-FY08



- CO₂ emission factors and associated conversion factors were calculated using the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol.
- Actual fuel purchased was used for direct emissions calculations.

(1) ATM, or available ton mile, is defined as one ton of capacity (cargo) transported one mile.

Improving the Efficiency of Our Aircraft

Package Carpooling

We are redesigning physical distribution models to maximize the density of our ground and air shipments. This reduces the amount of fuel it takes to ship each package, operating in much the same way as carpooling, with one loaded truck making stops versus scores of people driving individually to obtain the same items. Each FedEx Express flight now represents 9,000 customers on average. By shipping directly to customers or retail stores, FedEx Express is reducing the environmental impact of the transportation chain.

While interest in alternative aviation fuels is growing, we are still seeking a solution that is economically viable, commercially available and environmentally sound. We believe there is potential in alternative fuels, though we have not found an immediately practical alternative. As we continue to search for alternatives, we've developed other ways to lessen the impact of our aircraft through operating our current fleet more efficiently. One step we've taken is to commission 30 different teams, comprising our Fuel Sense program, all of which are responsible for continuously improving and implementing change.

The FedEx Express Aircraft Fleet	
Our current fleet consists of both jet aircraft and smaller feeder aircraft.	
Description	Total
Boeing MD11	58
Boeing MD10-30	8
Boeing DC10-30	12
Boeing MD10-10	58
Boeing DC10-10	5
Airbus A300-600	68
Airbus A310-200/300	66
Boeing B757-200	12
Boeing B727-200	90
ATR 72-202/212	13
ATR 42-300/320	29
Fokker F27-500	1
Fokker F27-600	4
Cessna 208B	243
Cessna 208A	10
TOTAL	677*

Aircraft Replacements

We are upgrading our fleet by replacing narrow-body Boeing 727 aircraft with Boeing 757 planes. This transition will reduce fuel consumption and greenhouse gas emissions while providing 20 percent more payload capacity. We plan to retire our last Boeing 727 aircraft within the next 10 years. We expect this aircraft replacement program to result in a reduction of more than 350,000 metric tons of CO₂ emissions annually when completed. In fiscal year 2010, we plan to begin operating the first four of fifteen Boeing 777 aircraft that we have agreed to purchase. The Boeing 777 aircraft provide greater payload capacity using 18 percent less fuel on average than the MD11 aircraft currently in operation.

Fuel Sense

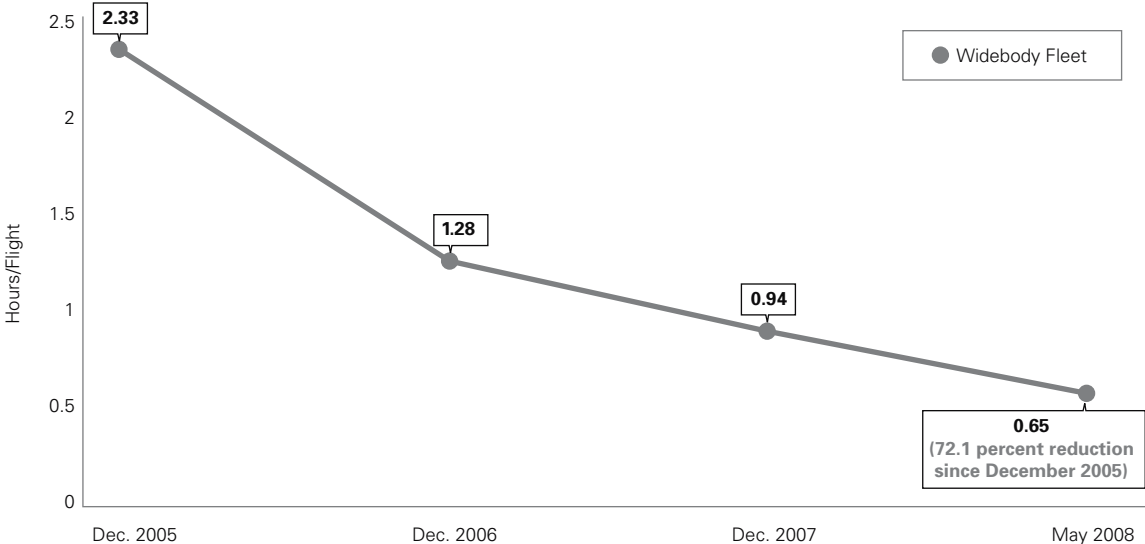
The Fuel Sense program is an umbrella initiative of 30 teams that combine operations review and the latest technology to reduce aircraft emissions and fuel use. And while we continue to implement measures such as conserving the fuel used at the gate, during a flight and on the approach, we also have rigorous training programs, including one that helps pilots gauge the amount of fuel they need to safely operate their flights at the most efficient fuel level possible. Other initiatives include:

- o Reducing the amount of fuel we use when a plane is at the gate by using ground power units to keep systems running without having to operate an auxiliary power unit (APU), eliminating about 1.5 hours of engine use per flight and saving almost 1 million gallons of jet fuel per month.
- o Reducing fuel use, carbon dioxide emissions and noise by using "continuous descent," which keeps the plane in idle during approach whenever possible.
- o Converting the engines used by ground-support equipment at select airports from gas-fueled to electric power.

* Fleet numbers are as of May 31, 2008. Includes 21 aircraft that are not currently in operation and are either awaiting passenger-to-freighter modification or are in storage.



Auxiliary Power Unit (APU) Reduction Measures



Noise

FedEx is concerned about airport noise and has been at the forefront of this issue for many years. FedEx has long supported a national noise policy that considers both the aviation industry and the neighborhoods in close proximity to airports, working to preserve a high quality of life for local communities.

FedEx Express has taken these steps to reduce noise levels:

- o All FedEx Express aircraft meet federal noise certification standards for jet-powered aircraft and comply with FAA Stage 3 noise requirements. Additionally, all FedEx aircraft certificated after February 2006 are Stage 4 compliant as required under International Civil Aviation Organization (ICAO) standards.
- o FedEx was an active participant in a national task force that made recommendations on a national noise policy to the Federal Aviation Administration, which led to Congress passing the Airport Noise and Capacity Act of 1990.
- o In 1990, FedEx, working with Pratt & Whitney and Boeing, developed a proprietary noise-reduction kit (also known as a "hush kit") for Boeing 727s — one of the most common types of aircraft in the world's commercial fleet. These hush kits incorporate advanced noise-reduction

technologies that significantly reduce engine exhaust and fan-noise levels.

- o By reducing the use of aircraft auxiliary power units when the planes are on the tarmac, FedEx has helped drastically reduce airport-noise levels.
- o FedEx has begun testing the second iteration of the Noise Abatement Departure Procedure, or NADP-2, which not only reduces noise during takeoff but also diminishes our fuel burn on every departure.

Reducing the Impact of Our Vehicles

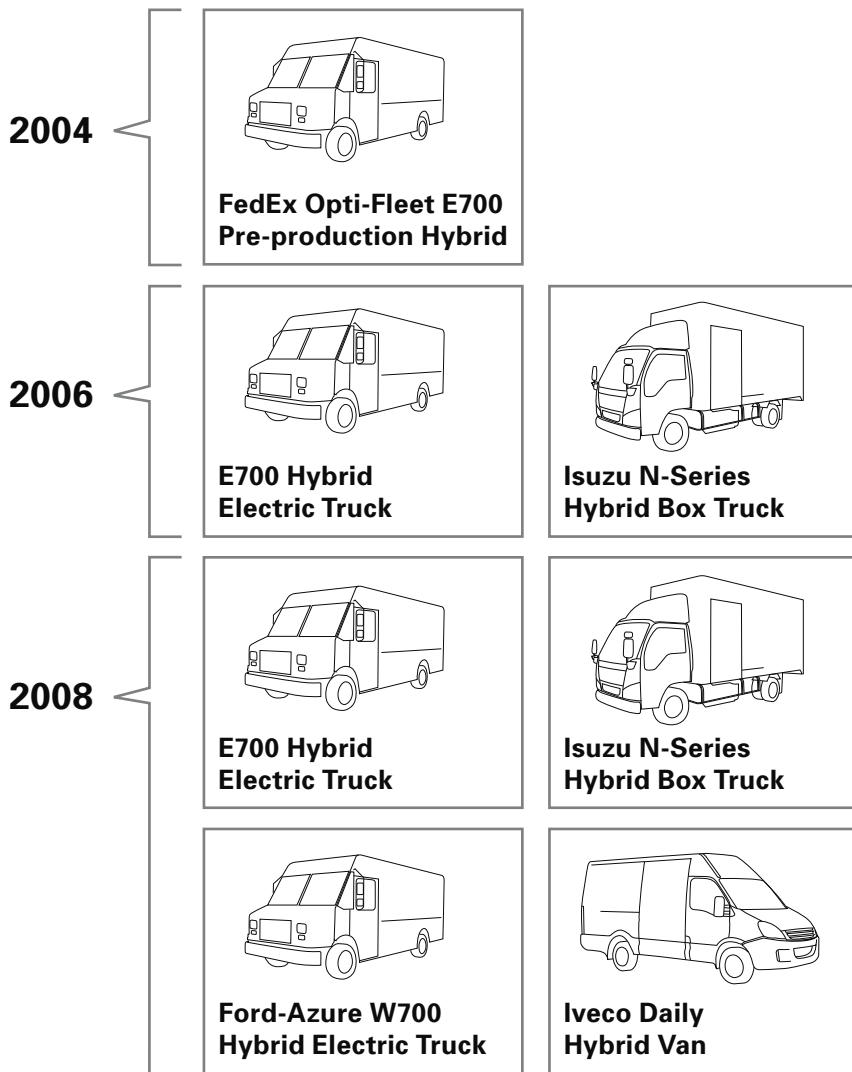
The FedEx pickup-and-delivery vehicle fleet follows a three-tiered approach — Reduce, Replace and Revolutionize. We utilize routing efficiencies in order to reduce the number of vehicles needed. We seek to downsize vehicles that travel more miles in order to maximize fuel economy and reduce greenhouse gas emissions. And we seek fuel-efficient and environmentally beneficial technologies, such as hybrid electric vehicles, in order to maximize efficiencies — particularly in heavily urbanized settings.

Hybrid Timeline

First introduced in 2004, our FedEx Express hybrid fleet is now the largest commercial fleet in North America. We've since introduced various hybrid models globally and have plans to expand our fleet. Our hybrid fleet has surpassed two million miles of service.

By rebalancing our fleet and optimizing our routes, FedEx Express has improved total fleet miles per gallon within the U.S.⁽¹⁾ by 13.7 percent since 2005, saving 45 million gallons of fuel, or 452,573 metric tons of CO₂ emissions.

(1) 87 percent of the FedEx Express revenue service vehicles are operated in the United States.



In 2000, FedEx Express teamed with the Environmental Defense Fund on an ambitious project to make our delivery trucks more environmentally friendly. In 2004, the first commercially available hybrid delivery truck was placed into service on FedEx Express routes. These trucks improve fuel economy by 42 percent, reduce greenhouse gas emissions by 25 percent and cut particulate pollution by 96 percent compared with conventional vehicles.

Today, FedEx Express operates 172 hybrid trucks around the globe and has the largest fleet of commercial hybrid trucks in North America. More are planned for purchase in FY09. Our hybrid fleet has surpassed two million miles of service, proving their viability. We are currently operating four different designs of hybrid electric vehicles, and have set a goal to improve overall vehicle fuel-efficiencies 20 percent by 2020 in our FedEx Express fleet.



To encourage widespread commercial adoption, we made the hybrid technology non-proprietary. The FedEx goal from the start of this initiative was to be a catalyst for the development and use of hybrid electric delivery vehicles across the industry and within transportation at large. FedEx also recognizes the continued need for collective leadership from suppliers, purchasers and governments in making hybrids more cost-competitive. We are pleased that the leadership of FedEx Express and the Environmental Defense Fund is helping to encourage other hybrid electric orders in the industry. As noted previously, FedEx was the first transportation company to call for fuel-efficiency standards for commercial medium- and heavy-duty truck classes, which would stimulate the production of cleaner trucks. In addition, we have advocated for government incentives at the national, state and local levels to offset the capital costs of cleaner vehicles while the market is developing.

FedEx only counts vehicles that exceed — not just meet — federal emissions standards as low-emission vehicles in our vehicle populations.

Other Fuel Conservation Efforts

FedEx realizes that new technologies alone are not sufficient to reduce our vehicles' environmental footprint. Saving fuel, and thereby reducing emissions, is a key goal in planning our routes. The most basic way we increase our efficiency is by using FedEx Global Operations Control (GOC), a sophisticated operations hub that uses the most up-to-date communications technologies to track and direct our FedEx Express air and truck fleets.

We're constantly exploring and testing innovative operations and technologies to determine which have large-scale potential:

- In London, we operate liquid petroleum gas (LPG) sprinter vans, which reduce carbon emissions by 12 percent.
- In Vicenza and Milan, our fleet includes vehicles that operate on compressed natural gas.
- In Italy, we began testing Iveco hybrid electric vehicles in June 2008 for full inclusion in our European fleet by the end of the calendar year.
- In Japan, we teamed up with General Motors in the test operation of a fuel-cell delivery vehicle for one year.
- In Washington, D.C., we are operating biodiesel as well as hybrid electric trucks.
- FedEx Express has more than 320 liquid propane gas (LPG) and electric-powered support units in use at the Roissy Charles de Gaulle hub in Paris and other operational facilities across Europe, with another 55 on order.
- We operate more than 500 electric and alternative-fuel forklifts worldwide.
- We operate more than 1,600 electric and alternative-fuel ground-support equipment (GSE) units at airports worldwide.
- FedEx Ground is working with Parker Hannifin Corporation to test hybrid hydraulic technology on heavier-class vehicles.
- Couriers in New York City and in London's West End deliver many of their packages on foot, reducing vehicle emissions and traffic congestion.
- We use FedEx SmartPost service in the U.S. to deliver lightweight parcels to the post office nearest the destination, reducing multiple delivery vehicle stops at the same address.

Facilities Energy Consumption

Our primary energy use comes from petroleum fuels to power our aircraft and vehicle fleets. But we are also looking for ways to conserve energy in our facilities. For instance, we use:

- Electric energy to keep our lights on, run our package-sorting systems, run our copying and printing equipment, and cool and heat our facilities.
- Natural gas and fuel oil to heat our facilities.

A majority of the energy use in our facilities is derived from nonrenewable sources like natural gas and coal. However, because electricity and natural gas consumption data has not consistently been tracked to a complete degree, this report does not include any such data. We are in the process of gathering all energy-consumption data for the current fiscal year and plan to include this data in next year's report.

FedEx is not only working to capture data on conventional energy consumption but is also exploring ways to improve our facilities' efficiency as well.

Facilities Innovations

On-site Green Power and Solar Photovoltaic Systems

Solar Hub Savings

Over its expected 30-year lifespan, the Oakland, Calif., hub's solar energy system will replace 85,000 barrels of oil, 39 million pounds of coal or 500 million cubic feet of natural gas. It's the equivalent of planting 3,000 acres of trees or removing almost 2,100 cars from the California highways.

Through the production of clean energy at our solar facilities in California, 2.9 million pounds of CO₂ emissions are avoided each year.

In August 2005, we commissioned a solar-electric system at the FedEx Express regional hub in Oakland, then California's largest such rooftop system. In its first three years, it has provided more than three million kilowatt-hours (kWh) of clean energy, thereby avoiding the release of more than 1,000 tons of carbon dioxide emissions. This system can provide approximately 20 percent of the facility's total electricity needs and can meet 80 percent of its peak load demand. This percentage would be higher except for the fact that the facility also operates at night.

Solar-electric Energy Generation

904 kW⁽¹⁾

FedEx Express Oakland, Calif. (2005)

282 kW

FedEx Freight Whittier, Calif. (2008)

269 kW

FedEx Freight Fontana, Calif. (2008)

1.5 MW⁽²⁾

Total Solar-electric Systems Power

And, to come:

1.4 MW

FedEx Express Cologne, Germany (2010)

(1) kW is defined as kilowatt

(2) MW is defined as megawatt

FedEx Freight recently completed the installation of solar-electric systems, supplied by BP Solar, at facilities in Whittier and Fontana, California. We are also planning a state-of-the-art solar-electric facility in Cologne, Germany, to

meet the growing demand for express services in Germany and Eastern Europe. Slated for completion in 2010, the facility will include a 1.4 megawatt solar-powered system that can produce 1.3 million kilowatt-hours of electricity per year — enough to power more than 370 homes annually.

In Geneva, Switzerland, a FedEx station uses a system of pipes running deep into the ground to warm the building's air in winter and cool it in summer. The system reduces the facility's reliance on gas for heating or freon for cooling and therefore requires less energy to operate.

We will continue to look for opportunities to expand on-site renewable energy generation, as detailed in the Report Highlights (see page 13).

Renewable Energy

The Green Power Market Development Group — a collaboration of 12 leading corporations and the World Resources Institute — is dedicated to building corporate markets for 1,000 megawatts of new, cost-competitive green power by 2010. As a founding member, FedEx Office has made a significant financial commitment to the renewable power market in the United States by investing in renewable energy credits (RECs) in recent years. RECs have been the primary source of renewable energy for FedEx Office due to two primary factors:

- o FedEx Office centers are leased, primarily in retail shopping locations where on-site renewable power is not possible.
- o The duration of FedEx Office leases is generally too short for on-site renewable power to be financially attractive.

In 2003, FedEx Office (then FedEx Kinko's) used 16,313 megawatt-hours (MWh) of renewable energy and established an annual goal of 25,000 MWh. In FY08, FedEx Office utilized 62,105 MWh of renewable energy through the use of RECs and offsets. However, the use of RECs are but one source of renewable energy, and FedEx believes that a well-rounded approach also entails the use of on-site renewable energy generation. We are exploring ways to combine the purchase of renewable energy credits with the actual generation of green power ourselves. This is a work in progress that we will be reporting on in the future.

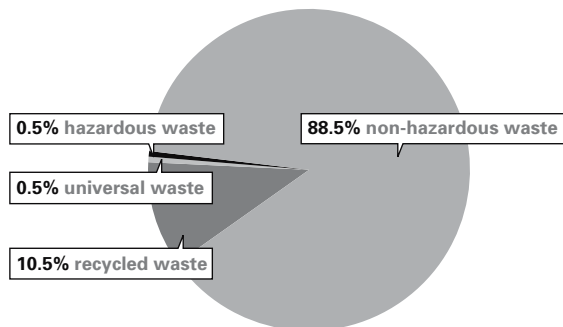


Waste

Waste from FedEx operations generally comes from facility-related functions, including our office and ship centers, and from our aircraft and vehicle operations. We recycle many materials, including used oil, filters, antifreeze, paper and cardboard. We encourage responsible product stewardship and work with manufacturers to develop options to return cartridges and other waste items directly to the manufacturers for reuse or recycling.

Unfortunately, not all materials can be recycled. In these instances, FedEx works to minimize initial uses, thereby minimizing waste products. FedEx strives to ensure that our wastes are properly classified and managed. FedEx has not fully developed the measurement systems necessary to capture all solid-waste generation, as many solid-waste collection programs — some run by private firms and some by local municipalities — do not provide data on volumes. We are exploring methods for accurately capturing data on remaining solid-waste totals in the future.

FY08 Waste Streams (76,150 metric tons)



Recycling

Companies and consumers alike have begun to take a closer look at the life cycle of products. At FedEx, we've found opportunities to extend the useful life of a number of materials we use through recycling and reuse programs. Our extensive recycling efforts divert millions of pounds from landfills. The office recycling program at FedEx Corporation, FedEx Services and FedEx Express locations in Memphis, Tenn., has collected more than 5.2 million pounds of paper, cardboard, plastic and metal for recycling. FedEx Ground's Ground Green program has recycled 20.6 million pounds of paper, metal, plastic and wood since 2005, while the Dallas, Texas, corporate headquarters of FedEx Office has recycled more than 100 tons of materials since January 2007. We also have recycling programs that collect the following materials: batteries, fluorescent lamps, electronic equipment and glass.

In FY08, FedEx recycled a total of 17.6 million pounds of waste materials.

FedEx Express and FedEx Office recycled more than 2.0 million pounds of e-waste (electronics) in FY08.

FedEx has established environmental committees in various countries that set internal procedures and promote environmental policies. Every month various committees issue consumption tips and guidelines addressing issues such as recycling, reuse, water conservation and global warming. As an example of such efforts, FedEx Brazil now uses recycled paper for client invoices, employs a strict system of internal control for vehicle engine emissions and utilizes a system that collects reusable water.

We also provide shipping services that benefit our customers in recycling. For instance, FedEx Ground provides a service to fluorescent lamp recyclers to help keep mercury out of our nation's waste streams.

Increasing the Efficiency of Communications

For the fiscal year 2009 United Way campaign, we're replacing printed materials with flash drives and CDs to be distributed to FedEx management. By eliminating redundancies we have helped cut the number of communications kits by 45 percent. With the help of our minority suppliers, we've also dramatically minimized the size of the United Way campaign kits and manufactured them as self-shipping containers. The kits are now made of 100 percent post-consumer material and have been designed with a second use as a bank for ongoing contributions.

AidMatrix

Through an alliance with AidMatrix, a subsidiary of America's Second Harvest, FedEx Office donated more than 6,500 older computers to 175 charitable organizations across the country in FY08. This represents more than 54 tons of e-waste we have helped redirect from landfills.

Penalties and Fines

In FY08, environmental inspections resulted in a nominal assessment at a single FedEx facility.

External Organizations and Recycling

Our work with Envirosmart and the Keystone Center's Science School in Keystone, Colo., has allowed us not only to reduce waste, but also to educate young people about the benefits of environmental conservation. At numerous office settings throughout our network, FedEx collects used printer cartridges from work and home. The used materials are sent to Envirosmart, which remanufactures useful components and materials and gives a rebate to FedEx. FedEx in return has committed to investing the income into the Keystone Science School, which runs environmental education classes for children and adults at its center.

ISO Certification

In 1999, FedEx Express began implementing an Environmental Management System (EMS) to provide a formal process to improve environmental efficiency and performance. With the help of Lloyd's Register Quality Assurance, a gap analysis was completed in 2000 and FedEx Express instituted an EMS that is based upon International Organization for Standardization (ISO) 14001 requirements for its U.S. locations. Although FedEx has not certified its corporate EMS at this time, 50 FedEx facilities in the United Kingdom worked with Bureau Veritas to become the first FedEx locations to achieve ISO 14001 certification in September 2008.

We continue to deploy the EMS globally, and FedEx Express is evaluating the feasibility of obtaining ISO 14001 certification in other markets and at other facilities. In the interim, the FedEx corporate EMS will continue to be based upon elements in the ISO 14001 standard. It includes a corporate policy that guides decision making, and procedure manuals that provide clear direction to site personnel. The EMS includes a Web site that educates team members on environmental responsibilities, contacts for assistance, environmental stewardship actions by FedEx and programs in which team members can participate. In addition, the EMS contains extensive computer-based

and classroom training for team members and the use of a regulatory tracking system to maintain awareness of changes in applicable laws. The EMS also includes an Environmental Management Information System to aid in retaining and analyzing key environmental data.

Water

Although our operations are not heavily water-dependent, we recognize the value in conserving this precious resource and strive to minimize the usage of water in our operations. Water is typically utilized for equipment washing and facilities' hygiene. Given the stringency of storm water containment requirements within the United States, we have a proactive policy of conservation and containment at our facilities. We are currently developing our data tracking for our facilities' water consumption. However, in some cases, utility bills are paid by our facility landlords, making information difficult to obtain. In other cases, utilities do not detail water usage in multi-tenant facilities. Because of these difficulties, we are considering whether we can meaningfully report on water consumption, and, if so, when. We are open to a dialogue on reporting, and would be interested in discussing with interested stakeholders directly.

Packaging and Paper Initiatives

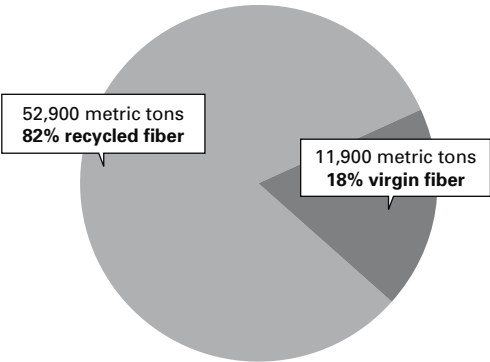
For more than a decade, we have worked to minimize the environmental impact of our packaging wherever possible by using recycled content and maximizing recyclability. Today, the majority of FedEx packaging is recyclable and contains recycled materials. The iconic FedEx Express overnight envelope is composed of 100 percent recycled paperboard.

- o FedEx 10kg and 25kg boxes contain a minimum of 70 percent recycled content and are recyclable.
- o FedEx boxes sold at our locations contain a minimum of 20 percent recycled content and are recyclable.
- o Most FedEx Paks contain 60 percent recycled content and are recyclable at select locations.

With a continued focus on saving energy and reducing materials, we've made minor changes to our packaging with major results. For example, in 2001, we reduced the amount

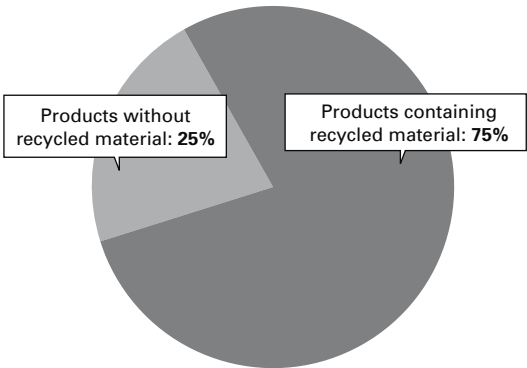


Recycled vs. Virgin Materials Used, FY08



**Total packaging fiber:
64,800 metric tons**

FedEx Office Paper Product Offerings



**Approximately 75 percent
of our paper offerings contain
recycled material.**

of plastic in the FedEx Express Envelope pouch by almost 500,000 pounds per year. In 2003, we introduced a legal-size reusable envelope that uses dual tear strips to extend the usefulness of the product while cutting waste. In 2004, we increased the recycled content of the FedEx Pak from 25 percent to 60 percent. And as recently as this year, we changed the material of the legal size reusable FedEx Envelope, which resulted in an annual paperboard reduction of 100,000 pounds.

All FedEx companies strive to minimize paper usage in their operations. However, it is important to note that FedEx Office’s document-intensive print and copy services require substantial amounts of paper to meet consumer demand. At our 1,600-plus FedEx Office locations throughout the world, we proudly provide consumers sustainable solutions to choose from through our diverse portfolio of paper-product offerings. Approximately 75 percent of our paper products contain recycled content. We also offer tree-free paper selections made from natural plant fibers such as cotton.

Through FedEx Office, we provide services to efficiently transmit digitized information, so our customers can have documents professionally printed and finished closer to where they’re needed, reducing the resources required to physically transport shipments and reducing greenhouse gas emissions.

Packaging Innovation at FedEx Labs

At the FedEx Packaging Lab, our engineers use the latest materials and tools to solve shipping challenges, including environmental ones. FedEx engineer Yongquan Zhou recently helped a customer shipping heavy exercise equipment from China find a more protective and environmentally friendly alternative for a commonly used cushioning material known as expanded polystyrene foam (EPS). His result: a honeycomb-style packaging with corrugated pads and banding, a packaging solution that not only reduces damage at a comparable cost, but is also better for the environment.

Third-party Product Certification

Many of the products in the FedEx Office portfolio have independent third-party certifications, including the Forest Stewardship Council, which verify sustainable sources for products. In addition, FedEx Office initiates internal environmental audits of various supply chains to ensure products are sourced in a responsible manner.

Alliances and Awards

Alliances

We have paired our industry expertise with a number of organizations to collaborate on environmental issues and innovations:

CAREX

We are a founding member of CAREX, a group that promotes the use of alternative freight transport via high-speed rail in Europe. The group's goal is to develop an express-rail network that offers a fuel-efficient and low-noise alternative to aircraft routes.

Energy Security Leadership Council

FedEx CEO and Chairman Frederick W. Smith serves as co-chair for the Energy Security Leadership Council, an initiative of the nonpartisan organization Securing America's Future Energy (SAFE). FedEx supports the move to raise energy efficiency in commercial vehicles, invest in alternative fuel sources and make changes in air traffic control routings that would result in tremendous savings in jet fuel usage.

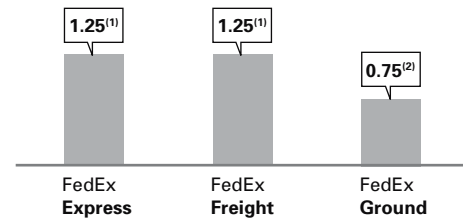
ENERGY STAR Low Carbon IT Campaign

FedEx is the first shipping-services company to join this ENERGY STAR campaign, a nationwide effort to assist organizations in reducing energy consumed by computers and monitors. We have committed to activating power management features on 30,000 monitors and computers, saving more than 26M kWh of electricity this year.

EPA SmartWay Transport Partnership

FedEx Express, FedEx Ground and FedEx Freight are members of the U.S. Environmental Protection Agency SmartWay Transport Partnership, a voluntary alliance that seeks fuel-efficiency improvements and greenhouse gas reductions through operational changes. FedEx Express and FedEx Freight, both charter members, received outstanding environmental performance scores this past year; FedEx Ground received a good performance score.

EPA SmartWay Environmental Performance Scores, FY08



(1) A score of 1.25 represents outstanding environmental performance. These partners already are utilizing most of the commercially available fuel-saving strategies and are actively evaluating the latest emerging technologies.

(2) A score of 0.75 represents good environmental performance. This is the most common partner score.

Global Environmental Management Initiative

As a member of the Global Environmental Management Initiative (GEMI®), FedEx works with other businesses to achieve environmental and corporate citizenship excellence through the development of environmental evaluation tools.

Green Power Market Development Group

We are members of the Green Power Market Development Group, an organization seeking to develop new, cost-competitive green power by 2010.

Parker Hannifin Corporation

FedEx Ground is working with Parker Hannifin Corporation to test hydraulic hybrid technology for package vans.

U.S. Green Building Council

We are currently the only company in our industry to be a member of the U.S. Green Building Council, a non-profit organization committed to expanding sustainable building practices.



WasteWise

A free voluntary EPA program through which organizations eliminate costly municipal solid waste and select industrial wastes, benefiting the environment and the bottom line. FedEx Express, FedEx Ground, FedEx Office and FedEx SmartPost are program members.

Awards

We are honored to have been recognized by leading government agencies, nonprofit organizations and academic institutions for our contributions to sustainable business development.

Cleaner Vehicles


FedEx Express, along with the Environmental Defense Fund and Eaton Corporation, received the following awards on their collaboration to launch the FedEx Express hybrid electric truck:

- Harvard University Kennedy School of Government biennial 2005 Roy Family Award for Environmental Partnership
- 2005 Blue Sky Award by WestStart-CALSTART
- U.S. Environmental Protection Agency's 2004 Clean Air Excellence Award

Conserving Materials and Energy

- FedEx Express and FedEx Office are ranked in the top 50 of the EPA's April 2008 Green Power Partnership list of Fortune 500 companies that have invested in renewable energy. FedEx Office is ranked in the top 10 among retail companies.
- FedEx Office was awarded the 2007 Gold Achievement Award from EPA's WasteWise program for the company's efforts to reduce plastic waste.

- FedEx Kinko's (rebranded as FedEx Office in FY08) received the Green Power Partner of the Year Award from the EPA in 2002 and was a 2001 and 2003 Green Power Leadership Award winner. In January 2008, the EPA's Green Power Partnership listed FedEx Kinko's as the eighth-largest retail user of renewable green power in the U.S.
- FedEx Express received the Green Power Leadership Award from the EPA in 2005 for Green Power On-site Generation.
- FedEx Express was awarded the International Earth Award for excellence in environmental facility management by Building Owners and Managers Association (BOMA) International in 2004 and 2005.
- FedEx Express United Arab Emirates received the Dubai Cares Village Environmental Awareness Award in 2002, 2003 and 2004.



“For over 10 years FedEx has tirelessly supported the American Red Cross around the globe. Domestically, FedEx has been the literal backbone of our disaster logistics system.”

Bonnie McElveen-Hunter
Chairman
American Red Cross

Our relationship with the American Red Cross, and many other disaster relief organizations, began with the realization that our network is ideally suited to deliver crucial supplies in times of need. With speed and agility, we move relief supplies all over the world, allowing these organizations to serve when and where they are needed.



Community and Disaster Relief



As we expand our networks, we improve our ability to provide faster emergency relief when disasters strike. It's just one way we leverage our infrastructure, our expertise and our people to help communities worldwide.

Disaster Relief and Preparedness	44
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Without hesitation, we use the reach, speed and reliability of our network to get vital resources to victims of natural disasters.

Our global network is designed to give the world access to opportunities. This same network devotes its reach, speed and reliability to deliver crucial resources — such as food, water, shelter and even lifesaving medicines — to communities affected by disaster.

Highlights

In FY08, **cash and in-kind donations** totaled 1.1% of pretax profits*.

We are establishing a system to track **volunteer hours** of our employees.

*Results exclude the effect of the Kinko's-related charge of approximately \$891 million. See page 13 for details.

Working together with leading disaster relief agencies, the people of FedEx have made a difference in communities and regions in moments of dire need — from delivering medical supplies to earthquake victims in China to providing humanitarian aid after floods in Mexico.

Our skill in responding quickly, efficiently and on a global scale makes disaster relief the cornerstone of our philanthropic efforts. But there are also ways we use our resources and networks to improve the health and well-being of communities in ongoing and preventive ways. For example, we work with ORBIS International to prevent avoidable blindness in communities where the availability of quality eye care is limited. And just as we support education for our own workforce, FedEx invests in organizations that create high-quality educational opportunities for students in the key markets we serve.

Today, FedEx is developing a system to accurately track the extraordinary number of hours our team members volunteer. However, we are unable to report the full value of our efforts until 2009 when the new measuring tool is in place.

Disaster Relief and Preparedness

The scale of some recent disasters has demanded the well-orchestrated response that FedEx is particularly qualified to provide. In October 2005, *FORTUNE* magazine recognized us for stepping in to assist in the aftermath of Hurricane Katrina, providing critical airlifts, telecommunications and monetary aid for both the relief and rebuilding efforts. We responded to the region as we do in disasters, without hesitation, working to ensure that access to vital supplies was established as quickly as possible.

The majority of our efforts are made possible through relationships we have developed with organizations such as the American Red Cross, the Salvation Army and Heart to Heart International. Our relationships with these organizations extend beyond transportation services and financial support to include logistics planning for improved preparedness. For example, together with Heart to Heart, we have established centers for disaster preparedness in Paris, the Philippines, Miami, Fla. and Kansas City, Kans.

These large-scale collaborations ensure that our contributions of time, transportation and services address communities in need most effectively. We can scale our involvement on a local, regional or global level.

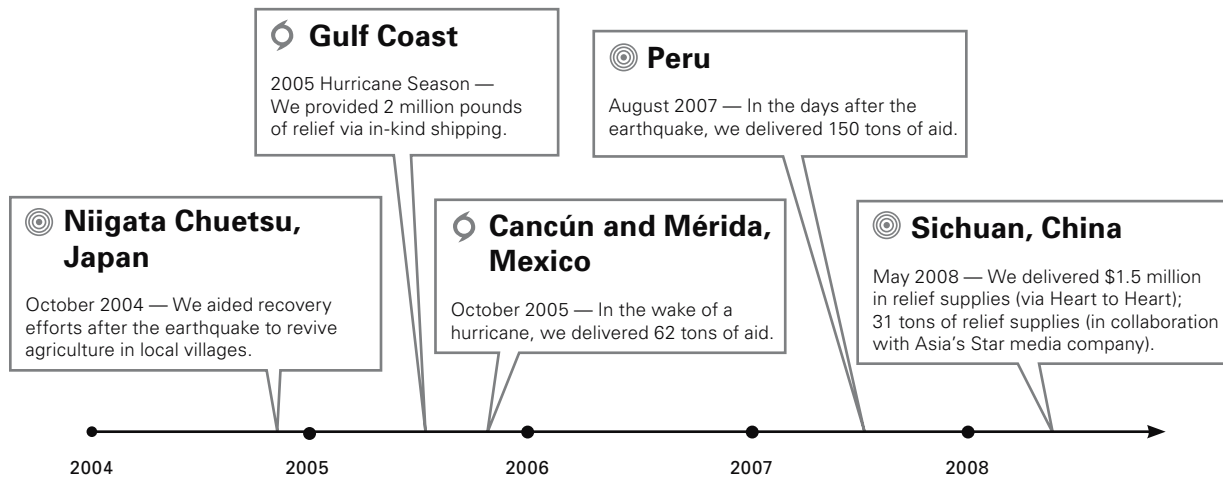
The American Red Cross

FedEx has provided in-kind shipping, financial support and volunteers to the American Red Cross for more than a decade. We are its largest transportation donor and are recognized as the backbone of its U.S. disaster logistics system.

As our network has expanded, so has our relationship with the Red Cross. Since 2005, we've supported international Red Cross relief efforts in areas such as Pakistan, Mexico and Bangladesh, and recently in China and Myanmar. We also support the International Disaster Management Unit network, which can serve up to 5,000 families anywhere in the world within 72 hours.



Recent FedEx Aid Participation Around the World



FedEx team members volunteer their time with local Red Cross chapters and provide leadership by serving on local and national boards.

Recently, we teamed up with the American Red Cross to help small businesses prepare for disasters. Small-business customers are key to our success as a company, and these businesses play an important role in the economy. But on average, one in four businesses does not reopen after a major catastrophe. We leveraged our planning expertise to help create tools to ensure that managers, team members and facilities are well prepared.

Successful disaster recovery also requires helping displaced families reconnect. Through the Restoring Family Links Program, FedEx networks help deliver messages in disaster-stricken areas between separated family members through the tracing efforts of the American Red Cross, the International Committee of the Red Cross and 185 national Red Cross and Red Crescent societies. In many cases, our networks help restore communication when normal channels are unavailable.

The American Red Cross recently awarded FedEx the Circle of Humanitarians Award, one of the organization's highest honors, recognizing companies and individuals whose contributions provide lifesaving support through Red Cross programs. We've also been recipients of the Henry Dunant International Partnership Excellence Award for international work exemplifying humanitarian values and supporting the American Red Cross mission.

We've assisted the American Red Cross in the following ways:

- In 2007, FedEx pledged \$6 million over five years in cash and in-kind transportation services.
- Two recent examples of cash and in-kind support, given on a per-disaster basis:
 - Hurricane Katrina: an additional \$1 million
 - 2008 earthquake in Sichuan Province: nearly \$300,000

Through the American Red Cross we have assisted in disaster relief in the following places in recent years:

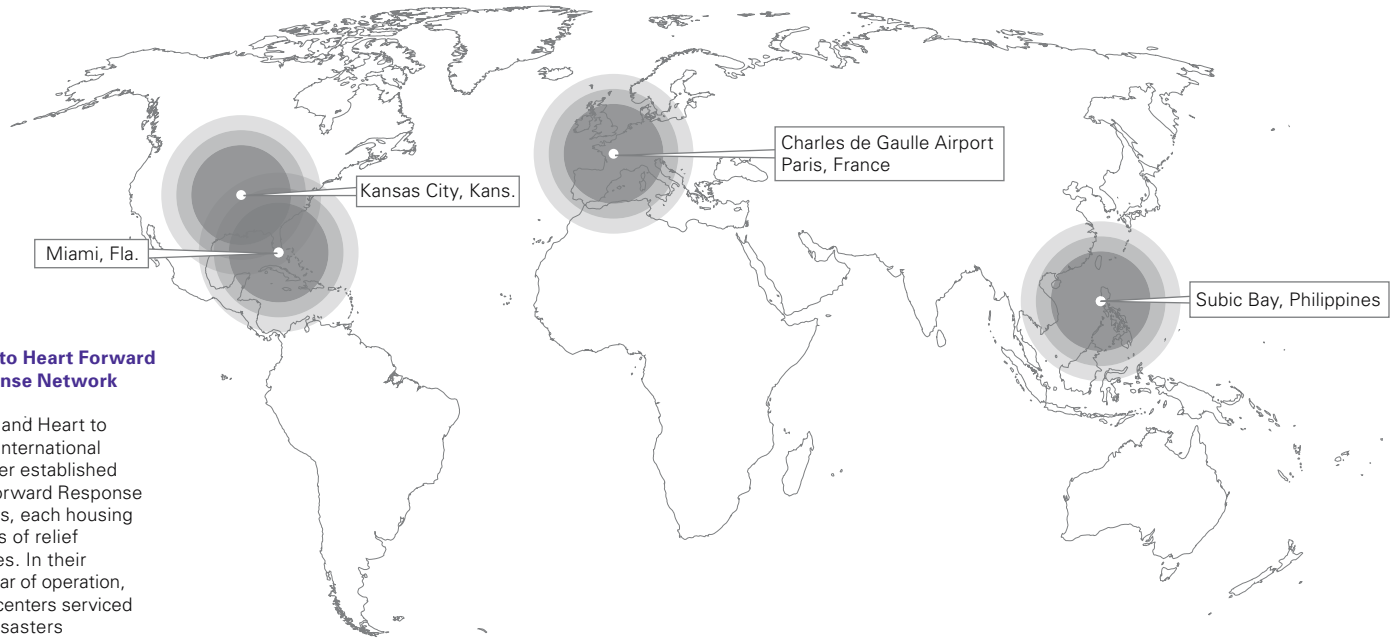
- Hurricanes Gustav and Ike, 2008
- Midwest floods, 2008
- China earthquake, 2008
- Cyclone Nargis in Myanmar, 2008
- Floods in Tabasco and Chiapas, Mexico, 2007
- Cyclone Sidr in southern Bangladesh, 2007
- California wildfires, 2007
- Hurricane Katrina, 2005
- Pakistani earthquakes, 2005
- South Asian tsunami, 2004
- Afghanistan relief, 2003

Heart to Heart International

The FedEx relationship with Heart to Heart International began 14 years ago, when founder Dr. Gary B. Morsch approached us for a single plane to fly a peace mission to Vietnam. The FedEx plane flew to Ho Chi Minh City

Restoring Family Links

Samuel Mansaray was working in the United States and saving to bring his family over from Sierra Leone when civil war broke out in that country. His family was forced to flee their home, and Samuel had no way of getting in touch with them. He filed a request with the Red Cross Restoring Family Links Program, a service that uses donated FedEx transportation services. Though he had no address, in a matter of months, the Sierra Leone Red Cross Society was able to locate his family and restore communication. They had made it safely out of the conflict, but would have had no way of telling him without the joint efforts of FedEx and the Red Cross.



Heart to Heart Forward Response Network

FedEx and Heart to Heart International together established four Forward Response Centers, each housing 75 tons of relief supplies. In their first year of operation, these centers serviced nine disasters within days.

and Hanoi. Ninety volunteers — many of them FedEx team members — delivered \$7 million worth of medical equipment, prosthetic devices and pharmaceuticals. In the years since that “first run,” our relationship with Heart to Heart has grown. In 2007 alone, FedEx helped move \$107 million in medical supplies to impoverished areas around the world.

We also use our network to help Heart to Heart in other ways, such as establishing four global Forward Response Centers to pre-stage relief supplies. Each center is stocked with 75 tons of relief supplies that can be quickly transported in the aftermath of a disaster. Additionally, we support new Heart to Heart initiatives such as the “Ready Relief Box.” These sturdy containers, built to withstand travel and the elements, contain enough medicine to treat 400 people. FedEx transports them free of charge to medical teams worldwide.

Through our relationship with Heart to Heart, we have moved disaster relief supplies to China, Honduras, India, Israel, Iraq, Jamaica, Peru, Sri Lanka, Taiwan, Turkey and Vietnam. FedEx organizes the collection, inventory sorting, storage, clearance and transport of relief supplies to sites affected by earthquakes, hurricanes and other natural disasters. Dedicated FedEx team members help carry out Heart to Heart missions by volunteering at delivery hubs and disaster sites.

Supporting Earthquake Victims in China

When a devastating earthquake struck Sichuan Province in May 2008, FedEx was the first company to airlift relief supplies. We transported more than \$1.5 million in relief supplies through a cooperative effort with Heart to Heart International. We also donated a charter flight to deliver 200 pallets of critical medical supplies to Chengdu.

Other Disaster Relief Efforts

Salvation Army

- We are donating 11 Emergency Service Response Units to markets around the world. These mobile canteens, which are deployed during emergencies, can serve up to 5,000 meals per day.
- We provide funding for PREPARE, a program to standardize disaster training that has equipped more than 150 responders in 25 countries.

Direct Relief International

- For the last 16 years, we have delivered critical medical shipments valued at more than \$60 million (wholesale) to physicians and local health care providers in more than 48 countries.
- During the South Asian tsunamis, we delivered \$2.7 million in pharmaceuticals and medical supplies to regions affected by the tsunamis.

Health and Safety

We use our global reach to further the capabilities of health organizations, providing access to doctors, medical supplies and treatment, and helping to prevent illness and injury. And we use our expertise in road safety to advise and support organizations that promote pedestrian safety.



ORBIS International

Nearly three-quarters of all cases of blindness in the world could be prevented or treated with proper medical care. Through our more than 20-year involvement with ORBIS International, FedEx is proud to have helped deliver the gift of sight to the world.

Since the Flying Eye Hospital took flight in 1982, ORBIS has treated:

more than

6.8 million people worldwide

performed

360,000 surgeries

and trained

195,000 eye care professionals

ORBIS operates the world's only Flying Eye Hospital, a DC-10 aircraft that contains a teaching facility and ophthalmic surgery center. Volunteer pilots from FedEx fly the plane to remote locations across the globe, where medical teams perform surgeries, conduct training sessions and educate communities about blindness prevention and treatment. Since the Flying Eye Hospital took flight in 1982, ORBIS has treated more than 6.8 million people worldwide, completed more than 360,000 surgeries and trained more than 195,000 eye care professionals. The FedEx-sponsored ORBIS Pediatric Eye Care and Training Center of Excellence in Guangzhou, China, anticipates that by 2011, it will save the sight of more than 1,000 children and screen more than 200,000 children for eye problems. The Latin America and Caribbean region of FedEx sponsored more than 100 medical professionals from Antigua, the Bahamas, Barbados, Curaçao, Grenada, Guyana, St. Thomas, St. Vincent and Trinidad and Tobago to participate in an ophthalmic medical exchange program, providing them with valuable training to address leading causes of blindness.

The FedEx Fellowship Program is another way we work with ORBIS to make a long-term positive impact. This initiative offers recipients a chance to study at leading eye institutes in the United States and the United Kingdom, enabling them to bring their knowledge and training back to their home countries.

FedEx volunteers play key roles throughout the ORBIS program. Last year, 46 FedEx team members helped coordinate patients for a one-month screening program in Mumbai, India, testing nearly 5,000 children at a local hospital. We also perform aircraft maintenance and provide complimentary transportation for critical medical supplies headed to ORBIS hospital-based programs around the world.

Safe Kids Worldwide

While transportation infrastructure serves to bring people, ideas and goods closer in ways that increase opportunities for all, connecting the world responsibly means mitigating the potential downside of a growing number of cars and trucks on the road: the traffic accidents that take lives and damage property.

FedEx and Safe Kids Worldwide have teamed up to help prepare communities for the growing number of vehicles they can expect with economic growth. Because many roads in emerging markets lack crosswalks and stop signs, children are at risk. Safe Kids is helping meet this need through Safe Kids Walk This Way, a program created with FedEx in 2000. Safe Kids and FedEx are working with local governments to create and improve critical infrastructure and boost support for child-pedestrian safety. Our volunteers are educating children and caregivers, addressing environmental needs, and communicating the importance of pedestrian safety to the public. Together, FedEx and Safe Kids helped establish the first school zone in China and initiated projects like International Walk to School Day and Global Road Safety Week.

In the United States, we're helping Safe Kids assess areas where improved safety is needed for child pedestrians. Because FedEx already has extensive networks in place around the world, we've been able to sponsor Safe Kids programs in the United States, the Philippines, South

Because FedEx already has extensive networks in place around the world, we've been able to sponsor Safe Kids programs in the United States, the Philippines, South Korea, India, Canada, China and Brazil.

Korea, India, Canada, China and Brazil. And we hope to continue to work together to expand the program in additional countries.

Other Health and Safety Initiatives

Below is a snapshot of some organizations to which we contribute worldwide:

International Kids Fund

This fund helps hundreds of children with urgent medical needs, primarily from Latin America and the Caribbean, to gain immediate access to care unavailable in their home countries.

CRY (Child Rights and You)

In just three decades, CRY has enabled more than 2,500 communities across 18 states in India to work toward addressing the root causes of issues — including deprivation, adult unemployment, exploitation and abuse — that constrain the rights of children.

St. Jude Children's Research Hospital

St. Jude is one of the world's premier pediatric cancer research centers, dedicated to finding cures and saving children with cancer and other catastrophic childhood diseases. FedEx has donated more than \$4 million in cash and provides additional in-kind support totalling \$300,000 annually.

Brake

The FedEx & Brake Road Safety Academy trains individuals in the United Kingdom to deliver road safety presentations in their communities.

Le Bonheur Children's Medical Center

FedEx provided support for the 620,000-square-foot expansion at Le Bonheur along with the funding for the first family housing unit at the Children's Medical Center, slated to open in Memphis in 2009 as The FedEx Family House.

March of Dimes

More than 15,000 FedEx team members and families participate in the annual "March for Babies." To date, FedEx and its team members have donated more than \$8 million to this cause.

Education

When individuals gain access to markets, ideas and other people around the world, their opportunity for advancement increases. Education is key to unlocking potential in people and will help elevate their quality of life. FedEx works with Junior Achievement Worldwide® and Teach For America to provide students with high-quality educational experiences, allowing them to succeed in the global economy. We have also committed to providing minority students access to scholarship funds they need to obtain a higher education.

A study commissioned by the Latin America and Caribbean division of FedEx shows the direct correlation between higher education and greater opportunity. The study, performed by the Economist Intelligence Unit, found that when businesses invest in educational opportunities in communities, it leads to communities' increased economic well-being. The study, which can be downloaded at www.eiu.com/sponsor/FedEx/LatinAmericanEducation/, is one of many steps FedEx is taking to join the dialogue about education and business sustainability.

Junior Achievement Worldwide®

Our support of Junior Achievement® has helped more than eight million children a year learn the value of free enterprise and gain skills for success in the global market economy. FedEx team members volunteer their time to coach students and facilitate business lessons throughout the world.

In Canada, we sponsor a day-long interactive program to teach students the advantages of staying in school and accomplishing personal and career goals. Since its 2005 launch, this program has been presented to 2,300 seventh- and eighth-grade students. This year, FedEx pledged more than \$1 million toward the creation of a Global Student Company of the Year Competition. Modeled after the successful European contest, regional competitions will be added in North America, Latin America and Asia-Pacific over the next three years. The regional events will culminate in a global competition where the world's most effective and innovative student will be crowned.

Teach For America

Nationally recognized by *FORTUNE*, *BusinessWeek* and *Time*, Teach For America is a corps of top college graduates who



commit two years to teach in urban and rural public schools and become lifelong leaders in ensuring educational equity. In 2008, we announced a \$1 million, four-year grant to support the organization's goal to diversify and grow their corps. By 2010, Teach For America aims to place 7,500 teachers in 33 regions across the U.S. The growth plan also calls for people from diverse backgrounds to comprise 33 percent of the corps by 2010, up from 29 percent currently.

Minority Scholarship Funds

We support the following scholarship funds, helping further educational opportunities for students across the U.S.:

Hispanic Scholarship Fund

Since 2000, this organization's goal has been to double the rate of Hispanics earning college degrees by 2010. The FedEx Scholarship Program supports four-year scholarships and provides awareness seminars for parents and students about higher educational opportunities.

UNCF

UNCF provides operating funds for its 39 member institutions and scholarships for minority students attending more than 900 colleges and universities. FedEx provides four-year scholarships to deserving students and supports the UNCF's Historically Black Colleges and Universities Empower Me Tour.

Asian and Pacific Islander American Scholarship Fund

FedEx helps fund the nation's largest nonprofit organization devoted solely to providing scholarships for Asian and Pacific Islander Americans.

University Support

FedEx supports academic institutions that foster innovation, global Access and intellectual advancement.

University of North Carolina at Chapel Hill

The FedEx Global Education Center houses the university's international research and curriculum programs and is the primary means for engaging the Carolina community in international issues. The program encourages visitors to explore the differences among cultures, peoples and societies and how they are being challenged, integrated and transformed through globalization.

University of Memphis

The FedEx Institute of Technology at the University of Memphis is home to cutting-edge research on topics including artificial intelligence, biotechnology, geospatial analysis, multimedia arts and nanotechnology. It also serves as a gateway for businesses to collaborate with University of Memphis researchers. In all, the institute is home to more than 150 faculty members, researchers and staff.

Tulane University

FedEx helped establish Tulane's Scott Cowen Institute for Public Education Initiatives, serving as a leader in the historic effort to rethink, rebuild and reform public education in New Orleans in the aftermath of Hurricane Katrina. The institute is developing and sharing applied research and best practices, creating and advancing policies and programs to actively address the issues impeding student achievement and serving as a clearinghouse for public schools to directly access the myriad of experts and resources available at Tulane.

United Way

In 2007, more than 2,100 FedEx team members participated in FedEx Cares Week, a week-long volunteer event benefiting local communities and United Way. Last year, 16 communities across the United States hosted these days of service. Projects ranged from painting childcare centers, sorting and organizing donated food items at local food banks, refurbishing local agencies' facilities, building playgrounds and assembling care packages for soldiers overseas.

FedEx has supported the annual United Way campaign since 1975. Collectively, corporate and team member donations totaled nearly \$16 million in 2007. Our contributions take other forms, such as the Loaned Executive program, where FedEx team members spend three months working for United Way, lending their knowledge and expertise. We also support United Way's Alternative Spring Break program that allows volunteers to help rebuild homes like those impacted by Hurricanes Katrina and Rita. FedEx received United Way's highest national honor in 2003, the Spirit of America Award®, for exemplifying corporate responsibility.

Fondation de France

FedEx is a proud sponsor of Fondation de France, which helps underprivileged women and youth in France find suitable employment. Through this program, participants receive training, transportation and other forms of support needed to prepare them for successful employment.



“I started working for FedEx in 2003, sorting and handling packages. Right now, I’m a station manager responsible for 27 employees.”

Tim Nicolis
Station Operations Manager
FedEx Express

Tim Nicolis works at a FedEx Express facility in Needham, Mass. Like many of our leaders across the enterprise, Tim — who recently celebrated five years with the company — moved up the ranks from an entry-level position to management level. FedEx focuses on developing and training talent within our company to prepare candidates for leadership positions.

People and Workplace



Our efforts to serve our customers, shareowners and communities are brought to life by the everyday actions of our people.

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**The people of FedEx —
more than planes or trucks
or technology — deliver the
service for which FedEx is
so well-known.**

We strive to make every FedEx experience outstanding. We call it the Purple Promise, and it is the credo that our 290,000 team members pledge to uphold. It's a critical concept for a company that serves more than 90 percent of the world's GDP in one to three business days.

Highlights

Full-time retention rate in FY08: 93.1%*

In FY08 **women and minorities** occupied 38.6% of management roles at FedEx**

Employee engagement rate: 93.4%*

*Results reflect a global percentage.

**International minority data not available. See page 13 for details.

This commitment, which guides our actions with customers, has created a mindset among our people about the kind of experiences they must create internally. From the ways we communicate with each other, to the level of engagement our people consistently show, to how we create benefits that ensure we're driving employee satisfaction — everything we do is built on fostering and growing this service model.

Our record of consistently being named a great place to work reflects these efforts. Currently we hold that distinction in more than 22 countries. We have been named to *FORTUNE* magazine's list of 100 Best Companies to Work for in America for 10 out of 11 years, including our 2008 placement on the list. For seven consecutive years we've ranked in the top 10 on the national and international *FORTUNE* Most Admired Company lists.

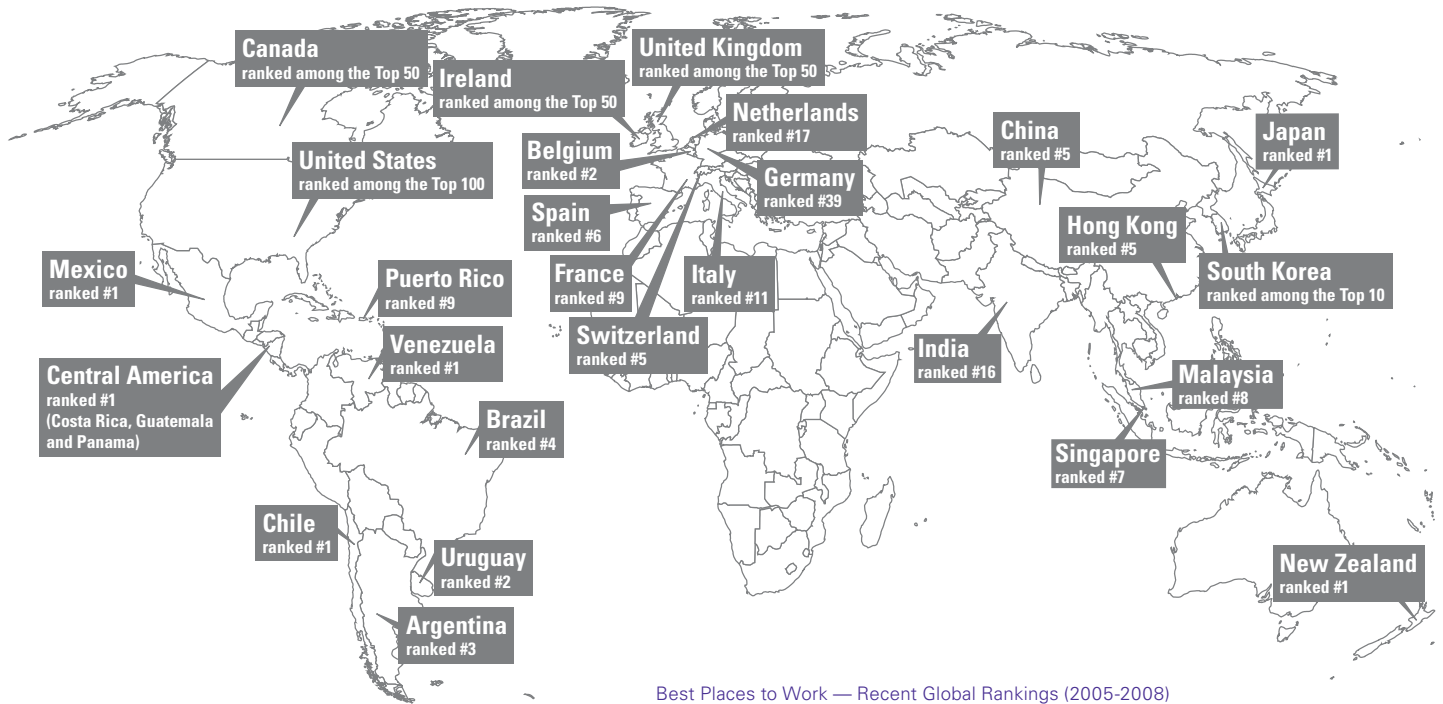
Involving and Expanding Our Workforce

Creating a culture whose actions reflect the Purple Promise depends on our ability to gauge how successfully we're nurturing our relationship with our people. We maintain open channels of dialogue, so team members can tell us what's working, and we can act on their feedback. Ultimately, our success depends on the ability of our people to deliver; knowing that, we take responsibility for helping our people to develop their talents so they can succeed.

Feedback and Dialogue

We have built a number of measures to track the loyalty, engagement and commitment among our customer-facing workforce. The results help us identify clear actions we can take internally to ensure continued commitment and success. One of these tools is the Employee Loyalty Index (ELI) at FedEx Express, which determines how well we are keeping our team members satisfied and how that relates to their loyalty to the company. Our results indicate that the overwhelming majority of our team member base feels a strong loyalty to the company. Employees specifically cite strong personal job satisfaction, their ability to directly impact customers, and the level of respect and individual consideration from their manager as top factors in their positive feelings.

We conduct employee surveys to determine attitudes, preferences and opinions about working at FedEx, including opinions on FedEx leadership, and to measure employee engagement and morale. The most recently completed surveys had participation rates of 93 percent. The survey processes include a "feedback" session with the work group's management so employees have the opportunity to elaborate on the concerns they expressed in the survey. Many changes and initiatives have resulted from feedback received from employees through these processes. This is a long-standing practice for some operating companies; the FedEx Express program is in its 26th year.



Best Places to Work — Recent Global Rankings (2005-2008)

Dedication from — and to — our team has enabled the continual improvement and growth of our networks over the past 35 years. This is possible thanks to the individuals who make up the FedEx workforce. For specifics on the diversity of our workforce, turn to page 58.

According to the U.S. results from a 2007 *FORTUNE* survey,

82% feel that management is approachable

83% want to work with FedEx for a long time

91% feel a sense of pride at what they accomplish

88% are proud to tell others they work for FedEx

72% feel that management makes expectations clear

67% feel that special events are celebrated

82% feel that taking all into account, FedEx is a great place to work

83% of FedEx Express managers have been promoted from within the company.

Across FedEx operating companies, there are many avenues available for team members to communicate with management, including town hall-style meetings, brown-bag lunches and skip-level meetings with executives. Our “open door” philosophy encourages our team to ask questions, make suggestions or voice their concerns to management.

At FedEx, we respect and obey all applicable labor laws and we fully recognize the right of employees to seek third-party representation. We treat all members of our workforce with respect and dignity. While our relationships with unions are based on good faith bargaining and candid dialogue, we also believe working directly with each individual allows us to flexibly meet the challenges of today and the opportunities of tomorrow. Though approximately 4,700 of the pilots FedEx Express employs are represented by the Air Line Pilots Association International, the majority of our workforce chooses not to unionize.

Development and Advancement

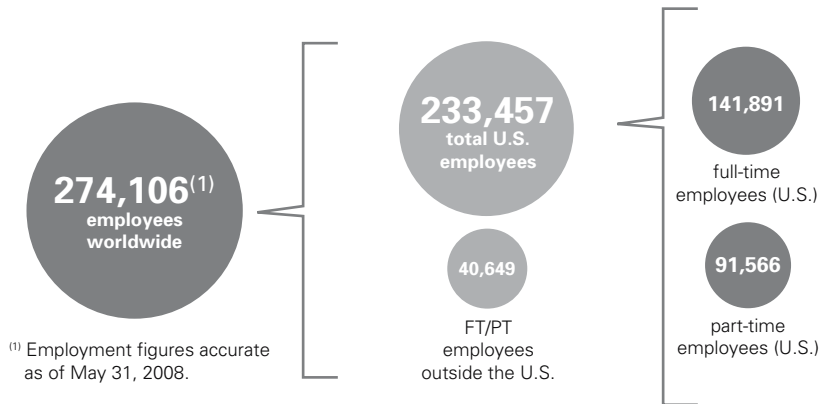
FedEx has a long-standing practice of developing talent from within. We have a practice of posting jobs, allowing employees to promote or transfer from one location to another. FedEx believes the long tenure of our team members and excellent industry reputation are both strong indicators that our culture is an integral part of our corporate success. In fact, 83 percent of the managers

at FedEx Express have been promoted from within. We place a premium on helping our people to pursue their passions and goals through internal self-development programs and tuition reimbursement. FedEx companies allow team members the flexibility of full-time, part-time or independent contractor positions. In fact, in the U.S. alone, FedEx has approximately 22,000 independent contractors, as well as a small number of temporary team members that we hire primarily on a seasonal basis.

Since its founding in 1985, FedEx Ground has used an independent contractor business model based on the traditional owner-operator model commonly found in the trucking industry. Over the years, many contractors have built successful operations through their contractual relationship with FedEx Ground and we continue to support their ability to create and grow their own businesses. As of May 31, 2008, nearly 60 percent of FedEx Ground service areas nationwide are supported by multi-work area contractors. While we remain committed to working with independent contractors, we are involved in a number of litigation matters and other proceedings challenging the status of our owner-operators as independent contractors. For further information, see our FY08 Annual Report, including Note 17 of the consolidated financial statements and the “Independent Contractor Matters” section of the FedEx Ground segment Management’s Discussion and Analysis (MD&A).

Our Workforce

We serve more than 220 countries and territories around the world, delivering more than 7.6 million packages each business day. We employ local people in local markets, who are often most qualified to service the needs of their own community; in turn, this stimulates economies. We employ fewer than 100 U.S. expatriates.



⁽¹⁾ Employment figures accurate as of May 31, 2008.

16% of our employees have been with the company for more than 16 years.

30% have been with us between 6 and 15 years.



Investing in Our People

Our company is committed to providing competitive wages and benefits. We are dedicated to delivering programs that foster a supportive work environment. Compensation at FedEx is built upon three basic principles: We ensure the programs are competitive with the external job market and align with the long-range financial outlook of the company; the compensation and benefits we offer support a performance-based culture; and programs are designed to maximize management flexibility while minimizing the resources required to manage programs.

FedEx has a history of offering comprehensive total compensation packages. Our employee benefits are diverse, meeting a variety of needs, including health, retirement, disability, and survivor security plans, as well as an extensive array of work/life and other voluntary benefit plans.

Health Insurance and Retirement Planning

The notable benefits we highlight here apply to at least 80 percent of the workforce at FedEx, which is primarily based in the United States. Because our company comprises several different operating companies, each with its own distinct structure and employee makeup, different benefits apply to different operating companies. We provide our international team members with competitive benefit programs, including those that are required under local law.

Retirement Plan

FedEx encourages retirement planning, offering a comprehensive retirement plan program that gives eligible employees a solid base to build a comfortable retirement. A 401(k) plan with matching company contributions is offered to eligible employees, and most employees are eligible for participation in an employer-funded pension plan. We provide tools and resources — such as videos, Web sites and webinars — to help our employees better understand financial planning, estimate future benefits and develop a personal plan for achieving retirement objectives.

Employee Stock Purchase Plan

There is an Employee Stock Purchase Plan, through which the company pays all fees for stock purchases.

Health Insurance Plan Offerings

Health insurance is offered to all full-time employees at FedEx companies; the company pays approximately 82 percent of an employee's health care premium and 77 percent for employee dependents. Part-time employees (working a minimum of 18 hours per week) are eligible for health care benefits at some FedEx companies. Coverage generally includes dental care, vision care, a prescription drug subsidy, mental health care, and alternative treatments, such as acupuncture, homeopathy and chiropractic care. FedEx Office offers benefits to both same sex and opposite sex domestic partners.

Quality of Life Benefits

Helping Employees Balance Life and Work

FedEx is committed to providing employee programs that promote and encourage a supportive work environment while acknowledging the need for a balanced personal and professional life. The WorkLife Balance program, which we offer to most employees and their household dependents, helps employees manage work and personal responsibilities with free practical advice, useful materials and referrals to local and national resources through a toll-free number or via a Web site. Accessible 24 hours a day, seven days a week via telephone and online, the benefit offers confidential counseling, free educational materials and unlimited referrals to assist with issues such as child care and parenting, pregnancy and adoption, mothers at work, successful aging, health and wellness education, financial issues, daily life issues and relocation services.

Supporting our Employees

A number of resources are available to employees to assist them in difficult times. Our Employee Assistance Programs (EAPs) offer information on a variety of topics including childcare and parenting, depression, career development and legal and financial issues. FedEx also offers mental health and substance-abuse treatment services to individuals in need of these types of services.

FedEx has a long history of preparing and implementing contingency plans. For disasters of a large scale, FedEx has established toll-free numbers for affected employees to report on their welfare, as well as to have questions answered and direction provided to local emergency agencies. Additionally, we support the efforts of fellow

employees in providing assistance. Disaster relief funds in place at many of the companies provide money to employees and their families for food, clothing or shelter in the event that their primary residence becomes uninhabitable in the wake of a flood, tornado, fire or other natural disaster.

Embracing Diversity

At FedEx, we are as diverse as the world we serve — yet we share the common belief that our varied backgrounds, skills and experiences combine to create a stronger corporation. We understand how the definitions of *diversity* and *minority* shift depending on cultural context, and we value the contributions and perspectives of all team members regardless of race, gender, culture, religion, age, nationality, veteran status, disability or sexual orientation. As evidenced by the number of women and minorities employed in management-level positions, we have been embracing diversity for decades. The diversity of our workforce is essential to our continued success in today's ever-changing global marketplace.

Affinity Groups

We foster an environment where people can contribute and grow — where respect for all persons is a fundamental value and an everyday business practice. FedEx has a number of affinity groups that exist to promote cultural awareness, education and information representing

various employee populations within FedEx and to ensure the inclusion of all employees. We have affinity groups representing African-Americans, Asians, Hispanics, cancer-support, women, and gay and lesbian employees.

Diversity Training

The values of diversity are woven throughout our orientation and training programs, from front line to management. Our diversity efforts focus on developing a spirit of belonging across our culture. In the U.S., diversity training is available for all employees via online, interactive and classroom settings. Classes are designed to help participants learn to recognize differences and how they can enhance communication and collaboration in their workgroup. Our Diversity & Inclusion workshop, a mandatory multi-day session for FedEx Express managers, has been in place for 15 years.

Councils and Alliances

FedEx sponsors a Corporate Diversity Council composed of representatives from each FedEx company that focuses on a global culture of diversity and inclusion. The Diversity Council works to ensure greater employee awareness and positive perception of our diversity commitment, and supports multicultural programs within the company and communities we serve. The Diversity Council meets regularly to discuss overall strategy and oversee diversity efforts at each company. Efforts such as these have helped FedEx earn a notable reputation in the marketplace for its

Diversity Charters in Europe

FedEx Express signed Charters of Diversity supported by the French and German governments to formalize our commitment to diversity in our workforce.

Diversity Recognition

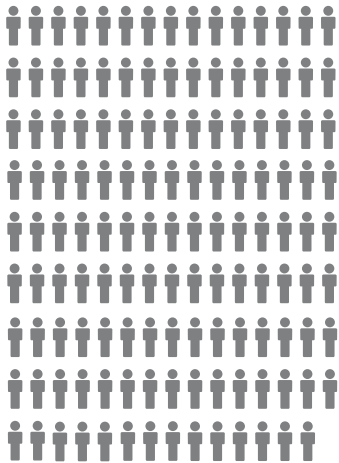
We are honored to have been recognized for our diverse culture, and as one of the best places for minorities to work:

- Top 40 Best Companies for Diversity — *Black Enterprise*
- World's Most Admired Companies — *FORTUNE*
- World's Most Respected Companies — PricewaterhouseCoopers/*Financial Times*
- 100 Best Companies to Work for in America — *FORTUNE*
- America's Most Admired Companies — *FORTUNE*
- 100 Best Corporate Citizens — *Business Ethics*
- Elite Eight Companies for Women — *PINK* magazine
- Most Respected Employers — *Latin Trade*
- Best Company for Women — *South China Morning Post*
- Top 50 Organizations for Multicultural Business Opportunities — DiversityBusiness.com
- Partnership Award — French Minister for Equal Opportunities

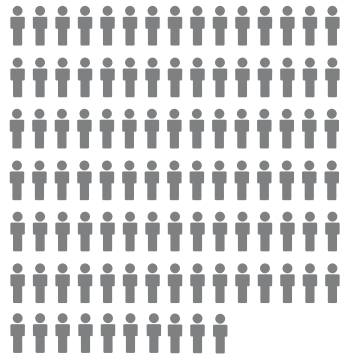


233,457
TOTAL U.S. EMPLOYEES

133,904
Caucasian Employees



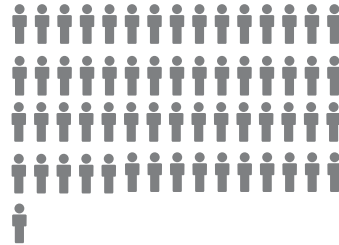
99,553
Ethnic Minority Employees



Diversity of the FedEx U.S. Workforce

Ethnic minority employees comprise 43 percent of the FedEx U.S. workforce.

60,670
African-American



27,705
Hispanic/Latin



7,218
Asian/Pacific Islander



1,751
Native American/
Alaskan Native



2,209
Other



Globally, 38.6% of the members of FedEx management **are women and minorities.**

In the U.S., 39.1% of the members of FedEx management **are women and minorities.**

= 1,000 people

Aviation Safety

FedEx Express has achieved a milestone in innovative flight safety technology with the development of a new aircraft avionic system. Certified by the Federal Aviation Administration (FAA), this system dramatically increases visibility in darkness, smoke, smog and other adverse conditions, and improves situational awareness for pilots during takeoff and landing.

best practices in making diversity a priority. We support a number of organizations that promote human rights and equality, such as the NAACP and the National Council of La Raza. Additional information pertaining to specific companies' diversity councils and alliances can be found at csr.fedex.com.

Supplier Diversity

Since its inception in 1992, the FedEx Diverse Supplier Development program has provided avenues for suppliers to access the FedEx supply chain. We are committed to helping suppliers compete for FedEx business fairly and regularly. We contract directly with minority- and women-owned and small businesses that are competitive in quality, service and cost. In addition, we encourage the inclusion of such businesses within the subcontracting plans of our entire supplier base. Corporate spending with these groups for the 2007 calendar year totaled \$2.8 billion, or 29.9 percent of total procurement spending.

**Of our total \$2.8 billion
in diversity and small-
business spending:**

7.2 percent

was spent with minority-owned businesses

6.4 percent

was spent with women-owned businesses

86.4 percent

was spent with other small businesses

Creating a Safe Workplace

A culture of safety is integral to everything we do. Comprehensive safe workplace education is an essential part of our operations' training programs. A global network of safety professionals monitors our compliance with regulatory requirements, and works closely with team members on ways to avoid injuries and accidents. For the more than 75,000 drivers of FedEx vehicles on the road every day, accident prevention is imperative. Newly hired FedEx Express couriers must complete 95 hours of in-classroom and computer-based training before performing customer pickup-and-delivery services. Ramp transport drivers and long-haul drivers must complete 139 hours of initial defensive-driver training prior to assuming the full-time responsibilities of the position. We also conduct exhaustive investigations to determine the root causes of accidents so that unsafe acts can be reduced or prevented. The FedEx Express safety program, Safety Above All, drove a nearly 67 percent reduction in vehicle accidents and employee injuries over the past 11 years.

We are passionate about recognizing and rewarding our team members who consistently demonstrate safe practices. FedEx drivers are recognized for outstanding driving records through the safety milestone awards, which are earned after driving accident-free for 5, 10, 15, 20, 25, 30 and 35 years.

The FedEx Express fatality crash rate within the United States is tracked by an automated analysis system developed for the Federal Motor Carrier Safety Administration. The Safety Status Measurement System combines current and historical safety performance data to measure the relative safety fitness of interstate commercial motor carriers. Fatality crash rates measure the number of fatalities per 100 million miles traveled. While the overall fatality crash rate for our industry is 1.93 over the past 30 months, the FedEx Express fatality crash rate is 0.59.



Violence Prevention

Workplace violence prevention is an important part of ensuring that working conditions remain safe for our team members. Each operating company maintains a strict policy regarding workplace violence and acceptable standards of behavior. Employees who violate the policy are subject to the appropriate level of discipline up to and including termination.

In addition to our policies, managers are required to review the definition of workplace violence with employees, and explain measures that can be taken to avoid potentially violent situations. Managers are supplied with training materials, such as safety videos, online tutorials, meeting guides and brochures, to help educate employees on the significance of violence prevention. Because a safe workplace environment is a priority for FedEx, all employees are required to acknowledge they have completed violence-prevention training.

Human Rights

Our workplace policies are designed to promote a fair environment, where all team members feel respected, satisfied and appreciated. We hire, evaluate and promote employees, and retain independent contractors, based on their skills and performance. With this in mind, we will not tolerate certain behaviors by our employees or independent contractors. These include harassment, violence, intimidation and discrimination of any kind involving race, color, religion, national origin, gender, sexual orientation, age, disability, veteran status and, where applicable, marital status. In addition, we are committed to upholding international child, forced and compulsory labor standards in our operations and those of our third-party agents.

FedEx always seeks to comply with local, state, national and international laws. We articulate our expectations beyond legal compliance in our Code of Business Conduct & Ethics, and FedEx Values. Our people across the globe are accountable for complying with these policies.

FedEx values start with people. We value our people and promote diversity in our workplace and in our thinking. For the full list of FedEx Values, visit <http://www.fedex.com/us/about/today/mission.html>.

The FedEx Code of Business Conduct & Ethics sets forth the legal and ethical standards with which our people are expected to comply and covers discrimination, bribery, corruption and many other topics. For the FedEx Code of Business Conduct & Ethics, visit <http://ir.fedex.com/downloads/code.pdf>.

FedEx has a toll-free 24-hour whistleblower hotline, the FedEx Alert Line, established for the anonymous and confidential reporting of any known or suspected violation of law, the Code of Business Conduct & Ethics, or any other company policy or any unethical behavior. The Code prohibits retaliation for making such reports.

Catastrophic Illnesses and Infectious Diseases

With significant operations throughout both the developed world and emerging economies, we understand that our workforce will continue to evolve and change. We realize that in markets where we currently operate or may operate in the future, certain communities are disproportionately impacted by catastrophic illnesses, such as avian influenza or Severe Acute Respiratory Syndrome (SARS), and chronic infectious diseases, such as HIV/AIDS. As a result, we anticipate a growing number of team members may be affected by such illnesses and diseases. We are committed to the privacy, health and well being of our employees, such as through providing our employees with educational information regarding these illnesses and diseases whenever possible and continuously evaluating our role in both health education and care. As an example, we have established a corporate-level team that — through close contact with leading health organizations and medical experts — monitors acute outbreaks of infectious diseases around the world. The team is responsible for developing and updating our pandemic contingency plans. These plans provide for, among other things, regular communication of the latest medical advice to our workforce and operational adjustments to ensure continuing high levels of service to our customers when faced with such events.

Corporate Governance

We are committed to furthering our long-standing adherence to the highest standards of corporate governance. This section details our corporate governance practices and policies.

Governance Overview

FedEx has an independent Board of Directors committed to the highest quality corporate governance. Reflecting this commitment, we have embraced the spirit of corporate governance reform rather than merely meeting the minimum compliance standards set forth in the Sarbanes-Oxley Act of 2002 and the New York Stock Exchange's corporate governance listing standards. We have implemented many governance enhancements that go well beyond those legal requirements. For example, in 2007, our Board of Directors adopted a majority-voting standard in uncontested director elections and a resignation requirement for directors who fail to receive the required majority vote. The Board is prohibited from changing back to a plurality-voting standard without the approval of our stockholders. In addition, within the past few years, we have:

- Added a number of highly qualified, independent directors to the Board, including: Steven R. Loranger, the CEO of ITT Corporation; John A. Edwardson, the CEO of CDW Corporation; August A. Busch IV, the CEO of Anheuser-Busch Companies, Inc.; and Gary W. Loveman, the CEO of Harrah's Entertainment, Inc.
- Eliminated the classified structure of the Board to allow for the annual election of all directors
- Amended our charter and bylaws to eliminate all super majority shareholder voting requirements
- Adopted a policy requiring stockholder approval for any future "poison pill" prior to or within 12 months after adoption of the poison pill

In addition, we have made compliance with the reporting requirements of Section 404 of the Sarbanes-Oxley Act one of our highest priorities, and we have leveraged this effort to further improve our already rigorous disclosure controls and procedures and effective internal control over financial reporting.

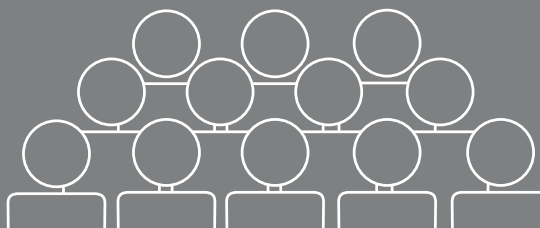
Director Independence

The Board's standards for determining director independence, which are included in FedEx's Corporate Governance Guidelines, are stricter than applicable legal requirements, and all but one of FedEx's 12 directors qualify as independent under these standards. Under the Board's standards of director independence, a director will be considered independent only if the Board affirmatively determines that the director has no direct or indirect material relationship with FedEx, other than as a director.

Conflicts of Interest and Related Person Transactions

The Board of Directors has adopted a Policy on Review and Preapproval of Related Person Transactions, which is included in FedEx's Corporate Governance Guidelines. The policy requires that all proposed related person transactions (as defined in the policy) and all proposed material changes to existing related person transactions be reviewed and preapproved by the Nominating & Governance Committee of the Board. To the extent the related person (as defined in the policy) is a director or immediate family member of a director, the transaction or change must also be reviewed and preapproved by the full Board. The policy provides that a related person transaction or a material change to an existing related person transaction may not be preapproved if it would:

- Interfere with the objectivity and independence of any related person's judgment or conduct in carrying out his or her duties and responsibilities to FedEx;
- Not be fair as to FedEx; or
- Otherwise be opposed to the best interests of FedEx and its stockholders.



Board Committees

The Board of Directors has a standing Audit Committee, Compensation Committee, Information Technology Oversight Committee and Nominating & Governance Committee. Each of these committees is composed entirely of independent directors. Committee memberships can be found at the following Web site: <http://ir.fedex.com/committees.cfm>.

The Audit Committee

- Oversees the independent registered public accounting firm's qualifications, independence and performance;
- Assists the Board of Directors in its oversight of (i) the integrity of FedEx's financial statements; (ii) the effectiveness of FedEx's disclosure controls and procedures and internal control over financial reporting; (iii) the performance of the internal auditors; and (iv) FedEx's compliance with legal and regulatory requirements; and
- Preapproves all audit and allowable non-audit services to be provided by FedEx's independent registered public accounting firm.

The Compensation Committee

- Evaluates, together with the independent members of the Board, the performance of FedEx's Chairman of the Board, President and Chief Executive Officer, and recommends his compensation for approval by the independent directors;
- Discharges the Board's responsibilities relating to the compensation of executive management;
- Reviews and discusses with management the Compensation Discussion and Analysis and produces a report recommending whether the Compensation Discussion and Analysis should be included in the proxy statement; and
- Oversees the administration of FedEx's equity compensation plans and reviews the costs and structure of key employee benefit and fringe-benefit plans and programs.

The Information Technology Oversight Committee

- Appraises major information technology ("IT") related projects and technology architecture decisions;
- Ensures that FedEx's IT programs effectively support FedEx's business objectives and strategies; and
- Advises FedEx's senior IT management team and the Board of Directors on IT related matters.

The Nominating & Governance Committee

- Identifies individuals qualified to become Board members;
- Recommends to the Board director nominees to be proposed for election at the annual meeting of stockholders;
- Recommends to the Board directors for appointment to Board committees; and
- Assists the Board in developing and implementing effective corporate governance, compliance and ethics programs.

Communications With Directors

Stockholders and other interested parties may communicate directly with any member or committee of the Board of Directors by writing to:

FedEx Corporation Board of Directors
c/o Corporate Secretary
942 South Shady Grove Road
Memphis, TN 38120

The Corporate Secretary of FedEx will review all such correspondence and regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in her opinion, deals with the functions of the Board or its committees or that she otherwise determines requires the attention of any member, group or committee of the Board of Directors.

Nomination of Director Candidates

The Nominating & Governance Committee will consider director nominees proposed by stockholders. To recommend a prospective director candidate for the Nominating & Governance Committee's consideration, stockholders may submit the candidate's name, qualifications, including whether the candidate satisfies the requirements set forth below, and other relevant biographical information in writing to:

FedEx Corporation Nominating & Governance Committee
c/o Corporate Secretary
942 South Shady Grove Road
Memphis, TN 38120

FedEx's Bylaws require stockholders to give advance notice of stockholder proposals, including nominations of director candidates.

The Board is responsible for recommending director candidates for election by the stockholders and for electing directors to fill vacancies or newly created directorships. The Board has delegated the screening and evaluation process for director candidates to the Nominating & Governance Committee, which identifies, evaluates and recruits highly qualified director candidates and recommends them to the Board. The Nominating &

Governance Committee considers potential candidates for director, which may come to the attention of the Nominating & Governance Committee through current directors, management, professional search firms, stockholders or other persons. The Nominating & Governance Committee considers and evaluates a director candidate recommended by a stockholder in the same manner as a nominee recommended by a Board member, management or other sources.

Directors are required to retire immediately before the annual meeting of FedEx's stockholders during the calendar year in which they attain age 72.

Executive Sessions of Non-management Directors

Non-management Board members meet without management present at regularly scheduled executive sessions in conjunction with each in-person meeting of the Board of Directors. The Chairman of the Nominating & Governance Committee presides over these meetings.

Combined Chairman/CEO Roles

Our Board of Directors believes that FedEx and its stockholders have been and continue to be well-served by having Frederick W. Smith, FedEx's founder, serve as both Chairman of the Board and Chief Executive Officer. Under Mr. Smith's leadership, FedEx has become one of the most trusted and respected brands in the world and has experienced strong long-term financial growth and stockholder return. Separating the Chairman and CEO roles is not necessary to ensure that our Board provides independent and effective oversight of FedEx's business and affairs. Such oversight is maintained at FedEx through the composition of the Board, the strong leadership of our independent directors and Board committees, and our highly effective corporate governance structures and processes.

Compliance and Ethics

FedEx is one of the most trusted and respected companies in the world. We have a long-standing commitment to complying with the law wherever we operate and striving

to maintain a high standard of business and personal ethics. FedEx has long fostered a culture in which integrity and ethical conduct are recognized, valued and exhibited by our employees and independent contractors. We developed two important tools to help our employees and independent contractors understand and maintain our high standard of business and personal ethics: the FedEx Code of Business Conduct & Ethics; and the FedEx Alert Line, our company-wide hotline.

- o The Code, which is available to all employees and independent contractors through our company Intranet and our Investor Relations Web site, sets forth the legal and ethical standards with which our employees and independent contractors are expected to comply. Employees can review the Code in multiple foreign languages on the Intranet.
- o The Code requires our employees and independent contractors to report immediately any suspected violation of those standards, and the Alert Line provides one mechanism for doing so. Using the Alert Line, employees and independent contractors are able to make anonymous, confidential reports, 24 hours a day, of suspected legal and ethical violations within FedEx by making a toll-free phone call, and the Code prohibits retaliation for making such a report.
- o We promote the Code and Alert Line to FedEx employees and independent contractors through a variety of means, which include various operating company-level communications, as well as framing and hanging our 12" x 18" Alert Line poster — translated into the appropriate local language — in a permanent, conspicuous spot at all FedEx locations.
- o In our annual code of conduct questionnaire, each senior manager and above must certify, among other things, that he or she has:
 - (i) discussed the FedEx Code of Business Conduct & Ethics and FedEx Alert Line with all his or her direct reports; and
 - (ii) exercised appropriate supervision and oversight to ensure compliance with the Code within the area of his or her responsibility. In addition, the Code expressly imposes on officers, directors and senior managers the additional responsibility of promoting the principles set forth in the Code and fostering a culture in which ethical conduct is recognized, valued and exhibited by all employees.
- o We also provide appropriate training to our employees on a wide range of compliance and ethics topics.

Executive Compensation Philosophy

The Company's mission is to produce superior financial returns for shareowners by providing high value-added transportation, supply chain, business and related information services through focused operating companies that compete collectively, operate independently and are managed collaboratively. We design our executive compensation program to further FedEx's mission by:

- o Retaining and attracting highly qualified and effective executive officers by paying them competitively;
- o Motivating executive officers to contribute to our future success and to build long-term shareowner value (and rewarding them accordingly) by linking a significant part of their compensation to the company's financial and stock price performance, especially long-term performance; and
- o Further aligning executive officer and shareowner interests by encouraging and facilitating long-term shareowner returns and significant ownership of FedEx stock by the officers.

We believe that there should be a strong relationship between pay and corporate performance (both financial results and stock price), and our executive compensation program reflects this belief. In particular, annual and long-term incentive compensation payments and stock options represent a significant portion of our executive compensation program, and this variable compensation is "at risk" and directly dependent upon the achievement of pre-established corporate goals or stock price appreciation.

Stock Ownership Goal for Directors and Senior Officers

In order to encourage significant stock ownership by our directors and senior officers, and to further align their interests with the interests of FedEx's stockholders, the Board of Directors has established a goal that:

- (i) within three years after joining the Board, each non-management director owns FedEx shares valued at three times his or her annual retainer fee; and
- (ii) within four years after being appointed to his or her position, each member of senior management owns FedEx shares valued at a multiple (that varies by position) of his or her annual base salary.

Each FedEx director and executive officer owns sufficient shares to comply with this goal.

Annual Review

We review all aspects of our governance policies and practices (including our Corporate Governance Guidelines, Board committee charters and Code of Business Conduct & Ethics) with the Board at least annually in light of best practices and make whatever changes are necessary to further our long-standing commitment to the highest standards of corporate governance.

Additional Information

Additional information about FedEx's corporate governance, including copies of our Corporate Governance Guidelines, Board committee charters and Code of Business Conduct & Ethics, can be found at <http://ir.fedex.com>.

Stakeholder Dialogue Systems

We encourage our shareowners and other stakeholders to communicate their views with management by contacting us at citizenship@fedex.com.

Similarly for our team members, we have an Open Door Policy whereby each operating company encourages both formal and informal dialogue. Although specific feedback systems take different forms depending on the operating company, team members everywhere can provide honest feedback without fear of retribution.

FedEx firmly believes in maintaining a work environment that is inclusive and engaging. Accordingly, we rely on our team members to maintain our positive culture. As a result, we have developed policies and systems to ensure our team has every opportunity to elevate their issues of concern. For further details, see the Feedback and Dialogue section on pages 54 to 56.

Employee feedback systems range from annual employee opinion surveys in all operating companies around the world to the FedEx Alert Line. We take the opinions of our entire team very seriously, and the FedEx Code of Business Conduct & Ethics expressly prohibits intimidation or retribution for reports of misconduct made in good faith.

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References

Access

<http://access.fedex.com>

Annual Report

<http://ir.fedex.com>

Board Committee Memberships

<http://ir.fedex.com/committees.cfm>

Code of Business Conduct & Ethics

<http://ir.fedex.com/downloads/code.pdf>

Diversity Councils and Alliances

<http://csr.fedex.com>

Global Citizenship Report

<http://csr.fedex.com>

Values

<http://www.fedex.com/us/about/today/mission.html>

Forward-looking Statements

Certain statements in this report may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. These statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by the statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the global markets in which we operate, new U.S. domestic or international government regulation, the impact from any terrorist activities or international conflicts, and other factors that can be found in our press releases and filings with the Securities and Exchange Commission.

FedEx courier Jay McMullin saves 78-year-old Odell Bunch from raging flood waters in Missouri, March 2008.



Our Global Citizenship Focus

FedEx is committed to sustainably connecting the world, and enhancing the long-term value of the company for our shareholders and for the communities and businesses that rely on our services.

FedEx understands that a sustainable business is intrinsically tied to a sustainable society. We are in the business of speeding global connections and providing people, businesses and nations with access to new markets, technologies and ideas. To that end:

- We harness our logistics expertise to provide emergency and disaster relief, both to reach communities around the world quickly and efficiently in times of need and to support the rebuilding process.
- We use our capabilities and extensive transportation network to assist people and communities that need access to basic health and human services.
- We hold safety as a core value and make it the first consideration in all our operations. We're committed to the safety of others on the roadway and share our competency by teaching children about pedestrian safety. We provide team members with a safe and fulfilling environment where they have opportunities to grow and succeed.
- We're committed to a continuous improvement process in environmental management, using our innovations and technologies to minimize the impact of FedEx packaging products, operations and facilities.
- We are focused on minimizing waste generation through efforts that include recycling, innovation and prevention of pollution, while optimizing the efficient use of natural resources.
- We integrate environmental responsibilities and considerations into our daily operations and business procedures, empowering team members through clear policies, training and recognition of excellence.
- We believe that educating and inspiring leaders and team members is one of the most important things we can do to safeguard our future. FedEx supports opportunities to enhance education in the areas of technology, economics, trade, safety, diversity and more. And we embrace diverse opinions and backgrounds and afford all team members equal respect and equality.
- We are committed to furthering our long-standing adherence to the highest standards of corporate governance.

Our company is supported by the passion of our people. We continue to inspire and motivate our FedEx team, while seeking out the best and brightest talent around the world to join our company and build successful, meaningful careers.







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This report was printed on a 40" sheetfed press. The 8.5" x 8.5" size is 21% smaller than standard 8.5" x11", which allows utilization of a smaller press sheet that accommodates a layout of 24 pages per press form instead of the standard 16.

All the paper utilized in the production of this book contains 100% pulp derived from post-consumer recycled fiber and was created with wind-generated electricity. This paper is also certified by the Forest Stewardship Council, which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

REALIZED SAVINGS:

-  32,768 gal wastewater flow saved
-  54,640,922 BTUs energy not consumed
-  16,350 lbs net greenhouse gases prevented
-  3,862.47 lbs air emissions not generated
-  77.14 trees preserved for the future
-  1.45 barrels crude oil unused

