GOALS & PROGRESS

2011 Global Citizenship Goals & Progress Update
Introduction

Every year, FedEx offers data, information and examples in our annual Global Citizenship Report to show how we’re living up to our responsibilities as a corporate citizen. We break our reporting into four categories:

- Economics & Access
- Environment & Efficiency
- Community & Disaster Relief
- People & Workplace

Every FedEx team member contributes to our progress in these four important areas, their actions speaking just as loudly as the numbers that mark our progress.

To learn more about any of the four areas, click on its name above.
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All currencies are translated in U.S. dollars.
By increasing access to the marketplace and innovation, FedEx promotes business opportunities that facilitate trade and economic growth. And in the process, we meet the needs of consumers the world over.

The goods we deliver across our networks move the global economy—from corporations that span the world to startups that want to compete in a new market. In fact, the largest economy in the world is no longer the economy of any one country, it’s the economy of global trade and services.

Economics and Access is one of four specific areas where FedEx documents progress each year in our Global Citizenship Report. Along with Environment and Efficiency, Community and Disaster Relief, and People and Workplace, we offer data, information, and examples in our report of how we live up to our responsibilities. FedEx team members contribute to our progress in these four important areas, their actions speaking just as loudly as the numbers that mark our progress.

The more people, communities, businesses, and nations participate in the global economy, the more they prosper. Poverty rates drop, new markets emerge, and the global middle class expands.

In developing nations such as Brazil, China, and India, standards of living are rising, and the global middle class is growing fast—from 1.8 billion in 2010 to an estimated 5 billion by 2030, according to The Brookings Institution.1 The opportunity to move up always comes when people have more connections to the global marketplace. It’s our job at FedEx to help create those connections and make them easier and faster to use.

As people interact with others around the world, their diverse skills and perspectives mix, creating new opportunities—and greater prosperity. We know that the amazing diversity of our more than 300,000 team members improves our own business. And we believe that by opening the global marketplace to everyone, we help bring prosperity.

The power of the global economy to cut poverty is clear. In 1981, 52 percent of the world’s population lived on less than $1.25 a day. This percentage is expected to fall to 15 percent by 2015, according to the World Bank.2

GLOBAL OPPORTUNITY

At FedEx, we believe promoting Access makes smart business sense not only for our shareholders but also for the communities and businesses we serve. We see the most dramatic changes in the multitude of small businesses going global from day one, like the recent meteoric growth of Cambridge Satchel.

A U.K. mom who wanted to earn the money to send her daughter to a better school founded the company. She thought she could earn the money making new versions of classic British book satchels. Cambridge Satchel now employs more than 60 staff and has a pipeline of more than 30,000 orders for satchels headed to consumers in more than 140 countries.

For more about the effects of Access on people, business, and communities, go to access.fedex.com.

FEDEX OPERATING COMPANIES

FedEx Corporation provides a broad portfolio of transportation, e-commerce, and business services through companies competing collectively, operating independently, and managed collaboratively under the respected FedEx brand. These companies are included in four business segments:

FedEx Express: Federal Express Corporation is the world’s largest express transportation company, offering time-definite delivery within 1 to 3 business days and serving markets that comprise more than 90 percent of the world’s gross domestic product. The FedEx Express segment also includes FedEx Trade Networks, Inc., which provides international trade services, specializing in customs brokerage and global ocean and air freight forwarding, and FedEx SupplyChain Systems, Inc., which offers a range of supply chain solutions.

FedEx Ground: FedEx Ground Package System, Inc. is a leading North American provider of small package ground delivery services. FedEx Ground provides low-cost, day-definite service to every business address in the United States and Canada, as well as residential delivery to nearly 100 percent of U.S. residences through its FedEx Home Delivery service. 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 final delivery to any residential address or PO Box in the United States.

FedEx Freight: FedEx Freight, Inc. is a leading North American provider of LTL (less-than-truckload) freight services, offering: FedEx Freight Priority, when speed is critical to meet supply chain needs, and FedEx Freight Economy, when time can be traded for cost savings. The FedEx Freight segment also offers freight delivery service throughout Canada and Mexico and includes FedEx Custom Critical, Inc., a leading North American provider of time-specific, critical shipment services.
FedEx Services: FedEx Corporate Services, Inc. provides our other companies with sales, marketing, information technology, communications, and back-office support. The FedEx Services segment also includes FedEx TechConnect, Inc., which is responsible for customer service, billings, and collections for our U.S. customers and offers technical support services, and FedEx Office and Print Services, Inc., which provides an array of document and business services and retail access to FedEx Express and FedEx Ground services.

SUSTAINABLE ACCESS AND TRADE

We are committed to introducing new solutions that improve the efficiency and footprint of the Access we provide. In addition to environmental sustainability efforts that address our fleet, our facilities, and our workplaces (see csr.fedex.com), we continue to promote the idea of sustainable trade lanes. Here are a few examples:

Our 777Fs can fly farther on less fuel while carrying more cargo than the MD-11s they replace. In fact, our 777Fs use 18 percent less fuel than the MD-11 aircraft and provide greater payload capacity. The result? A steep reduction in cost and emissions per unit transported.

We recently added seven more 777Fs, increasing our fleet to 19. Based on current commitments, we plan to have 43 777Fs in service by 2023.

FedEx Express launched one of these 777Fs for a U.S. to South Korea nonstop flight, providing service from the Memphis World Hub to Incheon International Airport, Seoul, South Korea. The new FedEx Express flight delivers documents and packages from the U.S., Canada, and select markets in Latin America to Seoul in 2 to 3 business days. The 777F gives FedEx a unique competitive advantage and is a growth driver for the business.

This is especially valuable since implementation of the U.S.-South Korea free-trade agreement is estimated to boost U.S. exports to South Korea by $10–$11 billion, and South Korean exports to the United States by nearly $7 billion. FedEx strongly supports free-trade agreements—such as the KORUS FTA—that create new commercial opportunities for our customers and additional demand for FedEx services. In the fall of 2011, the U.S. also signed free-trade agreements with Colombia and Panama. FedEx will continue to advocate for reduced barriers to trade and increased gateways to Access that spring from free-trade agreements.

Our customers value sound environmental practices. To help them save paper, time, and money, we have introduced FedEx® Electronic Trade Documents, one of our EarthSmart Innovations. Customers in 81 countries can now submit customs documents electronically using Electronic Trade Documents.

Electronic Trade Documents
FINANCIAL HIGHLIGHTS

Below is a synopsis of our financial results for FY10–FY12. For more context and our quarterly results, go to the FedEx Investor Relations site: investors.fedex.com.

### Revenue (in billions)

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<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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<tr>
<td></td>
<td>$34.7</td>
<td>$39.3</td>
<td>$42.7</td>
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### Capital Expenditures (in billions)

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<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$2.8</td>
<td>$3.4</td>
<td>$4.0</td>
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</table>

### Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>5.8%</td>
<td>6.1%</td>
<td>7.5%</td>
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</table>

### Diluted Earnings Per Share

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$3.76</td>
<td>$4.57</td>
<td>$6.41</td>
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</table>

### Net Income (in millions)

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<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,184</td>
<td>$1,452</td>
<td>$2,032</td>
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</table>

### Debt to Total Capitalization

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>12.3%</td>
<td>10.9%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

### Operating Income (in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,998</td>
<td>$2,378</td>
<td>$3,186</td>
</tr>
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</table>
AWARDS AND RECOGNITION

FedEx ranked sixth in Fortune magazine’s “2012 World’s Most Admired Companies” survey, up two positions from our ranking in 2011. The survey measures nine attributes related to financial performance and corporate reputation. Each year since 2001, FedEx has ranked among the top 20 in the Fortune Most Admired Companies list.

In 2012, FedEx was ranked No. 23 in the Forbes media/Reputation Institute’s “Top Most Reputable U.S. Companies” list, which is based on a survey of 6,000 U.S. consumers who had recent interactions with 143 large U.S. companies.

FedEx was also recognized by IR Global Rankings North America in 2012 for the third year running. IR Global Rankings is the most comprehensive technical ranking system for investor relations websites, corporate-governance practices, and financial disclosure procedures, together with its coordination group and supporting entities. FedEx won the “Best Financial Disclosure in Industrials Industry” award in 2010, and was included among the top five companies for Financial Disclosures Procedures in North America in 2011 and 2012 and among the top five companies for Corporate Governance in North America in 2010. In addition, FedEx was recognized with the “Greatest Improvement in Online Annual Report” award in North America in 2012.

FedEx was voted “Best Investor Relations in the Transport Sector” in the 2012 IR Magazine U.S. Awards, based on a survey of more than 70 buy-side and sell-side financial analysts to identify the best exponents of investor relations in the U.S. The same magazine ranked FedEx among the top three Best IR Team finalists in 2011.

In 2011, FedEx was recognized by Institutional Investor magazine with the “Best of Corporate America—Best Investor Relations” award in the Airfreight and Surface Transportation industry category.

Baron’s named FedEx Chairman and CEO Frederick W. Smith to the “2012 World’s Best CEOs,” a group of 30 top executives around the globe who have “delivered for shareholders” while building their reputations as executives. Mr. Smith has received this honor three times during the past four years.

ENDNOTES


4 Results for 2011 include charges of approximately $199 million ($104 million, net of tax and applicable variable incentive compensation impacts, or $0.33 per diluted share) for the combination of our FedEx Freight and FedEx National LTL (less-than-truckload) operations and a reserve associated with a legal matter at FedEx Express.

5 Results for 2012 include an impairment charge of $134 million ($84 million, net of tax, or $0.26 per diluted share) resulting from the decision to retire 24 aircraft and related engines at FedEx Express and the reversal of a $66 million legal reserve associated with the ATA Airlines lawsuit which was initially recorded in 2011.
ENVIRONMENT & EFFICIENCY
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Introduction

EarthSmart®. FedEx solutions for a more sustainable world.

Annual estimated carbon offset

Greenhouse gas emissions

Enterprise CO₂ emissions

Greening our fleet

Aircraft emissions

Vehicle fuel efficiency

Electric and hybrid-electric fleet

Greening our facilities

Solar electricity

Renewable energy credits

ISO 14001 certification

Waste streams and recycling

Waste streams

Recycling totals

Recycling percentages

Paper and packaging

FSC-certified paper

Fines and penalties

Awards and recognition

All currencies are translated in U.S. dollars.
FEDEX DOESN’T JUST WANT TO PLAY AN IMPORTANT ROLE IN HOW THE WORLD IS CONNECTED

We want to connect the world responsibly and resourcefully. The commercial transportation industry has no single solution for reducing its environmental footprint. But FedEx is committed to operating and innovating in new ways that can help our business as well as our industry.

Environment and Efficiency is one of four specific areas where we document our progress each year. Along with Economics and Access, Community and Disaster Relief, and People and Workplace, we offer data, information, and examples in our annual Global Citizenship Report of how we live up to our responsibilities. FedEx team members contribute to our progress in these four important areas, their actions speaking just as loudly as the numbers that mark our progress.

FedEx was the first U.S. transportation-logistics company to set long-term goals to reduce aircraft emissions. In 2005, we set goals to reduce aircraft emissions 20 percent by 2020, to increase FedEx Express vehicle efficiency by 20 percent by 2020, and to expand on-site renewable energy generation and the procurement of renewable energy credits. FedEx was the first company in the U.S. transportation-logistics industry to establish a Citizenship Blog, to report global Scope 1 (direct) greenhouse-gas emissions in 2008, and to disclose climate risks to the Securities and Exchange Commission. For more information on risks reported, see pages 19 and 71 of our Securities and Exchange Commission Form 10-K 2012.

Our current emissions goals include:

- Reducing aircraft emissions intensity 30 percent by 2020, on an emissions per available-ton-mile basis, from a baseline year of 2005—this represents an increase in our global aircraft emissions intensity goal by 50 percent from the original target established in 2005.
- Increasing FedEx Express vehicle efficiency by 20 percent by 2020, including via support of new technology, from a baseline year of 2005.
- Getting 30 percent of our jet fuel from alternative fuels by the year 2030.
- Expanding on-site generation of and continuing procurement of renewable energy for our facilities.
- Seeking LEED (Leadership in Energy & Environmental Design) certification on all new FedEx Express buildings in the U.S.

Our strategy for reaching these goals includes:

- Minimizing our environmental footprint while serving our customers and growing our business.
- Maximizing efficiencies.
- Supporting innovation for eco-technologies.
- Providing leadership in responsible environmental stewardship.
- Helping connect the world in responsible and resourceful ways.

We continue to look at and identify our areas of exposure with regard to greenhouse-gas emissions and other environmental factors. We then determine the level of potential impact and set appropriate plans and goals needed to shrink our environmental footprint. Finally, we continually monitor our progress toward minimizing our impact and achieving our goals.

Many departments are involved in issues of environmental stewardship. Their collective efforts are led by Mitch Jackson, Vice President for Environmental Affairs and Sustainability. In 2011, we reconstituted our governance oversight with the FedEx Enterprise Sustainability Council (FESC), a senior officer-level council that develops and guides implementation of our sustainability strategy. Sustainability Impact Teams were also established under the FESC management structure to ensure that our various operating companies can discuss, plan, and act in harmony on our sustainability strategy.

We also actively work with government agencies, NGOs, manufacturers, suppliers, and other fleet operators to introduce fuel-efficient and low-carbon, alternative-fuel technologies, and to promote the transformation of transportation through our advocacy for electrification.

FedEx has done more than any other U.S.-based logistics and transportation company in this regard. FedEx was the first company in the U.S. transportation-logistics industry to push for commercial-vehicle, fuel-economy legislation, which was enacted in the Energy Independence & Security Act of 2007. And we helped create a set of principles to inform and support this first-ever national greenhouse-gas/fuel-efficiency program for medium- and heavy-duty vehicles—the only company in our industry to do so.

FOR MORE INFORMATION ON OUR APPROACH TO CARBON LEGISLATION, SEE THE FOLLOWING:

FedEx addresses the feasibility of the concept of a price on carbon emissions—
blog.fedex.designcdt.com/node/810

Frederick W. Smith addresses the carbon tax debate while speaking at the Global Green Initiative Conference—
mediacenter.fedex.designcdt.com/node/347

FedEx has also participated in studies that advocated such legislation. See the Commission for Environmental Cooperation's “Destination Sustainability: Reducing Greenhouse Gas Emissions from Freight Transportation in North America” report—
EARTHSMART®. FEDEX SOLUTIONS FOR A MORE SUSTAINABLE WORLD.

FedEx works to achieve our ambitious goals through EarthSmart, the FedEx roadmap for operating in an increasingly sustainable way and engaging our team members, customers, suppliers, vendors, and the communities where we operate to help us reduce the environmental impact of our daily business operations. We introduced EarthSmart in 2009 as a way to underscore our commitment to minimize our impact on the environment. Our aim is to find or create new ways not only to improve our own company’s environmental performance, but also to point the way for other companies in our own industry and beyond.

EarthSmart includes three pillars:

• EarthSmart Innovations: Customer and FedEx solutions related to services and assets.
• EarthSmart @ Work: Workplace employee-engagement programs.
• EarthSmart Outreach: Philanthropic and volunteer efforts.

INTRODUCING FEDEX CARBON-NEUTRAL ENVELOPE SHIPPING

In April 2012, FedEx introduced our latest EarthSmart innovation—FedEx carbon-neutral envelope shipping. For every FedEx Express® envelope shipped, FedEx will offset the carbon emissions related to its transport, no matter where it travels. The program helps improve the carbon footprint not only at FedEx, but also for our customers’ businesses. But unlike our competitors, we won’t charge customers a fee to offset the carbon produced when they ship an envelope.

We calculate the emissions it takes to transport an envelope to its destination, and we pay an offset provider to offset those emissions for every envelope we carry. The annual estimated carbon offset by this program is equivalent to planting 2,179,487 seedlings and letting them grow for 10 years.

We work with BP Target Neutral, a not-for-profit offset provider whose projects reduce, replace, and neutralize carbon. Currently, BP Target Neutral invests in six large carbon-offset projects, which will offset the carbon FedEx emits transporting envelopes. Projects are located in: China—micro hydro; The Netherlands—biogas; Tanzania—reforestation; Thailand—landfill-to-gas; Turkey—wind power; and U.S.—landfill-to-gas. For more information on this exciting new initiative, go to news.van.fedex.com/carbonneutralenvelope.

EARTHSMART INNOVATIONS: CUSTOMER AND FEDEX SOLUTIONS RELATED TO SERVICES AND ASSETS

FedEx carbon-neutral envelope shipping:

FedEx seeks to transport documents around the world in a way that neutralizes carbon emissions—at no extra charge. FedEx Express works with BP Target Neutral, a not-for-profit offset provider that helps to reduce, replace, and neutralize carbon by investing in offsets for every envelope shipment.

EARTHSMART OUTREACH: PHILANTHROPIC AND VOLUNTEER EFFORTS

EMBARQ:

FedEx works with EMBARQ, the World Resources Institute’s Center for Sustainable Transport, to help eliminate congestion, air pollution, and unsafe roads for people living in Mexico, Brazil, and India.

National Fish and Wildlife Foundation:

FedEx supports the National Fish and Wildlife Foundation in its efforts to preserve and restore U.S. native wildlife species and habitats.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/.
Enterprises CO₂ emissions increased slightly in FY11 due to increased shipping volumes, which came with improved global economic conditions and strong demand for our services. However, we have made progress in decoupling economic growth from our direct greenhouse-gas emissions during that time period. Our average daily package volumes at FedEx Express and FedEx Ground increased by 5 percent, and our average daily LTL (less-than-truckload) shipments at FedEx Freight grew by 4.5 percent, while our Scope 1 CO₂ absolute emissions increased by only 3 percent in FY11 compared with FY10. During that same time, we increased our total annual revenue by 13 percent.

**DEFINING SCOPE EMISSIONS**

Our Scope 1 emissions include those generated by our company-operated aircraft and surface vehicle fleets, and on-site combustion of diesel, natural gas, and other fuels used at our hub, station, and office locations.

Our Scope 2 emissions are indirectly generated through our consumption of purchased electricity, heat, and steam at our facilities and FedEx Office Print and Ship Centers. In FY11, our Scope 2 emissions decreased slightly due to ongoing energy efficiency initiatives at our facilities (see “Greening Our Facilities” for more information).

Our Scope 3 emissions comprise other indirect emissions, including those from FedEx Express feeder aircraft contract operators and the fuel we sell to FedEx Ground independent contractors.

We compiled our greenhouse emissions inventory using data and emissions factors in accordance with World Resources Institute technical guidance.

**GREENHOUSE GAS EMISSIONS**

**ENTERPRISE CO₂ EMISSIONS**

<table>
<thead>
<tr>
<th>SCOPE</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>14,101,552</td>
<td>13,152,895</td>
<td>13,802,445</td>
</tr>
<tr>
<td>II</td>
<td>1,065,689</td>
<td>996,872</td>
<td>989,874</td>
</tr>
<tr>
<td>III</td>
<td>1,132,571</td>
<td>1,008,493</td>
<td>1,018,713</td>
</tr>
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</table>

**GREENING OUR FLEET**

**AIRCRAFT EMISSIONS**

We calculate aircraft emissions intensity metrics by dividing the total CO₂ emissions of our company-operated aircraft by the available ton miles (ATM), or the tons of carrying capacity by miles traveled.

In previous years, we tracked and reported this data on a calendar-year basis. However, in order to be consistent with how we report on other data in this report, we are transitioning to a fiscal-year reporting basis for this metric going forward.

Our previous goal by 2020 was to reduce our CO₂ emissions intensity or emissions per available ton mile by 20 percent as compared with our 2005 performance. We are pleased to announce that FedEx has increased our global aircraft emissions intensity goal by 50 percent to a 30 percent intensity reduction by 2020, still using FY05 as the baseline year. In FY11, we reduced aircraft CO₂ emissions intensity by 4 percent, bringing our cumulative reduction to 13.8 percent compared with FY05. The majority of this reduction was due to replacement of older, more-inefficient aircraft.

By 2015, we will have replaced all our less-efficient 727s with more fuel-efficient and greater payload 757 aircraft. We are also introducing Boeing 777F aircraft, which use 18 percent less fuel than the MD-11 aircraft and provide greater payload capacity. In addition, we are planning to introduce the new Boeing 767 aircraft to our fleet in FY13, which will further contribute to our ability to meet our newly revised aircraft emissions intensity reduction target.

Other operational activities play a significant role, and these advancements are managed under our Fuel Sense program. We have programs to optimize fuel usage from gate to gate, starting with preflight. For example, aircraft auxiliary power unit (APU) usage is managed by providing ground support equipment.
in parking positions. To supplement ground support equipment, gate stands provide power from either a power converter or a portable power unit, and portable air conditioning carts keep the aircraft cool in hot summer months. This equipment is monitored in real time and information is provided to all the stakeholders, from ground support teams that can track the portable units in real time and dispatch them to the required gate to the flight crewmembers so they can determine when to start the APU.

We also have gate-to-gate programs to facilitate taxiing with one less engine and for optimized profile descent (also known as continuous descent approach) prior to landing. These procedures provide a repeatable and predictable trajectory that both Air Traffic Control and crewmembers can use to minimize fuel usage. We also have a mechanism for crewmembers to share new ideas and provide feedback on their individual contributions to the program.

Whether on the ground or in the air, in every phase of the flight, preflight, taxi, takeoff, climb, cruise, descent, landing, and taxi, we look for programs to optimize fuel usage and reduce emissions. At FedEx, small changes through individual contributions amount to a big impact in emission reductions over many daily operations worldwide.

**VEHICLE FUEL EFFICIENCY**

Our goal for 2020 is to improve the fuel efficiency of the FedEx Express surface/delivery vehicle fleet by 20 percent, using 2005 as the baseline year. We are happy to announce that we are still on track to meet that target, having achieved a 16.6 percent improvement in the FedEx Express vehicle fleet between FY05 and FY11.

**Vehicle Fuel Efficiency**

The FedEx Express pickup and delivery vehicle fleet follows a three-tiered approach to improve vehicle fuel efficiency: Reduce, Replace, and Revolutionize. This means we develop vehicle technologies for the future while making the best use of the conventional vehicles we operate today. FedEx Express has increased the size of its alternative-fuel fleet by 18 percent in FY12, with a total of 364 hybrid-electric vehicles (HEVs) and 118 electric vehicles (EVs) in service by the end of FY12. These vehicles saved 345,000 gallons of fuel and logged 12.1 million miles since being introduced to our fleet. We also continue to retrofit conventional internal-combustion-engine vehicles to make our local delivery vehicles more fuel efficient through our “Vehicle Refresh Plan.”

Our engineers use detailed analysis techniques to understand the power and torque requirements of our various route profiles. Matching the right vehicle to each respective route yields significant economic and environmental returns. This program has saved over 75 million gallons of fuel since its inception.

**Electric and Hybrid-Electric Fleet**

- 364 HEVs
- 118 EVs
- 10 trucks
- 12.1 million miles traveled

**EARTHSMART @ WORK: WORKPLACE EMPLOYEE-ENGAGEMENT PROGRAMS**

**Fuel Sense:**

Optimization of flight planning, aircraft weight reduction, and flight efficiencies are a few of the 30 different Fuel Sense programs. Fuel Sense helped cut our jet fuel consumption by 40.5 million gallons and CO₂ emissions by nearly 388,000 metric tons in FY11.

**Reduce, Replace, and Revolutionize:**

Includes restructuring FedEx Express routes to reduce miles driven and vehicles needed, matching vehicles to routes by energy requirements, and using smart charging algorithms to control the impact on the electric grid.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/
FedEx Express also expanded its Eco-Drive program to 10 Asia-Pacific markets: Australia, China, Hong Kong, Japan, South Korea, Malaysia, New Zealand, Singapore, Taiwan, and Thailand. Experts from Isuzu Motors teach FedEx drivers how to operate vehicles more efficiently, increasing their awareness of energy conservation, environmental protection, and general road safety.

FedEx Office has adopted technology from our other operating companies to help make routing of our local delivery vehicle fleet more efficient. This includes creating a national centralized dispatch facility and testing all-electric vans in Washington, D.C., and hybrid vehicles in other markets.

FedEx continues to be actively engaged in a variety of cross-sector and public-private collaborations to identify and pilot new technologies to improve the fuel efficiency of the global logistics industry’s vehicle fleet. This effort is reducing the entire industry’s greenhouse-gas emissions. These technological innovations include making hybrid and electric drivetrains more affordable and scalable, improving the fuel economy of conventional internal-combustion-engine vehicles, and developing an international infrastructure for vehicle electrification.

FedEx works with the U.S. Department of Energy, the Environmental Protection Agency (EPA), vehicle component manufacturers, and other commercial-vehicle-fleet owners through the CALSTART Hybrid Truck Users Forum to promote adoption of hybrid-electric and hydraulic commercial delivery trucks in the marketplace. Through these relationships, each FedEx operating company focuses on technologies that are specifically relevant to their operations and that will ultimately benefit our other operating companies—with FedEx Express exploring advancements in electric vehicle transmissions, FedEx Ground evaluating innovations in hydraulic hybrid technology, and FedEx Freight exploring the feasibility of using Liquefied Natural Gas for Class 8 long-haul trucks.

FedEx operating companies are also active in the EPA’s SmartWay program and the Department of Energy’s newly established National Clean Fleets Partnership to foster cooperation around fuel-efficiency innovation across the entire commercial-vehicle value chain. The EPA SmartWay Transport Partnership creates a market mechanism that gives carriers and shippers incentive to improve the efficiency of their operations, increase environmental performance, and increase supply chain sustainability. SmartWay partners agree to benchmark and assess freight operations, calculate fuel consumption, and track fuel efficiency. EPA creates reporting tools, calculates emissions, and publicizes partners’ performance on the SmartWay Partner List. Four of the FedEx operating companies (Custom Critical, Express, Freight, and Ground) are currently members of the EPA SmartWay Transport Partnership. For more information on the SmartWay program, visit http://www.epa.gov/smartway/.

In addition, FedEx Chairman and CEO Frederick W. Smith’s continued advocacy for commercial vehicle electrification through Securing America’s Future Energy (SAFE), where he serves as co-chair, is helping to drive a more strategic approach to ensuring that the U.S. is at the forefront of the alternative-fuel vehicle revolution.

EARTHSMART INNOVATIONS: CUSTOMER AND FEDEX SOLUTIONS RELATED TO SERVICES AND ASSETS

FedEx low-emission, hybrid-electric vehicles:

Our fleet of FedEx Express vehicles has reduced fuel consumption in North America, Europe, and Asia by more than 25 percent from the vehicles they replace.

FedEx zero-emission, all-electric vehicles:

Our fleet of FedEx Express zero-emission, all-electric vehicles reduces emissions and pollution around the world. As a part of our effort to right-size our traditional fleet and restructure routes for more efficiency, these changes have helped us save 75 million gallons of fuel.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com.
**GREENING OUR FACILITIES**

**RENEWABLE AND ALTERNATIVE ENERGY**

FedEx has generated over 18 gigawatt-hours of solar electricity since we built our first solar facility. We now have six solar-energy facilities, five in the U.S. and one in Europe. These six facilities alone have reduced CO$_2$ emissions by an estimated 6,858 metric tons. This is roughly equivalent to 768,834 gallons of gasoline or 175,846 tree seedlings growing for 10 years, based on the EPA’s Greenhouse Gas Equivalence Calculator.

The FedEx Express 350,000-square-foot solar-powered facility in Oakland, Calif., was the largest commercial solar rooftop installation at the time it was built in 2005. More than 5,700 solar-electric panels cover the 81,000 square feet of roof space, producing 904 kilowatts of power. In 2008, FedEx Freight introduced two solar-power installations at facilities in Whittier and Fontana, Calif., both systems providing a substantial portion of the facilities’ annual electricity needs.

In late 2009, FedEx Ground installed the nation’s then-largest rooftop solar-electric system at its distribution hub in Woodbridge, N.J. Capable of producing approximately 2.6 million kilowatt-hours of electricity a year, the system provides up to 30 percent of the hub’s annual energy needs. The solar-electric system at the FedEx Express facility in Cologne, Germany, went online in 2010 and has produced nearly 1.8 gigawatt-hours of power to date. In May 2011, the 1.13-megawatt FedEx Ground Rialto, Calif., solar electricity system went online and meets approximately 30 percent of that facility’s annual electricity needs.

The FedEx Express Oakland, Calif., hub is also using Bloom Energy Fuel Cell technology for electric generation. FedEx installed five 100-kilowatt fuel cells at the hub, which can run on almost any hydrocarbon fuel—ethanol, biodiesel, methane, and natural gas. These fuel cells require no combustion, producing virtually no NOx, SOx, or other smog-forming particulates. Running on natural gas, the fuel cells provide each facility with 500 kilowatts of electricity by converting natural gas to electricity. They thereby reduce the strain and dependency on the local electrical distribution grid and further our strategic investment in innovative technologies.

**RENEWABLE ENERGY CREDITS**

In addition to the renewable energy generated on-site, FedEx Office purchased 33,333 renewable energy credits (REC) to offset emissions associated with the electricity used in FY11 and to support efforts to generate electricity from renewable sources. Each REC purchased represents 1,000 kilowatt-hours of electricity produced by a renewable energy facility.

**Renewable Energy Credits**

33,333 MWh

In addition, FedEx Ground recently purchased 1,855 Green E-certified, “NewMix” National Wind RECs, equating to an offset of 2,033,433 pounds of CO$_2$ emissions for the associated indirect grid electricity emissions at seven hub and station locations in Pennsylvania. This initial purchase was part of a recent strategically designed energy procurement effort whose ultimate goal is to offset the Scope 2 emissions associated with electricity consumed at more than 500 FedEx Ground facilities in the U.S. and Canada.

**LEED® CERTIFIED FACILITIES**

All new, and some existing, FedEx Express U.S. buildings will seek LEED (Leadership in Energy & Environmental Design) certification. These certifications help FedEx to conserve energy, improve the environment, and create a better workplace. The FedEx Express Las Vegas facility was the first to earn LEED certification, reducing indoor water use by 49 percent compared with code-compliant plumbing, improving energy savings by 42 percent through design elements such as skylights and evaporative cooling, diverting 86 percent of all construction waste through recycling and reclamation of materials, and ensuring that more than 75 percent of regularly occupied spaces are sunlit to reduce the need for electric lights and provide better workspaces.

The FedEx Express World Headquarters in Memphis received LEED Gold certification in January 2011, under the U.S. Green Building Council’s LEED for Existing Buildings Rating System. The FedEx Enterprise Data Center-West, in Colorado Springs, Colo., is now certified LEED Gold under the new rating system for new construction and is a winner of International Data Group’s InfoWorld Green 15 Award. Two additional FedEx stations in Houston, Texas, were certified as LEED Silver in the fall of 2011, and the certifications of five other facilities are pending.
When it comes to green roofs at airports, nothing in the country tops the FedEx Express cargo facility at Chicago’s O’Hare International Airport. The new O’Hare FedEx Express package-sorting center conducts operations under the largest continuous vegetated roof at an airport in the U.S.: It is the size of three football fields. FedEx and the Chicago Department of Aviation are also pursuing LEED Gold certification for the facility, extending the company’s intent announced earlier this year of LEED certification for all new U.S. FedEx Express properties. For more information on the Chicago O’Hare green roof, go to news.van.fedex.com/OHareGreenRoof.

FACILITIES WITH ISO 14001 CERTIFICATION

International Organization for Standardization (ISO) 14001 provides a framework for a holistic, strategic approach to an organization’s environmental policy, plans, and actions. It outlines requirements for environmental management systems, and 51 of our facilities meet those requirements. 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, and FedEx Express instituted an EMS that is based upon ISO 14001 requirements for its U.S. locations. Fifty FedEx facilities in the United Kingdom in September 2008 became the first FedEx locations to achieve ISO 14001 certification. This was followed by certification of the FedEx international hub in Paris, France.

ISO 14001 Certification

We continue to deploy the EMS globally, and FedEx 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 website 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.

WASTE STREAMS AND RECYCLING

WASTE STREAMS

The majority of our waste is considered nonhazardous and municipal solid waste, much like regular household garbage. The remaining waste streams include: hazardous waste, which is dangerous or potentially harmful to human health or the environment; “universal waste,” which includes batteries, pesticides, mercury-containing equipment, and light bulbs; and e-waste, such as obsolete handheld scanners, computers, and peripheral devices. We are working toward a goal of reporting the total solid-waste generated at our global facilities across our enterprise in the near future.

Waste Streams

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
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<tbody>
<tr>
<td>2.83% hazardous</td>
<td>3.37% hazardous</td>
</tr>
<tr>
<td>1.30% e-waste</td>
<td>1.17% e-waste</td>
</tr>
<tr>
<td>0.11% universal</td>
<td>0.14% universal</td>
</tr>
</tbody>
</table>

Waste Streams

95.76% nonhazardous (includes solid waste)

95.32% nonhazardous (includes solid waste)

EARTHSMART INNOVATIONS: CUSTOMER AND FEDEX SOLUTIONS RELATED TO SERVICES AND ASSETS

FedEx LEED certified facilities:

FedEx LEED facilities include a collective of offices, hubs, warehouses, and data centers. All new, and some existing, FedEx Express U.S. buildings will seek LEED certification.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/.
customers in the field. Through its innovative designs, the RSC delivers fast and flexible quality solutions to satisfy customer needs.

In 2007, the RSC relocated to a new 138,000-square-foot facility in Collierville, Tenn. To maintain our commitment to quality and customer satisfaction, the new facility features a highly automated sort system. This state-of-the-art electronic repair facility continues to provide our customers with our Best Cost Performance and Best in Class repair operations, while providing increased security for the equipment entrusted to us for repair.

**Recycling**

In FY11, we recycled 6.4 million more pounds of the waste generated at our facilities than we did in FY10. Based on the waste generation we currently track, our recycling rose 10 points, to 36 percent in FY11.

At FedEx, we’ve found opportunities to extend the useful life of a number of materials we use at our business through recycling programs. These efforts help divert millions of pounds from landfills. For example, our in-store recycling program at FedEx Office allows us to recycle waste in a secure fashion, and in 2011, FedEx Office locations recycled more than five million pounds of paper, saving almost 8,000 cubic yards of landfill space and over 44,000 trees through that program.

The EarthSmart @ Work programs—Ground Green, Freight Waste Watch, and FedEx Office Paper Recycling—are finding ways to responsibly recycle everything from paper to motor oil. And in some cases, we are even reselling our recycled packaging. EarthSmart @ Work will continue to challenge our team members to find new ways to recycle and/or reuse a significant percentage of waste, including nonhazardous, hazardous, universal, and e-waste.

U.S. domestic e-waste generated by our operating companies is processed by the FedEx TechConnect Repair Service Center (RSC) and then sent to an external domestic e-waste recycler. FedEx has been a leader in using innovative technologies to power our global shipping and information networks. For more than 30 years, FedEx has put a high priority on keeping these technologies in top working order, and our team of highly trained FedEx technology-repair specialists has always met this unique challenge. The RSC provides repair and logistics services of equipment used both by FedEx employees and

**Recycling Totals (in millions of lbs.)**

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<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
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<tbody>
<tr>
<td></td>
<td>41.5</td>
<td>47.9</td>
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**Recycling Percentages**

<table>
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<tr>
<th></th>
<th>FY10</th>
<th>FY11</th>
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<tbody>
<tr>
<td></td>
<td>26%</td>
<td>36%</td>
</tr>
</tbody>
</table>

**EARTHSMART @ WORK: WORKPLACE EMPLOYEE-ENGAGEMENT PROGRAMS**

**Ground Green:**
FedEx Ground and EPA Waste Wise work together to help team members reduce landfill waste by recycling everything from paper to cardboard to wooden pallets.

**Simplify Your Center:**
Through simple changes like electronic shipping and transitioning to reusable safety deposit bags instead of disposable envelopes, FedEx Office has been able to produce operational efficiencies that benefit our customers and meet our quantifiable environmental standards for sustainability.

**Waste Watch:**
FedEx Freight Local Environmental Action Facilitators (LEAFs) monitor waste consumption, recycling efforts, and water usage at our FedEx Freight sites.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/
Environment & Efficiency

PAPER AND PACKAGING

RESPONSIBLY SOURCED PAPER

We seek to buy paper for our FedEx Office® Print and Ship Centers from suppliers that have been certified by the Forest Stewardship Council (FSC), which helps ensure responsible forest management. In FY11, we increased the percentage of FSC-certified paper used in our FedEx Office Print and Ship Centers to 80 percent.

FSC-Certified Paper

At our 1,800-plus FedEx Office locations in the U.S., Canada, and internationally, we provide consumers sustainable solutions to choose from through our diverse portfolio of paper-product offerings. More than 70 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 customers can have documents professionally printed and finished closer to where they are needed, reducing the resources required to physically transport shipments—and reducing greenhouse-gas emissions.

In addition, all of the FedEx operating companies are working to increase the amount of responsibly sourced paper used for internal operations. For instance, in FY11 we increased the percentage of paper produced from recycled content that we track to 16 percent from 6 percent, resulting in an overall increase of 141 percent for that type of paper consumed in our offices and facilities. This increase was due both to improved reporting of recycled paper usage by our key supplier as well as enhanced product offerings to meet the demand for recycled paper content across the enterprise.

PACKAGING

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. At the FedEx Packaging Lab, our engineers use the latest materials and tools to solve shipping challenges, including environmental ones, and today, most FedEx packaging is recyclable and contains recycled materials.

- The iconic FedEx Express® overnight envelope is composed of 100 percent recycled paperboard.
- FedEx® 10-kilogram and 25-kilogram boxes contain a minimum of 70 percent recycled content and are recyclable.

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

EARTHSWARM @ WORK: WORKPLACE EMPLOYEE-ENGAGEMENT PROGRAMS

LEAF:

FedEx Freight LEAFs educate and encourage team members to conserve our resources and track progress.

Energy Watch:

FedEx Freight LEAFs keep tabs on energy consumption statistics via monthly reports shared with the team.

Green Site:

As FedEx Freight team members take action to conserve resources, their progress is tracked, moving their site toward Green Site certification.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/
In 2009, FedEx Ground started using a special machine that shreds used cardboard packaging into a flexible packing material called “cardboard shred.” This cardboard shred now replaces traditional packing materials such as Styrofoam peanuts and bubble wrap, and it diverts tons of used cardboard from landfills. These machines can also cut the cardboard shred into a variety of sizes, allowing for repacking of different size boxes, and are portable enough to fit easily in local sorting stations where space is limited. Since 2009, FedEx Ground has placed 40 of these machines at key hubs and stations so far, with an annual estimated rate of return of 13 percent on this investment by eliminating the need to purchase new packing materials.

In addition, the boxes used to send paper reams to FedEx Office locations are made of top-tier green materials. The paperboard utilized for these boxes is a chip paperboard that is 100 percent recycled, 100 percent recyclable, and 100 percent made from post-consumer reclaimed fiber. And it is printed with water- and soy-based inks. This product is certified by the Forestry Stewardship Council, as are the facilities that manufacture the box.

For more information on our sustainable solutions, go to solutionsthattermann fv fedex com/standard phps sustainability.

FINES AND PENALTIES

In FY11, environmental inspections resulted in a total of $1,700 in assessments. In addition, FedEx paid a retroactive penalty of $12,000 for an assessment from FY10 that was not included in last year’s reported totals.

EARTHSMART INNOVATIONS: CUSTOMER AND FEDEX SOLUTIONS RELATED TO SERVICES AND ASSETS

FedEx Paperless Processing:
FedEx paperless processing reduces paper waste and improves business efficiencies using tools like FedEx Electronic Trade Documents.

FedEx Color Management Program:
FedEx Office has implemented a new printing technology that optimizes ink usage and creates even better color output from our wide-format printers using Intelligent Color Engine (ICE) software.

FedEx® Reusable Sturdy Pak:
The FedEx Express Reusable Sturdy Pak is a 100 percent recycled packaging solution that can be used twice for shipping heavier documents, binders, folders, and more.

To learn more about our EarthSmart programs, go to earthsmart.fedex.com/
AWARDS AND RECOGNITION

The FedEx Enterprise Data Center-West in Colorado Springs, Colo., was among the winners in International Data Group’s InfoWorld “Green 15 Award” in 2011 in recognition of the many sustainable construction practices that also earned the facility the coveted LEED Gold certification. The 140,000-square-foot facility has a power-usage effectiveness rating (a measure of how efficiently a computer data center uses its power) of 1.28. The total project achieved energy cost savings of 12.8 percent. A short video showcasing the center can be found at http://www.youtube.com/watch?v=4NV_puw5VtI&feature=player_embedded.

In October 2010, FedEx was the only company in its industry to receive The International Charter’s Committed to the Environment Award. The Committed to the Environment program has two main aims. First, it recognizes and rewards companies that are leading the way in understanding and addressing their environmental impact. Second, it establishes a standard for environmental responsibility, encouraging companies through example to make similar efforts and address their environmental impact in a realistic, forward-thinking, and sustainable way.

FedEx also earned the Corporate Balance Award from the Lindbergh Foundation in 2010, in recognition of the great strides we have taken to become an environmentally responsible corporation. And in 2012, the Lindbergh Foundation announced that FedEx has joined the Aviation Green Alliance as a Founding Member. The Aviation Green Alliance was established to create multiple platforms for members to share strategies, findings, progress, and ideas related to aviation’s environmental challenges. For more information, visit http://www.lindberghfoundation.org/docs/index.php/fedex.

In 2011, FedEx, along with global public relations vendor Ketchum, was recognized with the Gold SABRE Award for Corporate Social Responsibility for the “FedEx Sea Turtle Rescue—From Shell to Shining Sea” campaign that helped save as many as 25,000 loggerhead sea turtle eggs. FedEx worked with the National Fish and Wildlife Foundation to help transport the sea turtle eggs that might have been affected by the Gulf oil spill to safety on Florida’s Atlantic Coast in 2010.

Also in 2011, FedEx received a score of 65, an increase of 7 points over 2010, and was classified as “Striding” on the Climate Counts Scorecard, in recognition of progress toward our greenhouse emissions reduction targets, and our advocacy for comprehensive climate change public policy. More information on our Climate Counts Scorecard can be found at http://www.climatecounts.org/scorecard_score.php?co=72.

In April 2012, FedEx was included in the Maplecroft Climate Innovation Indexes, which rate the largest companies in the U.S. on their climate-related innovation and carbon management programs. The indexes help to identify the companies best placed to seize opportunities in the low-carbon economy of the future. FedEx ranked 37th out of 346 companies analyzed—a rise of 150 places compared with 2011.

In February 2011, FedEx won the Dubai Award for Sustainable Transport sponsored by the Dubai government’s Roads and Transport Authority in the “Environmental Protection” category with our submission “EarthSmart—Cleaner Vehicles, Greener Deliveries.” Fifty-one facilities in our Europe-Middle East-Africa region are ISO 14001 certified, including our Paris hub at Roissy-Charles de Gaulle Airport, the largest FedEx hub outside the U.S.

In 2009 and 2010, FedEx Office received the highest scores in our industry on the Green Grades report—a report card on the paper practices of the office supply sector. And during that same timeframe, the Environmental Protection Agency ranked FedEx Office No. 1 among commercial printers supporting renewable energy.

In May 2012, FedEx Express was recognized by Penton Media’s Air Transport World (ATW) in the inaugural ATW 2012 Eco-Aviation Awards with the Silver Eco-Airline of the Year Award for our approach to minimizing impact on the environment and for pointing the way for other companies in the aviation and logistics industries, and beyond, to improve their own environmental performance.

In April 2010, FedEx Ground was awarded the Oregon Brownfield Award in recognition of the work done in transforming a former brownfield site in Troutdale, Ore., into a $129 million state-of-the-art package sorting hub, which is set to open in late summer of 2012. The new FedEx Ground hub is located on 78 acres within the Port of Portland’s 693-acre Troutdale Reynolds Industrial Park that was once the home of a Reynolds Metals aluminum smelter. The first occupant in the industrial park, FedEx Ground, is returning a once-contaminated parcel to productive use.
All currencies are translated in U.S. dollars.
Our corporate resources include financial contributions, in-kind charitable shipping services, and volunteer services by our team members. With our world-class shipping and logistics expertise, backed by the broad reach of our networks and more than 300,000 team members around the world, we have a unique ability to help communities that find themselves in need.

Community and Disaster Relief is one of four specific areas where FedEx documents progress each year in our Global Citizenship Report. Along with Economics and Access, Environment and Efficiency, and People and Workplace, we offer data, information, and examples in our report of how we live up to our responsibilities. FedEx team members contribute to our progress in these four important areas, their actions speaking just as loudly as the numbers that mark our progress.

With Community and Disaster Relief, our investments work in important and meaningful ways within three core focus areas:

**Emergency and Disaster Relief**
FedEx works with a number of international disaster response organizations that bring relief to victims of emergencies or natural disasters. Specifically, we direct our funds toward the quick and efficient transport of aid and disaster preparedness education initiatives.

**Child Pedestrian Safety**
FedEx is interested in supporting organizations that help keep child pedestrians safe through increasing awareness and knowledge of pedestrian safety as an issue, helping change unsafe child pedestrian behaviors, and/or creating environmental improvements to keep child pedestrians safe in local communities.

**Environmental Sustainability**
FedEx prioritizes philanthropic and volunteer efforts that benefit the environment and strategically align with our business goals. We focus our investments to create sustainable transportation solutions in the developing world to support healthy urban environments, preserve valuable ecosystems, and identify new ways to balance access to trade and investment with responsible environmental stewardship.

In addition to our three core areas, FedEx also supports strategic community investment in education and diversity as well as local-market efforts that support team members’ community service initiatives.

**Charitable Giving**

| Cash and in-kind giving (as % of pre-tax profits) | 1.24% |

**EMERGENCY AND DISASTER RELIEF**

Recognizing that because of the nature of our business FedEx will continue to be at the forefront of relief efforts, our major focus for charitable shipping is emergency and disaster relief. FedEx primarily aligns with four nonprofit agencies to coordinate relief efforts:

- American Red Cross
- Direct Relief International
- Heart to Heart International
- The Salvation Army

Overall, FedEx donated space for 5.2 million pounds of charitable shipping globally. Converting this donation, FedEx Express transported the equivalent of 87 planes (Boeing 757Fs) in donated aid. A total of 142 truckloads and 57 LTL (less-than-truckload) loads were transported through FedEx Custom Critical and FedEx Freight.

**Charitable Shipping**

**American Red Cross**
FedEx has provided in-kind shipping, financial support, and volunteers to the American Red Cross for 17 years. We are its largest transportation donor and are recognized as the backbone of its U.S. disaster logistics system. The majority of our charitable shipping was donated to the American Red Cross (1 million pounds).

Beginning in April 2011, disaster response ramped up in the U.S. with an unprecedented 35 large-scale disasters in 24 states. During the month of May, FedEx supported the American Red Cross by providing 30 truckloads and $36,000 of in-kind shipping through FedEx Express. This included 4,871 shipments weighing 199,311 pounds, our largest disaster response in the U.S. since Hurricane Katrina.

The American Red Cross “Ready When the Time Comes” program trained FedEx team members to staff three shelters in the Memphis area during the 2011 Mississippi River flooding.
Community & Disaster Relief

**American Red Cross**

1,000,000 lbs.

In addition to vital relief supplies, FedEx also transports laptop computers, cell phones, and other vital communications equipment from the American Red Cross technology warehouse in Austin, Texas. The timely arrival of logistical support enables the American Red Cross to continue with every disaster response as efficiently as possible.

**DIRECT RELIEF INTERNATIONAL**

FedEx supported the delivery of 2,309 shipments to Direct Relief International’s healthcare partners—an increase of 204 percent from the previous project term. In total, these shipments weighed 366,453 pounds and contained $37.1 million (wholesale) worth of medicines, medical supplies, and equipment. Direct Relief supports more than 1,000 clinics and health centers every year, with shipping donated by FedEx.

**Heart to Heart International**

We use our network to help Heart to Heart International ship donated medical supplies around the world. Additionally, a new Heart to Heart initiative called the “Ready Relief Box” is part of the donated medical shipment program. 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.

**Relief Efforts in Haiti**

One year after the devastating earthquake in Haiti, FedEx continued to support the global relief efforts there through the American Red Cross, Heart to Heart International, Direct Relief International, and Water Missions International. To date, we have provided more than $2 million in-kind and cash support for the earthquake relief efforts in Haiti.

Within seven days after the 2010 Haiti earthquake, FedEx had shipped more than 500,000 pounds, and within the first month, FedEx shipped more than 1 million pounds. With the cholera outbreak, emergency shipments expanded to reach a total of 2 million pounds. FedEx delivered 1 million sachets of oral rehydration salts for cholera victims for the American Red Cross. Each packet mixes with one liter of water and helps replace water and electrolytes lost. Our Miami international agents donated time to prepare the paperwork and logistics for 33 tons on three shipments. About 450,000 people in Haiti now receive clean water following the shipment of 60 water purification units from Water Missions International. FedEx Trade Networks also donated the shipping to bring 5,000 cots, weighing 59 tons, to the American Red Cross for use by cholera victims in hospitals.

**RELIEF EFFORTS IN JAPAN**

After a massive earthquake and tsunami struck the northeast of Japan on March 11, 2011, Japanese Emergency NGOs (JEN), a local nonprofit organization with long-term support from FedEx in Japan, established a volunteer center in Ishinomaki City, Miyagi Prefecture, which suffered greatly in the devastating quake and tsunami.

On April 12, 2011, JEN, together with other nonprofit organizations and individual volunteers, began a series of workshops called “Mud Busters” aimed at removing mud from the houses still habitable. FedEx volunteers were bused in from Tokyo, and through this effort, the harmful dust and health risks associated with dried mud were reduced. Overall, FedEx contributed $1 million to provide support for those affected by the disaster, and almost 100 FedEx employees volunteered for the effort.

Volunteers from FedEx Express Japan and JEN also worked together to harvest rice in the Iketani and Iriyama villages, Niigata Prefecture. The rice harvest was the third phase in an agricultural volunteer program designed to help revitalize an area affected by the 2004 Niigata Chuetsu earthquake.

**RELIEF EFFORTS IN AFRICA**

In response to the 2011 famine in Somalia, FedEx Express delivered approximately 182 metric tons (400,000 pounds) of high-nutrient food to Nairobi, Kenya. The charitable initiative was organized in collaboration with UNICEF with the aim of offering life-saving assistance to severely malnourished children in south and central Somalia. To complete the large-scale humanitarian mission, FedEx used a Boeing 777F aircraft for two relief flights. The in-kind donations currently make FedEx the single largest provider of philanthropic air lifts of aid for UNICEF in response to the famine in Somalia. Together, the loads helped treat over 6,000 severely malnourished children and provided fortified food for 4,000 families for two weeks.
CHILD PEDESTRIAN SAFETY: SAFE KIDS

Together with Safe Kids Worldwide, FedEx established the Safe Kids Walk This Way program to teach drivers and child pedestrians about safe behaviors and to create safer, more walkable communities. The goal of this joint initiative is to prevent pedestrian-related injury to children. Since the launch of the program in 2000, Safe Kids Walk This Way has enabled FedEx volunteers to reach families in thousands of communities around the world.

Safe Kids Walk This Way programming includes annual events as well as year-round initiatives. With programs in nine countries—U.S., China, Brazil, India, Canada, South Korea, Vietnam, Thailand, and the Philippines—hundreds of thousands of children, teachers, and parents each year join FedEx volunteers to celebrate International Walk to School Day activities. These local celebrations include mass walks to school, educational programs, and opportunities for community leaders to shine a light on a particular pedestrian safety issue in their communities. Important local issues highlighted have included unsafe intersections, schools that lack crossing guards, and streets where there are no safe sidewalks.

Safe Kids Walk This Way

1,476 volunteers
1.1 Million participants
320 cities

WORLD RESOURCES INSTITUTE–EMBARQ

FedEx actively works with EMBARQ, the World Resources Institute’s Center for Sustainable Transport. EMBARQ helps cities design safe, efficient, and environmentally responsible transportation networks that deal with the challenges of traffic congestion and pollution. The collaboration between FedEx and EMBARQ provides the potential for a better environment, less congestion, increased safety, and enhanced competitiveness in cities where we do business. Given our extensive knowledge of vehicle technologies and traffic patterns in the world’s cities, we believe we have much to contribute.

In 2011, FedEx announced a two-year, $1.4 million collaboration with EMBARQ to optimize city bus operations in Mexico, Brazil, and India. The funds will enable EMBARQ to provide technical expertise on sustainable transportation projects that improve the quality of life in cities. The grant builds upon the successful collaboration between FedEx and EMBARQ’s Center for Sustainable Transport, which began in February 2010 with a $500,000 grant to help Mexico City’s Metrobus optimize its vehicle operations. FedEx will also work with EMBARQ’s Research and Practice team to create a decision support system for helping Brazilian cities choose, based on cost-effectiveness and environmental benefits, the best fuel and vehicle technologies for new transit systems.

In 2011, EMBARQ and FedEx launched the EMBARQ–FedEx Fellowship, a two-year program that equips promising staff in EMBARQ’s Mexico, Brazil, and India offices to make an impact in their respective communities by completing a leadership and technical training curriculum at FedEx corporate headquarters and using that knowledge for their work in their respective countries.

THE KEYSTONE CENTER: STUDENTS FOR SUSTAINABLE CITIES

In 2011, FedEx support enabled The Keystone Center to launch a new program in Pittsburgh called Students for Sustainable Cities. The Students for Sustainable Cities curriculum enables teachers and students to explore the ways environmental health, social well-being, and economic vitality are interconnected while creating lasting change in their communities and schools. Teachers and students will share their plans with students in their schools and engage students in the community action projects they have chosen. The program started with a two-day workshop for teachers and students, and is now part of a larger curriculum unit that runs through 2012.

NATIONAL FISH AND WILDLIFE FOUNDATION

In 2010, FedEx supported urban conservation projects in six cities and expanded to 12 cities in 2011. FedEx team members in Seattle, San Francisco, Los Angeles, Dallas, Memphis, Chicago, Indianapolis, Pittsburgh, Boston, New York, Philadelphia, and Washington, D.C., participated in a variety of activities, including tree plantings, green roof installations, schoolyard greening, and waterway clean-ups. Results from 2011 include:
Community & Disaster Relief

OPERATION WARM

Operation Warm began with a simple focus: providing U.S. children with new winter coats. FedEx provided logistics expertise and created a distribution system that delivered 200,000 coats last year. FedEx volunteers in key markets receive the coats in shipments from China and assist Operation Warm with distribution to local agencies.

DELIVERING SUSTAINABLE HABITATS

FedEx has been involved in a number of efforts dedicated to helping the world’s animal population find sustainable habitats.

- Recently, two orphaned grizzly cubs were shipped by FedEx from Alaska to Indiana. The cubs were about 10 months old when Alaska Fish and Wildlife officials euthanized their mother. We worked with the Indianapolis Zoo on the rescue shipment.
- Working with the Wild Animal Sanctuary outside of Denver, Colo., FedEx provided the transportation to rescue three ailing lionesses from Panama to their new home in the sanctuary.
- As winter approached, Topeka Zoo in Kansas found it had run out of indoor space for its growing hippopotamus family. FedEx helped relocate Tucker the hippo to San Francisco, giving Tucker a new warm home.
- FedEx moved three rescued grizzly cubs from Anchorage, Alaska, to Detroit. The three brothers were orphaned by a poacher in Alaska and were given a permanent home in the Detroit Zoo.
- When a Texas couple ended their marriage in divorce, the four hand-raised tigers used for supplemental income faced euthanasia. FedEx transported the cats to their new home in California’s Oakland Zoo.
- FedEx made two separate shipments of two giant pandas each aboard a specially branded Boeing 777F, the “FedEx Panda Express.” The pandas traveled in custom-built enclosures and were professionally transported from China to their new homes in Scotland and France. The arrival of the pandas marks the first time in more than 17 years that giant pandas will reside in the U.K. and more than 10 years in France.

EDUCATION

Education is a strategic giving area at FedEx which invests charitable dollars, volunteer hours, and expertise to educational institutions and organizations preparing students to participate in the global economy. FedEx focuses on three areas:

Access
Engage students in the global economy.

Innovation
Support reform that closes the achievement gap.

OTHER CHARITABLE SHIPPING AND STRATEGIC GIVING

In addition to our three core focus areas of Emergency and Disaster Relief, Child Pedestrian Safety, and Environmental Sustainability, FedEx provides additional charitable shipping, education programs, strategic community investment, and other local efforts that support service initiatives of our team members.

FIRST ROBOTICS

FedEx celebrated our 10th year of providing shipping support for FIRST Robotics (For Inspiration and Recognition of Science and Technology) by donating team-built robot crates. Total shipments equaled 800,000 pounds of in-kind shipping in FY11, the second-largest recurring charitable shipping program we sponsor. Our collaboration with FIRST Robotics encourages students across the globe to embrace technology, innovation, and forward-thinking. For the past 10 years, FedEx has been supporting teams across the U.S. and world with donated shipping. In FY11, FedEx supported 3,000 teams with 210,000 youth and more than 90,000 mentors, coaches, and volunteers from 56 countries. Donated shipping provided support for student teams responsible for designing, building, and programming their robots to compete in an alliance format against other teams. Teams are required to develop strategy and build robots based on sound engineering principles.

INTERNATIONAL CHILDREN’S HEART FOUNDATION

For the past 12 years, we have provided medical shipments for Memphis-based International Children’s Heart Foundation. A team of surgeons donates its time, and the foundation recently reached a life-saving milestone, providing 3,000 children in 20 countries with free open-heart surgery.

- More than 15,510 trees and shrubs planted.
- More than 200 acres of urban wildlife restored.
- Reduced the amount of polluted storm water entering urban rivers by more than 570,000 gallons per year.
- Mobilized more than 9,000 community members to engage in on-the-ground conservation.

800,000 lbs.
Diversity
Advance opportunities for minorities through higher education.

Access
When global connections form, local economies flourish, jobs are created, and people prosper. At FedEx, we are passionate about expanding the reach of this force we call Access, and our work with Junior Achievement (JA) helps younger generations learn more about its potential.

FedEx has supported Junior Achievement for more than 20 years, through various funding opportunities and initiatives. Our team members also volunteer their time and expertise to educate students on business, trade, and economies around the world.

FedEx supports the Junior Achievement Company of the Year competitions in North America, Latin America, Europe, Africa, the Middle East, and Asia-Pacific. The JA Company Program helps high school students appreciate and understand the role of business in our society by organizing and operating an actual enterprise. FedEx also supports Junior Achievement in multiple U.S. markets, providing FedEx strong local visibility and opportunities for team members to educate and mentor students. These markets include Memphis, Indianapolis, New York, Atlanta, Minneapolis, Phoenix, Colorado Springs, and Oakland.

Innovation and Diversity
FedEx has made increasing investments in helping to close the achievement gap. We support innovative organizations that create opportunities for students, such as New Leaders for New Schools and Teach For America (TFA). FedEx also provides support to Teach For All, the international organization, to expand similar programs in our Latin America-Caribbean region.

FedEx has invested more than $1.75 million since FY07 in Teach For America’s national and regional operations. The commitment supports TFA National Diversity and Inclusiveness programs, enabling TFA to:

• Broaden the diversity of people applying to the program, with 34 percent of the 2011–2012 applicants identifying themselves as a person of color.
• Engage thousands in the Community Speaker Series on educational inequity.
• Bring more than 200 corps members to Memphis, helping nearly 15,000 students.
• Bring almost 200 Rising Leader undergraduates to Washington, D.C., to become advocates for closing the achievement gap.
• Engage more than 25 executives during Teach For America Week in Newark, Dallas, Memphis, Indianapolis, Milwaukee, Miami, and Washington, D.C. FedEx executives visit TFA classrooms and share their knowledge and personal insights with students.
• Provide Teach For America corps members with FedEx Office discounts for print and copy services, lowering their out-of-pocket expenses for classroom materials.

Minority Scholarships and Programs
FedEx is committed to increasing the number of minority students in the U.S. who can go to college and prepare to work in the global economy. We do this by providing scholarships and internships for minority students while also investing in programs that educate and prepare students and their families to apply for college.

FedEx supports minority scholarships with the following organizations:

American Indian College Fund (AICF), Asian & Pacific Islander American Scholarship Fund (APIASF), Hispanic Scholarship Fund (HSF), INROADS, the United Negro College Fund (UNCF), plus endowment scholarships with the University of Mississippi, Jackson State University, and Tennessee State University.

FedEx supports minority outreach events with various organizations:

• Hispanic Scholarship Fund Town Hall Meetings, inspirational, bilingual sessions where students and their families receive information about the value and affordability of a college education. Hispanic Scholarship Fund Alumni Hall of Fame Gala, an annual event celebrating the accomplishments, contributions, and service of HSF alumni who inspire future generations of Latino college graduates on the power of education to overcome life’s challenges.
• The UNCF Empower Me Tour series, created to motivate middle and high school students to prepare for college and pursue academic excellence. FedEx also sponsors the UNCF National Alumni Conference, designed to provide networking, motivational, and educational workshops and events for alumni, college students, college presidents, and UNCF staff.
• INROADS Southeast Summit inspires interns to be greater and provides interns valuable information on career development. INROADS works with underserved youth, preparing them for corporate and community leadership.
• Memphis Challenge Leadership Training programs for high school juniors and seniors.
• Facing History and Ourselves programs train teachers how to teach diversity in the classroom.

VOLUNTEERING AND THE UNITED WAY
FedEx plays an active role in improving life in the communities we serve. Thousands of our team members volunteer each year to make our local communities better places to live, work, and play.

Our team members support causes in their hometowns every day. Whether it’s 150 employees in South Florida participating in a beautification project at a local school or two volunteers staffing a clothing drive for Dress for Success in Washington, D.C., our team members are actively involved and committed to addressing the needs of the communities where they work and live.

The FedEx culture’s passion for volunteerism extends across borders and throughout the entire organization. In Korea, for example, volunteers have...
been in the field helping teach children about pedestrian safety while team members in Canada have participated in a Tower Climb to benefit local organizations. In Germany, our volunteers are involved with Die Tafel Frankfurt, a nonprofit organization that collects food from restaurants, supermarkets, and bakeries to donate to people in need. And, in Uruguay, one of our team members led a project that recruited more than 300 volunteers to deliver toys for 700 children. FedEx also champions the creation of a Latin American Advisory Council in support of the Center for Excellence in Early Education. Together with the United Way, we aim to improve quality early education in the region.

FedEx Cares Week

3,400 volunteers
16,000 hours volunteered
72 cities

Each fall, FedEx team members around the world participate in FedEx Cares Week, a volunteer event that benefits local communities and the United Way. In FY11, each of 30 cities in the U.S., 4 in our Europe, Middle East, Indian Subcontinent and Africa region, 12 in our Asia-Pacific region and 26 in our Latin America-Caribbean region hosted a week of service, allowing more than 3,400 FedEx team members to volunteer their time. Projects range from refurbishing and beautifying local attractions, building playgrounds, and painting childcare centers to sorting and organizing food donations at local food banks.

ORBIS INTERNATIONAL

Nearly three-quarters of all cases of blindness in the world could be prevented or treated with proper medical care. Through our 29-year involvement with ORBIS International, FedEx is proud to have helped deliver the gift of sight to the world. 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.

FedEx volunteers play key roles throughout the ORBIS program. Last year, dozens of FedEx team members helped support Flying Eye Hospital medical programs in Peru, the Philippines, and Vietnam. We also provide aircraft maintenance and complimentary transportation for critical medical supplies headed to ORBIS hospital-based programs around the world.

In 2011, FedEx announced the renewal of a five-year, $5.5 million pledge of cash and in-kind support and donated an MD-10 airframe to ORBIS to serve as the basis for the next generation Flying Eye Hospital.

FEDEXFAMILYHOUSE

FedEx is the title sponsor and major supporter of FedExFamilyHouse, a cost-free “home away from home” for families with children in treatment at Le Bonheur Children’s Hospital in Memphis. FedExFamilyHouse, which opened in December 2010, is one of the first sustainable, green pediatric residence facilities in the U.S., and is Leadership in Energy and Environmental Design (LEED) certified. FedExFamilyHouse supports Le Bonheur’s long-term vision to become a top pediatric facility, built upon the concept of medical excellence and family-centered care.

TEAM MEMBER COMMUNITY INVOLVEMENT

FedEx encourages team members to participate in local-market community efforts ranging from volunteer efforts to sponsorships and donations. A sampling of our global activities includes:

Helping Children Thrive

- **TEDxKids:** Thinkers in education and technology offer students hands-on, practical workshops. FedEx sponsored an event in Brussels encouraging creative thinking, team building, and problem solving.
- More than 70,000 children’s books were collected throughout seven countries in Latin America and the Caribbean, as well as in South Florida, as part of an ongoing commitment to education through the annual FedEx Entrega campaign.
- FedEx employees in various Asia-Pacific markets mentor youths aged 14–17 during a day of job shadowing, helping students experience a work environment at a multinational corporation. FedEx reaffirmed its support for young entrepreneurs in Malaysia by sponsoring 50 students, helping them gain practical understanding of basic economics and the business cycle.
- FedEx supports programs at Pittsburgh’s Carnegie Science Center that strive to inspire children’s interest in science, technology, engineering, and math. FedEx employees volunteer at week-long fairs for middle and high school students and on an ongoing basis at the Carnegie Science Center where students imagine, design, and build cities of the future.
- FedEx works with Child Rights and You (CRY) to ensure basic fundamental rights for children in 40 villages in eastern India. The program focuses on healthcare, education, sustainable livelihood (community farming), and community mobilization for collective actions (watershed program).
- FedEx worked with the Children’s Hospital of Pittsburgh to sponsor a playroom in the hospital’s in-patient care department, and to support bi-weekly volunteer efforts with the “FedEx Ground Comfort Cart.” The Comfort Cart, modeled after a ground delivery van, travels through the hospital providing snacks, water, toiletry items, games, and books to doctors, patients, and their families.
AWARDS AND RECOGNITION

The Division of the Civilian Volunteer Medical Reserve Corps (DCVMRC) presented its 2012 National Leadership and Partnership award to FedEx for our work to equip more than 1,200 Medical Reserve Corps (MRC) volunteers with Direct Relief International’s MRC Med-Pack Program. The DCVMRC is headquartered in the Office of the U.S. Surgeon General.

In March, FedEx won top prize in the 2012 Boston College Center for Corporate Citizenship CSR Film Festival for our three-minute video featuring work with ORBIS International. ORBIS is a global blindness prevention agency that operates the world’s only Flying Eye Hospital, a converted DC-10 aircraft that houses a classroom, a surgical facility, and a recovery room. FedEx has been supporting ORBIS for 29 years, providing maintenance on the Flying Eye Hospital plane and having our crewmembers serve as volunteer pilots.

Also in March 2012, FedEx won the Excellence in Corporate Philanthropy “Sleeves Rolled Up” award from The Salvation Army for our ongoing support of their disaster response and recovery programs.

In November 2011, the U.S. Chamber of Commerce’s Business Civic Leadership Center included FedEx as a Corporate Citizenship Award Finalist in the “Best Business Neighbor” category, in recognition of excellent U.S. community service or civic leadership through our EarthSmart Outreach collaboration with the National Fish and Wildlife Foundation.

The Prince Michael International Road Safety Award was presented to FedEx in Great Britain in April 2011, in recognition of the contribution that our Safe Kids Walk This Way program made toward improving road safety worldwide. Since 1987, Prince Michael of Kent has made his awards in recognition of outstanding achievement and innovation in road safety. Now his awards recognize organizations that make a significant contribution to reducing death and injuries on the world’s roads.

Also in 2011, we received the Corporate Citizen Award from National Hispanic Corporate Achievers Inc. for our “contribution to diversity in America.” We also won the National Association of Black Journalists’ Corporate Star Award, presented for our outstanding support of diversity in the U.S.

In 2012, FedEx Express Mexico was recognized for the fifth year in a row as one of the leading companies in corporate social responsibility by the Mexican Center for Philanthropy, which evaluates the actions of companies with regard to CSR in various areas. This recognition underscores the FedEx position as a socially responsible company that contributes positively to the local community.
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All currencies are translated in U.S. dollars.
We call it the Purple Promise, and it is the credo that our more than 300,000 team members pledge to uphold. It’s a critical concept for a company that serves more than 90 percent of the world’s gross domestic product in 1 to 3 business days.

This commitment, which guides our actions with customers, has created a mindset of service among our people, not only in the experiences they create for customers, but also for their fellow team members. 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 are driving employee satisfaction—everything we do is built on fostering and growing this service model.

People and Workplace is one of four specific areas where FedEx documents progress each year in our Global Citizenship Report. Along with Economics and Access, Environment and Efficiency, and Community and Disaster Relief, we offer data, information, and examples in our report of how we live up to our responsibilities. FedEx team members contribute to our progress in these four important areas, their actions speaking just as loudly as the numbers that mark our progress.

Our people are the foundation of our success and the key to our future. FedEx values the outstanding work of our team members, and we strive to consistently provide them with a safe, respectful, and rewarding environment—one where our people have opportunities to grow and succeed.

**ENGAGEMENT AND TALENT DEVELOPMENT**

Creating a culture whose actions reflect the Purple Promise depends on our ability to gauge how successfully we are nurturing our relationship with our people. We maintain open channels of dialogue so team members can tell us what’s working and what isn’t, 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 to develop their talents so they can succeed.

**FEEDBACK AND DIALOGUE**

We have a large number of measures to track loyalty, engagement, and commitment among our customer-facing work force. The results help us identify clear actions we can adopt internally to ensure continued commitment and success. One of these tools is the Employee Loyalty Index at FedEx Express, which gauges employee satisfaction levels and loyalty. A majority of our team members feel a strong loyalty to the company. Strong personal job satisfaction, an ability to directly help customers, and the level of respect and individual consideration from their managers are cited as top factors driving positive relationships with their work and the company.

Employee surveys help us understand their attitudes, preferences, and opinions about working at FedEx, including their views of FedEx leadership. Surveys also measure engagement and morale among team members. The most recently completed surveys had participation rates of 89 percent. The survey processes include a “feedback” session with each work group’s management, so employees have the opportunity to elaborate on the concerns they expressed in the survey.

**TEAM MEMBER ENGAGEMENT AND RETENTION**

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.

Engaging our team members and getting their input is crucial to our success. All of the FedEx operating companies reported survey participation in FY11. The results of feedback sessions result in new ideas and input on work processes, as well as solutions to workplace issues.

We work hard to ensure that FedEx is a great place to work. In fact, FedEx has been honored as one of the *Fortune* “100 Best Companies to Work For” in 12 of the past 15 years. FedEx has also consistently ranked in *Fortune’s* “World’s Most Admired Companies” and *Fortune’s* “America’s Most Admired Companies” lists since 2001.

**TEAM MEMBER DEVELOPMENT AND ADVANCEMENT**

At FedEx, we believe our success depends on the dedication of our people. We have developed recognition programs that celebrate their achievements and their commitment to living the values of the company. From the very beginning, FedEx has operated on the philosophy of putting people first. We have grown to become an industry-leading company with a truly global
presence by understanding the unique needs of those we serve and by exceeding expectations as we meet those needs.

Full-Time U.S. Retention Rate
90.1%
FY11

FedEx has a longstanding practice of developing talent from within. We have a practice of posting jobs, allowing employees to move up in the ranks 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, more than 80 percent of the managers at FedEx Express have been promoted from within.

We place a premium on helping our people pursue their passions and goals through internal self-development programs and tuition reimbursement. FedEx operating companies allow team members the flexibility of full-time, part-time, or independent contractor positions. In fact, in the U.S. alone, FedEx Ground contracts with nearly 9,000 incorporated business entities to provide pickup and delivery services, 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 of these small-business owners, who are required to be incorporated, have built successful operations through their contractual relationships with FedEx Ground, and we continue to support their ability to create and grow their own businesses. As of May 2012, approximately 85 percent of FedEx Ground service areas nationwide were supported by multiwork area contractors.

BENEFITS

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 on three basic principles: (1) We ensure the programs are competitive with the external job market and align with the long-range financial outlook of the company. (2) The compensation and benefits we offer support a performance-based culture. (3) 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.

HEALTHCARE AND RETIREMENT BENEFITS

The notable benefits we highlight below apply to at least 80 percent of the workforce at FedEx, which is primarily based in the U.S. 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 laws.

Health insurance is offered to all full-time U.S.-based employees at FedEx operating companies. The company and the employee share the cost of the health benefit. Part-time employees are eligible for healthcare benefits at most FedEx operating companies. Coverage types offered generally include medical, dental, prescription drug, mental health/substance abuse, vision, and chiropractic care. FedEx offers benefits to same-sex domestic partners at all operating companies.

FedEx encourages financial planning, offering a comprehensive retirement plan program that gives eligible U.S.-based employees a solid base on which 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, websites, and webinars—to help our employees better understand financial planning, estimate future benefits, and develop personal plans for achieving retirement objectives.

QUALITY OF LIFE BENEFITS

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 is offered to most U.S.-based 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 website. Accessible 24 hours a day, 7 days a week via telephone and online, the benefits offer confidential counseling, free educational materials, and unlimited referrals to assist with issues such as childcare and parenting, pregnancy and adoption, mothers at work, successful aging, health and wellness education, legal and financial issues, daily life issues, and relocation services. FedEx also offers resources such as mental health and substance-abuse treatment services to individuals in need of these types of services in difficult times.
FedEx has a long history of preparing and implementing contingency plans. For large-scale disasters, FedEx has established toll-free numbers for affected employees to report on their welfare, as well as have questions answered and connect with local emergency agencies. Additionally, we support the efforts of fellow employees in providing assistance. Disaster relief funds are in place at many FedEx operating companies to provide money to employees and their families for food, clothing, or shelter in the event that a primary residence becomes uninhabitable in the wake of a flood, tornado, fire, or other natural disaster.

**WORKPLACE ENVIRONMENT**

At FedEx, we are as diverse as the world we serve; yet we share a common belief that our varied backgrounds, skills, and experience combine to create a stronger enterprise. We strive for a workplace environment where all feel welcome, safe, and supported.

**DIVERSITY**

We understand how the definitions of “diversity” and “minority” can 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, sexual orientation, gender identity, or gender expression. The diversity of our work force is essential to our continued success in today’s ever-changing global marketplace.

### Diversity in U.S. Work Force

- 1% U.S. American Indian/Alaskan Native workers
- 2% U.S. Other workers
- 3% Asian
- 12% Latino
- 26% African-American
- 56% White

**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 Express has a number of affinity groups that exist to promote cultural awareness, education, and information.

**DIVERSITY TRAINING**

The values of diversity and inclusion are woven throughout our orientation and training programs, from front-line employees 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, and is required training for management. Classes are designed to help participants learn to recognize differences and how they can enhance communication and collaboration in their work group.

**COUNCILS AND ALLIANCES**

FedEx sponsors a Corporate Diversity Council that focuses on building a global culture of diversity and inclusion. The Diversity Council is composed of representatives from each FedEx operating company. The Diversity Council works to ensure greater employee awareness and positive perception of our diversity commitment, and supports multicultural programs within the company and the communities we serve. The Diversity Council meets regularly to discuss overall strategy and oversee diversity efforts at each FedEx operating company. We also support a number of organizations that promote human rights and equality, such as the NAACP and the National Council of La Raza.

**Women in the Work Force**

- 27.3% women in our global work force
- 22.6% women in our management roles globally

**SUPPLIER DIVERSITY**

Since its inception in 1992, the FedEx Supplier Diversity program has provided avenues for suppliers to access the FedEx supply chain. We are committed
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, age, disability, veteran status, sexual orientation, gender identity, gender expression, and, where applicable, marital status.

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 and Ethics and the FedEx Values. Our people across the globe are accountable for complying with these policies. The FedEx Code of Business Conduct and 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 and Ethics, go to investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govconduct.

The FedEx Values begin with people, because we value our people and promote diversity in our workplace and in our thinking. For the full list of FedEx Values, go to about.fedex.com/mission-strategy-values.

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 and 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 work force 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. We are committed to the privacy, health, and well-being of our employees, such as to helping suppliers compete for FedEx business fairly and regularly. We contract directly with minority-owned, 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 2011 calendar year totaled $3.4 billion, or 24.2 percent of total procurement spending.

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, has driven a nearly 58 percent reduction in vehicle accidents and employee injuries over the past 16 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 safety milestone awards, which are earned after driving accident-free for 5, 10, 15, 20, 25, 30, and 35 years.

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 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.

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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 and Ethics and the FedEx Values. Our people across the globe are accountable for complying with these policies. The FedEx Code of Business Conduct and 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 and Ethics, go to investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govconduct.

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through providing 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 work force and operational adjustments to ensure continuing high levels of service to our customers when faced with such events.

**CORPORATE GOVERNANCE OVERVIEW**

We are committed to furthering our longstanding adherence to the highest standards of corporate governance. 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 2011, our Board of Directors and stockholders approved the addition of a stockholder special meeting right. In addition, within the past few years, we have:

- Added a number of highly qualified, independent directors to the Board, including: R. Brad Martin, the former CEO of Saks Incorporated; Joshua Cooper Ramo, Vice Chairman of Kissinger Associates, Inc.; Susan C. Schwab, Professor at the University of Maryland School of Public Policy; and David P. Steiner, the CEO of Waste Management, 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.
- 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.
- Adopted a lead independent director corporate governance structure for our Board of Directors.

In addition, compliance with the reporting requirements of Section 404 of the Sarbanes-Oxley Act is 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 our Corporate Governance Guidelines, are more stringent than applicable legal requirements, and all but one of our 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 our 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. 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.

**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 in our annual proxy statement, 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

The FedEx Corporation 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, who 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 has engaged a third-party executive search firm to assist in identifying potential Board candidates. 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. A director must retire 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. The Code prohibits retaliation for making such a report.

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. The Code prohibits retaliation for making such a report.

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.

In our annual code of conduct questionnaire, each senior manager and above must certify, among other things, that he or she has:

- Discussed the FedEx Code of Business Conduct and Ethics and FedEx Alert Line with all his or her direct reports; and
- 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.
We also provide appropriate training to our employees on a wide range of compliance and ethics topics.

EXECUTIVE COMPENSATION PHILOSOPHY

Our executive compensation philosophy is to: (1) closely align the compensation paid to our executives with the performance of the company on both a short-term and long-term basis, and (2) set performance goals that do not promote excessive risk while supporting the company’s core long-term financial goals. We design our executive compensation program to further our mission of producing superior financial returns for our shareowners by pursuing the following objectives:

• Retaining and attracting highly qualified and effective executive officers by paying them competitively;
• 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 our financial and stock price performance, especially long-term performance; and
• Further aligning executive officer and shareowner interests by encouraging and facilitating long-term shareowner returns and significant ownership of FedEx stock by executives.

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 preestablished 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 our stockholders, the Board of Directors has established a goal that:

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

Each FedEx director (other than Mr. Ramo, who joined the Board in 2011) 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 and Ethics) with the Board at least annually in light of best practices and make whatever changes are necessary to further our longstanding commitment to the highest standards of corporate governance.

ADDITIONAL INFORMATION

Additional information about our corporate governance, including copies of our Corporate Governance Guidelines, Board committee charters, and Code of Business Conduct and Ethics, can be found at investors.fedex.com.

STAKEHOLDER DIALOGUE SYSTEMS

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

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 and Ethics expressly prohibits intimidation or retribution for reports of misconduct made in good faith.
AWARDS AND RECOGNITION

In 2012, FedEx was included in the Glassdoor Top 50 Best Places to Work list, which identifies the top 50 workplaces based on the responses of employees who completed surveys on www.glassdoor.com. The ranking is determined using a 20-question survey that captures employees’ attitudes about: career opportunities, communication, compensation and benefits, employee morale, recognition and feedback, senior leadership, work/life balance, and fairness and respect.

In 2011, the Great Place to Work Institute® listed FedEx Express in fifth place in its “World’s 25 Best Multinational Workplaces” ranking. To qualify for this prestigious ranking, multinational companies must have appeared on at least five national Best Workplaces lists, have at least 5,000 employees worldwide, and have at least 40 percent (or 5,000 employees) of their work force based outside their home country. FedEx Express was listed in the national Best Workplaces lists in Argentina, Belgium, Brazil, Central America, Chile, France, Ireland, Italy, Mexico, the Netherlands, Spain, Switzerland, and the United Arab Emirates.

Also in 2011, FedEx Express was recognized by Aon Hewitt, a global human resources consulting and outsourcing company, as one of the Best Employers for Women in Korea. In Thailand, Aon Hewitt said FedEx had “high potential to be best employer.”

Also in our Asia-Pacific region in 2011, FedEx Express was presented with the Silver Award for Best Workplace Practices at the Global CSR Awards held in Cebu, Philippines, in recognition for our unwavering focus on maintaining a safe and rewarding environment where employees have opportunities to grow and succeed. This is the third-consecutive year FedEx has been honored for its workplace practices at the Global CSR Awards.

In 2011, FedEx Express Canada achieved the Platinum Contact Center Employer of Choice® Certification for the third-consecutive year. This is the eighth-consecutive year FedEx Express Canada has participated in the program and achieved certification.

In the U.S., FedEx TechConnect was included in the “Arizona’s Most Admired Companies” list published by Best Companies AZ and Arizona Business magazine. FedEx Ground was ranked No. 6 out of 15 in the “Large Businesses” category in the Workplace Dynamics / Pittsburgh Post-Gazette’s “Best Places to Work Pittsburgh” rankings. FedEx Custom Critical was recognized as a 2011 Legacy Award Winner in the ERC / Inside Business magazine’s “North Coast 99 Award.” Finally, FedEx Express was ranked fifth of 25 in the “Large Companies” category of the Workplace Dynamics / Detroit Free Press rankings of “Best Places to Work Detroit.”

ADDITIONAL REFERENCES

Board of Directors
investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govboard

Code of Business Conduct and Ethics
investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govconduct

Corporate Governance
investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govmission

Values
about.fedex.com/mission-strategy-values