FEDEX CORP
Form DEF 14A
August 16, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

FEDEX CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held September 27, 2010

To Our Stockholders:

We cordially invite you to attend the 2010 annual meeting of FedEx s stockholders. The meeting will take place in the Auditorium at the FedEx Express World Headquarters, 3670 Hacks Cross Road, Building G, Memphis, Tennessee 38125, on Monday, September 27, 2010, at 10:00 a.m. local time. We look forward to your attendance either in person or by proxy.

The purpose of the meeting is to:

1. Elect as FedEx directors the eleven nominees named in the attached proxy statement;

2. Adopt FedEx s 2010 Omnibus Stock Incentive Plan;

3. Ratify the appointment of Ernst & Young LLP as FedEx s independent registered public accounting firm for fiscal year 2011;

4. Act upon three stockholder proposals, if properly presented at the meeting; and

5. Transact any other business that may properly come before the meeting.

Only stockholders of record at the close of business on August 2, 2010, may vote at the meeting or any postponements or adjournments of the meeting.

By order of the Board of Directors,

CHRISTINE P. RICHARDS

Executive Vice President, General Counsel

and Secretary

August 16, 2010

<u>HOW TO VOTE</u>: Please complete, date, sign and return the accompanying proxy card or voting instruction card, or vote electronically via the Internet or by telephone. The enclosed return envelope requires no additional postage if mailed in the United States.

<u>REDUCE MAILING COSTS</u>: If you vote on the Internet, you may elect to have next year s proxy statement and annual report to stockholders delivered to you electronically. We strongly encourage you to enroll in electronic delivery. It is a cost-effective way for us to provide you with proxy materials and annual reports.

<u>ANNUAL MEETING ADMISSION</u>: If you attend the annual meeting in person, you will need to present your admission ticket, or an account statement showing your ownership of FedEx common stock as of the record date, and a valid government-issued photo identification. The indicated portion of your proxy card or the ticket accompanying your voting instruction card will serve as your admission ticket. If you are a registered stockholder and receive your proxy materials electronically, you should follow the instructions provided to print a paper admission ticket.

Your vote is very important. Please vote whether or not you plan to attend the meeting.

Table of Contents

2010 PROXY STATEMENT

TABLE OF CONTENTS

i

Table of Contents

TABLE OF CONTENTS

(continued)

TABLE OF CONTENTS

(continued)

Table of Contents

FedEx Corporation

942 South Shady Grove Road

Memphis, Tennessee 38120

2010 PROXY STATEMENT

FedEx s Board of Directors is furnishing you this proxy statement in connection with the solicitation of proxies on its behalf for the 2010 Annual Meeting of Stockholders. The meeting will take place in the Auditorium at the FedEx Express World Headquarters, 3670 Hacks Cross Road, Building G, Memphis, Tennessee 38125, on Monday, September 27, 2010, at 10:00 a.m. local time. At the meeting, stockholders will vote on the election as FedEx directors of the eleven nominees named in this proxy statement, the adoption of FedEx s 2010 Omnibus Stock Incentive Plan, the ratification of FedEx s independent registered public accounting firm and, if properly presented at the meeting, three stockholder proposals. Stockholders also will consider any other matters that may properly come before the meeting, although we know of no other business to be presented.

By submitting your proxy (either by signing and returning the enclosed proxy card or by voting electronically on the Internet or by telephone), you authorize Christine P. Richards, FedEx s Executive Vice President, General Counsel and Secretary, and Alan B. Graf, Jr., FedEx s Executive Vice President and Chief Financial Officer, to represent you and vote your shares at the meeting in accordance with your instructions. They also may vote your shares to adjourn the meeting and will be authorized to vote your shares at any postponements or adjournments of the meeting.

FedEx s Annual Report to Stockholders for the fiscal year ended May 31, 2010, which includes FedEx s fiscal 2010 audited consolidated financial statements, accompanies this proxy statement. Although the Annual Report is being distributed with this proxy statement, it does not constitute a part of the proxy solicitation materials and is not incorporated by reference into this proxy statement.

We are first sending the proxy statement, form of proxy and accompanying materials to stockholders on or about August 16, 2010.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON SEPTEMBER 27, 2010: The following materials are available on the Investor Relations page of the FedEx Web site at *http://www.fedex.com/us/investorrelations:*

The Notice of Annual Meeting of Stockholders To Be Held September 27, 2010;

This proxy statement; and

FedEx s Annual Report to Stockholders for the fiscal year ended May 31, 2010.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE YOUR SHARES EITHER BY MAIL, VIA THE INTERNET OR BY TELEPHONE.

Effect of Not Casting Your Vote: If your shares are held in street name (the shares are held by a bank, brokerage firm or other nominee the record holder), it is critical that you cast your vote if you want it to count in the election of directors. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your record holder was allowed to vote those shares on your behalf in the election of directors as they felt appropriate. Recent regulatory changes took away the ability of your record holder to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your record holder how to vote in the election of directors (Proposal 1), no votes will be cast on your behalf. Absent your instructions, the record holder will also not be permitted to vote your shares on the adoption of FedEx s 2010 Omnibus Stock Incentive Plan (Proposal 2) or the adoption of the three stockholder proposals (Proposals 4 through 6). Your record holder will, however, continue to have discretion to vote your shares in its discretion on the ratification of the appointment of the independent registered public accounting firm (Proposal 3). If you are a stockholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business at the meeting.

1

Table of Contents

INFORMATION ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, the stockholders will be asked to:

- elect as FedEx directors the eleven nominees named in this proxy statement;
- adopt FedEx s 2010 Omnibus Stock Incentive Plan;
- ratify the appointment of Ernst & Young LLP as FedEx s independent registered public accounting firm; and
- act on three stockholder proposals, if properly presented.

Stockholders also will transact any other business that may properly come before the meeting. Members of FedEx s management team will be present at the meeting to respond to appropriate questions from stockholders.

Who is entitled to vote?

The record date for the meeting is August 2, 2010. Only stockholders of record at the close of business on that date are entitled to vote at the meeting. The only class of stock entitled to be voted at the meeting is FedEx common stock. Each outstanding share of common stock is entitled to one vote for all matters before the meeting. At the close of business on the record date there were 314,594,409 shares of FedEx common stock outstanding.

Am I entitled to vote if my shares are held in street name ?

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name. If your shares are held in street name, these proxy materials are being forwarded to you by your bank, brokerage firm or other nominee (the record holder), along with a voting instruction card. As the beneficial owner, you have the right to direct your record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If you do not give voting instructions, your record holder will nevertheless be entitled to vote your shares in its discretion on the ratification of the appointment of the independent registered public accounting firm (Proposal 3). Absent your instructions, the record holder will not be permitted, however, to vote your shares on the election of directors (Proposal 1), the adoption of FedEx s 2010 Omnibus Stock Incentive Plan (Proposal 2), or the adoption of the three stockholder proposals (Proposals 4 through 6), and your shares will be considered broker non-votes on those proposals. See How will broker non-votes be treated? below.

As the beneficial owner of shares, you are invited to attend the annual meeting. If you are a beneficial owner, however, you may not vote your shares in person at the meeting unless you obtain a legal proxy, executed in your favor, from the record holder of your shares.

How many shares must be present to hold the meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or represented by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

What if a quorum is not present at the meeting?

If a quorum is not present at the meeting, the holders of a majority of the shares entitled to vote at the meeting who are present, in person or represented by proxy, or the chairman of the meeting, may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given.

2

Table of Contents

How do I vote?

1. *YOU MAY VOTE BY MAIL.* If you properly complete, sign and date the accompanying proxy card or voting instruction card and return it in the enclosed envelope, it will be voted in accordance with your instructions. The enclosed envelope requires no additional postage if mailed in the United States.

2. *YOU MAY VOTE BY TELEPHONE OR ON THE INTERNET.* If you are a registered stockholder (that is, if you hold your stock directly and not in street name), you may vote by telephone or on the Internet by following the instructions included on the proxy card. If you vote by telephone or on the Internet, you do not have to mail in your proxy card. If you wish to attend the meeting in person, however, you will need to bring your admission ticket. Internet and telephone voting are available 24 hours a day. Votes submitted through the Internet or by telephone must be received by 11:59 p.m. Eastern time on September 26, 2010.

If you are the beneficial owner of shares held in street name, you still may be able to vote your shares electronically by telephone or on the Internet. The availability of telephone and Internet voting will depend on the voting process of the record holder of your shares. We recommend that you follow the instructions set forth on the voting instruction card provided to you.

NOTE: If you vote on the Internet, you may elect to have next year s proxy statement and annual report to stockholders delivered to you electronically. We strongly encourage you to enroll in electronic delivery. It is a cost-effective way for us to provide you with proxy materials and annual reports.

3. *YOU MAY VOTE IN PERSON AT THE MEETING.* If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Additionally, we will pass out ballots to registered stockholders who wish to vote in person at the meeting. If you are a beneficial owner of shares held in street name who wishes to vote at the meeting, you will need to obtain a legal proxy from your record holder and bring it with you to the meeting.

How do I vote my shares held in a FedEx benefit plan?

If you own shares of FedEx common stock through a FedEx or subsidiary benefit plan, you can direct the trustee or the record holder to vote the shares held in your account in accordance with your instructions by completing the proxy card and returning it in the enclosed envelope or by registering your instructions via the Internet or telephone as directed on the proxy card. If you register your voting instructions by telephone or on the Internet, you do not have to mail in the proxy card. If you wish to attend the meeting in person, however, you will need to bring the admission ticket attached to the proxy card with you. In order to instruct a plan trustee or record holder on the voting of shares held in your account, your instructions must be received by September 22, 2010. If your voting instructions are not received by that date, each plan trustee will vote your shares in the same proportion as the plan shares for which voting instructions have been received.

Who can attend the meeting?

Only stockholders eligible to vote or their authorized representatives will be admitted to the meeting. If you plan to attend the meeting, detach and bring with you the stub portion of your proxy card, which is marked Admission Ticket. You also must bring a valid government-issued photo identification, such as a driver s license or a passport. If you received your proxy materials through the Internet, you should follow the instructions provided to print a paper admission ticket.

If your shares are held in street name, you must bring the Admission Ticket that accompanies your voting instruction card. Alternatively, you may bring other proof of ownership, such as a brokerage account statement, which clearly shows your ownership of FedEx common stock as of the record date. In addition, you must bring a valid government-issued photo identification, such as a driver s license or a passport.

Table of Contents

Security measures will be in place at the meeting to help ensure the safety of attendees. Metal detectors similar to those used in airports will be located at the entrance to the meeting room and briefcases, handbags and packages will be inspected. No cameras or recording devices of any kind, or signs, placards, banners or similar materials, may be brought into the meeting. Anyone who refuses to comply with these requirements will not be admitted.

Can I change my vote after I submit my proxy?

Yes, if you are a registered stockholder you may revoke your proxy and change your vote by:

- submitting a valid, later-dated proxy card or a later-dated vote by telephone or on the Internet (the latest-dated, properly completed proxy that you submit, whether by mail, by telephone or on the Internet, will count as your vote); or

- giving written notice of such revocation to the Secretary of FedEx prior to or at the meeting or by voting in person at the meeting.

Your attendance at the meeting itself will not revoke your proxy unless you give written notice of revocation to the Secretary before your proxy is voted or you vote in person at the meeting.

If your shares are held in street name, you should contact the record holder of your shares and follow its procedures for changing your voting instructions. You may also vote in person at the meeting if you obtain a legal proxy from your record holder.

Will my vote be kept confidential?

Yes, your vote will be kept confidential and not disclosed to FedEx unless:

- required by law;

- you expressly request disclosure on your proxy; or

- there is a proxy contest.

Who will count the votes?

FedEx s transfer agent, Computershare Trust Company, N.A., will tabulate and certify the votes. A representative of the transfer agent will serve as the inspector of election.

How does the Board of Directors recommend I vote on the proposals?

Your Board recommends that you vote:

- FOR the election of each of the eleven nominees to the Board of Directors;

- FOR the adoption of FedEx s 2010 Omnibus Stock Incentive Plan;

- FOR the ratification of the appointment of Ernst & Young LLP as FedEx s independent registered public accounting firm; and
- AGAINST each of the stockholder proposals.

What if I do not specify how my shares are to be voted?

If you submit a proxy but do not indicate any voting instructions, your shares will be voted:

- FOR the election of each of the eleven nominees to the Board of Directors;
- FOR the adoption of FedEx s 2010 Omnibus Stock Incentive Plan;

Table of Contents

FOR the ratification of the appointment of Ernst & Young LLP as FedEx s independent registered public accounting firm; and

AGAINST each of the stockholder proposals.

Will any other business be conducted at the meeting?

We know of no other business to be conducted at the meeting. FedEx s Bylaws require stockholders to give advance notice of any proposal intended to be presented at the meeting. The deadline for this notice has passed and we did not receive any such notice. If any other matter properly comes before the stockholders for a vote at the meeting, the proxy holders will vote your shares in accordance with their best judgment.

How many votes are required to elect each director nominee?

A nominee will be elected to the Board of Directors if the number of votes cast for such nominee s election exceeds the number of votes cast against such nominee s election. See Corporate Governance Matters Majority-Voting Standard for Director Elections below.

What happens if a director nominee does not receive the required majority vote?

Each nominee is a current director who is standing for reelection. Accordingly, each nominee has tendered an irrevocable resignation from the Board of Directors that will take effect if the nominee does not receive the required majority vote and the Board accepts the resignation. If the Board accepts the resignation, the nominee will no longer serve on the Board of Directors, and if the Board rejects the resignation, the nominee will continue to serve until his or her successor has been duly elected and qualified or until his or her earlier disqualification, death, resignation or removal. See Corporate Governance Matters Majority-Voting Standard for Director Elections below.

What happens if a director nominee is unable to stand for election?

If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders may vote your shares for the substitute nominee.

How many votes are required to adopt FedEx s 2010 Omnibus Stock Incentive Plan?

The adoption of FedEx s 2010 Omnibus Stock Incentive Plan requires the affirmative vote of a majority of the shares present at the meeting, in person or represented by proxy, and entitled to vote.

How many votes are required to ratify the appointment of FedEx s independent registered public accounting firm?

The ratification of the appointment of Ernst & Young LLP as FedEx s independent registered public accounting firm requires the affirmative vote of a majority of the shares present at the meeting, in person or represented by proxy, and entitled to vote.

How many votes are required to approve each of the stockholder proposals?

If the stockholder proposal is properly presented at the meeting, approval of the proposal requires the affirmative vote of a majority of the shares present at the meeting, in person or represented by proxy, and entitled to vote. Approval of the stockholder proposal would merely serve as a recommendation to the Board to take the necessary steps to implement such proposal.

Table of Contents

How will abstentions be treated?

Abstentions will have no effect on the election of directors (Proposal 1). For each of the other proposals, abstentions will be treated as shares present for quorum purposes and entitled to vote, so they will have the same practical effect as votes against the proposal.

How will broker non-votes be treated?

If your shares are held in street name and you do not give voting instructions, your record holder will be entitled to vote your shares in its discretion on the ratification of the appointment of the independent registered public accounting firm (Proposal 3). Your shares will be treated as broker non-votes on all the other proposals, including the election of directors (Proposal 1).

Broker non-votes will be treated as shares present for quorum purposes, but not entitled to vote. Thus, absent voting instructions from you, the record holder of your shares may not vote your shares on the election of directors (Proposal 1), the adoption of FedEx s 2010 Omnibus Stock Incentive Plan (Proposal 2), or the adoption of the three stockholder proposals (Proposals 4 through 6). A broker non-vote with respect to these proposals will not affect their outcome.

Will the meeting be Webcast?

Yes, you are invited to visit the events section of the Investor Relations page of our Web site (*http://ir.fedex.com/events.cfm*) at 10:00 a.m. Central time on September 27, 2010, to access the live Webcast of the meeting. An archived copy of the Webcast will be available on our Web site for at least one year. The information on FedEx s Web site, however, is not incorporated by reference in, and does not form part of, this proxy statement.

Table of Contents

STOCK OWNERSHIP

Directors and Executive Officers

The following table sets forth the amount of FedEx s common stock beneficially owned by each director, each named executive officer included in the Summary Compensation Table, and all directors and executive officers as a group, as of August 2, 2010. Unless otherwise indicated, beneficial ownership is direct and the person shown has sole voting and investment power.

Name of Beneficial Owner	Common Stock Beneficially Owned Number of Shares	 Number of Option Shares[1]	 Percent of Class[2]
Frederick W. Smith	19,705,437[3]	2,138,762	6.90%
James L. Barksdale	46,800	38,040	*
John A. Edwardson	15,000	46,040	*
Judith L. Estrin	50,000	54,040	*
J.R. Hyde, III	132,000 [4]	46,040	*
Shirley A. Jackson	7,000	32,040	*
Steven R. Loranger	7,800 [5]	19,640	*
Gary W. Loveman	10,414	15,240	*
Susan C. Schwab	2,050	10,840	*
Joshua I. Smith	5,086[6]	43,040	*
David P. Steiner		6,440	*
Paul S. Walsh	8,500	50,040	*
David J. Bronczek	113,219 [7]	254,877	*
Robert B. Carter	47,896 [8]	183,082	*
T. Michael Glenn	206,757 [9]	274,516	*
Alan B. Graf, Jr.	224,820 [10]	254,516	*
All directors and executive officers as a group (19 persons)	20,733,250 [11]	3,709,041	7.68%

* Less than 1% of FedEx s outstanding common stock.

(1) Reflects the number of shares that can be acquired at August 2, 2010, or within 60 days thereafter through the exercise of stock options. These shares are excluded from the column headed Number of Shares, but included in the ownership percentages reported in the column headed Percent of Class.

(2) Based on 314,594,409 shares outstanding on August 2, 2010.

(3) Includes 15,458,185 shares owned by Mr. Smith (5,075,000 of such shares have been pledged as security by Mr. Smith), 4,141,280 shares owned by Frederick Smith Enterprise Company, Inc. (Enterprise), a family holding company (1,048,000 of such shares have been pledged as security by Enterprise), 736 shares owned by Mr. Smith s spouse and 102,928 shares held in trust for the benefit of Mr. Smith s child. Regions Morgan Keegan Trust, FSB, Memphis, Tennessee, as trustee of a trust of which Mr. Smith is the lifetime beneficiary, holds 55% of Enterprise s outstanding stock and Mr. Smith owns 45% directly. Includes 2,308 shares held in FedEx s retirement savings plan. Mr. Smith s business address is 942 South Shady Grove Road, Memphis, Tennessee 38120.

(4) Includes 100,000 shares pledged as security by Mr. Hyde.

(5) Owned by a family trust.

(6) Includes 4,986 shares pledged as security by Mr. Smith.

(7) Includes 671 shares held in FedEx s retirement savings plan.

(8) Includes 2,545 shares owned by Mr. Carter s spouse.

Table of Contents

(9) Includes 88,750 shares owned by Glenn Family Partners, L.P. Mr. Glenn disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Also includes 551 shares held in FedEx s retirement savings plan.

(10) Includes 7,400 shares owned by a family trust and 430 shares held in FedEx s retirement savings plan.

(11) Includes an aggregate 4,809 shares held in FedEx s retirement savings plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors and certain officers of FedEx and persons who own more than ten percent of FedEx s common stock to file with the Securities and Exchange Commission initial reports of beneficial ownership (Form 3) and reports of subsequent changes in their beneficial ownership (Form 4 or Form 5) of FedEx s common stock. Such directors, officers and greater-than-ten-percent stockholders are required to furnish FedEx with copies of the Section 16(a) reports they file. The Securities and Exchange Commission has established specific due dates for these reports, and FedEx is required to disclose in this proxy statement any late filings or failures to file.

Based solely upon a review of the copies of the Section 16(a) reports (and any amendments thereto) furnished to FedEx and written representations from FedEx s directors and reporting officers that no additional reports were required, FedEx believes that its directors and reporting officers complied with all these filing requirements for the fiscal year ended May 31, 2010.

Significant Stockholders

The following table lists certain persons known by FedEx to own beneficially more than five percent of FedEx s outstanding shares of common stock as of March 31, 2010.

	Amount and Nature of Beneficial Ownership	Percent of Class
Dodge & Cox 555 California Street, 40th Floor San Francisco, California 94104	20,602,250[(1)]	6.57%
PRIMECAP Management Company 225 South Lake Avenue, Suite 400 Pasadena, California 91101	22,705,730[(2)]	7.24%

(1) Dodge & Cox, a registered investment advisor, had sole voting power over 19,509,958 shares and sole investment power over all 20,602,250 shares.

(2) PRIMECAP Management Company, a registered investment advisor, had sole voting power over 4,330,271 shares and sole investment power over all 22,705,730 shares.

CORPORATE GOVERNANCE MATTERS

Corporate Governance Documents

In furtherance of its longstanding goals of providing effective governance of FedEx s business and affairs for the long-term benefit of stockholders and promoting a culture and reputation of the highest ethics, integrity and reliability, the Board of Directors has adopted Corporate Governance Guidelines, charters for each of its Board committees and a Code of Business Conduct and Ethics for directors, officers and employees of FedEx. Each of these documents is available in the corporate governance section of the Investor Relations page of our Web site at *http://ir.fedex.com/governance.cfm*.

Board Leadership Structure

The current leadership structure of the Board of Directors includes (i) a combined Chairman of the Board and Chief Executive Officer, and (ii) independent, active and effective directors of equal importance and with an equal vote. The independent directors meet without management present at regularly scheduled executive sessions, which the Chairman of the Nominating & Governance Committee, who is designated as the Board s presiding director, conducts. The Board believes that FedEx has been and continues to be well served by having the company s founder, Frederick W. Smith, serve as both Chairman of the Board and Chief Executive Officer. The current leadership model, when combined with the composition of the Board, the strong leadership of our independent directors and Board committees and the highly effective corporate governance structures and processes already in place, strikes an appropriate balance between consistent leadership and independent oversight of FedEx s business and affairs. For additional information, see the Board s statement in opposition to Proposal 4.

Board Risk Oversight

The Board of Directors role in risk oversight at FedEx is consistent with the company s leadership structure, with management having day-to-day responsibility for assessing and managing the company s risk exposure and the Board and its committees providing oversight in connection with those efforts, with particular focus on the most significant risks facing the company. The Board performs its risk oversight role by using several different levels of review. Each Board meeting begins with a strategic overview by the Chairman of the Board, President and Chief Executive Officer that describes the most significant issues, including risks, affecting the company, and also includes business updates from each reporting segment CEO. In addition, at least annually, the Board reviews in detail the business and operations of each of the company s reporting segments, including the primary risks associated with that segment.

The Board reviews the risks associated the company s financial forecasts and annual business plan. These risks are identified and managed in connection with the company s robust enterprise risk management (ERM) process. Our ERM process provides the enterprise with a common framework and terminology to ensure consistency in identification, reporting and management of key risks. The ERM process is embedded in our strategic financial planning process, which ensures explicit consideration of risks that affect the underlying assumptions of the strategic plans and provides a platform to facilitate integration of risk information in business decision making.

The Board has delegated to each of its committees responsibility for the oversight of specific risks that fall within the committee s areas of responsibility. For example:

- The Audit Committee reviews and discusses with management the company s major financial risk exposures and the steps management has taken to monitor and control such exposures.

- The Compensation Committee reviews and discusses with management the relationship between the company s compensation policies and practices and the company s risk management, including the extent to which those policies and practices create or decrease risks for the company.

Table of Contents

The Information Technology Oversight Committee reviews and discusses with management the quality and effectiveness of the company s information technology (IT) systems and processes, including the extent to which those systems and processes create or decrease information security and other risks for the company.

The Nominating & Governance Committee reviews and discusses with management the implementation and effectiveness of the company s compliance and ethics programs, including the Code of Business Conduct and Ethics.

In addition, the Audit Committee is responsible for reviewing and discussing with management the guidelines and policies that govern the processes by which the company assesses and manages its exposure to all risk, including our ERM process. The ERM process culminates in an annual presentation to the Audit Committee on the key enterprise risks facing FedEx.

Executive Management Succession Planning

The Board of Directors has in place an effective planning process to select successors to the Chairman of the Board, President and Chief Executive Officer and other members of executive management. The Nominating & Governance Committee, in consultation with the Chairman of the Board, President and Chief Executive Officer, annually reports to the Board on management succession planning. The entire Board works with the Nominating & Governance Committee and the Chairman of the Board, President and Chief Executive Officer to evaluate potential successors to the CEO and other members of executive management. The Chairman of the Board, President and Chief Executive Officer periodically provides to the Board his recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. For additional information, see the Board s statement in opposition to Proposal 6.

Director Independence

The Board of Directors has determined that each member of the Audit, Compensation and Nominating & Governance Committees and, with the exception of Frederick W. Smith, each of the Board s current members (James L. Barksdale, John A. Edwardson, Judith L. Estrin, J.R. Hyde, III, Shirley A. Jackson, Steven R. Loranger, Gary W. Loveman, Susan C. Schwab, Joshua I. Smith, David P. Steiner and Paul S. Walsh) is independent and meets the applicable independence requirements of the New York Stock Exchange (including the additional requirements for Audit Committee members) and the Board s more stringent standards for determining director independence. Mr. Smith is FedEx s Chairman of the Board, President and Chief Executive Officer. Peter S. Willmott retired as a director immediately before the 2009 annual meeting, and the Board of Directors had previously, affirmatively determined that he was independent as well.

Under the Board s standards of director independence, which are included in FedEx s Corporate Governance Guidelines, 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. The standards set forth certain categories or types of transactions, relationships or arrangements with FedEx, as follows, each of which (i) is deemed not to be a material relationship with FedEx, and thus (ii) will not, by itself, prevent a director from being considered independent:

Prior Employment of Director. The director was employed by FedEx or was personally working on FedEx s audit as an employee or partner of FedEx s independent auditor, and over five years have passed since such employment, partner or auditing relationship ended.

Prior Employment of Immediate Family Member. An immediate family member was an officer of FedEx or was personally working on FedEx s audit as an employee or partner of FedEx s independent auditor, and over five years have passed since such employment, partner or auditing relationship ended.

Current Employment of Immediate Family Member. An immediate family member is employed by FedEx in a non-officer position, or by FedEx s independent auditor not as a partner and not personally working on FedEx s audit.

Table of Contents

Interlocking Directorships. An executive officer of FedEx served on the board of directors of a company that employed the director or employed an immediate family member as an executive officer, and over five years have passed since either such relationship ended.

Business Relationships. The director or an immediate family member is a partner, greater than 10% shareholder, director or officer of a company that makes or has made payments to, or receives or has received payments (other than contributions, if the company is a tax-exempt organization) from, FedEx for property or services, and the amount of such payments has not within any of such other company s three most recently completed fiscal years exceeded one percent (or $1 million, whichever is greater) of such other company s consolidated gross revenues for such year.

Indebtedness. The director or an immediate family member is a partner, greater than 10% shareholder, director or officer of a company that is indebted to FedEx or to which FedEx is indebted, and the aggregate amount of such debt is less than one percent (or $1 million, whichever is greater) of the total consolidated assets of the indebted company.

Charitable Contributions. The director is a trustee, fiduciary, director or officer of a tax-exempt organization to which FedEx contributes, and the contributions to such organization by FedEx have not within any of such organization s three most recently completed fiscal years exceeded one percent (or $250,000, whichever is greater) of such organization s consolidated gross revenues for such year.

The Board broadly considered all relevant facts and circumstances, including the following immaterial transactions, relationships and arrangements:

Messrs. Barksdale and Willmott each served as officers of FedEx, but they left the company well over five years ago (Mr. Barksdale s employment at FedEx ended in 1992, and Mr. Willmott s employment at FedEx ended in 1983).

FedEx has made charitable contributions to tax-exempt organizations for which each of the following independent directors or their spouses serve as a trustee or director: Messrs. Barksdale, Hyde and Loranger. With the exception of the contributions to Memphis Tomorrow discussed below (see Related Person Transactions), the contributions by FedEx to each such organization have not within any of the other organization s three most recently completed fiscal years exceeded one percent (or $250,000, whichever is greater) of the other organization s consolidated gross revenues for such year. In addition, Mr. Hyde (or his wife) and certain FedEx executive officers are affiliated with several of the same Memphis-based non-profit organizations.

In the ordinary course of business, FedEx makes purchases from entities for which each of the following independent directors or director nominees serves as an officer: Messrs. Edwardson, Loranger and Steiner. The amount of the payments made by FedEx to each such entity has not within any of the other entity s three most recently completed fiscal years exceeded one percent (or $1 million, whichever is greater) of the other entity s consolidated gross revenues for such year.

Frederick W. Smith has made passive investments (holding debt and/or less-than-5% equity interests) in privately held entities with which each of the following independent directors is affiliated: Mr. Barksdale and Mr. Hyde.

Mr. Hyde and his wife together own a minority interest in the NBA Memphis Grizzlies professional basketball team, with which FedEx has a business relationship. The Hydes ownership interest in the team has declined significantly over the past few years from approximately 13% to less than 1% now.

Audit Committee Financial Expert

The Board of Directors has determined that at least one member of the Audit Committee, John A. Edwardson, is an audit committee financial expert as such term is defined in Item 407(d)(5) of Regulation S-K, promulgated by the Securities and Exchange Commission.

Table of Contents

Director Mandatory Retirement

A director must retire immediately before the annual meeting of FedEx s stockholders during the calendar year in which he or she attains age 72.

Stock Ownership Goal for Directors and Senior Officers

In order to encourage significant stock ownership by our directors and senior officers, and to further align their interests with the interests of FedEx s stockholders, the Board of Directors has established a goal that (i) within three years after joining the Board, each non-management director own FedEx shares valued at three times his or her annual retainer fee, and (ii) within four years after being appointed to his or her position, each member of senior management own FedEx shares valued at the following multiple of his or her annual base salary:

- 5x for the Chairman of the Board, President and Chief Executive Officer;
- 3x for the other FedEx executive officers;
- 2x for executive vice presidents of FedEx s core operating companies; and
- 1x for certain other senior officers.

For purposes of meeting this goal, unvested restricted stock is counted, but unexercised stock options are not. The Board also recommends that each director and senior officer retain shares acquired upon stock option exercises until his or her goal is met. The stock ownership goal is included in FedEx s Corporate Governance Guidelines. As of August 2, 2010, each director (other than Ambassador Schwab and Mr. Steiner, each of whom joined the Board in 2009) and executive officer owned sufficient shares to comply with this goal.

Policy on Poison Pills

The Board of Directors has adopted a policy requiring stockholder approval for any future poison pill prior to or within twelve months after adoption of the poison pill. (A poison pill is a device used to deter a hostile takeover. Note that FedEx does not currently have, nor have we ever had, a poison pill.) The policy on poison pills is included in FedEx s Bylaws and Corporate Governance Guidelines.

Executive Sessions of Non-Management Directors

Non-management Board members meet without management present at regularly scheduled executive sessions in conjunction with each in-person meeting of the Board of Directors. At least once a year, such meetings include only the independent members of the Board. The Chairman of the Nominating & Governance Committee presides over meetings of the non-employee and independent directors.

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, Tennessee 38120. Please specify to whom your letter should be directed. 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. Board members may at any time review a log of all correspondence received by FedEx that is addressed to Board members and request copies of any such correspondence.

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 Proposal 1 Election of Directors Experience, Qualifications, Attributes and

Table of Contents

Skills, and other relevant biographical information in writing to: FedEx Corporation Nominating & Governance Committee, c/o Corporate Secretary, 942 South Shady Grove Road, Memphis, Tennessee 38120. FedEx s Bylaws require stockholders to give advance notice of stockholder proposals, including nominations of director candidates. For more information, please see Additional Information Stockholder Proposals for 2011 Annual Meeting.

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, search firm or other sources.

If the Nominating & Governance Committee determines that an additional or replacement director is necessary or advisable, the Nominating & Governance Committee may take such measures that it considers appropriate in connection with its evaluation of a potential director candidate, including interviewing the candidate, engaging an outside firm to gather additional information and making inquiries of persons with knowledge of the candidate s qualifications and character. In its evaluation of potential director candidates, including the members of the Board of Directors eligible for reelection, the Nominating & Governance Committee considers the current size, composition and needs of the Board of Directors and each of its committees.

Majority-Voting Standard for Director Elections

FedEx s Bylaws require that we use a majority-voting standard in uncontested director elections and contain a resignation requirement for directors who fail to receive the required majority vote. The Bylaws also prohibit the Board from changing back to a plurality-voting standard without the approval of our stockholders. Under the majority-voting standard, a director nominee must receive more votes cast for than against his or her election in order to be elected to the Board. In accordance with the majority-voting standard and resignation requirement, each director who is standing for reelection at the annual meeting has tendered an irrevocable resignation from the Board of Directors that will take effect if (i) the director does not receive more votes cast for than against his or her election at the annual meeting, and (ii) the Board accepts the resignation. FedEx s Bylaws require the Board of Directors, within 90 days after certification of the election results, to accept the director s resignation unless there is a compelling reason not to do so and to promptly disclose its decision (including, if applicable, the reasons for rejecting the resignation) in a filing with the Securities and Exchange Commission.

Policy on Review and Preapproval of Related Person Transactions

The Board of Directors has adopted a Policy on Review and Preapproval of Related Person Transactions, which is included in FedEx s Corporate Governance Guidelines. The policy requires that all proposed related person transactions (as defined in the policy) and all proposed material changes to existing related person transactions be reviewed and preapproved by the Nominating & Governance Committee. 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.

Table of Contents

The policy requires the Nominating & Governance Committee to annually (i) review each existing related person transaction that has a remaining term of at least one year or remaining payments of at least $120,000, and (ii) determine, based upon all material facts and circumstances and taking into consideration our contractual obligations, whether it is in the best interests of FedEx and our stockholders to continue, modify or terminate the transaction or relationship.

Related Person Transactions

In accordance with the policy described above, the Nominating & Governance Committee has reviewed the following related person transactions and determined that they remain in the best interests of FedEx and our stockholders:

In November 1999, FedEx entered into a multi-year, $205 million naming rights agreement with the NFL Washington Redskins professional football team. Under this agreement, FedEx has certain marketing rights, including the right to name the Redskins stadium FedExField. In August 2003, Frederick W. Smith acquired an approximate 10% ownership interest in the Washington Redskins and joined its Leadership Council, or board of directors.

FedEx s policy on personal use of corporate aircraft requires officers to pay FedEx two times the cost of fuel, plus applicable passenger ticket taxes and fees, for personal trips. Pursuant to this requirement, Mr. Smith paid FedEx approximately $208,000 during fiscal 2010 in connection with certain personal use of corporate aircraft.

Mr. Smith s son is employed by FedEx Express as a managing director of life sciences and specialty services. His total annual compensation, including all target incentive compensation amounts, is approximately $175,000, and during fiscal 2010, he received a stock option award of 1,825 shares (with an aggregate Black-Scholes value of approximately $55,000).

Mr. Hyde and David J. Bronczek serve together on the board of Memphis Tomorrow, a non-profit organization. In fiscal 2010, FedEx contributed $1.05 million (including the third installment of a five-year commitment for $5 million) to Memphis Tomorrow, which represents approximately 26% of the organization s annual revenues. The mission of Memphis Tomorrow is to bring top business leaders together with Memphis government and civic leaders to foster economic prosperity for the local community. The Board of Directors has determined that this relationship does not impair Mr. Hyde s independence because, among other things, he does not receive any special benefit from FedEx s contributions to the organization.

Table of Contents

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Meetings

During fiscal 2010, the Board of Directors held six regular meetings and one special meeting. Each director attended at least 75% of the meetings of the Board and any committees on which he or she served.

Committees

The Board of Directors has a standing Audit Committee, Compensation Committee, Information Technology Oversight Committee and Nominating & Governance Committee. Each committee s written charter, as adopted by the Board of Directors, is available on the FedEx Web site at *http://ir.fedex.com/com_charters.cfm*. Committee memberships are as follows:

Audit Committee	**Information Technology Oversight Committee**
John A. Edwardson (Chairman)	Judith L. Estrin (Chairwoman)
Gary W. Loveman	James L. Barksdale
Joshua I. Smith	J.R. Hyde, III
David P. Steiner	Gary W. Loveman
Compensation Committee	**Nominating & Governance Committee**
Steven R. Loranger (Chairman)	Shirley A. Jackson (Chairwoman)
Shirley A. Jackson	James L. Barksdale
Susan C. Schwab	Judith L. Estrin
Paul S. Walsh	Steven R. Loranger

The Board of Directors has approved reconstituting the committees so that, immediately following the annual meeting, if all of the director nominees are elected, committee memberships will be as follows:

Audit Committee	**Information Technology Oversight Committee**
John A. Edwardson (Chairman)	James L. Barksdale (Chairman)
Gary W. Loveman	J.R. Hyde, III
Joshua I. Smith	Gary W. Loveman
David P. Steiner	
Compensation Committee	**Nominating &**

	Governance Committee
Steven R. Loranger (Chairman)	Shirley A. Jackson (Chairwoman)
Shirley A. Jackson	James L. Barksdale
Susan C. Schwab	Steven R. Loranger
Paul S. Walsh	

The Audit Committee, which held nine meetings during fiscal 2010, performs the following functions:

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

Table of Contents

The Compensation Committee, which held six meetings during fiscal 2010, performs the following functions:

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

The Information Technology Oversight Committee, which held six meetings during fiscal 2010, performs the following functions:

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

The Nominating & Governance Committee, which held six meetings during fiscal 2010, performs the following functions:

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

In addition, as discussed previously, each Board committee has responsibility for the oversight of specific risks that fall within the committee s areas of responsibility, and the Audit Committee is responsible for reviewing and discussing with management the guidelines and policies that govern the processes by which the company assesses and manages its exposure to all risk, including our ERM process.

Attendance at Annual Meeting of Stockholders

FedEx expects all Board members to attend annual meetings of stockholders. Each member of the Board of Directors, except Ms. Estrin, attended the 2009 annual meeting of stockholders.

16

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

All of FedEx s directors are elected at each annual meeting of stockholders and hold office until the next annual meeting of stockholders and until their successors are duly elected and qualified. The Board of Directors currently consists of twelve members. Judith L. Estrin is retiring as a director immediately before this annual meeting and is not standing for reelection. Effective upon the retirement of Ms. Estrin, the size of the Board will be reduced to eleven members. The Board proposes that each of the other current directors be reelected to the Board. Each of the nominees elected at this annual meeting will hold office until the annual meeting of stockholders to be held in 2011 and until his or her successor is duly elected and qualified.

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders may vote your shares for the substitute nominee.

Under FedEx s majority-voting standard, each of the eleven director nominees must receive more votes cast for than against his or her election in order to be elected to the Board. For more information, please see Corporate Governance Matters Majority-Voting Standard for Director Elections.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE ELEVEN NOMINEES.

Set forth below, with respect to each nominee, is the following information:

- His or her name;
- His or her age;
- The year in which he or she first became a director of FedEx (or its predecessor, FedEx Express);
- His or her principal occupation and employment both currently and during at least the past five years;
- Directorships held in other public companies both currently and during at least the past five years; and
- A brief discussion of the specific experience, qualifications, attributes and skills that the Board of Directors considered in nominating him or her for reelection.

NOMINEES FOR ELECTION TO THE BOARD

Frederick W. Smith, 66, was first elected as a director in 1971. He is the company s founder and has been Chairman, President and Chief Executive Officer of FedEx since January 1998 and Chairman of FedEx Express since 1975. He was Chairman, President and Chief Executive Officer of FedEx Express from 1983 to January 1998, Chief Executive Officer of FedEx Express from 1977 to January 1998, and President of FedEx Express from 1971 to 1975.

James L. Barksdale, 67, was first elected as a director in 1999. He is Chairman and President of Barksdale Management Corporation, an investment management company, and Managing Partner of The Barksdale Group, a venture capital firm, positions he has held since April 1999. He was President and Chief Executive Officer of Netscape Communications Corporation, a provider of software, services and Web site resources to Internet users, from January 1995 to March 1999. He held various senior management positions at FedEx Express from 1979 to 1992, including Executive Vice President and Chief Operating Officer, and was a director of FedEx Express from 1983 to 1991. He is a director of Time Warner Inc. He was previously a director of Sun Microsystems, Inc.

Table of Contents

John A. Edwardson, 61, was first elected as a director in 2003. He is Chairman and Chief Executive Officer of CDW Corporation, a provider of technology products and services, a position he has held since January 2001. He was Chairman and Chief Executive Officer of Burns International Services Corporation, a provider of security services, from 1999 to 2000. He was President and Chief Operating Officer of UAL Corporation (the parent company of United Air Lines, Inc.), an airline, from 1995 to 1998. He is a director of CDW Corporation, which was a public company until October 2007.

J.R. Hyde, III, 67, was first elected as a director in 1977. He is Chairman of GTx, Inc., a biopharmaceutical company, a position he has held since November 2000. He is also Chairman of Pittco Management, LLC, an investment management company, a position he has held since January 1998, and President of Pittco, Inc., an investment company, a position he has held since April 1989. He was Chairman of AutoZone, Inc., an auto parts retail chain, from May 1986 to March 1997 and again from March 2005 to June 2007, and was its Chief Executive Officer from May 1986 to December 1996. He is a director of AutoZone, Inc. and GTx, Inc.

Shirley A. Jackson, 64, was first elected as a director in 1999. She is President of Rensselaer Polytechnic Institute (RPI), a technological research university, a position she has held since July 1999. She was a Commissioner on the United States Nuclear Regulatory Commission from May 1995 to June 1999 and served as its Chairwoman from July 1995 to June 1999. She is a director of International Business Machines Corporation, Marathon Oil Corporation, Medtronic, Inc. and Public Service Enterprise Group Incorporated. She was previously a director of NYSE Euronext and United States Steel Corporation.

Steven R. Loranger, 58, was first elected as a director in 2006. He is Chairman, President and Chief Executive Officer of ITT Corporation, a diversified high-technology engineering and manufacturing company; he has held the position of President and Chief Executive Officer since June 2004 and Chairman since December 2004. He was Executive Vice President and Chief Operating Officer of Textron, Inc., a global aircraft, industrial and finance company, from 2002 to 2004. He held various executive positions at Honeywell International Inc. and its predecessor, AlliedSignal, Inc., a technology and manufacturing company, from 1981 to 2002, including President and Chief Executive Officer of its Engines, Systems and Services businesses. He is a director of ITT Corporation.

Gary W. Loveman, 50, was first elected as a director in 2007. He is Chairman of the Board, Chief Executive Officer and President of Harrah s Entertainment, Inc., a provider of branded gaming entertainment; he has held the position of President since April 2001, Chief Executive Officer since January 2003, and Chairman of the Board since January 2005. He held various other executive positions at Harrah s Entertainment, Inc. from May 1998 to April 2001. He was Associate Professor of Business Administration at the Harvard University Graduate School of Business Administration from 1994 to 1998. He is a director of Harrah s Entertainment, Inc. and Coach, Inc.

Susan C. Schwab, 55, was first elected as a director in 2009. She is a Professor at the University of Maryland School of Public Policy, a position she has held since January 2009. She served as United States Trade Representative from June 2006 to January 2009 and as Deputy United States Trade Representative from October 2005 to June 2006. She was Vice Chancellor of the University System of Maryland and President and Chief Executive Officer of the University System of Maryland Foundation from January 2004 to October 2005. She was Dean of the University of Maryland School of Public Policy from August 1995 to August 2003. She was Director of Corporate Business Development of Motorola, Inc., an electronics manufacturer, from July 1993 to August 1995. She was Assistant Secretary of Commerce for the United States and Foreign Commercial Services from March 1989 to May 1993. She is a director of Caterpillar Inc. and The Boeing Company. She was previously a director of The Adams Express Company, Calpine Corporation and Petroleum & Resources Corporation (prior to her service as Deputy United States Trade Representative).

Joshua I. Smith, 69, was first elected as a director in 1989. He is Chairman and Managing Partner of Coaching Group, LLC, a management consulting firm, a position he has held since June 1998. He was Vice Chairman and

President of iGate, Inc., a broadband networking company, from June 2000 to June 2001. He is a director of The Allstate Corporation, Caterpillar Inc. and Comprehensive Care Corporation. He was previously a director of CardioComm Solutions, Inc.

David P. Steiner, 50, was first elected as a director in 2009. He is Chief Executive Officer of Waste Management, Inc., a provider of integrated waste management services, a position he has held since March 2004. He was Executive Vice President and Chief Financial Officer of Waste Management, Inc. from April 2003 to March 2004, Senior Vice President, General Counsel and Corporate Secretary of Waste Management, Inc. from July 2001 to April 2003, and Vice President and Deputy General Counsel of Waste Management, Inc. from November 2000 to July 2001. He was a partner at Phelps Dunbar L.L.P., a law firm, from 1990 to November 2000. He is a director of Tyco Electronics Ltd. and Waste Management, Inc.

Paul S. Walsh, 55, was first elected as a director in 1996. He is Chief Executive Officer of Diageo plc, a beverage company, a position he has held since September 2000. He was Group Chief Operating Officer of Diageo plc from January 2000 to September 2000. He was Chairman, President and Chief Executive Officer of The Pillsbury Company, a wholly owned subsidiary of Diageo plc, from April 1996 to January 2000, and Chief Executive Officer of The Pillsbury Company from January 1992 to April 1996. He is a director of Diageo plc and Unilever PLC. He was previously a director of Centrica plc.

Experience, Qualifications, Attributes and Skills

Each director nominee possesses the following experience, qualifications, attributes and skills, in addition to those reflected above, as these are required of all candidates nominated for election or reelection to the Board of Directors:

- The highest level of personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, finance and accounting, government, education or technology;
- Expertise that is useful to FedEx and complementary to the background and experience of other Board members, so that an optimal balance of Board members can be achieved and maintained;
- Willingness to devote the required time to carrying out the duties and responsibilities of Board membership;
- Commitment to serve on the Board for several years to develop knowledge about FedEx s business;
- Willingness to represent the best interests of all stockholders and objectively appraise management performance; and
- Involvement only in activities or interests that do not conflict with the director s responsibilities to FedEx and its stockholders.

In addition, the Board believes that it is desirable that the following experience, qualifications, attributes and skills be possessed by one or more of FedEx s Board members because of their particular relevance to the company s business and structure, and these were all considered by the Board in connection with this year s director nomination process:

Transportation Industry Experience: Each nominee possesses transportation industry experience by virtue of his or her service on the FedEx Board of Directors. We regard this tenure as a positive attribute, as it greatly increases the director s understanding of the company s operations and its management. Each of the below nominees has extensive additional transportation industry experience and knowledge.

Mr. Smith, as the founder of our company, is the pioneer of the express transportation industry, and his record of innovation, achievement and leadership speaks for itself. Under his leadership, FedEx has

Table of Contents

become one of the most trusted and respected brands in the world and has experienced strong long-term financial growth and stockholder return.

Mr. Barksdale held various senior management positions, including Executive Vice President and Chief Operating Officer, at our company during its early years (from 1979 to 1992).

Mr. Edwardson was President and COO of a major airline (United) during the late 1990s.

Mr. Loranger is CEO of a leading provider of products and services to the defense and aerospace industries (ITT). He was EVP and COO of a global aircraft manufacturing company (Textron, which includes Bell Helicopter and Cessna Aircraft) during the early 2000s. Previously, he was president and CEO of a high-technology aerospace business (a division of AlliedSignal, Inc.) and was president of a heavy trucking company (Bendix Truck Brake Systems Group) in the 1990s.

Mr. Steiner is CEO of a company (Waste Management) that transports waste materials.

International Experience: We continue to position our company to facilitate and capitalize on increasing globalization and the resulting unprecedented expansion of customer access to goods, services and information. This highlights the importance of having directors, such as each of the below nominees, who have specific experience with international trade and international markets.

Mr. Smith leads our company, which serves more than 220 countries and territories. He serves on the board of the Council on Foreign Relations, and he has served as chairman of the U.S.-China Business Council and is the current chairman of the French-American Business Council.

Dr. Jackson is the former Chairwoman and Commissioner of the United States Nuclear Regulatory Commission, through which she participated in the International Nuclear Regulatory Association. She is closely involved with the World Economic Forum and is a member of the Council on Foreign Relations.

Mr. Loranger is the CEO of a large multinational corporation (ITT).

Ambassador Schwab is the former United States Trade Representative, as a result of which she has extensive experience leading large international trade negotiations.

Mr. Walsh is the CEO of a U.K.-based large multinational corporation (Diageo).

Financial Expertise: We believe that an understanding of finance and financial reporting and internal auditing processes is beneficial for our directors, given our use of financial targets as measures of our success and the importance of accurate financial reporting and robust internal auditing. Each nominee has a considerable degree of financial literacy, and each of the below nominees has an extensive background in finance.

Mr. Edwardson, who has an MBA from the University of Chicago, was the CFO of two separate public companies during the 1980s and 1990s: Northwest Airlines Corporation, a major airline, and Ameritech Corporation, a provider of telecommunications products and services.

Dr. Jackson has numerous years of public company audit committee experience, including as a chair. She currently serves on three public company audit committees (Marathon Oil, Medtronic and Public Service Enterprise Group), one of which she chairs (Marathon Oil).

Mr. Loveman, who has a Ph.D. in economics from the Massachusetts Institute of Technology and a B.A. in economics from Wesleyan University, was an associate professor of business administration at the Harvard University Graduate School of Business Administration before joining Harrah s Entertainment. He worked at the Federal Reserve Bank of Boston during the 1980s.

Mr. J. Smith, who took graduate courses in accounting and finance from Central Michigan, has numerous years of public company audit committee experience. He is Chairman and Managing Partner of a consulting firm (The Coaching Group) that, among other things, assists its clients in writing business plans and preparing financial statements in preparation for debt and equity funding.

Table of Contents

Mr. Steiner, who has an accounting degree from Louisiana State University, was CFO of Waste Management before becoming its CEO.

Mr. Walsh, during the 1980s, held various executive positions in finance, including CFO of a major division, at a U.K.-based public company (Grand Metropolitan plc) that is a predecessor to the company (Diageo) where he now serves as CEO.

Marketing Expertise: FedEx is one of the most widely recognized brands in the world, and we place special emphasis on promoting and protecting the FedEx brand, one of our most important assets. Accordingly, we benefit greatly from having directors, such as each of the below nominees, who have substantial expertise and experience in marketing.

Mr. Hyde has gained valuable retail marketing experience and successfully applied his marketing expertise as CEO of AutoZone, a leading auto parts retailer and distributor, and Malone & Hyde, a leading food retailer and distributor.

Mr. Loveman has led several highly successful marketing initiatives at Harrah s and previously taught marketing-related courses at the Harvard University Graduate School of Business Administration.

Mr. Walsh leads a company (Diageo) that owes much of its growth and success to highly effective marketing of its various brands.

Technological Expertise: We rely heavily on technology to operate our transportation and business networks. Our ability to attract and retain customers and to compete effectively depends in part upon the sophistication and reliability of our technology network. Thus, having directors with technological expertise is important to us, and each of the below nominees has a thorough understanding of the applications of technology by virtue of his or her background and experiences.

Mr. Barksdale has held executive positions with multiple technology companies, including CEO of Netscape and AT&T Wireless during the 1990s. He was the co-chair of the Markle Foundation Task Force on National Security in the Information Age for seven years.

Mr. Edwardson has been the CEO of a technology products and services provider (CDW) since 2001.

Dr. Jackson, who holds undergraduate and doctorate degrees in physics from the Massachusetts Institute of Technology, is the president of a world-renowned technological research university (RPI). She also serves on the board of directors of a multinational computer technology and IT consulting corporation (IBM).

Mr. Loranger has held senior executive positions with various high-technology engineering and manufacturing companies (ITT, Textron, Honeywell and AlliedSignal).

Energy Expertise: We are committed to protecting the environment, and we have many initiatives underway to reduce our energy use and minimize our impact on the environment. Each of the below nominees has a significant amount of energy expertise, which is helpful as we implement these important initiatives.

Mr. Smith is co-chairman of the Energy Security Leadership Council, a project of Securing America s Future Energy, the goal of which is to reduce U.S. oil dependence and improve energy security.

Dr. Jackson is the former Chairwoman and Commissioner of the United States Nuclear Regulatory Commission and serves as university vice-chairwoman of the U.S. Council on Competitiveness and co-chairwoman of its Energy Security, Innovation & Sustainability Initiative. She also serves on the board of directors of an integrated international energy company (Marathon Oil).

Mr. Steiner is CEO of a company (Waste Management) that has taken an industry leadership role in converting waste to renewable energy.

Government Experience: Our businesses are heavily regulated and are directly affected by governmental actions, so our directors with government experience provide a useful perspective as we work constructively with governments around the world. While each of our director nominees has significant experience in working with government at various levels, each of the below nominees has ample experience in government service.

Mr. Barksdale served on the U.S. President s Intelligence Advisory Board for seven years.

Dr. Jackson is the former Chairwoman and Commissioner of the United States Nuclear Regulatory Commission and serves on the President s Council of Advisors on Science and Technology.

Mr. Loranger served as an officer and pilot in the U.S. Navy, is a trustee for the National Air and Space Museum and the Congressional Medal of Honor Foundation, and has held executive management positions with several of the largest government contractors in the United States (ITT, Textron, Honeywell and AlliedSignal).

Ambassador Schwab is the former United States Trade Representative.

Leadership Experience: As noted above, experience at the policy-making level is one of the minimum qualifications for election to the Board, and each nominee has this experience Ambassador Schwab in government, Dr. Jackson in education and government, and the rest of the nominees in business, as Chief Executive Officers (as noted below). The Board believes that CEOs, in particular, make excellent directors because they have the necessary experience and confidence to capably advise our executive management team on the wide range of issues that impact our business. Collectively, our directors have over 300 years of senior leadership experience, over 100 years of experience serving as CEOs, and over 85 years of experience serving as the chairpersons of public company boards of directors.

Mr. F. Smith is our CEO.

Mr. Barksdale is a former CEO (Netscape and AT&T Wireless).

Mr. Edwardson is a CEO (CDW).

Mr. Hyde is a former CEO (AutoZone and Malone & Hyde)

Dr. Jackson is the president of a world-renowned technological research university (RPI) and the former Chairwoman and Commissioner of the United States Nuclear Regulatory Commission.

Mr. Loranger is a CEO (ITT).

Mr. Loveman is a CEO (Harrah s Entertainment).

Ambassador Schwab is the former United States Trade Representative.

Mr. J. Smith is a former CEO (The MAXIMA Corporation).

Mr. Steiner is a CEO (Waste Management).

Mr. Walsh is a CEO (Diageo).

Diversity: The Board is committed to diversity and inclusion and is always looking for highly qualified candidates, including women (such as Dr. Jackson and Ambassador Schwab) and minorities (such as Dr. Jackson and Mr. J. Smith), who meet our criteria. The Board seeks, and believes it has found in this group of nominees, a diverse blend of experience and perspectives, institutional knowledge and personal chemistry, and directors who will provide sound and prudent guidance with respect to all of FedEx s operations and interests.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors, and the Board approved, that the Compensation Discussion and Analysis be included in this proxy statement and in FedEx s Annual Report on Form 10-K for the fiscal year ended May 31, 2010.

Compensation Committee Members

Steven R. Loranger *Chairman*

Shirley A. Jackson

Susan C. Schwab

Paul S. Walsh

COMPENSATION DISCUSSION AND ANALYSIS

In this section we discuss and analyze the compensation of our principal executive and financial officers and our three other most highly compensated executive officers (the named executive officers) for the fiscal year ended May 31, 2010. For additional information regarding compensation of the named executive officers, see Executive Compensation.

2010 Compensation Highlights

The key components of our executive compensation program have remained substantially the same for many years, and we believe the program has been an important factor in our success. During fiscal 2010, however, we conducted a comprehensive review of our executive pay program and philosophy. As a result of our review, we made the following improvements to certain elements of the program to better align our executive compensation structure with current market practices:

- In March 2010, our Management Retention Agreements (MRAs) with executive officers were amended to significantly reduce the post-change-of-control benefits, including eliminating the tax gross-ups, available to the officers under the agreements. For a description of these revisions, see Compensation Elements and Fiscal 2010 Amounts Post-Employment Compensation below.

- Effective May 1, 2010, we discontinued tax reimbursement payments to executive officers relating to tax return preparation and financial counseling services, umbrella insurance premiums, and benefits accrued under our supplemental non-tax-qualified pension plan. Each executive officer received a one-time base salary increase in an amount that approximated (or, in the case of Mr. Smith, was less than) the eliminated tax reimbursement payments.

Additionally, as a result of our review, we reaffirmed several important executive compensation components that we believe are effectively designed and working well in alignment with the best interests of our shareowners. For example, we continue to support our highly successful restricted stock program, which for many years has permitted and encouraged FedEx executives to own and retain company stock. Under this program, FedEx pays the taxes resulting from a restricted stock award on behalf of the recipient to prevent the need for the officer to sell a portion of a stock award to pay the corresponding tax obligation. While SEC disclosure rules require that these payments be included with tax reimbursement payments and reported as other compensation in the Summary Compensation Table, we do not believe these payments are tax gross-ups in the traditional sense, since their value is fully reflected in the number of shares ultimately delivered to recipients.

When granting restricted stock, FedEx first determines the total target value of the award and then delivers that value in two components: restricted shares and cash payment of taxes due. Therefore, the total target value of the award is the same as it would be if there were no tax payments. In particular, because the amount of the tax

23

Table of Contents

payment is included in the calculation of the target value of the restricted stock award, the officers receive fewer shares in each award than they would in the absence of the tax payment: fewer by an amount equal in value to the tax payment. Conversely, absent the tax payment, the number of shares received in each award would be larger by an amount equal in value to the forgone tax payment. Not only is the value to the officer (as well as the cost to the company) generally the same as it would be otherwise, this longstanding practice is simple to administer and has proved extremely successful in retaining executives and enabling them to retain their shares. During fiscal 2010, the Compensation Committee reviewed our restricted stock program and, for all of the above reasons, determined that it continues to be appropriate for FedEx.

Finally, consistent with our strong pay for performance philosophy and reflecting FedEx s better-than-expected financial performance during fiscal 2010, we made partial payouts under our annual incentive compensation (AIC) program to all participants. In addition, effective January 1, 2010, we began reinstating annual merit-based salary increases and partial 401(k) company matching contributions for employees, including the named executive officers, for whom these compensation items had been eliminated during fiscal 2009. We plan to fully restore the 401(k) company matching contributions effective January 1, 2011. At the same time, the unprecedented global recession and the resulting negative effects on our financial and stock price performance continued to negatively impact long-term executive compensation during fiscal 2010:

- There were no payouts for fiscal 2010 to any participant, including the named executive officers, under our long-term incentive compensation (LTI) program; and

- As of May 31, 2010, the stock options awarded to our named executive officers in four of the past five annual grants were still underwater (or out of the money) our stock price was less than the exercise price of the options.

Executive Summary

FedEx is consistently ranked among the world s most admired and trusted employers and respected brands. Maintaining this reputation and continuing to position FedEx for future success requires high caliber talent to protect and grow the company in support of our mission of producing superior financial returns for our shareowners. We design our executive compensation program to provide a competitive and internally equitable compensation and benefits package that reflects individual and company performance, job complexity, and strategic value of the position while ensuring long-term retention and motivation.

Each of the named executive officers is a longstanding member of our management, and our Chairman of the Board, President and Chief Executive Officer, Frederick W. Smith, founded the company and pioneered the express transportation industry over 35 years ago. As a result, our named executive officers are especially knowledgeable about our business and our industry and thus particularly valuable to the company and our shareowners as we continue to manage through economic uncertainty.

As with tenure, position and level of responsibility are important factors in the compensation of any FedEx employee, including our named executive officers. There are internal salary ranges for each level, and annual target bonus percentages, long-term bonus amounts, and the number of options and restricted shares awarded are all closely tied to management level and responsibilities. For instance, all FedEx Corporation executive vice presidents have the same salary range and annual target bonus percentages and receive the same long-term bonus and the same number of options and restricted shares in the annual grant.

Our philosophy is to (i) closely align the compensation paid to our executives with the performance of the company on both a short-term and long-term basis, and (ii) set performance goals that do not promote excessive risk while supporting the company s core long-term financial goals of:

- Growing revenue by 10% per year;

- Achieving a 10%+ operating margin;

- Increasing EPS by 10% to 15% per year;

24

Table of Contents

Improving cash flow; and

Increasing returns, such as return on invested capital.

Our executive compensation is, in large measure, highly variable and directly linked to the above goals and the performance of the FedEx stock price over time.

Compensation Objectives and Design-Related Features

We design our executive compensation program to further FedEx s mission of producing superior financial returns for our shareowners by pursuing the following objectives:

	How Pursued	
Objective	**Generally**	**Specifically**
Retain and attract highly qualified and effective executive officers.	Pay competitively.	Use comparison survey data as a point of reference in evaluating target levels for total direct compensation, which includes both fixed and variable, at-risk components tied to stock price appreciation and short- and long-term financial performance.
Motivate executive officers to contribute to our future success and to build long-term shareowner value and reward them accordingly.	Link a significant part of compensation to FedEx s financial and stock price performance, especially long-term performance.	Weight executive compensation program in favor of incentive and equity-based compensation elements (rather than base salary), especially long-term incentive cash compensation and equity incentives in the form of stock options and restricted stock.
Further align executive officer and shareowner interests.	Encourage and facilitate long-term shareowner returns and significant ownership of FedEx stock by executives.	Make annual equity-based grants; tie long-term cash compensation to growth in our earnings per share (EPS), which strongly correlates with long-term stock price appreciation; maintain a stock ownership goal for senior officers and encourage each officer to retain shares acquired upon stock option exercises until his or her goal is met.

Commitment to Retain and Attract. FedEx is widely acknowledged as one of the world s most admired and respected companies, and it is our people our greatest asset that have earned FedEx its strong reputation. Because FedEx operates a global enterprise in a highly challenging business environment, we compete for talented management with some of the largest companies in the world in our industry and in others. Our global recognition and reputation for excellence in management and leadership make our people attractive targets for other companies, and our key employees are aggressively recruited. To prevent loss of our managerial talent, we seek to provide an overall compensation program that competes well against all types of companies and continues to retain and attract outstanding people to conduct our business. Each element of compensation is intended to fulfill this important obligation.

Table of Contents

Market Referencing. Because retention is so imperative and tenure and management level are determinative factors, we use external survey data solely as a market reference point. Thus, the target compensation levels of our named executive officers are not designed to correspond to a specific percentile of compensation in those surveys. Beginning with our fiscal 2011 executive compensation review, our analysis will consider multiple market reference points for the analyzed positions, rather than referring to a specific percentile.

For the fiscal 2010 executive compensation review, we referred to the 75^{th} percentile of target compensation for comparable positions in the referenced surveys in evaluating our target levels for total direct compensation, which includes both fixed and variable, at-risk components tied to stock price appreciation and short- and long-term financial performance. We considered survey data published by two major consulting firms engaged by the company: Towers Watson and Hewitt Associates. Each consulting firm provided target compensation data for general industry companies (excluding financial services companies) in its respective database with annual revenues in excess of $10 billion. A list of these companies is attached to this proxy statement as *Appendix A*. General industry is the appropriate comparison category because our executives are recruited by and from businesses outside FedEx s industry peer group. Using a robust data sample (272 companies) mitigates the impact of outliers, year-over-year volatility of compensation levels and the risk of selection bias and increases the likelihood of comparing with companies with executive officer positions similar to ours.

Because the annual revenues of these companies vary significantly, each consulting firm used regression analysis to allow for the inclusion of data from a large number of both larger and smaller companies. The data results provided by each firm were then averaged to arrive at blended market compensation data for general industry executives.

When we evaluate the elements of compensation of our executive officers in light of the referenced survey data, we group the elements into two categories:

Annual base salary plus target AIC payout (*i.e.,* assuming achievement of all individual and corporate objectives), the sum of which we call total cash compensation (TCC).

TCC plus target LTI cash award plus long-term equity incentive grants (stock options and restricted stock) plus tax reimbursement payments on restricted stock awards, the sum of which we call total direct compensation (TDC). Long-term components of target TDC are valued consistent with the valuation methodology used in the referenced surveys.

The TDC formula is illustrated below:

* Includes related tax reimbursement payments.

Other elements of compensation of named executive officers (such as perquisites and retirement benefits) are not included in our TDC formula, consistent with our referenced survey information. Accordingly, these other elements are not referenced against survey data, and decisions as to these other elements do not influence decisions as to the elements of compensation that are included in the TDC formula. These other elements of compensation, however, are reviewed and approved by the Compensation Committee.

The following chart illustrates for each named executive officer (other than Mr. Carter, as described below) the relationship between his fiscal 2010 target TDC and market reference point discussed above:

Various factors affect the relationship between target TDC and our market reference, including: specific retention concerns; the important role of tenure and job responsibilities; the year-over-year volatility of the market data; the degree of accuracy in our job matches; and the difference in the strategic value of a position among the companies in the survey group. No single position in the referenced surveys fully captures the breadth of the responsibilities of certain of our executive officers. Consistent with market practice, this disparity may be partially mitigated by applying a premium to the survey data, as we have done for Mr. Glenn in the position of top sales and marketing executive. In the case of Mr. Carter, we believe his scope of responsibilities is far broader and the nature of his role is much more strategic than that of the typical top information officer reflected in the survey data. Therefore, his compensation is not referenced against the survey data.

While we may reference our target executive compensation levels against the survey group of companies, we do not compare our AIC and LTI financial performance goals against these companies or any other group of companies. Rather, as discussed below, our AIC and LTI financial performance goals are based upon our internal business objectives which, when set each year, represent aggressive but reasonably achievable goals. Accordingly, the relationship between our financial performance and the financial performance of the survey companies does not necessarily affect the relationship between our executive compensation and the executive compensation of that group in a given year.

Table of Contents

Pay for Performance. Our executive compensation program is intended not only to retain and attract highly qualified and effective managers, but also to motivate them to substantially contribute to FedEx s future success for the long-term benefit of shareowners and appropriately reward them for doing so. Accordingly, 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, AIC payments, LTI payments and stock options represent a significant portion of our executive compensation program, as shown by the chart below, and this variable compensation is at risk and directly dependent upon the achievement of pre-established corporate goals and stock price appreciation:

AIC payouts are tied to meeting aggressive business plan goals for consolidated pre-tax income. For fiscal 2010, the named executive officers received only partial AIC payouts.

LTI payouts are tied to meeting aggregate EPS goals over a three-fiscal-year period. There were no LTI payouts for fiscal 2010 because of the significant negative impact of the global recession on the company s financial performance over the past three years.

The exercise price of stock options granted under our equity incentive plans is equal to the fair market value of our common stock on the date of grant, so the options will yield value to the executive only if the stock price appreciates.

The following chart illustrates for each named executive officer the allocation of fiscal 2010 target TDC between base salary and incentive and equity-oriented compensation elements (restricted stock value includes tax reimbursement payment):

We believe that long-term performance is the most important measure of our success, as we manage FedEx s operations and business affairs for the long-term benefit of our shareowners. Accordingly, not only is our executive compensation program weighted towards variable, at-risk pay components, but we emphasize incentives that are dependent upon long-term corporate performance and stock price appreciation. These long-term incentives include LTI cash compensation and equity awards (stock options and restricted stock), which comprise a significant portion of an executive officer s total compensation. These incentives are designed to motivate and reward our executive officers for achieving long-term corporate financial performance goals and maximizing long-term shareowner value.

The following chart illustrates for each named executive officer the allocation of fiscal 2010 target TDC between long-term incentives LTI, stock options and restricted stock, including the related tax reimbursement payment and short-term components base salary and AIC:

Table of Contents

We include target AIC and LTI payouts (discounted to present value to be consistent with the valuation methodology used in the survey data) in the TCC and TDC formula, so the actual compensation paid out in a given year may vary widely from targeted levels because compensation earned under the AIC and LTI programs is variable and commensurate with the level of achievement of pre-established financial performance goals. When we achieve superior results, we reward our executives accordingly under the terms of these programs. Conversely, when we fall short of our business objectives, payments under these variable programs decrease correspondingly. As an example, as shown by the chart below, the actual fiscal 2010 TDC of our named executive officers was below targeted levels because our financial performance for fiscal 2010 and the preceding two years fell short of our pre-established goals.

(1) Actual TDC includes actual AIC and LTI payouts (if any) and equity valued at grant date.

Table of Contents

Align Management and Shareowner Interests. We award stock options and restricted stock to create and maintain a long-term economic stake in the company for the officers, thereby aligning their interests with the interests of our shareowners.

In addition, as discussed above, payout under our LTI program is dependent upon achievement of an aggregate EPS goal for a three-fiscal-year period. EPS was selected as the financial measure for the LTI plan because growth in our EPS strongly correlates to long-term stock price appreciation.

The following graph illustrates the relationship between FedEx s EPS growth and stock price appreciation (based on the fiscal year-end stock price and adjusted for stock splits) from 1978 to 2010:

In order to encourage significant stock ownership by FedEx s senior management, including the named executive officers, and to further align their interests with the interests of our shareowners, the Board of Directors has adopted a stock ownership goal for senior officers, which is included in FedEx s Corporate Governance Guidelines. With respect to our executive officers, the goal is that within four years after being appointed to his or her position, each officer own FedEx shares valued at the following multiple of his or her annual base salary:

- 5x for the Chairman of the Board, President and Chief Executive Officer; and

- 3x for the other executive officers.

For purposes of meeting this goal, unvested restricted stock is counted, but unexercised stock options are not. Until the ownership goal is met, the officer is encouraged to retain (but is not required to do so) net profit shares resulting from the exercise of stock options. Net profit shares are the shares remaining after payment of the option exercise price and taxes owed upon the exercise of options. As of August 2, 2010, each executive officer exceeded the stock ownership goal.

In addition, we generally prohibit all members of management, including the named executive officers, from engaging in certain types of transactions involving FedEx stock that may signal a lack of confidence in

Table of Contents

FedEx or may lead to inadvertent insider trading violations, such as transactions in publicly traded options, short sales, holding stock in a margin account or pledging it as collateral for a loan, and hedging or monetization transactions.

Role of the Compensation Committee, its Compensation Consultant and the Chairman of the Board, President and Chief Executive Officer

Our Board of Directors is responsible for the compensation of our executive management. The purpose of the Board s Compensation Committee, which is composed solely of independent directors, is to help discharge this responsibility by, among other things:

- Reviewing and discussing with management the factors underlying our compensation policies and decisions, including overall compensation objectives;
- Reviewing and discussing with management the relationship between the company s compensation policies and practices and the company s risk management, including the extent to which those policies and practices create risks for the company;
- Reviewing and approving all company goals and objectives (both financial and non-financial) relevant to the compensation of the Chairman of the Board, President and Chief Executive Officer;
- Evaluating, together with the other independent directors, the performance of the Chairman of the Board, President and Chief Executive Officer in light of these goals and objectives and the quality and effectiveness of his leadership;
- Recommending to the Board for approval by the independent directors each element of the compensation of the Chairman of the Board, President and Chief Executive Officer;
- Reviewing the performance evaluations of all other members of executive management (the Chairman of the Board, President and Chief Executive Officer is responsible for the performance evaluations of the non-CEO executive officers);
- Reviewing and approving (and, if applicable, recommending to the Board for approval) each element of compensation, as well as the terms and conditions of employment, of these other members of executive management;
- Granting all awards under our equity compensation plans and overseeing the administration of all such plans; and
- Reviewing the costs and structure of our key employee benefit and fringe-benefit plans and programs.

In furtherance of the Compensation Committee s responsibility, the Committee has engaged Steven Hall & Partners (the consultant) to assist the Committee in evaluating FedEx s executive compensation, including during fiscal 2010. In connection with this engagement, the consultant reports directly and exclusively to the Committee. The consultant participates in Committee meetings, reviews Committee materials and provides advice to the Committee upon its request. For example, the consultant updates the Committee on trends and issues in executive compensation and comments on the competitiveness and reasonableness of FedEx s executive compensation program (occurs in September). The consultant assists the Committee in the development and review of FedEx s AIC and LTI programs, including commenting on performance measures and the goal-setting process (occurs in March and June). The consultant reviews and provides advice to the Committee for its consideration in reviewing compensation-related proxy statement disclosure, including this Compensation Discussion and Analysis, and on any new equity compensation plans or plan amendments proposed for adoption (occurs in June and July), including the FedEx Corporation 2010 Omnibus Stock Incentive Plan.

Other than services provided to the Compensation Committee, Steven Hall & Partners does not perform any services for FedEx. Accordingly, the Compensation Committee has determined the firm to be independent from the company. Compensation Committee preapproval is required for any services to be provided to the company by the Committee s independent compensation consultant. This ensures that the consultant maintains the highest level of independence from the company, in both appearance and fact.

The Chairman of the Board, President and Chief Executive Officer, who attends most meetings of the Compensation Committee, assists the Committee in determining the compensation of all other executive officers by, among other things:

- Approving any annual merit increases to the base salaries of the other executive officers within limits established by the Committee;

- Establishing annual individual performance objectives for the other executive officers and evaluating their performance against such objectives (the Committee reviews these performance evaluations); and

- Making recommendations, from time to time, for special stock option and restricted stock grants (*e.g.*, for motivational or retention purposes) to other executive officers.

The other executive officers do not have a role in determining their own compensation, other than discussing their annual individual performance objectives and results achieved with the Chairman of the Board, President and Chief Executive Officer.

Compensation Elements and Fiscal 2010 Amounts

Base Salary. Our primary objective with respect to the base salary levels of our executive officers is to provide sufficient fixed cash income to retain and attract these highly marketable executives in a competitive market for executive talent. The base salaries of our executive officers are reviewed and adjusted (if appropriate) at least annually to reflect, among other things, economic conditions, base salaries for comparable positions from the executive compensation survey data discussed above, the tenure of the officers, and the base salaries of the officers relative to one another, as well as the internal salary ranges for the officer s level.

In order to reduce costs and mitigate the negative effects of the global recession, Mr. Smith s base salary was reduced by 20% during fiscal 2009, the base salaries of the other named executive officers were reduced by 10% during fiscal 2009, and annual merit-based salary increases were eliminated for U.S. salaried exempt personnel, including the named executive officers, for calendar 2009. We began reinstating annual merit-based salary increases for these employees during calendar 2010. Thus, effective July 2010, each named executive officer received an annual merit increase of 2.0% of base salary. In addition, effective May 1, 2010, in connection with the elimination of certain tax reimbursement payments, each named executive officer received a one-time base salary increase in an amount that approximated (or, in the case of Mr. Smith, was less than) the average annual amount of those tax reimbursement payments over the previous three calendar years. Even with these increases, annual base salaries remain below the levels in effect at the end of fiscal 2008. The annual base salaries of our named executive officers are currently as follows:

Name	**Annual Base Salary ($)**
F.W. Smith	1,236,060
A.B. Graf, Jr.	872,256
D.J. Bronczek	910,236
T.M. Glenn	805,188
R.B. Carter	737,160

Table of Contents

Cash Payments Under Annual Incentive Compensation Program. The primary objective of our AIC program is to motivate our people to achieve our annual financial goals and other business objectives and reward them accordingly. The program provides an annual cash bonus opportunity to our employees, including the named executive officers, at the conclusion of each fiscal year based upon the achievement of AIC objectives for company and individual performance established at the beginning of the year, as illustrated below:

Annual Base Salary (at fiscal year-end)	x	Bonus Target Percentage	x	Company Performance Factor	+	Individual Performance Factor	=	AIC Payout

Target AIC payouts are established as a percentage of the executive officer s base salary (as of the end of the plan year). Payouts above target levels are based exclusively upon the company s performance, rather than achievement of individual objectives; accordingly, the executive officer receives above-target payouts only if the company exceeds the AIC target objective for annual financial performance. The maximum AIC payout represents three times the portion of the target payout that is based upon target annual financial performance (plus the portion of the target payout that is based upon the achievement of individual performance objectives).

As an example of our commitment to compete collectively and manage collaboratively, the AIC payout for all named executive officers, including Mr. Bronczek, the president and chief executive officer of FedEx Express, is tied to the performance of FedEx as a whole. The company performance factor is a pre-established multiplier that corresponds, on a sliding scale, to the percentage achievement of the AIC target objective for company annual financial performance. The multiplier matrix for the company performance factor is designed so that if the AIC annual financial performance threshold is achieved but is less than target, the multiplier decreases on a sliding scale based on the percentage achievement of the AIC target objective. On the other hand, if the company exceeds the AIC target objective, the multiplier increases on a sliding scale (up to the maximum, as described above) based on the percentage that the target objective is exceeded up to the AIC annual financial performance maximum.

AIC objectives for company annual financial performance are typically based upon our business plan for the fiscal year, which is reviewed and approved by the Board of Directors and which reflects, among other things, the risks and opportunities identified in connection with our enterprise risk management process. Consistent with our long-term focus and in order to discourage unnecessary and excessive risk-taking, we measure performance against our business plan, rather than a stipulated growth rate or an average of growth rates from prior years, to account for short-term economic and competitive conditions and anticipated strategic investments that may have adverse short-term profit implications. We address year-over-year improvement targets through our LTI plans, as discussed below.

Ordinarily our business plan objective for the financial performance measure for the fiscal 2010 AIC program, consolidated pre-tax income becomes the target objective for company performance under our AIC program. For the fiscal 2010 AIC program, however, in order to further motivate management to improve the company s performance despite weak economic conditions:

- There was no AIC program cost included in the fiscal 2010 business plan. The pre-tax income threshold (in addition to the pre-tax income target objective) for the company performance factor under the AIC program was, therefore, even higher than the business plan objective for pre-tax income; and

- The AIC payout opportunity relating to individual performance was contingent upon achievement of pre-tax income objectives under the plan (as well as the achievement of individual performance objectives). The pre-tax income objective for the named executive officers was higher than the pre-tax income objective for non-officer employees. As a result, non-officer employees would receive their full AIC payout relating to individual performance before the named executive officers would receive their full individual performance payout.

Table of Contents

For the fiscal 2011 AIC program, company financial performance will continue to be measured by pre-tax income in order to provide for different company financial performance metrics under the AIC and LTI programs, and the pre-tax income threshold and target for the company performance factor will continue to be higher than the business plan objective for pre-tax income. However, under the fiscal 2011 AIC program, a portion of the payout opportunity relating to individual performance will no longer be contingent upon the achievement of company financial performance objectives.

The fiscal 2010 AIC target payouts for the named executive officers, as a percentage of base salary, were as follows:

Name	Target Payout
F.W. Smith	130%
A.B. Graf, Jr.	90%
D.J. Bronczek	100%
T.M. Glenn	90%
R.B. Carter	90%

The following table illustrates for our named executive officers the fiscal 2010 AIC formulas and total AIC payout opportunities (as a percentage of the target payout described above):

Allocation of Goals

	Individual Objectives*		+	Consolidated Pre-Tax Income		=	Payout Opportunity	
	Target	Maximum		Target	Maximum		Target	Maximum
FedEx Corporation CEO				100%	300%		100%	300%
FedEx Corporation EVPs	30%	30%		70%	210%		100%	240%
FedEx Express CEO	30%	30%		70%	210%		100%	240%

* Under the fiscal 2010 AIC program, the AIC payout opportunity relating to individual performance was contingent upon achievement of company financial performance objectives under the plan (as well as the achievement of individual performance objectives).

Chairman of the Board, President and Chief Executive Officer. Mr. Smith s AIC payout is tied to the achievement of corporate objectives for company financial performance for the fiscal year. Mr. Smith s threshold (minimum) AIC payout is zero. His target AIC payout is set as a percentage of his base salary, and his maximum AIC payout is set as a multiple of the target payout. The independent members of the Board of Directors, upon the recommendation of the Compensation Committee, approve these percentages. The actual AIC payout ranges, on a sliding scale, from the threshold to the maximum based upon the performance of the company against our company financial performance goals.

In addition, the independent Board members, upon the recommendation of the Compensation Committee, may adjust this amount upward or downward based on their annual evaluation of Mr. Smith s performance, including the quality and effectiveness of his leadership and the following corporate performance measures:

- FedEx s stock price performance relative to the Standard & Poor s 500 Composite Index, the Dow Jones Transportation Average and the Dow Jones Industrial Average;
- FedEx s stock price to earnings (P/E) ratio relative to the Standard & Poor s 500 Composite Index, the Dow Jones Industrial Average and competitors;
- FedEx s market capitalization;

FedEx s revenue growth and operating income growth (excluding certain unusual items) relative to competitors;

- FedEx s free cash flow (excluding business acquisitions), return on invested capital (excluding certain unusual items), and weighted average cost of capital;
- Analyst coverage and ratings for FedEx s stock;
- FedEx s U.S. and international revenue market share;
- FedEx s reputation rankings by various publications and surveys; and
- For the fiscal 2011 AIC program, FedEx s restoration of remaining 401(k) company matching contributions.

None of these factors is given any particular weight in determining whether to adjust Mr. Smith s bonus amount.

Non-CEO Named Executive Officers. The AIC payouts for the other named executive officers are tied to the achievement of (i) individual objectives established at the beginning of the fiscal year for each executive (30% of the target payout), and (ii) corporate objectives for company financial performance for the fiscal year (70% of the target payout). As noted above, under the fiscal 2010 AIC program, the payout opportunity relating to individual performance was contingent upon achievement of company financial performance objectives under the plan (as well as the achievement of individual performance objectives).

The threshold (minimum) AIC payout is zero. The target AIC payout is set as a percentage of the executive s base salary, and the maximum AIC payout is set as a multiple of the target payout (the Compensation Committee approves these percentages). The actual AIC payout ranges, on a sliding scale, from the threshold to the maximum based upon the performance of the individual and the company against the objectives.

Individual performance objectives for the non-CEO named executive officers vary by management level and by operating segment and include (but are not limited to):

- Provide leadership to support the achievement of financial goals;
- Guide and support key strategic initiatives;
- Enhance the FedEx customer experience and meet goals related to internal metrics that measure customer satisfaction and service quality;
- Maintain the highest standards of corporate governance and continue to enhance FedEx s reputation;
- Recruit and develop executive talent and ensure successors exist for all management positions; and
- Implement and document good faith efforts designed to ensure inclusion of females and minorities in the pool of qualified applicants for open positions and promotional opportunities, and otherwise promote FedEx s commitment to diversity, tolerance and inclusion in the workplace.

Individual performance objectives are designed to further the company s business objectives. Achievement of individual performance objectives is generally within each officer s control or scope of responsibility, and the objectives are intended to be achieved with an appropriate level of effort and effective leadership by the officer. The achievement level of each non-CEO named executive officer s individual objectives is based on

Mr. Smith s evaluation at the conclusion of the fiscal year, which is reviewed by the Compensation Committee.

Table of Contents

Fiscal 2010 AIC Performance and Payouts. The fiscal 2010 AIC payout opportunity relating to individual performance was contingent upon achievement of pre-tax income objectives under the plan (as well as the achievement of individual performance objectives): for the named executive officers, this pre-tax income threshold for the individual performance factor was $1,850 million. The following table presents the pre-tax income threshold and target for the company performance factor under our fiscal 2010 AIC program and our actual pre-tax income for fiscal 2010 (in millions):

Company Performance Measure	Threshold	Target	Actual
Consolidated Pre-Tax Income	$ 1,865	$ 2,152	$ 1,894

Based upon this company performance, Mr. Smith s performance and each non-CEO named executive officer s achievement of individual performance objectives, payouts to the named executive officers under the fiscal 2010 AIC program were as follows (compared to the target payout opportunities):

Name	Target AIC Payout ($)	Actual AIC Payout ($)
F.W. Smith	1,575,366	400,000
A.B. Graf, Jr.	769,640	286,306
D.J. Bronczek	892,392	315,907
T.M. Glenn	710,456	249,370
R.B. Carter	650,430	226,350

The independent Board members, upon the recommendation of the Compensation Committee, exercised their discretion (which is described above) to increase the amount of Mr. Smith s fiscal 2010 AIC payout to $400,000 from $162,263 (the formulaic amount resulting solely from the achievement of company financial performance objectives under the fiscal 2010 AIC program). Their decision was based upon their assessment of the outstanding quality and effectiveness of Mr. Smith s leadership during and after the recent global recession.

Table of Contents

Cash Payments Under LTI Program. The primary objective of our LTI program is to motivate management to contribute to our future success and to build long-term shareowner value and reward them accordingly. The program provides a long-term cash payment opportunity to members of management, including the named executive officers, based upon achievement of aggregate EPS goals for the preceding three-fiscal-year period. The LTI plan design provides for payouts that correspond to specific EPS goals established by the Board of Directors. The EPS goals represent total growth in EPS (over a base year) for the three-year term of the LTI plan. The following chart illustrates the relationship between EPS growth and payout:

As illustrated by the above chart, the LTI program provides for:

Target payouts if the three-year average annual EPS growth rate is 12.5%;

Above-target payouts if the growth rate is above 12.5% up to a maximum amount (equal to 150% of the target payouts) if the growth rate is 15% or higher; and

Below-target payouts if the growth rate is below 12.5% down to a threshold amount (equal to 25% of the target payouts) if the growth rate is 5%. No LTI payment is made unless the three-year average annual EPS growth rate is at least 5%.

Fiscal 2010 LTI Performance and Payouts. The following table presents the aggregate EPS threshold, target and maximum under our FY2008-FY2010 LTI plan, which was established by the Board of Directors in 2007, and our actual aggregate EPS for the three-year period ended May 31, 2010:

Performance Measure	**Threshold**	**Target**	**Maximum**	**Actual**
FY2008-FY2010 Aggregate EPS	$ 21.44	$ 24.72	$ 25.88	$ 7.67

Table of Contents

Based upon this below-threshold performance, there were no payouts to the named executive officers under the FY2008-FY2010 LTI plan as illustrated by the following table (compared to the threshold, target and maximum payout opportunities):

Name	Threshold LTI Payout ($)	Target LTI Payout ($)	Maximum LTI Payout ($)	Actual LTI Payout ($)
F.W. Smith	875,000	3,500,000	5,250,000	0
A.B. Graf, Jr.	300,000	1,200,000	1,800,000	0
D.J. Bronczek	375,000	1,500,000	2,250,000	0
T.M. Glenn	300,000	1,200,000	1,800,000	0
R.B. Carter	300,000	1,200,000	1,800,000	0

LTI Payout Opportunities, Including Modified Base-Year EPS for FY2010-FY2012 LTI Plan. The Board of Directors has established LTI plans for the three-fiscal-year periods 2009 through 2011 and 2010 through 2012, providing cash payment opportunities upon the conclusion of fiscal 2011 and 2012, respectively, if certain EPS goals are achieved with respect to those periods. Traditionally, the base-year number over which the three-year average annual EPS growth rate goals are measured for an LTI plan is the final full-year EPS of the preceding fiscal year. For the FY2010-FY2012 LTI plan, we used an adjusted base-year number ($2.93), rather than any measure of FY09 performance, in order to address the economic environment and restore the motivating power of the plan. This adjusted base-year number was set so that 12.5% growth from the number would equal the FY2010 business plan EPS goal. The following table presents the aggregate EPS thresholds, targets and maximums under the FY2009-FY2011 and FY2010-FY2012 LTI plans and our progress toward these goals as of May 31, 2010:

Performance Period	Aggregate EPS Threshold	Aggregate EPS Target	Aggregate EPS Maximum	Actual Aggregate EPS as of May 31, 2010
FY2009-FY2011	$ 19.30	$ 22.24	$ 23.28	$4.07 (with one year remaining)
FY2010-FY2012	$ 9.70	$ 11.18	$ 11.70	$3.76 (with two years remaining)

The following table sets forth the potential threshold (minimum), target and maximum payouts for the named executive officers under these two plans:

Name	Performance Period	Potential Future Payouts Threshold ($)	Target ($)	Maximum ($)
F.W. Smith	FY2009-FY2011	875,000	3,500,000	5,250,000
	FY2010-FY2012	875,000	3,500,000	5,250,000
A.B. Graf, Jr.	FY2009-FY2011	300,000	1,200,000	1,800,000
	FY2010-FY2012	300,000	1,200,000	1,800,000
D.J. Bronczek	FY2009-FY2011	375,000	1,500,000	2,250,000
	FY2010-FY2012	375,000	1,500,000	2,250,000
T.M. Glenn	FY2009-FY2011	300,000	1,200,000	1,800,000
	FY2010-FY2012	300,000	1,200,000	1,800,000
R.B. Carter	FY2009-FY2011	300,000	1,200,000	1,800,000
	FY2010-FY2012	300,000	1,200,000	1,800,000

Long-Term Equity Incentives Stock Options and Restricted Stock. Our primary objective in providing long-term equity incentives to executive officers is to further align their interests with those of our shareowners by facilitating significant ownership of FedEx stock by the officers. This creates a direct link between their compensation and long-term shareowner return.

Table of Contents

Amount. Stock options and restricted stock are generally granted to executive officers on an annual basis. As discussed above, an officer s position and level of responsibility are the primary factors that determine the number of options and shares of restricted stock awarded to the officer in the annual grant. For instance, all FedEx Corporation executive vice presidents receive the same number of options and restricted shares in the annual grant.

The number of stock options and restricted shares awarded at each management level can vary from year to year. In determining how many options and shares of restricted stock should be awarded at each level, the Compensation Committee may consider:

- Target TDC levels and referenced survey data as discussed above, we include the total target value of all equity-based awards (including tax reimbursement payments for restricted stock awards) in our calculation of target TDC, and in evaluating the target fiscal 2010 TDC levels for our named executive officers, we refer to the 75^{th} percentile of the target TDC for comparable positions in the referenced surveys;

- The total number of shares then available to be granted; and

- Potential shareowner dilution. At May 31, 2010, the total number of shares underlying options and shares of restricted stock outstanding or available for future grant under our equity compensation plans represented 8% of the sum of shares outstanding plus the shares underlying options outstanding or available for future grant plus shares of restricted stock available for future grant.

Other factors that the Compensation Committee may consider, especially with respect to special grants outside of the annual-grant framework, include the promotion of an officer or the desire to retain a valued executive or recognize a particular officer s contributions. None of these factors is given any particular weight and the specific factors used may vary among individual executives.

Timing. In selecting dates for awarding equity-based compensation, we do not consider, nor have we ever considered, the price of FedEx s common stock or the timing of the release of material, non-public information about the company. Stock option and restricted stock awards are generally made to executive officers on an annual basis according to a pre-established schedule.

When the Compensation Committee approves a special grant outside of the annual-grant framework, such grants are made at a regularly scheduled meeting and the grant date of the awards is the approval date or the next business day, if the meeting does not fall on a business day. If the grant is made in connection with the promotion of an individual or the election of an officer, the grant date may be the effective date of the individual s promotion or the officer s election, if such effective date is after the approval date.

Pricing. The exercise price of stock options granted under our equity incentive plans is equal to the fair market value of FedEx s common stock on the date of grant. Under the terms of our equity incentive plans, the fair market value on the grant date is defined as the average of the high and low trading prices of FedEx s stock on the New York Stock Exchange on that day. We believe this methodology is the most equitable method for determining the exercise price of our stock option awards given the intra-day price volatility often shown by our stock.

Vesting. Stock options and restricted stock granted to executive officers generally vest ratably over four years beginning on the first anniversary of the grant date. This four-year vesting period is intended to further encourage the retention of the executive officers, since unvested stock options are forfeited upon termination of the officer s employment for any reason other than death or permanent disability and unvested restricted stock is forfeited upon termination of the officer s employment for any reason other than death, permanent disability or retirement.

Table of Contents

Tax Reimbursement Payments for Restricted Stock Awards. As discussed previously, FedEx pays the taxes resulting from a restricted stock award on behalf of the recipient. This prevents the need for the officer to sell a portion of a stock award to pay the corresponding tax obligation and thus encourages and facilitates FedEx stock ownership by our officers, thereby further aligning their interests with those of our shareowners.

Voting and Dividend Rights on Restricted Stock. Holders of restricted shares are entitled to vote and receive any dividends on such shares. The dividend rights are included in the computation of the value of the restricted stock award for purposes of determining the recipient s target TDC.

Fiscal 2010 Awards. On June 8, 2009, the named executive officers were granted stock option and restricted stock awards as follows:

Name	Number of Stock Options	Number of Shares of Restricted Stock
F.W. Smith	271,750	
A.B. Graf, Jr.	34,580	13,335
D.J. Bronczek	46,555	17,135
T.M. Glenn	34,580	13,335
R.B. Carter	34,580	13,335

As in previous years, at the request of Mr. Smith and in light of his significant stock ownership, the Compensation Committee did not award him any restricted stock. Instead, his equity awards were in the form of stock options, which will yield value to him only if the stock price increases from the date of grant.

Although the number of stock options and restricted shares awarded to each named executive officer increased in fiscal 2010 from the previous year s annual grant as a result of year-over-year stock price declines, the overall target value of each year s grant remained substantially the same for each officer.

Perquisites, Tax Reimbursement Payments and Other Annual Compensation. FedEx s named executive officers receive certain other annual compensation, including:

- certain perquisites, such as personal use of corporate aircraft (though officers are required to reimburse FedEx for substantially all of the incremental cost to FedEx of such usage), security services and equipment, tax return preparation and financial counseling services and physical examinations;

- umbrella insurance, group term life insurance and 401(k) company matching contributions; and

- tax reimbursement payments relating to restricted stock awards (as discussed above) and certain business-related use of corporate aircraft. As discussed previously, effective May 1, 2010, we discontinued tax reimbursement payments to executive officers relating to tax return preparation and financial counseling services, umbrella insurance premiums, and benefits accrued under our supplemental non-tax-qualified pension plan.

We provide this other compensation to enhance the competitiveness of our executive compensation program and to increase the productivity (corporate aircraft travel, professional assistance with tax return preparation and financial planning), safety (security services and equipment) and health (annual physical examinations) of our executives so they can focus on producing superior financial returns for our shareowners. The Compensation Committee reviews and approves each of these elements of compensation, and all of the independent directors approve each element as it relates to Mr. Smith. The Committee also reviews and approves FedEx s policies and procedures regarding perquisites and other personal benefits and tax reimbursement payments, including:

- FedEx s written policy setting forth guidelines and procedures regarding personal use of FedEx corporate aircraft; and

FedEx s executive security procedures.

FedEx s executive security procedures, which prescribe the level of personal security to be provided to the Chairman, President and Chief Executive Officer and other executive officers, are based on bona fide business-related security concerns and are an integral part of FedEx s overall risk management and security program. These procedures have been assessed by an independent security consulting firm, and deemed necessary and appropriate for the protection of the officers and their families given the history of direct security threats against FedEx executives and the likelihood of additional threats against the officers. The security services and equipment provided to FedEx executive officers may be viewed as conveying personal benefits to the executives and, as a result, their values must be reported in the Summary Compensation Table.

With respect to Mr. Smith, consistent with FedEx s executive security procedures, the Board of Directors requires him to use FedEx corporate aircraft for all travel, including personal travel. In addition, the FedEx Corporate Security Executive Protection Unit provides certain physical and personal security services for Mr. Smith, including on-site residential security at his primary residence. The Board of Directors believes that Mr. Smith s personal safety and security are of the utmost importance to FedEx and its shareowners and, therefore, the costs associated with such security are appropriate and necessary business expenses.

Post-Employment Compensation. While none of FedEx s named executive officers has an employment agreement, they are entitled to receive certain payments and benefits upon termination of employment or a change of control of FedEx, including:

- Retirement benefits under FedEx s 401(k) and pension plans, including a tax-qualified, defined contribution 401(k) retirement savings plan called the FedEx Corporation Retirement Savings Plan, a tax-qualified, defined benefit pension plan called the FedEx Corporation Employees Pension Plan, and a supplemental non-tax-qualified plan called the FedEx Corporation Retirement Parity Pension which is designed to provide to the executives the additional benefits that would be paid under the tax-qualified plans but for certain benefit limits contained in the tax laws;

- Accelerated vesting of restricted stock upon the executive s retirement (at or after age 60), death or permanent disability or a change of control of FedEx;

- Accelerated vesting of stock options upon the executive s death or permanent disability or a change of control of FedEx; and

- Lump sum cash payments under the MRAs upon a qualifying termination of the executive after a change of control of FedEx. The MRAs, as well as the accelerated vesting of equity awards upon a change of control of FedEx, are intended to secure the executives continued services in the event of any threat or occurrence of a change of control, which further aligns their interests with those of our shareowners when evaluating any such potential transaction.

The Compensation Committee approves and recommends Board approval of all plans, agreements and arrangements that provide for these payments and benefits. In March 2010, upon the recommendation of the Committee and approval by the Board, the MRAs were amended, among other things, to:

- Shorten the term of the executive s employment agreement established upon a change of control from three years to two years;

- Provide that during the post-change-of-control employment period the executive will be guaranteed the same annual incentive compensation opportunities, but will no longer be guaranteed annual incentive compensation payout amounts;

- Reduce the amount of the lump sum cash payment made to the executive in the event of a qualifying termination from (a) the sum of (i) three times annual base salary plus three times target annual incentive compensation plus three times target long-term incentive compensation and (ii) prorated target annual bonus and prorated target payments under all long-term incentive plans in effect and (iii) the excess of the actuarial present value of pension benefits as of the date of termination assuming

41

an additional 36 months of age and service over the actuarial present value of what was actually earned as of the date of termination to (b) two times annual base salary plus two times target annual incentive compensation;

Provide that upon a qualifying termination the executive is entitled to 18 months of continued coverage of medical, dental and vision benefits, rather than the previous lump sum cash payment equal to 36 months of full benefits coverage; and

Eliminate FedEx s agreement to pay the excise taxes incurred by the executive for any payments, distributions or other benefits received or deemed received by the executive from FedEx.

Risks Arising from Compensation Policies and Practices

Management has conducted an in-depth risk assessment of FedEx s compensation policies and practices and concluded that that they do not create risks that are reasonably likely to have a material adverse effect on the company. The Compensation Committee has reviewed and concurred with management s conclusion. The risk assessment process included, among other things, a review of (i) all key incentive compensation plans to ensure that they are aligned with our pay-for-performance philosophy and include performance metrics that meet and support corporate goals, and (ii) the overall compensation mix to ensure an appropriate balance between fixed and variable pay components and between short-term and long-term incentives. The objective of the process was to identify any compensation plans and practices that may encourage employees to take unnecessary risk that could threaten the company. No such plans or practices were identified.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the income tax deduction by FedEx for compensation paid to the Chief Executive Officer and the three other highest-paid executive officers (other than the Chief Financial Officer) to $1,000,000 per year, unless the compensation is qualified performance-based compensation or qualifies under certain other exceptions.

Mr. Smith s base salary is not designed to meet the requirements of Section 162(m) and, therefore, is subject to the $1,000,000 deductibility limit.

FedEx s equity compensation plans satisfy the requirements of Section 162(m) with respect to stock options, but not with respect to restricted stock awards. Accordingly, compensation recognized by the four highest-paid executive officers (excluding Mr. Graf) in connection with stock options is fully deductible, but compensation with respect to restricted stock awards is subject to the $1,000,000 deductibility limit.

FedEx s AIC and LTI plans do not meet all of the conditions for qualification under Section 162(m). Compensation received by the four highest-paid executive officers (excluding Mr. Graf) under each of these plans is subject, therefore, to the $1,000,000 deductibility limit.

We do not require all of our compensation programs to be fully deductible under Section 162(m) because doing so would restrict our discretion and flexibility in designing competitive compensation programs to promote varying corporate goals. We believe that our Board of Directors should be free to make compensation decisions to further and promote the best interests of our shareowners, rather than to qualify for corporate tax deductions. In fiscal 2010, we incurred approximately $1.8 million of additional tax expense as a result of the Section 162(m) deductibility limit for compensation paid to the Chief Executive Officer and the three other highest-paid executive officers (other than Mr. Graf).

Table of Contents

EXECUTIVE COMPENSATION

In this section we provide certain tabular and narrative information regarding the compensation of our principal executive and financial officers and our three other most highly compensated executive officers for the fiscal year ended May 31, 2010, and for each of the previous two fiscal years (except as noted). For additional information see Compensation Discussion and Analysis.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
Frederick W. Smith	2010	1,190,029			5,144,690	400,000		684,643	7,419,362
Chairman, President and	2009	1,355,028			5,079,191	0		1,306,439	7,740,658
	2008	1,430,466			5,461,575	2,705,000		837,548	10,434,589
Chief Executive Officer									
(Principal Executive Officer)									
Alan B. Graf, Jr.	2010	842,132		750,894	654,658	286,306	1,277,358	548,645	4,359,993
Executive Vice President	2009	892,817		638,394	599,601	0	350,113	733,578	3,214,503
	2008	900,240		705,077	740,762	1,043,064	33,967	537,610	3,960,720
and Chief Financial Officer									
(Principal Financial Officer)									
David J. Bronczek	2010	879,368		964,872	881,365	315,907	1,615,607	670,898	5,328,017
President and Chief	2009	932,351		820,468	799,385	0	346,131	824,801	3,723,136
	2008	940,096		906,561	859,496	1,336,544		614,706	4,657,403
Executive Officer									
FedEx Express									
T. Michael Glenn	2010	776,372		750,894	654,658	249,370	1,236,660	570,840	4,238,794
Executive Vice President,	2009	823,000		638,394	599,601	0	200,494	739,862	3,001,351
	2008	819,927		705,077	772,283	1,013,722		501,633	3,812,642
Market Development and									
Corporate Communications									
Robert B. Carter(5)	2010	709,676		750,894	654,658	226,350	723,182	518,786	3,583,546
Executive Vice President,									
FedEx *Information Services*									
and Chief Information Officer									

(1) The amounts reported in these columns reflect the aggregate grant date fair value of restricted stock and option awards granted to the named executive officer during each year, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. These amounts reflect our calculation of the value of these awards on the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the officer.

The fair value of restricted stock awards is equal to the fair market value of FedEx s common stock (the average of the high and low prices of the stock on the New York Stock Exchange) on the date of grant multiplied by the number of shares awarded.

For accounting purposes, we use the Black-Scholes option pricing model to calculate the grant date fair value of stock options. Assumptions used in the calculation of the amounts in the Option Awards column are included in note 8 to our audited financial statements for the fiscal year ended May 31, 2010, included in our Annual Report on Form 10-K for fiscal 2010.

See the Grants of Plan-Based Awards During Fiscal 2010 table for information regarding restricted stock and option awards to the named executive officers during fiscal 2010.

Table of Contents

(2) Reflects cash payouts, if any, under FedEx s fiscal 2010, 2009 and 2008 annual incentive compensation plans and FY08-FY10, FY07-FY09 and FY06-FY08 long-term incentive plans, as follows (for further discussion of the fiscal 2010 annual incentive compensation plan and the FY08-FY10 long-term incentive plan, see Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Cash Payments Under Annual Incentive Compensation Program and Cash Payments Under LTI Program above):

Name	Year	AIC Payout ($)	LTI Payout ($)	Total Non-Equity Incentive Plan Compensation ($)
F.W. Smith	2010	400,000	0	400,000
	2009	0	0	0
	2008	0	2,705,000	2,705,000
A.B. Graf, Jr.	2010	286,306	0	286,306
	2009	0	0	0
	2008	231,564	811,500	1,043,064
D.J. Bronczek	2010	315,907	0	315,907
	2009	0	0	0
	2008	254,544	1,082,000	1,336,544
T.M. Glenn	2010	249,370	0	249,370
	2009	0	0	0
	2008	202,222	811,500	1,013,722
R.B. Carter	2010	226,350	0	226,350

(3) Reflects the actuarial increase in the present value of the named executive officer s benefits under the Pension Plan and the Parity Plan (as each such term is defined under Fiscal 2010 Pension Benefits Overview of Pension Plans). The present value of the benefits under the Pension Plan and the Parity Plan for Messrs. Smith, Bronczek and Glenn decreased as follows: (a) between fiscal 2009 and 2010: Mr. Smith $337,470; (b) between fiscal 2008 and 2009: Mr. Smith $1,162,761; and (c) between fiscal 2007 and 2008: Mr. Smith $743,362; Mr. Bronczek $40,782; and Mr. Glenn $202,487. Beginning in fiscal 2009, the measurement date for the Pension Plan and the Parity Plan is May 31. Prior to fiscal 2009, the measurement date was the last day of February. The amounts in the table and this footnote were determined using assumptions (*e.g.*, for interest rates and mortality rates) consistent with those used in the audited consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended May 31, 2010. See Fiscal 2010 Pension Benefits.

(4) Includes:

- the aggregate incremental cost to FedEx of providing perquisites and other personal benefits;
- umbrella insurance premiums paid on the officer s behalf;
- group term life insurance premiums paid by FedEx;
- company matching contributions under FedEx s tax-qualified, defined contribution 401(k) retirement savings plan called the FedEx Corporation Retirement Savings Plan (the 401(k) Plan); and
- tax reimbursement payments relating to restricted stock awards, certain business-related use of corporate aircraft, tax return preparation and financial counseling services, umbrella insurance premiums and benefits accrued under the Parity Plan using the cash balance formula, and for fiscal 2009 only, a one-time tax reimbursement payment relating to the traditional pension benefit

under the Parity Plan (see Fiscal 2010 Pension Benefits Taxes). FedEx pays the taxes resulting from a restricted stock award on behalf of the recipient to prevent the need for the officer to sell a portion of a stock award to pay the corresponding tax obligation. While SEC disclosure rules require that these payments be included with tax reimbursement payments and reported as other compensation in the Summary Compensation Table, we do not believe these payments are tax gross-ups in the traditional sense, since their value is fully reflected in the number of shares ultimately delivered to recipients.

The following table shows the amounts included for each such item:

Name	Year	Perquisites and Other Personal Benefits ($)*	Umbrella Insurance Premiums ($)	Life Insurance Premiums ($)	Company Contributions Under 401(k) Plan ($)	Tax Reimbursement Payments ($)*	Total ($)
F.W. Smith	2010	583,695	2,231	2,520	4,288	91,909	684,643
	2009	625,284	2,231	2,520	2,856	673,548	1,306,439
	2008	753,788	2,338	2,520	7,174	71,728	837,548
A.B. Graf, Jr.	2010	89,808	2,231	2,520	3,066	451,020	548,645
	2009	101,488	2,231	2,520	4,822	622,517	733,578
	2008	87,773	2,338	2,520	5,681	439,298	537,610
D.J. Bronczek	2010	74,311	2,231	2,520	3,119	588,717	670,898
	2009	24,079	2,231	2,520	5,112	790,859	824,801
	2008	38,140	2,338	2,520	5,499	566,209	614,706
T.M. Glenn	2010	93,699	2,231	2,520	4,206	468,184	570,840
	2009	131,024	2,231	2,520	2,388	601,699	739,862
	2008	33,805	2,338	2,520	7,923	455,047	501,633
R.B. Carter	2010	57,637	2,231	2,520	3,092	453,306	518,786

* See the following two tables for additional details regarding the amounts included in each item.

Effective May 1, 2010, FedEx discontinued tax reimbursement payments to executive officers relating to tax return preparation and financial counseling services, umbrella insurance premiums and benefits accrued under the Parity Plan.

During fiscal 2010, 2009 and 2008, FedEx provided the following perquisites and other personal benefits to the named executive officers:

Personal use of corporate aircraft: FedEx maintains a fleet of corporate aircraft that is used primarily for business travel by FedEx employees. FedEx has a written policy that sets forth guidelines and procedures regarding personal use of FedEx corporate aircraft. The policy requires officers to pay FedEx two times the cost of fuel for personal trips, plus applicable passenger ticket taxes and fees. These payments are intended to approximate the incremental cost to FedEx of personal corporate aircraft usage.

Mr. Smith is not required to pay FedEx for any travel on corporate aircraft by his family members or guests when they are accompanying him and he is on business travel. Mr. Smith is required to pay FedEx, however, for any personal travel by him and any personal travel by his family members or guests when they are accompanying him and he is on personal travel or when they are traveling without him.

Compensation is included in the table above for personal corporate aircraft travel (which for this purpose includes travel to attend a board or stockholder meeting of an outside company or entity for which the officer serves as a director or trustee) by a named executive officer and his family members and guests to the extent, if any, that the aggregate incremental cost to FedEx of all such travel exceeds the amount the officer paid FedEx for such travel. The incremental cost to FedEx of personal use of corporate aircraft is calculated based on the variable operating cost to FedEx, which includes the cost of fuel, aircraft maintenance, crew

Table of Contents

travel, landing fees, ramp fees and other smaller variable costs. Because FedEx corporate aircraft are used primarily for business travel, fixed costs that do not change based on usage, such as pilots salaries and purchase and lease costs, are excluded from this calculation.

In addition, when the aircraft are already flying to a destination for business purposes and the officers or their family members or guests ride along on the aircraft for personal travel, there is no additional variable operating cost to FedEx associated with the additional passengers, and thus no compensation is included in the table above for such personal travel. With the exception of Mr. Smith, the officer is still required to pay FedEx for such personal travel if persons on business travel occupy less than 50% of the total available seats on the aircraft. The amount of such payment is a pro rata portion (based on the total number of passengers) of the fuel cost for the flight, multiplied by two, plus applicable passenger ticket taxes and fees.

For tax purposes, income is imputed to each named executive officer for personal travel and business-related travel (travel by the officer s spouse or adult guest who accompanies the officer on a business trip for the primary purpose of assisting the officer with the business purpose of the trip) for the excess, if any, of the Standard Industrial Fare Level (SIFL) value of all such flights during a calendar year over the aggregate fuel payments made by the officer during that calendar year. The Board of Directors and the FedEx executive security procedures require Mr. Smith to use FedEx corporate aircraft for all travel, including personal travel. Accordingly, FedEx reimburses Mr. Smith for taxes relating to any imputed income for his personal travel and the personal travel of his family members and guests when they are accompanying him (no such reimbursement payments have been made during the last three fiscal years). FedEx reimburses the other named executive officers for taxes relating to imputed income for business-related travel.

Security services and equipment: Pursuant to FedEx s executive security procedures, the named executive officers are provided security services and equipment. To the extent the services and equipment are provided by third parties (*e.g.*, out-of-town transportation and other security-related expenses and home security system installation, maintenance and monitoring), we have included in the table above the amounts paid by FedEx for such services and equipment. For Mr. Smith, these amounts totaled $68,750, $30,513 and $122,655 for fiscal 2010, 2009 and 2008, respectively. To the extent the security services are provided by FedEx employees, we have included amounts representing: (a) the number of hours of service provided to the officer by each such employee multiplied by (b) the total hourly compensation cost of the employee (including, among other things, pension and other benefit costs). For Mr. Smith, these amounts totaled $322,677, $430,892 and $473,220 for fiscal 2010, 2009 and 2008, respectively. The amount shown for fiscal 2009 for Mr. Glenn includes approximately $59,000 of security systems for his new primary residence. For additional information regarding executive security services provided to Mr. Smith, see Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Perquisites, Tax Reimbursement Payments and Other Annual Compensation above.

Tax return preparation services: FedEx requires officers to have their income tax returns prepared by a qualified third party (other than our independent registered public accounting firm) and pays all reasonable and customary costs for such services.

Financial counseling services: FedEx reimburses officers for certain financial counseling services, subject to various caps.

Personal use of company cars: Effective May 1, 2010, FedEx no longer provides vehicles to any of the named executive officers. Prior to this date, FedEx provided a sport-utility vehicle to Mr. Smith for personal use. The vehicle manufacturer provided the vehicle to FedEx at no additional cost in consideration of the companies business relationship. Even though FedEx did

Table of Contents

not incur any actual monetary costs with respect to this vehicle, compensation is included in the table above for Mr. Smith in an amount equal to the fair market lease value of the vehicle (which is also the amount of income that was imputed to Mr. Smith for tax purposes) for each fiscal year or portion thereof during which he had it.

Physical examinations: FedEx pays for officers to have comprehensive annual physical examinations.

Nominal hospitality gifts at company-sponsored events: FedEx occasionally provides officers with nominal hospitality gifts at FedEx-sponsored events.

The following table shows the amounts included in the table (the aggregate incremental cost to FedEx) for each such item:

Name	Year	Personal Use of Corporate Aircraft ($)[(a)]	Security Services and Equipment ($)	Tax Return Preparation Services ($)	Financial Counseling Services ($)	Personal Use of Company Cars/Car Allowance ($)	Other ($)[(b)]	Total ($)
F.W. Smith	2010	33,050	391,427	95,315	51,818	12,085		583,695
	2009	30,490	461,405	77,299	43,441	12,649		625,284
	2008	51,959	595,875	64,620	30,673	10,661		753,788
A.B. Graf, Jr.	2010	69,945	8,836	4,368	6,659			89,808
	2009	61,084	29,664	5,588	4,337		815	101,488
	2008	60,028	9,009	6,231	12,505			87,773
D.J. Bronczek	2010	6,737	35,724	7,100	24,750			74,311
	2009		7,729	7,100	9,250			24,079
	2008		6,040	7,100	25,000			38,140
T.M. Glenn	2010	22,624	29,584	39,450	1,250		791	93,699
	2009	30,684	75,247	20,250	3,079		1,764	131,024
	2008	10,475	15,129	2,000	4,550		1,651	33,805
R.B. Carter	2010	24,493	19,944	5,700	7,500			57,637

(a) The amounts shown for fiscal 2010 include the following amounts for use of corporate aircraft to attend board or stockholder meetings of outside companies or organizations for which the officers serve as directors: Mr. Graf $49,969; and Mr. Carter $16,585. The entire amount shown for Mr. Glenn for fiscal 2010 and the entire amounts shown for Messrs. Graf and Glenn for fiscal 2009 and 2008 represent use of corporate aircraft to attend board or stockholder meetings of outside companies or organizations for which the officers serve as directors.

(b) For fiscal 2010 and 2009, includes physical examinations. For fiscal 2008, includes physical examinations and/or nominal hospitality gifts at company-sponsored events.

Table of Contents

The following table shows the tax reimbursement payments relating to the items listed, which are included in the table:

Name	Year	Restricted Stock ($)	Business-Related Use of Corporate Aircraft ($)	Financial Counseling Services ($)	Tax Return Preparation Services ($)	Umbrella Insurance ($)	Parity Plan Traditional Pension Benefit ($)	Parity Plan Portable Pension Account ($)	Total ($)
F.W. Smith	2010		1,438	30,072	55,245	1,280		3,874	91,909
	2009			25,295	45,009	1,305	597,051	4,888	673,548
	2008		6,743	18,482	38,938	1,469		6,096	71,728
A.B. Graf, Jr.	2010	437,229		3,850	5,758	1,280		2,903	451,020
	2009	371,723		3,073	3,628	1,305	240,260	2,528	622,517
	2008	424,854	164	7,481	3,131	1,469		2,199	439,298
D.J. Bronczek	2010	561,824		14,303	8,206	1,280		3,104	588,717
	2009	477,741		9,753	4,134	1,305	295,121	2,805	790,859
	2008	546,261	259	10,545	2,983	1,469		4,692	566,209
T.M. Glenn	2010	437,229	3,562	717	22,812	1,280		2,584	468,184
	2009	371,723	9,642	1,793	11,791	1,305	205,445		601,699
	2008	424,854	11,209	7,075	10,440	1,469			455,047
R.B. Carter	2010	437,229	1,488	7,916	3,294	1,280		2,099	453,306

(5) Mr. Carter was not a named executive officer for fiscal 2008 or 2009. Accordingly, the table includes Mr. Carter s compensation for fiscal 2010 only.

Table of Contents

GRANTS OF PLAN-BASED AWARDS DURING FISCAL 2010

The following table sets forth information regarding grants of plan-based awards made to the named executive officers during the fiscal year ended May 31, 2010:

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards							
Name	**Type of Plan/Award**	**Grant Date**	**Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)(1)**	**Closing Price on Grant Date ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($)(2)**
F.W. Smith	Stock Option(3)	06/08/2009	06/07/2009					271,750	56.31	56.46	5,144,690
	FY10 AIC(4)			0	1,575,366	4,726,098					
	FY10-FY12 LTI(5)			875,000	3,500,000	5,250,000					
A.B. Graf, Jr.	Restricted Stock(6)	06/08/2009	06/07/2009				13,335				750,894
	Stock Option(3)	06/08/2009	06/07/2009					34,580	56.31	56.46	654,658
	FY10 AIC(4)			0	769,640	1,847,136					
	FY10-FY12 LTI(5)			300,000	1,200,000	1,800,000					
D.J. Bronczek	Restricted Stock(6)	06/08/2009	06/07/2009				17,135				964,872
	Stock Option(3)	06/08/2009	06/07/2009					46,555	56.31	56.46	881,365
	FY10 AIC(4)			0	892,392	2,141,741					
	FY10-FY12 LTI(5)			375,000	1,500,000	2,250,000					
T.M. Glenn	Restricted Stock(6)	06/08/2009	06/07/2009				13,335				750,894
	Stock Option(3)	06/08/2009	06/07/2009					34,580	56.31	56.46	654,658
	FY10 AIC(4)			0	710,456	1,705,095					
	FY10-FY12 LTI(5)			300,000	1,200,000	1,800,000					
R.B. Carter	Restricted Stock(6)	06/08/2009	06/07/2009				13,335				750,894
	Stock Option(3)	06/08/2009	06/07/2009					34,580	56.31	56.46	654,658
	FY10 AIC(4)			0	650,430	1,561,032					
	FY10-FY12 LTI(5)			300,000	1,200,000	1,800,000					

(1) The exercise price of the options is the fair market value of FedEx s common stock (the average of the high and low prices of the stock on the New York Stock Exchange) on the date of grant.

(2) Represents the grant date fair value of each equity-based award, computed in accordance with FASB ASC Topic 718. See note 1 to the Summary Compensation Table for information regarding the assumptions used in the calculation of these amounts.

(3) Stock options granted to the named executive officers generally vest ratably over four years beginning on the first anniversary of the grant date. The options may not be transferred in any manner other than by will or the laws of descent and distribution and may be exercised during the lifetime of the optionee only by the optionee. See Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Long-Term Equity Incentives Stock Options and Restricted Stock above for further discussion of stock option awards.

(4) In June 2009, the Compensation Committee (with respect to Mr. Bronczek) and the Board of Directors (with respect to Messrs. Smith, Graf, Glenn and Carter) established this annual performance cash compensation plan, which provided a cash payment opportunity to the named executive officers at the conclusion of fiscal 2010. Payment amounts were based upon the achievement of company financial performance goals for fiscal 2010, Mr. Smith s performance and the achievement of individual objectives established at the beginning of fiscal 2010 for each officer other than Mr. Smith. See Compensation Discussion and Analysis Compensation Elements and Fiscal 2010

Amounts Cash Payments Under Annual Incentive Compensation Program above for further discussion of this plan, including actual payment amounts.

(5) The Board of Directors established this long-term performance cash compensation plan in June 2009. The plan provides a long-term cash payment opportunity to the named executive officers at the conclusion of fiscal 2012 if FedEx achieves an aggregate earnings-per-share goal established by the Board with respect to the three-fiscal-year period 2010 through 2012. No amounts can be earned under the plan until 2012 because achievement of the earnings-per-share goal can only be determined following the conclusion of the three-fiscal-year period. The estimated individual future payouts under the plan

are set dollar amounts ranging from threshold (minimum) amounts, if the earnings-per-share goal achieved is less than target, up to maximum amounts, if the plan goal is substantially exceeded. There is no assurance that these estimated future payouts will be achieved. See Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Cash Payments Under LTI Program above for further discussion of this plan.

(6) Shares of restricted stock awarded to the named executive officers generally vest ratably over four years beginning on the first anniversary of the grant date. Holders of restricted shares are entitled to vote such shares and receive any dividends paid on FedEx common stock. FedEx pays the taxes resulting from a restricted stock award on behalf of the recipient (these tax reimbursement payments are included in the All Other Compensation column in the Summary Compensation Table). See Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Long-Term Equity Incentives Stock Options and Restricted Stock above for further discussion of restricted stock awards.

Table of Contents

OUTSTANDING EQUITY AWARDS AT END OF FISCAL 2010

The following table sets forth for each named executive officer certain information about unexercised stock options and unvested shares of restricted stock held at the end of the fiscal year ended May 31, 2010:

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable[(a)]	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[(a)]	Market Value of Shares or Units of Stock That Have Not Vested ($)[(b)]
F.W. Smith	437,500		40.4900	06/01/2011		
	375,000		53.7650	06/03/2012		
	250,000		64.5300	06/02/2013		
	325,000		72.8450	06/01/2014		
	250,000		89.7000	06/01/2015		
	150,000	50,000 [(1)]	110.0600	06/01/2016		
	87,500	87,500 [(2)]	114.7400	07/09/2017		
	51,037	153,113 [(3)]	90.8100	06/02/2018		
		271,750 [(4)]	56.3100	06/08/2019		
A.B. Graf, Jr.	45,000		53.7650	06/03/2012		
	65,000		64.5300	06/02/2013		
	38,250		72.8450	06/01/2014		
	34,425		89.7000	06/01/2015		
	24,866	8,289 [(5)]	110.0600	06/01/2016		
	10,327	10,328 [(6)]	114.7400	07/09/2017		
	2,500	2,500 [(7)]	84.6550	01/14/2018		
	6,025	18,075 [(8)]	90.8100	06/02/2018		
		34,580 [(9)]	56.3100	06/08/2019		
					23,218[(10)]	1,938,471
D.J. Bronczek	83,451		64.5300	06/02/2013		
	49,628		72.8450	06/01/2014		
	45,900		89.7000	06/01/2015		
	20,655	6,885 [(11)]	110.0600	06/01/2016		
	13,770	13,770 [(12)]	114.7400	07/09/2017		
	8,032	24,098 [(13)]	90.8100	06/02/2018		
		46,555 [(14)]	56.3100	06/08/2019		
					29,839[(15)]	2,491,258
T.M. Glenn	31,250		40.4900	06/01/2011		
	45,000		53.7650	06/03/2012		
	65,000		64.5300	06/02/2013		
	38,250		72.8450	06/01/2014		
	34,425		89.7000	06/01/2015		
	15,491	5,164 [(16)]	110.0600	06/01/2016		
	10,327	10,328 [(17)]	114.7400	07/09/2017		
	2,500	2,500 [(18)]	103.3500	09/24/2017		
	6,025	18,075 [(19)]	90.8100	06/02/2018		
		34,580 [(20)]	56.3100	06/08/2019		
					23,218[(21)]	1,938,471

R.B. Carter	22,233		53.7650	06/02/2012		
	41,262		64.5300	06/02/2013		
	28,874		72.8450	06/01/2014		
	30,122		89.7000	06/01/2015		
	15,491	5,164 [22]	110.0600	06/01/2016		
	10,327	10,328 [23]	114.7400	07/09/2017		
	2,500	2,500 [24]	103.3500	09/24/2017		
	6,025	18,075 [25]	90.8100	06/02/2018		
		34,580 [26]	56.3100	06/08/2019		
					23,218 [27]	1,938,471

Table of Contents

(a) The following table sets forth the vesting dates of the options and restricted stock included in these columns:

		Date	Number			Date	Number
F. W. Smith	(1)	06/01/2010	50,000	A.B. Graf, Jr.	(5)	06/01/2010	8,289
	(2)	07/09/2010	43,750		(6)	07/09/2010	5,164
		07/09/2011	43,750			07/09/2011	5,164
	(3)	06/02/2010	51,038		(7)	01/14/2011	1,250
		06/02/2011	51,037			01/14/2012	1,250
		06/02/2012	51,038		(8)	06/02/2010	6,025
	(4)	06/08/2010	67,937			06/02/2011	6,025
		06/08/2011	67,938			06/02/2012	6,025
		06/08/2012	67,937		(9)	06/08/2010	8,645
		06/08/2013	67,938			06/08/2011	8,645
						06/08/2012	8,645
						06/08/2013	8,645
					(10)	06/01/2010	1,537
						06/02/2010	1,758
						06/08/2010	3,333
						07/09/2010	1,536
						06/02/2011	1,757
						06/08/2011	3,334
						07/09/2011	1,537
						06/02/2012	1,758
						06/08/2012	3,334
						06/08/2013	3,334
D. J. Bronczek	(11)	06/01/2010	6,885	T. M. Glenn	(16)	06/01/2010	5,164
	(12)	07/09/2010	6,885		(17)	07/09/2010	5,164
		07/09/2011	6,885			07/09/2011	5,164
	(13)	06/02/2010	8,033		(18)	09/24/2010	1,250
		06/02/2011	8,032			09/24/2011	1,250
		06/02/2012	8,033		(19)	06/02/2010	6,025
	(14)	06/08/2010	11,638			06/02/2011	6,025
		06/08/2011	11,639			06/02/2012	6,025
		06/08/2012	11,639		(20)	06/08/2010	8,645
		06/08/2013	11,639			06/08/2011	8,645
	(15)	06/01/2010	1,976			06/08/2012	8,645
		06/02/2010	2,259			06/08/2013	8,645
		06/08/2010	4,283		(21)	06/01/2010	1,537
		07/09/2010	1,975			06/02/2010	1,758
		06/02/2011	2,259			06/08/2010	3,333
		06/08/2011	4,284			07/09/2010	1,536
		07/09/2011	1,976			06/02/2011	1,757
		06/02/2012	2,259			06/08/2011	3,334
		06/08/2012	4,284			07/09/2011	1,537
		06/08/2013	4,284			06/02/2012	1,758
						06/08/2012	3,334
						06/08/2013	3,334

52

Table of Contents

		Date	Number
R.B. Carter	(22)	06/01/2010	5,164
	(23)	07/09/2010	5,164
		07/09/2011	5,164
	(24)	09/24/2010	1,250
		09/24/2011	1,250
	(25)	06/02/2010	6,025
		06/02/2011	6,025
		06/02/2012	6,025
	(26)	06/08/2010	8,645
		06/08/2011	8,645
		06/08/2012	8,645
		06/08/2013	8,645
	(27)	06/01/2010	1,537
		06/02/2010	1,758
		06/08/2010	3,333
		07/09/2010	1,536
		06/02/2011	1,757
		06/08/2011	3,334
		07/09/2011	1,537
		06/02/2012	1,758
		06/08/2012	3,334
		06/08/2013	3,334

(b) Computed by multiplying the closing market price of FedEx s common stock on May 28, 2010 (which was $83.49) by the number of shares.

OPTION EXERCISES AND STOCK VESTED DURING FISCAL 2010

The following table sets forth for each named executive officer certain information about stock options that were exercised and restricted stock that vested during the fiscal year ended May 31, 2010:

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(2)**
F.W. Smith	300,000	16,790,829		
A.B. Graf, Jr.	106,250	4,799,670	6,366	360,426
D.J. Bronczek	228,052	8,360,436	8,184	463,355
T.M. Glenn	35,000	1,241,911	6,366	360,426
R.B. Carter	38,156	1,792,644	6,366	360,426

(1) If the shares were sold immediately upon exercise, the value realized on exercise of the option is the difference between the actual sales price and the exercise price of the option. Otherwise, the value realized is the difference between the fair market value of FedEx s common stock (the average of the high and low prices of the stock on the New York Stock Exchange) on the date of exercise and the exercise price of the option.

(2) Represents the fair market value of the shares on the vesting date.

Table of Contents

FISCAL 2010 PENSION BENEFITS

The following table sets forth for each named executive officer the present value of accumulated benefits at May 31, 2010, under FedEx s defined benefit pension plans. For information regarding benefits triggered by retirement under our stock option and restricted stock plans, see Potential Payments Upon Termination or Change of Control below.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(1)	Payments During Fiscal 2010 ($)
F.W. Smith	FedEx Corporation Employees Pension Plan	38	1,207,035	
	FedEx Corporation Retirement Parity Pension Plan	38	24,868,950	
A.B. Graf, Jr.	FedEx Corporation Employees Pension Plan	30	1,043,367	
	FedEx Corporation Retirement Parity Pension Plan	30	9,335,919	
D.J. Bronczek	FedEx Corporation Employees Pension Plan	34	1,080,256	
	FedEx Corporation Retirement Parity Pension Plan	34	11,437,410	
T.M. Glenn	FedEx Corporation Employees Pension Plan	29	916,905	
	FedEx Corporation Retirement Parity Pension Plan	29	7,538,011	
R.B. Carter	FedEx Corporation Employees Pension Plan	17	455,688	
	FedEx Corporation Retirement Parity Pension Plan	17	3,296,969	

(1) These amounts were determined using assumptions (*e.g.*, for interest rates and mortality rates) consistent with those used in the audited consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended May 31, 2010. The benefits are expressed as lump sum amounts, even though the benefits using the traditional pension benefit formula under the Pension Plan (as defined below) are generally not payable as a lump sum distribution (only $1,000 or less may be distributed as a lump sum under the Pension Plan).

The present value of the Pension Plan traditional pension benefit is equal to the single life annuity payable at the normal retirement date (age 60), or June 1, 2010, if the officer is past normal retirement age, converted based on an interest rate of 6.367% and the RP2000 Combined Blue Collar Mortality Table projected to 2006 and discounted to May 31, 2010, using an interest rate of 6.367%. The present value of the Parity Plan (as defined below) traditional pension benefit is equal to the single life annuity payable at the normal retirement age, or June 1, 2010, if the officer is past normal retirement age, converted based on an interest rate of 5% and United States Government-approved assumptions as to life expectancy and discounted to May 31, 2010, using an interest rate of 6.367%. The present value of the Portable Pension Account (discussed below) is equal to the officer s account balance at May 31, 2010, projected to normal retirement date, if applicable, based on an interest rate of 4% (compounded quarterly) and discounted to May 31, 2010, using an interest rate of 6.367%.

Overview of Pension Plans

FedEx maintains a tax-qualified, defined benefit pension plan called the FedEx Corporation Employees Pension Plan (the Pension Plan). For 2010, the maximum compensation limit under a tax-qualified pension plan is $245,000. The Internal Revenue Code also limits the maximum annual benefits that may be accrued under a tax-qualified, defined benefit pension plan. In order to provide 100% of the benefits that would otherwise be denied certain management-level participants in the Pension Plan due to these limitations, FedEx also maintains a supplemental non-tax-qualified plan called the FedEx Corporation Retirement Parity Pension Plan (the Parity Plan). Benefits under the Parity Plan are general, unsecured obligations of FedEx.

Table of Contents

Effective May 31, 2003, FedEx amended the Pension Plan and the Parity Plan to add a cash balance feature, which is called the Portable Pension Account. Eligible employees as of May 31, 2003, had the option to make a one-time election to accrue future pension benefits under either the cash balance formula or the traditional pension benefit formula. In either case, employees retained all benefits previously accrued under the traditional pension benefit formula and continued to receive the benefit of future compensation increases on benefits accrued as of May 31, 2003. Eligible employees hired after May 31, 2003, accrue benefits exclusively under the Portable Pension Account.

Beginning June 1, 2008, eligible employees who participate in the Pension Plan and the Parity Plan, including the named executive officers, accrue all future pension benefits under the Portable Pension Account. In addition, benefits previously accrued under the Pension Plan and the Parity Plan using the traditional pension benefit formula were capped as of May 31, 2008, and those benefits will be payable beginning at retirement. Effective June 1, 2008, each participant in the Pension Plan and the Parity Plan who was age 40 or older on that date and who has an accrued traditional pension benefit will receive a transition compensation credit, as described in more detail below. Employees who elected in 2003 to accrue future benefits under the Portable Pension Account will continue to accrue benefits under that formula.

The named executive officers also participate in the 401(k) Plan. Beginning January 1, 2008, the annual matching company contribution under the 401(k) Plan is a maximum of 3.5% of eligible earnings. Effective February 1, 2009, however, 401(k) company matching contributions were suspended for all participants, including the named executive officers. We reinstated these contributions at 50% of previous levels (a maximum of 1.75% of eligible earnings) effective January 1, 2010, and plan to fully restore these contributions effective January 1, 2011.

In order to provide 100% of the benefits that would otherwise be denied participants in the 401(k) Plan due to certain limitations imposed by United States tax laws, effective June 1, 2008, Parity Plan participants, including the named executive officers, received additional Portable Pension Account compensation credits equal to 3.5% of any eligible earnings above the maximum compensation limit for tax-qualified plans. Effective June 1, 2009, however, the additional compensation credit under the Parity Plan was suspended for all participants, including the named executive officers. We reinstated 50% of the additional Portable Pension Account compensation credit benefit effective June 1, 2010 (the next such credit will be made as of May 31, 2011).

Normal retirement age for the majority of participants, including the named executive officers, under the Pension Plan and the Parity Plan is age 60. The traditional pension benefit under the Pension Plan for a participant who retires between the ages of 55 and 60 will be reduced by 3% for each year the participant receives his or her benefit prior to age 60.

Traditional Pension Benefit

Under the traditional pension benefit formula, the Pension Plan and the Parity Plan provide 2% of the average of the five calendar years (three calendar years for the Parity Plan) of highest earnings during employment multiplied by years of credited service for benefit accrual up to 25 years. Eligible compensation for the traditional pension benefit under the Pension Plan and the Parity Plan for the named executive officers includes salary and annual incentive compensation.

A named executive officer s capped accrued traditional pension benefit was calculated using his years of credited service as of either May 31, 2003 or May 31, 2008, depending on whether he chose to accrue future benefits under the cash balance formula or the traditional pension benefit formula in 2003, and his eligible earnings history as of May 31, 2008.

Table of Contents

Portable Pension Account

The benefit under the Portable Pension Account is expressed as a notional cash balance account. For each plan year in which a participant is credited with a year of service, compensation credits are added based on the participant s age and years of service as of the end of the prior plan year and the participant s eligible compensation for the prior calendar year based on the following table:

Age + Service on May 31	Compensation Credit
Less than 55	5%
55-64	6%
65-74	7%
75 or over	8%

On May 31, 2009, the sum of age plus years of service for the named executive officers was as follows: Mr. Smith 101; Mr. Graf 84; Mr. Bronczek 87; Mr. Glenn 81; and Mr. Carter 65. Eligible compensation under the Portable Pension Account feature for the named executive officers includes salary and annual incentive compensation. Messrs. Smith, Graf and Bronczek elected the Portable Pension Account feature in 2003. Messrs. Glenn and Carter began accruing benefits under the Portable Pension Account in fiscal 2009.

Transition compensation credits are an additional compensation credit percentage to be granted to participants in the Pension Plan and the Parity Plan who were age 40 or older on June 1, 2008, and who have an accrued benefit under the traditional pension benefit formula. For each plan year in which an eligible participant is credited with a year of service, transition compensation credits will be added based on the participant s age and years of service as of the end of the prior plan year and the participant s eligible compensation for the prior calendar year based on the following table:

Age + Service on May 31	Transition Compensation Credit*
Less than 55	2%
55-64	3%
65-74	4%
75 or over	5%

* For years of credited service over 25, transition compensation credits are 2% per year.

An eligible participant will receive transition compensation credits for five years (through May 31, 2013) or until he or she has 25 years of credited service, whichever is longer. For participants with 25 or more years of service, transition compensation credits are 2% per year and will cease as of May 31, 2013. An eligible participant s first transition compensation credit was added to his or her Portable Pension Account as of May 31, 2009.

Interest credits are added to a participant s Portable Pension Account benefit as of the end of each fiscal quarter (August 31, November 30, February 28 and May 31) after a participant accrues his or her first compensation credit. The May 31 interest credit is added prior to the May 31 compensation credit or transition compensation credit (or additional compensation credit under the Parity Plan). Interest credits are based on the Portable Pension Account notional balance and a quarterly interest crediting rate, which is equal to the greater of (a) $^{1}/_{4}$ of the one-year Treasury constant maturities rate for April of the preceding plan year plus 0.25% and (b) 1% ($^{1}/_{4}$ of 4%). The quarterly interest crediting rate, when compounded quarterly, cannot produce an annual rate greater than the average 30-year Treasury rate for April of the preceding plan year (or, if larger, such other rate as may be required for certain tax law purposes). In no event, however, will the quarterly interest crediting rate be less than 0.765%. Interest credits will continue to be added until the last day of the month before plan benefits are distributed. The quarterly interest-crediting rate for the plan year ended May 31, 2009, was 1%. The quarterly interest-crediting rate for the plan year ended May 31, 2010, was 1%.

Table of Contents

Lump Sum Distribution

Upon a participant s retirement, the vested traditional pension benefit under the Pension Plan is payable as a monthly annuity. Upon a participant s retirement or other termination of employment, an amount equal to the vested Portable Pension Account notional balance under the Pension Plan is payable to the participant in the form of a lump sum payment or an annuity.

All Parity Plan benefits are paid as a single lump sum distribution as follows:

- For the portion of the benefit accrued under the Portable Pension Account formula, the lump sum benefit will be paid six months following the date of the participant s termination of employment; and

- For the portion of the benefit accrued under the traditional pension benefit formula, the lump sum benefit will be paid the later of the date the participant turns age 55 or six months following the date of the participant s termination of employment.

Taxes

Prior to May 1, 2010, FedEx paid the FICA taxes attributable to the Parity Plan benefit on behalf of the participant, and reimbursed the participant for any taxes resulting from the payment of such taxes. Under current law, Parity Plan benefits are subject to FICA taxes when they are definitely determinable. Benefits accrued under the Portable Pension Account formula are definitely determinable each year that a participant receives a compensation credit. Accordingly, to the extent the FICA taxes relate to the Portable Pension Account under the Parity Plan, they are due and the tax reimbursement payments were made as the benefits were accrued. Such payments to the named executive officers are included in the All Other Compensation column of the Summary Compensation Table.

Because the traditional pension benefit under the Parity Plan was capped as of May 31, 2008, such benefit became definitely determinable in calendar 2008. As a result, the entire present value of the Parity Plan traditional pension benefit of a participant, including each of the named executive officers, was subject to FICA taxes in calendar 2008. Accordingly, in fiscal 2009, FedEx made one-time payments for the FICA taxes relating to the traditional pension benefit under the Parity Plan and the related tax gross-up for all participants, including the named executive officers. Such payments to the named executive officers are included in the All Other Compensation column of the Summary Compensation Table.

Effective May 1, 2010, we discontinued tax reimbursement payments relating to benefits accrued under the Parity Plan.

Table of Contents

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

This section provides information regarding payments and benefits to the named executive officers that would be triggered by termination of the officer s employment (including resignation, or voluntary termination; severance, or involuntary termination; and retirement) or a change of control of FedEx.

Each of the named executive officers is an at-will employee and, as such, does not have an employment contract. In addition, if the officer s employment terminates for any reason other than retirement, death or permanent disability, any unvested stock options are automatically terminated and any unvested shares of restricted stock are automatically forfeited. Accordingly, there are no payments or benefits that are triggered by any termination event (including resignation and severance), other than retirement, death or permanent disability or termination after a change of control of FedEx.

Benefits Triggered by Retirement, Death or Permanent Disability Stock Option and Restricted Stock Plans

Retirement. When an employee retires:

- if retirement occurs at or after age 60, all restrictions applicable to the restricted shares held by the employee lapse on the later of the date of retirement or the first anniversary of the date of award of the restricted shares;
- if retirement occurs at or after age 55, but before age 60, the restrictions applicable to restricted shares held by the employee continue until the earlier of the specified expiration of the restriction period, the employee s permanent disability or the employee s death; and
- all of the employee s unvested stock options terminate.

For information regarding retirement benefits under our pension plans, see Fiscal 2010 Pension Benefits.

Death or Permanent Disability. When an employee dies or becomes permanently disabled:

- all restrictions applicable to the restricted shares held by the employee lapse on the later of the termination date or the first anniversary of the date of award of the restricted shares; and
- all of the employee s unvested stock options immediately vest.

The following table quantifies for each named executive officer the value of his unvested restricted shares and stock options, the vesting of which would be accelerated upon death or permanent disability (assuming the officer died or became permanently disabled on May 31, 2010):

Benefits Triggered By Death or Permanent Disability

Name	Value of Unvested Restricted Shares ($)(1)	Value of Unvested Stock Options ($)(2)	Total ($)
F.W. Smith		7,386,165	7,386,165
A.B. Graf, Jr.	1,938,471	939,884	2,878,355
D.J. Bronczek	2,491,258	1,265,365	3,756,623
T.M. Glenn	1,938,471	939,884	2,878,355
R.B. Carter	1,938,471	939,884	2,878,355

(1) Computed by multiplying the closing market price per share of FedEx s common stock on May 28, 2010 (which was $83.49) by the number of unvested shares of restricted stock held by the officer as of May 31, 2010 (including 13,335 shares for each of Messrs. Graf, Glenn and Carter and 17,135 shares for Mr. Bronczek, which shares were granted on June 8, 2009, and could not otherwise immediately vest in connection with the officer s death or permanent disability prior to June 8, 2010).

Table of Contents

(2) Represents the difference between the closing market price per share of FedEx s common stock on May 28, 2010 (which was $83.49) and the exercise price of each unvested option held by the officer as of May 31, 2010.

In addition, FedEx provides each named executive officer with:

- $1,500,000 of group term life insurance coverage;
- $500,000 of business travel accident insurance coverage for death or certain injuries suffered as a result of an accident while traveling on company business; and
- A supplemental long-term disability program, with a monthly benefit equal to 60% of the officer s basic monthly earnings up to $10,000 (provided the officer continues to meet the definition of disability, these benefits generally continue until age 65).

Benefits Triggered by Change of Control or Termination After Change of Control Stock Option and Restricted Stock Plans and Management Retention Agreements

Stock Option and Restricted Stock Plans. Our stock option plans provide that, in the event of a change of control (as defined in the plans), each holder of an unexpired option under any of the plans has the right to exercise such option without regard to the date such option would first be exercisable. This right continues, with respect to holders whose employment with FedEx terminates following a change of control, for a period of twelve months after such termination or until the option s expiration date, whichever is sooner.

Our restricted stock plans provide that, in the event of a change of control (as defined in the plans), depending on the change of control event, either (i) the restricted shares will be canceled and FedEx shall make a cash payment to each holder in an amount equal to the product of the highest price per share received by the holders of FedEx s common stock in connection with the change of control multiplied by the number of restricted shares held or (ii) the restrictions applicable to any such shares will immediately lapse.

The following table quantifies for each named executive officer the value of his unvested restricted shares and stock options, the vesting of which would be accelerated upon a change of control (assuming that the change of control occurred on May 31, 2010, and that the highest price per share received by FedEx s stockholders in connection with the change of control was the closing market price on May 28, 2010, which was $83.49):

Benefits Triggered By Change of Control(1)

Name	Value of Unvested Restricted Shares ($)(2)	Value of Unvested Stock Options ($)(3)	Total ($)
F.W. Smith		7,386,165	7,386,165
A.B. Graf, Jr.	1,938,471	939,884	2,878,355
D.J. Bronczek	2,491,258	1,265,365	3,756,623
T.M. Glenn	1,938,471	939,884	2,878,355
R.B. Carter	1,938,471	939,884	2,878,355

(1) As discussed below, the officer is also entitled under his MRA (as defined below) to a two-year employment agreement upon a change of control and certain guaranteed compensation and benefits during the term of the two-year employment period.

(2) Computed by multiplying the closing market price per share of FedEx s common stock on May 28, 2010 (which was $83.49) by the number of unvested shares of restricted stock held by the officer as of May 31, 2010.

(3) Represents the difference between the closing market price per share of FedEx s common stock on May 28, 2010 (which was $83.49) and the exercise price of each unvested option held by the officer as of May 31, 2010.

Table of Contents

Management Retention Agreements. FedEx has entered into Management Retention Agreements (MRAs) with each of its executive officers, including the named executive officers. The purpose of the MRAs is to secure the executives continued services in the event of any threat or occurrence of a change of control (as defined in the MRAs; such term has the same meaning as used in FedEx s equity compensation plans). In March 2010, the MRAs were amended to significantly reduce the benefits available to the officers under the agreements. See Compensation Discussion and Analysis Compensation Elements and Fiscal 2010 Amounts Post-Employment Compensation above for a description of these changes. The terms and conditions of the new MRAs with the named executive officers are summarized below.

Term. Each MRA renews annually for consecutive one-year terms, unless FedEx gives at least thirty days , but not more than ninety days , prior notice that the agreement will not be extended. The non-extension notice may not be given at any time when the Board of Directors has knowledge that any person has taken steps reasonably calculated to effect a change of control of FedEx.

Employment Period. Upon a change of control, the MRA immediately establishes a two-year employment agreement with the executive officer. During the employment period, the officer s position (including status, offices, titles and reporting relationships), authority, duties and responsibilities may not be materially diminished.

Compensation. During the two-year employment period, the executive officer receives base salary (no less than his or her highest base salary over the twelve-month period prior to the change of control) and is guaranteed the same annual incentive compensation opportunities as in effect during the 90-day period immediately prior to the change of control. The executive officer also receives incentive (including long-term performance bonus) and retirement plan benefits, expense reimbursement, fringe benefits, office and staff support, welfare plan benefits and vacation benefits. These benefits must be no less than the benefits the officer had during the 90-day period immediately prior to the change of control.

Termination. The MRA terminates immediately upon the executive officer s death, voluntary termination or retirement. FedEx may terminate the MRA for disability, as determined in accordance with the procedures under FedEx s long-term disability benefits plan. Once disability is established, he or she receives 180 days prior notice of termination. FedEx also may terminate the officer s MRA for cause (which includes any act of dishonesty by the officer intended to result in substantial personal enrichment, the conviction of the officer of a felony and certain material violations by the officer of his obligations under the MRA).

Benefits for Qualifying Termination. A qualifying termination is a termination of the executive s employment by FedEx other than for cause, disability or death or by the officer for good reason (principally relating to a material diminution in the officer s authority, duties or responsibilities or a material failure by FedEx to compensate the officer as provided in the MRA).

In the event of a qualifying termination, the executive officer will receive a lump sum cash payment equal to two times his base salary (the highest annual rate in effect during the twelve-month period prior to the date of termination) *plus* two times target annual incentive compensation. The payments will be made to the officer on the date that is six months after his date of termination (or, if earlier than the end of such six-month period, within 30 days following the date of the executive s death). In addition, the executive officer will receive 18 months of continued coverage of medical, dental and vision benefits.

An executive officer s benefits under the MRA will be reduced to the largest amount that would result in none of the MRA payments being subject to any excise tax. If the Internal Revenue Service otherwise determines that any MRA benefits are subject to excise taxes, the executive officer is required to repay FedEx the minimum amount necessary so that no excise taxes are payable.

In exchange for these benefits, the executive officer has agreed that, for the one-year period following his or her termination, he or she will not own, manage, operate, control or be employed by any enterprise that competes with FedEx or any of its affiliates.

Table of Contents

The following table quantifies for each named executive officer the payments and benefits under his MRA triggered by a qualifying termination of the officer immediately following a change of control (assuming that the change of control and qualifying termination occurred on May 31, 2010, and that the highest price per share received by FedEx s stockholders in connection with the change of control was the closing market price on May 28, 2010, which was $83.49):

Payments and Benefits Triggered By Qualifying Termination After Change of Control

Name	Lump Sum Cash Payment 2x Base Salary and 2x Target Annual Bonus ($)	Health Benefits ($)	Total ($)
F.W. Smith	5,574,372	56,503	5,630,875
A.B. Graf, Jr.	3,249,592	25,075	3,274,667
D.J. Bronczek	3,569,568	24,167	3,593,735
T.M. Glenn	2,999,704	21,385	3,021,089
R.B. Carter	2,746,260	18,419	2,764,679

Table of Contents

DIRECTORS COMPENSATION

Outside Directors Compensation

During fiscal 2010, non-management (outside) directors were paid:

- a quarterly retainer of $19,375;
- $2,000 for each in-person Board meeting attended; and
- $2,000 for each in-person committee meeting attended.

Outside directors who attended a Board or committee meeting telephonically were paid 75% of the applicable in-person meeting fee.

For fiscal 2010, chairpersons of the Compensation, Nominating & Governance and Information Technology Oversight Committees were paid an additional annual fee of $13,500. The Audit Committee chairperson was paid an additional annual fee of $22,500. Each outside director who was elected at the 2009 annual meeting received a stock option for 6,440 shares of common stock. Susan C. Schwab joined the Board of Directors on June 8, 2009. She received a stock option for 4,400 shares on that date in connection with her election as a director.

Frederick W. Smith, the only director who is also a FedEx employee, receives no additional compensation for serving as a director.

The Compensation Committee annually reviews director compensation, including, among other things, comparing FedEx s director compensation practices with those of other companies with annual revenues greater than $10 billion. Before making a recommendation regarding director compensation to the Board, the Compensation Committee considers that the directors independence may be compromised if compensation exceeds appropriate levels or if FedEx enters into other arrangements beneficial to the directors.

Retirement Plan for Outside Directors

In July 1997, the Board of Directors of FedEx Express (FedEx s predecessor) voted to freeze the Retirement Plan for Outside Directors (that is, no further benefits would be earned under this plan). Concurrent with the freeze, the Board amended the plan to accelerate the vesting of the benefits for each outside director who was not yet vested under the plan. This plan is unfunded and any benefits under the plan are general, unsecured obligations of FedEx. Once all benefits are paid from the plan, it will be terminated.

The retirement benefit under the plan is based on the annual retainer fee for outside directors at the time the plan was frozen ($40,000) and the years of service of an outside director on the Board at that time. The benefit is calculated as an annual amount equal to 10% for each year of service up to 100% of the annual retainer fee at the time the plan was frozen. For example, an outside director with two years of credited service has an annual benefit equal to $8,000 (20% of $40,000), and an outside director with ten or more years of credited service has an annual benefit equal to $40,000 (100% of $40,000).

An outside director s annual benefit is payable for no less than ten years and no more than fifteen years based on the director s years of credited service. Under the plan, an outside director with ten or fewer years of credited service is entitled to ten years of payments, and a director with fifteen or more years of credited service is entitled to fifteen years of payments (no outside director entitled to benefits under the plan had between eleven and fourteen years of credited service). For example, an outside director with nine years of credited service is entitled to receive payments of $36,000 ($40,000 x 90%) for ten years. An outside director with fifteen years of service is entitled to receive payments of $40,000 for fifteen years.

Table of Contents

An outside director covered under the plan was entitled to a retirement benefit beginning as of the first day of the fiscal quarter of FedEx next following the date of termination of his or her directorship or the date such director attains age 60, whichever was later. This benefit was the annual amount, calculated as set forth above, payable at the director s election either as a lump sum distribution (computed based on the applicable discount rate in effect as of the date of distribution under the Pension Plan) or in quarterly installments for the applicable number of years based on the director s years of credited service.

The lump sum benefit payable under the plan was previously calculated based on the interest rate assumption used in the Pension Plan (which was an index of 30-year Treasury rates). Federal law requires the use of a higher interest rate assumption for lump sum payments under the Pension Plan beginning on June 1, 2008. In order to prevent a significant reduction of the lump sum benefit payable to the directors still covered by the plan, in September 2008 the Board of Directors amended the Retirement Plan for Outside Directors to maintain the use of an index of 30-year Treasury rates as the plan s interest rate assumption (*i.e.*, the interest rate assumption used under the Parity Plan). In accordance with United States tax law, this amendment only applies to directors who retire after December 31, 2008, and required the elimination of the option to receive quarterly installment payments.

As a result, the plan benefit payable to the four current members of the Board of Directors who have not yet received any plan benefits shall be paid only as a single lump sum distribution. The amount of the distribution shall be equal to the lump sum present value of the director s quarterly installment payments determined as set forth above, computed based on the applicable discount rate in effect as of the date of distribution under the Parity Plan. The lump sum distribution is payable on or before the fifteenth business day of the month immediately following the later of the date of the director s retirement or the date he or she attains age 60. In the event of the outside director s death, his or her surviving spouse shall be entitled to receive the lump sum payment.

The following table sets forth for each of the current directors entitled to receive future benefits under the plan the director s years of credited service and the amount payable to the director assuming a hypothetical retirement date of June 1, 2010 (or September 27, 2010, with respect to Judith L. Estrin). Ms. Estrin is retiring from the Board of Directors immediately before the annual meeting. In accordance with the terms of the plan, her benefit will not be payable until she attains age 60.

Name	Years of Credited Service	Lump Sum Payment Amount ($)
J.L. Estrin	10	262,568 (1)
J.R. Hyde, III	15	436,383
J.I. Smith	9	290,440
P.S. Walsh	2	51,520 (1)

(1) Discounted from the age 60 normal retirement date provided for in the plan.

Table of Contents

Fiscal 2010 Director Compensation

The following table sets forth information regarding the compensation of FedEx s non-employee (outside) directors for the fiscal year ended May 31, 2010:

Name	Fees Earned or Paid in Cash ($)[1]	Option Awards ($)[2][3]	All Other Compensation ($)	Total ($)
J.L. Barksdale	104,500	161,977		266,477
J.A. Edwardson	124,500	161,977		286,477
J.L. Estrin	118,000	161,977		279,977
J.R. Hyde, III	97,500	161,977		259,477
S.A. Jackson	124,000	161,977		285,977
S.R. Loranger	118,500	161,977		280,477
G.W. Loveman	113,000	161,977		274,977
S.C. Schwab	95,525	245,276		340,801
J.I. Smith	103,500	161,977		265,477
D.P. Steiner	64,376	161,977		226,353
P.S. Walsh	96,000	161,977		257,977
P.S. Willmott[4]	45,836		465,436	511,272

(1) Includes meeting fees, quarterly retainer payments and committee chairperson fees (as applicable). See Outside Directors Compensation above.

(2) On September 28, 2009, each outside director elected at the 2009 annual meeting received a stock option for 6,440 shares of common stock. The grant date fair value of each such option, computed in accordance with FASB ASC Topic 718, was $161,977. Ambassador Schwab joined the Board of Directors on June 8, 2009. She received a stock option for 4,400 shares of common stock on that date in connection with her election as a director. Assumptions used in the calculation of these amounts are included in note 8 to our audited financial statements for the fiscal year ended May 31, 2010, included in our Annual Report on Form 10-K for fiscal 2010. Stock options granted to the outside directors generally vest fully one year after the grant date.

(3) The following table sets forth the aggregate number of outstanding stock options held by each current or former outside director listed in the above table as of May 31, 2010:

Name	Options Outstanding
J.L. Barksdale	38,040
J.A. Edwardson	46,040
J.L. Estrin	62,040
J.R. Hyde, III	46,040
S.A. Jackson	32,040
S.R. Loranger	19,640
G.W. Loveman	15,240
S.C. Schwab	10,840
J.I. Smith	43,040
D.P. Steiner	6,440
P.S. Walsh	50,040
P.S. Willmott	39,600

(4) Peter Willmott retired as a director immediately before the 2009 annual meeting. The amount in the All Other Compensation column for Mr. Willmott includes his $462,873 lump sum distribution under the Retirement Plan for Outside Directors (see Retirement Plan for Outside Directors above) and a $2,563 tax reimbursement payment relating to his retirement gift.

Table of Contents

PROPOSAL 2 ADOPTION OF 2010 OMNIBUS STOCK INCENTIVE PLAN

FedEx s Board of Directors believes that equity incentives are necessary to retain and attract the services of key individuals essential to FedEx s long-term growth and financial success and to further align their interests with those of FedEx s stockholders.

The shares that remain available for future full-value awards under FedEx s existing equity incentive plans are expected to be fully utilized during the next twelve months. As a result, the Board of Directors, upon the recommendation of the Compensation Committee, approved a new equity incentive plan, the FedEx Corporation 2010 Omnibus Stock Incentive Plan (the Plan), on July 12, 2010, subject to approval by the stockholders at the annual meeting.

A summary of the Plan is set forth below. This summary is, however, qualified by and subject to the full text of the Plan, which is attached as *Appendix B*. Capitalized terms used in this summary that are not otherwise defined have the respective meanings given such terms in the Plan.

Plan Highlights

While the Plan affords flexibility in designing long-term equity incentives that are responsive to evolving regulatory changes and compensation best practices and incorporate tailored, performance-based measures, the Plan also contains a number of restrictive features that are designed to protect stockholder interests and ensure that awards are granted through a disciplined and thoughtful process including the following:

- ***No Discount Stock Options.*** The Plan prohibits the grant of stock options with an exercise price less than the fair market value of FedEx common stock on the date of grant.

- ***No Repricing of Awards Without Prior Stockholder Approval.*** The Plan prohibits the repricing of stock options and stock appreciation rights either by amendment of an award agreement or by substitution of a new award at a lower price.

- ***No Grants of Reload Awards.*** The Plan does not provide for reload awards (the automatic substitution of a new award of like kind and amount upon the exercise of a previously granted award).