



NATURAL RESOURCES DEFENSE COUNCIL

Frederick W. Smith
Chairman, President and Chief Executive Officer
FedEx Corporation
942 South Shady Grove Road
Memphis, TN 38120

January 9, 2008

Dear Mr. Smith:

On behalf of the Natural Resources Defense Council (NRDC) and our over one million members and activists, I am writing to invite you to become a participant in NRDC's effort to stem the growth of dirty, "unconventional" fuels – also known as synthetic fuels – tar sands, oil shale, and liquid coal - and accelerate the market for clean fuels.

As you know, most experts agree that we are approaching the end of cheaply accessible oil. We are scouring the earth for more oil, from the tar-like substance mixed with sands excavated from under the boreal forest of Alberta, Canada, to oil mined from shale under the U.S. Rockies, to coal stripped from the American West and the mountains of Appalachia and manufactured into synthetic liquid fuel. Production of unconventional fuels emits two to five times the global warming pollution of conventional oil at a time when we must be reducing our CO₂ emissions. If you'd like to look over our recent report on these dirty fuels, or read fact sheets on them, please visit <http://www.nrdc.org/energy/drivingithome/contents.asp> or refer to the accompanying documents.

In early 2008, we will launch our "Cool Fuels" campaign with other major environmental groups, leaders in the airline and fleet industry, local governments and airport authorities. We will ask corporate leaders from the airline and fleet sectors to participate in this campaign. We are hoping that you will join with us to enroll leaders from the corporate world.

As a participant in this effort, we will ask you to:

- Publicly oppose the expansion of dirty fuels in North America and use of these fuels by aircraft, fleets, and other vehicles in your company;
- Advocate strong environmental controls and ways to address the serious social problems that tar sands development has already caused to date; and
- Join with NRDC in launching and building corporate membership in our "Cool Fuels" campaign.

We are specifically asking companies with airlines and fleets to put in place fuel use and efficiency policies, such as commitments to:

- Reduce the carbon content of your overall fuel composition through adoption of a corporate "Low Carbon Fuel Standard" that includes a full life cycle assessment for fuels.
- Improve fuel efficiency through better practices.
- Participate significantly in research into cleaner alternative fuels (fuel blending with biofuels, algae-derived fuels, etc.).
- Modify existing fleets and procure the most fuel efficient new airplanes and fleet vehicles.

Time is of the essence. Unless corporate leaders take a position on these unconventional fuels, these are likely to be the "fuels of the future". Tar sands production already makes up 5% of our daily oil use in the United States. An area the size of Florida could be directly affected by strip mining and drilling for the tar-like substance that is cracked to make oil. Huge amounts of natural gas and water are used and neighboring Aboriginal populations are experiencing rare cancers suspected to be caused by toxic substances that have leached downstream from tar sands production. Also at risk is Alberta's northern boreal forest, the largest terrestrial storehouse of climate regulating carbon and the nesting ground for millions of songbirds and waterfowl.

In the United States, over ten facilities are proposed to create oil from coal. The coal industry has been seeking enormous subsidies for the production of liquid coal fuels. The process to make liquid coal produces more than double the CO₂ emissions compared to conventional gasoline and leaves devastating impacts on land and water resources from increased coal mining and water usage. Production of oil from Rocky Mountain shale is also in early planning stages.

Sir Richard Branson himself has embraced the issue of global warming and his Virgin Group is playing a leadership role on many of the points outlined above. We ask FedEx to make a similar commitment, moving the company away from dirty fuels and to cleaner, greener alternatives. We believe that the steps outlined above make good business sense and will contribute to essential collective action to stem global warming.

As one of the largest freight and airfreight carriers in the world, FedEx is in the enviable position of being able to change policies that affect the truly profound issue of global warming. Liz Barratt-Brown of my staff will contact your office soon to discuss a possible meeting.

Thank you very much in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Lehner". The signature is fluid and cursive, with a large initial "P" and "L".

Peter Lehner
Executive Director
Natural Resources Defense Council