

FEDEX FREIGHT CORP  
 Form 424B5  
 August 04, 2006  
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-136253

### CALCULATION OF REGISTRATION FEE

| Title of Each Class<br>of Securities to be Registered | Amount to be<br>Registered | Maximum<br>Offering Price<br>Per Unit | Maximum<br>Aggregate<br>Offering Price | Amount of<br>Registration Fee (1) |
|---|----------------------------|---------------------------------------|--|-----------------------------------|
| Floating Rate Notes due 2007                          | \$ 500,000,000             | 99.749%                               | \$ 498,745,000                         | \$53,366                          |
| 5.50% Notes due 2009                                  | \$ 500,000,000             | 100%                                  | \$ 500,000,000                         | \$53,500                          |
| Guarantees of Floating Rate Notes due 2007            | (2)                        | (2)                                   | (2)                                    | (3)                               |
| Guarantees of 5.50% Notes due 2009                    | (2)                        | (2)                                   | (2)                                    | (3)                               |

- (1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. The total registration fee due for this offering is \$106,866.  
 (2) No separate consideration will be received for the guarantees.  
 (3) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate filing fee is required for the guarantees.

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Registration No. 333-136253**Prospectus Supplement****August 3, 2006**

(To Prospectus dated August 2, 2006)

**\$1,000,000,000****\$500,000,000 Floating Rate Notes due 2007****\$500,000,000 5.50% Notes due 2009**

We will pay interest on the Floating Rate Notes due 2007 (the Floating Rate Notes) quarterly in arrears on November 8, 2006, February 8, 2007, May 8, 2007 and August 8, 2007. The Floating Rate Notes will bear interest at a floating rate equal to three-month LIBOR plus 0.08%, which will be reset quarterly. The Floating Rate Notes will mature on August 8, 2007.

We will pay interest on the 5.50% Notes due 2009 (the Fixed Rate Notes) semi-annually in arrears on February 15 and August 15 of each year, commencing February 15, 2007. The Fixed Rate Notes will bear interest at a rate of 5.50% per year and will mature on August 15, 2009.

We may redeem the Fixed Rate Notes in whole or in part at any time at the redemption price described under Description of the Notes Redemption. We may not redeem the Floating Rate Notes prior to maturity. The notes will not have the benefit of a sinking fund.

The notes will be unsecured and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will be fully and unconditionally guaranteed by our subsidiaries named in this prospectus supplement and in the accompanying prospectus. The notes will be issued in minimum denominations of \$1,000 and in multiples of \$1,000.

**Investing in these notes involves risks that are described in the Risk Factors section of our Annual Report on Form 10-K for the year ended May 31, 2006, and beginning on page 6 of the accompanying prospectus.**

|                                      | <b>Per Fixed Rate Note</b> | <b>Total</b>  | <b>Per Floating Rate Note</b> | <b>Total</b>   |
|--------------------------------------|----------------------------|---------------|-------------------------------|----------------|
| Public offering price(1)             | 99.749%                    | \$498,745,000 | 100%                          | \$ 500,000,000 |
| Underwriting discount                | 0.45%                      | \$ 2,250,000  | 0.10%                         | \$ 500,000     |
| Proceeds to FedEx before expenses(1) | 99.299%                    | \$496,495,000 | 99.900%                       | \$ 499,500,000 |

(1) Plus accrued interest, if any, from August 8, 2006, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that the notes will be ready for delivery in book-entry only form through the facilities of The Depository Trust Company on or about August 8, 2006.

*Transaction Coordinator and Joint Book-Running Manager*

*for the Floating Rate Notes and the Fixed Rate Notes*

**Banc of America Securities LLC**

*Other Joint Book-Running Managers for the Floating Rate Notes*

**Citigroup**

**Merrill Lynch & Co.**

*Other Joint Book-Running Managers for the Fixed Rate Notes*

**JPMorgan**

**SunTrust Robinson Humphrey**

*Co-Managers*

**Daiwa Securities America Inc.**

**KBC Financial Products**

**KeyBanc Capital Markets**

**RBS Greenwich Capital**

**Scotia Capital**

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**Prospectus**

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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References in this prospectus supplement and the accompanying prospectus to we, us, our and FedEx are to FedEx Corporation.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary may not contain all the information that may be important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.*

**FedEx Corporation**

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

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

*FedEx Ground:* FedEx Ground Package System, Inc. ( FedEx Ground ) is a leading provider of small-package ground delivery services. FedEx Ground provides low-cost residential delivery to nearly 100% of U.S. residences through its FedEx Home Delivery service. The FedEx Ground segment also includes FedEx SmartPost, Inc., which specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages using the U.S. Postal Service for final delivery to residences.

*FedEx Freight:* FedEx Freight Corporation ( FedEx Freight ) is a leading U.S. provider of regional next-day and second-day and interregional less-than-truckload freight services. The FedEx Freight segment also includes FedEx Custom Critical, Inc., a time-specific, critical shipment carrier, and Caribbean Transportation Services, Inc., a leading provider of airfreight forwarding services between the United States and Puerto Rico.

*FedEx Kinko's:* FedEx Kinko's Office and Print Services, Inc. ( FedEx Kinko's ) is a leading provider of document solutions and business services. FedEx Kinko's global network of digitally-connected locations offers access to technology for black and white and color copying/printing, finishing and presentation services, signs and graphics, Internet access, videoconferencing, outsourcing, managed services, Web-based printing, document management solutions, the full range of FedEx day-definite ground shipping and time-definite global express shipping services, and a variety of other retail services and products, including office supplies.

In addition to the companies discussed above, FedEx Corporate Services, Inc., a subsidiary of FedEx ( FedEx Services ), provides a convenient single point of access for many customer support functions. FedEx Services provides much of the sales, marketing, information technology and customer service support for FedEx Express and FedEx Ground. Effective June 1, 2006, we moved several additional groups that are responsible for FedEx Express and FedEx Ground customer information (credit, collections and customer service) into a newly formed subsidiary of FedEx Services named FedEx Customer Information Services, Inc. ( FCIS ). FedEx Services also offers a range of supply chain solutions, including transportation management, fulfillment and fleet services, through its FedEx Global Supply Chain Services, Inc. subsidiary.

For a description of our business, financial condition, results of operations and other important information regarding us, see our filings with the SEC incorporated by reference in this prospectus supplement and the accompanying prospectus. For instructions on how to find copies of our filings and the filings of FedEx Express incorporated by reference in this prospectus supplement and the accompanying prospectus, see "Where You Can Find More Information" in the accompanying prospectus.

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The mailing address of our principal executive offices is 942 South Shady Grove Road, Memphis, Tennessee 38120. Our telephone number is (901) 818-7500. The address of our Web site is *www.fedex.com*. The information on our Web site is not incorporated by reference in, and does not form a part of, this prospectus supplement or the accompanying prospectus.

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**The Offering**

|                       |   |
|-----------------------|---|
| Issuer                | FedEx Corporation   |
| Securities Offered    | \$500,000,000 aggregate principal amount of Floating Rate Notes due 2007<br><br>\$500,000,000 aggregate principal amount of 5.50% Notes due 2009  |
| Maturity              | The Floating Rate Notes will mature on August 8, 2007.<br><br>The Fixed Rate Notes will mature on August 15, 2009.  |
| Interest              | Interest on the Floating Rate Notes will accrue at a floating rate equal to three-month LIBOR plus 0.08%, payable quarterly in arrears on November 8, 2006, February 8, 2007, May 8, 2007 and August 8, 2007. Interest on the Fixed Rate Notes will accrue at the rate of 5.50% per year, payable semi-annually in arrears on February 15 and August 15 of each year, commencing February 15, 2007. |
| Redemption            | The Fixed Rate Notes may be redeemed, at our option, in whole or in part at any time at the redemption price described under Description of the Notes Redemption. The Floating Rate Notes may not be redeemed prior to maturity. The notes will not have the benefit of a sinking fund.   |
| Ranking               | The notes will be unsecured and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness.  |
| Subsidiary Guarantors | FedEx Express, FedEx Ground, FedEx Freight, FedEx Freight East, Inc., FedEx Kinko's, FedEx Services and FCIS and, unless released by us at our option, Federal Express Europe, Inc., Federal Express Holdings S.A. and Federal Express International, Inc.  |
| Guarantees            | The subsidiary guarantors will fully and unconditionally guarantee payment of principal, premium, if any, and interest on the notes. The guarantees will rank equally with all other existing and future unsecured and unsubordinated obligations of the subsidiary guarantors.   |
| Use of Proceeds       | We intend to use the proceeds of this offering, after deducting expenses and fees related to this offering, for working capital and general corporate purposes, including funding of the previously disclosed Watkins Motor Lines and Tianjin Datian W. Group Co., Ltd. acquisitions.   |
| Book-Entry Form       | The notes will be issued in book-entry form only and will be represented by global notes deposited with, or on behalf of, The Depository Trust Company ( DTC ) and registered in the  |

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name of DTC or its nominee. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and these beneficial interests may not be exchanged for certificated notes, except in limited circumstances. See Description of Debt Securities and Guarantees Book-Entry Procedures in the accompanying prospectus.

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**Table of Contents****SELECTED FINANCIAL DATA**

The following table sets forth selected consolidated financial and operating data for FedEx as of and for the five years ended May 31, 2006. The selected financial data in the table are derived from the consolidated financial statements of FedEx. This information should be read in conjunction with the detailed information and the consolidated financial statements and accompanying notes incorporated by reference herein. See [Where You Can Find More Information](#) in the accompanying prospectus.

|   | Year Ended May 31, |           |           |           |           |
|---|--------------------|-----------|-----------|-----------|-----------|
|   | 2006(1)            | 2005(2)   | 2004(3)   | 2003      | 2002      |
| (in millions, except per share amounts and other operating data)      |                    |           |           |           |           |
| <b>Operating Results</b>  |                    |           |           |           |           |
| Revenues  | \$ 32,294          | \$ 29,363 | \$ 24,710 | \$ 22,487 | \$ 20,607 |
| Operating income  | 3,014              | 2,471     | 1,440     | 1,471     | 1,321     |
| Income before income taxes  | 2,899              | 2,313     | 1,319     | 1,338     | 1,160     |
| Income before cumulative effect of change in accounting principle     | 1,806              | 1,449     | 838       | 830       | 725       |
| Cumulative effect of change in accounting for goodwill <sup>(4)</sup> |                    |           |           |           | (15)      |
| Net income  | \$ 1,806           | \$ 1,449  | \$ 838    | \$ 830    | \$ 710    |
| <b>Per Share Data</b>   |                    |           |           |           |           |
| Earnings per share:   |                    |           |           |           |           |
| Basic:  |                    |           |           |           |           |
| Income before cumulative effect of change in accounting principle     | \$ 5.94            | \$ 4.81   | \$ 2.80   | \$ 2.79   | \$ 2.43   |
| Cumulative effect of change in accounting for goodwill <sup>(4)</sup> |                    |           |           |           | (0.05)    |
|   | \$ 5.94            | \$ 4.81   | \$ 2.80   | \$ 2.79   | \$ 2.38   |
| Assuming dilution:  |                    |           |           |           |           |
| Income before cumulative effect of change in accounting principle     | \$ 5.83            | \$ 4.72   | \$ 2.76   | \$ 2.74   | \$ 2.39   |
| Cumulative effect of change in accounting for goodwill <sup>(4)</sup> |                    |           |           |           | (0.05)    |
|   | \$ 5.83            | \$ 4.72   | \$ 2.76   | \$ 2.74   | \$ 2.34   |
| Average shares of common stock outstanding                            | 304                | 301       | 299       | 298       | 298       |
| Average common and common equivalent shares outstanding               | 310                | 307       | 304       | 303       | 303       |
| Cash dividends declared   | \$ 0.33            | \$ 0.29   | \$ 0.29   | \$ 0.15   | \$ 0.05   |
| <b>Financial Position</b>   |                    |           |           |           |           |
| Property and equipment, net   | \$ 10,770          | \$ 9,643  | \$ 9,037  | \$ 8,700  | \$ 8,302  |
| Total assets  | 22,690             | 20,404    | 19,134    | 15,385    | 13,812    |
| Long-term debt, less current portion                                  | 1,592              | 2,427     | 2,837     | 1,709     | 1,800     |
| Common stockholders' investment                                       | 11,511             | 9,588     | 8,036     | 7,288     | 6,545     |
| <b>Other Operating Data</b>   |                    |           |           |           |           |
| FedEx Express aircraft fleet  | 671                | 670       | 645       | 643       | 647       |
| Average full-time equivalent employees and contractors                | 221,677            | 215,838   | 195,838   | 190,918   | 184,953   |

- (1) Results for 2006 include a \$79 million (\$49 million, net of tax, or \$0.16 per share) one-time, noncash charge to adjust the accounting for certain facility leases.
- (2) Results for 2005 include \$48 million (\$31 million, net of tax, or \$0.10 per diluted share) related to the Air Transportation Safety and System Stabilization Act charge. Results for 2005 also include a \$12 million or \$0.04 per diluted share benefit from an income tax adjustment.
- (3) Results for 2004 include \$435 million (\$270 million, net of tax, or \$0.89 per diluted share) of business realignment costs. Additionally, FedEx Kinko's financial results have been included from February 12, 2004 (the date of acquisition). A \$37 million, net of tax, or \$0.12 per diluted share benefit related to a favorable ruling on an aircraft engine maintenance tax case and the reduction of our effective tax rate was also included in the 2004 results.
- (4) Results for 2002 reflect our adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets. We recognized an adjustment of \$25 million (\$15 million, net of tax, or \$0.05 per share) to reduce the carrying value of certain goodwill to its implied fair value.



**Table of Contents****USE OF PROCEEDS**

We intend to use the proceeds of this offering, after deducting expenses and fees related to this offering, for working capital and general corporate purposes, including funding of the previously disclosed Watkins Motor Lines and Tianjin Datian W. Group Co., Ltd. acquisitions.

**CAPITALIZATION**

The following table sets forth our consolidated capitalization as of May 31, 2006 and on an as adjusted basis giving effect to this offering and the application of the estimated net proceeds from this offering as of May 31, 2006.

|   | <b>Actual</b>        | <b>As Adjusted</b> |
|---|----------------------|--------------------|
|   | <b>(in millions)</b> |                    |
| Current portion of long-term debt                 | \$ 850               | \$ 850             |
| Long-term debt, less current portion              | 1,592                | 2,592              |
| Common stockholders' investment:                  |                      |                    |
| Common stock                                      | 31                   | 31                 |
| Additional paid-in capital                        | 1,468                | 1,468              |
| Retained earnings                                 | 10,068               | 10,068             |
| Accumulated other comprehensive loss              | (24)                 | (24)               |
| Treasury stock, at cost and deferred compensation | (32)                 | (32)               |
| <b>Total common stockholders' investment</b>      | <b>11,511</b>        | <b>11,511</b>      |
| <b>Total capitalization</b>                       | <b>\$ 13,953</b>     | <b>\$ 14,953</b>   |

**RATIO OF EARNINGS TO FIXED CHARGES****(unaudited)**

Our ratio of earnings to fixed charges was as follows for the respective periods indicated:

| <b><u>Year Ended May 31,</u></b> |             |             |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|
| <b>2006</b>                      | <b>2005</b> | <b>2004</b> | <b>2003</b> | <b>2002</b> |
| 3.8                              | 3.3         | 2.5         | 2.5         | 2.3         |

Earnings included in the calculation of the ratio of earnings to fixed charges represent income before income taxes plus fixed charges, other than capitalized interest. Fixed charges include interest expense, including capitalized interest, amortization of debt issuance costs and a portion of rent expense representative of interest.

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**DESCRIPTION OF THE NOTES**

The following, along with the additional information contained in the accompanying prospectus under *Description of Debt Securities and Guarantees*, is a summary of the material provisions of the Indenture referred to below, the notes and the guarantees. Because this is a summary, it may not contain all the information that may be important to you. For further information, you should read the Indenture, a copy of which is available from us on request at the address specified in *Where You Can Find More Information* in the accompanying prospectus. This summary is subject to, and qualified in its entirety by reference to, all the provisions of the Indenture, including definitions of certain terms used in it. If any of the information set forth below is inconsistent with information in the accompanying prospectus, the information set forth below replaces the information in the accompanying prospectus. If we use a term that is not defined in this prospectus supplement, you should refer to the definition that is provided in the accompanying prospectus.

**General**

We are offering \$500,000,000 aggregate principal amount of our Floating Rate Notes due 2007 (the *Floating Rate Notes*) and \$500,000,000 aggregate principal amount of our 5.50% Notes due 2009 (the *Fixed Rate Notes*). The Floating Rate Notes and the Fixed Rate Notes will be issued as separate series under an indenture to be dated as of August 8, 2006, as supplemented by supplemental indenture no. 1 to be dated as of August 8, 2006, among FedEx, the subsidiary guarantors named below and The Bank of New York Trust Company, N.A., as trustee (collectively, the *Indenture*).

The notes will be our direct unsecured and unsubordinated obligations and will be fully and unconditionally guaranteed by FedEx Express, FedEx Ground, FedEx Freight, FedEx Freight East, Inc., FedEx Kinko's, FedEx Services and FCIS (the *Specified Guarantors*) and Federal Express Europe, Inc., Federal Express Holdings S.A. and Federal Express International, Inc. These subsidiaries currently guarantee our obligations under our outstanding unsecured debt securities, revolving credit facility and letter of credit facility. At our option, however, we may cause the guarantee of any subsidiary guarantor (other than any *Specified Guarantor*) to be released at any time. See *Description of Debt Securities and Guarantees* *Guarantees* in the accompanying prospectus.

We may not redeem the Floating Rate Notes prior to maturity. We may redeem the Fixed Rate Notes in whole or in part at any time at the redemption price described in *Redemption* below. We may issue additional notes from time to time after this offering. The notes and any additional new notes of such series subsequently issued under the Indenture would be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments and redemptions. The notes will not have the benefit of a sinking fund.

The Indenture does not limit the aggregate amount of debt securities which may be issued under the Indenture. The Indenture does not contain any debt covenants or provisions which would afford the holders of the notes protection in the event of a highly leveraged transaction. Each series of the notes will constitute a single series of notes under the Indenture and will therefore vote together as a single class for purposes of determining whether holders of the requisite percentage in principal amount thereof have taken actions or exercised rights they are entitled to take or exercise under the Indenture.

The notes will be issued only in fully registered form without coupons in denominations of \$1,000 and any integral multiple of \$1,000 in excess of \$1,000. The notes of each series will be represented by one or more permanent global notes registered in the name of DTC or its nominee, as described under *Description of Debt Securities and Guarantees* *Book-Entry Procedures* in the accompanying prospectus.

**Principal Amount; Maturity**

*Floating Rate Notes.* We will issue the Floating Rate Notes in an aggregate principal amount of \$500,000,000. The Floating Rate Notes will mature on August 8, 2007.

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*Fixed Rate Notes.* We will issue the Fixed Rate Notes in an aggregate principal amount of \$500,000,000. The Fixed Rate Notes will mature on August 15, 2009.

**Interest**

*Floating Rate Notes.* The Floating Rate Notes will bear interest at a floating interest rate, payable quarterly in arrears on November 8, 2006, February 8, 2007, May 8, 2007 and on the date of maturity. Interest on the Floating Rate Notes will be paid to the persons in whose names the Floating Rate Notes are registered at the close of business on the fifteenth calendar day prior to the interest payment date. Interest payable on any interest payment date or on the date of maturity will be the amount of interest accrued from and including the date of original issuance or from and including the most recent interest payment date on which interest has been paid or duly made available for payment to but excluding the interest payment date or the date of maturity, as the case may be.

The interest rate for the initial interest period will be the three-month London interbank offered rate ( LIBOR ), determined as described below, on August 4, 2006 plus eight basis points (0.08%). The interest rate on the Floating Rate Notes for each subsequent interest period will be reset quarterly on each interest payment date (an interest reset date ). The Floating Rate Notes will bear interest at an annual rate (computed on the basis of the actual number of days elapsed over a 360-day year) equal to LIBOR plus eight basis points (0.08%).

The interest rate in effect for the Floating Rate Notes on each day from and including the first interest reset date will be (a) if that day is an interest reset date, the interest rate determined as of the determination date (as defined below) immediately preceding such interest reset date or (b) if that day is not an interest reset date, the interest rate determined as of the determination date immediately preceding the most recent interest reset date. The determination date will be the second London Business Day immediately preceding the applicable interest reset date.

LIBOR will be determined by the calculation agent, Banc of America Securities LLC, as of the applicable determination date in accordance with the following provisions:

(1) LIBOR will be determined on the basis of the offered rates for deposits in U.S. dollars of not less than U.S. \$1,000,000 having a three-month maturity, beginning on the second London Business Day immediately following that determination date, which appears on Telerate Page 3750 (as defined below) as of approximately 11:00 a.m., London time, on that determination date. Telerate Page 3750 means the display designated on page 3750 on Moneyline Telerate, Inc. (or such other page as may replace the 3750 page on that service, any successor service or such other service or services as may be nominated by the British Bankers Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits). If no rate appears on Telerate Page 3750, LIBOR for such determination date will be determined in accordance with the provisions of paragraph (2) below.

(2) With respect to a determination date on which no rate appears on Telerate Page 3750 as of approximately 11:00 a.m., London time, on that determination date, the calculation agent will request the principal London office of each of four major reference banks (which may include an affiliate of one or more underwriters) in the London interbank market selected by the calculation agent (after consultation with us) to provide the calculation agent with a quotation of the rate at which deposits of U.S. dollars having a three-month maturity, beginning on the second London Business Day immediately following that determination date, are offered by it to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on that determination date in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in that market at that time. If at least two quotations are provided, LIBOR for that determination date will be the arithmetic mean of the quotations as calculated by the calculation agent. If fewer than two quotations are provided, LIBOR for that determination date will be the arithmetic mean of the rates quoted as of approximately 11:00 a.m., New York City time, on that determination date by three major banks selected by the calculation agent (after consultation with us)

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for loans in U.S. dollars to leading European banks having a three-month maturity beginning on the second London Business Day immediately following that determination date and in a principal amount equal to an amount of not less than U.S. \$1,000,000 that is representative for a single transaction in that market at that time; provided, however, that if the banks selected by the calculation agent are not quoting the rates described in this sentence, LIBOR for that determination date will be LIBOR determined with respect to the immediately preceding determination date, or in the case of the first determination date, LIBOR for the initial interest period.

If the date of maturity of the Floating Rate Notes falls on a day that is not a LIBOR Business Day, the related payment of principal and interest will be made on the next LIBOR Business Day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next LIBOR Business Day. If any interest reset date or interest payment date (other than at the date of maturity) would otherwise be a day that is not a LIBOR Business Day, that interest reset date and interest payment date will be postponed to the next date that is a LIBOR Business Day, except that if such LIBOR Business Day is in the next calendar month, such interest reset date and interest payment date (other than at the date of maturity) shall be the immediately preceding LIBOR Business Day.

**LIBOR Business Day** means any day other than Saturday or Sunday or a day on which banking institutions or trust companies in The City of New York are required or authorized to close and that is also a London Business Day.

**London Business Day** means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

**Fixed Rate Notes.** The Fixed Rate Notes will bear interest at the rate set forth on the cover page of this prospectus supplement. Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Fixed Rate Notes will be payable semi-annually in arrears on February 15 and August 15, commencing February 15, 2007, and on the date of maturity, to the persons in whose names the Fixed Rate Notes are registered on the preceding February 1 and August 1 (whether or not that date is a business day), respectively. If the date of maturity of the Fixed Rate Notes falls on a day that is not a business day, the related payment of principal and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day. If any interest payment date would otherwise be a day that is not a business day, that interest payment date will be postponed to the next date that is a business day.

## **Redemption**

We may not redeem the Floating Rate Notes.

At our option, we may redeem the Fixed Rate Notes in whole or in part at any time, on at least 30 days , but no more than 60 days , prior written notice mailed to the registered holders of the Fixed Rate Notes. Upon redemption of the Fixed Rate Notes, we will pay a redemption price as calculated by the Calculation Agent equal to the greater of:

- (1) 100% of the principal amount of the Fixed Rate Notes to be redeemed; and
- (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Fixed Rate Notes, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Adjusted Treasury Rate described below plus ten basis points.

The redemption price will also include interest accrued to the date of redemption on the principal balance of the Fixed Rate Notes being redeemed.

**Adjusted Treasury Rate** means, with respect to any date of redemption, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable

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Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that date of redemption.

Calculation Agent means Banc of America Securities LLC or another Reference Treasury Dealer appointed by us.

Comparable Treasury Issue means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term of the Fixed Rate Notes to be redeemed that would be used, at the time of selection and under customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Fixed Rate Notes.

Comparable Treasury Price means, with respect to any date of redemption, the average of the Reference Treasury Dealer Quotations for the date of redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations, or if the trustee is provided fewer than three Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations.

Reference Treasury Dealer means Banc of America Securities LLC and its successors and any other primary treasury dealer we select. If any of the foregoing ceases to be a primary U.S. Government securities dealer in New York City, we must substitute another primary treasury dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any date of redemption, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us and the trustee by the Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day before the date of redemption.

Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Fixed Rate Notes or portions of the Fixed Rate Notes called for redemption.

**Table of Contents****UNDERWRITING**

Subject to the terms and conditions stated in the underwriting agreement between us, the subsidiary guarantors named therein and Banc of America Securities LLC, as representative of the underwriters named below, each of the underwriters has agreed to purchase, and we have agreed to sell to each underwriter, the aggregate principal amount of notes set forth opposite such underwriter's name below.

| <b>Underwriters</b>   | <b>Principal Amount of<br/>Floating Rate Notes</b> | <b>Principal Amount of<br/>Fixed Rate Notes</b> |
|---|--|---|
| Banc of America Securities LLC                                      | \$ 150,000,000                                     | \$ 150,000,000                                  |
| Citigroup Global Markets Inc.                                       | 95,000,000   | 40,000,000                                      |
| Merrill Lynch, Pierce Fenner & Smith Incorporated                   | 95,000,000   | 40,000,000                                      |
| J.P. Morgan Securities Inc.   | 30,000,000   | 85,000,000                                      |
| SunTrust Capital Markets, Inc.                                      | 30,000,000   | 85,000,000                                      |
| Daiwa Securities America Inc.                                       | 20,000,000   | 20,000,000                                      |
| Greenwich Capital Markets, Inc.                                     | 20,000,000   | 20,000,000                                      |
| KBC Financial Products USA, Inc.                                    | 20,000,000   | 20,000,000                                      |
| KeyBanc Capital Markets,<br>a Division of McDonald Investments Inc. | 20,000,000   | 20,000,000                                      |
| Scotia Capital (USA) Inc.   | 20,000,000   | 20,000,000                                      |
| <b>Total</b>  | <b>\$ 500,000,000</b>                              | <b>\$ 500,000,000</b>                           |

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all notes of a series if they purchase any notes of that series.

The underwriters propose to offer some of the notes of each series directly to the public at the applicable public offering prices set forth on the cover page of this prospectus supplement and some of the notes of each series to dealers at the applicable public offering prices less a concession not to exceed .06% of the aggregate principal amount of the Floating Rate Notes and .30% of the aggregate principal amount of the Fixed Rate Notes. The underwriters may allow, and dealers may reallow, a concession not to exceed .05% of the aggregate principal amount of the Floating Rate Notes and .25% of the aggregate principal amount of the Fixed Rate Notes. After the initial offering of the notes to the public, the underwriters may change the public offering prices and concessions.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering:

|                        |       |
|------------------------|-------|
| Per Floating Rate Note | 0.10% |
| Per Fixed Rate Note    | 0.45% |

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the aggregate principal amount of notes to be purchased by the underwriters in this offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while this offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market prices of the notes. They may also cause the prices of the notes to be higher than the price that otherwise would exist in the



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open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

We estimate that our total expenses for this offering, excluding underwriting discounts and commissions, will be approximately \$1,050,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Daiwa Securities America Inc. ( Daiwa ) has entered into an agreement with SMBC Securities, Inc. ( SMBC ) pursuant to which SMBC provides certain advisory and/or other services to Daiwa, including in respect of this offering. In return for the provision of such services by SMBC to Daiwa, Daiwa will pay to SMBC a mutually agreed-upon fee.

The underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, cash management, investment banking, commercial banking and general financing services for us and our affiliates in the ordinary course of business for which they have received, or may receive, customary fees and expenses. Affiliates of the underwriters are agents and/or lenders under our revolving credit facility and letter of credit facility.

**LEGAL MATTERS**

Various legal matters relating to the offering will be passed upon for us by Christine P. Richards, our Executive Vice President, General Counsel and Secretary, and by Davis Polk & Wardwell, Menlo Park, California. Simpson Thacher & Bartlett LLP, New York, New York, is representing the underwriters.

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**PROSPECTUS**

**DEBT SECURITIES**

**COMMON STOCK**

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We may offer and sell from time to time, in one or more offerings, any combination of our unsecured debt securities and common stock. This prospectus describes the general terms of these securities and the general manner in which we will offer them. We will provide the specific terms of any securities that we offer in supplements to this prospectus. The prospectus supplements also will describe the specific manner in which we will offer these securities and also may supplement, update or amend information contained in this prospectus.

Unless we inform you otherwise in a prospectus supplement, the debt securities will be guaranteed by Federal Express Corporation, FedEx Ground Package System, Inc., FedEx Freight Corporation, FedEx Freight East, Inc., FedEx Kinko's Office and Print Services, Inc., FedEx Corporate Services, Inc., FedEx Customer Information Services, Inc., Federal Express Europe, Inc., Federal Express Holdings S.A. and Federal Express International, Inc. At our option, however, we may cause the guarantee of any subsidiary guarantor (other than certain specified subsidiary guarantors) to be released at any time. See Description of Debt Securities and Guarantees Guarantees.

Prior to their issuance there will have been no market for the debt securities. We do not intend to apply for the listing of any series of debt securities on a national securities exchange.

Our common stock is listed on the New York Stock Exchange under the symbol FDX.

We may offer and sell these securities on a continuous or delayed basis directly, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. We reserve the sole right to accept, and together with any agents, dealers and underwriters, reserve the right to reject, in whole or in part, any proposed purchase of securities. If any agents, dealers or underwriters are involved in the sale of any securities, the applicable prospectus supplement will set forth any applicable commissions or discounts. Our net proceeds from the sale of securities also will be set forth in the applicable prospectus supplement.

You should read this prospectus and any prospectus supplement, as well as any information described under the heading Where You Can Find More Information, carefully before you invest.

**Investing in our debt securities and common stock involves certain risks. You should carefully review the risk factors beginning on page 6.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

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The date of this prospectus is August 2, 2006.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a shelf registration statement that we have filed with the Securities and Exchange Commission, referred to as the SEC in this prospectus. By using a shelf registration statement, we may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement. For further information about our business and the securities, you should refer to the registration statement and its exhibits. The exhibits to our registration statement contain the full text of certain contracts and other important documents we have summarized in this prospectus. Because these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits thereto can be obtained from the SEC, as indicated under the heading **Where You Can Find More Information**.

This prospectus provides you with only a general description of the securities we may offer. Each time we offer securities, we will provide a prospectus supplement that contains specific information about the terms of those securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement, together with the additional information described below under the heading **Where You Can Find More Information**.

The prospectus supplement also will contain, with respect to the securities being sold, the names of any underwriters, dealers or agents, together with the terms of the offering, the compensation of any underwriters, dealers or agents and the net proceeds to us.

**You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different, additional or inconsistent information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front cover of this prospectus, regardless of the date of delivery of this prospectus or any sales of securities made in connection herewith. In the case of information contained in documents we file with the SEC and incorporate by reference in this prospectus, you should assume that such information is accurate only as of the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.**

References in this prospectus to FedEx, we, us and our are to FedEx Corporation. References to FedEx Express are to Federal Express Corporation, our largest subsidiary.

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**FORWARD-LOOKING STATEMENTS**

This prospectus (including the information incorporated by reference in this prospectus) may contain forward-looking statements within the meaning of the federal securities laws with respect to our financial condition, results of operations, cash flows, plans, objectives, future performance and business. Forward-looking statements include those preceded by, followed by or that include the words may, could, would, should, believes, expects, anticipates, plans, estimates, targets, projects, intends, or similar expressions.

Forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated (expressed or implied) by such forward-looking statements because of, among other things, the risk factors identified or referred to below under the heading Risk Factors.

As a result of these and other factors, no assurance can be given as to our future results and achievements. Accordingly, a forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and those future events or circumstances may not occur. You should not place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We are under no obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

**WHERE YOU CAN FIND MORE INFORMATION**

We and FedEx Express file annual, quarterly and current reports, proxy statements (in the case of FedEx only) and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC's Web site at <http://www.sec.gov>. You may also read and copy any of these documents at the SEC's public reference room in Washington, D.C. located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room.

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. Information incorporated by reference is considered a part of this prospectus, and later information filed with the SEC will automatically update and supersede previous information contained in documents filed earlier with the SEC or contained in this prospectus. We and FedEx Express incorporate by reference into this prospectus the documents listed below and all future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (excluding, in each case, any information or documents deemed to be furnished and not filed with the SEC) prior to the termination of the offering under this prospectus.

|   |   |
|---|---|
| <b>FedEx SEC Filings</b>  | <b>Period</b>   |
| Annual Report on Form 10-K, as amended by the Form 10-K/A (Amendment No. 1) filed on August 2, 2006   | Fiscal Year ended May 31, 2006                          |
| Preliminary Proxy Statement on Schedule 14A   | Filed on July 18, 2006                                  |
| Current Reports on Form 8-K   | Filed on June 1, 2006, July 13, 2006 and August 2, 2006 |
| Description of our common stock contained in the Registration Statement on Form 8-A   | Filed on April 14, 2000                                 |
| <b>FedEx Express SEC Filings</b>  | <b>Period</b>   |
| Annual Report on Form 10-K  | Fiscal Year ended May 31, 2006                          |
| Current Report on Form 8-K  | Filed on August 2, 2006                                 |
| The Current Report on Form 8-K that was filed by FedEx and FedEx Express on August 2, 2006 contains, among other things, the consolidated balance sheets of FedEx as of May 31, 2006 and 2005 and the related consolidated statements of income, changes in stockholders' investment and comprehensive income, and cash |   |

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flows for each of the three years in the period ended May 31, 2006. Those financial statements include an additional footnote with condensed consolidating financial information in accordance with Rule 3-10(f) of Regulation S-X promulgated by the SEC in order for the subsidiary guarantors to continue to be exempt from Exchange Act reporting pursuant to Rule 12h-5 under the Exchange Act (other than FedEx Express, which is currently an Exchange Act reporting company). Otherwise, those financial statements are identical to the financial statements appearing in FedEx's Annual Report on Form 10-K for the fiscal year ended May 31, 2006, as amended by the Form 10-K/A (Amendment No. 1) filed on August 2, 2006. As indicated in their reports included therein, the financial statements included in the Form 8-K referred to above were audited by Ernst & Young LLP.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all of the documents referred to above, which have been or may be incorporated by reference into this prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You can request these documents by contacting us in writing, by telephone or email at:

FedEx Corporation

Attention: Investor Relations

942 South Shady Grove Road

Memphis, Tennessee 38120

(901) 818-7200

*ir@fedex.com*

You can also access our SEC filings through our Web site at <http://www.fedex.com/us/investorrelations>. The information on our Web site, however, is not incorporated by reference in, and does not form a part of, this prospectus or any prospectus supplement.

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**ABOUT OUR COMPANY**

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

***FedEx Express:*** FedEx Express is the world's largest express transportation company, offering time-certain delivery within one to three business days and serving markets that comprise more than 90% of the world's gross domestic product. The FedEx Express segment also includes FedEx Trade Networks, Inc., which provides international trade services, specializing in customs brokerage and global cargo distribution.

***FedEx Ground:*** FedEx Ground Package System, Inc. ( FedEx Ground ) is a leading provider of small-package ground delivery services. FedEx Ground provides low-cost residential delivery to nearly 100% of U.S. residences through its FedEx Home Delivery service. The FedEx Ground segment also includes FedEx SmartPost, Inc., which specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages using the U.S. Postal Service for final delivery to residences.

***FedEx Freight:*** FedEx Freight Corporation ( FedEx Freight ) is a leading U.S. provider of regional next-day and second-day and interregional less-than-truckload freight services. The FedEx Freight segment also includes FedEx Custom Critical, Inc., North America's largest time-specific, critical shipment carrier, and Caribbean Transportation Services, Inc., the leading provider of airfreight forwarding services between the United States and Puerto Rico.

***FedEx Kinko's:*** FedEx Kinko's Office and Print Services, Inc. ( FedEx Kinko's ) is a leading provider of document solutions and business services. FedEx Kinko's global network of digitally-connected locations offers access to technology for black & white and color copying/printing, finishing and presentation services, signs and graphics, Internet access, videoconferencing, outsourcing, managed services, Web-based printing, document management solutions, the full range of FedEx day-definite ground shipping and time-definite global express shipping services, and a variety of other retail services and products, including office supplies.

In addition to the companies discussed above, FedEx Corporate Services, Inc., a subsidiary of FedEx ( FedEx Services ), provides a convenient single point of access for many customer support functions. FedEx Services provides much of the sales, marketing, information technology and customer service support for FedEx Express and FedEx Ground. Effective June 1, 2006, we moved several additional groups that are responsible for FedEx Express and FedEx Ground customer information (credit, collections and customer service) into a newly formed subsidiary of FedEx Services named FedEx Customer Information Services, Inc. ( FCIS ). FedEx Services also offers a range of supply chain solutions, including transportation management, fulfillment and fleet services, through its FedEx Global Supply Chain Services, Inc. subsidiary.

The mailing address of our principal executive offices is 942 South Shady Grove Road, Memphis, Tennessee 38120. Our telephone number is (901) 818-7500.

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**RISK FACTORS**

*Investing in our securities involves risks. In connection with any investment in our securities, you should consider carefully (i) the factors identified under the heading Risk Factors in Management's Discussion and Analysis of Results of Operations and Financial Condition in our most recent annual report on Form 10-K, as updated by our quarterly reports on Form 10-Q, (ii) the factors set forth below related to our debt securities, and (iii) the other information set forth elsewhere in this prospectus and in the documents incorporated by reference into this prospectus.*

**The Indenture Does Not Limit the Amount of Indebtedness That We May Incur**

Unless we inform you otherwise in a prospectus supplement, the indenture under which we will issue the debt securities and guarantees will not limit the amount of secured or unsecured indebtedness that we or our subsidiaries may incur. Unless we inform you otherwise in a prospectus supplement, the indenture, which is described below under Description of Debt Securities and Guarantees, will not contain any debt covenants or provisions that would afford the holders of the debt securities protection in the event we participate in a highly leveraged transaction.

**We Depend Upon Our Subsidiaries to Service Our Debt**

We are a holding company and derive all of our operating income from our subsidiaries. Our only source of cash to pay principal of and premium, if any, and interest on the debt securities is from dividends and other payments from our subsidiaries. Our subsidiaries' ability to make such payments may be restricted by, among other things, applicable state and foreign corporate laws and other laws and regulations. In addition, our right and the rights of our creditors, including holders of our debt securities, to participate in the assets of any subsidiary upon its liquidation or reorganization would be subject to the prior claims of such subsidiary's creditors, except to the extent that we may ourselves be a creditor with recognized claims against such subsidiary. The debt securities will be guaranteed by certain subsidiary guarantors. See Description of Debt Securities and Guarantees Guarantees. If our subsidiaries do not provide us with enough cash to make payments on the debt securities when due, you may have to proceed directly against the subsidiary guarantors.

**The Guarantees May Be Limited In Duration**

At our option, we may cause the guarantee of any subsidiary guarantor, other than FedEx Express, FedEx Ground, FedEx Freight, FedEx Freight East, Inc. ( FedEx Freight East ), FedEx Kinko's, FedEx Services and FCIS, to be released at any time. Upon the release of a subsidiary guarantor, holders of debt securities will no longer have a direct claim against such subsidiary under the guarantee. See Description of Debt Securities and Guarantees Guarantees. In addition, if we sell, transfer or otherwise dispose of all of the capital stock or all or substantially all of the assets of a subsidiary guarantor to any person that is not an affiliate of FedEx, the guarantee of that subsidiary will terminate and holders of debt securities will no longer have a direct claim against such subsidiary under the guarantee. See Description of Debt Securities and Guarantees Merger, Consolidation and Sale of Assets.

**The Guarantees May Be Challenged as Fraudulent Conveyances**

Federal, state and foreign bankruptcy, fraudulent conveyance, fraudulent transfer or similar laws could limit the enforceability of a guarantee. For example, creditors of a subsidiary guarantor could claim that, since the guarantees were incurred for the benefit of FedEx (and only indirectly for the benefit of a subsidiary guarantor), the obligation of a subsidiary guarantor was incurred for less than reasonably equivalent value or fair consideration. If any of our subsidiary guarantors is deemed to have received less than reasonably equivalent value or fair consideration for its guarantee and, at the time it gave the guarantee, that subsidiary guarantor:

was insolvent or rendered insolvent by giving its guarantee;

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was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or

intended to incur debts beyond its ability to pay such debts as they mature, then the obligations of such subsidiary guarantor under its guarantee could be voided or subordinated to its other debts. If a court voided a guarantee as a result of a fraudulent conveyance, then the holders of debt securities would cease to have a claim against the subsidiary guarantor. To the extent that the claims of holders of debt securities against any subsidiary guarantor were subordinated in favor of other creditors of such subsidiary, such other creditors would be entitled to be paid in full before any payment could be made on the debt securities. In this regard, in an attempt to limit the applicability of fraudulent transfer laws, unless we inform you otherwise in a prospectus supplement, the indenture will limit the amount of each guarantee to the amount that will result in it not constituting a fraudulent transfer or conveyance. However, we cannot assure you as to what standard a court would apply in making a determination as to what would be the maximum liability of each guarantor or whether this limitation would be effective in protecting a guarantee from being voided under fraudulent transfer law.

**Ratings of Our Debt Securities Could Be Lowered In the Future**

We expect that the offered debt securities will be rated investment grade by one or more nationally recognized statistical rating organizations. A rating is not a recommendation to purchase, hold or sell debt securities, since a rating does not predict the market price of a particular security or its suitability for a particular investor. The rating organization may lower our rating or decide not to rate our securities in its sole discretion. The rating of the debt securities will be based primarily on the rating organization's assessment of the likelihood of timely payment of interest when due on the debt securities and the ultimate payment of principal of the debt securities on the final maturity date. The reduction, suspension or withdrawal of the ratings of the debt securities will not, in and of itself, constitute an event of default under the indenture.

**An Active Trading Market For Our Debt Securities May Not Develop**

There is no established trading market for the debt securities since they are a new issue of securities. We do not intend to apply for the listing of any debt securities on a national securities exchange. We cannot assure you as to the liquidity of the public market for the debt securities or that any active public market for the debt securities will develop or continue. If an active public market does not develop or continue, the market price and liquidity of the debt securities may be adversely affected.

**RATIO OF EARNINGS TO FIXED CHARGES**

(Unaudited)

|                                    | Year Ended May 31, |      |      |      |      |
|------------------------------------|--------------------|------|------|------|------|
|                                    | 2006               | 2005 | 2004 | 2003 | 2002 |
| Ratio of Earnings to Fixed Charges | 3.8                | 3.3  | 2.5  | 2.5  | 2.3  |

Earnings included in the calculation of the ratio of earnings to fixed charges represent income before income taxes plus fixed charges, other than capitalized interest. Fixed charges include interest expense, including capitalized interest, amortization of debt issuance costs and a portion of rent expense representative of interest.

**USE OF PROCEEDS**

Unless we inform you otherwise in a prospectus supplement, we currently intend to use the net proceeds from the sale of the securities for our general corporate purposes including, but not limited to, capital expenditures, working capital, repayment or reduction of indebtedness and the financing of acquisitions.



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**DESCRIPTION OF DEBT SECURITIES AND GUARANTEES**

*The following summary describes the general terms and provisions of the debt securities and guarantees covered by this prospectus. When we offer to sell a particular series of debt securities, we will describe the specific terms of the debt securities and guarantees in a prospectus supplement.*

*Because the following is a summary, it does not contain all of the information you may find useful. We have filed the form of indenture as an exhibit to the registration statement, and you should read it for provisions that may be important to you. In the following description, we have included references to section numbers of the indenture so that you can easily locate these provisions.*

**Terms; Form and Denomination**

We will issue the debt securities and guarantees under an indenture between us and a trustee, which, unless we inform you otherwise in a prospectus supplement, will be The Bank of New York Trust Company, N.A. We may issue debt securities under the indenture from time to time in one or more series, each in an amount we authorize prior to issuance. Unless we inform you otherwise in a prospectus supplement, the indenture will not limit the aggregate amount of debt securities we may issue under the indenture.

The debt securities will be our general unsecured obligations and will rank equally with all our other unsecured and unsubordinated indebtedness. Unless we inform you otherwise in a prospectus supplement, the debt securities will be guaranteed by FedEx Express, FedEx Ground, FedEx Freight, FedEx Freight East, FedEx Kinko's, FedEx Services and FCIS (collectively, the Specified Guarantors) and Federal Express Europe, Inc., Federal Express Holdings S.A. and Federal Express International, Inc. These subsidiaries currently guarantee our obligations under our outstanding unsecured debt securities, revolving credit facility and letter of credit facility. At our option, however, we may cause the guarantee of any subsidiary guarantor (other than the Specified Guarantors) to be released at any time.

Unless we inform you otherwise in a prospectus supplement, the indenture will not contain any debt covenants or other provisions that would afford the holders of the debt securities protection in the event we participate in a highly leveraged transaction.

The prospectus supplement relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

the title of the debt securities;

the authorized denominations and aggregate principal amount offered and any limit on future issues of additional debt securities of the same series;

whether we will issue the debt securities as individual certificates to each holder or in the form of global securities held by a depository on behalf of holders;

the date or dates on which the principal of and any premium on the debt securities will be payable or the method by which such date or dates will be determined;

any interest rate on the debt securities, any date from which interest will accrue, any interest payment dates and regular record dates for interest payments, or the method used to determine any of the foregoing and the basis for calculating interest, if other than a 360-day year of twelve 30-day months;

the place or places where payments on the debt securities will be payable, the debt securities may be presented for registration of transfer or exchange, and notices and demands to or upon us relating to the debt securities may be made, if other than the corporate

trust office of the trustee;

any provisions that would determine payments on the debt securities by reference to a formula, index or other method;

whether and under what circumstances any additional amounts with respect to the debt securities will be payable;

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any mandatory or optional sinking fund or analogous provisions;

any provisions for optional or mandatory redemption or repurchase;

the portion of the principal amount of the debt securities that will be payable if the maturity is accelerated, if other than the entire principal amount;

any provisions for the defeasance of the debt securities;

the currency in which payments of principal of and any premium and interest on the debt securities will be payable, if other than U.S. dollars;

any additional events of default or covenants applicable to the series;

any restrictions or other provisions relating to the transfer or exchange of the debt securities;

any terms for the conversion or exchange of the debt securities for other securities issued by us or any other entity;

the terms of the guarantees and the identities of the subsidiary guarantors; and

any other terms that are not inconsistent with the indenture.

Unless we inform you otherwise in a prospectus supplement, all outstanding debt securities will be exchangeable, transfers of debt securities will be registrable, and principal of and any premium and interest on all debt securities will be payable, at the corporate trust office of the trustee; provided that payment of interest may, at our option, be made by check mailed to the address of the person entitled thereto as it appears in the security register or by wire transfer to an account maintained by the payee with a bank located in the United States. (Sections 3.01, 3.05, 3.07 and 10.02)

Unless we inform you otherwise in a prospectus supplement, all debt securities will be issued only in fully registered form without coupons in denominations of \$1,000 and any integral multiples of \$1,000. (Section 3.02) Neither FedEx nor the trustee will impose any service charge for any transfer or exchange of a debt security; however, we may ask you to pay any taxes or other governmental charges in connection with a transfer or exchange of debt securities. (Section 3.05)

We may sell the debt securities at a discount, which may be substantial, below their stated principal amount. Those debt securities may bear no interest or may bear interest at a rate that at the time of issuance is below market rates. We will describe any material United States federal income tax consequences and any other special considerations relating to an investment in discount securities in any prospectus supplement relating to such securities.

If we sell any of the debt securities for any foreign currency or currency unit or if payments on the debt securities are payable in any foreign currency or currency unit, we will describe in a prospectus supplement the restrictions, elections, tax consequences, specific terms and other information relating to those debt securities and the foreign currency or currency unit.

**Guarantees**

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Unless we inform you otherwise in a prospectus supplement, the debt securities will be guaranteed by the Specified Guarantors and Federal Express Europe, Inc., Federal Express Holdings S.A. and Federal Express International, Inc. In addition, at our option, we may cause the guarantee of any subsidiary guarantor (other than any Specified Guarantor) to be released at any time. (Section 12.04) See Risk Factors The Guarantees May Be Limited in Duration.

Each of the subsidiary guarantors will fully and unconditionally guarantee, jointly and severally, the due and punctual payment of principal of and any premium and interest on the debt securities, and the due and punctual payment of any sinking fund payments, when the same shall become due and payable, whether at maturity, by

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declaration of acceleration, by call for redemption or otherwise. (Section 12.01) The guarantees will be unsecured obligations of the respective subsidiary guarantors and will rank equally with all of their other unsecured and unsubordinated indebtedness. Unless we inform you otherwise in a prospectus supplement, the guarantees will not contain any restrictions on the ability of any subsidiary guarantor to pay dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of that subsidiary guarantor's capital stock or make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any debt securities, if any, of that subsidiary guarantor.

Each subsidiary guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable subsidiary guarantor without rendering the subsidiary guarantee, as it relates to such subsidiary guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws. (Section 12.07) See Risk Factors The Guarantees May Be Challenged as Fraudulent Conveyances.

### **Merger, Consolidation and Sale of Assets**

The indenture will provide that we may not consolidate with or merge into any other person, or convey, transfer or lease our properties and assets as, or substantially as, an entirety to any person, unless:

our successor is a corporation organized and existing under the laws of the United States, any state or the District of Columbia;

our successor shall expressly assume, by a supplemental indenture, the due and punctual payment of the principal of and any premium and interest on all the debt securities and the performance of every covenant in the indenture that we would otherwise have to perform;

immediately after giving effect to such transaction, there will not be any defaults under the indenture; and

we shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that the transaction and the supplemental indenture comply with the indenture. (Section 8.01)

Upon the sale or disposition (by merger or otherwise) of any subsidiary guarantor by FedEx or any subsidiary of FedEx to any person that is not an affiliate of FedEx, each such subsidiary guarantor will automatically be released from all obligations under its guarantee. (Section 12.04)

We have agreed that we will not sell or dispose of any subsidiary guarantor whose assets exceed 10% of our consolidated total assets (determined as of the date of our most recent interim or fiscal year-end balance sheet filed with the SEC prior to the date such guarantee is released) (each, a 10% subsidiary guarantor) unless at least 75% of the net proceeds of such sale or disposition will consist of any combination of:

cash (including assumption by the acquiror of any indebtedness of FedEx or its subsidiaries) or readily marketable securities;

property or assets (other than current assets) of a nature or type similar or related to the nature or type of the property or assets of FedEx and its subsidiaries existing on the date of such sale or disposition; or

interests in companies or businesses having property or assets or engaged in businesses similar or related to the nature or type of the property or assets or businesses of FedEx and its subsidiaries on the date of such sale or disposition. (Section 10.07)

### **Application of Proceeds Upon Release of a 10% Subsidiary Guarantor**

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In the event that the net proceeds from the sale or disposition of a 10% subsidiary guarantor consist of cash or readily marketable securities, we will apply, within 12 months of such sale or disposition, an amount equal to 100% of the fair market value, as determined in good faith by our board of directors, of such net proceeds to:

repay unsubordinated indebtedness of FedEx or any subsidiary guarantor, in each case owing to a person other than an affiliate of FedEx;

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invest in property or assets (other than current assets) of a nature or type similar or related to the nature or type of the property or assets of FedEx and its subsidiaries existing on the date of such investment; or

invest in a company or business having property or assets or engaged in a business similar or related to the nature or type of the property or assets or businesses of FedEx and its subsidiaries on the date of such investment. (Section 10.07)

**Modification, Amendment and Waiver**

We and the trustee may modify and amend the indenture with the consent of the holders of a majority in principal amount of each series of debt securities to be affected (voting as a single class). However, no modification or amendment may, without the consent of the holder of each debt security affected thereby:

change the stated maturity of the principal of, or any premium or installment of interest on, any debt security;

reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, any debt security;

change any place of payment where, or the currency in which, any principal of, or interest or premium on, any debt security is payable;

impair the right to institute suit for the enforcement of any payment on any debt security on or after the stated maturity, or, in the case of redemption, on or after the redemption date; or

reduce the percentage in principal amount of outstanding debt securities the consent of whose holders is required for modification or amendment of the indenture, for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults. (Section 9.02)

The holders of a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all debt securities of that series waive any past default under the indenture and its consequences, except a default in the payment of the principal of or any premium or interest on any debt securities or in respect of a covenant or provision that under the indenture cannot be modified or amended without the consent of the holder of each outstanding debt security affected. (Section 5.13)

In addition, we and the trustee can modify and amend the indenture without the consent of any holders in order to, among other things:

allow a successor to FedEx or a subsidiary guarantor to assume our or its obligations under the indenture;

add additional events of default or additional covenants of FedEx or a subsidiary guarantor or to surrender any of our rights or powers;

establish the form or terms of any series of debt securities;

secure the debt securities of any series;

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correct any ambiguity, defect or inconsistency under the indenture, or to make other provisions with respect to matters or questions arising under the indenture, provided that such action does not adversely affect the interests of the holders of any debt securities in any material respect;

add to, change or eliminate any provision of the indenture applying to one or more series of debt securities, provided that if such action adversely affects in any material respect the interests of holders of any series of debt securities, such addition, change or elimination will become effective with respect to such series only when no such security of that series remains outstanding;

add additional subsidiary guarantors or remove subsidiary guarantors (other than the Specified Guarantors) of the debt securities;

evidence and provide for the appointment of a successor trustee or to add to or change any provisions to the extent necessary to appoint a separate trustee for a specific series of debt securities; or

make any other amendment or supplement to the indenture as long as that amendment or supplement does not materially adversely affect the interests of any holders of debt securities. (Section 9.01)



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### **Events of Default**

Unless we inform you otherwise in a prospectus supplement, an event of default with respect to a series of debt securities will occur if:

we fail to pay interest when due on any debt security of that series for 30 days;

we fail to pay the principal of or any premium on any debt security of that series when due;

we fail to perform any covenant in the indenture and this failure continues for 90 days after we receive written notice as provided in the indenture;

we fail to deposit any sinking fund payment when and as due by the terms of a debt security of that series;

we or a court takes certain actions relating to our bankruptcy, insolvency or reorganization for the benefit of our creditors; or

any subsidiary guarantor whose consolidated total assets constitute 60% or more of our consolidated total assets (determined as of the date of our most recent interim or fiscal year-end balance sheet filed with the SEC prior to such determination date) or a court takes certain actions relating to the bankruptcy, insolvency or reorganization of such subsidiary guarantor for the benefit of its creditors. (Section 5.01)

If an event of default with respect to all debt securities of any series occurs and continues, the trustee or the holders of a majority in principal amount of the outstanding debt securities of that series may require us to repay immediately the principal amount of all debt securities of that series. The holders of a majority in principal amount of the outstanding debt securities of that series may rescind and annul such acceleration if all events of default with respect to the debt securities of that series, other than the nonpayment of accelerated principal, have been cured or waived as provided in the indenture. (Section 5.02) For information as to waiver of defaults, see [Modification, Amendment and Waiver](#) above.

Other than its duties in case of a default, the trustee will not be obligated to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless the holders offer to the trustee reasonable indemnity. (Sections 6.01 and 6.03) If the holders provide this reasonable indemnity, the holders of a majority in principal amount of the outstanding debt securities of such series will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to any series of debt securities. (Section 5.12)

No holder of any debt security of any series will have any right to institute any proceeding with respect to the indenture or for any remedy under the indenture unless:

the holder has previously given to the trustee written notice of a continuing event of default;

the holders of a majority in principal amount of the outstanding debt securities of that series have made a written request, and offered reasonable indemnity, to the trustee to institute a proceeding as trustee; and

the trustee has not received from the holders of a majority in principal amount of the outstanding debt securities of that series a direction inconsistent with the request, and the trustee has failed to institute such proceeding within 60 days. (Section 5.07)

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However, the holder of any debt security will have an absolute right to receive payment of the principal of and any premium and interest on the debt security as expressed in the debt security, or, in the case of redemption, on the redemption date, and to institute suit for the enforcement of any payment. (Section 5.08)

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We will be required to furnish to the trustee annually a statement as to the absence of certain defaults under the indenture. (Section 10.05) The trustee may withhold notice to the holders of debt securities of any default, except as to payment of principal of (or premium, if any) or interest with respect to the debt securities, if the trustee considers such withholding to be in the interest of the holders of the debt securities. (Section 6.02)

### **Discharge and Defeasance**

We may satisfy and discharge obligations with respect to the debt securities of a particular series by either delivering to the trustee for cancellation all outstanding debt securities of that series, or depositing with the trustee, after the outstanding debt securities of that series have become due and payable, or will become due and payable within one year, at maturity or by redemption, sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or redemption date of the debt securities of that series. (Section 4.01)

In addition, the indenture provides that at our option we may:

be discharged from our obligations with respect to the debt securities of a particular series ( **defeasance and discharge** ), or

cease to comply with certain restrictive covenants under the indenture, including those described under **Merger, Consolidation and Sale of Assets**, and certain events of default will no longer apply to us ( **covenant defeasance** ), if we deposit with the trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or redemption date of the debt securities of that series. (Sections 13.01, 13.02 and 13.03) Upon defeasance and discharge, the holders of the debt securities of the affected series will not be entitled to the benefits of the indenture, except for registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities. Such holders may look only to such deposited funds or obligations for payment. (Section 13.02)

The defeasance and discharge and covenant defeasance described above are effective only if, among other things, we deliver to the trustee an opinion of counsel to the effect that (i) the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as result of such defeasance and discharge or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such defeasance and discharge or covenant defeasance had not occurred, and (ii) in the case of defeasance and discharge, the opinion as to tax consequences is based upon an Internal Revenue Service ruling or a change in applicable federal income tax law. (Section 13.04)

### **Book-Entry Procedures**

Unless we inform you otherwise in a prospectus supplement, each series of debt securities will be issued in the form of one or more fully registered global securities. We will deposit each global security with, or on behalf of, The Depository Trust Company ( **DTC** ), and register such global security in the name of Cede & Co. or another nominee of DTC. If you wish to own debt securities that are represented by one or more global securities, you can do so only indirectly or **beneficially** through an account with a broker, bank or other financial institution that has an account with DTC (*i.e.*, a DTC participant) or through an account directly with DTC if you are a DTC participant. No holder of a debt security initially issued as a global security will be entitled to receive a debt security in certificated form, except as set forth below.

Except as set forth below, a global security may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

DTC has advised us as follows:

DTC is

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a limited purpose trust company organized under the laws of the State of New York;

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- a banking organization within the meaning of the New York banking law;
  
- a member of the Federal Reserve System;
  
- a clearing corporation within the meaning of the New York Uniform Commercial Code; and
  
- a clearing agency registered pursuant to Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entries in accounts of its participants, eliminating the need for physical movement of certificates.

DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and others, some of whom own DTC.

Access to DTC's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Persons who are not participants may beneficially own securities held by DTC only through participants or indirect participants.

DTC has advised us that pursuant to procedures established by it:

upon issuance of a global security, DTC will credit the accounts of participants designated by any dealers, underwriters or agents participating in the distribution of the debt securities with the respective principal amounts of debt securities beneficially owned by such participants; and

ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC (with respect to participants), by the participants (with respect to indirect participants and certain beneficial owners) and by the indirect participants (with respect to all other beneficial owners).

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. These laws may limit your ability to own, transfer or pledge beneficial interests in a global security.

As long as DTC's nominee is the registered owner of a global security, such nominee for all purposes will be considered the sole owner or holder of such debt securities under the indenture. Except as provided below, you will not:

be entitled to have any debt securities registered in your name;

receive or be entitled to receive physical delivery of any debt securities in definitive form; and

be considered the owners or holders of the debt securities under the indenture.

We will make payment of principal of and premium, if any, and interest on debt securities represented by a global security to DTC or its nominee, as the case may be, as the registered owner and holder of the global security representing those debt securities. DTC has advised us

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that upon receipt of any payment of principal of, or premium or interest on, a global security, DTC will immediately credit accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global security, as shown in DTC's records. Standing instructions and customary practices will govern payments by participants to owners of beneficial interests in a global security held through those participants, as is now the case with securities held for the accounts of customers registered in street name. Those payments will be the sole responsibility of those participants, subject to any statutory or regulatory requirements that may be in effect from time to time.

Neither we, the trustee nor any of our respective agents will be responsible or liable for any actions or inactions by DTC, any nominee or any participant relating to any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security, or for maintaining, supervising or reviewing any records related to such beneficial ownership interests.

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We will issue debt securities in definitive form in exchange for global securities if:

DTC notifies us that it is unwilling, unable or ineligible to continue as depository or if at any time DTC, or any successor depository, ceases to be a clearing agency under the Exchange Act and, in each case, we have not appointed a successor depository within 90 days; or

we choose in our sole discretion to issue definitive debt securities.

In either instance, an owner of a beneficial interest in a global security will be entitled to have debt securities equal in principal amount to such beneficial interest registered in its name and will be entitled to physical delivery of debt securities in definitive form. You will not be charged a fee for any transfer or exchange of such debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 3.05)

### **Regarding the Trustee**

Unless we inform you otherwise in a prospectus supplement, The Bank of New York Trust Company, N.A. will be the trustee under the indenture. We may conduct banking and other transactions with the trustee and its affiliates in the ordinary course of business.

### **Governing Law**

Unless we inform you otherwise in a prospectus supplement, the indenture and the debt securities will be governed and construed in accordance with the laws of the State of New York.

## **DESCRIPTION OF COMMON STOCK**

*The following summary of the terms of our common stock does not purport to be complete and is qualified by reference to our certificate of incorporation, our bylaws and the Delaware General Corporation Law. For more details, you should read our certificate of incorporation and bylaws as currently in effect. We have filed copies of these documents with the SEC, and they are incorporated by reference herein. See Where You Can Find More Information.*

*The prospectus supplement relating to an offering of our common stock will describe the details of the offering, including the number of shares offered, the initial offering price and updated market price and dividend information.*

### **Authorized Shares of Capital Stock**

Our authorized capital stock consists of 800,000,000 shares of common stock, \$0.10 par value per share, and 4,000,000 shares of series preferred stock, without par value. On July 31, 2006, there were outstanding (a) 306,533,291 shares of common stock and (b) employee stock options to purchase an aggregate of 18,203,631 shares of common stock, of which options to purchase an aggregate of 11,854,222 shares of common stock were exercisable. As of the date of this prospectus, no shares of our preferred stock were issued or outstanding.

### **Voting Rights**

Holders of common stock are entitled to one vote per share on all matters voted on generally by the stockholders, including the election of directors, and possess all voting power (except as may, in the future, be provided by Delaware law, our certificate of incorporation or a resolution of our board of directors authorizing a series of our preferred stock). Our common stock does not have cumulative voting rights. Each member of the board of directors is elected by the holders of a plurality of the shares entitled to vote in person or by proxy at a meeting for the election of directors.

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### **Dividends**

Holders of our common stock are entitled to receive dividends when, as and if declared by the board of directors out of funds legally available for payment of dividends, subject to the rights of the holders of any outstanding shares of preferred stock. The holders of common stock will share equally, share for share, in such dividends, whether payable in cash, in property or in shares of our stock.

### **Liquidation Rights**

Subject to any preferential rights of outstanding shares of preferred stock, holders of common stock will share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up.

### **Absence of Other Rights**

Our common stock has no preemptive, subscription, preferential, conversion or exchange rights.

### **Listing**

Our common stock is listed on the New York Stock Exchange under the symbol FDX.

### **Miscellaneous**

The outstanding shares of our common stock are, and any shares of common stock offered by a prospectus supplement upon issuance and payment therefor will be, fully paid and nonassessable.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A., P.O. Box 43069, Providence, Rhode Island 02940-3069.

### **Certain Anti-Takeover Effects**

*General.* Certain provisions of our certificate of incorporation, our bylaws and Delaware law may have the effect of impeding the acquisition of control of us. These provisions are designed to reduce, or have the effect of reducing, our vulnerability to unsolicited takeover attempts.

*Delaware Takeover Statute.* We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A business combination includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to specified exceptions, an interested stockholder is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's voting stock.

*Special Meetings.* Pursuant to Delaware law, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or bylaws. Our certificate of incorporation provides that special meetings of stockholders may be called only by our board of directors pursuant to a resolution approved by a majority of the entire board of directors.

*Stockholder Action by Written Consent.* Our certificate of incorporation and bylaws require that all stockholder action be taken at a duly called meeting of the stockholders and prohibit taking action by written consent of stockholders.

*Additional Authorized Shares of Capital Stock.* The additional shares of authorized common stock and preferred stock available for issuance under our certificate of incorporation could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.





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*Supermajority Voting and Proposal to Remove All Supermajority Voting.* Our certificate of incorporation and bylaws currently include certain provisions that require an 80% supermajority vote of our outstanding shares of capital stock for the following actions:

approving certain business combinations with greater-than-10% stockholders, unless (i) the transaction is approved by a majority of the disinterested directors, or (ii) the stockholders receive a fair price and other procedural requirements are met (the fair price provision );

amending or repealing the fair price provision or the requirements in the certificate of incorporation and bylaws that (i) stockholder action be taken at a duly called annual or special meeting, and (ii) special meetings be called only by the board of directors; and

dividing the board of directors into classes with staggered terms.

Our board of directors will submit a proposal to stockholders at the 2006 annual meeting to amend FedEx's certificate of incorporation and bylaws to remove all supermajority voting requirements. The board's proposal will be included in our definitive proxy statement for the 2006 annual meeting. If the board's proposal is adopted, the stockholder approval threshold for these actions will be reduced to a simple majority of outstanding shares. Stockholders will vote on the board's proposal at our 2006 annual meeting in September 2006. Approval of the proposed amendments will require an 80% supermajority stockholder vote.

## **PLAN OF DISTRIBUTION**

We may sell our securities in any of the following ways:

to or through underwriters;

to or through dealers;

through agents;

directly to purchasers through a specific bidding, ordering or auction process or otherwise;

through any combination of these methods of sale; or

through any other methods described in a prospectus supplement.

The prospectus supplement with respect to the securities being offered will set forth the specific plan of distribution and the terms of the offering, including:

the names of any underwriters, dealers or agents;

the purchase price of the securities and the proceeds we will receive from the sale;

any underwriting discounts, selling commissions, agency fees and other items constituting underwriters', dealers' or agents' compensation;

any initial public offering price; and

any discounts or concessions allowed or re-allowed or paid to dealers or agents.

**Underwriters**

Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If we use underwriters for a sale of securities, we will enter into an underwriting agreement with the underwriters at the time of sale of those securities. Unless we inform you otherwise in a prospectus supplement, the obligations of the underwriters to purchase the offered securities will be subject to certain conditions and the underwriters will be obligated to purchase all of the offered securities if any are purchased. The underwriters will acquire the securities for their own account. The underwriters may resell the securities in one or more transactions at a fixed public offering price, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers.

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### **Dealers**

If we use dealers in a sale, unless we inform you otherwise in a prospectus supplement, we will sell the securities to the dealers as principals. The dealers may then resell such securities to the public at varying prices that they determine at the time of resale.

### **Agents**

If we use agents in a sale, unless we inform you otherwise in a prospectus supplement, the agents will act on a best-efforts basis to solicit purchases for the period of their appointment.

### **Compensation**

In connection with the sale of our securities, underwriters or agents may receive compensation from us or from purchasers of securities for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters may sell securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agents. Any underwriting compensation paid by us to underwriters or agents in connection with an offering of securities, and any discounts, concessions or commissions allowed or reallocated or paid to dealers, will be set forth in the applicable prospectus supplement.

Underwriters, dealers and agents participating in the distribution of the securities may be deemed to be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit realized by them on the resale of the securities may be treated as underwriting discounts and commissions under the Securities Act of 1933.

### **Direct Sales**

We may directly solicit offers to purchase our securities, and we may directly sell our securities to institutional investors or others, who may be deemed to be underwriters within the Securities Act of 1933 with respect to any resales. We will describe the terms of any direct sales in a prospectus supplement.

### **Delayed Delivery Contracts**

We may authorize underwriters, dealers or agents to solicit offers from institutional investors to purchase securities from us at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. If we use delayed delivery contracts, they will be subject only to those conditions that we set forth in a prospectus supplement, and the prospectus supplement will describe the commission payable for solicitation of those contracts.

### **General Information**

Underwriters, dealers and agents who participate in the distribution of the securities may be entitled, under agreements entered into with us, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act of 1933. Underwriters, dealers or agents and their affiliates may be customers of, engage in transactions with, or perform services for us or our subsidiaries in the ordinary course of business.

Unless we inform you otherwise in a prospectus supplement, we do not intend to apply for the listing of any debt securities on a national securities exchange. If debt securities are sold to or through underwriters, the underwriters may make a market in such debt securities, as permitted by applicable laws and regulations. No underwriter would be obligated, however, to make a market in the debt securities, and any market-making could be discontinued at any time at the sole discretion of the underwriters. Accordingly, we cannot assure you as to the liquidity of, or trading markets for, any debt securities.

In order to facilitate an offering of securities, persons participating in the offering may engage in transactions that stabilize, maintain or otherwise affect the price of the offered securities. Such transactions, if commenced, may be discontinued at any time. If any such activities will occur, they will be described in the applicable prospectus supplement.



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**LEGAL MATTERS**

Christine P. Richards, our Executive Vice President, General Counsel and Secretary, will issue an opinion concerning the legality of the common stock. As of July 31, 2006, Ms. Richards owned 31,837 shares of FedEx common stock and held options to purchase 108,330 shares of such common stock. Of the options held by Ms. Richards, 53,756 were vested at such date.

Davis Polk & Wardwell will issue an opinion concerning the legality of the debt securities and guarantees.

Any underwriters, dealers or agents will be advised by their own legal counsel concerning other issues relating to any offering.

**EXPERTS**

The consolidated financial statements of FedEx Corporation appearing in FedEx Corporation's Annual Report (Form 10-K/A) for the year ended May 31, 2006 and the financial statement schedule appearing in FedEx Corporation's Annual Report (Form 10-K) for the year ended May 31, 2006 and FedEx Corporation management's assessment of the effectiveness of internal control over financial reporting as of May 31, 2006 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Federal Express Corporation appearing in Federal Express Corporation's Annual Report (Form 10-K) for the year ended May 31, 2006 (including the schedule appearing therein), and Federal Express Corporation management's assessment of the effectiveness of internal control over financial reporting as of May 31, 2006 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of FedEx Corporation appearing in FedEx Corporation's Current Report on Form 8-K dated July 31, 2006, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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**Debt Securities**

**Common Stock**

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**PROSPECTUS**

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**August 2, 2006**

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**\$1,000,000,000**

**\$500,000,000 Floating Rate Notes due 2007**

**\$500,000,000 5.50% Notes due 2009**

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**Prospectus Supplement**

**August 3, 2006**

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*Transaction Coordinator and Joint Book-Running Manager*

*for the Floating Rate Notes and the Fixed Rate Notes*

**Banc of America Securities LLC**

*Other Joint Book-Running Managers for the Floating Rate Notes*

**Citigroup**

**Merrill Lynch & Co.**

*Other Joint Book-Running Managers for the Fixed Rate Notes*

**JPMorgan**

**SunTrust Robinson Humphrey**

*Co-Managers*

**Daiwa Securities America Inc.**

**KBC Financial Products**

**KeyBanc Capital Markets**

**RBS Greenwich Capital**

**Scotia Capital**



