
Independent Contracting with FedEx Ground
FedEx Ground was founded in 1985 on the premise that innovation, imagination and ingenuity could propel a small-package shipping business into a dominant force within the industry. Our earliest company leaders adopted a business philosophy of “thinking from extremes,” and they refused to let caution overrule creativity. This push toward “out of the box” thinking has been a hallmark of FedEx Ground and has led to a quarter century of unprecedented growth and industry leadership.

Today, our efforts continue to pay off. FedEx Ground stands as one of the premier U.S. business operations with an employee workforce of 60,000 and annual revenues of $7 billion. We also successfully contract with more than 12,000 independently-owned small businesses to provide package pickup and delivery services. As important, our success has been validated by our industry’s highest customer satisfaction ratings and hundreds of awards and honors. One leading business magazine has named FedEx – for eight consecutive years – one of “America’s Most Admired Companies.” We take great pride in the recognition we receive from our business peers, as well as the honors we receive for our countless community and charitable contributions.

One of the keys to our extraordinary success is our unwavering commitment to people and shared values. As FedEx Corp. Founder and Chairman Fred Smith once remarked, “Besides our mission and strategy, we have outlined the shared values that must drive our attitudes and behaviors. They are people, service, innovation, integrity, responsibility and loyalty. These values are the standards for how we interact with each other – customers and co-workers alike. These values are our ‘DNA’ ….”

At FedEx Ground, we live our commitment to put people first and, in turn, they work to create outstanding experiences for our customers. It is our focused dedication to our customers and each other that sets FedEx Ground apart from the competition.

FedEx Ground is looking to increase its ranks of entrepreneurial and innovative professionals who will help us continue our tradition of excellence. I invite you to learn more about our company and the opportunities available to contract with FedEx Ground. I strongly believe in the strength of our people and the strength of entrepreneurial business owners, and I hope you will choose to learn more about the thousands of businesses that are building success with FedEx Ground.

Sincerely,

Dave F. Rebholz
President and Chief Executive Officer
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Corporate Overview

FedEx Corporation provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of $38 billion, the company offers integrated business applications under the respected FedEx brand. Consistently ranked among the world’s most admired and trusted companies, FedEx inspires its more than 290,000 employees to remain “absolutely, positively” focused on safety, the highest ethical and professional standards, and the needs of their customers and communities.

Today’s FedEx is led by FedEx Corporation, which provides strategic direction and consolidated financial reporting for the operating companies that compete collectively under the FedEx name worldwide: FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Custom Critical, FedEx Trade Networks and FedEx Services.

FedEx Ground

FedEx Ground is the second largest FedEx operating company and specializes in cost-effective, small-package shipping offering dependable business-to-business delivery or convenient residential service through FedEx Home Delivery and FedEx SmartPost.

Through a workforce of 60,000 employees operating in 33 hubs and 500 pickup and delivery terminals throughout the U.S. and Canada, FedEx Ground delivers more than 3.5 million packages a day. The company reported annual revenue of $7 billion in 2009.

FedEx Ground differentiates itself in the marketplace through its innovative use of technology and independent contractors and Independent Service Providers to deliver the industry’s fastest and most reliable service. As the first company in ground shipping to use bar coding and automated sorting, FedEx Ground operates the industry’s most automated hub network and is committed to ongoing technology investments that provide more information to customers faster.

FedEx Ground has enjoyed a successful business relationship with independent contractors since 1985. The motivation for an independent contractor business model came from a fundamental observation that a small business owner has greater flexibility and drive for efficiency. Independent contractors earn in proportion to results. These factors were integral to the successful founding and startup of the company (through its predecessor company RPS) against a much larger competitor, and they remain a competitive differentiator today.

FedEx Ground pickup and delivery contractors are the company’s primary link to customers. The entrepreneurs who own these independent small businesses are responsible for ensuring service in their work areas by utilizing their own equipment, hiring and training drivers and staff, and planning and executing day-to-day business operations. These businesses assume the costs of operating delivery vehicles, including maintenance, repairs, fuel, tolls, taxes, registration fees and licenses; as well as all employment-related obligations (wages, employment taxes, benefits, etc.) for personnel.
Mission and Values

FedEx Ground will be the best small-package ground delivery company serving business and residential customers in North America. We adhere to the following values and seek to do business with vendors that embrace similar principles:

- **People**: We value employees and promote diversity.

- **Service**: Our “absolutely, positively” spirit puts our customers at the heart of everything we do. We call this “The Purple Promise.”

- **Innovation**: We invent and inspire the services and technologies that improve the way we work and live.

- **Integrity**: We manage our operations, finances and services with honesty, efficiency and reliability.

- **Responsibility**: We champion safe and healthy environments for the communities in which we live and work.

- **Loyalty**: We earn the respect and confidence of our FedEx people, customers and investors every day, in everything we do.
FedEx Ground Quick Facts

Headquarters  
Pittsburgh, PA

Principal Officer  
David Rebholz, President & CEO

FY08 Revenue  
$7 billion (includes FedEx SmartPost)

Workforce  
More than 60,000 employees

Average Daily Volume  
More than 3.5 million packages daily

Service Area  
United States and Canada

Ground Fleet  
More than 22,000 motorized vehicles

Operating Facilities  
32 ground hubs and more than 500 pick-up/delivery terminals
20 FedEx SmartPost distribution centers

Drop-off Locations  
691 FedEx World Service Centers
1,776 FedEx Office and Print Centers
6,343 FedEx Authorized ShipCenters®

FedEx Awards & Recognition

FedEx is proud to be consistently recognized as one of the world’s most admired and respected companies.

- Fortune Magazine: “America’s Most Admired Companies”
- Fortune Magazine: “100 Best Companies to Work For”
- Fortune Magazine: “Most Admired for H.R.”
- Business Week: “50 Best Performers”
- Black Enterprise: “Top 40 Best Companies for Diversity”
- Reputation Institute / Bloomberg: “Most Respected Companies”
- American Trucking Association President’s Trophy for the best overall safety program
- Commercial Carrier Journal: Ranked second on the “Top 100 Carriers” list
- Wal-Mart Stores Inc. Carrier of the Year
- Goodyear North American Highway Hero Award 2002 presented to FedEx Ground driver Charles Ingram
- National Small Shipments Traffic Conference: Parcel Delivery Carrier of the Year
- Inbound Logistics “Top 100 Motor Carriers”
Residential and Commercial Service Offerings

FedEx Ground specializes in cost-effective, small-package shipping, offering dependable commercial (business to business) delivery or convenient residential (business to consumer) service through FedEx Home Delivery. Contractors may own and operate Home Delivery work areas or Ground work areas — or both.

**Commercial Customer Services**
FedEx Ground is a competitively-priced service that provides reliable, day-definite delivery of packages up to 150 lbs. to every U.S. business address. FedEx Ground service details include:

- **Delivery Times:** 1–5 business days within the contiguous U.S.; 3–7 business days to and from Alaska and Hawaii.
- **Service Days:** Monday–Friday. Delivery is by the end of the business day.
- **Delivery Area:** Available throughout all 50 states.
- **Package Size and Weight:** Up to 150 lbs.
- A number of additional service options are available to meet customer needs.

**Residential Customer Services**
FedEx Home Delivery service connects to every residential address in the U.S. Customers can also customize delivery by choosing premium service upgrades. FedEx Home Delivery service details include:

- **Delivery Times:** 1–5 business days within the contiguous U.S.; 3–7 business days to and from Alaska and Hawaii.
- **Service Days:** Tuesday–Saturday. Delivery is between 9 a.m. and 8 p.m.
- **Delivery Area:** Available throughout all 50 states.
- **Package Size and Weight:** Up to 70 lbs
- **Premium Service Upgrades:**
  - FedEx Date Certain Home Delivery®
  - FedEx Evening Home Delivery®
  - FedEx Appointment Home Delivery®

FedEx Home Delivery contractors have the option to take advantage of the company’s Vehicle Route Planning technology that produces maps with turn-by-turn directions to all residential stops.
Independent Contracting at FedEx Ground

Independent contractors are used in most, if not all, sectors of the U.S. trucking industry including long-haul trucking, household goods moving and package delivery services. Thousands of transportation and trucking companies have structured their business model around the use of independent contractors, having recognized that working with independent small businesses can serve to the mutual advantage of companies and independent contractors, alike.

It’s no different at FedEx Ground. Through our predecessor company, we’ve enjoyed a successful working relationship with independent contractors for nearly a quarter century. In contracting with independent contractors, FedEx Ground is embracing a long tradition within the trucking industry and U.S. marketplace.¹

How does it work?

Simply put, FedEx Ground enters into contracts with independent small businesses to provide pickup and delivery services for the company. A FedEx Ground independent contractor:

- Owns its delivery route
- Owns or leases its delivery vehicles
- Establishes and maintains customer relationships
- Employs personnel and fulfills all employment-related obligations, such as wages, employment taxes, and benefits

In many cases, contractors own multiple routes and vehicles and employ a sufficient number of personnel to service each route. Contracting with FedEx Ground can be a win-win-win arrangement for independent small businesses, as well as FedEx Ground and customers.

How are Contractors Defined?

At FedEx Ground, three types of independent contractors support the FedEx Ground network:

- Pickup and Delivery contractors are incorporated and registered small businesses that provide the primary link to customers². These businesses own delivery work areas and own or lease delivery vehicles.
- Independent Service Providers (in certain states) are incorporated businesses that perform similar services within Contracted Service Areas (CSA) through negotiated agreements that provide flexibility, responsibility and earnings potential.
- Linehaul contractors are incorporated and registered small businesses that provide the means to haul packages on the “long haul” routes between hubs. Linehaul contractors provide power units (tractors) and FedEx Ground provides the trailers.

¹Independent contractors are the largest segment of the entrepreneurial workforce and the one where government statistics show substantial, measurable growth. More than 10 million Americans work as independent contractors, representing 7.4 percent of all employed persons (U.S. Bureau of Labor Statistics & the U.S. Chamber of Commerce, 2006).

²By October 1, 2011, FedEx Ground will sign new contacts only with independent businesses that are established under state law as corporations, registered and in “good standing” with the state(s) in which they do business, and that ensure all personnel who provide services under the Operating Agreement are treated as employees.
FedEx Ground Independent Contractors are Independent Businesses

For a quarter century, FedEx Ground has successfully contracted with independent small businesses for package pickup and delivery services. Under the Operating Agreement, all of the hallmarks of independent contractor status are present – by October 1, 2010, FedEx Ground will sign new contacts only with businesses that are incorporated under state law, registered and in “good standing” with the states in which they are incorporated and domiciled, and that ensure all personnel who provide services under the Operating Agreement are treated as employees. A FedEx Ground independent contractor has sole responsibility for its business, without mandates from FedEx Ground, and its success is tied directly to the initiative, hard work and business management skills of its people.

A FedEx Ground independent contractor is responsible for:

**Vehicles**
- Contractors own or lease delivery vehicles.
- Contractors incur the costs of operating vehicles, including maintenance, repairs, fuel, tolls, taxes, registration fees and licenses.
- Contractors comply with the U.S. Department of Transportation requirement that vehicles be marked with the name of the company under whose authority it is operating.

**Service Areas**
- Pickup and delivery contractors own delivery service areas and have contractual rights to acquire, sell or transfer the proprietary interests in delivery service areas.
- The purchase or sale price for service areas are determined by the buyer and seller, without involvement from FedEx Ground.

**Staffing**
- Contractors ensure all personnel who provide services under the Operating Agreement are treated as employees.
- Contractors establish all staffing policies and procedures for personnel, including:
  - Staffing and work assignments
  - Employment terms
  - Supervision and reporting requirements
  - Employee compensation and benefits.

**Scheduling**
- Contractors establish schedules for personnel.

**Business Operations**
- Contractors determine whether and how to expand.
Independent Contracting: An Established U.S. Trucking Industry Practice

Independent contractors are used in most, if not all, sectors of the trucking industry, including long-haul trucking, household goods moving, intermodal operations and package delivery services. Trucking companies have structured their business model around the use of independent contractors, having recognized that working with independent small businesses can serve to the mutual advantage of companies and independent contractors, alike.

Federal law specifically recognizes the use of independent contractors in the trucking industry and has established regulations in light of this fact. Within the trucking industry, the U.S. Census Bureau and U.S. Department of Commerce estimate there are more than 400,000 owner-operators.

In using independent contractors to achieve its business goals, FedEx Ground is embracing a long tradition within the trucking industry and U.S. marketplace. Independent contractors are the largest segment of the entrepreneurial workforce and the one where government statistics show substantial, measurable growth. More than 10 million Americans are employed as or by independent contractors, representing 7.4 percent of all employed persons.*

Independent contracting in the trucking industry provides owner-operators the opportunity to create their own company and determine their own financial success. The same is true at FedEx Ground, where we contract with more than 12,000 successful small businesses.

FedEx Ground Independent Contractors Achieve Financial Success

At FedEx Ground, nearly 4,000 independent contractors – more than one quarter of the entire contractor network – earn annual gross revenues in excess of $100,000.

How? Through the initiative, hard work and business management skills of their people.

FedEx Ground independent contractors are paid by results. The majority of contractors earn gross revenues ranging from $80,000 to $120,000, with some multiple route contractors grossing more than $1 million.

- The top 2,000 FedEx Ground independent contractors averaged $370,000 in gross income.
- Nearly 400 FedEx Ground independent contractors grossed $500,000.
- More than 100 FedEx Ground independent contractors grossed more than $1 million.
- The top 10 FedEx Ground P&D and FedEx Home Delivery contractors averaged more than $1 million.
- The top 10 FedEx Ground and Linehaul independent contractors averaged more than $1.9 million.
Frequently Asked Questions

**Why do small businesses contract with FedEx Ground?**
The FedEx Ground independent contractor model provides a small business with an opportunity to expand its success in association with a powerful, globally-trusted brand.

**Do FedEx Ground independent contractors earn profits?**
Absolutely. Thousands of FedEx Ground independent contractors earn significant revenues and profits. Earnings potential is largely determined by economic conditions and how well the business and its costs and expenses are managed. As with any small business venture, the substantial upside potential is accompanied by a risk of failure.

**When does the workday begin for employees of a FedEx Ground contractor?**
This is determined by the contractor. A FedEx Ground contractor is an independent business that is responsible for setting the schedules for its employees to properly manage and operate its work area, according to the Operating Agreement. Customers, however, may request certain delivery and/or pick-up times.

**Do employees of a FedEx Ground independent contractor receive vacation or sick leave?**
This is determined by the contractor. A FedEx Ground contractor is an independent business that is responsible for establishing employment-related policies, including vacation and sick leave, to properly manage and operate its work area, according to the Operating Agreement.

**How much control does FedEx Ground exert on the day-to-day operations of contractors?**
The responsibilities of both the company and the contractor are detailed in the Operating Agreement, which is based on meeting customer requirements, applicable laws and industry standards – not company control. All FedEx Ground customers expect predictable service with each transaction and many define their service expectations in their customer contracts. Exceeding these expectations is what drives customers to choose FedEx Ground over other delivery options and is the key to growing a successful small business.

**Are independent contractors free to hire/fire employees?**
FedEx Ground contractors establish employment-related policies, including staffing requirements and responsibilities, without mandates from FedEx Ground. Anyone hired by an independent contractor for FedEx Ground deliveries must meet certain safety and training requirements, as well as the minimum U.S. Department of Transportation requirements, all of which are detailed in the Operating Agreement. These federal requirements include maintaining a safe driving record and passing a mandatory medical or drug and alcohol test.

**How do contractors expand?**
Contractors may expand by providing outstanding customer service, establishing good professional relationships with the shippers and recipients in their work area and arranging additional pick-ups and deliveries.

**Are there vehicle maintenance and safety requirements for contractors?**
Yes. The FedEx Ground Operating Agreement includes certain safety requirements and the federal government mandates vehicle maintenance requirements and safety regulations for commercial vehicles.
Can a contractor own FedEx Ground and FedEx Home Delivery work areas?
Yes. Contractors may provide pick-up and delivery service exclusively to commercial or residential service areas or operate a combination of Ground and Home Delivery work areas.

What is the duration of the Operating Agreement?
A contractor may choose to sign an Operating Agreement with an initial term of one or two years. At the conclusion of the term, the Operating Agreement automatically renews for a one year term unless the contract is non-renewed at the conclusion of the term or the contract is formally terminated by one of the parties.

Is a contractor guaranteed a renewal of its Operating Agreement upon expiration?
While FedEx Ground cannot guarantee future contractual agreements, independent contractors that fulfill the terms of the Operating Agreement are well positioned for renewal of their Operating Agreement.

How many work areas can a contractor acquire?
There is no limit to how many work areas an independent contractor may acquire. There are, however, station-specific guidelines in place to avoid excessive dependence for network service on any single contractor in a single station.
FedEx Ground Facility Management
FedEx Ground provides and maintains safe facilities and systems to effectively support independent contractors. Within each of the company’s more than 500 facilities is a team of professionals dedicated to working with contractors to effectively provide the world-class service FedEx Ground customers have come to expect.

Contractor Relations
Working as a liaison between FedEx Ground and independent contractors is Contractor Relations, which ensures all provisions of the Operating Agreement are administered properly and accurately; supports and helps contractors pursue growth opportunities; and assists contractors in enhancing the FedEx Ground customer experience. The department’s mission is to create an environment where every contractor has the opportunity to succeed.

Throughout the country, Contractor Relations has a team of representatives whose role is to serve as an advocate for contractors and provide rapid response to any concerns or questions. The team of representatives includes former small business owners who bring a diversity of talent, experience and operational knowledge to the department.

Contractor Relations also oversees several communications tools designed to provide contractors with resources and up-to-date information, including:

- **MyGroundBiz.com** – A dedicated website that includes critical business information, such as weekly settlement statements, business forms and vendor discounts, as well as success stories and business tips.

- **Publications** – FedEx Ground and FedEx Home Delivery regularly distribute publications that focus on the issues, programs and company announcements that are important to contractors.

Sales Force & Retail Outlets
FedEx deploys a highly-trained global sales force that works with shippers of all sizes to stimulate business growth. Contractors are also supported by thousands of FedEx World Service Centers and FedEx Office and Print Centers throughout the enterprise.

Cutting-Edge Technology Advantage
FedEx Ground is an innovator in package pick up and delivery service and our use of new technologies has always been part of our way of doing business. Supporting contractors is a network of more than 500 of the most automated distribution hubs and local pickup-and-delivery terminals throughout the U.S. and Canada. FedEx Ground also offers contractors the latest hand-held scanning computers to capture and transmit critical business information.
Testimonials From FedEx Ground Independent Contractors

Testimonials

Independent contractor owner-entrepreneurs share their thoughts about working with FedEx Ground and FedEx Home Delivery:

“I run my own company and am an independent contractor with the ability to grow my company and business. I am not an employee and never want to be one.”

William Vazquez  
Owner of Vazquez Transportation, Inc. and a FedEx Ground Contractor, Deptford, N.J.

“To be an independent contractor, I think it takes a really motivated person who wants to not only run his own business and find the joys of being your own business owner, but also [who] works well with FedEx Ground. It’s a two-way street; you’re both in it for the same goal. We work together constantly; we’re in constant communication. As long as we keep that infrastructure together, the possibilities are endless . . .”

Leo Wright  
Owner of ELJW, Inc. and a FedEx Ground Contractor, Philadelphia, Pa.

“...I’m proud to be independent, and proud to be associated with the true meaning of freedom and free enterprise.”

Peter Muino  
Owner of Muino, Inc. and a FedEx Ground Contractor, Long Island, N.Y.

“If you want to get into your own contract, I think you have to have a full understanding of what you’re getting into. It’s not just getting into a truck and delivering service every day. I think that if you come to the table with some leadership qualities, with some experience, with an entrepreneurial spirit, you’ve got a leg up on everyone else.”

Sunil Patel  

“I like being a contractor and the flexibility it gives me to run a successful business. Unlike other delivery companies . . . we truly are running our independent businesses. I couldn’t make as much money as I do if it weren’t for FedEx.”

Randy Eystad  
FedEx Ground Contractor, Camden, N.J.

“I enjoy working for myself. I understand FedEx Ground’s expectations and they’re reasonable. The company wants to contract with people who take the brand name seriously and who will represent it professionally. I would expect the same. However, I own the business and it’s up to me to make it successful so that it reflects well on my name and the company’s.”

Joe Owens  
Owner of J&S Parcel Delivery and a FedEx Ground Contractor, McAlester, Ok.
“The harder I work, and the more packages I deliver, means a higher settlement check. It all comes down to getting out of this business what you are willing to put in. I’ve been a contractor since 1995 (and have people working for me) and it’s worked out quite well for me.”

**Travis Boardman**  
*FedEx Ground Contractor, Salisbury, Md.*

“When you’re an independent contractor, or when you’re self-employed, you can go as far as you want.”

**Keith Herzig**  
*Owner of Herzig Hauling, LLC and a FedEx Ground Contractor, Hartford, Ct.*

“I eat, sleep and live this stuff. I think about it all the time. I constantly have ideas. And I have the freedom to do that with this business model.”

**Raymond Skiptunis**  
*Owner of RMS Delivery, LLC and a FedEx Home Delivery Contractor, Trenton, N.J.*

“It’s all about management. I think if you can manage one route, you can also manage six. It’s not about the amount of routes, it’s about how you do it.”

**Pavel Levter**  
*Owner of Levter Express, Inc. and a FedEx Ground Contractor, Brooklyn, N.Y.*

“Owning my own business is a dream come true for me.”

**Dave Brady**  
*Owner of Ausam, Inc. and a FedEx Home Delivery Contractor, Anaheim, Ca.*