

Agreement for the formation of a European Employees Consultative Forum

Between: Federal Express European Services Inc. based at Airport Building 119, B-1820 Melsbroek, Belgium representing the Federal Express entities established in the European Union, European Economic Area and Switzerland (hereinafter referred to as "FedEx")

AND

FedEx's employees and / or their nominated or elected representatives (hereinafter referred to as the "Employee Representatives")

Article 1. Objectives

Both the management of FedEx (hereinafter referred to as "Central Management") and FedEx's employees believe that the interests of FedEx's business in Europe and therefore the welfare of all those involved in it, are best served by there being a joint understanding of the performance of the business, of its operating environment and market places, and of other matters of genuine mutual concern. Therefore the principle objectives of the EECF are to promote and enhance communications and consultation between FedEx (represented by Central Management) and its employees (represented by the Employee Representatives) at a European level.

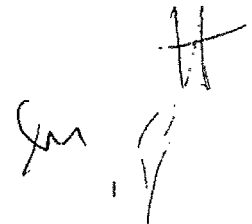
For the purposes of this Agreement "consultation" shall mean the exchange of views and the establishment of a dialogue between the Employee Representatives and Central Management (or any other more appropriate managerial level).

Article 2. Scope

The scope of the Agreement covers the entire workforce of all FedEx entities in the member states of the European Union (EU) and European Economic Area (EEA) and Switzerland (hereinafter referred to as the "EECF Countries"). The list of entities and number of employees presently covered by the agreement is attached in Annex 1. In the event of operations commencing in other EECF Countries, representation of employees in those countries will be discussed and agreed between FedEx and the acting Employee Representatives of the EECF

Article 3. Membership

3.1 The EECF shall be a joint forum of Employee Representatives who are elected directly and representatives appointed by Central Management.



- 3.2 Employee Representatives must be employees under a contract with a FedEx entity in one of the countries covered by this Agreement. If they become Employee Representatives by virtue of election or appointment to a national Works Council or other employee representative body, their appointment to the EECF shall correspond to their mandate in the national Works Council or other employee representative body provided that the appointment to the EECF shall preferably not exceed two full terms of the national mandate. The EECF membership shall automatically terminate upon termination of the national mandate. Employee Representatives who are directly elected to the EECF shall preferably serve for a term of four years renewable for one additional four year term. The four year term shall commence as of the date of the first annual EECF meeting in September / October following the election or selection of an Employee Representative as a member of the EECF and shall end after the third succeeding annual EECF meeting.

To facilitate communication within the EECF and the conduct of its business the parties agree that it is desirable, but not required, for the Employee Representatives to have a working knowledge of English.

- 3.3 Eligible employees include all permanent full-time and part-time employees at the start of each financial year (1st June). Central Management will provide the Employee Representatives with a list by country of the number of employees covered by the EECF (divided into full time and part time) and any adjustments to the number of Employee Representatives for each country will be made in time for their participation at the plenary meeting.
- 3.4 The members of the Special Negotiating Body shall constitute the Employee Representatives of the initial EECF. After the first term, replacements shall be selected (by election or appointment) according to the national legislation or common practices of the country in which the company is located. Where no national legislation or common practices exist, selection shall be by secret ballot organized by the local Personnel Services Department in coordination with local employee representatives, or the existing EECF Representative where appropriate.

In countries where there are multiple FedEx entities established, local management of the entities, in consultation with local employee representatives, shall ensure that the method of selection or appointment of the Employee Representative(s) in that country enables all employees to be represented. In all cases any methods prescribed in national legislation shall take precedence.

- 3.5 Each country included in the EECF shall be represented by at least one Employee Representative. Where there are fifteen or fewer employees in that country those employees shall be represented by a representative from a country of their choice

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3.6 Additional Employee Representatives for each country shall be allocated on the following basis provided that the total number of Employee Representatives shall not exceed thirty (30) whatever the number of countries covered by this Agreement.

- a. One additional Employee Representative if at least 10% of the total eligible employees in the countries covered by the EECF are employed in the country concerned.
- b. Two additional Employee Representatives if at least 20% of the total eligible employees in the countries covered by the EECF are employed in the country concerned.
- c. Three additional Employee Representatives if at least 40% of the total eligible employees in the countries covered by the EECF are employed in the country concerned.

In the event that by virtue of the above mentioned method of allocation, the total number of Employee Representatives would exceed thirty, the countries with the lowest number of employees will lose any additional seats granted to them until the total number of Employee Representatives is reduced to thirty.

3.7 In order to ensure the continuity of the EECF in case of the resignation or inability of an Employee Representative to participate in the EECF for any serious reason, a reserve list of alternate Employee Representatives shall be established. The alternates shall be elected or appointed under the same procedures that apply to the Employee Representatives for the country concerned. The inability of an Employee Representative to attend an EECF meeting shall be communicated to the Chairperson of the EECF.

The list shall be comprised of one alternate per country covered by the EECF and one additional alternate if at least 60% of the employees covered by the EECF are employed in the country concerned.

3.8 Central Management shall select management representatives for the EECF to include a mixture of Central Management and local management with the composition varying depending upon the agenda of the particular meeting and the competencies of the management representatives. Wherever possible the responsible manager, or a suitable delegate knowledgeable about the specific issues will attend the meeting. The position of Managing Director, Personnel Services, EMEA Region shall be a permanent member of the EECF. The total number of management representatives shall not exceed the total number of Employee Representatives. The names of the management representatives attending any meeting of the EECF will be given to the Employee Representatives at the time the agenda and other documentation related to any meeting are distributed.

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Article 4. Competencies

- 4.1 The EECF shall deal specifically with issues that concern the business of FedEx in two or more EECF countries dealing with the structure of FedEx, its financial and economic situation, probable operational developments, production and sales, the employment situation and outlook, investments, substantial organizational changes, the introduction of new methods of work or production processes, transfers of production, mergers, downsizing or closure of undertakings, of establishments or large parts thereof, and collective redundancies. Additionally, other relevant cross-border issues such as health, safety, environment and "People" programs may be covered.
- 4.2 The EECF shall not involve itself in matters which are dealt with in the employee consultation procedures or structures that already exist at country level or that are subject to local decision making such as, without limitation, issues of compensation and benefits, individual or political matters, local and national business issues. The EECF shall not affect the prerogatives of Central Management and local management which remain solely competent and responsible for their business, financial, commercial, operational and technological decisions on local, transnational and European levels.

Article 5. Meetings

- 5.1 The EECF shall be chaired by the Managing Director, Personnel Services, EMEA Region (the "Chairperson") who may designate a Secretary to the EECF. The Secretary to the EECF shall be responsible for coordinating between the Employee Representatives and Central Management arrangements for all meetings, the distribution of correspondence and other documentation (including translations) required in connection with the functioning of the EECF and the production and circulation of the minutes of the meetings.
- 5.2 Plenary meetings of the EECF shall be held at least once a year, normally within the period of September/October. The meeting will be convened upon the invitation of, and at a place and a date determined by the Chairperson in consultation with the Employee Representatives. The Employee Representatives have a right to a preparatory meeting held at their initiative on the day before the plenary meeting, and a post-meeting after the plenary meeting.
- 5.3 The Employee Representatives shall elect a Special Committee consisting of at the most three members. The Composition of the Special Committee shall take into account the geographical distribution of the Employee Representatives on the EECF. The Special Committee shall organise the preparatory meeting of the Employee Representatives and undertake such other responsibilities as are delegated to it by a simple majority of the Employee Representatives.

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5.4 Meetings may be held between management and the Special Committee, at the request of either party, in exceptional circumstances which are likely to considerably affect employees' interests in at least two countries covered by the EECF. Examples of exceptional circumstances are collective redundancies, relocation or closure of undertakings or establishments. These exceptional meetings will be convened by the Chairperson as soon as possible based on information provided by Central Management. The meeting shall also be attended by Employee Representatives from the countries directly affected by the circumstances in question. The Special Committee shall have a period of ten days within which to provide its opinion. Where substantial changes have, or are, taking place, or where the exceptional circumstances warrant it, Central Management can call an additional plenary meeting at their initiative or where agreed following a request from the Special Committee.

5.5 The Chairperson shall be responsible for preparing the agenda of meetings of the EECF. The draft agenda shall be sent to the Employee Representatives and management at least six weeks before the meeting except in exceptional circumstances where meetings may have to be convened on shorter notice. Any items suggested by the Employee Representatives within the competence of the EECF shall be incorporated in the agenda.

The final agenda shall be circulated by the Chairperson or Secretary to all participants at least two weeks in advance of the meetings, along with any necessary preparatory documents. However, this shall not preclude urgent items being added to the agenda at any time prior to the commencement of the meeting.

5.6 The Chairperson or Secretary shall be responsible for preparing the minutes of the EECF meetings which will not include confidential information. Draft minutes will be prepared and circulated to the Employee Representatives and management within one week after the meeting. Final minutes will be agreed with the chairperson of the Employee Representatives and circulated, within three weeks of the meeting. Employee Representatives shall have the right to report to the employees in their respective countries in accordance with national practice, and normal internal communication channels.

5.7 Since English is the working language of Federal Express, the parties agree that it shall be their [long term] objective to conduct the meetings in English to the maximum extent possible. Notwithstanding, to aid communication and encourage the widest possible participation in the meetings all meetings shall be held with interpreters provided and all documents, agendas and minutes shall be translated into other languages, as agreed. English language training will be provided to Employee Representatives upon request, organised locally by Personnel Services

Article 6. Expenses

All operating expenses of the EECF will be covered by FedEx or the appropriate local FedEx entity. Travel arrangements for the Employee Representatives will be made by the local management of the employees concerned and charged to FedEx. Accommodation and other expenses shall be paid or reimbursed by FedEx or the appropriate FedEx entity in accordance with the policies and procedures of FedEx EMEA Region. All expenses must be approved by the Chairperson of the EECF.

Article 7. Experts

- 7.1 The Employee Representatives may be assisted by experts to carry out their tasks within the EECF where a simple majority of the Employee Representatives agrees to this. Where the proposed expert is not a FedEx employee, or costs are involved, the prior agreement of the Chairperson must be obtained to both the engagement of, and the disclosure of information to the expert in order to ensure confidentiality or to avoid conflicts of interest.
- 7.2 Requests for the appointment of a non-FedEx employee expert must include an explanation of the reason why the expert is required, the information that is proposed to be disclosed and an estimate of the costs involved. FedEx will reimburse the costs of only one outside expert per meeting.
- 7.3 The expert may attend that part of the plenary or exceptional meetings of the EECF where the expertise is required.

Article 8. Confidentiality

- 8.1 Employee Representatives and experts appointed by them participating in the EECF shall be subject to the obligation to maintain the confidentiality of information provided to them in accordance with the provisions established by Belgian law. They shall not reveal any information to other employees or third parties which has expressly been provided to them in confidence, except with the prior agreement of Central Management. Experts shall sign appropriate "Confidentiality Agreements" prepared by Central Management. This obligation shall continue to apply after they cease to act as an Employee Representative or expert for whatever reason provided that the information has not become public in the interim. Any breach of this obligation by a member of the EECF will be viewed as a serious disciplinary offense.
- 8.2 Under the conditions and limits laid down by Belgian law, management shall not transmit to the Employee Representatives any information which, based on objective criteria might seriously harm the functioning of FedEx or its commercial interests: would be prejudicial to any FedEx entity, or would contravene stock market regulations or other applicable legislation.

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Article 9. Protection of Employee Representatives

- 9.1 Employee Representatives and alternates exercising their functions shall enjoy the same protection and guarantees provided for members of works councils or similar bodies by the national legislation and/or practice in force in their country of employment. Where no such provisions exist, Employee Representatives on the EECF or alternates, shall not be dismissed or suffer any unfair treatment, unfavourable change in their conditions of employment, nor any other action prejudicial to their conditions of employment, because of their status or reasonable activities as an Employee Representative. This protection will remain in force for a period of six months following the date they cease to be a member of the EECF or an alternate.
- 9.2 In the event of a labour dispute involving an Employee Representative or alternate, it is agreed that the matter will be communicated to the Managing Director, Personnel Services, EMEA Region without prejudice to the final decision being made by local management in accordance with applicable legislation.
- 9.3 Time off from normal working hours will be given for attending plenary and exceptional meetings as well as an average of four hours per month for preparatory work on EECF matters.

Payment of Employee Representatives' or alternates' remuneration is guaranteed for time worked on EECF matters and the period of absence necessary for the performance of their duties at EECF meetings. In addition, performance objectives of Employee Representatives or alternates will be adjusted to reflect the time required to be spent on EECF matters. Any conflicts arising from this will be referred to the Managing Director, Personnel Services, EMEA Region

Article 10. Applicable Law and Disputes

- 10.1 This Agreement is governed by the Belgium Collective Bargaining Agreement no. 62 of February 6, 1996, concerning the establishment of a European Works Council, given force of law by Royal Decree on March 6, 1997 and laws on the accompanying measures concerning the establishment of a European Works Council
- 10.2 Any dispute between Central Management and the Employee Representatives regarding the interpretation of this Agreement that cannot be resolved within the framework of the usual contacts and meetings between the parties, shall be submitted to non-binding conciliation of a Conciliation Board comprised of three persons who need not be FedEx employees. The members of the Conciliation Board may be required to sign "Confidentiality Agreements" where appropriate

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- 10.3 The Chairman of the Special Committee (on behalf of the Employee Representatives) or the Managing Director, Personnel Services, EMEA (on behalf of Central Management) may request the formation of a Conciliation Board by notifying the other party in writing and by naming its representative to the Conciliation Board.
- 10.4 Within one week of the receipt of such request, the other party shall respond by informing the requester of the name of its representative to the Conciliation Board. The two persons thus named shall have one week to agree upon the appointment of a third person to act as Chairperson of the Conciliation Board.
- 10.5 Within one week of the appointment of the Chairperson, the Conciliation Board shall meet to consider the matter in dispute and prepare its views (the "Opinion") regarding the parties' positions and possible compromise solutions. The Opinion shall be issued within one week after such meeting and may be presented in writing to the Managing Director, Personnel Services, EMEA and the Chairman of the Special Committee or orally at a meeting between the Special Committee and representatives of Central Management.
- 10.6 The parties shall use their best efforts to accelerate the above mentioned procedure in cases where it is critical to resolve the dispute within a shorter time period.
- 10.7 The English version of this agreement is the authoritative version and shall be used in case of any disputes over its interpretation.

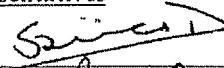


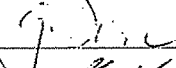
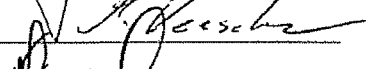
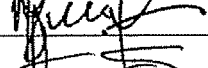

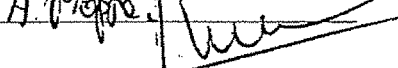



Article 11. Duration of the agreement

- 11.1 This Agreement shall come into force upon signature of the Central Management and the employee members of the Special Negotiating Body.
- 11.2 This Agreement shall be of unlimited duration unless terminated after the first four years by either party giving six months prior written notice of its decision to withdraw from the Agreement. Notice given by the Employee Representatives must have the agreement of a simple majority of the EECF. The parties agree that it can be amended as necessary with the agreement of Central Management and a simple majority of the Employee Representatives.
- 11.3 In the event any provision of this agreement is made invalid pursuant to any EU or national legislation, the remaining provisions shall remain in force and effect. A special meeting of the EECF may be called to replace the invalid provisions


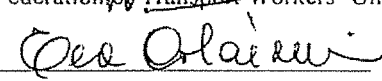
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Executed in Brussels Belgium this 26th day of June 1997

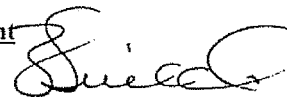
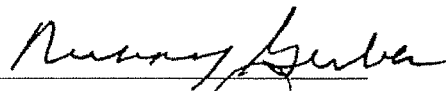
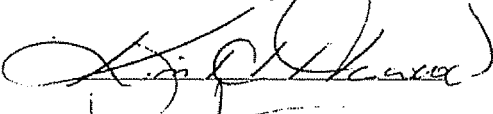

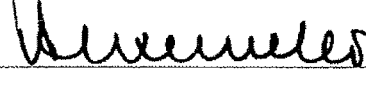
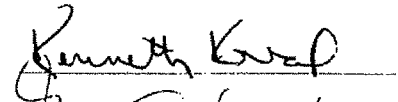
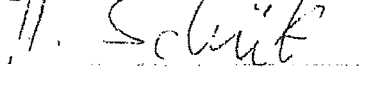
Signatures of Employee Representatives

For Belgium/Lux		Daniëlle Szucs
For France	 	Sandrine Guedal Laurent Truchelut
For Germany	 	Georg Duve Manfred Verschuer
For Ireland		Mick Sweeney
For Italy		Simone Lai
For Netherlands		Albert Van Hoppe
For Spain		Jose Roche
For Switzerland		Sandra Thor
For UK		David Poole

Signatures of External Advisors

	Hugues De Villele
Federation of Transport Workers' Unions in the European Union	
	Tea Colaianni Legal Advisor

Signatures of Central Management

	John Miles MD Personnel Svcs EMEA
	Rick Gerber VP Legal EMEA
	Kim Harwood MD Customer Svcs EMEA
	Renato Carrara MD Operations Italy & Switzerland
	Titus Alexander Sr. Mgr. Personnel Svcs Germany/Italy/Switzerland E. Europe
	Ken Koval MD Controller EMEA
	Antje Schuett MD Operations Germany

Annex 1

List of countries and number of representatives

(based upon employee numbers as at 1st May 1997)

Countries	Employees			%	Number of Reps.
	full-time	part-time	total		
Belgium - FEC Belgium Branch - Federal Express Europe Inc. & Co., vof - Federal Express European Services Inc. - Belgium Branch	392	51	443	11.13	2
Luxembourg* - Federal Express Luxembourg, Inc - Luxembourg Branch					
France - FEC France Branch - Federal Express International (France) SNC	487	270	757	19.01	2
Germany - FEC Germany Branch - Federal Express Europe Inc. - Germany Branch	495	222	717	18.01	2
Great Britain - FEC United Kingdom Branch - Federal Express Europe Inc. - UK Branch	856	324	1180	29.63	3
Ireland - Federal Express Europe Inc. - Ireland Branch	34	12	46	1.16	1
Italy - FEC Italy Branch - Federal Express Europe Inc. - Italy Branch	192	72	264	6.63	1
Netherlands - FEC Netherlands Branch - Federal Express Europe Inc. - Netherlands Branch	235	58	293	7.36	1
Spain - Federal Express Europe Inc. - Spain Branch	27	19	46	1.15	1
Switzerland - FEC Switzerland Branch - Federal Express Europe Inc. - Switzerland Branch	148	88	236	5.92	1
Totals	2866	1116	3982	100	14

Luxembourg having only 1 employee, is included in Belgium.

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