

# ACCESS: Changing What's Possible

A Strategic Discussion of the SRI Report

Presented by  
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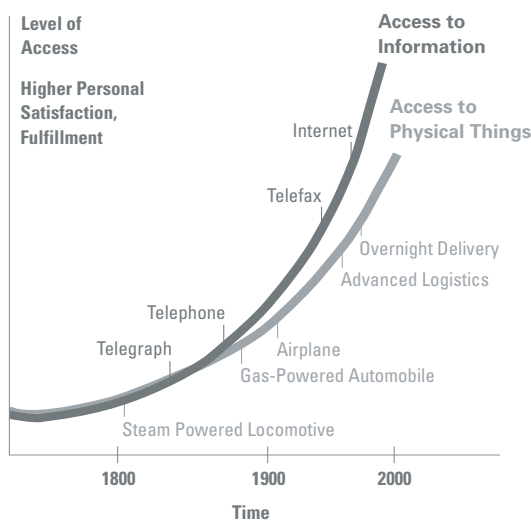
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Good morning. (Acknowledgements)

We're here today to talk about how greater Access is changing what's possible. Access is an essential force around the world, essential to life and work. But as far as we can tell, it has never been extensively studied. We at FedEx feel its power every day, and we thought it would be good to see if it could be quantified somehow. So we commissioned a study by SRI International to look at Access—what it is, how to measure it and how it impacts people, businesses and nations.

According to the study, three components define Access: time, space and information. Today, time and space are collapsing and the availability of information is exploding for anyone, anywhere, with basic electronic communication tools.

This unprecedented expansion of Access—to goods, services, ideas and opportunities—is the primary driver that has created profound and positive change for nations, businesses and individuals around the world.



Changes can come very fast, by historical standards. This chart illustrates how technology developments are accelerating Access. When FedEx launched its first flights in 1973, the Internet was a Defense Department research project, Mao ruled China and Brezhnev the Soviet Union. India, under Indira Gandhi, looked inward. Trade between these three countries and the outside world was very small indeed.

Back then, there were few indeed who could predict the world we deliver today. Most people never expected the magnitude of change we've seen. But in fact, it was the desire of people all over the world for Access, in one form or another, that made it happen.

Back in 1985, one sage thinker, George Shultz, who was then U.S. Secretary of State, predicted that the free flow of information made possible by the revolution in communication technologies would force closed societies to open up.

He was right, of course, although I don't know whether George's vision went as far as a hip-hop China.

Yet these young Chinese consumers in the picture represent a new global generation—not one of age or geography, but rather a generation sharing the belief that almost anything is possible. I call them "the Access Generation": consumers with a seemingly insatiable appetite for innovation, for upgraded features, for more capacity and for competitive prices. They don't care where all this comes from—they just want it now.

At FedEx I've seen how this appetite for Access has transformed the way our customers do business. So, you can understand why I've become very interested in this subject of Access.

The SRI report you are receiving is filled with fascinating results and detailed explanation of the methodology researchers used to rank countries. It is important to note that this ranking process is not intended to be critical of countries. Rather, it demonstrates where opportunities exist for individual countries to improve aspects of Access for their people. Doing so helps improve both their economies and their quality of life.

<b>Scores for Opportunities for Nations and Overall Access</b>			
<b>Access Opportunities Index™ – Nations Rank vs. (Access Index™ Rank)</b>			
Ireland	1 (23)	Singapore	20 (2)
Sweden	2 (8)	Australia	21 (18)
United Kingdom	3 (9)	Portugal	22 (24)
Austria	4 (14)	Hungary	23 (36)
Finland	5 (6)	South Korea	24 (22)
Canada	6 (13)	Estonia	25 (26)
Norway	7 (15)	Slovenia	26 (31)
Hong Kong	8 (1)	New Zealand	27 (16)
Germany	9 (7)	Taiwan	28 (21)
Belgium	10 (11)	Greece	29 (27)
France	11 (10)	Czech Republic	30 (30)
Netherlands	12 (5)	Malaysia	31 (33)
Switzerland	13 (4)	Poland	32 (40)
United States	14 (12)	China	33 (52)
Iceland	15 (17)	Lithuania	34 (35)
Italy	16 (28)	Latvia	35 (34)
Japan	17 (19)	Chile	36 (32)
Spain	18 (25)	Trinidad and Tobago	37 (55)
Denmark	19 (3)	Slovak Republic	38 (29)
		Mexico	39 (45)
		Argentina	40 (43)
		Mauritius	41 (41)
		Russia	42 (46)
		South Africa	43 (38)
		Brazil	44 (47)
		Romania	45 (54)
		Thailand	46 (37)
		Dominican Republic	47 (63)
		Panama	48 (50)
		Costa Rica	49 (57)
		Bulgaria	50 (51)
		Egypt	51 (58)
		Uruguay	52 (42)
		Vietnam	53 (73)
		Jamaica	54 (49)
		Israel	55 (20)
		India	56 (59)
		Peru	57 (64)
		Jordan	58 (44)
		Philippines	59 (65)
		Turkey	60 (39)
		El Salvador	61 (48)
		Venezuela	62 (62)
		Indonesia	63 (60)
		Colombia	64 (61)
		Ukraine	65 (53)
		Nigeria	66 (74)
		Bangladesh	67 (75)
		Guatemala	68 (70)
		Paraguay	69 (68)
		Sri Lanka	70 (56)
		Nicaragua	71 (72)
		Ecuador	72 (71)
		Bolivia	73 (66)
		Honduras	74 (69)
		Zimbabwe	75 (67)

The Access Opportunities Index™ / Nations measures the impact of Access on 75 countries using 18 variables in the categories of Broader Markets, Global Connection, National and International Cohesion, and Growth and Prosperity.

**What does Access mean for nations? Access enables nations to enter broader markets, gain global connections, attain national and international cohesion, and achieve growth and prosperity.**

For the first time in history, all nations—including underdeveloped regions—have the prospect and the ability to engage in global commerce. Nations benefit from the free flow of goods, people and capital. Trade liberalization, customs reforms and “open skies” agreements have spurred remarkable global growth.

Access is the catalyst for the integration of the global economy. Access to technology decreases time to market and production costs, creating a broader international market for a nation’s goods, while speeding that nation’s integration into the world economy. Access plays a major role in facilitating international trade and financial flows, which in turn bring new skills and technologies that spill over into the wider economy.

There is a clear correlation between increases in Access and decreases in poverty: In China, poverty declined from 28% in 1978, when it began opening up, to 9% in 1998; in India, it decreased from 51% to 27% in the 20 years since opening its markets.

Political climates and regulatory policies have a major impact on how much nations benefit from Access. Economists estimate that cutting trade barriers in agriculture, manufacturing and services by one third would boost the world economy by \$613 billion—the equivalent of adding the GDP of Canada to the world economy.

The evidence is clear. Governments must reduce trade barriers and encourage, not stymie, global trade and foreign investments. India, Vietnam and Uganda are good examples of what can happen when governments open-up their economies. According to the International Monetary Fund, these countries are reducing poverty and enjoying a faster rate of growth than countries with similar economies and restrictive trade policies.

<b>Scores for Business and Overall Access</b>							
<b>Access Opportunities Index™ – Business Rank vs. (Access Index™ Rank)</b>							
Germany	1 (7)	Malaysia	20 (33)	Mexico	39 (45)	Egypt	58 (58)
Netherlands	2 (5)	Iceland	21 (17)	Russia	40 (46)	Bulgaria	59 (51)
Singapore	3 (2)	China	22 (52)	Brazil	41 (47)	El Salvador	60 (48)
Sweden	4 (8)	Spain	23 (25)	Jordan	42 (44)	Peru	61 (64)
Finland	5 (6)	Estonia	24 (26)	Costa Rica	43 (57)	Panama	62 (50)
South Korea	6 (22)	Czech Republic	25 (30)	Ukraine	44 (53)	Nigeria	63 (74)
Belgium	7 (11)	New Zealand	26 (16)	Turkey	45 (39)	Argentina	64 (43)
United States	8 (12)	Australia	27 (18)	Portugal	46 (24)	Honduras	65 (69)
Switzerland	9 (4)	Chile	28 (32)	Trinidad and Tobago	47 (55)	Bangladesh	66 (75)
United Kingdom	10 (9)	South Africa	29 (38)	Vietnam	48 (73)	Bolivia	67 (66)
Austria	11 (14)	Hungary	30 (36)	Mauritius	49 (41)	Uruguay	68 (42)
Hong Kong	12 (1)	Slovak Republic	31 (29)	Greece	50 (27)	Zimbabwe	69 (67)
Taiwan	13 (21)	Italy	32 (28)	Indonesia	51 (60)	Nicaragua	70 (72)
Ireland	14 (23)	Lithuania	33 (35)	Philippines	52 (65)	Dominican Republic	71 (63)
Denmark	15 (3)	Thailand	34 (37)	Jamaica	53 (49)	Ecuador	72 (71)
France	16 (10)	Norway	35 (15)	Latvia	54 (34)	Venezuela	73 (62)
Japan	17 (19)	Slovenia	36 (31)	Romania	55 (54)	Paraguay	74 (68)
Canada	18 (13)	India	37 (59)	Colombia	56 (61)	Guatemala	75 (70)
Israel	19 (20)	Poland	38 (40)	Sri Lanka	57 (56)		

The Access Opportunities Index™ / Business measures the impact of Access on business in 75 countries using 19 variables in the categories of Market Reach, Supply Chain Strength, Innovation, and Growth and Competitiveness.

**What is the impact of Access on business? Access increases the market reach of businesses, strengthens their supply chains, facilitates and supports innovation, and creates opportunities for growth.**

Businesses around the world now have access to more markets, resources and growth opportunities than ever before. Access has broadened the customer base of every business across regional, national and international boundaries: companies now consider the world their market.

Access has changed the rules of competition and is a driver of growth. Increased market opportunities and competition spur innovation: Access increases capital, human resources, and suppliers, while improving the production mix and business processes.

Access has transformed supply chain management and fuelled innovation. Access to real-time information and reliable and express transportation has created new logistical models and levelled the competitive playing field.

Let me give you a couple of examples of this. Let’s say you order a new desktop computer from Dell over the Internet. A few days later, you receive a high-quality, custom-built computer at a competitive price, delivered to your doorstep. The motherboard and chips were manufactured in Taiwan. The monitor came from South Korea. The unit was assembled and customized in Austin, Texas. The point is that the global supply chain has become so agile that it’s common for the production of a single product to be spread over several countries and continents.

This trend of fast-cycle logistics—what you might call “inventory in motion”—means that businesses can now virtually eliminate the need for warehousing inventory because they can track sales and

restocking needs on a real-time basis. Look at one of the outcomes. Carrying costs for U.S. businesses have plummeted from 7.2 percent of GDP to 2.7 percent. That's a savings of nearly half a trillion dollars in 2003 alone.

Access doesn't benefit only the industry giant. It also enables the one-person office. Through the Internet, we have a low-cost, visual, ubiquitous information exchange available to anyone with a computer. Couple it with access to technology, speed of shipping, and a reliable global supply chain, and even the smallest business can specialize, create product niches and achieve economies of scale.

We've got a customer that exemplifies this phenomenon—Shari's Berries. Shari started out as a mortgage banker in Sacramento, making delicious hand-dipped, chocolate-covered strawberries as gifts for her customers and friends. But because she had access to a reliable supply chain, overnight delivery and the Internet, Shari began to think bigger.

FedEx engineers worked with her to develop special packaging to protect her fragile, perishable product. Last year, Shari sold two million strawberries, thanks to Access. By the way, you'll be enjoying those berries at lunch today, flown in overnight.

So it's easy to see the tangible benefits of Access on large companies such as Dell and smaller ones such as Shari's Berries. But what does Access mean for people themselves?

<b>Rankings of Opportunities for People and Overall Access</b>							
<b>Access Opportunities Index™ – People Rank vs. (Access Index™ Rank)</b>							
Iceland	1 (17)	Israel	20 (20)	Jamaica	39 (49)	Colombia	58 (61)
Netherlands	2 (5)	Japan	21 (19)	Bulgaria	40 (51)	Sri Lanka	59 (56)
Sweden	3 (8)	Czech Republic	22 (30)	Mexico	41 (45)	Egypt	60 (58)
Finland	4 (6)	Spain	23 (25)	Turkey	42 (39)	Venezuela	61 (62)
United Kingdom	5 (9)	Slovenia	24 (31)	Thailand	43 (37)	Peru	62 (64)
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Norway	13 (15)	Lithuania	32 (35)	Argentina	51 (43)	Bolivia	70 (66)
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Australia	16 (18)	Slovak Republic	35 (29)	Ukraine	54 (53)	Nigeria	73 (74)
Germany	17 (7)	Poland	36 (40)	South Africa	55 (38)	Zimbabwe	74 (67)
France	18 (10)	Costa Rica	37 (57)	Dominican Republic	56 (63)	Taiwan	n/a (21)
Singapore	19 (2)	Trinidad & Tobago	38 (55)	Philippines	57 (65)		

The Access Opportunities Index™ / People measures the impact of Access on people in 75 countries using 20 variables in the categories of Choice and Expectations, Empowerment, Connection and Well-Being.

**Access empowers people, connects them, enhances their well-being and constantly expands their choices and expectations.**

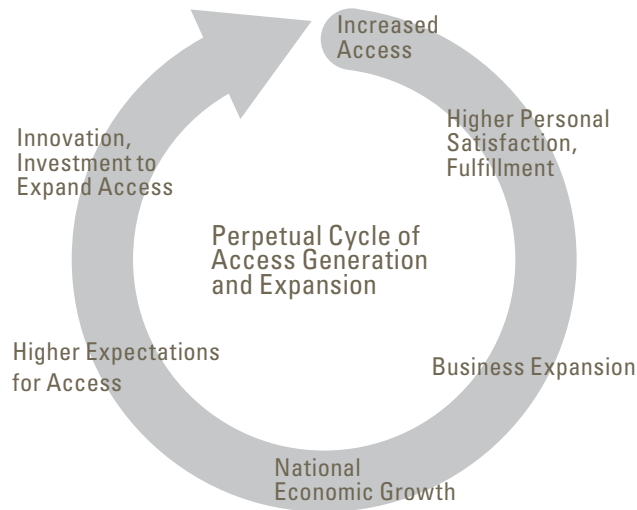
Access improves people's quality of life. Access to health services, clean water, and sanitation impacts life expectancy and infant mortality.

Access connects people. The desire, need and expectation to stay connected have become a universal phenomenon. Access to an exploding base of online information and telecommunications is transforming most human activities everywhere.

Access increases education options for many and expands employment opportunities—we can now live and work almost anywhere.

Access shifts power from producers to consumers. With choice and information, consumers are more savvy and discerning, giving them greater market power.

Access to credit has helped people fulfill dreams and potential. Take homeownership, now at a record high of almost 70 percent in the U.S., not to mention the power of small business loans around the world, including developing companies, where micro-loans have created a new wave of entrepreneurs.



The expansion of Access is dynamic, ongoing, and permanent. Increased Access leads directly to greater personal satisfaction. This stimulates demand among existing consumers, which, in turn, leads to business expansion and other productive activities. The result? Improved living standards and even higher expectations. These expectations spur innovation and investment to provide yet greater Access, and the cycle repeats.

Because of Access, most of the world's people are becoming an integrated community, dependent on each other through supply chain. We're linked by instantaneous communications. Investments are crossing national boundaries to make businesses flourish.

And with greater access to information, businesses can better scan the environment and quickly make decisions based on that intelligence. This ability of businesses to adjust, adapt and be more opportunistic has created a remarkably efficient, flexible economy able to withstand market adjustments.

Access generates opportunities for participation, choice and improvement. It helps us better our current conditions and future prospects. The challenge for us as business leaders and policymakers is to:

- nurture the current environment,
- eliminate artificial trade barriers and impediments that inhibit economic growth,
- secure "open skies" agreements that give countries, particularly developing ones, access to capital, products and services, and
- help developing countries obtain life essentials such as healthcare, and education, which lead to prosperity.

The SRI Report on Access is a glimpse at the present—a present that's fast disappearing as the Access Generation seeks even greater access to what they desire, regardless of time or place.

We at FedEx are making this landmark report public to foster better understanding of why and how Access is changing what's possible. But, I want to emphasize that this is only the beginning of our analysis. We think Access is an evolving concept, and we intend to explore it further and share what we find. In a little while, we'll make an announcement about our commitment to this project, so stay tuned.

Thank you for your attention today. Now we're going to continue this discussion in more detail with a panel of experts you won't want to miss.