

FedEx 2018 Annual Meeting of Stockholders – September 24, 2018

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Good morning ladies and gentlemen, and welcome to the annual stockholders' meeting of FedEx Corporation. I am Frederick W. Smith, Chairman of the Board and Chief Executive Officer of FedEx Corporation. We appreciate the interest of the stockholders who have come to the meeting and we thank you for being here. This meeting is being webcast live. I would also like to welcome our stockholders who have joined us via the webcast. I'll begin by introducing the other members of our Board of Directors. As I call your name could each of you please stand and be recognized; John Edwardson, Marvin Ellison, Patricia Griffith, Chris Inglis, Kim Jabal, Shirley Jackson, Brad Martin, Joshua Ramo, Susan Schwab, David Steiner, and Paul Walsh.

As you may know, Jim Barksdale has retired from the FedEx Board of Directors effective today. I'm going to have considerably more to say about Jim in a few minutes, but suffice it to say in the formal part of the meeting that the Board of Directors expresses our deep appreciation to him for his service on our board.

Jim served as our EVP and Chief Operating Officer and as a director in the 1980s and early 1990s, before rejoining the board in 1999, 32 years of outstanding service to this Company. Again, I'll have a few more things to say about him and another distinguished member of the FedEx senior management team who has recently retired.

Joining me on stage is Mark R. Allen, our Executive Vice President, General Counsel, and Corporate Secretary, who will act as secretary of the meeting; and Cassandra Shedd, Relationship Manager of Computershare Trust Company, our transfer agent, who has been appointed and duly sworn as Inspector of Election. Representatives of Ernst & Young are also present and are available to answer appropriate questions that you may have of them as auditors of the Company's fiscal year 2018 financial statements.

As each of you entered the meeting room this morning, you were given a copy of the agenda and the annual meeting guidelines. The meeting will be conducted in accordance with the agenda and guidelines. If you have not received copies of the agenda and guidelines, please raise your hand, and copies will be brought to you.

So I'll now call the meeting to order. Mr. Allen will report on the giving of notice for the meeting and the presence of a quorum.

Mark R. Allen

EVP, General Counsel & Secretary, FedEx Corp.

Mr. Chairman, I have a complete list of the holders of record of the Company's common stock at the close of business on July 30, 2018, who are entitled to vote at this meeting. The list is arranged in alphabetical order and indicates the number of shares held by each stockholder. It was prepared and certified by Computershare Trust Company, the Company's transfer agent for the common stock. I've also received an affidavit of a representative of Computershare, which states that on August 13, 2018, a notice regarding the internet availability of proxy materials or the Notice of Annual Meeting, the Proxy Statement, the Proxy, the 2018 Annual Report and a postage prepaid return envelope were mailed to the stockholders of record as of July 30, 2018. A tabulation of the proxies received from stockholders indicates that a majority of the shares outstanding on the record date are represented at this meeting and a quorum is present.

Frederick W. Smith

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Thank you, Mark. A copy of the affidavit will be filed with the records of this meeting. The polls for each proposal are now open at 8:03 AM Central Time on 24 September, 2018. The proposals to be considered today are listed on the agenda and in the proxy materials previously distributed. If you've already submitted your proxy, your shares will be voted accordingly. If there is any stockholder present who has not yet voted and wishes to do so, please hold up your hand so we may distribute ballots. If you have previously voted by proxy, please do not fill out a ballot, unless you wish to change your proxy vote.

All right. So, nobody's voting by ballot, right? We do have one? Okay. So I'll read this paragraph. If you're voting by ballot, please mark your choices for each item of business and return the ballot to a FedEx representative, which you've just done I think. And if you're a beneficial owner with a legal proxy, please return the legal proxy with your ballot. So, everybody done that? Appears they have.

Now, the audience will have the opportunity to ask any questions relating to these proposals after all of the proposals have been presented. Please defer any questions or comments relating to the proposals until such time. If you have any questions that are not directly related to the proposals, you will have the opportunity to ask them at the conclusion of the meeting. The first matter to be taken up is the election of directors. Twelve directors are to be elected today. A nominee will be elected to the Board of Directors if the number of votes cast "for" such nominee's election exceeds the number of votes cast "against" such nominees' election. If elected, each nominee will serve as a director until the 2019 Annual Meeting and until his or her successor is duly elected and qualified. The nominees are as follows; John A. Edwardson, Marvin R. Ellison, Susan Patricia Griffith, John C. Inglis, Kimberly A. Jabal, Shirley Ann Jackson, R. Brad Martin, Joshua Cooper Ramo, Susan C. Schwab, Frederick W. Smith, David P. Steiner, and Paul. S. Walsh. So, that's the first one.

Next item of business is the proposal to approve, on a nonbinding basis, an advisory resolution on named executive officer compensation as follows: Resolved, that the compensation paid to FedEx's named executive officers, as disclosed in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders, pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative discussions, is hereby approved.

The next item of business is the consideration of a stockholder proposal regarding a lobbying activity and expenditure report. I'll now ask a qualified representative of the proponents to present the proposal. Please limit the presentation of your proposal to three minutes. Prior to making your proposal, please identify yourself and provide the number of shares that you represent.

Is there someone here to present this? There we go.

Daniel Willett

Analyst, International Brotherhood of Teamsters

Fellow stockholders....

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Just a minute. Could you give us your name and the number of shares you represent, please?

Daniel Willett

Analyst, International Brotherhood of Teamsters

My name is Dan Willett, and on behalf of the Teamsters, owner of 176 shares and co-filer of Clean Yield Asset Management, I hereby move Proposal 4, asking our Company to provide a report on its state and federal lobbying expenditures including indirect funding of lobbying through trade associations. Transparency and accountability in corporate spending to influence public policy are in the best interest of FedEx stockholders. Our Company has spent millions on federal and state lobbying since 2010. FedEx claims producing a lobbying report would incur undue expense, costs, and administrative burden. But FedEx is required to report all of its lobbying and has this information, so compiling this into a single report could be done very easily.

Corporations contribute millions to trade associations that lobby indirectly on their behalf, without specific disclosure or accountability. FedEx fails to disclose its trade association memberships and does not disclose its trade association payments nor the amounts used for lobbying. FedEx claims trade associations take positions and address issues in a collective industry manner, while acknowledging that the Company may not agree with all trade association positions or other members. We think that the subjective decision-making of being part of the collective industry, while separating itself from certain positions, organizations, and individuals, is precisely the kind of judgment that needs to be made with the fuller disclosure of an annual report, board deliberations, and shareholder involvement.

FedEx is also a member of, and contributes to, the American Legislative Exchange Council, known as ALEC. ALEC is controversial for promoting bills that undermine regulations to address issues like climate change, raising the minimum wage, workplace safety, and workers' rights. Just last month, ALEC hosted a speaker described as an anti-Muslim, anti-immigrant hate monger. Following outcry

over the invitation extended to the speaker, long- time ALEC member, Verizon, ended its membership stating that it "had no tolerance for racist white supremacist or sexist comment or ideals".

We are concerned that FedEx's lack of trade association lobbying disclosure presents reputational risk when it contradicts the Company's public positions. For example, FedEx has a commitment to environmental sustainability, yet both the U.S. Chamber of Commerce and ALEC are actively working to undermine the EPA Clean Power Plan, and FedEx supports diversity and inclusion, yet ALEC just had a speaker at its conference associated with hate speech.

How do these incongruities match our Company's principles? Proxy adviser, ISS, supports this proposal.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

You have 20 seconds.

Daniel Willett

Analyst, International Brotherhood of Teamsters

Our request for disclosure is a call for transparency and accountability in the spending of shareholder resources and we urge stockholders to vote for this proposal.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Thank you, sir. I inadvertently passed over one of the proposals here. My apologies, particularly to Ernst & Young, because it's about hiring them. So, the next item of business is the ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for the fiscal year ended May 31, 2019.

Next item is the consideration of a stockholder proposal regarding shareholder right to act by written consent. I will now ask a qualified representative of the proponent to present the proposal. Please limit the presentation of your proposal to three minutes. I'll remind you as you're coming close to that. First, please identify yourself and provide the number of shares you represent.

Daniel Willett

Analyst, International Brotherhood of Teamsters

I'm presenting on behalf...

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Double duty. Okay. Go ahead.

Daniel Willett

Analyst, International Brotherhood of Teamsters

Triple duty. I'm presenting on behalf of Myra K. Young of Elk Grove, California. I don't have the number of shares at my fingertips. I can pull that out if you want to take a minute for me to get it.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Oh, that's all right. You can give it to Corporate Secretary when you – at your convenience.

Daniel Willett

Analyst, International Brotherhood of Teamsters

Okay. Proposal 5, Right to Act by Written Consent, shareholders request that the Board of Directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast a minimum number of votes that would be necessary to authorize a specific action at a meeting, at which all shareholders entitled to vote thereon were present and voting.

This written consent is to be consistent with giving shareholders the fullest power to act by written consent according to applicable law. This includes shareholder ability to initiate any appropriate topic for written consent. A

shareholder right to act by written consent is one way to make up for our limited right to call a special meeting. For instance, it takes 20% of FedEx shareholders to call a special meeting, when many companies allow 10% of shareholders to do so. Increased shareholder rights to include action by written consent vote for Proposal 5.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

All right, sir. The last item of business is the consideration of a stockholder proposal regarding shareholder approval of bylaw changes. I now ask a qualified representative of the proponent present the proposal.

Daniel Willett

Analyst, International Brotherhood of Teamsters

Yes, I'm presenting on behalf of John Chevedden of Redondo Beach, California. Shareholders request that the Board of Directors take the steps necessary to include text in the Company bylaws that states that each bylaw amendment that is adopted by the Board of Directors shall not become effective until approved by shareholders. Adoption of this proposal is timely, since many companies highlight their shareholder engagement efforts in their annual meeting proxies. This included FedEx. A shareholder vote on a bylaw change is one way to engage with shareholders that can be measured objectively in a vote tally.

Please vote to improve management engagement with shareholders by voting for Proposal 6, Shareholder Approval of Bylaw Changes. Thank you.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Thank you. Now, ladies and gentlemen, I'd like to open the floor to any discussion regarding these proposals. Any questions or comments relating to any of the proposals should be made at this time, not during the general question-and-answer period following the conclusion of the meeting.

Please remember, questions or statements that are irrelevant to the business of the Company, or repetitious of questions or statements by other stockholders will not be permitted. If there are any questions or comments not directly related to these proposals, please defer those until after the conclusion of the meeting. The audience will be given the opportunity to ask general questions at that time. So, are there any comments about any of these proposals or questions about them?

Appears not, so I will now ask the Inspector of Election to give a report on the preliminary voting results.

Before I do so, first, have all stockholders who received ballots, marked them and turn them in? If you still have a ballot, please raise your hand so we may pick them up. Does not appear that to be the case. So it appears we have all the ballots. I hereby declare the polls closed at 8:15 AM Central Time on 24 September, 2018.

I'll now ask the Inspector of Election to report on the preliminary voting results for each of the proposals.

Cassandra Shedd

Inspector of Election - Vice President, Computershare Trust Company

Mr. Chairman, there are present at this meeting in person or by proxy 235,813,252 shares of the Company's common stock, out of a total of 264,439,179 shares of outstanding and entitled to vote. With respect to Proposal 1, the election of directors, each director nominee received more votes cast "for" such nominee's election than "against" such nominee's election.

With respect to Proposal 2, the advisory resolution to approve named executive officer compensation, a majority of the shares present in person or represented by proxy and entitled to vote have been voted in favor of this Proposal.

With respect to Proposal 3, ratification of the appointment of the independent registered public accounting firm, a majority of the shares present in person or represented by proxy entitled to vote have voted in favor of this proposal.

With respect to Proposals 4 through 6, a majority of the shares present in person or represented by proxy and entitled to vote have voted against these proposals.

Frederick W. Smith

Chairman, President & CEO, FedEx Corp.

Thank you, Ms. Shedd. To summarize the voting results, each of the director nominees has been duly elected to serve as a director of the Company. The advisory resolution to approve named executive officer compensation has been approved. The appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for fiscal year 2019 has been ratified. And none of the stockholder proposals has been adopted.

Please note that the voting results announced by Ms. Shedd are preliminary. Final voting results will be included in a Form 8-K filed with the Securities and Exchange Commission following the meeting.

Now, ladies and gentlemen, that concludes the official portion of the meeting. There being no further business, the meeting is hereby adjourned, and I will conclude with some brief remarks and a corporate overview, followed by any general questions and answers that you would like to address.

Fiscal year 2018 that ended last May 31 was a year of opportunity and challenges and we believe FedEx emerged more competitive than ever. We delivered outstanding financial and operating results due to the focus and dedication of the entire FedEx team, more than 425,000 members strong around the world. Our people have been and always will be one of our strongest competitive advantages, so thanks to each and every one of them for a job well done in FY 2018.

Our consolidated financial results reflect our strategy of managing FedEx as a portfolio of business solutions enabling us to respond to marketplace changes quickly, while still delivering great service to our customers. FedEx Express posted solid revenue growth and is on track to reach our target of \$1.2 billion to \$1.5 billion improvements in operating income in fiscal 2020 versus 2017. At FedEx Ground, our investments in automation and capacity position FedEx Ground to handle even greater volumes of business-to-business and e-commerce shipments. FedEx Ground's revenue share and margins should continue to grow.

FedEx Freight margins increased as well, due to a better business environment and an improved balance of volume, pricing, and capacity. Our leading-edge technologies now allow customers to conveniently pick up, drop off, or ship at more than 50,000 U.S. locations. We achieved these outstanding financial results in the face of big challenges. We delivered another holiday shipping season of record volumes and high service levels due to our flexible networks and year-round planning. That's no simple task, given that daily volumes can double during the holidays.

Our team members delivered critical relief in the wake of devastating hurricanes, floods, earthquakes, and wildfires, several of which occurred during a single month. Our FedEx Express and IT teams did a remarkable job of managing through the crippling cyber-attack that affected TNT Express, which we had recently acquired.

Let's take a closer look at what the Company accomplished in FY 2018. Hub expansion and technology investments made FedEx Ground the most highly automated ground network in North America, if not the world. With more than 130 automated facilities, FedEx Ground can flex up to accommodate holiday volumes and can reroute and sort packages at any hub. This helps Ground better serve customers in weather contingencies and other unexpected situations.

To boost productivity, we're further expanding automation, so Ground team members can concentrate on higher skilled work. Self-driving tugs are moving large or overweight packages through hubs and we're testing automated devices for unloading trucks. We continued our aircraft fleet modernization strategy, which helps FedEx Express remain the world's largest, most flexible, and innovative all-cargo air fleet. By replacing older aircraft with newer, more efficient ones, we save fuel and reduce emissions. In FY 2017, we saved almost 90 million gallons of jet fuel and avoided more than 860,000 metric tons of carbon dioxide equivalent emissions with the new aircraft compared to what we would have used with the older airplanes to carry the same traffic.

In FY 2018, a Boeing 777F built for FedEx Express was our first plane to fly 100% on biofuel. To better serve smaller markets, we've agreed to purchase 30 ATR 72-600F turboprop freighters with large cargo doors customized for FedEx. And we've ordered 50 newly-designed Cessna SkyCourier C408 twin turboprops that doubled the capacity of our single engine Cessna 208. The C408 will also have a bigger cargo door to handle palletized freight.

We combined our specialty operating companies under FedEx Trade Networks to make it easier and more efficient for customers to access specialized logistics and e-commerce solutions from one FedEx operating company. Specialty companies within FedEx Trade Networks offer a wide range of air cargo and ocean freight services, as well as inventory warehousing and distribution. Additional services include e-commerce fulfillment, customs brokerage and trade facilitation, secure payment technology, logistics, critical inventory, tech repair, and 3D printing.

We acquired a global e-commerce transportation solutions provider called P2P, which offers unique low-cost delivery options through its relationships with private, postal, retail, and clearance providers in more than 200 countries and territories. It is now part of FedEx Trade Networks cross-border specialty network.

Our mission statement emphasizes that safety is our highest priority and we've made big safety advances this past year, particularly at FedEx Freight. Nearly all of our FedEx Freight line haul tractors are now equipped with advanced safety features, including telematics, collision mitigation, lane-departure warning, and rollover stability. We also ordered 20 fully electric Tesla Semi trucks be equipped with safety technology, such as surround cameras and automatic emergency braking. These features will go a long way to improve road safety, while reducing our environmental impact and fuel cost.

I'm going to come back in just a moment to Jim Barksdale and Mike Ducker here, but suffice it to say that we're going to acknowledge in a moment the 43 years of service of Mike Ducker, who recently retired as the CEO of FedEx Freight. And succeeding Mike is John A. Smith, former Senior Vice President of Operations at Freight. John brings more than 32 years of experience in the transportation industry.

Over the past fiscal year, our technology has become more efficient, convenient, and secure, an important achievement, since technology has always been the central nervous system of FedEx. Always seeking new technology, FedEx joined the Blockchain in Transportation Alliance (sic) [Blockchain in Transport Alliance] (00:26:39) to explore the new technology within the logistics sector. We believe blockchain can improve supply chains worldwide.

A FedEx proposal was among 10 accepted by the U.S. Department of Transportation to assess how to regulate drones and integrate them safely into the United States airspace. We'll use drones to deliver aircraft parts and inspect aircraft and runways at our Memphis World Hub. Through technology, we continue to grow our retail network to make it more convenient for consumers to ship and have shipments held for pickup. U.S. consumers can now pick up their packages at any of 11,000 convenient secure locations, including more than 8,000 at well-known retailers, such as Walgreens. We're placing 500 new FedEx Office locations within Walmart stores nationwide. As a result of these efforts, 80% of the U.S. population is within 5 miles of a FedEx Hold location.

Regarding technology, as I mentioned earlier, in FY 2018 TNT information technology systems suffered an unprecedented nation-state cyber-attack causing extensive business and financial damage. The size and scope of this attack were historic, but so was the monumental effort by dedicated FedEx and TNT team members to turn this adversity into advantage. The recovery effort was truly one of the most remarkable accomplishments I've ever seen at FedEx. We can now report we're seeing strong TNT service levels and our integration of TNT is progressing rapidly. Great thanks to the teams that worked around the clock and around the world to restore and better secure both the technology systems and our customers' trust in us. We're emerging from this huge challenge stronger than ever.

A significant positive for U.S. business and FedEx was the approval of the U.S. Tax Cuts and Jobs Act, which is now increasing business investment and expanding GDP. We're proud of the significant role FedEx tax, legal, and government affairs teams played in advancing this long overdue tax code modernization. In response, we announced a \$4.2 billion commitment to, first, accelerate wage increases for certain hourly employees; second, to restore incentive compensation reduced due to the cyber-attack; third, to strengthen our pension plan; and finally, to increase capital investments, including major modernization investments to expand the FedEx Express Memphis and Indianapolis hubs. These decisions reflect our People-Service-Profit philosophy and our commitment to take advantage of the new tax structure.

So, let me sum up by saying that we believe our future is focused on and shaped by the Purple Promise which says simply, "I will make every FedEx experience outstanding." Our team members earn customers' trust by delivering that promise every day. Such dedication is reflected in several types of recognition in FY 2018; our placement in Fortune's Top 10 World's Most Admired Companies and 100 Best Companies to Work For; our climb to number 50 on the Fortune 500 list of U.S. companies ranked by total revenues. Our total revenue for FY 2018 was almost \$66 billion. FedEx is committed to increasing earnings, margins, cash flows, and returns, while investing for long-term success.

In all my years at FedEx, I believe the Company has never been stronger and I've never been so optimistic about our ability to deliver an exciting future to shareowners, team members, and customers everywhere.

Now, before I conclude, let me recognize two people here today that have been instrumental in building FedEx over many, many decades. The Board of Directors passed a resolution honoring Michael L. Ducker, and I'm going to summarize it here and then ask Mike to stand up.

Mike has given us 43 years of outstanding service. During his distinguished career, he embodied the Purple Promise every step of the way. He started out at the Memphis hub, rose up through the ground ranks, ended up going overseas as the VP of Southern Europe in Milan. Then he became the Vice President of South Pacific and the Middle East, and the Senior VP of the Asia Pacific region. He returned to the U.S. in 1999 and became the EVP and President of International FedEx Express. He rose to the position of Chief Operating Officer at FedEx Express in December 2009. Mike was set to retire in 2014. But, as he did throughout his career, he answered the call to lead in a new role. And in January 2015, he became the President and CEO of FedEx Freight.

His leadership of that company was simply extraordinary. He was instrumental in bringing in new technology, improving the morale, increasing the service levels. It was just one of the more outstanding management and leadership examples I've ever seen. It's hard to imagine FedEx without Mike Ducker, but that's the mark of a truly great leader by the quality of the people that he leaves behind. And as I mentioned, John Smith, we're confident, will take FedEx Freight to even higher levels. We'll always remember Mike for his integrity, his tremendous work ethic, his equanimity, and his passion for developing his people. He will be truly missed. We wish Mike and his family good health, good luck, and happiness in his retirement. Mike, where are you?

So, now let me turn to summarize the resolution that the Board of Directors passed about our colleague, Jim Barksdale, James Love Barksdale. Not only is this man one of the people who built FedEx, he's one of the great Americans of modern history. His business career is legendary, and his contributions in business and philanthropy and public service are almost without peer.

We appreciate Jim's 32 years of outstanding service to FedEx and his countless contributions to our success. Jim joined FedEx Express in 1979 as the Senior VP of Data Systems. Jim was instrumental in the development and aggressive application of computer and technology innovations that revolutionized the package delivery industry and established FedEx as a world leader in technology.

In April 1983, Jim became the EVP and COO and first joined our Board of Directors. In these capacities, he helped direct the rapid and extraordinary growth of the Company's transportation information network providing strategic leadership, insights, and level-headed advice. Under his leadership, FedEx significantly expanded its service offerings and upgraded its customer service, opened several new hubs, and launched an ambitious international expansion plan. In September 1999, Jim rejoined the Board of Directors. His deep understanding of network businesses and the strategic importance of applying information technology to operations in customer service was revolutionary.

His leadership led to the establishment of our unique Information Technology Oversight Committee, which Jim has been on for many years and became its Chairman in 2010. His exemplary leadership and sage counsel helped guide this Company and the development

of numerous customer focused innovations and through several transformational IT projects. He was an invaluable resource for the Company's Chief Information Officer and his senior management team.

Jim Barksdale, in short, revolutionized the logistics industry. His work on the package tracking business allowed logistics costs to decline almost 60%, without which the U.S. and global economies would not be nearly as productive as they are today. I can promise you we, as a board, as a management team, and me personally, are going to miss Jim and his gifted leadership abilities, business acumen, colorful and practical wisdom, collegiality, and razor wit. Jim's legacy at FedEx will forever endure. We wish Jim and his family good health, good luck, and happiness in his retirement. Would you stand up, Jim?

So that concludes everything we're going to say and we'll be happy to answer any questions that any of you might have on any subject. Seeing none, we will dismiss this proceeding. And good Lord willing, we'll see you again next year. Thank you.