

FedEx Corporation

Management Commentary Regarding FedEx Express U.S. Operations

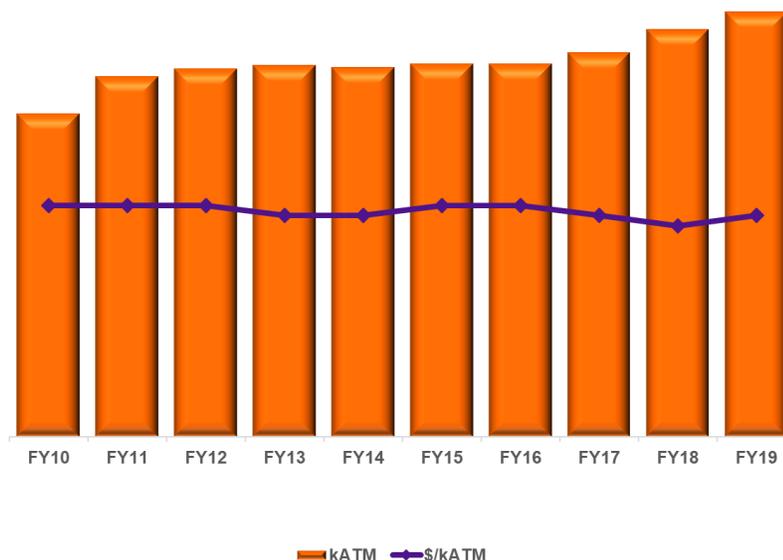
15 August 2019

1. In the U.S., FedEx Express operates day- and nighttime networks, which allow us to serve a variety of market segments and increase asset utilization. The analysis in the Barclays report “FedEx: Unpacking Purple Challenges; Part 3: Express Deep Dive,” dated 13 August 2019, ignores the impact of three critical segments that drive lift in the U.S. network: postal, airfreight, and international volume. Ignoring these market segments distorts the cost-per-package calculation referenced in the analysis.
 - a. The postal volume has a lower cost to serve as it only requires airport-to-airport movements (no pickup-and-delivery expenses are incurred) and the vast majority flies on the daytime network, which utilizes the same assets as the overnight operation.
 - b. FedEx Express U.S. freight is faster to more locations and reaches more locations than the competition and is highly valued by our customers.
 - c. U.S. international (inbound and outbound) freight and package volumes also move on this network and have grown at a higher rate than U.S. domestic volumes since FY16.

2. FedEx Express’s dual hub network is a strategic advantage, reducing risk from exogenous events (*e.g.*, weather, disruptions, etc.) while also providing an additional clearance point for international shipments. Our ongoing investments at the FedEx Express Memphis and Indianapolis hubs will further enhance sort and network efficiency.

3. Investments in fleet renewal and strict cost-control measures have allowed FedEx Express to grow network capacity (kATM) while keeping cost-per-kATM flat and significantly improving reliability.
 - a. Since FY10, kATMs have grown 32% while cost-per-kATM have decreased 2% (fuel price neutral):

FedEx Express Global Network



The information contained in this management commentary relates only to the specific matters referenced herein with respect to the Barclays report, is not a complete discussion of our FedEx Express operations, and does not update or expand any of our other disclosures. Certain statements herein may be considered forward-looking statements, such as management's expectations regarding the efficiencies available through ongoing investments. Such forward-looking statements are subject to risks, uncertainties and other factors, including inherent uncertainty that accompanies expected returns on investments, which could cause actual results to differ from results expressed or implied by such forward-looking statements. The statements herein, including any forward-looking statements, speak only as of the date on which they are made. We do not undertake or assume any obligation to update or revise the statements herein, including the forward-looking statements, whether as a result of new information, future events or otherwise.