



## Forward-Looking Statements

Certain statements in this presentation may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the global markets in which we operate, a significant data breach or other disruption to our technology infrastructure, our ability to successfully integrate the businesses and operations of FedEx Express and TNT Express in the expected time frame or at the expected cost, changes in fuel prices or currency exchange rates, our ability to match capacity to shifting volume levels, new U.S. domestic or international government regulation, future guidance and interpretations relating to the Tax Cuts and Jobs Act (TCJA) and our ability to realize the benefits of certain provisions of the TCJA, our ability to effectively operate, integrate and leverage acquired businesses, our ability to achieve our FedEx Express segment profit improvement goal, legal challenges or changes related to owner-operators engaged by FedEx Ground and the drivers providing services on their behalf, disruptions or modifications in service by, or changes in the business or financial soundness of, the U.S. Postal Service, the impact from any terrorist activities or international conflicts and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the SEC. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake or assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation should be reviewed in conjunction with our fourth quarter fiscal 2018 earnings release and webcast of the earnings release conference call, which are available on the company's website at [investors.fedex.com](https://investors.fedex.com).

## FedEx Executives on the Call

- Frederick W. Smith, Chairman and CEO
- David J. Bronczek, President and COO
- Alan B. Graf, Jr., EVP and CFO
- Mark R. Allen, EVP, General Counsel & Secretary
- Robert B. Carter, EVP, FedEx Information Services and CIO
- Donald F. Colleran, EVP, Chief Sales Officer
- Rajesh Subramaniam, EVP, Chief Marketing & Communications Officer
- David L. Cunningham, President and CEO of FedEx Express
- Henry J. Maier, President and CEO of FedEx Ground
- Michael L. Ducker, President and CEO of FedEx Freight



**Frederick W. Smith**  
Chairman and CEO



**Alan B. Graf, Jr.**  
Executive Vice President and CFO

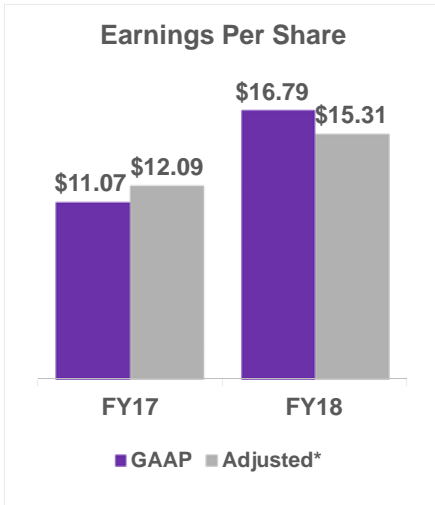
## FedEx Corporation

### *Fourth Quarter FY18 Results*

- Adjusted EPS \$5.91, up 41%\* YOY driven by tax benefits and improved operating results
- Adjusted consolidated operating margin, 11.5%\*
- All three transportation segments achieved Q4 operating margin targets

\*See the Non-GAAP Appendix for a reconciliation of presented non-GAAP measures to the most directly comparable GAAP measures

## FedEx Corporation Full-Year FY18 Highlights



- Adjusted EPS of \$15.31, up 27%\* YOY
- Capital expenditures of \$5.7 billion or 8.7% of revenues
- Repurchased 4.3 million shares for ~\$1 billion
- Contributed \$2.5 billion to our tax-qualified U.S. domestic pension plans

\*See the Non-GAAP Appendix for a reconciliation of presented non-GAAP measures to the most directly comparable GAAP measures

## FedEx Corporation FY19 Pension Accounting Change

- The new pension rules will be effective for our fiscal year beginning June 1, 2018 (fiscal 2019). These new rules require reclassification of select pension components (including our mark-to-market (MTM) adjustment) from operating expense to "Other Income (Expense)." Only the service cost will remain in "Salaries and employee benefits" as a component of income from operations.
- There is no change to the total pension expense, net income or EPS
- Segment operating expense will increase and operating profit will decrease

# FedEx Corporation

## 2018 Adjusted Results Recast for Pension Accounting Change

Dollars in millions, except EPS

FY18 Consolidated Results	Before 6/1/18	Pension Rule Impact	After 6/1/18	Adjusted Pension Expense Components	
Revenue	\$65,450		\$65,450	\$812	Service Cost
Operating Income*	5,725	(\$588)	5,137	1,203	Pension Interest
Operating Margin*	8.7%	(0.9%)	7.8%	(\$588) = (1,670)	Est. Pension Asset Returns
				(121)	Amortization and other
				\$224	Total Adjusted Pension Expense**
Other Income (Expense)	(\$517)	\$588	\$71		
Net Income*	\$4,169		\$4,169		
Diluted EPS*	\$15.31		\$15.31		

\*See the Non-GAAP Appendix for a reconciliation of presented non-GAAP measures to the most directly comparable GAAP measures

\*\*Excluding MTM and other pension adjustments of \$10 million. Total FY18 GAAP pension expense was \$214 million.

## FedEx Corporation

### *Pension Continued*

- Primary pension plans fully funded under ERISA; voluntary contributions made during FY19 will be lower than FY18
- \$6 billion de-risking transaction with MetLife largest in our history; benefits shareholders and retirees



## FedEx Corporation

### *FY19 Financial Targets*

- Revenue growth of ~9%
- Adjusted operating margin of ~8.5%\*
- Adjusted earnings of \$17.00 to \$17.60 per diluted share\*\*
- Adjusted effective tax rate of ~25%\*\*\*

\*Excluding TNT Express integration expenses

\*\*Before year-end MTM retirement plan accounting adjustments and excluding TNT Express integration expenses

\*\*\*Before year-end MTM retirement plan accounting adjustments. See Note Regarding Fiscal 2019 ETR Forecast in "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" in the Non-GAAP Appendix.

(\*)(\*\*) See the Non-GAAP Appendix for a reconciliation of presented non-GAAP measures to the most directly comparable GAAP measures

## FedEx Corporation

### *Strong Cash Flows in FY19*

- Depreciation and amortization expected to be ~\$3 billion
- Capital expenditures expected to be \$5.6 billion or ~8% of revenue
- TNT integration expenses projected to be \$450 million
- Voluntary pension contributions significantly lower than FY18



**Rajesh Subramaniam**  
Executive Vice President,  
Chief Marketing and Communications Officer

## Economic Outlook

*Expectation for Strong Global Growth*

	CY17	CY18	CY19
<b>GDP Forecast*</b>			
<b>U.S.</b>	<b>2.3%</b>	<b>2.9%</b>	<b>2.7%</b>
<b>Global</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.1%</b>
<b>U.S. Growth*</b>			
<b>Industrial Production</b>	<b>1.6%</b>	<b>3.8%</b>	<b>2.8%</b>
<b>Consumer Spending</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.5%</b>

\* FedEx Forecast June 4, 2018

## FedEx Express U.S. Domestic

*Growing U.S. Domestic Package Revenue and Yield (Revenue Per Package)*

	Q4 FY18	Q4 FY17	Change
U.S. Domestic Package Revenue*	\$3.31B	\$3.17B	4%
U.S. Domestic Package ADV	2.69M	2.66M	1%
U.S. Domestic Package Yield*	\$18.98	\$18.37	3%

\* Includes fuel surcharges

## FedEx Express International Export

*Double Digit Growth for International Services Revenue*

	Q4 FY18	Q4 FY17	Change
International Export Package Revenue*	\$2.84B	\$2.57B	10%
International Export Package ADV	811K	805K	1%
International Export Package Yield*	\$53.85	\$49.12	10%

\* Includes fuel surcharges and exchange rate impact



## FedEx Ground

### *Strong Performance in Ground Segment*

	Q4 FY18	Q4 FY17	Change
Segment Revenue*	\$4.80B	\$4.30B	12%
FedEx Ground Package ADV	8.13M	7.70M	6%
FedEx Ground Package Yield*	\$9.05	\$8.57	6%

\* Includes fuel surcharges. Prior period results have been recast to reflect the realignment of FedEx Supply Chain under the management of FedEx Trade Networks within "Other and eliminations."

## FedEx Freight

### *Balanced Growth of Revenue Per Shipment and Volume*

	Q4 FY18	Q4 FY17	Change
Segment Revenue*	\$1.86B	\$1.60B	16%
Average Daily Shipments	111K	103K	8%
Weight per Shipment (lbs)	1,198	1,174	2%
Revenue Per Shipment*	\$259.16	\$239.68	8%

\*Includes fuel surcharges. Prior period results have been recast to reflect the realignment of FedEx Custom Critical under the management of FedEx Trade Networks within "Other and eliminations."

# Portfolio Expansion & Growth Initiatives




**David J. Bronczek**  
President and Chief Operating Officer



## FedEx Express Operations Update

- Record Q4 adjusted operating profit of \$1.1 billion, up 13%\* YOY, with a 11.5%\* adjusted operating margin
- Primarily international business driving segment revenue growth
- Air fleet efficiency and reliability will continue to improve with deliveries of additional new aircraft beginning in FY20

\*See the Non-GAAP Appendix for a reconciliation of presented non-GAAP measures to the most directly comparable GAAP measures



## TNT Express Integration Update

- Integration is accelerating
- Global sales teams will be fully integrated in FY19, one year ahead of original schedule
- Launched Economy Express one-day transit service in Europe

## FedEx Ground Operations Update

- Record Q4 operating profit of \$832 million, up 18% YOY
- Operating margin of 17.3%
- Revenue quality continues to improve through a balanced approach to volume and yield growth
- Optimizing and modernizing to drive greater profitability



## FedEx Freight Operations Update

- Record Q4 operating profit of \$175 million, up 35% YOY, with a 9.4% operating margin
- Pricing strategies drive revenue growth
- Investments in the network improve safety and lower costs



If you would like to send a question for the call, please include your full name and contact information with your email to [ir@fedex.com](mailto:ir@fedex.com)

*Preference will be given to inquiries of a long-term, strategic nature.*

## Non-GAAP Appendix

## Explanatory Note on Non-GAAP Financial Measures

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP (or “adjusted”) financial measures. The rationale for management’s use of these non-GAAP financial measures is included in the earnings release for the quarter ended May 31, 2018. Reconciliations of certain non-GAAP measures used in this earnings presentation to the most directly comparable GAAP measures are included in this Non-GAAP Appendix.

### Q4 FY18 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes <sup>1,2</sup>	Net Income <sup>2,3</sup>	Diluted EPS <sup>2</sup>
<b>GAAP measure</b>	<b>\$1,490</b>	<b>8.6%</b>	<b>\$231</b>	<b>\$1,127</b>	<b>\$4.15</b>
FedEx Supply Chain goodwill and other asset impairments <sup>4</sup>	380	2.2%	1	379	1.40
TNT Express integration expenses <sup>5</sup>	136	0.8%	30	106	0.39
FedEx Trade Networks legal matters	1	-	(1)	2	0.01
MTM retirement plan accounting and other pension adjustments <sup>6</sup>	(10)	(0.1%)	(1)	(9)	(0.03)
<b>Non-GAAP measure</b>	<b>\$1,997</b>	<b>11.5%</b>	<b>\$261</b>	<b>\$1,604</b>	<b>\$5.91</b>

<sup>1,2,3,4,5,6</sup> See “Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides” below for details.

## Q4 FY18 Reconciliation for FedEx Express Segment

Dollars in millions

	Operating	
	Income	Margin <sup>2</sup>
<b>GAAP measure</b>	<b>\$990</b>	<b>10.3%</b>
TNT Express integration expenses	110	1.1%
<b>Non-GAAP measure</b>	<b>\$1,100</b>	<b>11.5%</b>

<sup>2</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## FY18 Full-Year Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes <sup>1,2</sup>	Net Income <sup>2,3</sup>	Diluted EPS
<b>GAAP measure</b>	<b>\$4,870</b>	<b>7.4%</b>	<b>(\$219)</b>	<b>\$4,572</b>	<b>\$16.79</b>
FedEx Supply Chain goodwill and other asset impairments <sup>4</sup>	380	0.6%	1	379	1.39
TNT Express integration expenses <sup>5</sup>	477	0.7%	105	372	1.36
FedEx Trade Networks legal matters	8	-	2	6	0.02
MTM retirement plan accounting and other pension adjustments <sup>6</sup>	(10)	-	(1)	(9)	(0.03)
Net U.S. deferred tax liability remeasurement	-	-	1,150	(1,150)	(4.22)
<b>Non-GAAP measure</b>	<b>\$5,725</b>	<b>8.7%</b>	<b>\$1,039</b>	<b>\$4,169</b>	<b>\$15.31</b>

<sup>1,2,3,4,5,6</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## Q4 FY17 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes <sup>1</sup>	Net Income <sup>3</sup>	Diluted EPS
<b>GAAP measure</b>	<b>\$1,581</b>	<b>10.1%</b>	<b>\$440</b>	<b>\$1,020</b>	<b>\$3.75</b>
MTM retirement plan accounting adjustments <sup>6</sup>	(24)	(0.1%)	(18)	(6)	(0.02)
TNT Express integration expenses <sup>5</sup>	124	0.8%	37	87	0.32
FedEx Trade Networks legal matters	39	0.2%	15	24	0.09
FedEx Ground legal matters	22	0.1%	9	13	0.05
<b>Non-GAAP measure</b>	<b>\$1,742</b>	<b>11.1%</b>	<b>\$483</b>	<b>\$1,138</b>	<b>\$4.19</b>

<sup>1,3,5,6</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## Q4 FY17 Reconciliation for FedEx Express Segment

Dollars in millions

	Operating	
	Income	Margin
<b>GAAP measure</b>	<b>\$888</b>	<b>10.1%</b>
TNT Express integration expenses	83	0.9%
<b>Non-GAAP measure</b>	<b>\$971</b>	<b>11.0%</b>



## FY17 Full-Year Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes <sup>1</sup>	Net Income <sup>3</sup>	Diluted EPS <sup>2</sup>
<b>GAAP measure</b>	<b>\$5,037</b>	<b>8.4%</b>	<b>\$1,582</b>	<b>\$2,997</b>	<b>\$11.07</b>
MTM retirement plan accounting adjustments <sup>6</sup>	(24)	-	(18)	(6)	(0.02)
TNT Express integration expenses <sup>5</sup>	327	0.5%	82	245	0.91
FedEx Trade Networks legal matters	39	0.1%	15	24	0.09
FedEx Ground legal matters	22	-	9	13	0.05
<b>Non-GAAP measure</b>	<b>\$5,401</b>	<b>9.0%</b>	<b>\$1,670</b>	<b>\$3,273</b>	<b>\$12.09</b>

<sup>1,2,3,5,6</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## FY18 Full-Year Reconciliation for FedEx Corp. *Recast Results for Pension Accounting Change*

Dollars in millions

	Operating Income	Operating Margin
<b>GAAP measure</b>	<b>\$4,870</b>	<b>7.4%</b>
FedEx Supply Chain goodwill and other asset impairments	380	0.6%
TNT Express integration expenses <sup>5</sup>	477	0.7%
FedEx Trade Networks legal matters	8	-
MTM retirement plan accounting and other pension adjustments <sup>6</sup>	(10)	-
<b>Non-GAAP measure</b>	<b>\$5,725</b>	<b>8.7%</b>
<b>Pension accounting change</b>	<b>(588)</b>	<b>(0.9%)</b>
<b>Recast non-GAAP measure</b>	<b>\$5,137</b>	<b>7.8%</b>

<sup>4,5,6</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## FY19 FedEx Corporation

### Full-Year Operating Margin Forecast

	<u>Operating Margin</u>
GAAP measure	7.9%
TNT Express integration expenses	0.6%
Non-GAAP measure	8.5%

## FedEx Corporation

### Full-Year FY19 Outlook

Dollars in millions, except EPS

	<u>Adjustments</u>	<u>Diluted EPS</u>
Diluted EPS before year-end MTM retirement plan accounting adjustments (non-GAAP) <sup>7</sup>		\$15.65 to \$16.25
TNT Express integration expenses	\$ 450	
Income tax effect <sup>1</sup>	<u>(85)</u>	
Net of tax effect	\$ 365	1.35
Diluted EPS with adjustments (non-GAAP) <sup>7</sup>		\$17.00 to \$17.60

<sup>1,7</sup> See "Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides" below for details.

## Footnotes for FedEx Corp. Non-GAAP Reconciliation Slides

1. Income taxes are based on the company's approximate statutory tax rates applicable to each transaction, and for fiscal 2018 and 2019, give consideration to the effects of the TCJA on the fiscal 2018 and 2019 rates.
2. Does not sum to total due to rounding.
3. Effect of "Total other (expense) income" on net income amount not shown.
4. Goodwill impairment charges are not deductible for income tax purposes.
5. These expenses, including restructuring charges at TNT Express, were recognized at FedEx Corporate and FedEx Express.
6. MTM retirement plan accounting adjustments reflect the year-end adjustment to the valuation of the company's defined benefit pension and other postretirement plans. MTM retirement plan accounting and other pension adjustments include the one-time \$210 million charge recognized in the fourth quarter of fiscal 2018 related to the previously announced transfer of approximately \$6 billion of FedEx Corporation's tax-qualified U.S. domestic pension plan obligations to Metropolitan Life Insurance Company.
7. The year-end MTM retirement plan accounting adjustments, which are impracticable to calculate at this time, are excluded.

Note Regarding Fiscal 2019 ETR Forecast: Our fiscal 2019 effective tax rate forecast is a non-GAAP financial measure because it excludes the fiscal 2019 year-end MTM retirement plan accounting adjustments, which are impracticable to calculate at this time.