



FedEx Corporation

First Quarter FY18 Earnings Review

September 19, 2017

Updated September 20, 2017

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, the ongoing impact of the June 27, 2017 cyberattack affecting TNT Express, our ability to successfully integrate the businesses and operations of FedEx Express and TNT Express in the expected time frame, 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, 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.

FedEx Executives on the Call

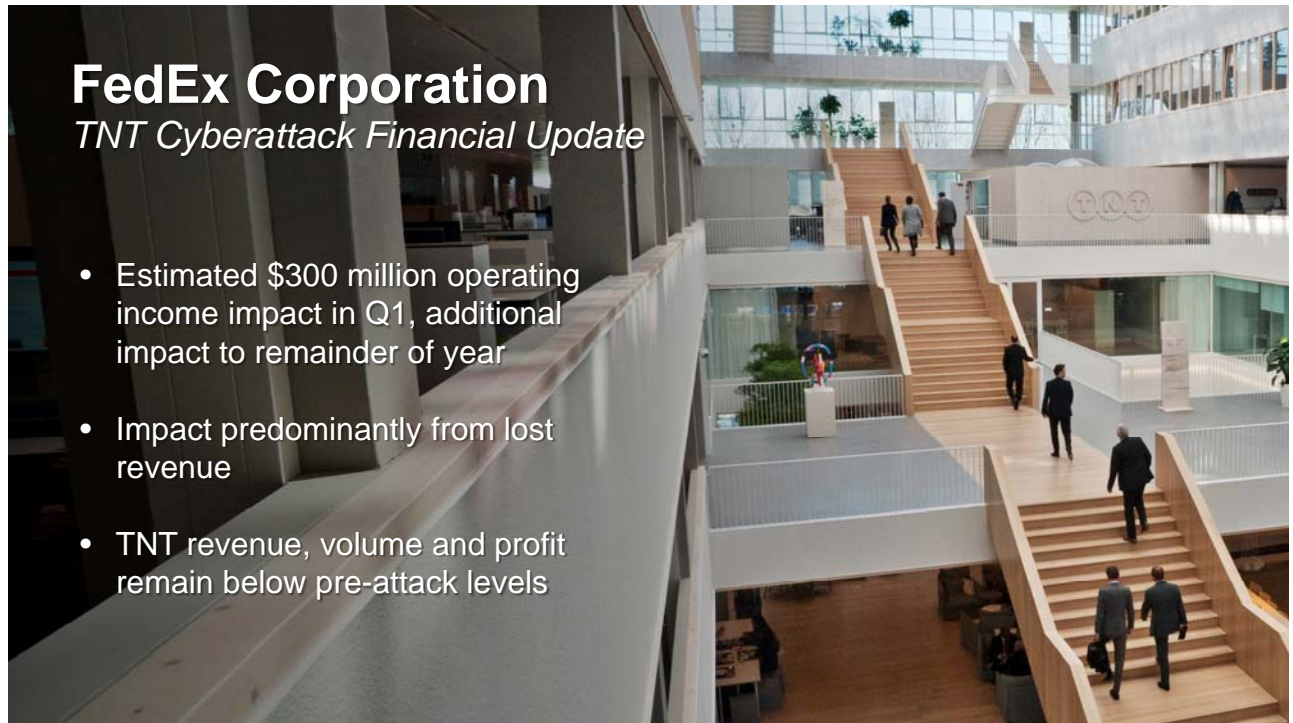
- Frederick W. Smith, Chairman and CEO
- David J. Bronczek, President and COO
- Alan B. Graf, Jr., EVP and CFO
- Christine P. Richards, EVP, General Counsel & Secretary
- Robert B. Carter, EVP, FedEx Information Services and CIO
- Donald F. Colleran, EVP, Chief Sales Officer
- Rajesh Subramaniam, EVP, 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

The slide features a background image of a modern, multi-level office atrium with a prominent wooden staircase and glass railings. Several people are seen walking on the stairs and on the upper levels. The text is overlaid on the left side of the image.

FedEx Corporation
TNT Cyberattack Financial Update

- Estimated \$300 million operating income impact in Q1, additional impact to remainder of year
- Impact predominantly from lost revenue
- TNT revenue, volume and profit remain below pre-attack levels



Robert B. Carter

Executive Vice President,
FedEx Information Services and CIO



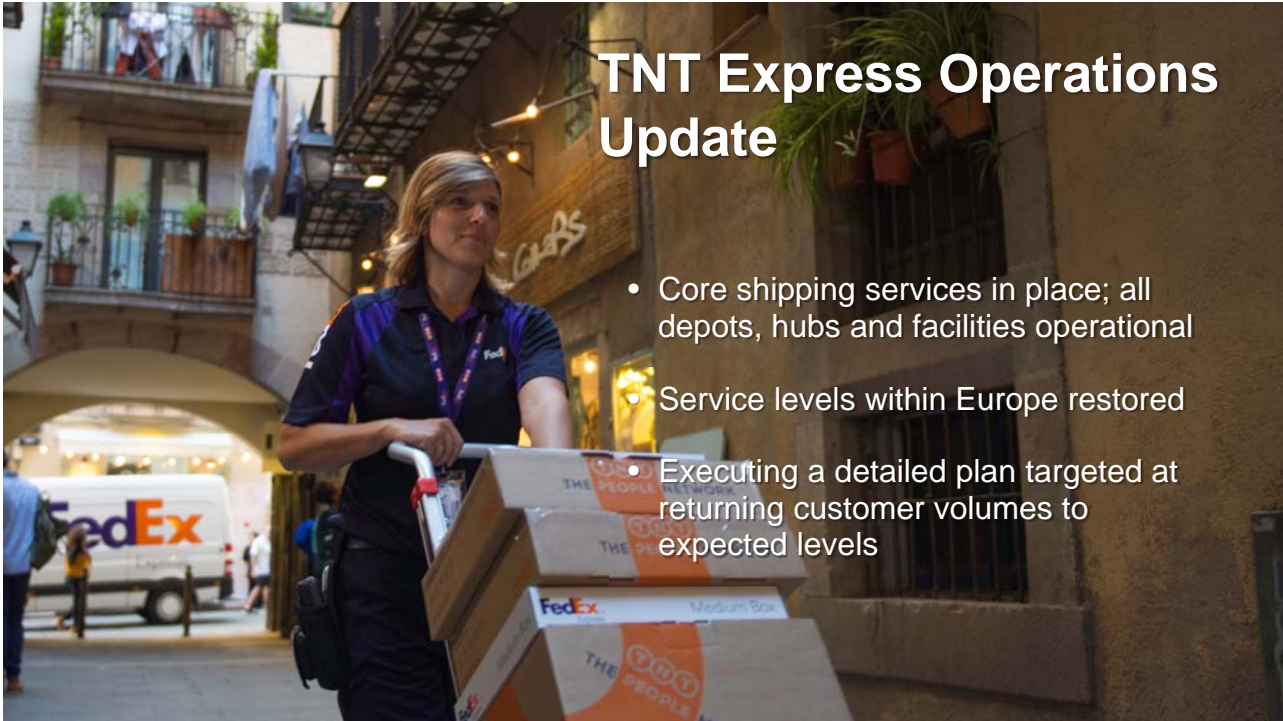
TNT Cyberattack Systems Update

TNT IT Systems Are Near Full Recovery

- Contained to TNT systems, no impact to FedEx systems
- No loss of customer data to third parties
- Virtually all critical systems up and available
- Focused on restoring customer-specific solutions



David J. Bronczek
President and Chief Operating Officer



TNT Express Operations Update

- Core shipping services in place; all depots, hubs and facilities operational
- Service levels within Europe restored
- Executing a detailed plan targeted at returning customer volumes to expected levels

TNT/FedEx Express Integration Update

Accelerating Integration Plans to Leverage FedEx Capabilities



Optimized Pickup and Delivery Operations



Integrated Global Express Network



Improved Efficiency of Staff Functions and Processes (SG&A)



Grow Revenue With Best-In-Class Service Portfolio



Rajesh Subramaniam

Executive Vice President,
Chief Marketing and Communications Officer

Economic Outlook

Expectation for Continued Moderate Growth

	CY16	CY17	CY18
GDP Forecast*			
U.S.	1.5%	2.2%	2.4%
Global	2.3%	2.9%	2.9%
U.S. Growth*			
Industrial Production	(1.2%)	1.9%	2.5%
Consumer Spending	2.7%	2.7%	2.6%

* FedEx Forecast September 2017

FedEx Express U.S. Domestic

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

	Q1 FY18	Q1 FY17	Change
U.S. Domestic Package Revenue*	\$3.08B	\$2.98B	3%
U.S. Domestic Package ADV	2.62M	2.65M	(1%)
U.S. Domestic Package Yield*	\$18.07	\$17.28	5%

* Includes fuel surcharges

FedEx Express International Export

Growing Demand for International Services

	Q1 FY18	Q1 FY17	Change
Int'l Export Package Revenue*	\$2.51B	\$2.41B	4%
Int'l Export Package ADV	754K	738K	2%
Int'l Export Package Yield*	\$51.16	\$50.20	2%

* Includes fuel surcharges and exchange rate impact

FedEx Ground

Higher Volume and Yield (Revenue per Package)

	Q1 FY18	Q1 FY17	Change
Segment Revenue*	\$4.64B	\$4.29B	8%
FedEx Ground Package ADV	7.69M	7.39M	4%
FedEx Ground Package Yield*	\$8.47	\$8.09	5%

* Includes fuel surcharges

FedEx Freight

Increasing LTL Revenue per Shipment

	Q1 FY18	Q1 FY17	Change
Segment Revenue*	\$1.75B	\$1.66B	6%
Average Daily LTL Shipments	106K	105K	1%
Weight per LTL Shipment (lbs)	1,173	1,152	2%
LTL Revenue Per Shipment*	\$241.34	\$229.20	5%

* Includes fuel surcharges



Shipping Rate Increases*

Effective January 2018

- FedEx Express, FedEx Ground and FedEx Freight to increase shipping rates an average of 4.9%
- Dimensional weight pricing will apply to FedEx SmartPost packages
- FedEx Freight will implement an Over Length Surcharge

*Details related to these and additional changes to rates and surcharges are available at [fedex.com/rates2018](https://www.fedex.com/rates2018)

Well Positioned for Another Successful Peak



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



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First Quarter FY18 Results

- Adjusted EPS \$2.51*
- Adjusted operating margin 8.1%*
- Higher base rates more than offset by cyberattack, higher costs at FedEx Ground, higher tax rate, weather

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



FedEx Express

Q1 Results, Consolidated Segment

- TNT Express cyberattack impact estimated at \$300 million
- Integration expenses \$88 million
- Base rate improvements and international volume growth



FedEx Ground

Q1 Results, Operating Income Up 3%

- Revenue increase of 8%
- Operating income higher due to revenue growth and lower incentive compensation accruals
- Focus on customer mix, pricing strategies and cost reductions across expense categories

80%
of people in the U.S. will be 9 minutes or less from a FedEx hold location by the end of 2017

Customers want to drop off or pick up at places convenient to their everyday lives — the FedEx retail convenience network offers more than 55,000 U.S. locations.

FedEx OnSite: Nearly 6,000 and growing
Pickup & pre-labeled drop off at Walgreens | Kroger | Albertsons
FedEx services also available at FedEx Authorized ShipCenter® and Office Depot OfficeMax locations.

FedEx Staffed locations: 2,700
FedEx Office | Stations & Express Counters
FedEx Express drop off also available for packages up to 20" x 12" x 6" at 40,000 drop boxes.

FedEx Freight

Q1 Results, Operating Results Significantly Improved

- Revenue up 6% benefiting from revenue quality focus
- Operating income up 30%
- Operating margin 10.0%, up 190 bps



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Full-Year FY18 Guidance

Dollars in millions, except EPS

Diluted EPS before mark-to-market pension adjustments (non-GAAP)*	\$11.05 to 11.85
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Excluding:

TNT Express integration expenses	\$350
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FedEx Trade Networks legal matters	\$7
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Diluted EPS with adjustments*	\$12.00 to \$12.80
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*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 Guidance

- Adjusted FY18 earnings guidance range is \$12.00 to \$12.80*
- Effective tax rate guidance up slightly to 33 - 36% on a GAAP basis before MTM pension accounting adjustments
- Capital expenditures expected to be \$5.9 billion
- Reaffirm commitment to improve operating income at FedEx Express segment by \$1.2 to \$1.5 billion in FY20 versus FY17

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

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

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 August 31, 2017. 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.

Q1 FY18 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes ¹	Net Income ²	Diluted EPS
GAAP measure	\$1,117	7.3%	\$386	\$596	\$2.19
TNT Express integration expenses ³	112	0.7%	30	82	0.30
FedEx Trade Networks legal matters	7	0.1%	2	5	0.02
Non-GAAP measure	\$1,236	8.1%	\$418	\$683	\$2.51

^{1,2,3} See "Footnotes for Non-GAAP Reconciliation Slides" below for details.

Q1 FY18 Reconciliation for FedEx Express Segment

Dollars in millions

	Operating	
	Income	Margin
GAAP measure	\$433	5.0%
TNT Express integration expenses	88	1.0%
Non-GAAP measure	\$521	6.0%

Q1 FY17 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

	Operating Income	Operating Margin	Income Taxes ¹	Net Income ²	Diluted EPS
GAAP measure	\$1,264	8.6%	\$427	\$715	\$2.65
TNT Express integration expenses ³	68	0.5%	23	45	0.17
Non-GAAP measure	\$1,332	9.1%	\$450	\$760	\$2.82

^{1,2,3} See "Footnotes for Non-GAAP Reconciliation Slides" below for details.

Q1 FY17 Reconciliation for FedEx Express Segment

Dollars in millions

	Operating	
	Income	Margin
GAAP measure	\$610	7.2%
TNT Express integration expenses	42	0.5%
Non-GAAP measure	\$652	7.7%

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Full-Year FY18 Guidance

Dollars in millions, except EPS

	<u>Adjustments</u>	<u>Diluted EPS</u>
Diluted EPS before mark-to-market pension accounting adjustments (non-GAAP) ⁴		\$11.05 to \$11.85
TNT Express integration expenses	\$350	
Income tax effect ¹	<u>(98)</u>	
Net of tax effect	\$252	0.93
FedEx Trade Networks legal matters	\$ 7	
Income tax effect ¹	<u>(2)</u>	
Net of tax effect	\$ 5	0.02
Diluted EPS with adjustments ⁴		\$12.00 to \$12.80

^{1,4} See "Footnotes for 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.
2. Effect of "Total other (expense) income" on net income amount not shown.
3. These expenses were recognized at FedEx Corporate and FedEx Express.
4. The year-end MTM pension accounting adjustments, which are impracticable to calculate at this time, are excluded.