

**Raj Subramaniam, President and COO, FedEx Corporation**  
**U.S. Chamber of Commerce Aviation Summit – March 5, 2020**

Thank you for having me here today. It is an honor for FedEx to once again be part of this annual event and hear more about the exciting advancements taking place in the aviation industry. Many of the companies represented here have made significant contributions to innovation in aviation, and together, we can continue to collaborate for a better future.

During my more than 28 years with FedEx, the power of connectivity has changed drastically due to continuous innovation. Today, with a mobile phone and a system like FedEx, you can buy and sell from almost anybody around the world, and have it on your door step the next morning!

At FedEx, innovation has been part of our DNA since day one. From the moment we took to the skies in 1973, we have soared to new heights in shipping and logistics. From the concept of express delivery, to alternative jet fuels, our endless quest to provide the most cutting-edge solutions for our employees and customers has not only revolutionized our own industry, but has helped deliver a better, brighter future for others. We continue to see the undeniable safety and efficiency benefits of next-generation innovation for our 490,000 team members and global operations.

FedEx sits at the intersection of the physical and digital world, and we are in a transformational era of new technology.

I want to take this opportunity to share with you some of the exciting solutions underway to ensure a better future.

I hope you met Roxo, the FedEx SameDay Bot, on your way in today.

As a battery-powered, zero-emission bot, Roxo is truly changing the landscape of on-demand hyper-localized delivery.

We are developing Roxo in collaboration with world-renowned inventor Dean Kamen, one of the greatest inventors of our time, who developed the Segway and the iBot wheelchair among others. Dean joined forces with another renowned inventor — our own Fred Smith — and together they came up with the idea of Roxo.

With Roxo, we are expanding our portfolio of services to target a new market for FedEx — local, same day, on-demand deliveries. These are deliveries that FedEx drivers and couriers do not generally make, thus increasing the volume of shipments we carry.

Like many of you, we are also interested in using drones to improve efficiency. Specifically, we are exploring how drones can enhance our last-mile delivery networks. It was an exciting fall for all of us at FedEx as we made history with these efforts.

In October 2019, FedEx Express collaborated with Wing Aviation to complete the first scheduled commercial residential delivery by drone in the United States.

This pilot program is being conducted in Christiansburg, Virginia, as part of the U.S. Department of Transportation's Unmanned Aircraft Systems Integration Pilot Program.

Wing received the first authorization from the Federal Aviation Administration to conduct scheduled, commercial drone package delivery to residences.

FedEx is also testing drone capabilities for on-airport activities as a part of the aforementioned program. Along with the Memphis Airport and the FAA, we are conducting drone operations that will generate learnings for future policymaking.

These innovative delivery solutions are complementary to each other and work within the same ecosystem, while also serving distinct needs. Roxo is considered a 0-3 mile solution, while Wing is designed for the 3-10 mile range.

We know it will take a portfolio of solutions to address the challenges of e-commerce across short, medium and long haul. Or same day, next day or the day after!

At the same time, we are building on our commitment to connect the world in more responsible and resourceful ways. FedEx is keenly focused on increasing use of renewable energy and reducing our carbon footprint through four key areas. These include:

1. Aircraft efficiency
2. Vehicle efficiency
3. Sustainable facilities
- and
4. Sustainable materials and recycling

We constantly look for ways to make smarter, sustainable decisions, and we are already making tremendous strides.

For instance:

- Our aircraft modernization and FedEx Fuel Sense programs saved more than 250 million gallons of fuel in our fiscal year 19. We also avoided more than 2.41 million metric tons of CO2 emissions.
- Additionally, we plan to obtain 30 percent of jet fuel from alternative fuels by 2030.

- With the support of the U.S. Navy via the Defense Production Act, we are working with Red Rock Biofuels, which will supply low-carbon, renewable jet fuel to FedEx Express.
- Red Rock broke ground on a biodiesel refinery in July 2018, and we anticipate the first delivery of commercially viable alternative jet fuel this year.

As our companies innovate and develop new technologies, it is critical that those of us here today continue to advocate for modernization across our industry.

Specifically, the United States must invest in the infrastructure that supports aviation, and update our country's air traffic management system, which remains largely unchanged from the 1950s.

NextGen technology will help alleviate congestion in our skies and make commercial aviation more environmentally-friendly.

As an industry, our companies have invested hundreds of millions of dollars in these technologies, equipping aircraft and educating team members on these systems.

Without modernization of the U.S. air traffic control system, we cannot take full advantage of the safety, efficiency and sustainability benefits that next generation air traffic control systems will provide.

But innovation doesn't stop at vehicles, systems and energy sources. We know the future isn't created by technology alone. FedEx is a company built on the power of our people.

It is for this very reason that FedEx is working to strengthen the talent pipeline to address the increasing demand for pilots, mechanics and other aviation professionals. I know this is top of mind for many of you here today.

On this front:

- FedEx Express created the FedEx Purple Runway Pathways Program to help aviation students and professionals advance in their careers. In 2018, we pledged \$2.5 million to create aviation scholarships at 6 universities and technical schools.
- And over the last year and half, we have expanded a new program with the University of Memphis called the Learning inspired by FedEx (LiFE) program, which makes nearly 24,000 U.S.-based FedEx employees eligible to earn a tuition-free degree from the University's online program.

Equipping future generations of aviation professionals with the training, knowledge and skills they need is vitally important to FedEx.

We also pursue innovative solutions to ensure the safety of our team members. “Safety above all” has been a core FedEx belief since our inception, and we integrate it into everything we do both on the road and in the sky.

For example, we have long been a leader in mitigating pilot fatigue.

In cooperation with our pilots, FedEx has developed the best, most scientifically advanced fatigue mitigation program in the airline industry. This included reliable daily pilot sleep schedules, industry-leading rest facilities, and international flight layovers that average 31 hours.

Despite the cargo industry’s leadership in mitigating pilot fatigue, there is currently a proposal in Congress to change the FAA’s guidelines on cargo airline regulation. But this change would introduce additional safety risks.

The reality is that cargo and passenger pilots operate on different schedules, and forcing cargo pilots to fly according to a set of rules developed for different industry will make them less safe. The proposed change to cargo carrier certification would force cargo pilots to take more trips per month than they do currently.

One size does not fit all when it comes to air travel safety, and carriers must retain the flexibility to innovate and tailor their programs to their specific needs.

We are certainly no stranger to leadership in the industry. FedEx is an original disruptor. On our first night of continuous operation in 1973, 389 team members and 14 Falcon jets delivered 186 packages overnight to 25 U.S. cities. Today we deliver more than 15 million shipments each business day, serve 220 countries and territories, and connect 99 percent of global GDP.

The engine that drives it all is global trade, and our team members sit on the front lines of the connected global economy.

2020 has certainly introduced new challenges to the global marketplace, including the spread of the Coronavirus as discussed widely today.

First and foremost, our thoughts are with everyone who has been impacted by the virus. Like many of you here, we are assisting those effected by this evolving situation.

Since January, we have delivered humanitarian aid to China on behalf of Direct Relief, including more than 800,000 masks and more than 1 million pieces of protective equipment like gowns and gloves.

Today, FedEx Express continues to operate inbound and outbound flights to and from impacted areas as local conditions and restrictions allow. We are taking recommended precautions in terms of pilot, crew, and customer health and safety.

This includes:

- Increasing the sanitization of our aircraft and providing care kits to all of our crews. These kits include masks, gloves, and other items they have indicated they need.
- We have also made operational adjustments to minimize exposure, including limiting lay over times, selecting hotels that limit contact with the general public, and providing private ground transportation that is regularly sanitized to avoid risk of exposure in public places.

We are closely monitoring guidance by the WHO and CDC. We are educating our team members on hygiene practices and encourage them to take any signs of illness seriously and seek medical attention as needed.

Despite this new global challenge, 2020 has also seen positive shifts in trade headwinds.

We are certainly pleased to see the U.S. approval of the USMCA, which will help to streamline trade across the North American market for our customers.

Our FedEx Express U.S. hubs connect to 7 gateway airports in Canada and 6 in Mexico, plus a number of land border crossings, helping to enable the \$3.5 billion per day in trade that crosses North America's borders.

We are also encouraged by the signing of the U.S.-China phase one trade agreement and progress in improving the trading relationship between the two countries.

Additionally, we are pleased that the United States continues to uphold its commitments to the more than 120 Open Skies agreements with partner countries. The global connectivity and competition underpinned by Open Skies represents the best of what can come from innovative and successful aviation policy.

The aviation industry has always been, and always will be, at the forefront of innovation. We all have the privilege of improving people's lives each day through greater connection and greater opportunity.

I look forward to working together and seeing what new horizons lie ahead.