



THE STOCK MARKET GAME.

Ticker's Tales

Stock Express

In 1965 Frederick W. Smith wrote a college term paper about his idea for a new company. He received a C grade. But as Mr. Smith said years later, "I felt very strongly that this needed to be done, that it was something that would be extremely useful to people and that it would make the economy and this society and the system work much better" ¹

His idea was to use computer technology to create a nationwide overnight parcel delivery system. Today, we see his idea everywhere — in FedEx drop boxes and in FedEx trucks rushing packages and parcels to their destinations all around the world. But it was tough going when Federal Express began operations in 1973 with 14 small airplanes flying out of Memphis International Airport. Not until two years later did Federal Express earn its first profit, reports the company's web site.²

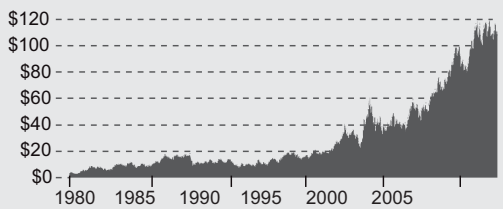
Customers liked the speedy, reliable service, but the company needed more funds to finance its growth. Selling shares of stock to the public could provide some of those funds, so in 1978 Federal Express had an initial public offering (IPO). Its stock began trading on The New York Stock Exchange under the symbol FDX.

With fresh funds the company grew and provided more and better services. It was first to offer next-day delivery by 10:30

a.m., Saturday delivery, and a money-back guarantee. The company also acquired other businesses, such as Caliber System's transportation network and Kinko's retail stores. Today, FedEx has a market capitalization (stock price x shares outstanding) of over \$33 billion and employs close to 90,000 full-time employees and more than 50,000 part-time workers.

FedEx's Daily Stock Price

Jan. 2, 1980 – Aug. 29, 2007



Prices are adjusted for stock splits over the years.

Source: <http://finance.yahoo.com/?u>

Imagine if you had bought \$5,000 worth of FedEx stock when it began trading on The New York Stock Exchange in December of 1978. Your investment today would be worth more than \$340,000!

1. Interview: Frederick W. Smith, Founder, Federal Express, Academy of Achievement, May 23, 1998, <http://www.achievement.org/autodoc/printmember/smi0int-1>.
2. <http://www.fedex.com/us/about/today/history/>.

Write Now

Mr. Smith's interview included the following comment about his business success: "There's zigs and zags, victories and defeat, and you have to be propelled by that conviction that what you're doing is right and what you're doing is important, and to persevere in it." Do you think his comment also applies to investing in the stock market? Explain why or why not.

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