



The following tables show FedEx Corporation's ("FedEx") previously reported non-GAAP (or "adjusted") annual and quarterly consolidated and segment financial measures for fiscal 2018 and 2017 recast to conform to FedEx's current accounting presentation and the new pension accounting rules in effect for FedEx beginning in fiscal 2019. The new rules impact FedEx's operating income and margin, but have no impact on its net income or earnings per share. The rationale for management's use of these non-GAAP financial measures is included in FedEx's earnings releases.

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

First Quarter Fiscal 2018

FedEx Corporation

Dollars in millions, except EPS

	Operating		Income Taxes ¹	Net Income ²	Diluted Earnings Per Share
	Income	Margin			
GAAP measure	\$971	6.3%	\$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	\$1,090	7.1%	\$418	\$683	\$2.51

FedEx Express Segment

Dollars in millions

	Operating	
	Income	Margin ⁴
GAAP measure	\$320	3.8%
TNT Express integration expenses	88	1.0%
Non-GAAP measure	\$408	4.9%

Second Quarter Fiscal 2018**FedEx Corporation**

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share⁴</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$1,115	6.8%	\$364	\$775	\$2.84
TNT Express integration expenses ³	122	0.8%	31	91	0.33
Non-GAAP measure	<u>\$1,237</u>	<u>7.6%</u>	<u>\$395</u>	<u>\$866</u>	<u>\$3.18</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$601	6.6%
TNT Express integration expenses	96	1.1%
Non-GAAP measure	<u>\$697</u>	<u>7.7%</u>

Third Quarter Fiscal 2018

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$858	5.2%	(\$1,200)	\$2,074	\$7.59
Net U.S. deferred tax liability remeasurement	--	--	1,150	(1,150)	(4.21)
TNT Express integration expenses ³	106	0.6%	14	92	0.34
Non-GAAP measure	<u>\$964</u>	<u>5.8%</u>	<u>(\$36)</u>	<u>\$1,016</u>	<u>\$3.72</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$317	3.5%
TNT Express integration expenses	86	0.9%
Non-GAAP measure	<u>\$403</u>	<u>4.4%</u>

Fourth Quarter Fiscal 2018

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes^{1,4}</u>	<u>Net Income^{2,4}</u>	<u>Diluted Earnings Per Share⁴</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$1,328	7.7%	\$231	\$1,127	\$4.15
FedEx Supply Chain goodwill and other asset impairments ⁵	380	2.2%	1	379	1.40
TNT Express integration expenses ³	136	0.8%	30	106	0.39
FedEx Trade Networks legal matters	1	--	(1)	2	0.01
Mark-to-market (MTM) retirement plan accounting and other pension adjustments ⁶	--	--	(1)	(9)	(0.03)
Non-GAAP measure	\$1,845	10.7%	\$261	\$1,604	\$5.91

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin⁴</u>
GAAP measure	\$867	9.0%
TNT Express integration expenses	110	1.1%
Non-GAAP measure	\$977	10.2%

Full-Year Fiscal 2018

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes^{1,4}</u>	<u>Net Income^{2,4}</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$4,272	6.5%	(\$219)	\$4,572	\$16.79
FedEx Supply Chain goodwill and other asset impairments ⁵	380	0.6%	1	379	1.39
TNT Express integration expenses ³	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 ⁶	--	--	(1)	(9)	(0.03)
Net U.S. deferred tax liability remeasurement	--	--	1,150	(1,150)	(4.22)
Non-GAAP measure	<u>\$5,137</u>	<u>7.8%</u>	<u>\$1,039</u>	<u>\$4,169</u>	<u>\$15.31</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$2,105	5.8%
TNT Express integration expenses	380	1.1%
Non-GAAP measure	<u>\$2,485</u>	<u>6.9%</u>

First Quarter Fiscal 2017

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin⁴</u>			
GAAP measure	\$1,152	7.9%	\$427	\$715	\$2.65
TNT Express integration expenses ³	68	0.5%	23	45	0.17
Non-GAAP measure	<u>\$1,220</u>	<u>8.3%</u>	<u>\$450</u>	<u>\$760</u>	<u>\$2.82</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$510	6.2%
TNT Express integration expenses	42	0.5%
Non-GAAP measure	<u>\$552</u>	<u>6.7%</u>

Second Quarter Fiscal 2017

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$1,055	7.1%	\$378	\$700	\$2.59
TNT Express integration expenses ³	58	0.4%	8	50	0.18
Non-GAAP measure	<u>\$1,113</u>	<u>7.5%</u>	<u>\$386</u>	<u>\$750</u>	<u>\$2.77</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$613	7.3%
TNT Express integration expenses	28	0.3%
Non-GAAP measure	<u>\$641</u>	<u>7.6%</u>

Third Quarter Fiscal 2017

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin⁴</u>			
GAAP measure	\$912	6.1%	\$337	\$562	\$2.07
TNT Express integration expenses ³	78	0.6%	15	63	0.23
Non-GAAP measure	\$990	6.6%	\$352	\$625	\$2.30

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$466	5.6%
TNT Express integration expenses	53	0.6%
Non-GAAP measure	\$519	6.2%

Fourth Quarter Fiscal 2017

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share</u>
	<u>Income</u>	<u>Margin⁴</u>			
GAAP measure	\$1,447	9.2%	\$440	\$1,020	\$3.75
MTM retirement plan accounting adjustments ⁶	--	--	(18)	(6)	(0.02)
TNT Express integration expenses ³	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
Non-GAAP measure	<u>\$1,632</u>	<u>10.4%</u>	<u>\$483</u>	<u>\$1,138</u>	<u>\$4.19</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$791	9.0%
TNT Express integration expenses	83	0.9%
Non-GAAP measure	<u>\$874</u>	<u>9.9%</u>

Full-Year Fiscal 2017

FedEx Corporation

Dollars in millions, except EPS

	<u>Operating</u>		<u>Income Taxes¹</u>	<u>Net Income²</u>	<u>Diluted Earnings Per Share⁴</u>
	<u>Income</u>	<u>Margin</u>			
GAAP measure	\$4,566	7.6%	\$1,582	\$2,997	\$11.07
MTM retirement plan accounting adjustments ⁶	--	--	(18)	(6)	(0.02)
TNT Express integration expenses ³	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
Non-GAAP measure	<u>\$4,954</u>	<u>8.2%</u>	<u>\$1,670</u>	<u>\$3,273</u>	<u>\$12.09</u>

FedEx Express Segment

Dollars in millions

	<u>Operating</u>	
	<u>Income</u>	<u>Margin</u>
GAAP measure	\$2,380	7.0%
TNT Express integration expenses	206	0.6%
Non-GAAP measure	<u>\$2,586</u>	<u>7.6%</u>

Notes:

1. Income taxes are based on the company's approximate statutory tax rates applicable to each transaction, and for the third and fourth quarters of fiscal 2018 and full-year fiscal 2018, give consideration to the effects of the Tax Cuts and Jobs Act on the fiscal 2018 rates.
2. Effect of "Total other (expense) income" on net income amount not shown.
3. These expenses, including restructuring charges at TNT Express, were recognized at FedEx Corporate and FedEx Express.
4. Does not sum to total due to rounding.
5. Goodwill impairment charges are not deductible for income tax purposes.
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. Under the new pension accounting rules going into effect in fiscal 2019, only pension service cost is included in operating expenses. All of the other elements of pension expense, including the annual MTM adjustment, are classified as non-operating expenses.