



*The following tables present reconciliations of the non-GAAP financial measures included in FedEx Corporation's 2015 Annual Report to Stockholders to the most directly comparable GAAP measures.*

## RECONCILIATION OF FEDEX CORPORATION'S NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

The company believes that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance, including an understanding of items that are non-operational or non-recurring in nature. Excluding from results the credit associated with the segment reporting change, amounts associated with changes in pension accounting, business realignment program costs, aircraft impairment and related charges at FedEx Express and a legal reserve increase will assist investors in understanding and allow for more accurate comparisons of the company's and its segments' core operating performance. As required by SEC rules, the tables below present a reconciliation of our presented non-GAAP measures to the most directly comparable GAAP measures.

### Full-Year Fiscal 2015

*Dollars in millions, except EPS*

	Operating		Net Income	Diluted Earnings Per Share
	Income	Margin <sup>3</sup>		
Non-GAAP measure	\$4,264	9.0%	\$2,572	\$8.95
Segment reporting change <sup>1</sup>	266	0.6%	168	0.58
Mark-to-market pension accounting adjustments <sup>2</sup>	(2,190)	(4.6%)	(1,382)	(4.81)
Aircraft impairment and related charges	(276)	(0.6%)	(175)	(0.61)
Legal reserve	(197)	(0.4%)	(133)	(0.46)
GAAP measure	\$1,867	3.9%	\$1,050	\$3.65

## **Full-Year Fiscal 2014**

*Dollars in millions, except EPS*

	<b>Operating</b>		<b>Net</b>	<b>Diluted</b>
	<b>Income</b>	<b>Margin</b>	<b>Income</b>	<b>Earnings Per Share</b>
Non-GAAP measure	\$3,593	7.9%	\$2,190	\$7.05
Segment reporting change <sup>1</sup>	237	0.5%	143	0.46
Mark-to-market pension accounting adjustments <sup>2</sup>	(15)	0.0%	(9)	(0.03)
GAAP measure	<u>\$3,815</u>	<u>8.4%</u>	<u>\$2,324</u>	<u>\$7.48</u>

## **Full-Year Fiscal 2013**

*Dollars in millions, except EPS*

	<b>Operating</b>		<b>Net</b>	<b>Diluted</b>
	<b>Income</b>	<b>Margin</b>	<b>Income</b>	<b>Earnings Per Share<sup>3</sup></b>
Non-GAAP measure	\$3,472	7.8%	\$2,142	\$6.75
Segment reporting change <sup>1</sup>	254	0.6%	155	0.49
Mark-to-market pension accounting adjustments <sup>2</sup>	1,368	3.1%	835	2.63
Business realignment program	(560)	(1.3%)	(353)	(1.11)
Aircraft impairment	(100)	(0.2%)	(63)	(0.20)
GAAP measure	<u>\$4,434</u>	<u>10.0%</u>	<u>\$2,716</u>	<u>\$8.55</u>

### **Notes**

1 – At the segment level, the expected return on assets (EROA) has been set at 6.5%, which will equal the company's consolidated EROA assumption in fiscal 2016. In fiscal years where the consolidated EROA is greater than 6.5% the difference is reflected as a credit at Corporate. The segment reporting change reflects this credit.

2 – Mark-to-market pension accounting adjustments reflect the year-end noncash adjustment to the valuation of the company's defined benefit retirement plans.

3 – Does not sum to total due to rounding.