



**FedEx Corp. Reports Strong Third Quarter Results**  
*Operating Results Significantly Impacted by Severe Winter Weather*  
*Continued Strong Earnings Growth Expected in Fourth Quarter*

MEMPHIS, Tenn., March 18, 2021 ... FedEx Corp. (NYSE: FDX) today reported the following consolidated results for the quarter ended February 28 (adjusted measures exclude the items listed below for the applicable fiscal year):

|                  | Fiscal 2021           |                        | Fiscal 2020           |                        |
|------------------|-----------------------|------------------------|-----------------------|------------------------|
|                  | As Reported<br>(GAAP) | Adjusted<br>(non-GAAP) | As Reported<br>(GAAP) | Adjusted<br>(non-GAAP) |
| Revenue          | \$21.5 billion        | \$21.5 billion         | \$17.5 billion        | \$17.5 billion         |
| Operating income | \$1.01 billion        | \$1.06 billion         | \$411 million         | \$483 million          |
| Operating margin | 4.7%                  | 4.9%                   | 2.4%                  | 2.8%                   |
| Net income       | \$892 million         | \$939 million          | \$315 million         | \$371 million          |
| Diluted EPS      | \$3.30                | \$3.47                 | \$1.20                | \$1.41                 |

This year's and last year's quarterly consolidated results have been adjusted for:

| <i>Impact per diluted share</i>  | Fiscal 2021 | Fiscal 2020 |
|----------------------------------|-------------|-------------|
| TNT Express integration expenses | \$0.14      | \$0.21      |
| Business realignment costs       | 0.03        | —           |

"I'm exceedingly proud of our FedEx team members, who are moving the world forward through the delivery of COVID-19 vaccines — the most important work in the history of FedEx," said Frederick W. Smith, FedEx Corp. chairman and chief executive officer. "As reflected in this quarter's results, continued execution of our strategies is producing strong earnings growth and margin improvement across our company. We expect demand for our unmatched e-commerce and international express solutions to remain very high for the foreseeable future."

Operating results increased primarily due to strong volume growth in U.S. domestic residential package and FedEx International Priority services and pricing initiatives across all transportation segments. These factors were partially offset by costs to support strong demand and expand services, variable compensation expense, higher labor rates, and one fewer operating weekday.

Severe winter weather during February reduced the quarter's operating income by an estimated \$350 million. The weather significantly impaired operations at several

- more -

of the company's largest facilities, including the primary FedEx Express hub in Memphis and FedEx Express hubs in Indianapolis and North Texas.

Net income includes tax benefits of \$108 million (\$0.40 per diluted share) from a tax rate increase in the Netherlands applied to deferred tax balances and associated with voluntary contributions to the company's pension plans.

## **Outlook**

FedEx is unable to forecast the fiscal 2021 year-end mark-to-market (MTM) retirement plan accounting adjustment and certain debt refinancing costs that may be incurred in connection with debt reduction and refinancing transactions as part of the company's capital allocation strategy. As a result, FedEx is unable to provide a fiscal 2021 earnings per share or effective tax rate (ETR) outlook on a GAAP basis.

For fiscal 2021, FedEx is forecasting:

- Earnings of \$16.80 to \$17.40 per diluted share before the year-end MTM retirement plan accounting adjustment and debt refinancing costs that may be incurred;
- Earnings of \$17.60 to \$18.20 per diluted share before (i) the year-end MTM retirement plan accounting adjustment and (ii) debt refinancing costs that may be incurred and excluding (iii) TNT Express integration expenses; (iv) costs associated with business realignment activities; and (v) the second quarter fiscal 2021 MTM TNT Express retirement plan accounting adjustment;
- ETR of 21% to 22% prior to the year-end MTM retirement plan accounting adjustment; and
- Capital spending of \$5.7 billion, an increase from the prior forecast due to changes in the timing of aircraft payments and the acceleration of FedEx Ground capacity expansion initiatives.

These forecasts assume continued recovery in U.S. industrial production and global trade, no additional COVID-19-related business restrictions and current fuel price expectations. FedEx's ETR and earnings per share forecasts are based on current law and related regulations and guidance.

"The significant improvement in our third quarter results highlights the momentum in our business which continued through an unprecedented peak season," said Michael C. Lenz, FedEx Corp. executive vice president and chief financial officer. "Our growth in fiscal 2021 has identified opportunities for investments that further position us for sustained long-term growth in earnings and cash flows as we move into fiscal 2022 and beyond."

## **Corporate Overview**

FedEx Corp. (NYSE: FDX) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual

- more -

revenue of \$79 billion, the company offers integrated business solutions through operating companies competing collectively, operating collaboratively and innovating digitally under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires its more than 570,000 team members to remain focused on safety, the highest ethical and professional standards and the needs of their customers and communities. FedEx is committed to connecting people and possibilities around the world responsibly and resourcefully, with a goal to achieve carbon-neutral operations by 2040. To learn more, please visit [about.fedex.com](http://about.fedex.com).

Additional information and operating data are contained in the company's annual report, Form 10-K, Form 10-Qs, Form 8-Ks and Statistical Books. These materials, as well as a webcast of the earnings release conference call to be held at 5:30 p.m. EDT on March 18, are available on the company's website at [investors.fedex.com](http://investors.fedex.com). A replay of the conference call webcast will be posted on our website following the call.

The Investor Relations page of our website, [investors.fedex.com](http://investors.fedex.com), contains a significant amount of information about FedEx, including our Securities and Exchange Commission (SEC) filings and financial and other information for investors. The information that we post on our Investor Relations website could be deemed to be material information. We encourage investors, the media and others interested in the company to visit this website from time to time, as information is updated and new information is posted.

Certain statements in this press release may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance and underlying assumptions. Forward-looking statements include those preceded by, followed by or that include the words "will," "may," "could," "would," "should," "believes," "expects," "anticipates," "plans," "estimates," "targets," "projects," "intends" or similar expressions. 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, the negative impacts of the COVID-19 pandemic; economic conditions in the global markets in which we operate; anti-trade measures and additional changes in international trade policies and relations; a significant data breach or other disruption to our technology infrastructure; our ability to successfully integrate the businesses and operations of FedEx Express and TNT Express in the expected time frame and at the expected cost and to achieve the expected benefits from the combined businesses; our ability to successfully implement our FedEx Express workforce reduction plan in Europe; our ability to continue to transform and optimize the FedEx Express international business, particularly in Europe; our ability to successfully implement our business strategy, effectively respond to changes in market dynamics and achieve the anticipated benefits and associated cost savings of such strategies and actions; the future rate

- more -

of e-commerce growth and our ability to successfully expand our e-commerce services portfolio; damage to our reputation or loss of brand equity; the impact of the United Kingdom's withdrawal from the European Union and the terms of their future trading relationship; the timeline for recovery of passenger airline cargo capacity; changes in fuel prices or currency exchange rates; our ability to match capacity to shifting volume levels; the impact of intense competition; evolving or new U.S. domestic or international government regulation or regulatory actions; future guidance, regulations, interpretations, challenges or judicial decisions related to our tax positions; our ability to effectively operate, integrate, leverage and grow acquired businesses, including ShopRunner, Inc.; legal challenges or changes related to service providers engaged by FedEx Ground and the drivers providing services on their behalf; an increase in self-insurance accruals and expenses; disruptions or modifications in service by, or changes in the business or financial soundness of, the U.S. Postal Service; the impact of any international conflicts or terrorist activities; our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography; our ability to achieve our goal of carbon-neutral operations by 2040; constraints, volatility or disruption in the capital markets and our ability to obtain financing; 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.

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- more -

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

### Third Quarter Fiscal 2021 and Fiscal 2020 Results

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or “reported”). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP (or “adjusted”) financial measures, including our adjusted third quarter fiscal 2021 and 2020 consolidated operating income and margin, net income and diluted earnings per share, and adjusted third quarter fiscal 2021 and 2020 FedEx Express segment operating income and margin. These financial measures have been adjusted to exclude the impact of the following items (as applicable):

- TNT Express integration expenses incurred in fiscal 2021 and 2020; and
- Fiscal 2021 business realignment costs.

We have incurred and expect to incur significant expenses through fiscal 2022 in connection with our integration of TNT Express. We have adjusted our third quarter fiscal 2021 and 2020 consolidated and FedEx Express segment financial measures to exclude TNT Express integration expenses because we generally would not incur such expenses as part of our continuing operations. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees, salaries and employee benefits, travel and advertising expenses. Internal salaries and employee benefits are included only to the extent the individuals are assigned full-time to integration activities. The integration expenses do not include costs associated with our business realignment activities.

Costs related to business realignment activities in connection with the FedEx Express workforce reduction plan in Europe are excluded from our third quarter fiscal 2021 consolidated and FedEx Express segment non-GAAP financial measures because they are unrelated to our core operating performance and to assist investors with assessing trends in our underlying businesses.

We believe these adjusted financial measures facilitate analysis and comparisons of our ongoing business operations because they exclude items that may not be indicative of, or are unrelated to, the company’s and our business segments’ core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. These adjustments are consistent with how management views our businesses. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating the company’s and each business segment’s ongoing performance.

- more -

Our non-GAAP financial measures are intended to supplement and should be read together with, and are not an alternative or substitute for, and should not be considered superior to, our reported financial results. Accordingly, users of our financial statements should not place undue reliance on these non-GAAP financial measures. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. As required by Securities and Exchange Commission rules, the tables below present a reconciliation of our presented non-GAAP financial measures to the most directly comparable GAAP measures.

### **Fiscal 2021 Earnings Per Share and Effective Tax Rate Forecasts**

Our fiscal 2021 earnings per share (EPS) forecast is a non-GAAP financial measure because it excludes (i) the fiscal 2021 year-end mark-to-market (MTM) retirement plan accounting adjustment, (ii) certain costs (debt refinancing costs) that may be incurred in connection with debt reduction and refinancing transactions (debt refinancing transactions), (iii) estimated fiscal 2021 TNT Express integration expenses, (iv) estimated fiscal 2021 business realignment costs, and (v) the second quarter fiscal 2021 MTM TNT Express retirement plan accounting adjustment. Our fiscal 2021 effective tax rate (ETR) forecast is a non-GAAP financial measure because it excludes the impact of the fiscal 2021 year-end MTM retirement plan accounting adjustment.

We have provided these non-GAAP financial measures for the same reasons that were outlined above for historical non-GAAP measures. The fiscal 2021 year-end MTM retirement plan accounting adjustment, debt refinancing costs that may be incurred and the second quarter fiscal 2021 MTM TNT Express retirement plan accounting adjustment are excluded from our fiscal 2021 EPS and ETR forecasts, as applicable, because they are unrelated to our core operating performance and to assist investors with assessing trends in our underlying businesses. Estimated fiscal 2021 TNT Express integration expenses and estimated fiscal 2021 business realignment costs are excluded from our fiscal 2021 EPS forecast for the same reasons described above for historical non-GAAP measures.

We are unable to predict the amount of the year-end MTM retirement plan accounting adjustment and debt refinancing costs that may be incurred, as they are significantly impacted by changes in interest rates and the financial markets, and our ability to complete any debt refinancing transactions depends on a variety of factors, including economic and market conditions. Accordingly, such adjustments are not included in our fiscal 2021 EPS and ETR forecasts, as applicable. For this reason, a full reconciliation of our fiscal 2021 EPS and ETR forecasts to the most directly comparable GAAP measures is impracticable. It is reasonably possible, however, that our fiscal 2021 year-end MTM retirement plan accounting adjustment and debt refinancing costs that may be incurred could have a material impact on our fiscal 2021 consolidated financial results and ETR, as applicable.

- more -

The table included below titled “Fiscal 2021 Earnings Per Share Forecast” outlines the impacts of the items that are excluded from our fiscal 2021 EPS forecast, other than the year-end MTM retirement plan accounting adjustment and debt refinancing costs that may be incurred.

### Third Quarter Fiscal 2021

#### FedEx Corporation

| <i>Dollars in millions, except EPS</i>        | <u>Operating</u> |             | Income Taxes <sup>1</sup> | Net Income <sup>2</sup> | Diluted Earnings Per Share |
|---|------------------|-------------|---------------------------|-------------------------|----------------------------|
|   | Income           | Margin      |                           |                         |                            |
| <b>GAAP measure</b>                           | <b>\$1,005</b>   | <b>4.7%</b> | <b>\$157</b>              | <b>\$892</b>            | <b>\$3.30</b>              |
| TNT Express integration expenses <sup>3</sup> | 49               | 0.2%        | 10                        | 39                      | 0.14                       |
| Business realignment costs <sup>4</sup>       | 10               | —           | 2                         | 8                       | 0.03                       |
| Non-GAAP measure                              | \$1,064          | 4.9%        | \$169                     | \$939                   | \$3.47                     |

#### FedEx Express Segment

| <i>Dollars in millions</i>       | <u>Operating</u> |             |
|----------------------------------|------------------|-------------|
|                                  | Income           | Margin      |
| <b>GAAP measure</b>              | <b>\$463</b>     | <b>4.3%</b> |
| TNT Express integration expenses | 41               | 0.4%        |
| Business realignment costs       | 10               | 0.1%        |
| Non-GAAP measure                 | \$514            | 4.8%        |

### Third Quarter Fiscal 2020

#### FedEx Corporation

| <i>Dollars in millions, except EPS</i>        | <u>Operating</u> |             | Income Taxes <sup>1</sup> | Net Income <sup>2</sup> | Diluted Earnings Per Share |
|---|------------------|-------------|---------------------------|-------------------------|----------------------------|
|   | Income           | Margin      |                           |                         |                            |
| <b>GAAP measure</b>                           | <b>\$411</b>     | <b>2.4%</b> | <b>\$105</b>              | <b>\$315</b>            | <b>\$1.20</b>              |
| TNT Express integration expenses <sup>3</sup> | 72               | 0.4%        | 16                        | 56                      | 0.21                       |
| Non-GAAP measure                              | \$483            | 2.8%        | \$121                     | \$371                   | \$1.41                     |

- more -

## Third Quarter Fiscal 2020 (continued)

### FedEx Express Segment

| <i>Dollars in millions</i>       | <b>Operating</b> |               |
|----------------------------------|------------------|---------------|
|                                  | <b>Income</b>    | <b>Margin</b> |
| <b>GAAP measure</b>              | <b>\$137</b>     | <b>1.5%</b>   |
| TNT Express integration expenses | 62               | 0.7%          |
| <b>Non-GAAP measure</b>          | <b>\$199</b>     | <b>2.2%</b>   |

### Fiscal 2021 Earnings Per Share Forecast

| <i>Dollars in millions, except EPS</i>  | <b>Adjustments</b> | <b>Diluted<br/>Earnings<br/>Per Share</b> |
|---|--------------------|---|
| Earnings per diluted share before year-end<br>MTM retirement plan accounting<br>adjustment and debt refinancing costs<br>that may be incurred (non-GAAP) <sup>5</sup> |                    | \$16.80 to \$17.40                        |
| TNT Express integration expenses  | \$ 200             |   |
| Income tax effect <sup>1</sup>  | (45)               |   |
| Net of tax effect   | \$ 155             | 0.58                                      |
| Business realignment costs  | \$ 23              |   |
| Income tax effect <sup>1</sup>  | (5)                |   |
| Net of tax effect   | \$ 18              | 0.07                                      |
| MTM TNT Express retirement plan<br>accounting adjustment  | \$ 52              |   |
| Income tax effect <sup>1</sup>  | (11)               |   |
| Net of tax effect   | \$ 41              | 0.15                                      |
| Earnings per diluted share with adjustments <sup>5</sup>  |                    | \$17.60 to \$18.20                        |

#### Notes:

- 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 – Business realignment costs were recognized at FedEx Express.
- 5 – The year-end MTM retirement plan accounting adjustment and debt refinancing costs that may be incurred, which are impracticable to calculate at this time, are excluded.

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## FEDEX CORP. FINANCIAL HIGHLIGHTS

**Third Quarter Fiscal 2021**  
(In millions, except earnings per share)  
(Unaudited)

|  | Three Months Ended |                 |             | Nine Months Ended |                 |              |
|--|--------------------|-----------------|-------------|-------------------|-----------------|--------------|
|  | Feb. 28, 2021      | Feb. 29, 2020   | %           | Feb. 28, 2021     | Feb. 29, 2020   | %            |
| <b>Revenue:</b>                                |                    |                 |             |                   |                 |              |
| FedEx Express segment                          | \$ 10,788          | \$ 8,924        | 21%         | \$ 30,803         | \$ 26,953       | 14%          |
| FedEx Ground segment                           | 7,980              | 5,845           | 37%         | 22,364            | 16,339          | 37%          |
| FedEx Freight segment                          | 1,836              | 1,738           | 6%          | 5,598             | 5,487           | 2%           |
| FedEx Services segment                         | 8                  | 6               | 33%         | 24                | 15              | 60%          |
| Other and eliminations <sup>1</sup>            | 898                | 974             | (8%)        | 2,605             | 3,065           | (15%)        |
| <b>Total Revenue</b>                           | <b>21,510</b>      | <b>17,487</b>   | <b>23%</b>  | <b>61,394</b>     | <b>51,859</b>   | <b>18%</b>   |
| <b>Operating Expenses:</b>                     |                    |                 |             |                   |                 |              |
| Salaries and employee benefits                 | 8,010              | 6,382           | 26%         | 22,305            | 18,704          | 19%          |
| Purchased transportation                       | 5,660              | 4,558           | 24%         | 16,044            | 12,914          | 24%          |
| Rentals  | 1,131              | 964             | 17%         | 3,073             | 2,808           | 9%           |
| Depreciation and amortization                  | 956                | 908             | 5%          | 2,818             | 2,688           | 5%           |
| Fuel   | 756                | 879             | (14%)       | 1,946             | 2,639           | (26%)        |
| Maintenance and repairs                        | 822                | 684             | 20%         | 2,443             | 2,226           | 10%          |
| Business realignment costs                     | 10                 | —               | NM          | 10                | —               | NM           |
| Asset impairment charges                       | —                  | —               | NM          | —                 | 66              | NM           |
| Other  | 3,160              | 2,701           | 17%         | 8,695             | 7,872           | 10%          |
| <b>Total Operating Expenses</b>                | <b>20,505</b>      | <b>17,076</b>   | <b>20%</b>  | <b>57,334</b>     | <b>49,917</b>   | <b>15%</b>   |
| <b>Operating Income (Loss):</b>                |                    |                 |             |                   |                 |              |
| FedEx Express segment                          | 463                | 137             | 238%        | 2,073             | 658             | 215%         |
| FedEx Ground segment                           | 702                | 355             | 98%         | 2,088             | 1,341           | 56%          |
| FedEx Freight segment                          | 119                | 113             | 5%          | 645               | 448             | 44%          |
| Corporate, eliminations and other <sup>1</sup> | (279)              | (194)           | 44%         | (746)             | (505)           | 48%          |
| <b>Total Operating Income</b>                  | <b>1,005</b>       | <b>411</b>      | <b>145%</b> | <b>4,060</b>      | <b>1,942</b>    | <b>109%</b>  |
| <b>Other (Expense) Income:</b>                 |                    |                 |             |                   |                 |              |
| Interest, net                                  | (187)              | (155)           | 21%         | (555)             | (443)           | 25%          |
| Other retirement plans income                  | 202                | 168             | 20%         | 553               | 504             | 10%          |
| Other, net                                     | 29                 | (4)             | NM          | 3                 | (15)            | (120%)       |
| <b>Total Other (Expense) Income</b>            | <b>44</b>          | <b>9</b>        | <b>NM</b>   | <b>1</b>          | <b>46</b>       | <b>(98%)</b> |
| Income Before Income Taxes                     | 1,049              | 420             | 150%        | 4,061             | 1,988           | 104%         |
| Provision for Income Taxes                     | 157                | 105             | 50%         | 698               | 368             | 90%          |
| <b>Net Income</b>                              | <b>\$ 892</b>      | <b>\$ 315</b>   | <b>183%</b> | <b>\$ 3,363</b>   | <b>\$ 1,620</b> | <b>108%</b>  |
| <b>Diluted Earnings Per Share</b>              | <b>\$ 3.30</b>     | <b>\$ 1.20</b>  | <b>175%</b> | <b>\$ 12.55</b>   | <b>\$ 6.17</b>  | <b>103%</b>  |
| <b>Weighted Average Common and</b>             |                    |                 |             |                   |                 |              |
| <b>Common Equivalent Shares</b>                | <b>270</b>         | <b>262</b>      | <b>3%</b>   | <b>267</b>        | <b>262</b>      | <b>2%</b>    |
| <b>Capital Expenditures</b>                    | <b>\$ 1,376</b>    | <b>\$ 1,439</b> | <b>(4%)</b> | <b>\$ 4,202</b>   | <b>\$ 4,705</b> | <b>(11%)</b> |

1 – Includes the FedEx Logistics and FedEx Office operating segments, as well as the financial results of ShopRunner, Inc. beginning December 23, 2020.

# FEDEX CORP. CONDENSED CONSOLIDATED BALANCE SHEETS

Third Quarter Fiscal 2021  
(In millions)

|  | Feb. 28, 2021<br>(Unaudited) | May 31, 2020     |
|--|------------------------------|------------------|
| <b>ASSETS</b>  |                              |                  |
| <b>Current Assets</b>  |                              |                  |
| Cash and cash equivalents  | \$ 8,856                     | \$ 4,881         |
| Receivables, less allowances                                     | 11,481                       | 10,102           |
| Spare parts, supplies and fuel, less allowances                  | 583                          | 572              |
| Prepaid expenses and other                                       | 790                          | 828              |
| Total current assets   | 21,710                       | 16,383           |
| <b>Property and Equipment, at Cost</b>                           |                              |                  |
| Less accumulated depreciation and amortization                   | 33,713                       | 31,416           |
| Net property and equipment                                       | 34,990                       | 33,608           |
| <b>Other Long-Term Assets</b>                                    |                              |                  |
| Operating lease right-of-use assets, net                         | 14,964                       | 13,917           |
| Goodwill   | 6,977                        | 6,372            |
| Other assets   | 4,152                        | 3,257            |
| Total other long-term assets                                     | 26,093                       | 23,546           |
|  | <b>\$ 82,793</b>             | <b>\$ 73,537</b> |
| <b>LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT</b>           |                              |                  |
| <b>Current Liabilities</b>                                       |                              |                  |
| Current portion of long-term debt                                | \$ 646                       | \$ 51            |
| Accrued salaries and employee benefits                           | 2,321                        | 1,569            |
| Accounts payable   | 3,990                        | 3,269            |
| Operating lease liabilities                                      | 2,133                        | 1,923            |
| Accrued expenses   | 4,476                        | 3,532            |
| Total current liabilities  | 13,566                       | 10,344           |
| <b>Long-Term Debt, Less Current Portion</b>                      |                              |                  |
|  | 22,797                       | 21,952           |
| <b>Other Long-Term Liabilities</b>                               |                              |                  |
| Deferred income taxes  | 3,563                        | 3,162            |
| Pension, postretirement healthcare and other benefit obligations | 4,773                        | 5,019            |
| Self-insurance accruals  | 2,314                        | 2,104            |
| Operating lease liabilities                                      | 12,990                       | 12,195           |
| Other liabilities  | 809                          | 466              |
| Total other long-term liabilities                                | 24,449                       | 22,946           |
| <b>Commitments and Contingencies</b>                             |                              |                  |
| <b>Common Stockholders' Investment</b>                           |                              |                  |
| Common stock, \$0.10 par value, 800 million shares authorized    | 32                           | 32               |
| Additional paid-in capital                                       | 3,445                        | 3,356            |
| Retained earnings  | 27,924                       | 25,216           |
| Accumulated other comprehensive loss                             | (764)                        | (1,147)          |
| Treasury stock, at cost  | (8,656)                      | (9,162)          |
| Total common stockholders' investment                            | 21,981                       | 18,295           |
|  | <b>\$ 82,793</b>             | <b>\$ 73,537</b> |

## FEDEX CORP. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Third Quarter Fiscal 2021

(In millions)

(Unaudited)

|   | Nine Months Ended |                 |
|---|-------------------|-----------------|
|   | Feb. 28, 2021     | Feb. 29, 2020   |
| <b>Operating Activities:</b>                                |                   |                 |
| Net income  | \$ 3,363          | \$ 1,620        |
| <b>Noncash charges:</b>                                     |                   |                 |
| Depreciation and amortization                               | 2,818             | 2,688           |
| Other, net  | 2,661             | 2,256           |
| Changes in operating assets and liabilities, net            | (1,450)           | (3,286)         |
| <b>Net cash provided by operating activities</b>            | <b>7,392</b>      | <b>3,278</b>    |
| <b>Investing Activities:</b>                                |                   |                 |
| Capital expenditures  | (4,202)           | (4,705)         |
| Business acquisitions, net of cash acquired                 | (225)             | —               |
| Proceeds from asset dispositions and other                  | 88                | 15              |
| <b>Net cash used in investing activities</b>                | <b>(4,339)</b>    | <b>(4,690)</b>  |
| <b>Financing Activities:</b>                                |                   |                 |
| Proceeds from short-term borrowings, net                    | —                 | 298             |
| Principal payments on debt                                  | (105)             | (1,045)         |
| Proceeds from debt issuances                                | 970               | 2,093           |
| Proceeds from stock issuances                               | 482               | 38              |
| Dividends paid  | (513)             | (509)           |
| Purchase of treasury stock                                  | —                 | (3)             |
| Other, net  | (13)              | (5)             |
| <b>Cash provided by financing activities</b>                | <b>821</b>        | <b>867</b>      |
| <b>Effect of exchange rate changes on cash</b>              | <b>101</b>        | <b>(8)</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>3,975</b>      | <b>(553)</b>    |
| Cash and cash equivalents at beginning of period            | 4,881             | 2,319           |
| Cash and cash equivalents at end of period                  | <u>\$ 8,856</u>   | <u>\$ 1,766</u> |

## FEDEX EXPRESS SEGMENT FINANCIAL HIGHLIGHTS

### Third Quarter Fiscal 2021

(Dollars in millions)

(Unaudited)

|                                     | Three Months Ended |               |         | Nine Months Ended |               |         |
|-------------------------------------|--------------------|---------------|---------|-------------------|---------------|---------|
|                                     | Feb. 28, 2021      | Feb. 29, 2020 | %       | Feb. 28, 2021     | Feb. 29, 2020 | %       |
| <b>Revenue:</b>                     |                    |               |         |                   |               |         |
| <b>Package Revenue:</b>             |                    |               |         |                   |               |         |
| U.S. Overnight Box                  | \$ 2,078           | \$ 1,865      | 11%     | \$ 5,951          | \$ 5,595      | 6%      |
| U.S. Overnight Envelope             | 444                | 459           | (3%)    | 1,305             | 1,395         | (6%)    |
| Total U.S. Overnight                | 2,522              | 2,324         | 9%      | 7,256             | 6,990         | 4%      |
| U.S. Deferred                       | 1,418              | 1,127         | 26%     | 3,718             | 3,063         | 21%     |
| Total U.S. Package Revenue          | 3,940              | 3,451         | 14%     | 10,974            | 10,053        | 9%      |
| International Priority              | 2,596              | 1,710         | 52%     | 7,423             | 5,344         | 39%     |
| International Economy               | 653                | 810           | (19%)   | 1,927             | 2,538         | (24%)   |
| Total International Export Package  | 3,249              | 2,520         | 29%     | 9,350             | 7,882         | 19%     |
| International Domestic <sup>1</sup> | 1,162              | 1,075         | 8%      | 3,456             | 3,316         | 4%      |
| Total Package Revenue               | 8,351              | 7,046         | 19%     | 23,780            | 21,251        | 12%     |
| <b>Freight Revenue:</b>             |                    |               |         |                   |               |         |
| U.S.                                | 860                | 739           | 16%     | 2,492             | 2,132         | 17%     |
| International Priority              | 775                | 439           | 77%     | 2,165             | 1,376         | 57%     |
| International Economy               | 383                | 499           | (23%)   | 1,162             | 1,556         | (25%)   |
| International Airfreight            | 56                 | 61            | (8%)    | 196               | 197           | (1%)    |
| Total Freight Revenue               | 2,074              | 1,738         | 19%     | 6,015             | 5,261         | 14%     |
| Other Revenue <sup>2</sup>          | 363                | 140           | 159%    | 1,008             | 441           | 129%    |
| Total Express Revenue               | \$ 10,788          | \$ 8,924      | 21%     | \$ 30,803         | \$ 26,953     | 14%     |
| <b>Operating Expenses:</b>          |                    |               |         |                   |               |         |
| Salaries and employee benefits      | 4,352              | 3,520         | 24%     | 12,016            | 10,297        | 17%     |
| Purchased transportation            | 1,460              | 1,212         | 20%     | 4,213             | 3,711         | 14%     |
| Rentals and landing fees            | 650                | 538           | 21%     | 1,696             | 1,556         | 9%      |
| Depreciation and amortization       | 490                | 478           | 3%      | 1,449             | 1,409         | 3%      |
| Fuel                                | 647                | 744           | (13%)   | 1,672             | 2,241         | (25%)   |
| Maintenance and repairs             | 549                | 429           | 28%     | 1,642             | 1,460         | 12%     |
| Business realignment costs          | 10                 | —             | NM      | 10                | —             | NM      |
| Asset impairment charges            | —                  | —             | —       | —                 | 66            | NM      |
| Intercompany charges                | 509                | 500           | 2%      | 1,456             | 1,469         | (1%)    |
| Other                               | 1,658              | 1,366         | 21%     | 4,576             | 4,086         | 12%     |
| Total Operating Expenses            | 10,325             | 8,787         | 18%     | 28,730            | 26,295        | 9%      |
| Operating Income                    | \$ 463             | \$ 137        | 238%    | \$ 2,073          | \$ 658        | 215%    |
| Operating Margin                    | 4.3%               | 1.5%          | 2.8 pts | 6.7%              | 2.4%          | 4.3 pts |

1 – International Domestic revenue relates to international intra-country operations.

2 – Includes the operations of FedEx Custom Critical and FedEx Cross Border for the periods ended February 28, 2021.

## FEDEX EXPRESS SEGMENT OPERATING HIGHLIGHTS

### Third Quarter Fiscal 2021 (Unaudited)

|                                      | Three Months Ended |                 |       | Nine Months Ended |                 |       |
|--------------------------------------|--------------------|-----------------|-------|-------------------|-----------------|-------|
|                                      | Feb. 28, 2021      | Feb. 29, 2020   | %     | Feb. 28, 2021     | Feb. 29, 2020   | %     |
| <b>PACKAGE STATISTICS</b>            |                    |                 |       |                   |                 |       |
| Average Daily Package Volume (000s): |                    |                 |       |                   |                 |       |
| U.S. Overnight Box                   | 1,529              | 1,258           | 22%   | 1,421             | 1,240           | 15%   |
| U.S. Overnight Envelope              | 508                | 536             | (5%)  | 501               | 548             | (9%)  |
| Total U.S. Overnight Package         | 2,037              | 1,794           | 14%   | 1,922             | 1,788           | 7%    |
| U.S. Deferred                        | 1,562              | 1,215           | 29%   | 1,367             | 1,067           | 28%   |
| Total U.S. Domestic Package          | 3,599              | 3,009           | 20%   | 3,289             | 2,855           | 15%   |
| International Priority               | 765                | 542             | 41%   | 736               | 546             | 35%   |
| International Economy                | 294                | 293             | —     | 283               | 300             | (6%)  |
| Total International Export Package   | 1,059              | 835             | 27%   | 1,019             | 846             | 20%   |
| International Domestic <sup>1</sup>  | 2,353              | 2,405           | (2%)  | 2,427             | 2,475           | (2%)  |
| Total Average Daily Packages         | <u>7,011</u>       | <u>6,249</u>    | 12%   | <u>6,735</u>      | <u>6,176</u>    | 9%    |
| Yield (Revenue Per Package):         |                    |                 |       |                   |                 |       |
| U.S. Overnight Box                   | \$ 21.91           | \$ 23.54        | (7%)  | \$ 22.04          | \$ 23.75        | (7%)  |
| U.S. Overnight Envelope              | 14.08              | 13.59           | 4%    | 13.72             | 13.39           | 2%    |
| U.S. Overnight Composite             | 19.96              | 20.56           | (3%)  | 19.87             | 20.57           | (3%)  |
| U.S. Deferred                        | 14.65              | 14.73           | (1%)  | 14.32             | 15.11           | (5%)  |
| U.S. Domestic Composite              | 17.66              | 18.21           | (3%)  | 17.56             | 18.53           | (5%)  |
| International Priority               | 54.71              | 50.07           | 9%    | 53.08             | 51.53           | 3%    |
| International Economy                | 35.87              | 43.88           | (18%) | 35.85             | 44.44           | (19%) |
| Total International Export Composite | 49.49              | 47.90           | 3%    | 48.30             | 49.01           | (1%)  |
| International Domestic <sup>1</sup>  | 7.96               | 7.09            | 12%   | 7.49              | 7.05            | 6%    |
| Composite Package Yield              | <u>\$ 19.21</u>    | <u>\$ 17.90</u> | 7%    | <u>\$ 18.58</u>   | <u>\$ 18.11</u> | 3%    |
| <b>FREIGHT STATISTICS</b>            |                    |                 |       |                   |                 |       |
| Average Daily Freight Pounds (000s): |                    |                 |       |                   |                 |       |
| U.S.                                 | 9,943              | 8,356           | 19%   | 9,426             | 8,244           | 14%   |
| International Priority               | 6,286              | 4,752           | 32%   | 6,000             | 4,924           | 22%   |
| International Economy                | 12,135             | 13,806          | (12%) | 12,435            | 14,252          | (13%) |
| International Airfreight             | 1,417              | 1,422           | —     | 1,534             | 1,567           | (2%)  |
| Total Avg Daily Freight Pounds       | <u>29,781</u>      | <u>28,336</u>   | 5%    | <u>29,395</u>     | <u>28,987</u>   | 1%    |
| Revenue Per Freight Pound:           |                    |                 |       |                   |                 |       |
| U.S.                                 | \$ 1.40            | \$ 1.40         | —     | \$ 1.39           | \$ 1.36         | 2%    |
| International Priority               | 1.99               | 1.47            | 35%   | 1.90              | 1.47            | 29%   |
| International Economy                | 0.51               | 0.57            | (11%) | 0.49              | 0.57            | (14%) |
| International Airfreight             | 0.64               | 0.68            | (6%)  | 0.67              | 0.66            | 2%    |
| Composite Freight Yield              | <u>\$ 1.12</u>     | <u>\$ 0.97</u>  | 15%   | <u>\$ 1.08</u>    | <u>\$ 0.96</u>  | 13%   |
| Operating Weekdays                   | 62                 | 63              | (2%)  | 190               | 190             | —     |

1 – International Domestic revenue relates to international intra-country operations.

## FEDEX GROUND SEGMENT FINANCIAL AND OPERATING HIGHLIGHTS

### Third Quarter Fiscal 2021

(Dollars in millions)

(Unaudited)

|                                     | Three Months Ended |               |         | Nine Months Ended |                 |         |
|-------------------------------------|--------------------|---------------|---------|-------------------|-----------------|---------|
|                                     | Feb. 28, 2021      | Feb. 29, 2020 | %       | Feb. 28, 2021     | Feb. 29, 2020   | %       |
| <b>FINANCIAL HIGHLIGHTS</b>         |                    |               |         |                   |                 |         |
| Revenue                             | \$ 7,980           | \$ 5,845      | 37%     | \$ 22,364         | \$ 16,339       | 37%     |
| Operating Expenses:                 |                    |               |         |                   |                 |         |
| Salaries and employee benefits      | 1,652              | 1,046         | 58%     | 4,483             | 2,888           | 55%     |
| Purchased transportation            | 3,745              | 2,908         | 29%     | 10,524            | 7,772           | 35%     |
| Rentals                             | 306                | 256           | 20%     | 859               | 744             | 15%     |
| Depreciation and amortization       | 214                | 197           | 9%      | 623               | 585             | 6%      |
| Fuel                                | 6                  | 4             | 50%     | 15                | 11              | 36%     |
| Maintenance and repairs             | 125                | 101           | 24%     | 356               | 286             | 24%     |
| Intercompany charges                | 480                | 405           | 19%     | 1,358             | 1,174           | 16%     |
| Other                               | 750                | 573           | 31%     | 2,058             | 1,538           | 34%     |
| Total Operating Expenses            | <u>7,278</u>       | <u>5,490</u>  | 33%     | <u>20,276</u>     | <u>14,998</u>   | 35%     |
| Operating Income                    | <u>\$ 702</u>      | <u>\$ 355</u> | 98%     | <u>\$ 2,088</u>   | <u>\$ 1,341</u> | 56%     |
| Operating Margin                    | 8.8%               | 6.1%          | 2.7 pts | 9.3%              | 8.2%            | 1.1 pts |
| <b>OPERATING STATISTICS</b>         |                    |               |         |                   |                 |         |
| Operating Weekdays                  | 62                 | 63            | (2%)    | 190               | 190             | —       |
| Average Daily Package Volume (000s) | 13,206             | 10,536        | 25%     | 12,347            | 9,637           | 28%     |
| Yield (Revenue Per Package)         | \$ 9.72            | \$ 8.78       | 11%     | \$ 9.49           | \$ 8.90         | 7%      |

## FEDEX FREIGHT SEGMENT FINANCIAL AND OPERATING HIGHLIGHTS

### Third Quarter Fiscal 2021

(Dollars in millions)

(Unaudited)

|                                 | Three Months Ended |               |       | Nine Months Ended |               |         |
|---------------------------------|--------------------|---------------|-------|-------------------|---------------|---------|
|                                 | Feb. 28, 2021      | Feb. 29, 2020 | %     | Feb. 28, 2021     | Feb. 29, 2020 | %       |
| <b>FINANCIAL HIGHLIGHTS</b>     |                    |               |       |                   |               |         |
| Revenue                         | \$ 1,836           | \$ 1,738      | 6%    | \$ 5,598          | \$ 5,487      | 2%      |
| Operating Expenses:             |                    |               |       |                   |               |         |
| Salaries and employee benefits  | 911                | 846           | 8%    | 2,684             | 2,665         | 1%      |
| Purchased transportation        | 203                | 176           | 15%   | 582               | 550           | 6%      |
| Rentals                         | 57                 | 54            | 6%    | 172               | 158           | 9%      |
| Depreciation and amortization   | 104                | 92            | 13%   | 315               | 283           | 11%     |
| Fuel                            | 103                | 130           | (21%) | 258               | 385           | (33%)   |
| Maintenance and repairs         | 54                 | 59            | (8%)  | 164               | 192           | (15%)   |
| Intercompany charges            | 128                | 133           | (4%)  | 369               | 389           | (5%)    |
| Other                           | 157                | 135           | 16%   | 409               | 417           | (2%)    |
| Total Operating Expenses        | 1,717              | 1,625         | 6%    | 4,953             | 5,039         | (2%)    |
| Operating Income                | \$ 119             | \$ 113        | 5%    | \$ 645            | \$ 448        | 44%     |
| Operating Margin                | 6.5%               | 6.5%          | — pts | 11.5%             | 8.2%          | 3.3 pts |
| <b>OPERATING STATISTICS</b>     |                    |               |       |                   |               |         |
| Operating Weekdays              | 61                 | 62            | (2%)  | 188               | 188           | —       |
| Average Daily Shipments (000s): |                    |               |       |                   |               |         |
| Priority                        | 72.6               | 70.5          | 3%    | 74.0              | 75.5          | (2%)    |
| Economy                         | 31.1               | 29.8          | 4%    | 31.3              | 31.8          | (2%)    |
| Total Average Daily Shipments   | 103.7              | 100.3         | 3%    | 105.3             | 107.3         | (2%)    |
| Weight Per Shipment (lbs):      |                    |               |       |                   |               |         |
| Priority                        | 1,110              | 1,137         | (2%)  | 1,104             | 1,144         | (3%)    |
| Economy                         | 950                | 1,000         | (5%)  | 988               | 980           | 1%      |
| Composite Weight Per Shipment   | 1,062              | 1,096         | (3%)  | 1,070             | 1,096         | (2%)    |
| Revenue/Shipment:               |                    |               |       |                   |               |         |
| Priority                        | \$ 275.44          | \$ 265.17     | 4%    | \$ 266.30         | \$ 259.61     | 3%      |
| Economy                         | 315.11             | 308.65        | 2%    | 310.39            | 299.59        | 4%      |
| Composite Revenue/Shipment      | \$ 287.32          | \$ 279.40     | 3%    | \$ 279.42         | \$ 272.09     | 3%      |
| Revenue/CWT:                    |                    |               |       |                   |               |         |
| Priority                        | \$ 24.82           | \$ 23.33      | 6%    | \$ 24.12          | \$ 22.69      | 6%      |
| Economy                         | 33.16              | 30.85         | 7%    | 31.40             | 30.57         | 3%      |
| Composite Revenue/CWT           | \$ 27.06           | \$ 25.49      | 6%    | \$ 26.12          | \$ 24.84      | 5%      |