

# FedEx Corporation

*Investor Relations*

December 19, 2023

# Forward-Looking Statements and Non-GAAP Financial Measures

Certain statements in this presentation may be considered forward-looking statements, such as statements regarding expected cost savings, the planned consolidation of operating companies, future financial targets, business strategies, management's views with respect to future events and financial performance, and the assumptions underlying such expected cost savings, targets, strategies, and statements. Forward-looking statements include those preceded by, followed by or that include the words "will," "may," "could," "would," "should," "believes," "expects," "forecasts," "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, economic conditions in the global markets in which we operate; our ability to successfully implement our business strategy and global transformation program and consolidate our operating companies into one organization, effectively respond to changes in market dynamics, and achieve the anticipated benefits of such strategies and actions while managing related risks; our ability to achieve our cost reduction initiatives and financial performance goals; the timing and amount of costs related to our global transformation program and other ongoing initiatives; damage to our reputation or loss of brand equity; changes in the business or financial soundness of the U.S. Postal Service or its relationship with FedEx, including strategic changes to its operations to reduce its reliance on the air network of FedEx Express; our ability to meet our labor and purchased transportation needs while controlling related costs; a significant data breach or other disruption to our technology infrastructure; anti-trade measures and additional changes in international trade policies and relations; the effect of any international conflicts or terrorist activities; the impact of a widespread outbreak of an illness or any other communicable disease or public health crises; changes in fuel prices or currency exchange rates; our ability to match capacity to shifting volume levels; the effect of intense competition; an increase in self-insurance accruals and expenses; failure to receive or collect expected insurance coverage; our ability to effectively operate, integrate, leverage, and grow acquired businesses and realize the anticipated benefits of acquisitions and other strategic transactions; noncash impairment charges related to our goodwill and certain deferred tax assets; the future rate of e-commerce growth and levels of inventory restocking; evolving or new U.S. domestic or international laws and government regulations, policies, and actions; future guidance, regulations, interpretations, challenges, or judicial decisions related to our tax positions; legal challenges or changes related to service providers engaged by FedEx Ground and the drivers employed by them and the coverage of U.S. employees at FedEx Express under the Railway Labor Act of 1926, as amended; our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography; any liability resulting from and the costs of defending against litigation; our ability to achieve or demonstrate progress on our goal of carbon-neutral operations by 2040; and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the Securities and Exchange Commission. 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.

FedEx reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We have supplemented the reporting of our financial information determined in accordance with GAAP with certain non-GAAP (or "adjusted") financial measures. Reconciliations of non-GAAP measures used in this presentation to the most directly comparable GAAP measures are included below under "Appendix."

The financial targets and outlook provided herein and discussed during this presentation assume the company's current economic forecast and fuel price expectations, successful completion of planned stock repurchases, and no additional adverse geopolitical developments. FedEx's earnings per share and ETR forecasts are based on current law and related regulations and guidance. Fiscal 2024 guidance discussed during this presentation was effective as of December 19, 2023. Nothing discussed during this presentation should be construed as reaffirming or disaffirming such guidance.

# Unmatched Global Network

*Links More Than 99% of World's GDP*

- Over 220 countries and territories, including every address in the U.S.
- 719 aircraft and more than 210,000 motorized vehicles
- More than 5,000 operating facilities; more than 650 airports served worldwide
- Delivers ~15.0M shipments per day*
- More than 500,000 employees worldwide



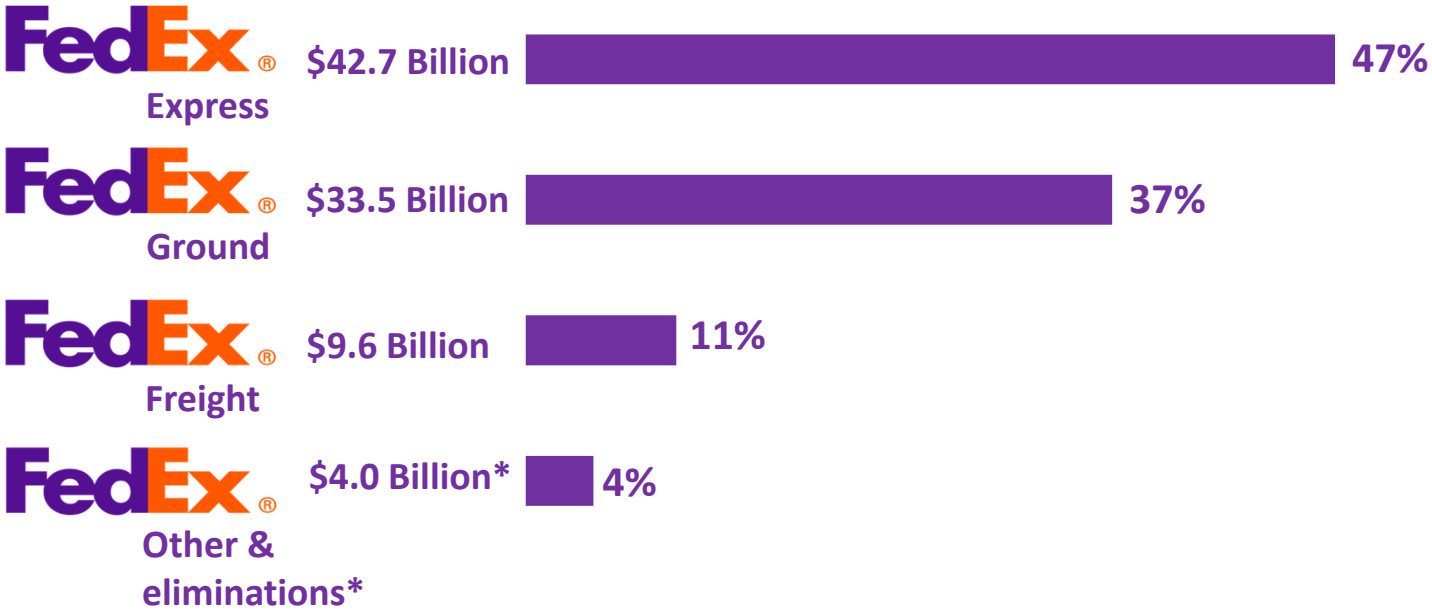

*Average daily volume information for Q2 FY24 YTD

# Broad Portfolio of Services

**FY23 Revenues: $90.2 billion**

**Employees: More than 500,000**

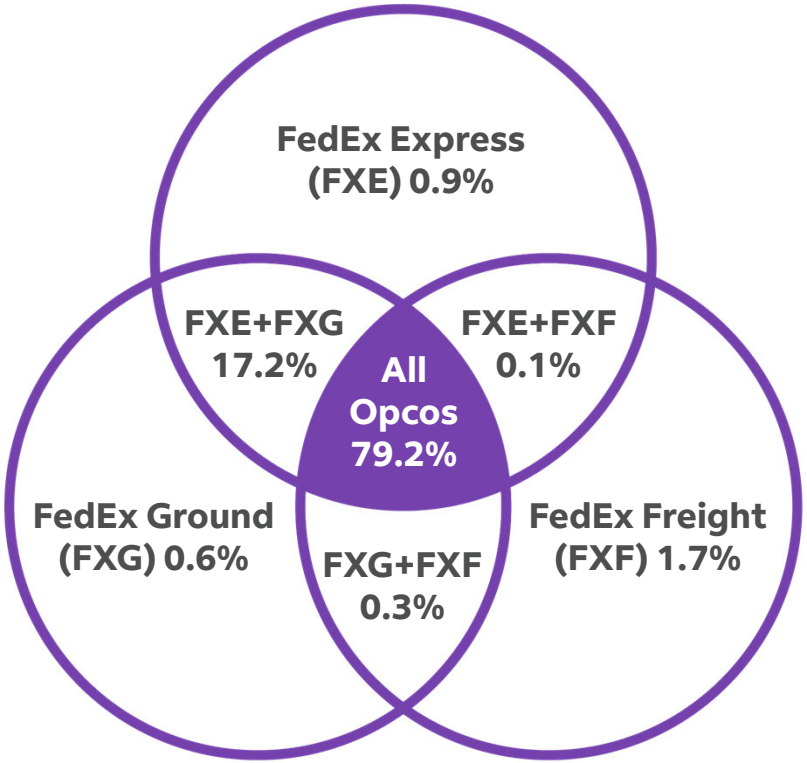
**Countries and Territories Served: More than 220**




FedEx Express, FedEx Ground, and FedEx Freight show segment revenue.
Please note that percentages do not sum to 100% due to rounding
*Other and eliminations includes revenue from FedEx Office, FedEx Logistics, and FedEx Dataworks operating segments.

# Bundle of Solutions

% of Revenue



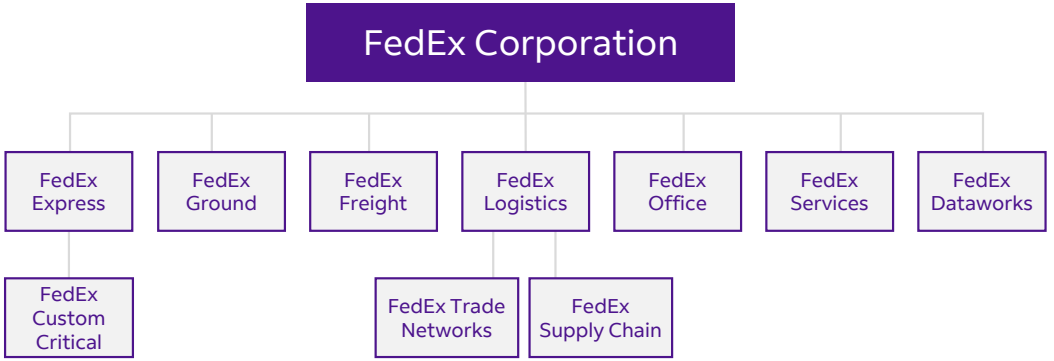

- **Our portfolio of solutions creates a strong value proposition**
- **96.8% of U.S. revenue comes from customers of two or more operating companies**
- **We manage service offerings as a portfolio for the benefit of our customers and FedEx**
- **Our collaborative operations enable optimal service quality, reliability and focus**

Revenue from U.S payors for the period Nov 2022 – Oct 2023 for FXE Domestic, FXE Intl.(US Outbound), FXG (including Ground Economy) and FXF.
Customer defined at the Country HQ level.

# Streamlining organization to achieve long-term strategy

## Current Structure

**Moving from individual operating companies …**



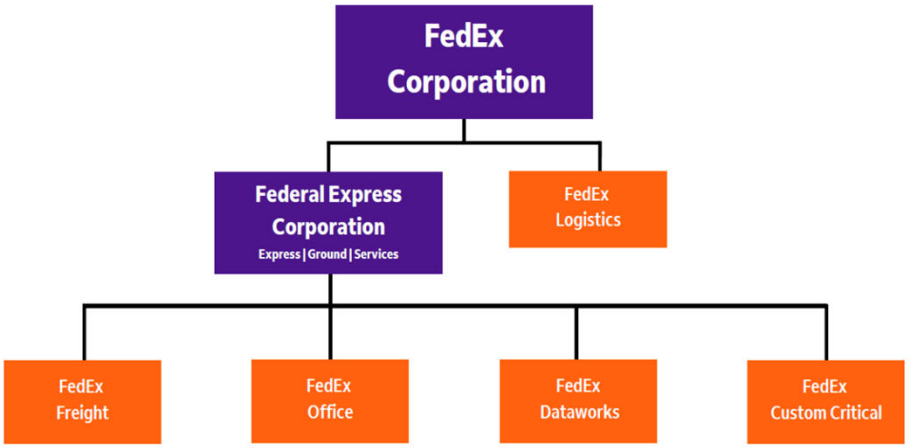

Vast global network result of **50 years of strategic development and investment**

**Unmatched capabilities** with differentiated portfolio of customers

Right time to **leverage scale and assets** across the enterprise

# … to the future: One FedEx

## One FedEx




*Effective June 2024*

**Facilitates execution** of DRIVE & Network 2.0

**Reduces cost** to serve and **improves capital efficiency**

Streamlined structure **increases visibility**

One FedEx will be a leaner, more agile company

# Reaffirming FY24 adjusted EPS* outlook

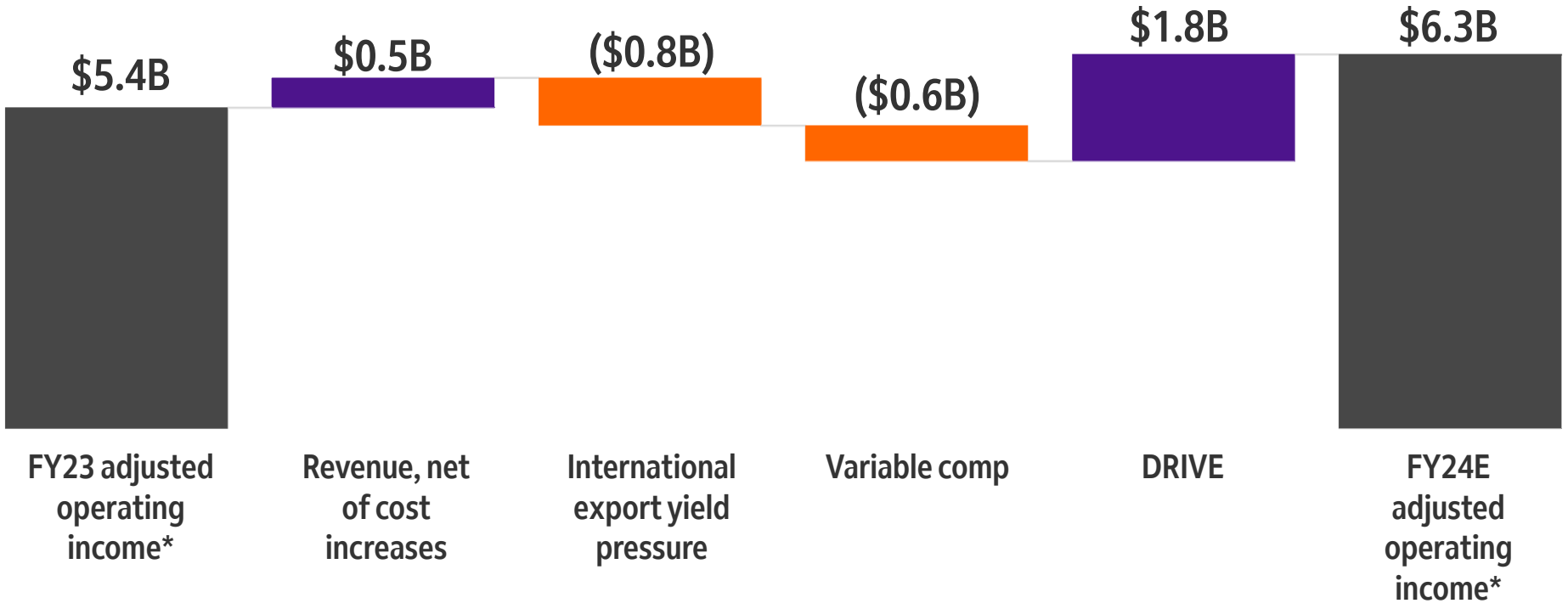
| | Sept 2023 | Dec 2023 |
|---|---|---|
| **Revenue** | Approximately flat | Low-single-digit percentage decline |
| **Adjusted EPS*** | $17.00-18.50 | $17.00-18.50 |
| **Effective tax rate**** | 25% | 25% |
| **Capital spend** | $5.7B | $5.7B |

**Commentary:**

- Reaffirming adjusted EPS* outlook despite weaker demand environment reflects transformation benefits
- Remain committed to $1.8B in DRIVE cost savings in FY24
- Continue to expect year-over-year adjusted margin expansion in FY24

*Non-GAAP financial measure; see appendix for more information
**Non-GAAP financial measure; prior to mark-to-market retirement plans accounting adjustments, which are impracticable to calculate at this time

# Illustrative operating income bridge based on FY24 adjusted EPS* outlook




*Non-GAAP financial measure; see Appendix for more information

# DRIVE Framework

**Our people, values and culture**

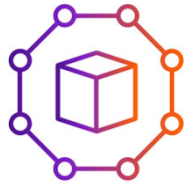
**Technology-enabled, data-driven FedEx**

**Customer**

**Surface Network**

**Air Network & International**

**G&A**



**Network 2.0**

# Building momentum with significant value potential

To date, DRIVE has identified

**$4B**

**in cost savings in FY25**

+

Network 2.0 represents

**$2B**

**in cost savings in FY27**

=

Implementation of all programs will generate

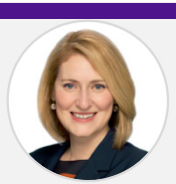
**$6B**

**in FY27, with significant upside as programs scale**

One FedEx represents significant cost savings creation opportunity beyond FY25

# DRIVE Executive Sponsors

## Customer



**Brie Carere**
Chief Customer Officer

## Surface Network & Network 2.0



**John Smith**
President & CEO, U.S. and Canada Ground Operations at FedEx Express

## Air Network & International



**Richard Smith**
President & CEO, Airline and International at FedEx Express



**Karen Reddington**
President, Europe

## G&A



**John Dietrich**
Chief Financial Officer

DRIVE is a key enabler to deliver what's next

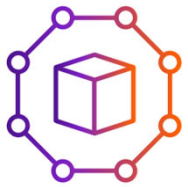
# DRIVE Framework

**Customer**

**Surface Network**

**Air Network & International**

**G&A**



**Network 2.0**

# Well-positioned to capture opportunity in a large and growing market

## E-commerce remains the growth engine of parcel volume

- ~90% of expected parcel industry growth comes from e-commerce*
- Anticipate U.S. domestic e-commerce volume to grow at a ~4% CAGR from CY22-26**
- Profitable share opportunity in U.S. domestic package market remains
- Total U.S. domestic parcel market is estimated to reach 100M ADV in CY28*

## B2B higher-margin verticals demand top-tier service

- Target segments generate high margins
- Well-positioned to serve higher margin segments with robust portfolio and excellent service

*Internal estimates

**Metric includes shipped parcel volume and not overall U.S. e-commerce transactions.

# Differentiation for premium segments

## Focus on high-value segments

- Business-to-business (B2B)
- Healthcare
- Small and medium businesses (SMB)

## Market leading value proposition for SMB

- Weekend coverage
- Faster service
- Loyalty program
- Earned discounts
- Modern FedEx Ship Manager®

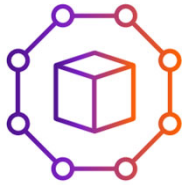
# DRIVE Framework

Customer

**Surface Network**

Air Network & International

G&A



**Network 2.0**

# DRIVE Surface Network Initiatives to deliver $1.2B in cost savings in FY25

| Ground linehaul operations | Ground dock operations | Ground P&D operations | Express U.S. surface operations |
|---|---|---|---|
| $450M | $300M | $150M | $300M |

**Safety** | **Improving outcomes**

# Network 2.0 - Interoperable network eliminates redundancy, generating $2B in permanent cost reduction in FY27




**Enable one van, one neighborhood**




**Eliminate redundant linehaul and reduce empty miles**




**Capitalize on efficiency benefits of consolidated sort operations**



**Optimize between air and surface modes to balance service and cost**

# DRIVE Network 2.0 will provide structural cost reductions across surface operations



## Pickup & delivery interoperability

**Now**

**P&D duplication**

**2.0**

One van, one neighborhood deployment targeting **15-20% efficiency uplift**



## Facilities footprint consolidation

**Now**

**~70% of buildings are within 20 miles** of another FedEx facility

**2.0**

Moving to a network design that results in **fewer locations**




## Linehaul optimization

**Now**

**Limited** coordination and visibility

**2.0**

Step-change **reduction of empty miles** in the linehaul network



## Common technology platform

**Now**

Tools and systems **built specifically for each business**

**2.0**

**Eliminate technology cost** associated with duplicative technologies

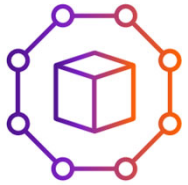
# DRIVE Framework

Customer

Surface Network

**Air Network & International**

G&A



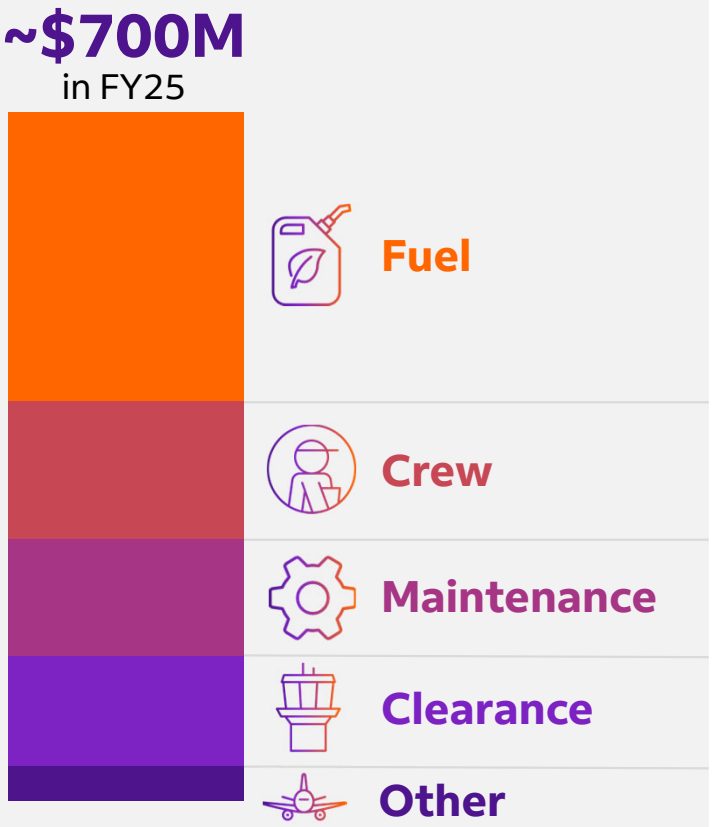
**Network 2.0**

# Positioned to deliver transformational improvement

| Global Air Network | Europe |
| --- | --- |
| ~$700M in FY25 | ~$600M in FY25 |

| **Tracked through KPIs that monitor success** (key indicators) | Cost per pound | Cost per available ton mile | Asset utilization |
| --- | --- | --- | --- |

# Global Air Network: Lowering cost to serve through structural improvements




## Key cost-out drivers:

- Focusing flying on balanced lanes, consolidating for density and executing Global Partner Network as an adaptive capacity layer
- Leveraging more efficient aircraft types and adopting best practices in flight planning / operations
- Improvements in planning and scheduling processes and reducing flight hour costs
- Right-sizing maintenance facility footprint and rationalizing inventory / parts for efficiency
- Streamlining clearance / brokerage services and optimizing processes

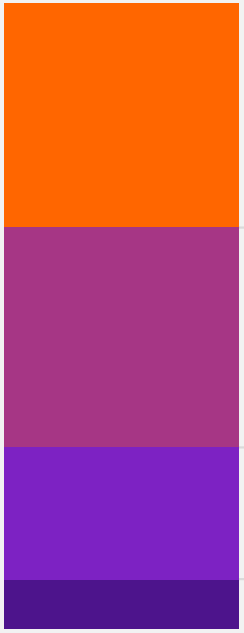
# Optimizing profitability across European networks

**Focusing Europe on execution and enhancing profitability**

| Air | Road | P&D | Domestic |
|---|---|---|---|
| >750 flights per week | 28 road hubs and >50K connections per week | >600 stations across 32 countries | Lowering cost to serve |

# DRIVE Europe: Strong progress on identified opportunities

**~$600M**
in FY25



| | |
|---|---|
| **Domestic** | • Restructuring the networks |
| **P&D** | • Improving route planning, sort processes, and work force management |
| **Road** | • Optimizing load plans<br>• Segregating freight and parcel to improve load factors |
| **Air** | • Right-sizing fleet by removing, redeploying and downgauging aircraft |

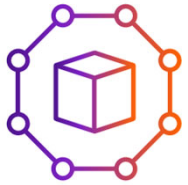
# DRIVE Framework

Customer

Surface Network

Air Network & International

G&A



**Network 2.0**

# G&A - Building momentum with significant value potential

| Procurement | Functional excellence | Technology |
| --- | --- | --- |
| $600M in FY25 | $400M in FY25 | $500M in FY25 |

# Realizing functional excellence across the enterprise



## Leaner, nimbler leadership

Right “shape” of the enterprise

Centralized strategic decision making



## Tech-enabled optimized processes

Tech-enabled processes driving execution efficiency

Next-gen automation and analytics to enable faster decision making



## Streamlined functions supporting operations

Greater efficiency through right-shoring transactional capabilities

Centers of Excellence ensuring access to subject matter expertise

# DRIVE Value creation framework through FY25

| ($B) | Expected FY25 savings* |
|---|---|
| Surface Network | $1.2 |
| Air Network & International | 1.3 |
| G&A | 1.5 |
| **Total** | **$4.0** |

*FedEx continues to project costs of approximately $2B through the end of fiscal 2025 to implement its business optimization initiatives including the DRIVE and Network 2.0 programs. The timing and amount of business optimization costs, including capital investments, may change as we revise and implement our plans.

## Highlights

- Moving swiftly to execute; measuring from FY23 baseline
- Network 2.0 to unlock $2B of cost savings in FY27
- One FedEx is a key execution enabler with value creation opportunities beyond FY25

DRIVE value increases significantly in FY24 and is fully realized in FY25

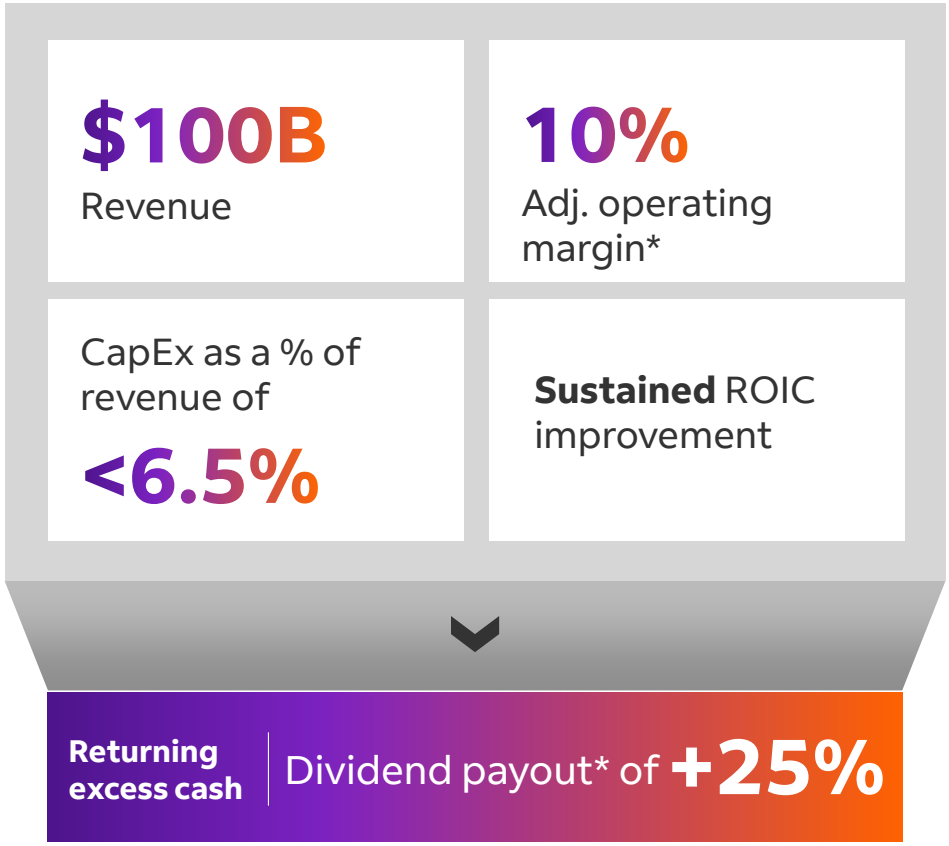
# Financial framework

**Potential tailwinds:**

- Normalized e-commerce growth
- Improved Asia-Pacific trade flows
- Europe stabilization
- Growth increases in key segments

**Potential headwinds:**

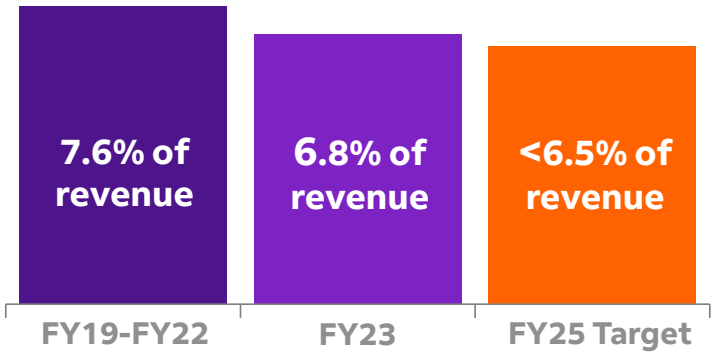
- Timing of demand growth
- Inflation
- Interest rates
- Geopolitics

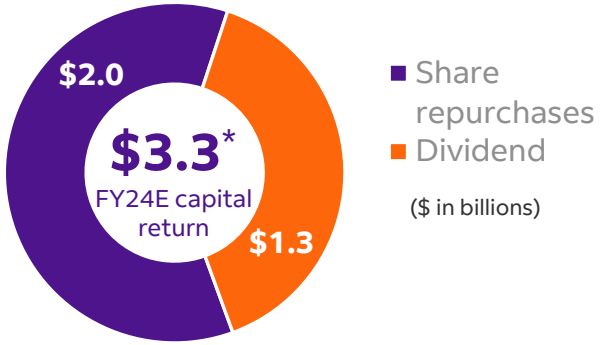



*Non-GAAP financial measure; see Appendix for more information

# Capital allocation priorities

*Unwavering focus on efficient and responsible capital allocation*




## Lowering capital spend through FY25

- CapEx of $1.3B in Q2 FY24; expect to achieve FY25 target of less than 6.5% in FY24
- Planning for lower annual aircraft CapEx; expected to be ~$1B in FY26
- ROIC metric added to executive compensation program

## Enhanced capital return to stockholders

- Completed $500M accelerated share repurchase transaction in Q2 FY24
- Expect to repurchase an additional $1.0B in FY24

*Reflects FedEx's share repurchase and dividend expectations for the remainder of FY24. Each quarterly dividend payment is subject to review and approval by our Board of Directors

# FedEx Business Trends

*Meeting E-Commerce Demands*

- Year-round, seven-day-per-week U.S. residential delivery by FedEx Ground
- Significantly later pick up times offered with FedEx Extra Hours Service
- Widespread retail convenience network with Walgreens, Dollar General, and our own FedEx Office locations
- Building our network's capabilities to more efficiently handle an increase in large items






## 94% of People in the United States are within 5 miles of a FedEx hold location

- Customers want to drop off or pick up at places convenient to their everyday lives — the FedEx retail convenience network offers more than 50,000 U.S. locations.
- Now U.S. consumers can pick up their packages at nearly 19,000 convenient, secure locations, including FedEx Office plus additional retail locations such as Walgreens, Dollar General, and Albertsons.




# Pricing Strategy:
## Improving Revenue Quality

- Focused on long-term profitable growth
- Utilizing capacity for highest yielding customers
- FedEx Express and FedEx Ground shipping rates will increase by an average of 5.9% in January 2024
- FedEx Freight shipping rates will increase by an average of 5.9%-6.9% in January 2024
- Additional changes to fees and surcharges
- Continuing demand surcharges

# Strong Portfolio of Residential Package Services



## FedEx Express

- 1–3 days transit time
- Time-definite
- Money Back Guarantee
- Declared value up to $50K




## FedEx Ground

Home Delivery:

- 1–5 days transit time
- Day-definite
- Declared value up to $50K

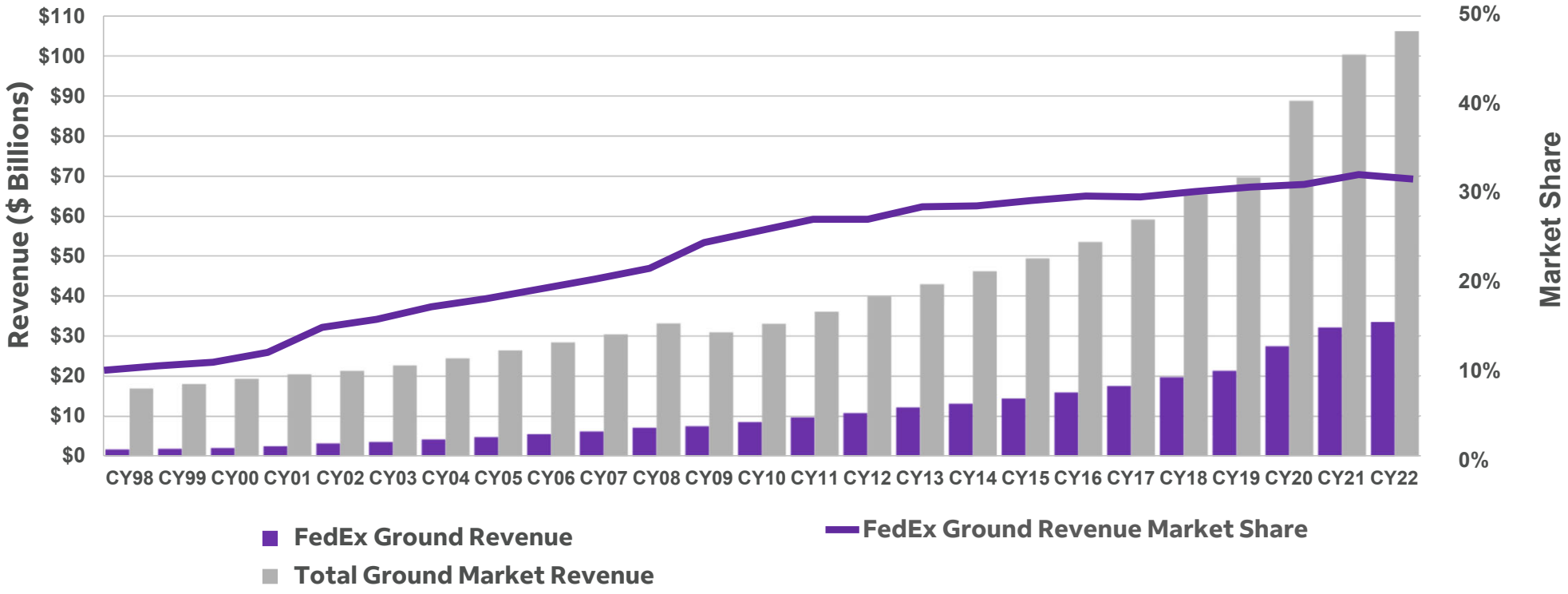



## FedEx Ground

Ground Economy:

- 2–7 days transit time
- No declared value
- Lighter-weight
- E-commerce merchant offering

# FedEx Ground Revenue Market Share Has Grown to More Than 30%




Source: FedEx analysis Notes: Figures Exclude USPS Priority Mail; Ground Market includes USPS Workshare and Parcel Select Products

# FedEx Freight

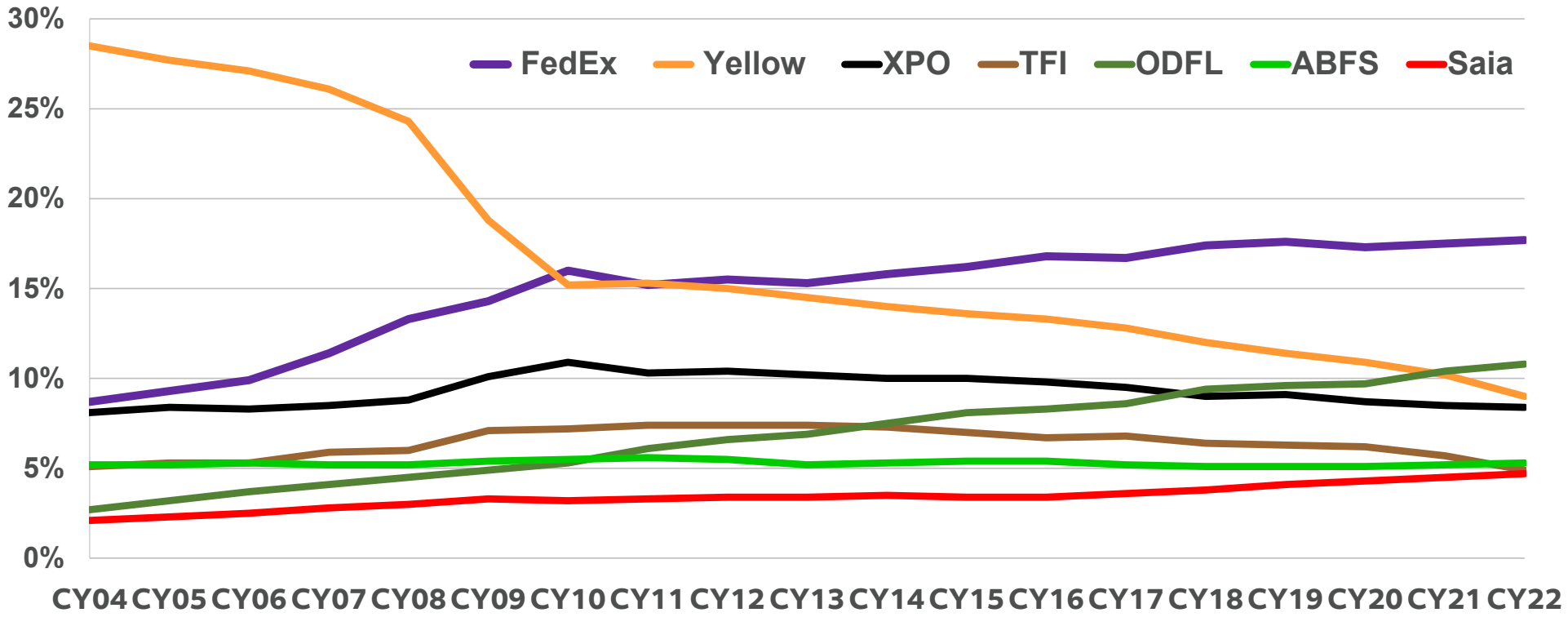
## Competitive Advantages

- The only nationwide LTL that offers Priority and Economy services from one network
- Priority: Fastest published times of any nationwide LTL*
- Focused on improving margins with a better balance of volume, pricing, and capacity
- FedEx Freight Direct service addresses heavy and hard to handle items requiring delivery inside the home or business
- Investing in safety and efficiency improvements




* As of March 2023

# LTL Industry Revenue Market Share




Source: FedEx Analysis

# FedEx Commits to Goal to Achieve Carbon-Neutral Operations by 2040

Key steps toward reaching the carbon neutral goal include:



**Vehicle Electrification.** By 2040, the entire FedEx parcel pickup and delivery (PUD) fleet will be zero–tailpipe emission electric vehicles. We are also installing charging infrastructure at our facilities to support electric vehicle implementation.



**Sustainable Fuels.** Continued pursuit of viable, cost-effective fuels for ground and aviation.



**Facilities.** FedEx will continue efforts to make its hubs, stations, and retail locations worldwide more sustainable through continued investments in energy efficient facilities, renewable energy, and other energy management programs.



**Fuel Conservation and Aircraft Modernization.** FedEx will build on its successful FedEx Fuel Sense initiatives designed to reduce fuel consumption in its aircraft and replace aging fleet with newer, more efficient planes.



**Sustainable Customer Solutions.** FedEx will work with customers to support their own supply chains' sustainability goals through offerings like the FedEx® Sustainability Insights tool and sustainable packaging solutions.



**Natural Carbon Sequestration.** FedEx funding for the Yale Center for Natural Carbon Capture supports applied research into natural, long-term carbon sequestration solutions.

# Environmental, Social, and Governance








## Our Planet

- Through FedEx's collective emissions reduction efforts, we decreased carbon dioxide ( $CO_2e$ ) emissions intensity - on a revenue basis – by 48.9% from FY09 through FY22.
- FedEx's fleet modernization efforts saved over 150 million gallons of jet fuel, reducing our FY22 total jet fuel consumption by 10.7%.
- Goal to achieve carbon neutral operations by 2040 across our global operations, which includes Scope 1 and 2 GHG emissions and our Scope 3 contracted transportation emissions.

## Our People

- Minorities comprise 36% of management employees in the United States.
- >$5 million contributed to various non-profits aligned with our DEI commitment.

## Our Principles

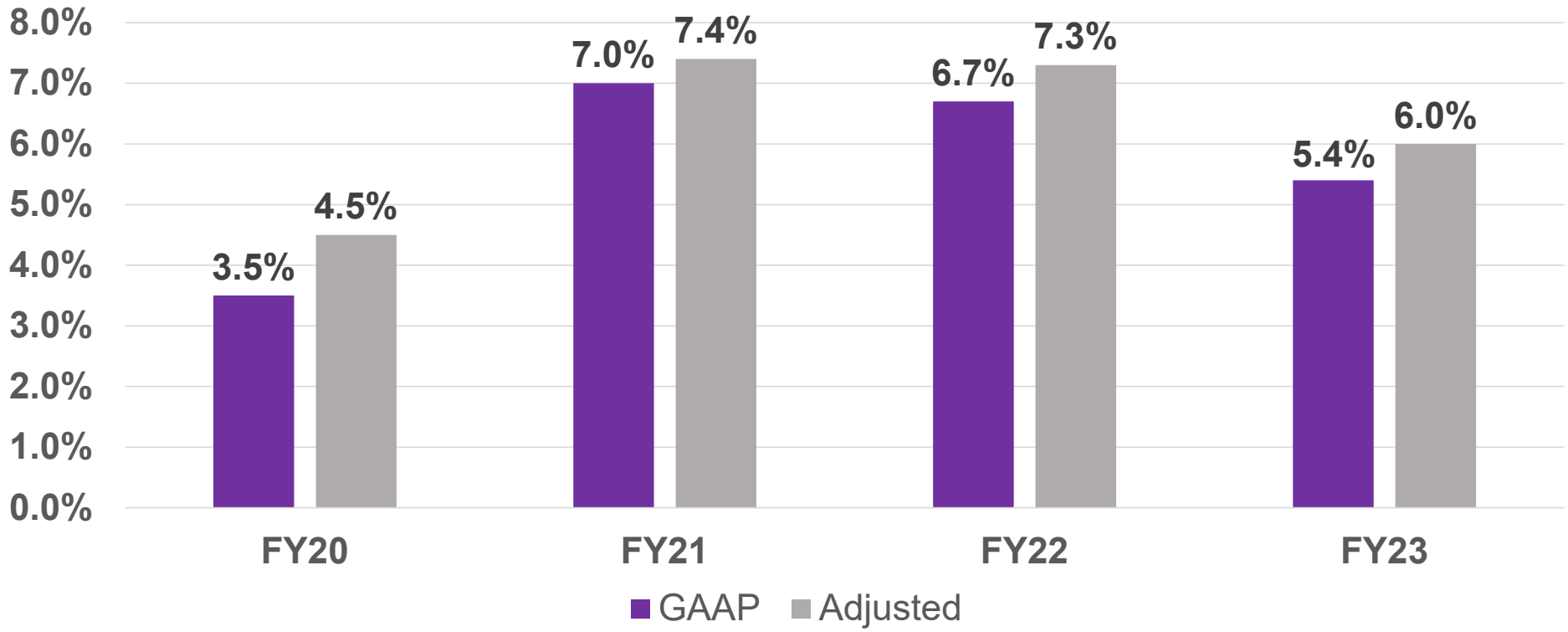
- 31% of the FedEx Board are women.
- 23% of the FedEx Board are racially or ethnically diverse.
- $18.8 billion in goods and services acquired from diverse and small business suppliers in our U.S. operations.

Source: 2023 ESG Report

# Corporate Social Responsibility - Awards & Recognition

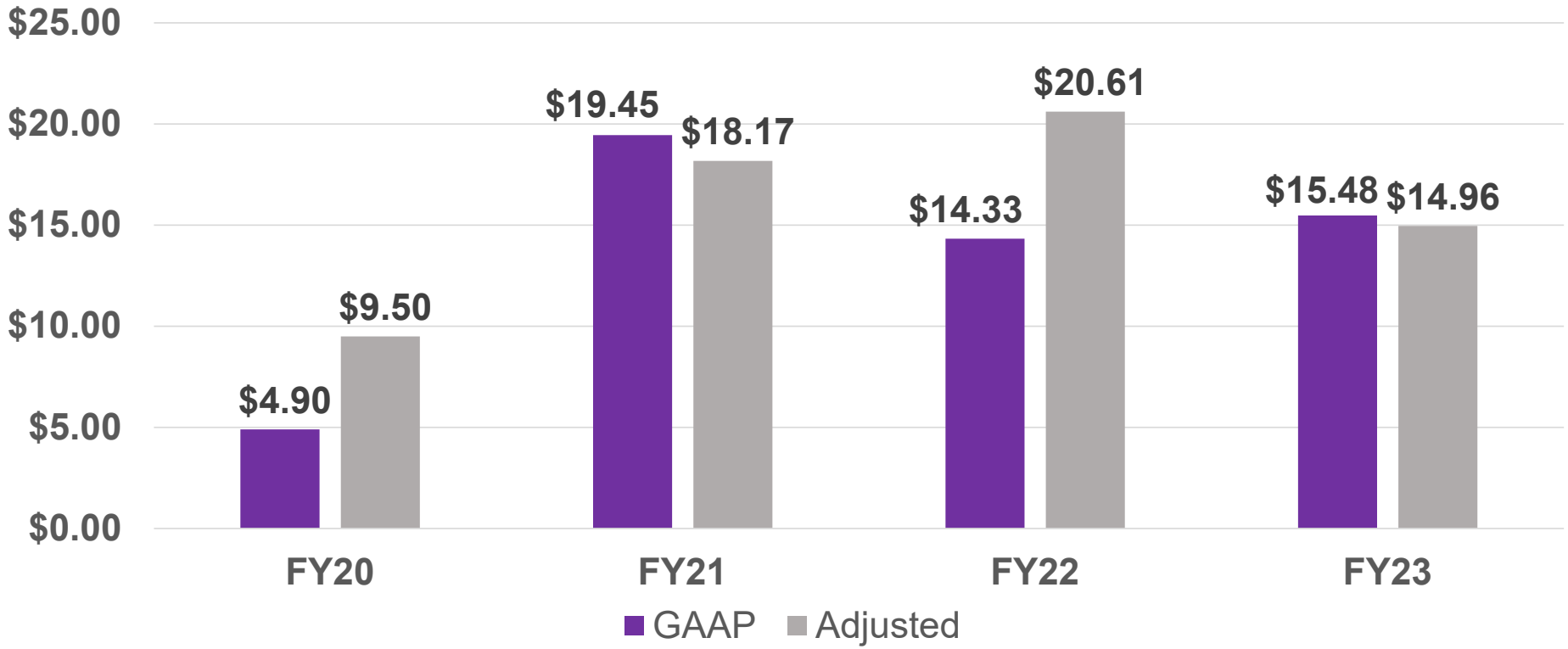
- World's Most Admired Companies 2023 – *FORTUNE*
  - *This is the 22nd consecutive year that FedEx has ranked among the top 20 in the FORTUNE Most Admired Companies List.*
- World's Most Ethical Companies 2023 – *Ethisphere*
- Blue Ribbon Companies 2023 – *FORTUNE*
- America's Best Large Employers for 2023 – *FORBES*
- Canada's Best Employers 2023 – *FORBES*
- One of the "100 Best Brands" 2023 – *Comparably*
- Best Companies to Work For 2023 – *Women's Choice Awards*
- LinkedIn's Top Companies To Grow your Career in the U.S 2023 – *LinkedIn*
- One of "Americas Most Responsible Companies" – *Newsweek*

# Corporate Operating Margin




Non-GAAP reconciliations are included herein. See Appendix.

# Earnings Per Share

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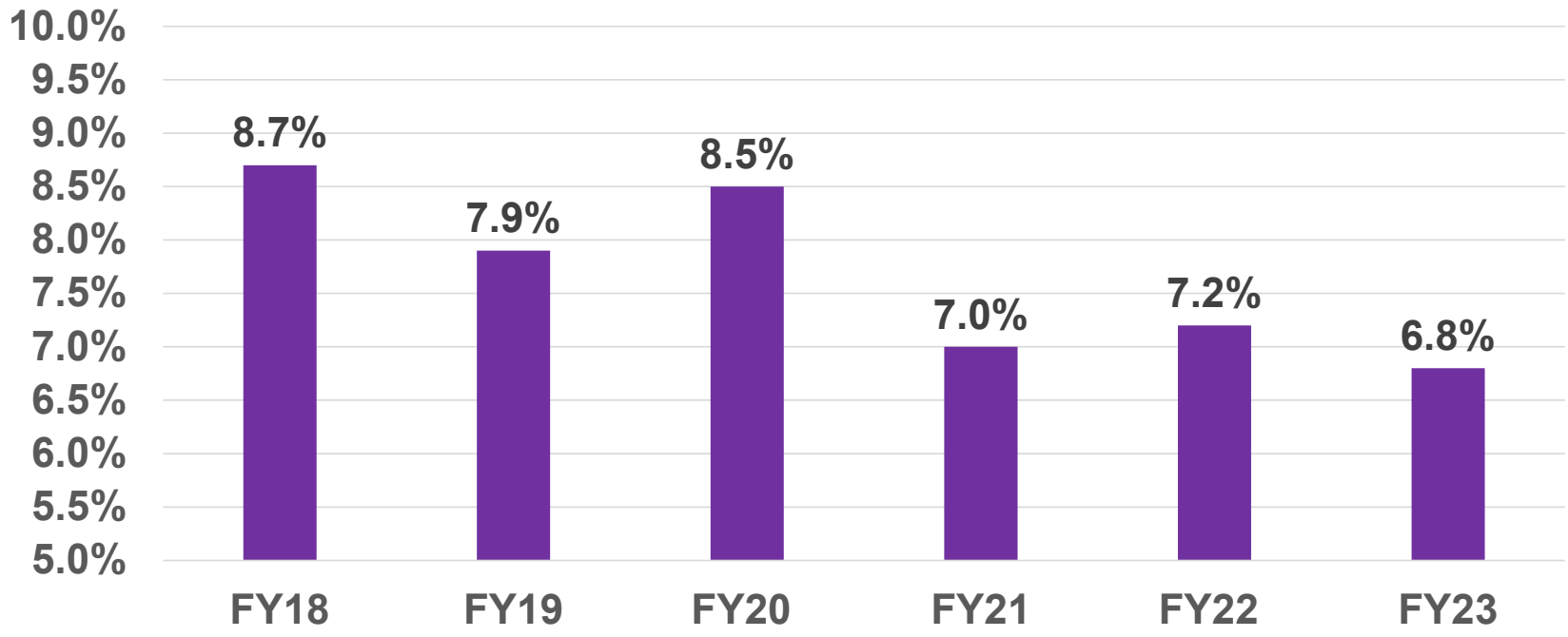
# Capital Expenditures

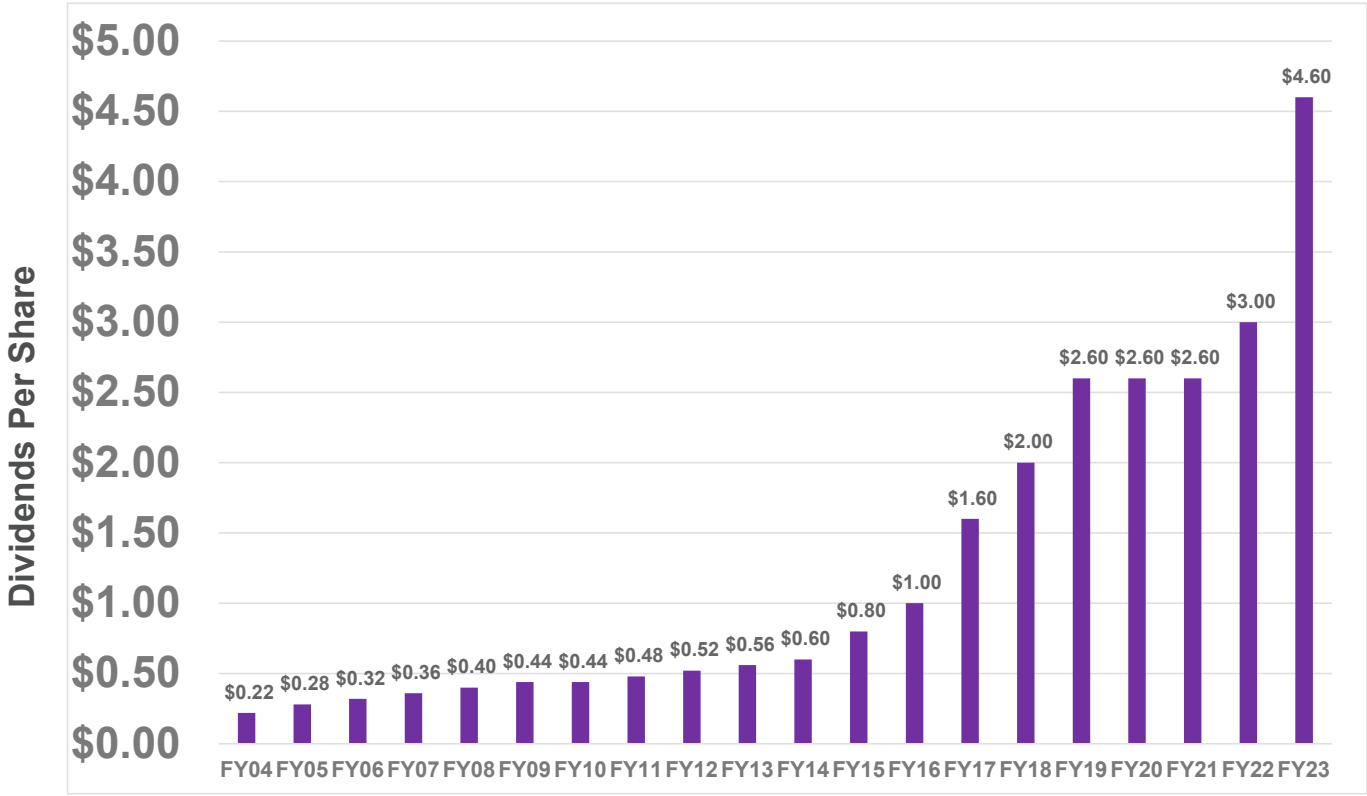
(% of Revenues)



**IN LAST 5 YEARS, WE HAVE RETURNED TO SHAREHOLDERS**

- **$4.0B** in dividend payments
- **$5.2B** in share repurchases

# Dividends Increased at a 5-Year CAGR of 18%




From FY14 through FY23, FedEx returned over $21.2 billion to shareholders through repurchases and dividends, and increased the company's quarterly dividend over sevenfold. On April 5, 2023, FedEx declared a dividend of $1.26 payable July 3, 2023, representing a 10% increase over the previous dividend payment. Each quarterly dividend payment is subject to review and approval by our Board of Directors, and we evaluate our dividend payment amount on an annual basis. For more information, see http://investors.fedex.com/stock-information/dividends/default.aspx.

# APPENDIX



# Non-GAAP Financial Measures

Our fiscal 2024 earnings per share (EPS) forecast is a non-GAAP financial measure because it excludes fiscal 2024 mark-to-market (MTM) retirement plans accounting adjustments and estimated costs related to business optimization initiatives in fiscal 2024. Our fiscal 2024 effective tax rate (ETR) forecast is a non-GAAP financial measure because it excludes the effect of fiscal 2024 MTM retirement plans accounting adjustments. We are unable to predict the amount of the MTM retirement plans accounting adjustments, as they are significantly affected by changes in interest rates and the financial markets, so such adjustments are not included in our fiscal 2024 EPS and ETR forecasts. For this reason, a full reconciliation of our fiscal 2024 EPS and ETR forecasts to the most directly comparable GAAP measures is impracticable. It is reasonably possible, however, that our fiscal 2024 MTM retirement plans accounting adjustments could have a material effect on our fiscal 2024 consolidated financial results and ETR. The table included below titled “FY24 earnings per share forecast” outlines the effects of the items that are excluded from our FY24 EPS forecast, other than the MTM retirement plans accounting adjustments.

We have also provided forecasts for long-term consolidated adjusted operating margin and adjusted dividend payout ratio. Our adjusted dividend payout ratio is calculated as cash dividends paid on our common stock divided by prior-year adjusted consolidated net income. We do not provide a reconciliation of these non-GAAP financial forecasts to the most directly comparable GAAP forecasts because we are unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort. For example, we will incur costs during future periods related to business optimization initiatives as well as other potential costs that are unrelated to our core operating performance and/or extraordinary in nature. We are currently unable to forecast the amount and timing of these additional costs. Additionally, we are unable to predict the amount of future MTM retirement plans accounting adjustments for the reasons discussed above. These items are inherently uncertain and depend on various factors, many of which are beyond our control, and as such, any associated estimate and its impact on our GAAP financial measures could vary materially.

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.

# FY23 Reconciliation for FedEx Corp.

| Dollars in millions, except EPS | Op Income | Op Margin[1] | Income Taxes[2] | Net Income[3] | Diluted EPS |
|---|---|---|---|---|---|
| **GAAP measure** | **$4,912** | **5.4%** | **$1,391** | **$3,972** | **$15.48** |
| MTM retirement plans accounting adjustment[4] | --- | --- | (157) | (493) | (1.92) |
| Business optimization costs[5] | 273 | 0.3% | 64 | 209 | 0.81 |
| Goodwill and other asset impairment charges[6] | 117 | 0.1% | 19 | 98 | 0.38 |
| Business realignment costs[7] | 36 | --- | 9 | 27 | 0.11 |
| FedEx Ground legal matter[8] | 35 | --- | 9 | 26 | 0.10 |
| **Non-GAAP measure** | **$5,373** | **6.0%** | **$1,335** | **$3,839** | **$14.96** |

[1,2,3,4,5,6,7,8] See "Footnotes for Non-GAAP Reconciliation Slides" below for details

# FY22 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

| | Op Income | Op Margin | Income Taxes[2] | Net Income[3] | Diluted EPS |
|---|---|---|---|---|---|
| **GAAP Measure** | **$6,245** | **6.7%** | **$1,070** | **$3,826** | **$14.33** |
| Mark-to-Market Retirement Plans Accounting Adjustments[4] | --- | --- | 379 | 1,199 | 4.49 |
| Business realignment costs[7] | 278 | 0.3% | 64 | 214 | 0.80 |
| FedEx Ground Legal matter[8] | 210 | 0.2% | 50 | 160 | 0.60 |
| TNT Express integration expenses[5] | 132 | 0.1% | 29 | 103 | 0.39 |
| **Non-GAAP Measure** | **$6,865** | **7.3%** | **$1,592** | **$5,502** | **$20.61** |

[2,3,4,5,7,8] See “Footnotes for Non-GAAP Reconciliation Slides” below for details.

# FY21 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

| | Op Income | Op Margin | Income Taxes[2] | Net Income[3] | Diluted EPS[1] |
|---|---|---|---|---|---|
| **GAAP Measure** | **$5,857** | **7.0%** | **$1,443** | **$5,231** | **$19.45** |
| Mark-to-Market Retirement Plans Accounting Adjustments[4] | --- | --- | (281) | (895) | (3.33) |
| Loss on Debt Extinguishment | --- | --- | 96 | 297 | 1.11 |
| TNT Express Integration Expenses[5] | 210 | 0.3% | 48 | 162 | 0.60 |
| Business Realignment Costs[7] | 116 | 0.1% | 26 | 90 | 0.33 |
| **Non-GAAP Measure** | **$6,183** | **7.4%** | **$1,332** | **$4,885** | **$18.17** |

[1,2,3,4,5,7] See "Footnotes for Non-GAAP Reconciliation Slides" below for details.

# FY20 Reconciliation for FedEx Corp.

Dollars in millions, except EPS

| | Op Income | Op Margin | Income Taxes[2] | Net Income[3] | Diluted EPS |
|---|---|---|---|---|---|
| **GAAP Measure** | **$2,417** | **3.5%** | **$383** | **$1,286** | **$4.90** |
| Mark-to-Market Retirement Plans Accounting Adjustments[4] | — | — | 211 | 583 | 2.22 |
| Goodwill And Other Asset Impairment Charges[6] | 435 | 0.6% | 19 | 416 | 1.58 |
| TNT Express Integration Expenses[5] | 270 | 0.4% | 61 | 209 | 0.80 |
| **Non-GAAP Measure** | **$3,122** | **4.5%** | **$674** | **$2,494** | **$9.50** |

[2,3,4,5,6] See “Footnotes for Non-GAAP Reconciliation Slides” below for details.

# FY24 earnings per share forecast

Dollars in millions, except EPS

| | Adjustments | Diluted Earnings Per Share |
|---|---|---|
| **Earnings per diluted share before MTM retirement plans accounting adjustments (non-GAAP)[9]** | | $15.35 to $16.85 |
| **Business optimization costs** | 550 | |
| **Income tax effect[2]** | (130) | |
| **Net of tax effect** | $420 | 1.65 |
| **Earnings per diluted share with adjustments (non-GAAP)[9]** | | $17.00 to $18.50 |

[2,9] See “Footnotes for Non-GAAP Reconciliation Slides” below for details

# FY23 operating income reconciliation for FedEx Corporation

Dollars in millions, except EPS

| | Operating Income |
|---|---|
| **GAAP measure** | $4,912 |
| MTM retirement plans accounting adjustment | - |
| Business optimization costs | 273 |
| Goodwill and other asset impairment charges | 117 |
| Business realignment costs | 36 |
| FedEx Ground legal matter | 35 |
| Non-GAAP measure | $5,373 |

# FY24 outlook midpoint operating income forecast

Dollars in millions, except EPS

| | |
|---|---|
| **Operating income (GAAP measure)** | $5,750 |
| **Business optimization costs** | 550 |
| **Adjusted operating income (non-GAAP)** | $6,300 |

# Footnotes for Non-GAAP Reconciliation Slides

1 – Does not sum to total due to rounding.
2 – Income taxes are based on the company's approximate statutory tax rates applicable to each transaction.
3 – Effect of "total other (expense) income" on net income amount not shown.
4 –The MTM retirement plans accounting adjustments reflects the year-end adjustment to the valuation of the company's defined benefit pension and other postretirement plans. For the fiscal 2022 period, the MTM retirement plans accounting adjustments also include the second quarter TNT Express MTM retirement plans accounting adjustment related to a noncash loss associated with the termination of a TNT Express European pension plan and curtailment charge related to the U.S. FedEx Freight pension plan. For the fiscal year 2021 period, the MTM retirement plans accounting adjustments also includes second quarter TNT Express MTM retirement plans accounting adjustments related to a noncash loss associated with amending a TNT Express European pension plan to harmonize retirement benefits.
5 –These expenses were recognized at FedEx Corporation and FedEx Express.
6 – Goodwill impairment charges are not deductible for income tax purposes.
7 – Business realignment costs were recognized at FedEx Express.
8 – These charges were recognized at FedEx Corporation.
9- The MTM retirement plans accounting adjustments, which are impracticable to calculate at this time, are excluded.