

CONSOLIDATED BALANCE SHEETS

	May 31,	
<i>(in millions, except share data)</i>	2018	2017
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 3,265	\$ 3,969
Receivables, less allowances of \$401 and \$252	8,481	7,599
Spare parts, supplies and fuel, less allowances of \$268 and \$237	525	514
Prepaid expenses and other	1,070	546
Total current assets	13,341	12,628
<i>Property and Equipment, at Cost</i>		
Aircraft and related equipment	20,749	18,833
Package handling and ground support equipment	9,727	8,989
Information technology	5,794	5,396
Vehicles	7,708	6,961
Facilities and other	11,143	10,447
	55,121	50,626
Less accumulated depreciation and amortization	26,967	24,645
Net property and equipment	28,154	25,981
<i>Other Long-Term Assets</i>		
Goodwill	6,973	7,154
Other assets	3,862	2,789
Total other long-term assets	10,835	9,943
	\$ 52,330	\$ 48,552
Liabilities and Stockholders' Investment		
<i>Current Liabilities</i>		
Current portion of long-term debt	\$ 1,342	\$ 22
Accrued salaries and employee benefits	2,177	1,914
Accounts payable	2,977	2,752
Accrued expenses	3,131	3,230
Total current liabilities	9,627	7,918
<i>Long-Term Debt, Less Current Portion</i>	15,243	14,909
<i>Other Long-Term Liabilities</i>		
Deferred income taxes	2,867	2,485
Pension, postretirement healthcare and other benefit obligations	2,187	4,487
Self-insurance accruals	1,784	1,494
Deferred lease obligations	551	531
Deferred gains, principally related to aircraft transactions	121	137
Other liabilities	534	518
Total other long-term liabilities	8,044	9,652
<i>Commitments and Contingencies</i>		
<i>Common Stockholders' Investment</i>		
Common stock, \$0.10 par value; 800 million shares authorized; 318 million shares issued as of May 31, 2018 and 2017	32	32
Additional paid-in capital	3,117	3,005
Retained earnings	24,823	20,833
Accumulated other comprehensive loss	(578)	(415)
Treasury stock, at cost	(7,978)	(7,382)
Total common stockholders' investment	19,416	16,073
	\$ 52,330	\$ 48,552

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

<i>(in millions, except per share amounts)</i>	Years ended May 31,		
	2018	2017	2016
Revenues	\$ 65,450	\$ 60,319	\$ 50,365
Operating Expenses:			
Salaries and employee benefits	23,207	21,542	18,581
Purchased transportation	15,101	13,630	9,966
Rentals and landing fees	3,361	3,240	2,854
Depreciation and amortization	3,095	2,995	2,631
Fuel	3,374	2,773	2,399
Maintenance and repairs	2,622	2,374	2,108
Goodwill and other asset impairment charges	380	—	—
Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Other	9,450	8,752	7,251
	60,580	55,282	47,288
Operating Income	4,870	5,037	3,077
Other Income (Expense):			
Interest expense	(558)	(512)	(336)
Interest income	48	33	21
Other, net	(7)	21	(22)
	(517)	(458)	(337)
Income Before Income Taxes	4,353	4,579	2,740
Provision For Income Taxes (Benefit)	(219)	1,582	920
Net Income	\$ 4,572	\$ 2,997	\$ 1,820
Basic Earnings Per Common Share	\$ 17.08	\$ 11.24	\$ 6.59
Diluted Earnings Per Common Share	\$ 16.79	\$ 11.07	\$ 6.51

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Years ended May 31,		
	2018	2017	2016
Operating Activities			
Net Income	\$ 4,572	\$ 2,997	\$ 1,820
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	3,095	2,995	2,631
Provision for uncollectible accounts	246	136	121
Deferred income taxes and other noncash items	(231)	909	31
Stock-based compensation	167	154	144
Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Gain from sale of business	(85)	—	—
Gain from sale of investment	—	(35)	—
Goodwill and other asset impairment charges	380	—	—
Changes in assets and liabilities:			
Receivables	(1,049)	(556)	(199)
Other current assets	(135)	78	(234)
Pension and postretirement healthcare assets and liabilities, net	(2,345)	(1,688)	(346)
Accounts payable and other liabilities	141	103	467
Other, net	(72)	(139)	(225)
Cash provided by operating activities	4,674	4,930	5,708
Investing Activities			
Capital expenditures	(5,663)	(5,116)	(4,818)
Business acquisitions, net of cash acquired	(179)	—	(4,618)
Proceeds from sale of business	123	—	—
Proceeds from asset dispositions and other	42	135	(10)
Cash used in investing activities	(5,677)	(4,981)	(9,446)
Financing Activities			
Principal payments on debt	(38)	(82)	(41)
Proceeds from debt issuances	1,480	1,190	6,519
Proceeds from stock issuances	327	337	183
Dividends paid	(535)	(426)	(277)
Purchase of treasury stock	(1,017)	(509)	(2,722)
Other, net	10	18	(51)
Cash provided by financing activities	227	528	3,611
Effect of exchange rate changes on cash	72	(42)	(102)
Net (decrease) increase in cash and cash equivalents	(704)	435	(229)
Cash and cash equivalents at beginning of period	3,969	3,534	3,763
Cash and cash equivalents at end of period	\$ 3,265	\$ 3,969	\$ 3,534

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