CONSOLIDATED BALANCE SHEETS

		May 31,	
(in millions, except share data)	2018	2017	
Assets			
Current Assets			
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	540	
Total current assets	13,341	12,628	
Property and Equipment, at Cost			
Aircraft and related equipment	20,749	18,833	
Package handling and ground support equipment	9,727	8,989	
Information technology	5,794	5,390	
Vehicles	7,708	6,96	
Facilities and other	11,143	10,44	
	55,121	50,620	
Less accumulated depreciation and amortization	26,967	24,64	
Net property and equipment	28,154	25,98	
Other Long-Term Assets	_5/.5.		
Goodwill	6,973	7,154	
Other assets	3,862	2,789	
Total other long-term assets	10,835	9,94	
Total other long term assets	\$ 52,330	\$ 48,552	
Liabilities and Stockholders' Investment Current Liabilities	Ф. 1.242	ф 24	
Current portion of long-term debt	\$ 1,342	\$ 22	
Accrued salaries and employee benefits	2,177	1,914	
Accounts payable	2,977	2,75	
Accrued expenses	3,131	3,230	
Total current liabilities	9,627	7,918	
Long-Term Debt, Less Current Portion	15,243	14,90	
Other Long-Term Liabilities	0.007	0.40	
Deferred income taxes	2,867	2,48	
Pension, postretirement healthcare and other benefit obligations	2,187	4,48	
Self-insurance accruals	1,784	1,494	
Deferred lease obligations	551	53	
Deferred gains, principally related to aircraft transactions	121	13	
Other liabilities	534	518	
Total other long-term liabilities	8,044	9,65	
Commitments and Contingencies			
Common Stockholders' Investment			
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	3,00	
Retained earnings	24,823	20,833	
Accumulated other comprehensive loss	(578)	(41	
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

		Years ended May 31,		
(in millions, except per share amounts)	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	

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

In millions 2018 2017 2016 Operating Activities Verticome \$ 4,572 \$ 2,997 \$ 1,820 Adjustments to reconcile net income to cash provided by operating activities: Use preciation and amortization 3,095 2,995 2,631 Depreciation and amortization 246 136 121 190 31 Deferred income taxes and other noncash items (231) 909 31 150ck-based compensation 167 154 144 144 144 144 144 144 144 144 144 144 144 144 144 144 144 144 144 144 148 144 148 144 148 144 148 148 148 149 148		Years ended May 31,		
Net Income \$ 4,572 \$ 2,997 \$ 1,820 Adjustments to reconcile net income to cash provided by operating activities: 3,095 2,995 2,631 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 1,498 Gain from sale of business (85) - - Gain from sale of business (85) - - Gain from sale of investment - (35) - - Gain from sale of investment - (35) - - Changes in assets and liabilities: - - (35) - - Changes in assets and liabilities: - (1,049) (556) (199) Other current asset - (1,049) (556) (199) Other current assets - (2,345) (1,168) (364) Accounts payable	(in millions)	2018	2017	2016
Adjustments to reconcile net income to cash provided by operating activities: 3,095 2,995 2,831 Depreciation and amortization 246 136 121 Portoxision for uncollectible accounts (231) 909 31 Stock-based compensation 167 154 144 Retirement plans mark-to-market adjustment (100) (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. (1,049) (556) (199) Other current assets (1,135) 78 (234) Persion and postretirement healthcare assets and liabilities, net (2,345) (1,188) (346) Accounts apsyche and other liabilities (3,65) (5,165)<	Operating Activities			
Depreciation and amortization 3,095 2,995 2,631 Provision for uncollectible accounts 246 136 121 121 1231	Net Income	\$ 4,572	\$ 2,997	\$ 1,820
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 (100) (24) 1,498 Gain from sale of business (85) - - Goodwill and other asset impairment charges 30 - - Changes in assets and liabilities: 1 1 1 1 1 Receivables (1,049) (556) (199) 0ther current assets (1,049) (4,048)<	Adjustments to reconcile net income to cash provided by operating activities:			
Deferred income taxes and other noncash items (231) 909 31 Stock-based compensation 167 154 144 Retirement plans mark-to-market adjustment (100) (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 (11,049) (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 Accounts payable and other liabilities 141 103 467 Accounts payable and other liabilities 141 103 467 Other, net (72) (139) (225) Cash provided by operating activities (5,663) (5,116) (4,818)	Depreciation and amortization	3,095	2,995	2,631
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 business (85) — — Goodwill and other asset impairment charges 380 — — Coodwill and other asset impairment charges 380 — — Changes in assets and liabilities: — — — (35) — — Changes in assets and liabilities: —	Provision for uncollectible accounts	246	136	121
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: — — Changes in assets and liabilities: — — Receivables (1,049) (556) (199) Other current assets (135) 78 (234) Persion and postretirement healthcare assets and liabilities, net (2,345) (1,688) (346) Other, net (72) (139) (225) Cash provided by operating activities 4,674 4,930 5,708 Investing Activities Logital expenditures (5,663) (5,116) (4,818) Business acquisitions, net of cash acquired (179) — (4,618) Proceeds from asset dispositions and other 42 135 (10 Cash used in investing activities (5,677) (4,981) (3,46)	Deferred income taxes and other noncash items	(231)	909	31
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 sale of business 123 - - Proceeds from sole of business (5,677) (4,981) (4,94)	Stock-based compensation	167	154	144
Gain from sale of investment - (35) - Goodwill and other asset impairment charges 380 - - Changes in assets and liabilities:	Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Goodwill and other asset impairment charges 380 - - Changes in assets and liabilities: (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 (1779) - (4,618) Proceeds from asle 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 stock issuances 1,480 1,190	Gain from sale of business	(85)	_	_
Changes in assets and liabilities: Inceivables (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 (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 (38) (82) (411) Proceeds from debt issuances 1,480 1,190 6,519 Proceeds from stock issuances 327 337 183 Dividends paid (555) (426) (Gain from sale of investment	_	(35)	_
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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 saset 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 stock issuances 1,480 1,190 6,519 Proceeds from stock issuances 327 337 183 Dividends paid (535) (426) (227) <tr< td=""><td>Changes in assets and liabilities:</td><td></td><td></td><td></td></tr<>	Changes in assets and liabilities:			
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) <td< td=""><td>Receivables</td><td>(1,049)</td><td>(556)</td><td>(199)</td></td<>	Receivables	(1,049)	(556)	(199)
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 3,663 (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 2 135 (10) Cash used in investing activities (5,677) (4,981) (9,446) Financing Activities 2 135 (10) Proceeds from debt issuances 1,480 1,190 6,519 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	Other current assets	(135)	78	(234)
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<	Pension and postretirement healthcare assets and liabilities, net	(2,345)	(1,688)	(346)
Cash provided by operating activities 4,674 4,930 5,708 Investing Activities Secondary of the provided from sale of business (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	Accounts payable and other liabilities	141	103	467
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)	Other, net	(72)	(139)	(225)
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 3,9	Cash provided by operating activities	4,674	4,930	5,708
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 3,9	Investing Activities			
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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 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 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	Proceeds from asset dispositions and other	42	135	(10)
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	·	(5,677)	(4,981)	
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	Financing Activities			
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	-	(38)	(82)	(41)
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		1,480	1,190	6,519
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	Proceeds from stock issuances			
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				
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 provided by financing activities2275283,611Effect of exchange rate changes on cash72(42)(102)Net (decrease) increase in cash and cash equivalents(704)435(229)Cash and cash equivalents at beginning of period3,9693,5343,763	•			
Effect of exchange rate changes on cash72(42)(102)Net (decrease) increase in cash and cash equivalents(704)435(229)Cash and cash equivalents at beginning of period3,9693,5343,763			528	
Net (decrease) increase in cash and cash equivalents(704)435(229)Cash and cash equivalents at beginning of period3,9693,5343,763				
Cash and cash equivalents at beginning of period 3,969 3,534 3,763				
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The accompanying notes are an integral part of these consolidated financial statements.