

# Welcome





Investor  
Day 2026



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# Opening

**Marianna Rose**

Managing Director, Investor Relations



# Forward-looking statements and non-GAAP financial measures

References in this presentation to the “Company,” “FedEx Freight,” “we,” “us,” or “our” are references to FedEx Freight Holding Company, Inc. and, unless the context otherwise requires, its consolidated subsidiaries, giving effect to the contemplated spin-off as described in the registration statement on Form 10 (the “Registration Statement”) filed by the Company with the Securities and Exchange Commission (the “SEC”) in connection therewith. You may review a copy of the Registration Statement, including its exhibits and schedules, on the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website we refer to herein does not constitute a part of this presentation.

Certain statements contained in presentation are “forward-looking” statements within the meaning of the federal securities laws, including statements regarding future financial targets, the planned tax-free full separation of FedEx Freight into a new publicly traded company, business strategies, management’s views with respect to future events and financial performance, and the assumptions underlying such targets, expected cost savings, 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. These forward-looking statements involve risks and uncertainties. We have based the forward-looking statements relating to our operations on our current expectations, estimates, and projections about us and the markets we serve. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties. These statements should be considered in conjunction with the discussion regarding the Company in the Registration Statement, including the information set forth in the section “Risk Factors” of the information statement filed therewith and the discussion of the business included in the section “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of the information statement filed therewith.

We have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Actual results may differ materially from those contemplated (expressed or implied) by such forward-looking statements because of, among other things, potential risks and uncertainties, such as: economic conditions in the markets in which FedEx Freight operates; significant changes in the volumes of shipments transported through FedEx Freight’s network, customer demand for FedEx Freight’s various services, or the prices it obtains for its services; geopolitical developments and additional changes in international trade policies and relations; the price and availability of fuel; failure to successfully implement FedEx Freight’s business strategy and effectively respond to changes in market dynamics and customer preferences; FedEx’s ability to successfully implement the spin-off and achieve some or all of its anticipated benefits, or if such benefits are delayed; the spin-off not being completed; the consequences of FedEx Freight no longer operating as part of a globally diversified company; costs of restructuring

transactions or dis-synergies and other costs incurred in connection with the spin-off exceeding FedEx and FedEx Freight’s estimates; the distribution of shares of FedEx Freight, together with certain related transactions, not qualifying for the intended tax treatment, in which case FedEx, its shareholders, and FedEx Freight could be subject to significant liabilities; a significant data breach or other disruption to FedEx Freight’s technology infrastructure, and its ability to mitigate the technological, operational, legal, regulatory, and reputational risks related to emerging technologies such as autonomous technology and artificial intelligence (“AI”); increased insurance and claims expenses related to vehicle accidents, workers’ compensation claims, property and cargo loss, general business liabilities, and benefits paid under employee disability programs; failure to receive or collect expected insurance coverage; the effect of any international conflicts or terrorist activities; failure of third-party service providers to perform as expected, or disruptions in FedEx Freight’s relationships with those providers or their provision of services to FedEx Freight; widespread outbreak of an illness or any other communicable disease or public health crisis; damage to FedEx Freight’s or FedEx’s reputation or loss of brand equity; the intense competition within FedEx Freight’s industry; FedEx Freight’s ability to manage its network capacity and cost structure for capital expenditures and operating expenses, and match it to shifting and future customer volume levels; FedEx Freight’s ability to maintain good relationships with its employees and avoid attempts by labor organizations to organize groups of its employees; any effects on FedEx Freight’s businesses resulting from evolving or new U.S. domestic or international government regulations, laws, policies, and actions; any liability resulting from and the costs of defending against litigation and governmental proceedings; the sufficiency of insurance coverage FedEx Freight purchases; the effect of technology developments (including AI and machine learning) on FedEx Freight’s operations and on demand for its services, and FedEx Freight’s ability to identify and eliminate unnecessary information technology redundancy and complexity throughout the organization; disruptions in global supply chains; constraints, volatility, or disruption in the global capital and credit markets; FedEx Freight’s ability to maintain its current credit ratings, commercial paper ratings, and senior unsecured debt credit ratings, and its ability to meet credit agreement financial covenants. As a result of these and other factors, no assurance can be given as to our future results and achievements. Accordingly, a forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements, which speak only as of the date hereof. We are under no obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise.

See “Appendix” below for additional information on non-GAAP financial measures and reconciliations of non-GAAP financial measures to GAAP financial measures.

# Agenda

## THE NEW FEDEX FREIGHT

John Smith, Incoming President & CEO

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## OPTIMIZING THE NETWORK

Clint McCoy, Chief Operating Officer

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## LEADING COMMERCIAL OFFERING

Mike Lyons, Chief Specialized Services & Commercial Officer

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## Q&A #1

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## BREAK

## ADVANCING TECHNOLOGY CAPABILITIES

Mike Rodgers, Chief Technology Officer

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## FINANCIAL VALUE CREATION

Marshall Witt, Chief Financial Officer

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## Q&A #2

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## CLOSING REMARKS

John Smith, Incoming President & CEO

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## LUNCH



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# Delivering the new FedEx Freight

**John Smith**

Incoming President & Chief Executive Officer



# The new FedEx Freight

A vibrant future driven by a clear, disciplined strategy built around our key stakeholders

## Our people



Safety above all, collective responsibility

## Our customers



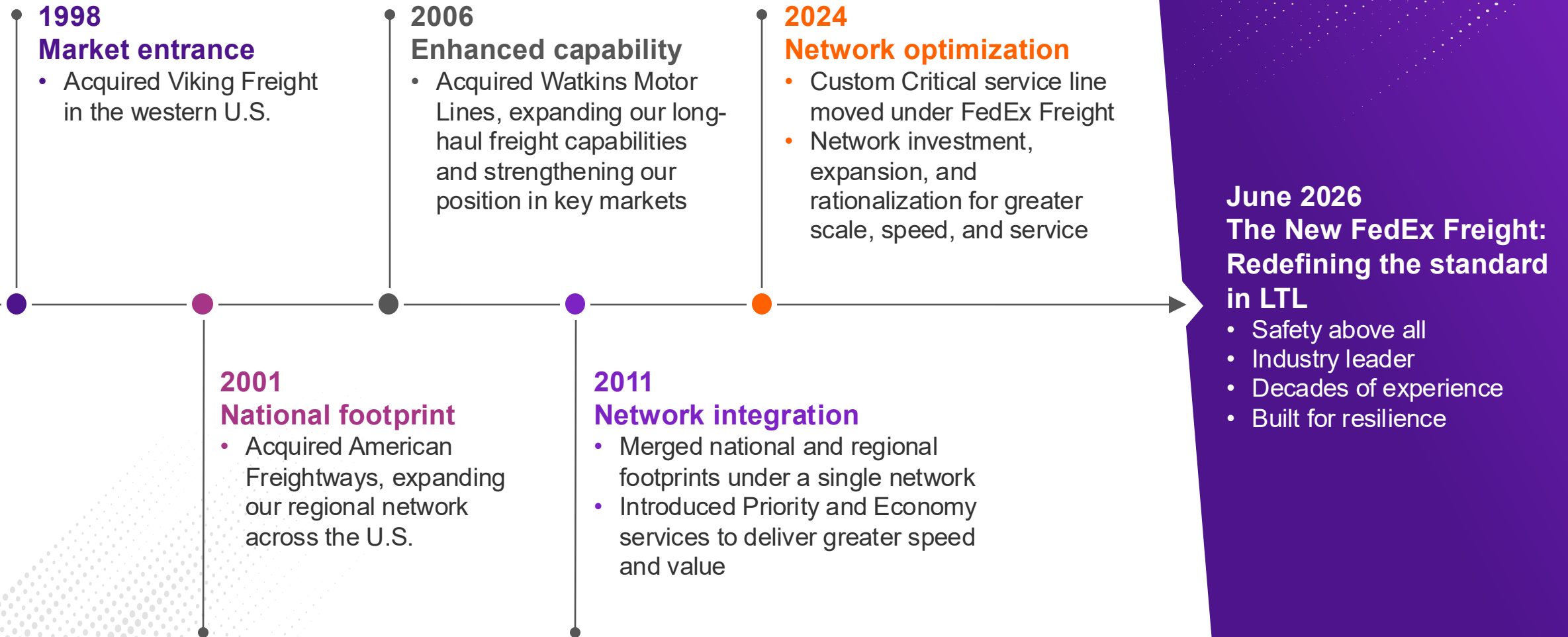
Best-in-class experience

## Our shareholders



Profitable growth, strong balance sheet

# Foundation built on lasting legacy



# FedEx Freight: At a glance



## FY26E:

REVENUE

**\$8.7B**

ADJUSTED OPERATING INCOME

**~\$1.1B**

ADJUSTED OPERATING MARGIN

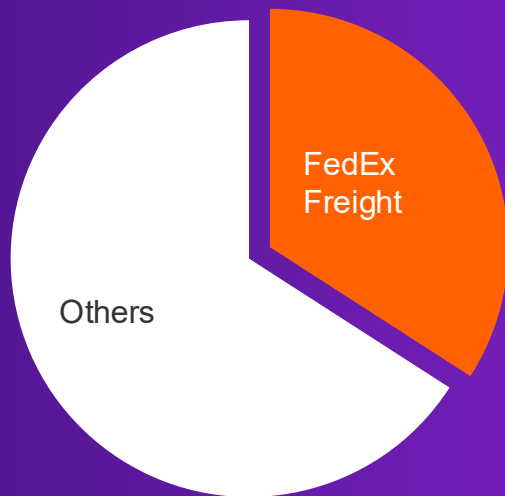
**~12%**

# Established leader in attractive LTL industry

Firmly positioned to win, today

## SUSTAINED LEADERSHIP IN LTL MARKET

Top 6 LTL carriers by volume<sup>1</sup>



## SCALE

**365+**

Total locations, including ~355 shipping terminals and ~10 linehaul relay sites

**26,000**

Service center doors

**30,000**

Motorized vehicles, including ~17,000 tractors

## SPEED

**40%**

Faster than our nearest competitor (Priority service)<sup>2</sup>

**~90%**

LTL volume can be delivered within 3 days or less

## SERVICE

**~90%**

Revenue from customers with tenure >10 years<sup>3</sup>

**DUAL**

Service offering, the only LTL carrier with both Priority and Economy

# Underpinned by a world-class, experienced team



**DEDICATED  
TEAM**

**40K**

*Number of team members  
at FedEx Freight*



**SKILLED DRIVER  
WORKFORCE**

**14+ Years**

*Average years of experience  
among FedEx Freight drivers*



**WORLD-CLASS,  
WINNING TEAM**

**112**

*FedEx Freight drivers at the  
2025 National Truck Driving  
Championships; represented  
>50% of all award winners*



**DECADES OF EXECUTIVE  
LEADERSHIP EXPERIENCE**

**100+ Years**

*Collective experience in the  
LTL and transportation industry*

# Unlocking FedEx Freight's value

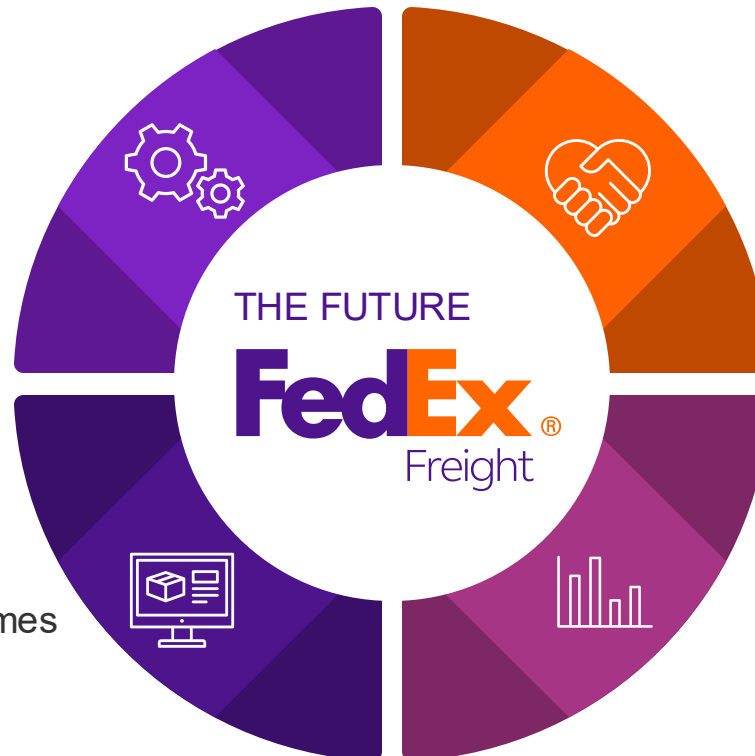
Led by safety, driven by market-leading scale, published transit times, and service

## OPTIMIZING THE NETWORK

- Smarter and more efficient infrastructure
- Lowering cost to serve
- Heightened productivity
- Increasing visibility through technology

## ADVANCING TECHNOLOGY CAPABILITIES

- Enabling operational and commercial outcomes
- Modernizing technology
- Future-proofing the business
- Scaling solutions to optimize performance



## LEADING COMMERCIAL OFFERING

- Industry-leading salesforce
- Targeted go-to-market strategy
- Improving customer experience
- Higher-quality revenue growth

## FINANCIAL VALUE CREATION

- Accelerating profitable growth
- Free cash flow durability
- Disciplined capital allocation
- Compelling value for shareholders

# Positioned to deliver strong results

## REVENUE GROWTH

**4-6%**

Medium-term CAGR

## ADJ. OI GROWTH

**10-12%**

Medium-term CAGR

## CAPITAL DISCIPLINE

**~5%**

Medium-term capex as % of revenue

## FCF CONVERSION

**>90%**

Medium-term expectation



# Converting strength into sustainable outcomes

**WE HAVE**  
Structural advantage

- **Largest and fastest<sup>1</sup>** network
- **Best-in-class** service reliability
- **World-class** team

**+** **WE ARE BUILDING**  
Industry-leading execution

- **Improving** operational efficiency
- **Leading** commercial offering
- **Advanced** technology capabilities

**=** **WE ARE DELIVERING**  
Value creation

- **High-quality** growth
- **Improving** profitability
- **Balance sheet** strength



1. Based on published transit times.



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# Optimizing FedEx Freight's network

**Clint McCoy**

Chief Operating Officer



# Unlocking FedEx Freight's value

Led by safety, driven by market-leading scale, published transit times, and service

## OPTIMIZING THE NETWORK

- Smarter and more efficient infrastructure
- Lowering cost to serve
- Heightened productivity
- Increasing visibility through technology

ADVANCING TECHNOLOGY  
CAPABILITIES



LEADING COMMERCIAL OFFERING

FINANCIAL VALUE CREATION

# Firmly positioned to win, today

## Scale



- 365+ locations
- 26,000 doors
- 30,000 motorized vehicles
- All 50 U.S. states, Mexico, and Canada

## Speed



- ~90% of LTL volume can be delivered within 3 days or less
- Priority service is 40% faster than nearest competitor<sup>1</sup>

## Service

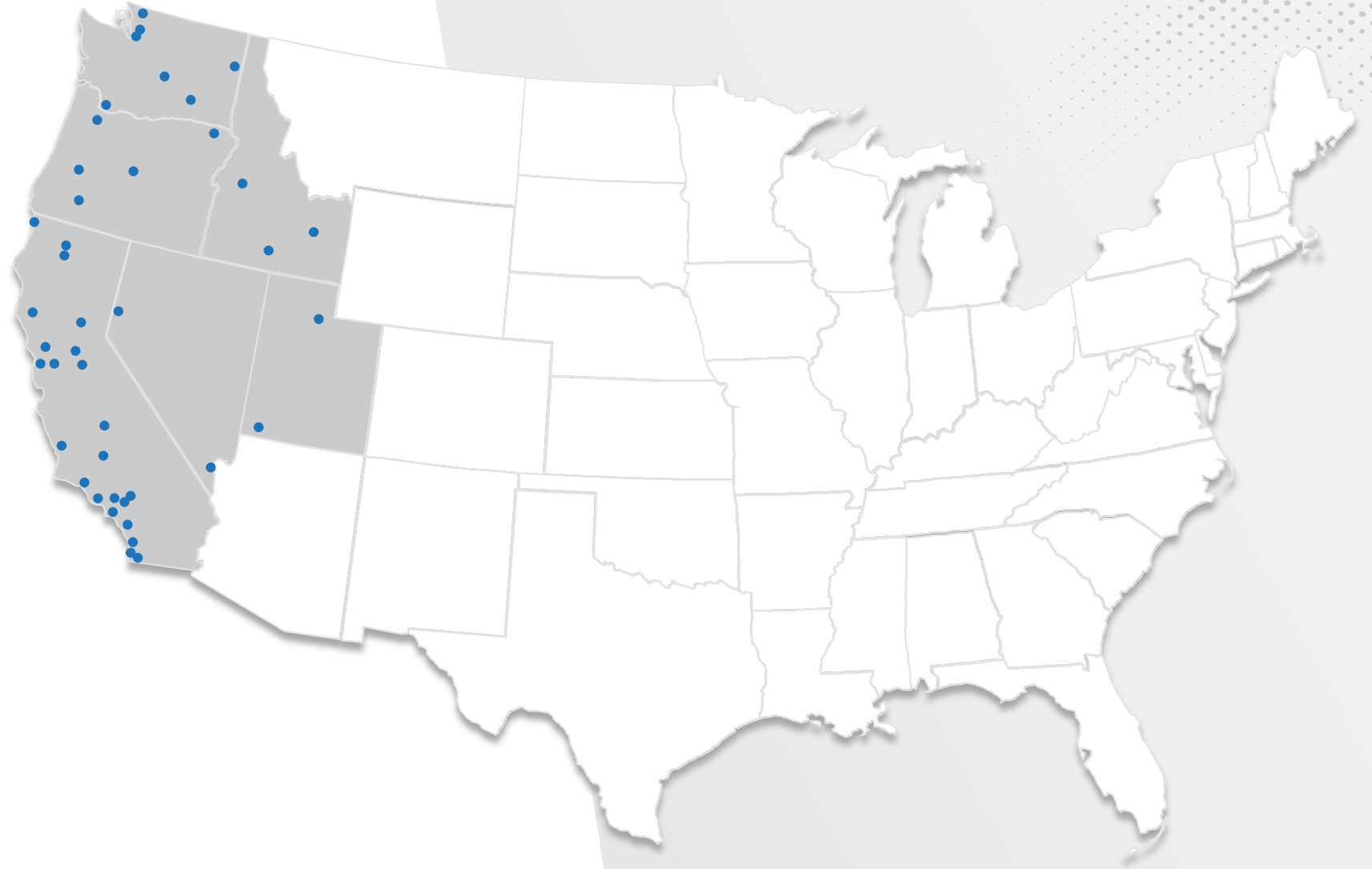


- Flexibility: dual-service offering choice between speed and cost
- Reliability: on-time and in-full
- Rail advantage

# 1998

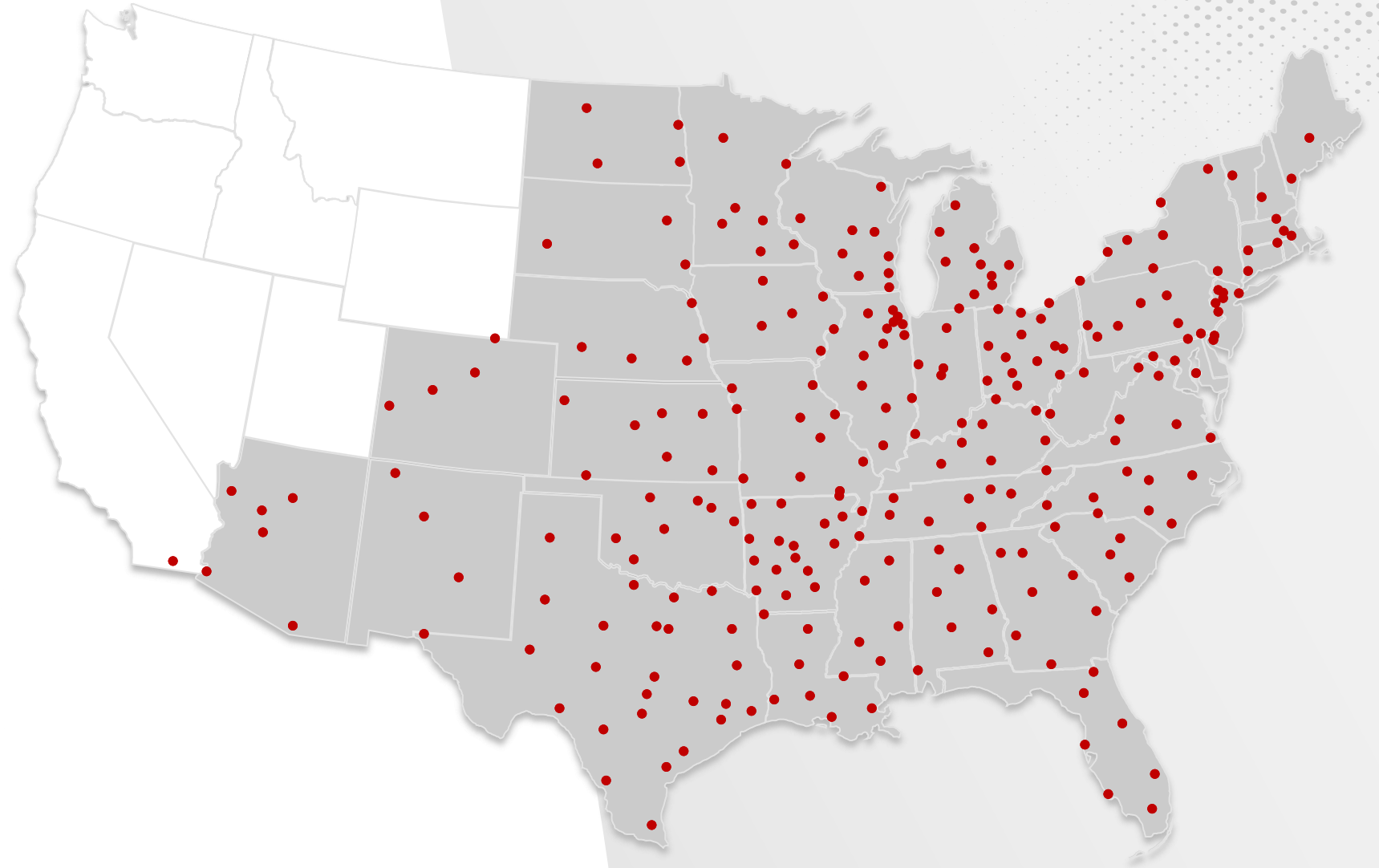
ACQUIRED

***viking***  
*freight*



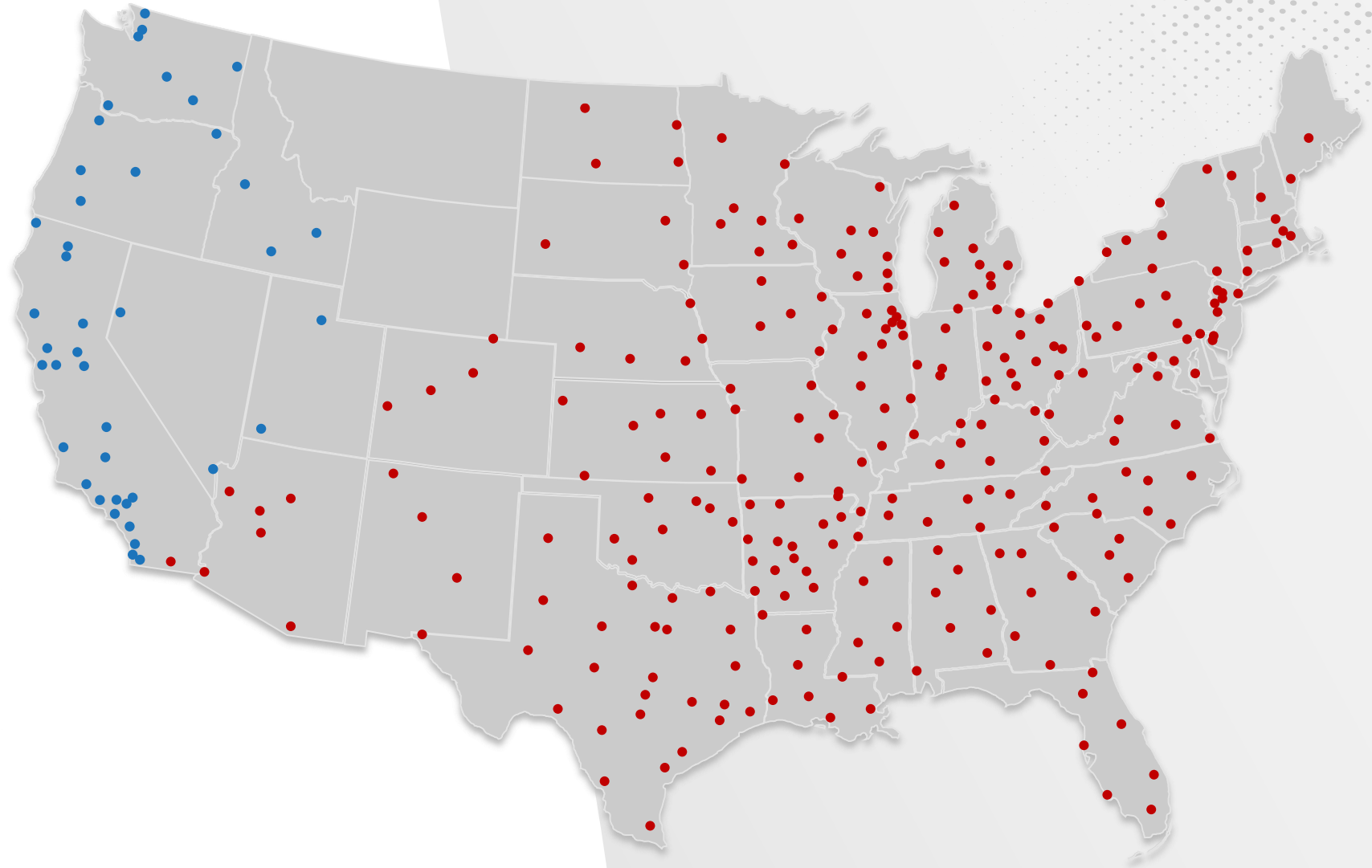
# 2001

ACQUIRED



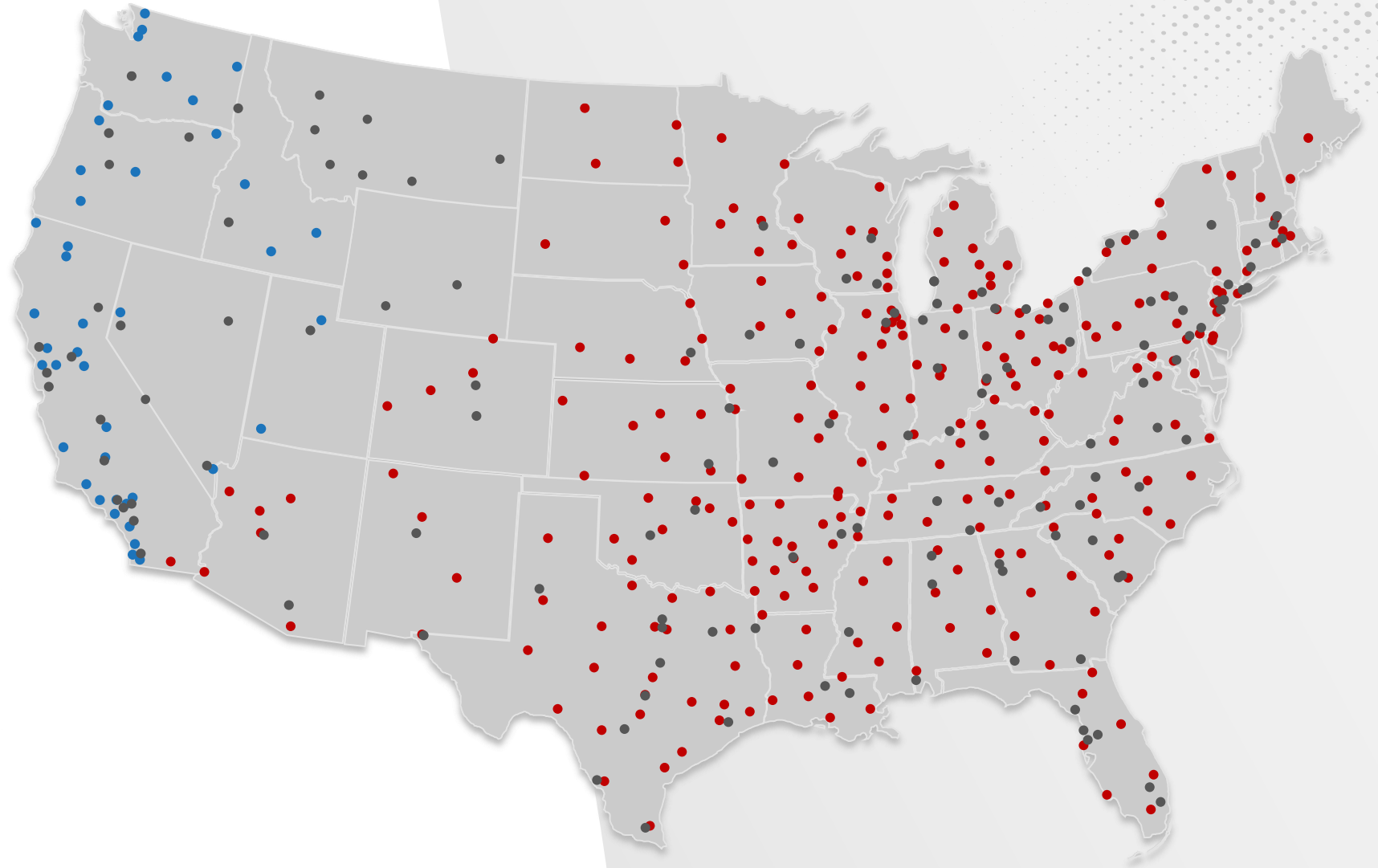
# 2002

FedEx Freight was established, through these acquisitions — offering convenient shipping for LTL customers



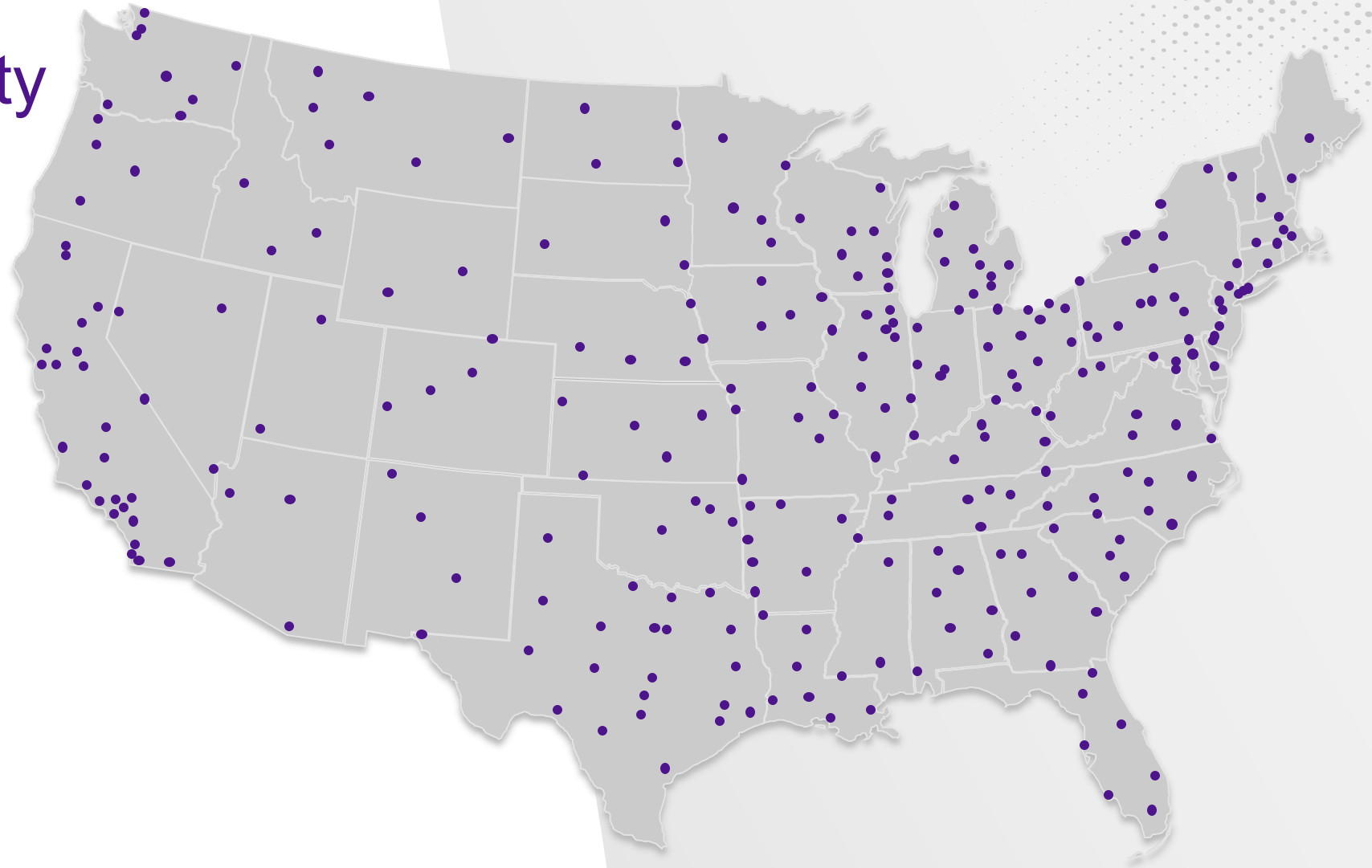
# 2006

ACQUIRED



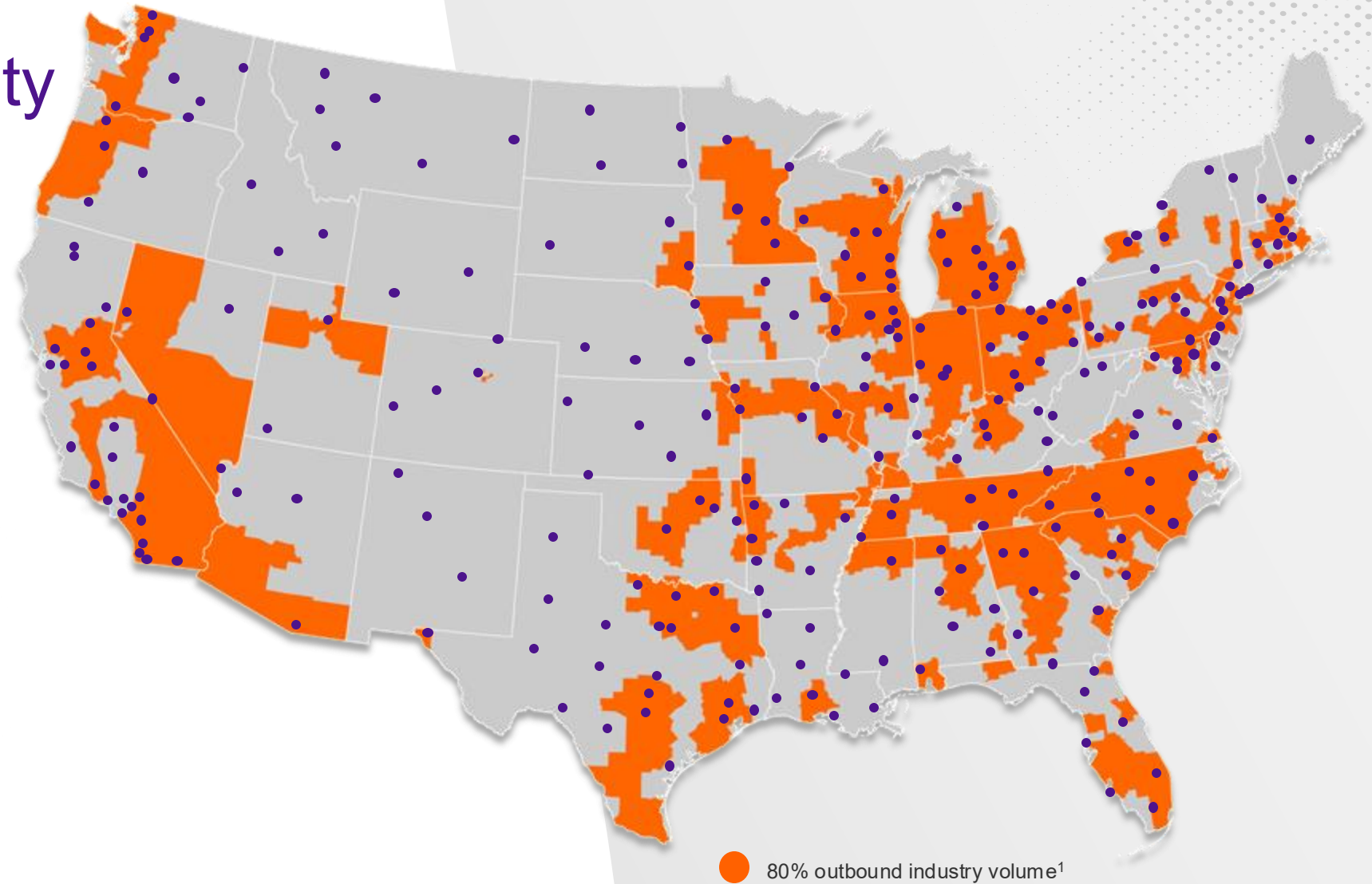
# Market-leading scale and density

- Acquisitions have driven unmatched scale
- Consolidated 39 service centers and ~1,000 doors<sup>1</sup>
- Added 9 locations and 600 doors in strategic markets<sup>1</sup>



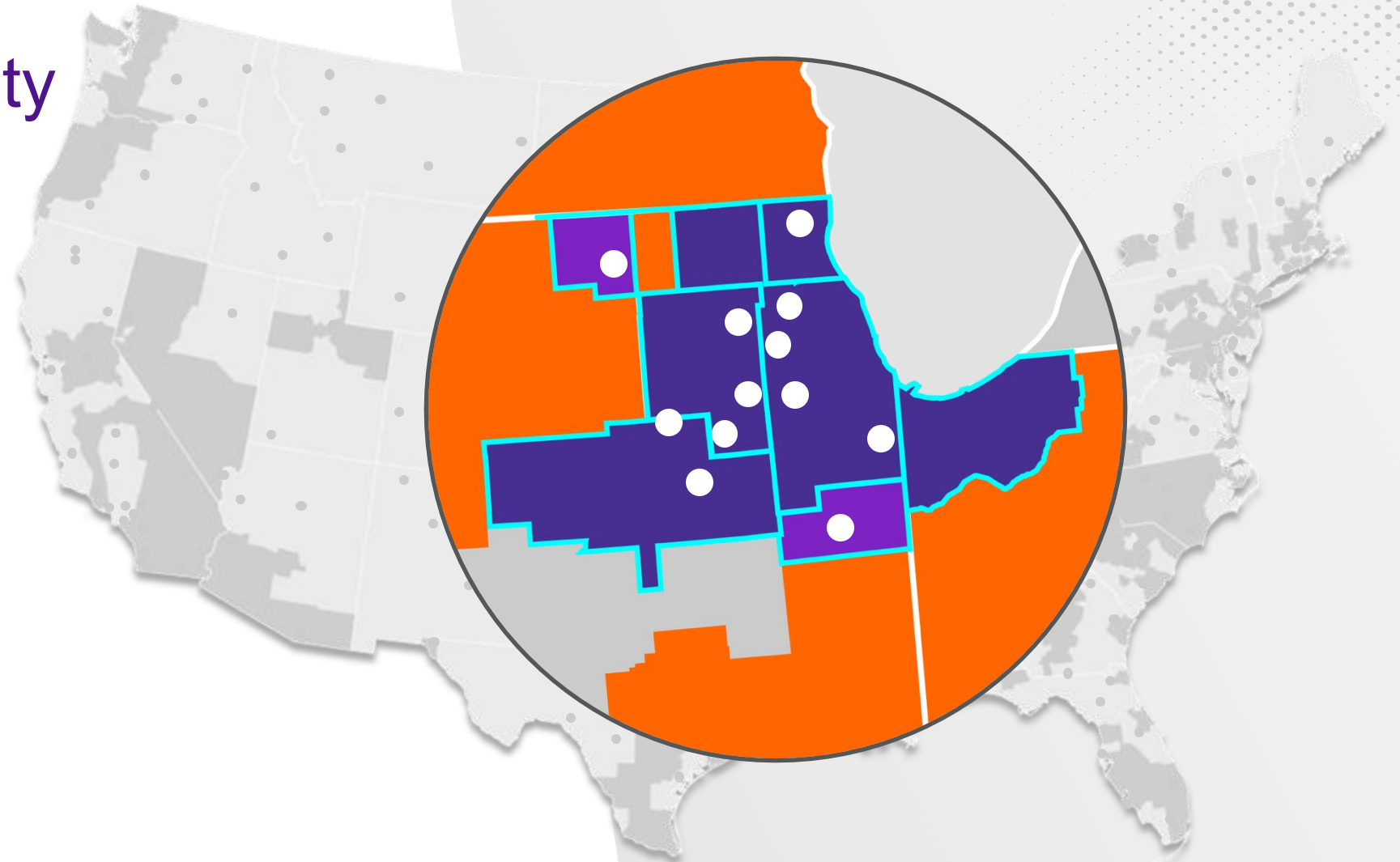
# Market-leading scale and density

- Concentrated in densest freight markets



# Market-leading scale and density

- Concentrated in densest freight markets
- **Chicago Metro Area: representative of 6% of LTL outbound volume**
  - 11 service centers
  - Nearly 1,500 doors, ~50% more than nearest competitor



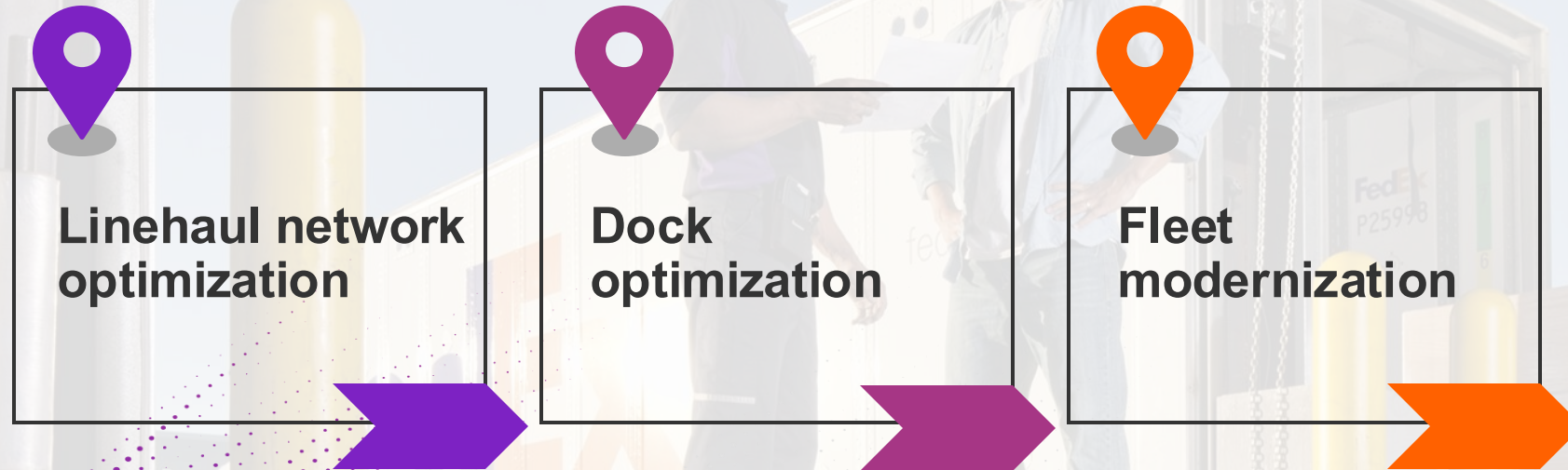
# Industry's fastest<sup>1</sup> and most reliable

- Time to destination:  
Priority (3 days) vs.  
industry (4-5 days);  
Economy (6 days)
- FedEx Freight Direct  
reaches residential
- Leveraging rail for  
cost advantage



# Further optimizing our network

Focused on lowering cost to serve and increasing efficiency



Driving the future forward through **rigor, operational excellence, and strategic investment**

# Linehaul network optimization

Structurally removed 187M (5%) linehaul miles through strategic planning over past 5 years



## Volume forecasting by origin-destination pair

- Model historical shipment flows
- Forecast volume using shipment-level data
- Incorporate seasonality and bid-cycle dynamics

## Network simulation and lane design

- Simulate forecasted flows through hub & spoke model
- Develop optimized lane flows and bin structures
- Consolidate freight

## Mode optimization (truck vs. rail)

- Utilize proprietary Linehaul Analysis Tool
- Determine most efficient mode by lane
- Align service commitments with cost efficiency

## Schedule and capacity engineering

- Assign drivers, rail schedules, and linehaul routes
- Remove unnecessary miles from the network
- Balance service reliability and asset utilization

## Tri-annual and mid-cycle adjustment process

- Adjust for volume shifts, seasonality, and market conditions
- Refine routing and mode during bid periods

# Dock optimization



**DIM-in-motion  
optimizing trailer  
utilization**

**Handling reduction  
increasing efficiency  
and speed**

**RFID technology  
enhancing  
tracking**



- ✓ ~12% higher cube utilization since last year
- ✓ Fewer touchpoints
- ✓ Increased visibility

# Fleet modernization



**Matching the right asset to the right route**

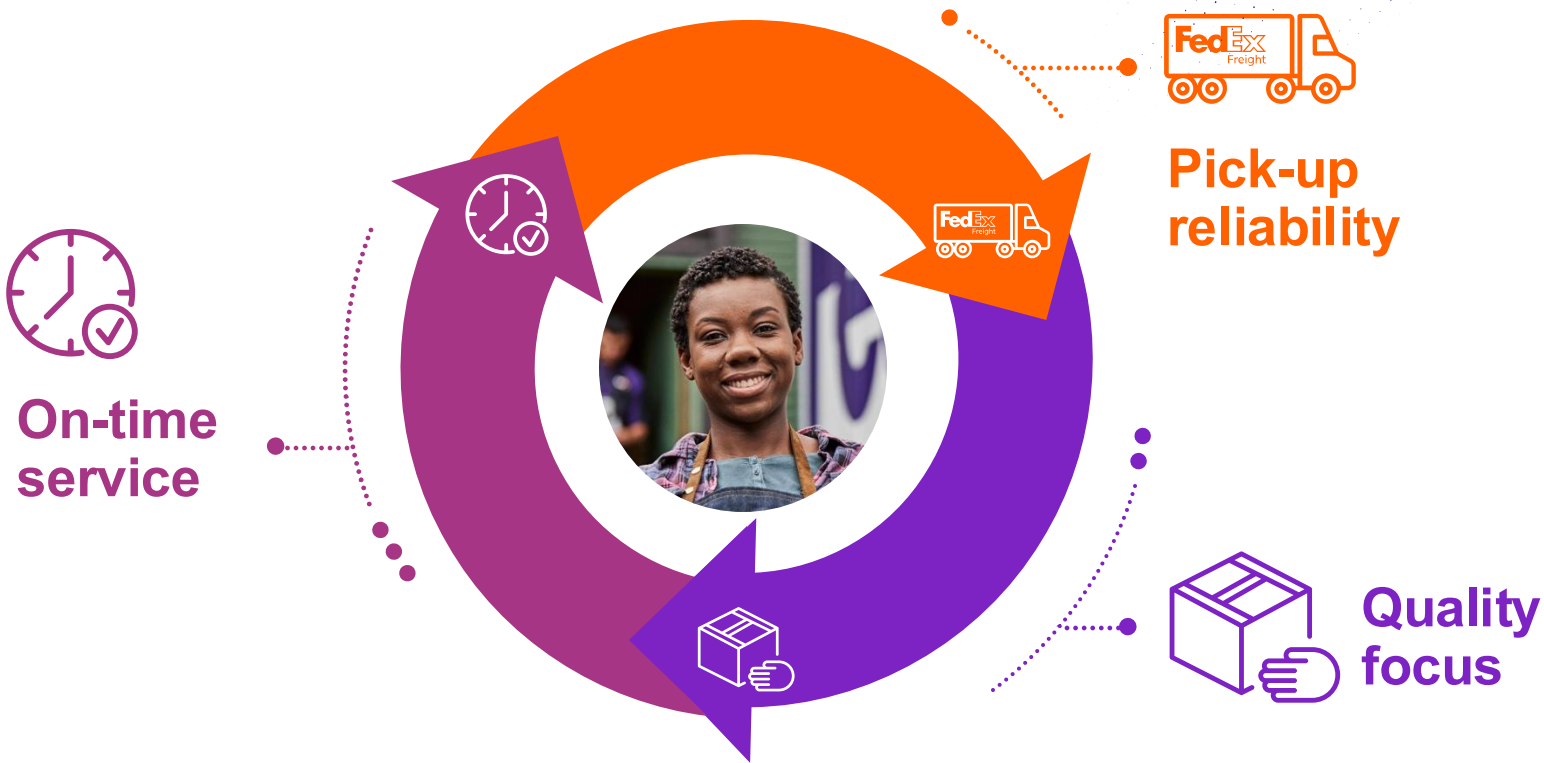
**Reduced fleet age through lifecycle management**

**Enhancing safety with new technologies**



- ✓ Lowered average age of linehaul fleet by one year since 2023
- ✓ 3% miles per gallon improvement over past two years
- ✓ Reduced accidents by 30% over past five years<sup>1</sup>

# Customer experience in focus



# ...enabled by our people, assets, and technology

## World-class team



- Best team in the industry
- Culture of collective responsibility
- Unlock advantages of physical scale

## Industry-leading fleet



- Largest fleet in North America
- Right-sized and modernized
- Lower-cost rail advantage

## Business-led technology



- Provides real-time visibility
- Optimizes routes and resource allocation
- Drives operational efficiencies

# Key takeaways

- 📍 **Positioned to win now and grow profitably**, with additional upside when market recovers
- 📍 Market-leading scale, published transit times, service, and reliability enable **long-term profitable growth**
- 📍 Further **optimizing operations to reach full potential**





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# Delivering for FedEx Freight's customers

**Mike Lyons**

Chief Specialized Services & Commercial Officer



# Unlocking FedEx Freight's value

Led by safety, driven by market-leading scale, published transit times, and service

OPTIMIZING THE NETWORK

ADVANCING TECHNOLOGY CAPABILITIES



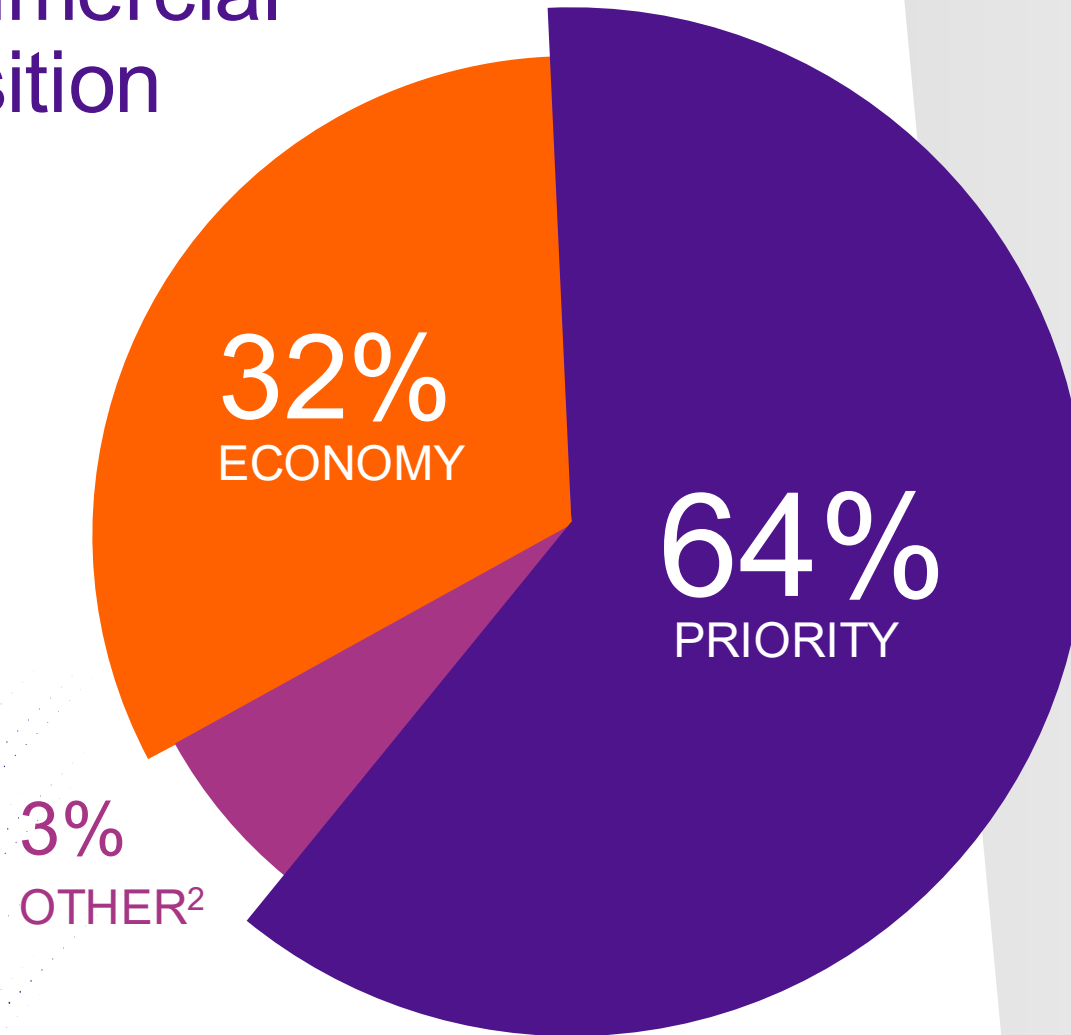
**LEADING COMMERCIAL OFFERING**

- Industry-leading salesforce
- Targeted go-to-market strategy
- Improving customer experience
- Higher-quality revenue growth

FINANCIAL VALUE CREATION

# Leading commercial value proposition

FY26E  
REVENUE BY  
OFFERING<sup>1</sup>

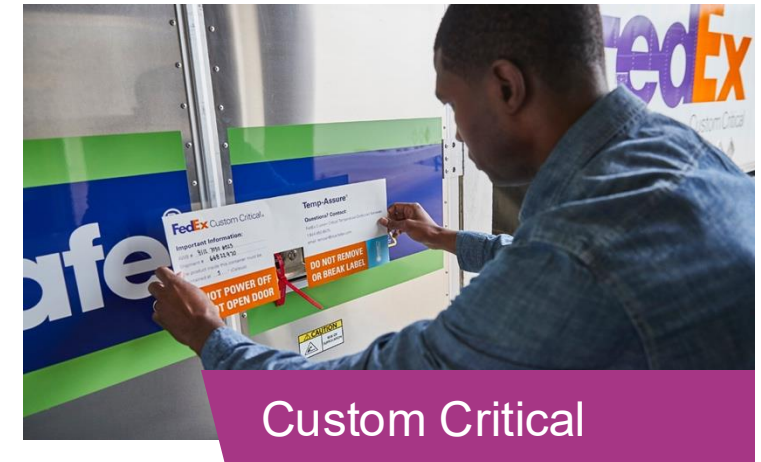


- Only provider with dual-offering – Priority and Economy
- Customers have choice between speed vs. cost
- Diversified offering proves resilient through demand environments

# Uniquely differentiated offering

Versatile multi-pronged service network offers customers the choice to trade up for speed or maximize value

## Core services



## Value-added capabilities

Volume Services

Retail Flex

Freight Direct

Priority Plus

Dimension-Based Pricing

# Long-term partner to stable, quality, and diverse customer base

**~140K**

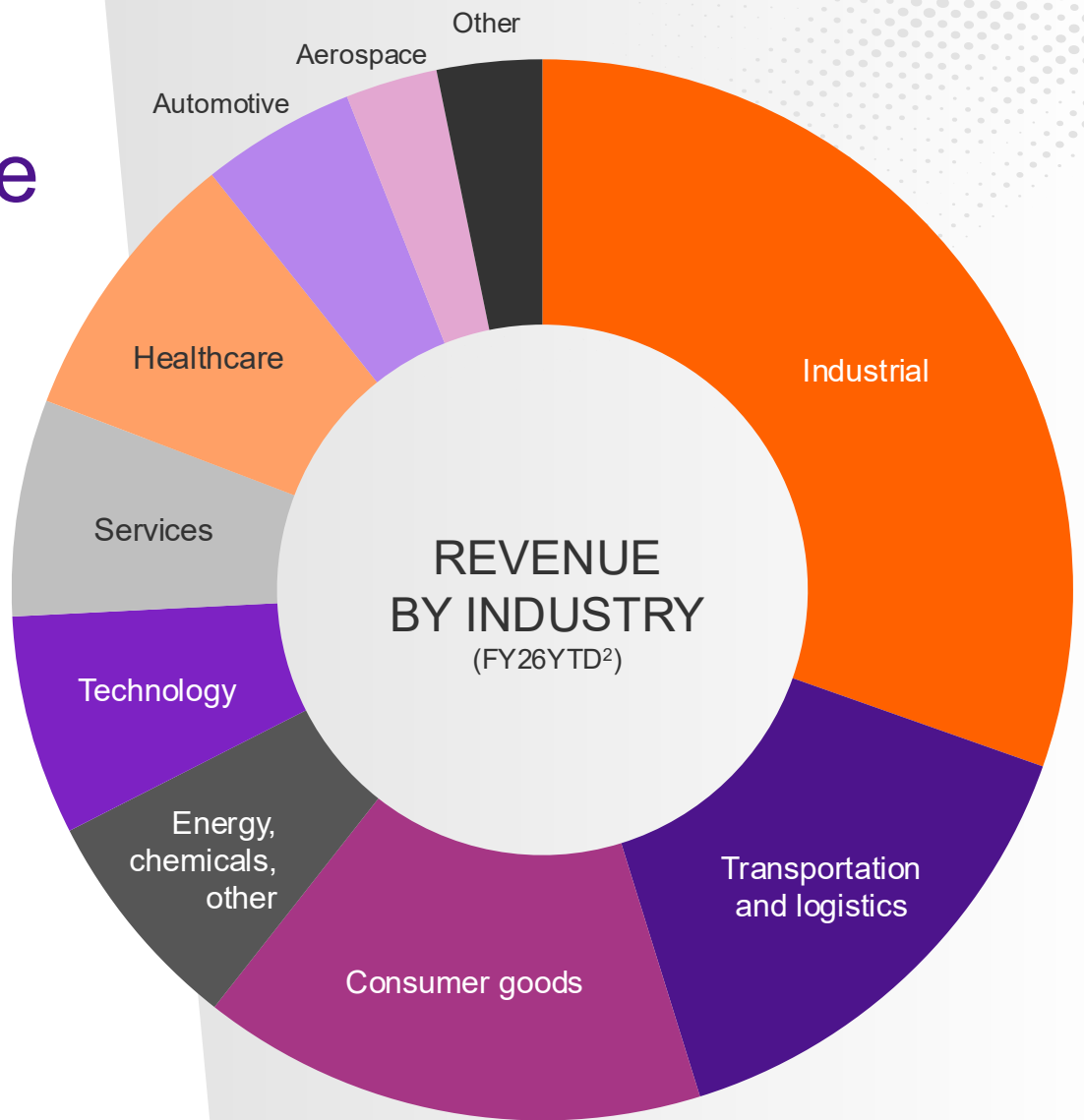
Active customers

**~17%**

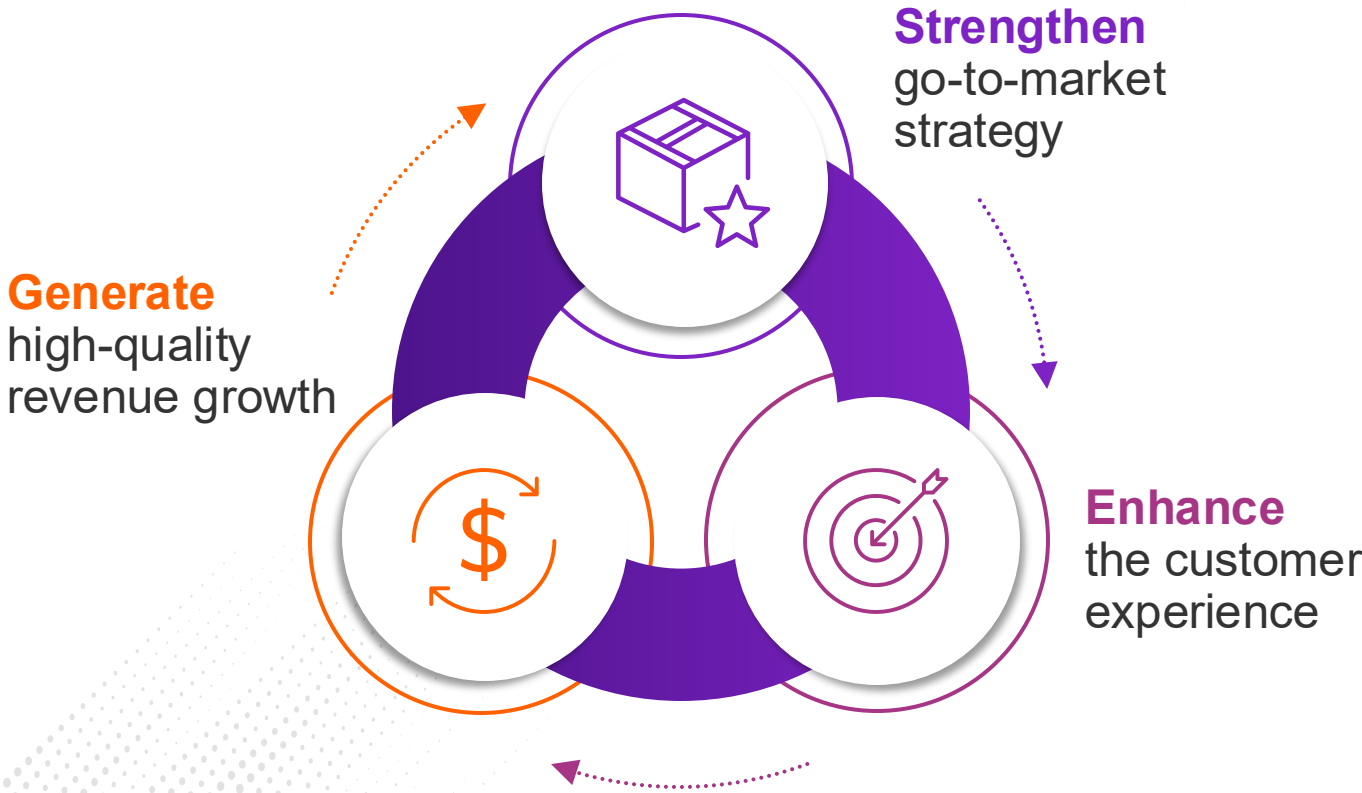
Revenue from top 25 customers (FY26YTD<sup>2</sup>)

**~90%**

Revenue from customers with tenure >10 years<sup>1</sup>



# Well-positioned to deliver for customers



# Investing in dedicated LTL salesforce

Targeted approach focused on yield management and specialized service



500+

Dedicated LTL sales team



- All bring **specialized LTL industry expertise**
- Reengineered incentives aligned with commitment to **quality revenue growth**
- **Streamlined, fit-for-LTL** Priority and Economy service set
- Enhanced offering **driving retention**

# Enhancing pricing transparency

## From

---

**Complex, lengthy contracts** that use general industry terminology

---

Pricing platform **designed for broad suite of shipping and services**

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**Elongated sales cycles** due to back-office complexity and inflexibility

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**Approaching industry standards** for quote transparency and billing cycles

## To

---

**Clear contract language** tailored to the LTL industry

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**Fit-for-LTL** pricing platform

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**Shorter sales cycles** driven by increased industry focus and simplified service offering

---

**Enhanced cost transparency** from quoting through billing cycle



Committed to improving customer outcomes and delivering revenue quality, with a focus on yield

# Streamlining the billing and invoicing process

## From

---

**Manual touch required on majority** of bills, ratings, or invoices

---

**Majority of invoices handled offshore** by vendors with limited LTL industry expertise

---

**Complex systems** built for FedEx enterprise, not unique to LTL offering

---

**Approaching industry standards** for accuracy and timeliness

## To

---

**On path to reduce manual touchpoints by 60%**, leveraging modernized technology capabilities

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**Majority of invoice resolution insourced** with some near-shore, leveraging deep LTL industry expertise

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**Simplified, fit-for-LTL systems**, leveraging modern tech capabilities to meet customer needs

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**Targeting best-in-class industry standards** for accuracy and timeliness

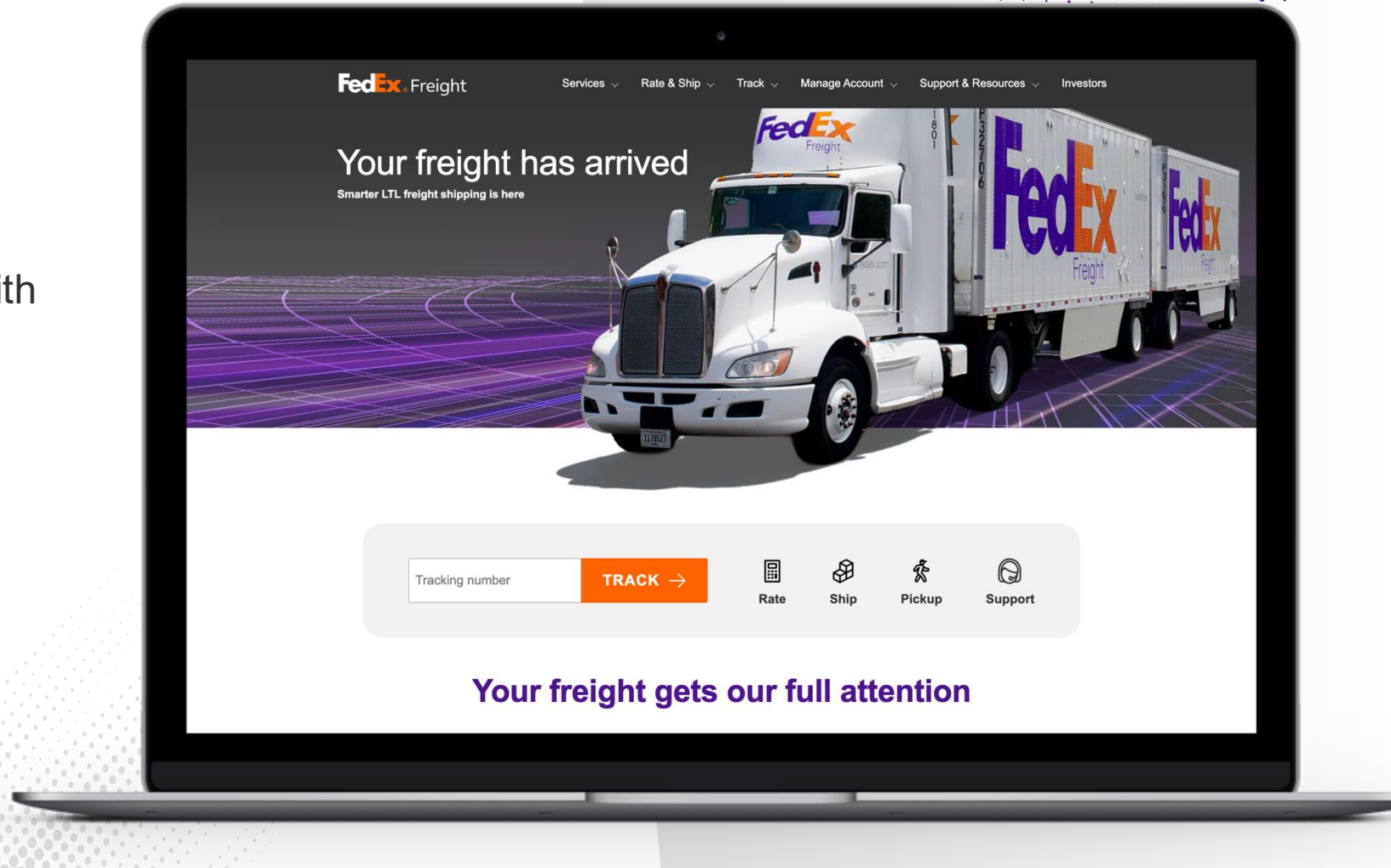


Streamlining the payment process, improving quality of invoices, and reducing administrative costs

# Improving the digital experience



- Dedicated site for FedEx Freight with improved tracking capabilities
- Launching customer service portal with enhanced support pages
- Deploying virtual assistant / live chat capability



# Raising the standard of service



- Strategically scaling premier customer support and enhancing service offering for corporate customers
- Reducing friction for customer service
- Simplifying processes and reducing complexity for customers and agents

# Targeting high-quality revenue opportunities

## SMB



Empowering high-margin small and medium business growth through reliable shipping solutions that streamline logistics and expand reach

## Healthcare



Leveraging FedEx Custom Critical to lean more heavily into ~\$6B<sup>1</sup> Healthcare, Pharma, and Life Sciences opportunity where reliability and time-definite solutions are critical

## Grocery



Growing share within ~\$1B<sup>1</sup> channel by ensuring timely, temperature-controlled delivery across the supply chain

## Data centers & energy



Expanding share within the ~\$2B<sup>1</sup> addressable market, supporting demand for infrastructure, Cloud/AI buildouts with white-glove, time-definite services

# Key takeaways

- 📍 **Deepening our leadership** in the North American LTL market
- 📍 Delivering a differentiated value proposition centered on **speed, choice, and reliability**
- 📍 **Strengthening our commercial foundation**
- 📍 Thoughtfully **elevating the customer experience**
- 📍 Maintaining a **disciplined focus on yield**



# Q&A session 1



# Q&A session #1



**John Smith**  
Incoming President  
& CEO



**Clint McCoy**  
COO



**Mike Lyons**  
CCO

# Q&A session 1





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# Reengineering the future of FedEx Freight

**Mike Rodgers**

Chief Technology Officer



# Unlocking FedEx Freight's value

Led by safety, driven by market-leading scale, published transit times, and service

OPTIMIZING THE NETWORK

LEADING COMMERCIAL OFFERING



## ADVANCING TECHNOLOGY CAPABILITIES

- Enabling operational and commercial outcomes
- Modernizing technology
- Future-proofing the business
- Scaling solutions to optimize performance

FINANCIAL VALUE CREATION

# Freight industry technology landscape

Technology powers the industry and our business



Information quality is  
as important as  
freight movement



Customers expect  
increased visibility,  
speed, and accuracy

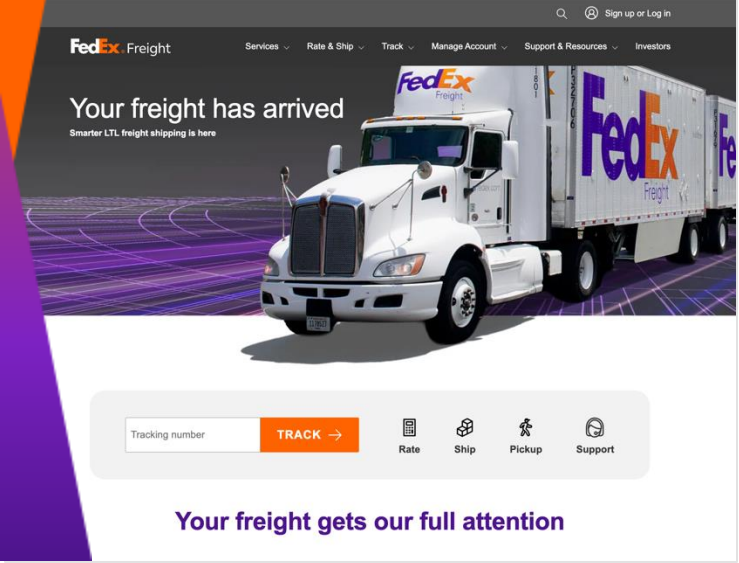


Integrated digital  
capabilities differentiate  
FedEx Freight

# Our business-led technology strategy

Designed to deliver for our customers and bring the FedEx Freight strategy to life

## Simplify



Streamline tech stack, maintain service continuity, position for spin

## Enhance



Improve customer experience by Day 1, strengthen capabilities, and modernize

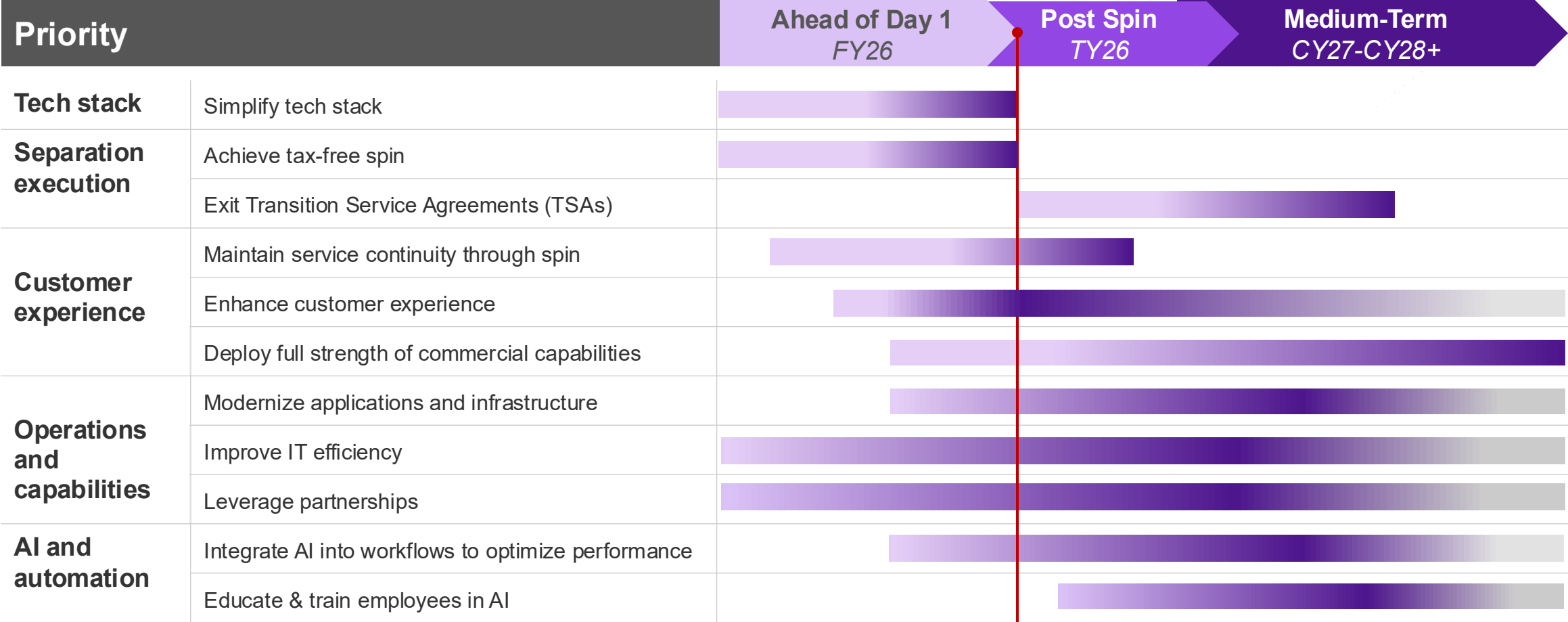
## Enable



Leverage AI and partnerships for further modernization and enable commercial and operational strategies

# Priorities through spin and beyond

## Building the future of logistics with cutting-edge technology



JUNE 1 – LISTING DAY

# Modernize tech platform and foundational capabilities

## Data-first approach

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Advancing commercial and operational strategies through clean, proprietary data

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## Modernize with intention – AI at the forefront

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Contributing to enterprise-wide focus on lowering cost to serve and supporting data-first priority

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## Strategically leverage partnerships

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Capitalizing on the experience and capabilities of our partners to accelerate strategy at scale

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## Secure-by-design as a competitive advantage

Integrating security requirements into design and development for reduced vulnerabilities and proactive security breach prevention



# Enabling the commercial strategy

## Strategy support



### Launching new, fit-for-LTL CRM<sup>1</sup>

Designed specifically for the needs of FedEx Freight's customers, ensuring all sales, service, and marketing considerations are customer-focused in one platform



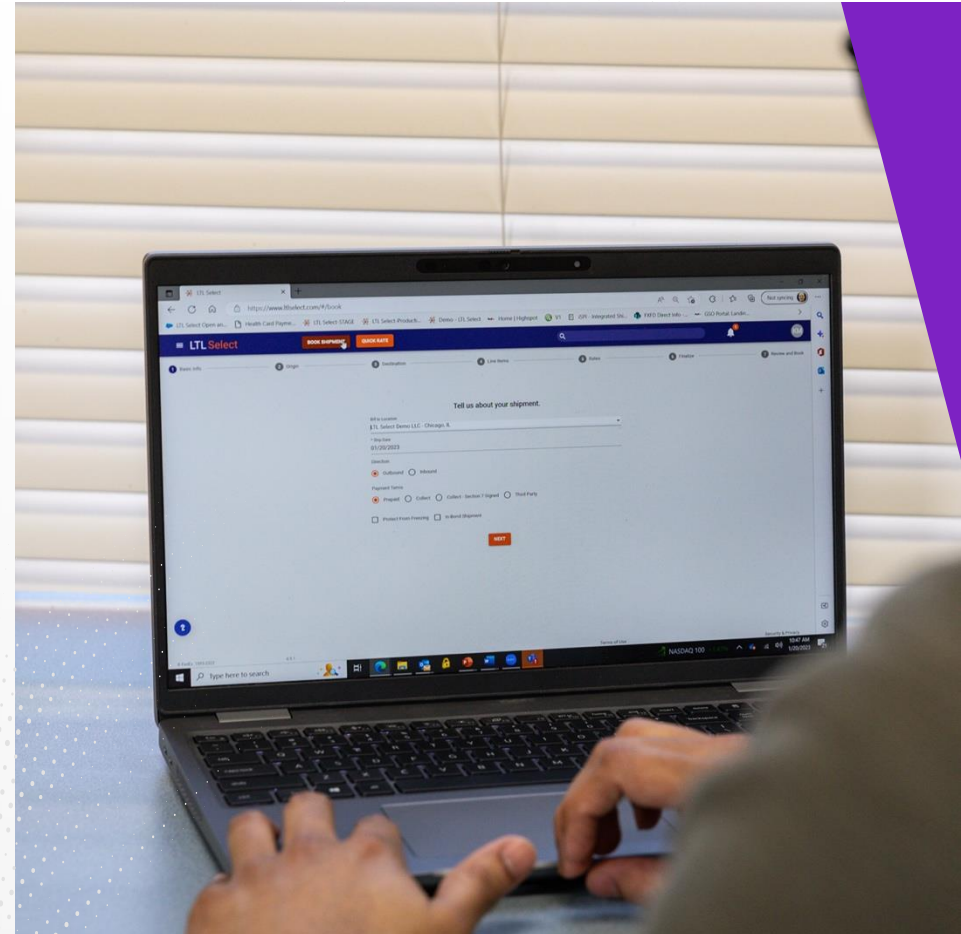
### Generating business-specific analytics

Enable more precise lead prioritization and enhanced seller insights, predicting which customers are most likely to convert



### Integrating pricing and account visibility

More streamlined, cohesive view of the customer and sales life cycle reduces seller rework



# Enabling the commercial strategy

## Frictionless transactions



### Robust pricing tool

- **Fit-for-LTL pricing platform** designed to align to industry-standard practices that reduces manual pricing; positions us to provide first-in-industry dimension-based pricing model
- **Modernized rating process** tightly integrated with pricing to reduce exceptions



### Simplified account management

- **Simplified account hierarchy** enhances pricing transparency for reduced complexity and improved customer experience
- **Streamlined invoicing process** from reduced duplicate accounts which were historically a key source of invoicing issues; enabling 60% reduction in manual touchpoints
- **Freight-focused service** offering reduces billing and invoicing complexity and improves the account management platform



# Enabling the commercial strategy

## Enhanced digital services



### Unified customer case management

Provides 360-degree view of the customer – sales, delivery, service – increases transparency, and improves issue resolution time



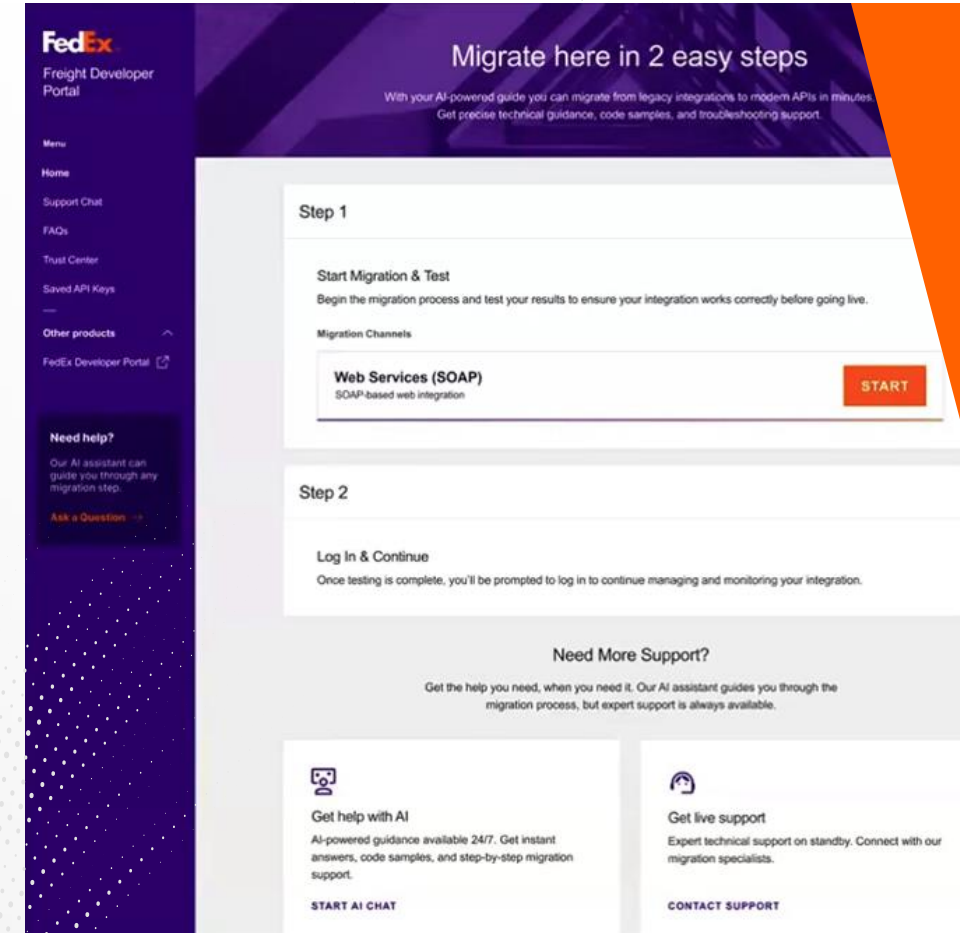
### Guided, AI-driven migration support

Leveraging AI and automation to provide customers with a self-service, guided migration and resolution experience with access to tracking, reporting, and billing



### Dedicated website

Built for LTL-purpose, with streamlined freight-specific content and navigation



# Enabling network operations

## Leveraging technology to optimize the network for greater visibility and precision

- **NOW** **Handling Unit Visibility**
  - Digital representation of every handling unit across the network  
“we know **WHERE** each handling unit is”
- **NOW** **DIM-in-Motion**
  - Automatic capture of dimensions for every handling unit across the network  
“we know the **SIZE** of each handling unit”
- **NEXT** **RFID Technology**
  - Facilitates handling unit visibility  
“we know the **JOURNEY** of each handling unit across the dock”
- **LATER** **Optimize through AI**
  - Unprecedented access to granular shipping data (time, location, size) – combined with scaling AI capabilities  
“we **continuously improve**”



### Impact

- Improved safety
- Improved cube utilization
- Increased custodial control
- Increased dock visibility
- Enhanced service reliability
- Scaled dimension-based pricing for greater accuracy
- Reduced Over, Short, and Damaged (OS&D) incidents

# Enabling network operations

## Leveraging technology to optimize the network for greater visibility and precision

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“we know the **JOURNEY** of each handling unit across the dock”
- **LATER** **Optimize through AI**
  - Unprecedented access to granular shipping data (time, location, size) – combined with scaling AI capabilities  
“we **continuously improve**”



### Impact

- Improved safety
- Improved cube utilization
- Increased custodial control
- Increased dock visibility
- Enhanced service reliability
- Scaled dimension-based pricing for greater accuracy
- Reduced Over, Short, and Damaged (OS&D) incidents

# Key takeaways

- 📍 Capturing **unique opportunity** to position new, standalone company to deliver on its strategic priorities
- 📍 **Rethinking, reimagining, and rebuilding** a fit-for-LTL technical foundation for **lower cost to serve, improved experience, and enhanced profitability**
- 📍 Leveraging critical enablers, including data, strategic partnerships, and AI to **deliver high-quality growth and unlock long-term value**





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# Financial strategy driving long-term value creation

**Marshall Witt**

Chief Financial Officer



# Unlocking FedEx Freight's value

Led by safety, driven by market-leading scale, published transit times, and service

OPTIMIZING THE NETWORK

LEADING COMMERCIAL OFFERING



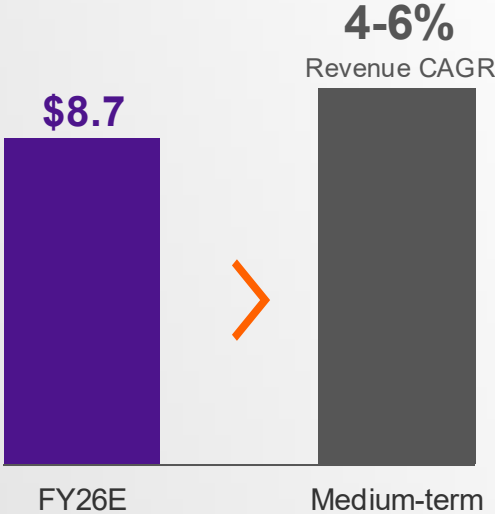
ADVANCING TECHNOLOGY CAPABILITIES

## FINANCIAL VALUE CREATION

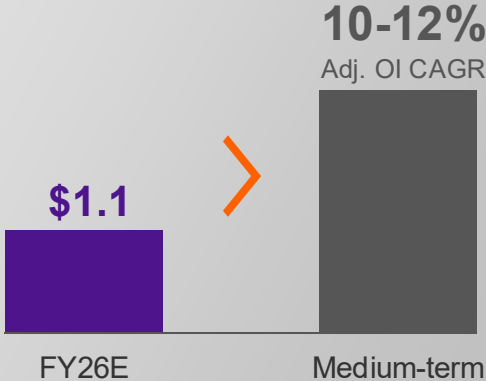
- Accelerating profitable growth
- Free cash flow durability
- Disciplined capital allocation
- Compelling value for shareholders

# Committed to high-quality growth

## REVENUE (\$B)



## ADJUSTED OPERATING INCOME (\$B)



Accelerating profitable growth by leveraging strength across four key areas...



# Delivering long-term profitable growth



Highly attractive LTL industry with growing and diverse end markets



Multi-faceted commercial initiatives to enhance revenue quality and drive growth



Tech-enabled go-to-market strategy with differentiated offerings and dedicated LTL salesforce



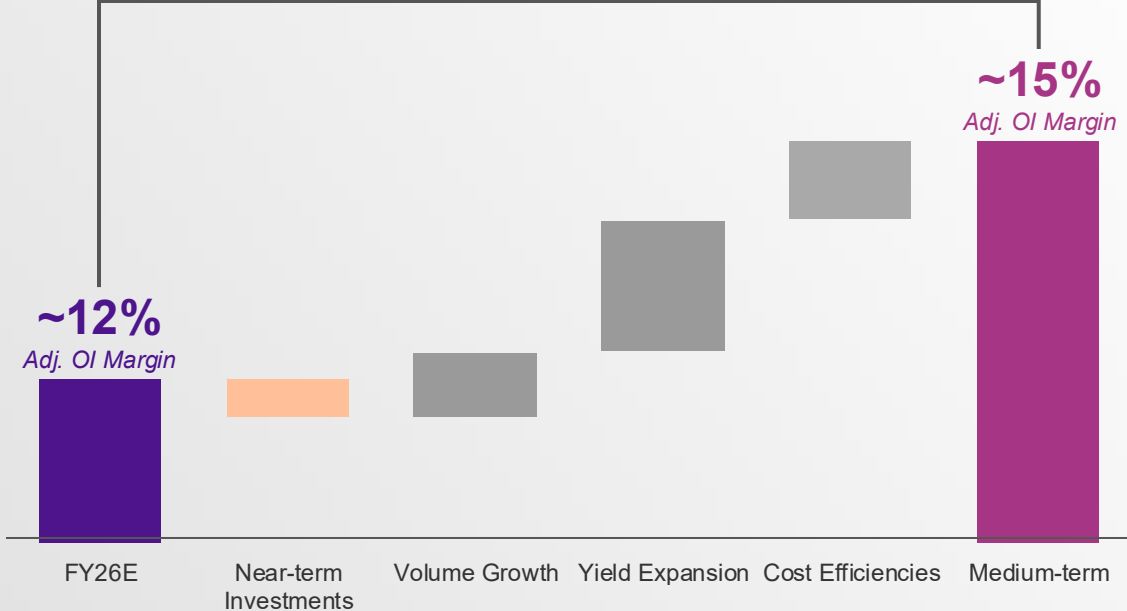
Disciplined pricing, optimized productivity, and improved cost to serve to deliver margin growth

# Driving operating leverage

## Key levers to improve operating leverage

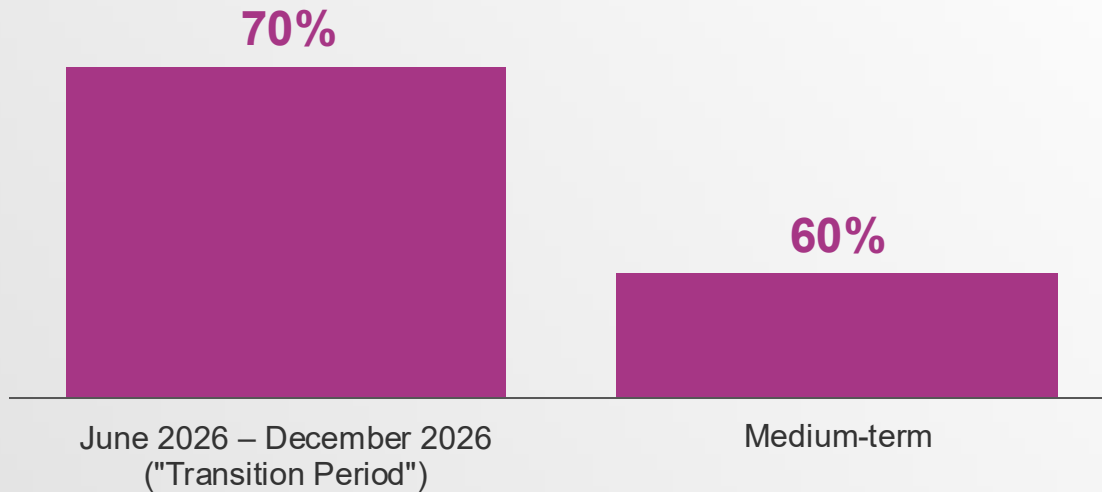
- Investments in LTL-focused capabilities, automation, and technology will drive operating leverage over time
- Enhancing customer mix through the addition of higher-yielding customers
- Focused on ongoing efficiency initiatives and improving cost to serve
- Expedite Transition Service Agreement (TSA) exits to accelerate modernization and automation initiatives

## Adjusted operating margin (%)



# Expect significant improvement in gross profit flow-through

## Functional support costs per gross profit ratio<sup>1</sup>

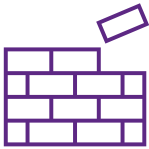


## Drivers of lower cost to serve

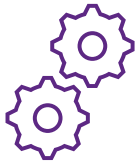
- Utilize technology-led and AI capabilities
- Simplify organizational structure and drive greater agility in decision-making
- Optimize and streamline business workflows to drive greater efficiency

# Balancing near-term dynamics

## Actions underway



**Strengthening investments in technology and salesforce**



**Improving near-term profitability through cost efficiencies**

## Considerations for transition period

(June 2026 – December 2026)



- Expect modest top-line growth
- Sequential adjusted operating margin pressure expected due to TSAs and technology investment
- Dedicated LTL salesforce hiring now complete



# Capital allocation framework

Designed to grow ROIC and generate returns above cost of capital

## FCF GENERATION

**>\$1.0B**

Expected annual FCF generated in medium-term

## FCF CONVERSION

**>90%**

Expected net income to FCF conversion in medium-term

1

### Invest in organic growth

Maintaining capex at ~5% of revenue over the medium-term

2

### Reduce outstanding debt

Gross leverage ratio expected to decrease to ~2.5x within 12 months of spin-off

3

### Maximize return of capital to shareholders

Establishing framework for solid dividends and repurchases to offset share dilution

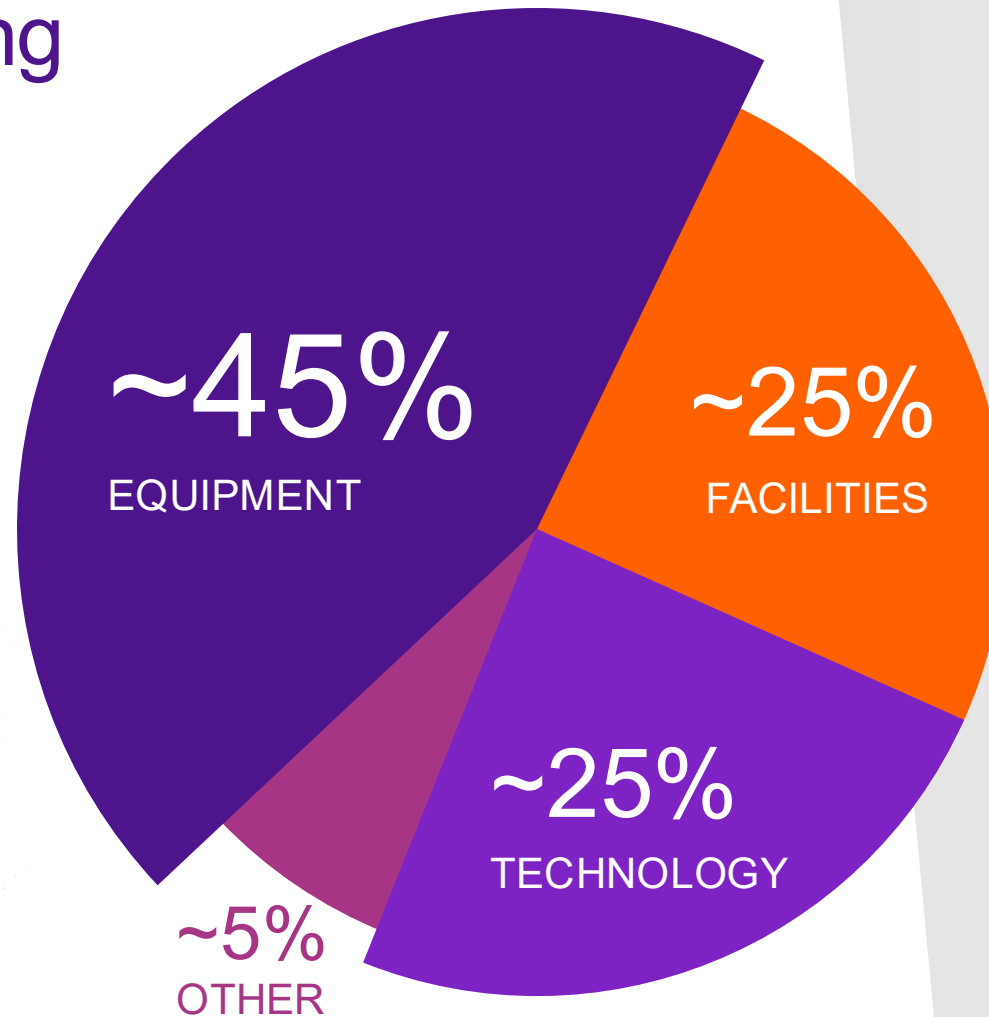
4

### Evaluate accretive M&A

Stringent M&A criteria, ensuring potential transactions drive shareholder value

# Prudent and responsible capital spending

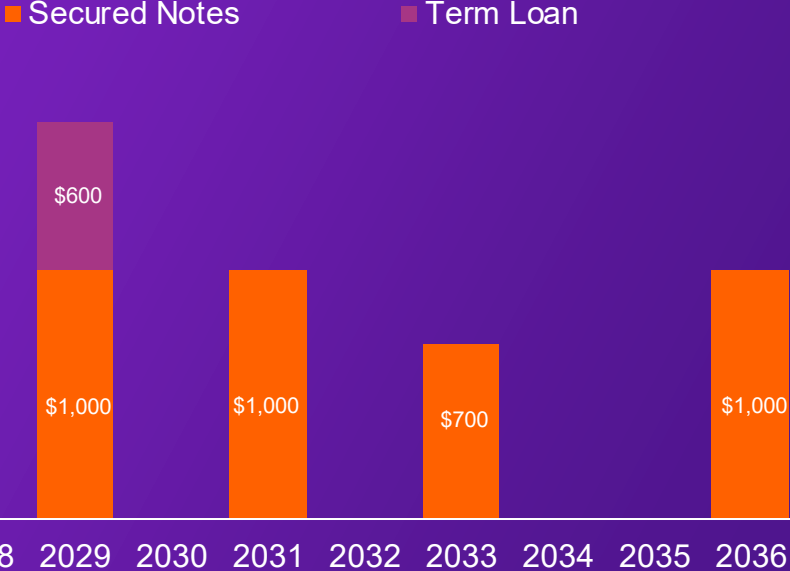
## FY26E CAPITAL EXPENDITURES



- Maintaining capex at **~5%** of revenue in medium-term
- Prioritizing **highest-return** opportunities
- Investing to **expand margins** and **reduce cost to serve**

# Strong, investment-grade balance sheet

## LONG-TERM DEBT MATURITY SCHEDULE<sup>1</sup> (\$M)



### WEIGHTED AVG. COST OF DEBT

**4.79%**

Weighted average interest rate for debt outstanding on June 1, 2026

### ANNUAL INTEREST EXPENSE

**\$180M**

Expected annual interest expense in CY26

### SIGNIFICANT LIQUIDITY

**~\$1.5B**

\$250M in cash + \$1,200M undrawn revolver on June 1, 2026

### GROSS LEVERAGE RATIO

**~2.5x**

Anticipated gross leverage ratio within 12 months after spin

# Attractive shareholder value creation model

## REVENUE GROWTH

**4-6%**

Medium-term CAGR

## ADJ. OI GROWTH

**10-12%**

Medium-term CAGR

## CAPITAL DISCIPLINE

**~5%**

Medium-term capex as % of revenue

## FCF CONVERSION

**>90%**

Medium-term expectation



# Key takeaways

- 📍 Building off a base of **durable revenue** and **strong profitability** through business cycles
- 📍 Core strategies expected to **drive consistent, reliable, and profitable growth** for FedEx Freight
- 📍 Multiple levers to **drive operating leverage, increase free cash flow generation, and lower the cost to serve**
- 📍 Prioritizing a **healthy balance sheet** and **disciplined capital allocation**
- 📍 **Financial outlook is prudent and achievable**



# Q&A session 2



# Q&A session #2



**John Smith**  
Incoming President  
& CEO



**Marshall Witt**  
CFO



**Mike Rodgers**  
CTO

# Q&A session 2





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# Closing remarks

**John Smith**

Incoming President & Chief Executive Officer



# Converting strength into sustainable outcomes

**WE HAVE**  
Structural advantage

- **Largest and fastest<sup>1</sup>** network
- **Best-in-class** service reliability
- **World-class** team

**WE ARE BUILDING**  
Industry-leading execution

- **Improving** operational efficiency
- **Leading** commercial offering
- **Advanced** technology capabilities

**WE ARE DELIVERING**  
Value creation

- **High-quality** growth
- **Improving** profitability
- **Balance sheet** strength



1. Based on published transit times.

# Thank you





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# Upcoming Key Dates



MID-APRIL 2026:	Updated Form 10, including Q3 FY26 Carveout Results
JUNE 1, 2026:	FedEx Freight Spin-Off
JUNE 23, 2026:	FedEx Corp. Q4 FY26 Earnings Call*
LATE-JUNE 2026:	FedEx Freight Investor Call
BY MID-AUGUST 2026:	Recast historical financials for FedEx Freight for CY24 and CY25
LATE-OCTOBER 2026:	FedEx Freight Earnings Call



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# Appendix

# Non-GAAP financial measures

FedEx Freight reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP or reported). The company supplements the reporting of its financial information determined in accordance with GAAP with certain non-GAAP (or adjusted) financial measures, including the medium-term outlook for FedEx Freight's adjusted operating income and adjusted operating margin growth, free cash flow generation, and net income to free cash flow conversion; and its outlook for gross debt divided by the trailing twelve month adjusted earnings before interest, taxes, depreciation, and amortization ("adjusted EBITDA") as of May 31, 2027. FedEx Freight does not provide reconciliations of its medium-term adjusted operating income, adjusted operating margin, or free cash flow outlook or adjusted EBITDA for the trailing twelve months of May 31, 2027 to the most directly comparable GAAP measures because it is unable to provide a meaningful or accurate calculation or estimation of reconciling items without unreasonable effort. 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. We present the compound annual growth rate of FedEx Freight's medium-term adjusted operating income and adjusted operating margin outlook compared to its fiscal 2026 adjusted operating income and adjusted operating margin outlook, which exclude estimated costs related to the spin-off of FedEx Freight from FedEx. Estimated costs related to the spin-off are excluded from FedEx Freight's fiscal 2026 adjusted operating income and adjusted operating margin outlook because they are unrelated to

FedEx Freight's core operating performance and to assist investors with assessing trends in its underlying businesses.

While FedEx Freight views free cash flow as cash provided by operating activities less capital expenditures, free cash flow is not defined under GAAP. Therefore, FedEx Freight's medium-term free cash flow generation and net income to free cash flow conversion outlook should not be considered a substitute for income or cash flow data prepared in accordance with GAAP and may not be comparable to similarly titled measures used by other companies. It should not be inferred that FedEx Freight's free cash flow represent amounts available for discretionary expenditures.

FedEx Freight's 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, its reported financial results. Accordingly, users of FedEx Freight's 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 SEC rules, the tables below present a reconciliation of FedEx Freight's fiscal 2026 adjusted operating income and adjusted operating margin outlook to the most directly comparable GAAP measures.

# Reconciliations of GAAP to non-GAAP financial metrics

## FY26 OUTLOOK

(\$ amounts in millions)

	Operating Income	Operating Margin
<b>GAAP Measure</b>	<b>\$600</b>	<b>6.5%</b>
Estimated spin-off costs	\$500	5.5%
<b>Non-GAAP Measure</b>	<b>1,100</b>	<b>12.0%</b>