

FEDEX CORP  
Form 10-K  
July 16, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended May 31, 2018.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 1-15829

FEDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

|                                 |                     |
|---------------------------------|---------------------|
| Delaware                        | 62-1721435          |
| (State or Other Jurisdiction of | (I.R.S. Employer    |
| Incorporation or Organization)  | Identification No.) |

|  |            |
|--|------------|
| 942 South Shady Grove Road, Memphis, Tennessee | 38120      |
| (Address of Principal Executive Offices)       | (ZIP Code) |

Registrant's telephone number, including area code: (901) 818-7500

Securities registered pursuant to Section 12(b) of the Act:

|                     |   |
|---------------------|---|
| Title of each class | Name of each exchange on which registered |
|---------------------|---|

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|  |                         |
|--|-------------------------|
| Common Stock, par value \$0.10 per share | New York Stock Exchange |
| Floating Rate Notes due 2019             | New York Stock Exchange |
| 0.500% Notes due 2020                    | New York Stock Exchange |
| 1.000% Notes due 2023                    | New York Stock Exchange |
| 1.625% Notes due 2027                    | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                   |  |                           |                         |
|-------------------------|-------------------|--|---------------------------|-------------------------|
| Large accelerated filer | Accelerated filer | Non-accelerated filer<br>(Do not check if a smaller reporting company) | Smaller reporting company | Emerging growth company |
|-------------------------|-------------------|--|---------------------------|-------------------------|

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

The aggregate market value of the common stock held by non-affiliates of the Registrant, computed by reference to the closing price as of the last business day of the Registrant's most recently completed second fiscal quarter, November 30, 2017, was approximately \$57.3 billion. The Registrant has no non-voting stock.

As of July 12, 2018, 265,924,840 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement to be delivered to stockholders in connection with the 2018 annual meeting of stockholders to be held on September 24, 2018 are incorporated by reference in response to Part III of this Report.

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EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

EX-101 CALCULATION LINK BASE DOCUMENT

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EX-101 PRESENTATION LINK BASE DOCUMENT

## PART I

### ITEM 1. BUSINESS

#### Overview

FedEx Corporation (“FedEx”) was incorporated in Delaware on October 2, 1997 to serve as the parent holding company and provide strategic direction to the FedEx portfolio of companies. FedEx provides a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating independently and managed collaboratively, under the respected FedEx brand. These companies are included in the following reportable business segments:

**FedEx Express:** Federal Express Corporation (“FedEx Express”), including TNT Express B.V. (“TNT Express”), is the world’s largest express transportation company, offering time-definite delivery to more than 220 countries and territories, connecting markets that comprise more than 99% of the world’s gross domestic product. In 2018, we reported FedEx Express and TNT Express as one segment. For further information, see the section titled “Overview of Financial Section—Description of Business” included in Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”).

**FedEx Ground:** FedEx Ground Package System, Inc. (“FedEx Ground”) is a leading North American provider of small-package ground delivery services. FedEx Ground provides low-cost, day-certain service to any business address in the U.S. and Canada, as well as residential delivery to 100% of U.S. residences through its FedEx Home Delivery service. FedEx SmartPost is a FedEx Ground service that specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages primarily using the U.S. Postal Service (“USPS”) for final delivery to residences.

**FedEx Freight:** FedEx Freight Corporation (“FedEx Freight”) is a leading U.S. provider of less-than-truckload (“LTL”) freight services across all lengths of haul, offering: FedEx Freight Priority, when speed is critical to meet a customer’s supply chain needs; and FedEx Freight Economy, when a customer can trade time for cost savings. FedEx Freight also offers freight delivery service to most points in Canada, Mexico, Puerto Rico and the U.S. Virgin Islands.

**FedEx Services:** FedEx Corporate Services, Inc. (“FedEx Services”) provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our transportation segments. The FedEx Services segment includes FedEx Office and Print Services, Inc. (“FedEx Office”), which provides document and business services and retail access to our package transportation businesses.

Effective March 1, 2018, we realigned our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks, Inc. (“FedEx Trade Networks”). The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers by creating an organization focused on serving the unique needs of this important growth driver. The new organization provides customs brokerage and global ocean and air freight forwarding through FedEx Trade Networks Transport & Brokerage, Inc. (“FedEx Trade Networks Transport & Brokerage”); cross-border enablement and technology solutions and e-commerce transportation solutions through FedEx Cross Border Technologies, Inc. (“FedEx Cross Border”); integrated supply chain management solutions through FedEx Supply Chain Distribution System, Inc. (“FedEx Supply Chain”); time-critical shipment services through FedEx Custom Critical, Inc. (“FedEx Custom Critical”); and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots, Inc. (“FedEx Forward Depots”).

FedEx Trade Networks is an operating segment that is included in “Corporate, other and eliminations” in our segment reporting. For more information about FedEx Trade Networks, please see “FedEx Trade Networks Operating Segment.”

For more information about our reportable segments, please see “Business Segments.” For financial information concerning our reportable segments, refer to the accompanying financial section, which includes management’s discussion and analysis of results of operations and financial condition and our consolidated financial statements. Prior period segment results for all of our transportation segments have been recast to conform to the current year presentation for the organizational structure changes discussed above.

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Our website is located at [fedex.com](http://fedex.com). Detailed information about our services, e-commerce tools and solutions, and citizenship efforts can be found on our website. In addition, we make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to such reports available, free of charge, through our website, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission (“SEC”). The Investor Relations page of our website, <http://investors.fedex.com>, contains a significant amount of information about FedEx, including our SEC filings and financial and other information for investors. The information that we post on our Investor Relations website could be deemed to be material information. We encourage investors, the media and others interested in FedEx to visit this website from time to time, as information is updated and new information is posted. The information on our website, however, is not incorporated by reference in, and does not form part of, this Annual Report on Form 10-K.

Except as otherwise specified, any reference to a year indicates our fiscal year ended May 31 of the year referenced. References to our transportation segments include, collectively, the FedEx Express segment, the FedEx Ground segment, and the FedEx Freight segment.

### Strategy

FedEx has developed a unique business strategy whereby our companies compete collectively, operate independently and manage collaboratively, which allows us to provide a broad portfolio of transportation, e-commerce and business services to our customers. Our companies compete collectively by standing as one brand worldwide and speaking with one voice; they operate independently by focusing on our independent networks to meet distinct customer needs; and they manage collaboratively by working together to sustain loyal relationships with our workforce, customers and investors.

Our “compete collectively, operate independently, manage collaboratively” strategy allows us to manage our business as a portfolio, in the long-term best interest of the enterprise, not a particular operating company. As a result, we base decisions on capital investment, expansion of delivery, information technology and retail networks, and service additions or enhancements upon achieving the highest overall long-term return on capital for our business as a whole. For each FedEx company, we focus on making appropriate investments in the technology and assets necessary to optimize our long-term earnings performance and cash flow. Our business strategy also provides flexibility in sizing our operating companies to align with varying macroeconomic conditions and customer demand for the market segments in which they operate, allowing us to leverage and manage change. Volatility and uncertainty have become the norms in the global transportation market, and we are able to use our flexibility to accommodate changing conditions in the global economy. To that end, we continue to modernize our aircraft fleet with more fuel efficient and lower-emission aircraft and expand and rationalize network capacity at FedEx Ground where we continue to see growing package volumes.

While our business strategy guides our operating companies to compete collectively and manage collaboratively, we continue to believe that operating independent networks, each focused on its own respective markets, results in optimal service quality and reliability from each business unit. Each FedEx company focuses exclusively on the market sectors in which it has the most expertise and can be independently enhanced and managed to provide outstanding service to our customers. Each company’s operations, cost structure and culture are designed to serve the unique customer demands of a particular market segment and as a result, we are able to adapt our networks in response to changing needs.

Our business strategy allows us to respond to our current and potential customers' evolving needs that are shaped by the following four key trends that are driving global commerce:

• **Growth of e-commerce:** E-commerce continues to be a catalyst for the other trends below and is a vital growth engine for businesses, as the internet is increasingly being used to purchase goods and services. While our residential e-commerce revenues are much smaller than our business-to-business revenues, it is the fastest growing market and requires constant innovation to make delivery to consumers more efficient. Through our global transportation and technology networks, we contribute to and benefit from the growth of e-commerce.

• **Globalization of trade:** As the world's economy has become more fully integrated, companies are sourcing and selling globally. With customers in more than 220 countries and territories, we facilitate this supply chain through our global reach, delivery services and information capabilities. Despite the recent trade tensions, we continue to believe that globalization will drive international volume growth over the long term.

• **Faster, more efficient supply chains:** Companies of all sizes continue to depend on the delivery of just-in-time inventory to help them compete. We have taken advantage of the move toward more efficient supply chains by helping customers obtain more visibility into their supply chains and near real-time information to manage inventory in motion, thereby reducing overhead and obsolescence and speeding time-to-market.

• **Influx of high-tech businesses and high-value-added goods:** High-tech and high-value-added goods have increased as a percentage of total economic output, and our various operating companies offer a unique menu of services to fit virtually all shipping needs of high-tech and high-value-added industries.

These trends have produced an unprecedented expansion of customer access — to goods, services and information. Through our global transportation, information technology and retail networks, we help to make this access possible. We believe it would be extremely difficult, costly and time-consuming to replicate our global network, which includes the world's largest all-cargo air fleet and connects more than 99% of the world's gross domestic product. We continue to position our companies to facilitate and capitalize on this access and to achieve stronger long-term growth, productivity and profitability. Three areas of focus that will allow us to accelerate performance going forward are:

• **Investment:** We continue to take advantage of market growth and meet customers' increasing demands for our services.

• **Integration:** We are building on our record of success as we integrate acquisitions we have made in recent years.

• **Innovation:** We are rapidly advancing information-technology solutions targeting efficiency and customer convenience.

In particular, in May 2016 we acquired TNT Express, which is the largest acquisition in FedEx history. This acquisition rapidly accelerates our European and global growth, substantially enhances our global footprint through TNT Express's lower-cost road networks in Europe, the Middle East and Asia, and expands our capabilities and solutions for our customers. The benefits of the integration of the FedEx Express and TNT Express businesses are extensive. For instance, we are implementing new technology and processes and optimizing the location of our facilities and stations to deliver unmatched service. We will benefit from efficiencies, improved stop densities and economies of scale facilitated by integrated pickup-and-delivery operations. Additionally, we will operate one integrated global express network, allowing us to capitalize on technology and solutions to most efficiently route parcels and freight through our integrated hub, linehaul and intercontinental air network. We also will improve the efficiency of staff functions and processes with innovative information-technology solutions, streamlined support functions, and the realization of significant sourcing savings globally. Furthermore, we will grow revenue by offering a best-in-class portfolio of services through a single sales team, with a single online customer-facing tool, and through revenue management activities focused on improved market share, yield and profitability.

The integration of FedEx Express and TNT Express is expected to be substantially completed by the end of 2020, and significant progress towards that goal was made during 2018. The integration of the two businesses generally occurs at a country level, and our leadership teams, which were put in place in 2017 and are comprised of FedEx Express and former TNT Express executives, have identified and are using three different integration models: (1) direct serve to

direct serve; (2) global service participant (FedEx Express model) or associate (TNT Express model) to direct serve; and (3) global service participant to associate or associate to global service participant. Using these models, we have begun successfully integrating the two businesses on a country-by-country basis. We will continue to refine our integration plans in response to future developments and changing conditions. For example, the integration was accelerated in light of the June 2017 cyberattack at TNT Express, and we have made additional investments to move TNT Express information technology, operations and commercial infrastructure to FedEx platforms. For further information about the cyberattack, see the section titled “Results of Operations and Outlook—Consolidated Results—Overview” included in Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”).

Operationally, we have begun a phased conversion of the intercontinental flights operated by ASL Airlines Belgium (formerly TNT Airways) to FedEx Express operations. In particular, in April 2017 we began operating a flight linking TNT Express's European air hub in Liege, Belgium to the FedEx World Hub in Memphis, Tennessee, giving TNT Express customers direct access to the portfolio of FedEx services offered in the U.S. and Canada. We also have implemented operations information technology that is foundational to the integration, including technology that allows us to handle FedEx Express packages in the TNT Express network and TNT Express packages in the FedEx Express network, and technology that allows for the management of customer inquiries across both the FedEx Express and TNT Express customer service platforms. Additionally, in 2018 we advanced intra-European road and air integration and are planning for the soft launch of a single road network in September 2018.

While the TNT Express and FedEx Express integration was a primary area of focus in 2018, we also introduced additional innovative solutions and made other important investments that benefit our customers, including:

- Entering into an agreement to place up to 500 new FedEx Office locations within select U.S. Walmart stores nationwide during 2019 and 2020. The agreement is part of the nationwide expansion of the FedEx retail channel, and we plan to open the first 50 new FedEx Office locations inside Walmart stores in time for the 2019 peak season.

- Additionally, following the announcement of a long-term alliance agreement with Walgreens Co. in 2017, FedEx package pickup-and-drop-off services are available at more than 7,500 Walgreens locations in all 50 U.S. states.

- Announcing new investments to modernize the FedEx Express World Hub in Memphis and expand the FedEx Express hub in Indianapolis as part of our continued investment in technology and operations to meet growing customer demand.

- Realigning our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks, which provides customs brokerage and global ocean and air freight forwarding; cross-border enablement and technology solutions and e-commerce transportation solutions; integrated supply chain management solutions; time-critical shipment services; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair. The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers by creating an organization focused on serving the unique needs of this important growth driver.

- Continuing our successful aircraft fleet modernization strategy, which has helped us greatly improve fuel efficiency and fleet reliability in recent years. For example, in November 2017 we entered into agreements with Textron Aviation, Inc. and ATR to purchase 50 Cessna SkyCourier 408 aircraft and 30 ATR 72-600F aircraft, with options to purchase up to 50 additional Cessna SkyCourier 408s and 20 additional ATR 72-600Fs. Additionally, in June 2018 we entered into agreements with The Boeing Company to purchase 12 Boeing 777 Freighter ("B777F") aircraft and 12 Boeing 767-300 Freighter ("B767F") aircraft. The SkyCourier 408s are expected to be delivered between 2021 and 2024, the ATR 72-600Fs are expected to be delivered between 2021 and 2026, the B777Fs are expected to be delivered between 2021 and 2025, and the B767Fs are expected to be delivered between 2020 and 2022.

- Launching FedEx Returns Technology, a comprehensive solution for returns management, which provides high-volume merchants and e-tailers complete visibility into returns, giving them an easy way to track shipments, manage inventory, analyze returns trends and make more informed decisions based on shoppers' returns behaviors.

- Continuing to make strategic investments in automation and capacity to grow our highly profitable FedEx Ground network and keep us ahead of the competition in terms of handling e-commerce growth, managing costs, and increasing safety and productivity.

- Joining the Blockchain in Transportation Alliance to explore technology applications within the logistics industry, which we believe can add value to our products, services and processes.

#### Reputation and Responsibility

By competing collectively under the FedEx brand, our operating companies benefit from one of the world's most recognized brands. FedEx is one of the most trusted and respected companies in the world, and the FedEx brand name is a powerful sales and marketing tool. Among the many reputation awards we received during 2018, FedEx ranked

9<sup>th</sup> in FORTUNE magazine's "World's Most Admired Companies" list — ~~the~~ consecutive year FedEx has ranked among the top 20 in the FORTUNE Most Admired Companies list, with 14 of those years ranking among the top 10. FedEx was also included on the Forbes/Reputation Institute 2018 "Global 100 Most Reputable Companies" list, which measures the reputations of thousands of the world's most prestigious companies, and rose 19 spots on Corporate Responsibility Magazine's "100 Best Corporate Citizens" list for 2018. Finally, in 2018 FedEx was named to Points of Light's "Civic 50" list and received the NAB Education Foundation Corporate Leadership Award.

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FedEx is well recognized as a leader, not only in the transportation industry and for technological innovation, but also in global citizenship. We understand that a sustainable global business is tied to our global citizenship, and we are committed to connecting the world responsibly and resourcefully. Our latest published update to our global citizenship report is available at <http://csr.fedex.com>. These reports describe how we think about our responsibilities in the area of global citizenship and include important goals and metrics that demonstrate our commitment to fulfilling these responsibilities.

## Our People

Along with a strong reputation among customers and the general public, FedEx is widely acknowledged as a great place to work. For example, in 2018 FedEx was named to FORTUNE magazine's list of the "100 Best Companies to Work For" in the U.S. FedEx was also included on FORTUNE magazine's "100 Best Workplaces for Millennials" list for 2018. In 2018 we showed our commitment to FedEx team members by sharing the benefits of the Tax Cuts and Jobs Act ("TCJA") with them through more than \$200 million in increased compensation by advancing 2018 annual pay increases for certain hourly team members and funding increases in performance-based incentive plans for salaried personnel. In addition, we made a voluntary contribution of \$1.5 billion to our tax-qualified U.S. domestic pension plans to ensure our retirement program remains one of the best funded programs in the country.

FedEx also supports an inclusive workplace culture and is committed to the education, recruitment, development and advancement of diverse team members worldwide, and we are recognized for our commitment to those efforts. For instance, in 2018 FedEx was named one of Black Enterprise magazine's "50 Best Companies for Diversity" as well as one of the "Best Workplaces for Diversity" by global research and consulting firm Great Place to Work and FORTUNE magazine, and also achieved a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index, designating it as a Best Place to Work for LGBTQ equality. Additionally, in 2017 FedEx was named one of "America's Top Corporations for Women's Business Enterprises" by the Women's Business Enterprise National Council. A key driver of our commitment to diversity and inclusion is the FedEx Corporate Diversity Council, in which members collaborate across the enterprise to motivate and inspire each other, share best practices and support multicultural programs within the company and communities we serve.

At FedEx, it is our people — our greatest asset — that give us our strong reputation. In addition to superior physical and information networks, FedEx has an exemplary human network, with more than 425,000 team members who are focused on safety, the highest ethical and professional standards, and the needs of their customers and communities. Consistent with this philosophy, in 2018 FedEx Express announced the creation of Purple Runway—A FedEx Pathways Program, an industry-leading pilot-development program. Additionally, through our internal Purple Promise and Humanitarian Award programs, we recognize and reward employees who enhance customer service and promote human welfare. For additional information on our people-first philosophy and workplace initiatives, see <http://csr.fedex.com>.

## Our Community

FedEx is committed to actively supporting the communities we serve worldwide through the strategic investment of our people, resources and network. We provide financial contributions, in-kind charitable shipping services and volunteer efforts by our team members to help a variety of non-profit organizations achieve their goals and make a measurable impact on the world. We have the following five core giving pillars:

- **Global Entrepreneurship:** FedEx is committed to giving women and minority entrepreneurs everywhere the tools they need to succeed.
- **Delivering for Good:** Lending our global network to organizations with mission-critical needs and our unparalleled logistics expertise to help communities heal, learn and thrive, especially in times of disaster.

**Sustainable Transportation:** Scaling solutions and investing in new ideas to improve mobility, reduce congestion, and decrease pollution in communities around the world.

**Employment Pathways:** Connecting teens and young adults in underserved populations to skills and career training that lead to greater access to jobs and opportunity, especially in the fields of technology and logistics.

**Road Safety:** Leveraging FedEx's safety expertise to reduce road crash fatalities by improving road conditions and educating drivers and pedestrians – especially child pedestrians – around the world.

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We also have the following two strategic giving areas:

• **Local Market Commitment:** Investing resources where our customers and team members live to improve public safety, education systems, economic development and quality of life.

• **Diversity & Inclusion:** Promoting inclusion, celebrating culture and history, and empowering young people from diverse backgrounds.

In 2016, FedEx announced that it will invest \$200 million in more than 200 global communities by 2020 through its global giving platform, FedEx Cares. FedEx invested over \$46 million in 2016 and over \$55 million in each of 2017 and 2018, respectively, in charitable contributions benefiting communities globally. FedEx also supports communities throughout the U.S. with an annual United Way employee giving campaign. Additionally, FedEx team members provided 111,200 volunteer hours during 2017. For additional information on our community involvement and our FedEx Cares strategy, see <http://fedexcares.com>.

## The Environment

In furtherance of our commitment to protecting the environment, in 2017 we announced a new goal to increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by calendar 2025, after achieving our previous goal of a 30% improvement five years early. We also continue with our goal to reduce aircraft emissions intensity by 30% from a 2005 baseline by calendar 2020, a goal that we increased from 20% in 2012. In 2017, we achieved a 22% reduction in aircraft emissions intensity since 2005 through a combination of our aircraft fleet modernization and operational programs. We have also established a goal of obtaining 30% of our jet fuel from alternative fuels by calendar 2030.

To reduce the cost of fuel use and associated greenhouse gas (“GHG”) emissions, we have implemented efficiencies in flight operations through our global FedEx Fuel Sense program, and we have replaced many of our older airplanes with more fuel-efficient models. These two initiatives saved more than 177 million gallons of jet fuel and avoided more than 1.7 million metric tons of CO<sub>2</sub>e emissions in 2017, over 16% more emissions avoided than 2016. We have an impressive global alternative fuel fleet with more than 2,800 alternative fuel vehicles, including hybrid, electric, compressed or liquefied natural gas, liquefied petroleum gas and hydrogen fueled vehicles. Additionally, in 2018 we placed a reservation for 20 fully electric semi trucks, which are anticipated to begin production in calendar 2019 and will be operated by FedEx Freight.

Twenty of our facilities around the world now generate renewable energy, which collectively avoided more than 12,000 metric tons of CO<sub>2</sub>e emissions in 2017. In addition, fourteen FedEx Express facilities in the U.S. have received certification in Leadership in Energy and Environmental Design (LEED®), the U.S. Green Building Council’s system for rating the environmental performance of buildings. FedEx Express has made LEED certification the standard for newly built U.S. facilities. In addition, FedEx Express also has three LEED-certified facilities outside the U.S., while FedEx Office has one LEED-certified facility and FedEx Ground has six, all of which are in the U.S. The number of FedEx Express facilities certified to the ISO 14001 environmental management system standard grew to 649 in nearly 50 countries during 2017, primarily as a result of our acquisition of TNT Express.

We also continue to evaluate the environmental impacts of our packaging and copy and print services, and minimize waste generation through efforts that include recycling and the use of copy paper with recycled content, among other environmentally responsible available choices. In 2017, over 99% of paper purchased for use by FedEx Office was Forest Stewardship Council or other third-party-certified as sustainably sourced. We also use FedEx-branded cardboard packaging at FedEx Express and FedEx Ground, which is made from almost 60% recycled content. By working closely with our suppliers in 2017, we sourced almost 3,300 more metric tons of recycled packaging than in 2016. As our business grows to meet the accelerating demands of e-commerce and other shipping needs, our waste management strategies help ensure we recycle more. In 2017, 72% of the solid waste generated in our operations was sent to recyclers. One example of our environmentally-responsible activities is the Sustainable Purchasing Leadership



Council, a U.S. nonprofit organization that supports and recognizes sustainable procurement of which we are a founding member. We continue to support the Council by participating in technical advisory groups and applying best practice guidance to our own supply chain sustainability initiatives. For additional information on the ways we are minimizing our impact on the environment, see <http://csr.fedex.com>.

#### Governance

FedEx has an independent Board of Directors committed to the highest quality corporate governance. The Board has taken significant steps to enhance its accountability to stockholders in recent years. For example, in March 2016, our Board of Directors adopted a proxy access bylaw that permits up to 20 stockholders owning 3% or more of FedEx's outstanding voting stock continuously for at least three years to nominate and include in FedEx's proxy materials director nominees constituting up to two individuals or 20% of the Board, whichever is greater, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in our Bylaws.

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Our Board of Directors periodically reviews all aspects of our governance policies and practices, including our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, in light of best practices and makes whatever changes it deems appropriate to further our longstanding commitment to the highest standards of corporate governance. The Guidelines and the Code, which apply to all of our directors, officers and employees, including our principal executive officer and senior financial officers, are available in the corporate governance section of the Investor Relations page of our website at <http://investors.fedex.com>. We will post in the Governance & Citizenship section of the Investor Relations page of our website information regarding any amendment to, or waiver from, the provisions of the Code to the extent such disclosure is required.

## Business Segments

The following describes in more detail the operations of each of our principal operating segments:

### FedEx Express Segment

#### Overview

FedEx Express invented express distribution over 45 years ago in 1973 and remains the industry leader, providing rapid, reliable, time-definite delivery of packages and freight to more than 220 countries and territories through an integrated global network. In May 2016, we acquired TNT Express, a leading international express transportation, small-package ground delivery and freight transportation company. In 2018, we reported FedEx Express and TNT Express as one segment. For further information, see the section titled “Overview of Financial Section—Description of Business” included in Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”).

FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight, connecting markets that generate more than 99% of the world’s gross domestic product through door-to-door, customs-cleared service, with a money-back guarantee. FedEx Express’s unmatched air route authorities and extensive transportation infrastructure, combined with leading-edge information technologies, make it the world’s largest express transportation company. FedEx Express employs approximately 227,000 employees (including approximately 49,000 employees at TNT Express) and has approximately 100,000 drop-off locations (including FedEx Office stores and FedEx OnSite locations, such as more than 7,500 Walgreens stores, and approximately 26,000 TNT Express drop-off locations), 670 aircraft and approximately 90,000 vehicles (including approximately 28,000 owner-operated vehicles that support TNT Express) in its integrated global network.

#### Services

FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight. All FedEx Express services are backed by a money-back guarantee. FedEx Express offers three U.S. domestic overnight package delivery services: FedEx First Overnight, FedEx Priority Overnight and FedEx Standard Overnight. FedEx SameDay service is available 365 days a year throughout all 50 states for urgent shipments up to 150 pounds. FedEx Express also offers U.S. express overnight and deferred freight services backed by a money-back guarantee to handle the needs of the time-definite freight market.

International express and deferred package delivery with a money-back guarantee is available to more than 220 countries and territories, with a variety of time-definite services to meet distinct customer needs. FedEx International Priority provides time-definite delivery typically within one, two or three business days. FedEx International Economy provides time-definite delivery typically in two to five business days. FedEx International First provides time-definite delivery to select postal codes in 20 key global markets, with delivery to select U.S. ZIP Codes as early

as 8:00 a.m. from more than 90 countries in one or two business days, delivery by 10 a.m. in one business day to Canada and by 11:00 a.m. in one business day to Mexico. FedEx Express also offers domestic pickup-and-delivery services within certain non-U.S. countries, including France, the United Kingdom, Australia, Brazil, Italy, Canada, Mexico, Poland, India, China and South Africa. In addition, FedEx Express offers comprehensive international express and deferred freight services, backed by a money-back guarantee, real-time tracking and advanced customs clearance.

We also provide FedEx Delivery Manager, which allows our U.S. residential customers to customize home deliveries to fit their schedule by providing a range of options to schedule dates, locations and times of delivery. By signing up at fedex.com, customers can receive notification of FedEx Express packages en route to their homes, and can choose various delivery options.

For information regarding FedEx Express e-shipping tools and solutions, see “FedEx Services Segment — FedEx Services — Customer-Driven Technology.”

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TNT Express provides two types of express services — Express and Economy Express. The Express services are day-definite and delivered next-day or fastest-by-air for distances for which next-day is not possible. The Economy Express services are also day-definite and are delivered fastest-by-road, except for intercontinental deliveries which depend on air. For both Express and Economy Express services, TNT Express has time-definite options for customers requiring delivery before a certain time. TNT Express also provides specialized or extremely urgent deliveries which include products such as same-day, value-added and non-standard freight services.

### International Expansion

In May 2016, we acquired TNT Express, which has express delivery operations in Europe, the Middle East and Africa, Asia-Pacific and South America. This acquisition rapidly accelerates our European and global growth, substantially enhances our global footprint through TNT Express's lower-cost road networks in Europe, the Middle East and Asia, and expands our capabilities and solutions to our customers. We are in the process of integrating TNT Express operations with the FedEx Express network, which is expected to be substantially completed by the end of 2020. For more information regarding the progress we made on the integration during 2018, see "Strategy."

In addition to the TNT Express acquisition, we made several global strategic acquisitions over the past several years, including in South Africa, Poland, Brazil and Mexico. These acquisitions give us more robust global transportation networks and added capabilities in important international markets. In recent years, we also have expanded our capabilities in the Asia-Pacific markets, including through the establishment of: our Asia-Pacific hub at the Guangzhou Baiyun International Airport in southern China, which began operations in 2009; our North Pacific regional hub at the Kansai International Airport in Osaka, Japan, which opened in April 2014 and serves as a consolidation point for shipments from northern Asia to the U.S.; and our new International Express and Cargo Hub in Shanghai, which opened in January 2018 at Shanghai's Pudong International Airport. These hubs allow us to continue to better serve our global customers doing business in the Asia-Pacific markets.

To facilitate the use of our growing international network, we offer a full range of international trade consulting services and a variety of online tools that enable customers to more easily determine and comply with international shipping requirements.

### U.S. Postal Service Agreement

In 2013, FedEx Express entered into a new seven-year agreement with the USPS under which FedEx Express provides airport-to-airport transportation of USPS First Class Mail, Priority Mail Express and Priority Mail within the United States. In February 2017, the parties entered into an amendment to the agreement whereby the initial renewal period provided in the agreement was exercised in part and the agreement's period of performance was extended through September 29, 2024. FedEx Express also provides transportation and delivery for the USPS's international delivery service called Global Express Guaranteed under a separate agreement. For more information about our relationship with the USPS, see Item 1A of this Annual Report on Form 10-K ("Risk Factors").

### Pricing

FedEx Express periodically publishes list prices for the majority of its services in its Service Guides. In general, shipping rates are based on the service selected, destination zone, weight, size, any ancillary service charge and whether the customer charged the shipment to a FedEx account. As previously announced, effective January 1, 2018, FedEx Express implemented a 4.9% average list price increase for U.S. domestic, U.S. export and U.S. import services. Effective January 22, 2018, a third-party billing surcharge is applied to FedEx Express shipments that are billed to a third party, and applicable criteria and pricing changed for packages that require additional handling or are oversized. FedEx Express also applied holiday season surcharges from November 20, 2017 through December 24,

2017 for shipments that were oversized or required additional handling.

FedEx Express has an indexed fuel surcharge for U.S. domestic and U.S. outbound shipments and for shipments originating internationally, where legally and contractually possible. FedEx Express fuel surcharges are adjusted on a weekly basis. The fuel surcharge is based on a weekly fuel price from two weeks prior to the week in which it is assessed. Some FedEx Express international fuel surcharges incorporate a timing lag of approximately six to eight weeks. The weighted-average U.S. domestic and outbound fuel surcharges for the past three years were: 2018 — 4.8%; 2017 — 2.5%; and 2016 — 1.8%. See the “Results of Operations and Outlook — Consolidated Results — Fuel” section of Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”) for a description and discussion of the net impact of fuel on our operating results.

TNT Express periodically updates list prices for the majority of its services. In general, shipping rates are based on the selected service, destination zone, (volumetric) weight, and any ancillary service charge. TNT Express offers its customers discounted prices generally based on actual or potential volumes and/or revenue. TNT Express has an indexed fuel surcharge that varies by region or country and by product. The fuel surcharge percentage is subject to monthly adjustment based upon the price of a designated fuel type.

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If a customer has requirements that fall outside of TNT Express's standard service levels, but are acceptable under its standard operating procedures, TNT Express will provide the service with an additional charge to cover the additional costs incurred. For instance, collections and deliveries in certain remote and less accessible locations will incur an out-of-area charge.

## Operations

FedEx Express's primary sorting facility, located in Memphis, serves as the center of the company's multiple hub-and-spoke system. A second national hub facility is located in Indianapolis. Over multiple years, we will be investing over \$1.5 billion to significantly expand the Indianapolis hub and over \$1 billion to modernize the Memphis World Hub. In addition to these national hubs, FedEx Express operates regional hubs in Fort Worth, Newark, Oakland and Greensboro and major metropolitan sorting facilities in Chicago and Los Angeles.

Facilities in Anchorage, Paris, Cologne/Bonn, Guangzhou and Osaka serve as sorting facilities for express package and freight traffic moving to and from Asia, Europe and North America. Additional major sorting and freight handling facilities are located at Narita Airport in Tokyo, Stansted Airport outside London and Pearson Airport in Toronto. The facilities in Paris, Cologne/Bonn, Guangzhou and Osaka are also designed to serve as regional hubs for their respective market areas. A facility in Miami — the Miami Gateway Hub — serves our South Florida, Latin American and Caribbean markets.

Throughout its worldwide network, FedEx Express operates city stations and employs a staff of customer service agents, cargo handlers and couriers who pick up and deliver shipments in the station's service area. In some international areas, independent agents ("Global Service Participants") have been selected to complete deliveries and to pick up packages. TNT Express also relies upon subcontractors and agents to conduct its pickup-and-delivery and linehaul operations. For more information about our sorting and handling facilities, see Part I, Item 2 of this Annual Report on Form 10-K ("Properties") under the caption "FedEx Express Segment."

FedEx Office offers retail access to FedEx Express shipping services at all of its retail locations. FedEx Express also has alliances with certain other retailers to provide in-store drop-off sites, including at more than 7,500 Walgreens stores. Our unmanned FedEx Drop Boxes provide customers the opportunity to drop off packages in office buildings, shopping centers and corporate or industrial parks.

Services are delivered by TNT Express through a combination of physical infrastructures such as hubs, depots and vehicles, and electronic infrastructures such as track-and-trace systems. TNT Express operates road networks in Europe, the Middle East, Asia, Australia and South America. TNT Express's unique European road network connects more than 40 countries through 19 road hubs and over 540 depots.

As a condition precedent to its acquisition by FedEx, TNT Express sold its two airlines, TNT Airways and Pan Air Líneas Aéreas, to ASL Aviation Group, as European regulations prohibit foreign ownership of European-based airlines. TNT Express and ASL Aviation Group entered into a multi-year service agreement to operate certain flights for the FedEx-TNT Express combination. The airline operates primarily out of TNT Express's central air hub in Liege, Belgium. In April 2017, FedEx Express began operating a flight linking TNT Express's European air hub in Liege, Belgium to the FedEx World Hub in Memphis, Tennessee, giving TNT Express customers direct access to the portfolio of FedEx services offered in the U.S. and Canada.

## Fuel Supplies and Costs

During 2018, FedEx Express purchased jet fuel from various suppliers under contracts that vary in length and which provide for estimated amounts of fuel to be delivered. The fuel represented by these contracts is purchased at market

prices. Because of our indexed fuel surcharge, we do not have any jet fuel hedging contracts. See “Pricing” above.

The following table sets forth FedEx Express’s costs for jet fuel and its percentage of FedEx Corporation consolidated revenues for the last five fiscal years:

|             | Total Jet |               |   |
|-------------|-----------|---------------|---|
|             | Fuel Cost | Percentage of |   |
|             |           | Consolidated  |   |
|             | (in       | Revenues      |   |
| Fiscal Year | millions) |               |   |
| 2018        | \$ 2,332  | 3.6           | % |
| 2017        | 1,855     | 3.1           |   |
| 2016        | 1,726     | 3.4           |   |
| 2015        | 2,816     | 5.9           |   |
| 2014        | 3,506     | 7.7           |   |

Most of FedEx Express’s vehicle fuel needs are satisfied by retail purchases with various discounts.

## Competition

As described in Item 1A of this Annual Report on Form 10-K (“Risk Factors”), the express package and freight markets are both highly competitive and sensitive to price and service, especially in periods of little or no macroeconomic growth. The ability to compete effectively depends upon price, frequency, capacity and speed of scheduled service, ability to track packages, extent of geographic coverage, reliability, innovative service offerings and the fit within the customer’s overall supply chain.

Competitors within the U.S. include other package delivery concerns, principally United Parcel Service, Inc. (“UPS”), passenger airlines offering express package services, regional delivery companies, air freight forwarders and the USPS. FedEx Express’s and TNT Express’s principal international competitors are DHL, UPS, DPD (a subsidiary of France’s La Poste’s GeoPost), General Logistics Systems (a Royal Mail-owned parcel delivery group), foreign postal authorities, passenger airlines and all-cargo airlines. We also compete with startup companies that combine technology with crowdsourcing to focus on local market needs. In addition, some high volume package shippers, such as Amazon.com, are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, and may become competitors. Many of FedEx Express’s international competitors are government-owned, -controlled or -subsidized carriers, which may have greater resources, lower costs, less profit sensitivity and more favorable operating conditions than FedEx Express.

## Employees

David L. Cunningham, Jr. is the President and Chief Executive Officer of FedEx Express, which is headquartered in Memphis, Tennessee. As of May 31, 2018, FedEx Express employed approximately 166,000 permanent full-time and approximately 61,000 permanent part-time employees (including approximately 41,000 permanent full-time employees and approximately 8,000 permanent part-time employees at TNT Express). Including the employees of TNT Express, FedEx Express’s international employees represent approximately 52% of all employees.

The pilots at FedEx Express, who are a small number of its total employees, are represented by the Air Line Pilots Association, International (“ALPA”) and are employed under a collective bargaining agreement that took effect on November 2, 2015. The collective bargaining agreement is scheduled to become amendable in November 2021. In addition to our pilots at FedEx Express, certain of FedEx Express’s non-U.S. employees are unionized.

Attempts by other labor organizations to organize certain other groups of FedEx Express employees occur from time to time. Although these organizing attempts have not resulted in any certification of a U.S. domestic collective bargaining representative of FedEx Express employees (other than ALPA), we cannot predict the outcome of these labor activities or their effect, if any, on FedEx Express or its employees. FedEx Express believes its employee relations are excellent.

## FedEx Ground Segment

### Overview

By leveraging the FedEx brand, maintaining a low cost structure and efficiently using information technology and advanced automation systems, FedEx Ground continues to enhance its competitive position as a leading provider of business and residential money-back guaranteed ground package delivery services. FedEx Ground serves customers in the North American small-package market, focusing on business and residential delivery of packages weighing up to 150 pounds. Ground service is provided to 100% of the continental U.S. population and overnight service of up to 400 miles to nearly 100% of the continental U.S. population. Service is also provided to nearly 100% of the Canadian population. In addition, FedEx Ground offers service to Alaska and Hawaii through a ground and air network



operation coordinated with other transportation providers.

FedEx Ground continues to improve the speed, reach and service capabilities of its network, by reducing transit time for many of its lanes and introducing or expanding overnight ground service in many metropolitan areas. FedEx Ground's network expansion program has substantially increased the company's daily pickup capacity through the addition of new hubs featuring the latest automated sorting technology, the expansion of existing hubs and the expansion or relocation of other existing facilities.

The company offers our FedEx Home Delivery service, which reaches 100% of U.S. residences. FedEx Home Delivery is dedicated to meeting the delivery needs of residential customers and provides routine Saturday and evening delivery and premium options such as day-specific, appointment and signature delivery. FedEx Home Delivery brings unmatched services to residential shippers and their customers and is the first residential ground package delivery service to have offered a money-back guarantee. The FedEx SmartPost service specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages primarily using the USPS for final delivery to any residential address or PO Box in the U.S. and is an important component of our FedEx Ground service offerings.

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Additionally, FedEx Delivery Manager allows our U.S. residential customers to customize home deliveries to fit their schedule by providing a range of options to schedule dates, locations and times of delivery. By signing up at [fedex.com](http://fedex.com), customers can receive notification of FedEx Ground packages en route to their homes and can choose various delivery options.

## Pricing

FedEx Ground periodically publishes list prices for the majority of its services in its Service Guide. In general, U.S. shipping rates are based on the service selected, destination zone, weight, size, any ancillary service charge and whether the customer charged the shipment to a FedEx account. As previously announced, effective January 1, 2018, FedEx Ground and FedEx Home Delivery average list prices increased by an average of 4.9%. Effective January 22, 2018, (i) a third-party billing surcharge is applied to FedEx Ground shipments that are billed to a third party, (ii) applicable criteria and pricing changed for packages that require additional handling, are oversized, or are unauthorized, (iii) dimensional weight pricing applies to the majority of FedEx SmartPost shipments, and (iv) the dimension criteria for the FedEx SmartPost non-machinable surcharge changed. FedEx Ground also applied holiday season surcharges from November 20, 2017 through December 24, 2017 for shipments that were oversized, unauthorized, or required additional handling.

FedEx Ground has an indexed fuel surcharge, which is adjusted on a weekly basis. The fuel surcharge is based on a weekly fuel price from two weeks prior to the week in which it is assessed. See the “Results of Operations and Outlook — Consolidated Results — Fuel” section of Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”) for a description and discussion of the net impact of fuel on our operating results.

## Operations

FedEx Ground operates a multiple hub-and-spoke sorting and distribution system consisting of 601 facilities, including 37 hubs, in the U.S. and Canada. FedEx Ground conducts its operations primarily with approximately 62,000 owner-operated vehicles. To provide FedEx Home Delivery service and FedEx SmartPost Service, FedEx Ground leverages its pickup operation and hub and linehaul network.

Advanced automated sorting technology is used to streamline the handling of millions of packages daily. Using overhead laser and six-sided camera-based bar code scan technology, hub conveyors electronically guide packages to their appropriate destination chute, where they are loaded for transport to their respective destination terminals for local delivery. Software systems and internet-based applications are also deployed to offer customers new ways to connect internal package data with external delivery information. FedEx Ground provides shipment tracing and proof-of-delivery signature functionality through the FedEx website, [fedex.com](http://fedex.com). For additional information regarding FedEx Ground e-shipping tools and solutions, see “FedEx Services Segment — FedEx Services — Customer-Driven Technology.”

FedEx Office offers retail access to FedEx Ground shipping services at all of its retail locations. FedEx Ground is also available as a service option at all FedEx Authorized ShipCenters and other FedEx OnSite locations, including at more than 7,500 Walgreens stores, located in the U.S.

As of May 31, 2018, FedEx Ground employed approximately 26,000 permanent full-time and approximately 71,000 permanent part-time employees. In addition, FedEx Ground relies on independent small businesses to conduct its linehaul and pickup-and-delivery operations, as the use of independent contractors is well suited to the needs of the ground delivery business and its customers. Henry J. Maier is the President and Chief Executive Officer of FedEx Ground. FedEx Ground is headquartered in the Pittsburgh, Pennsylvania area, and its primary competitors are UPS,

the USPS and regional delivery carriers. We also compete with startup companies that combine technology with crowdsourcing to focus on local market needs. In addition, some high volume package shippers, such as Amazon.com, are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, and may become competitors.

#### Independent Contractor Model

FedEx Ground is involved in lawsuits and administrative proceedings where the classification of its independent contractors is at issue. In addition, we are defending joint-employer cases where it is alleged that FedEx Ground should be treated as an employer of the drivers employed by owner-operators engaged by FedEx Ground. These cases are in varying stages of litigation. We will continue to vigorously defend ourselves in these proceedings and continue to believe that owner-operators engaged by FedEx Ground are properly classified as independent contractors and that FedEx Ground is not an employer or joint employer of the drivers of these independent contractors. For a description of these proceedings, see Item 1A of this Annual Report on Form 10-K (“Risk Factors”) and Note 18 of the accompanying consolidated financial statements.

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FedEx Ground previously announced plans to implement the Independent Service Provider (“ISP”) model throughout its entire U.S. pickup-and-delivery network. The transition to the ISP model is being accomplished on a district-by-district basis and we are now targeting the transition to be completed during the second quarter of 2020. As of May 31, 2018, over 60% of FedEx Ground volume was being delivered by small businesses operating under the ISP model. The costs associated with these transitions will be recognized in the periods incurred and are not expected to be material to any future quarter.

#### FedEx Freight Segment

FedEx Freight is a leading U.S. provider of LTL freight services, offering choice, simplicity and reliability to meet the needs of LTL shippers — FedEx Freight Priority, when speed is critical to meet supply chain needs, and FedEx Freight Economy, when time can be traded for cost savings. Through one comprehensive network of service centers and advanced information systems, FedEx Freight provides service to virtually every U.S. ZIP Code (including Alaska and Hawaii) with industry-leading transit times. FedEx Freight Priority, which has the fastest published transit times of any nationwide LTL service, offers a no-fee money-back guarantee on eligible shipments. Internationally, FedEx Freight Canada offers FedEx Freight Priority service, serving most points in Canada, as well as FedEx Freight Priority and FedEx Freight Economy service between Canada and the U.S. In addition, FedEx Freight serves Mexico, Puerto Rico and the U.S. Virgin Islands via alliances.

Through its many service offerings, FedEx Freight can match customers’ time-critical needs with industry-leading transit times. With the expansion of FedEx electronic solutions, LTL shippers have the convenience of a single shipping and tracking solution for FedEx Freight, FedEx Express and FedEx Ground. These solutions make freight shipping easier and provide customers easy access to their account information. The FedEx Freight Advance Notice feature available on FedEx Freight Priority shipments uses the company’s innovative technology systems to proactively notify FedEx Freight customers via the internet, e-mail or fax when a shipment may be delayed beyond its estimated delivery date, providing customers with greater visibility and control of their LTL freight shipments. Customers can also process cross-border LTL shipments to and from Canada and Mexico, as well as intra-Canada and -Mexico shipments, through FedEx Ship Manager at fedex.com, FedEx Ship Manager Software, FedEx Ship Manager Server and FedEx Web Services. Additionally, FedEx Freight A.M. Delivery offers freight delivery by 10:30 a.m. within and between the U.S. and Canada, backed by a money-back guarantee.

In 2016, FedEx Freight introduced the FedEx Freight box, which makes transporting LTL shipments simple with improved flexibility, increased security, better shipment integrity and no freight classification. The FedEx Freight box comes in two sizes: a standard freight box that requires a pallet to ship and a smaller freight box with an integrated pallet. The ability to choose between freight boxes makes freight shipping accessible to any business. With a distance-based pricing structure, the FedEx Freight box allows customers to ship LTL with flat rates. The FedEx Freight box was initially introduced into selected markets during the second half of 2016, and was subsequently rolled out to customers nationwide in June 2016.

FedEx Freight has an indexed fuel surcharge, which is subject to weekly adjustment based on the national U.S. on-highway average price for a gallon of diesel fuel. As previously announced, effective January 1, 2018, FedEx Freight implemented a 4.9% average increase in certain U.S. and other shipping rates.

As of May 31, 2018, the FedEx Freight segment was operating approximately 27,000 vehicles from a network of 370 service centers and had approximately 44,000 employees. Michael L. Ducker is the President and Chief Executive Officer of FedEx Freight, which is based in Memphis, Tennessee. Mr. Ducker will retire effective August 15, 2018 and be succeeded by John A. Smith, who currently serves as President and Chief Executive Officer — Select at FedEx Freight. FedEx Freight’s primary competitors are YRC Worldwide Inc. (which includes YRC Regional Transportation and YRC Freight), XPO Logistics, Inc., UPS Freight, Old Dominion Freight Line, Inc. and ABF Freight (an ArcBest

company).

In 2014 and 2015, the International Brotherhood of Teamsters (“Teamsters”) petitioned for National Labor Relations Board (“NLRB”) elections at sixteen FedEx Freight facilities. The Teamsters lost the vote or withdrew the petition prior to the election at twelve facilities and won the vote at four facilities. To date, at three of the four FedEx Freight facilities that originally voted for Teamster representation, the Teamsters have either been decertified by employee vote or voluntarily withdrawn as bargaining representative. We are currently bargaining with the union at the other facility. No new petitions for elections were filed in 2018.

#### FedEx Services Segment

##### FedEx Services

FedEx Services provides our other companies with sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain other back-office support. Through FedEx Services, we provide a convenient single point of access for many customer support functions, enabling us to more effectively sell the entire portfolio of transportation services and to help ensure a consistent and outstanding experience for our customers.

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David J. Bronczek and Robert B. Carter each serve as the Co-President and Co-Chief Executive Officer of FedEx Services, which is based in Memphis, Tennessee. As of May 31, 2018, the FedEx Services segment had approximately 30,000 employees (including approximately 14,000 at FedEx Office).

### Customer-Driven Technology

FedEx is a world leader in technology, and FedEx founder Frederick W. Smith's vision that "the information about a package is as important as the delivery of the package itself" remains at the core of our comprehensive technology strategy. In fact, in May 2016 FedEx ranked No. 1 in the first-ever InformationWeek Elite 100 Decade Award category, recognizing the 10 companies that have ranked the highest on average in the InformationWeek Elite 100, a compilation of the top business technology innovators in the U.S. over the prior 10 years. FedEx ranked No. 5 overall on the 2016 InformationWeek Elite 100 list. Additionally, FedEx was named a recipient of the 2017 CIO 100 Award from International Data Group's CIO magazine. The annual award program recognizes organizations around the world that exemplify the highest level of operational and strategic excellence in information technology.

Innovation at FedEx is driven by our customers. We strive to build technology solutions that will solve our customers' business problems with simplicity, convenience, speed and reliability. The focal point of our strategy is our award-winning website, together with our customer integrated solutions. The fedex.com website was launched nearly 25 years ago, and during that time, customers have shipped and tracked billions of packages at fedex.com. The fedex.com website is widely recognized for its speed, ease of use and customer-focused features. At fedex.com, our customers ship packages, determine international documentation requirements, track package status, pay invoices and access FedEx Office services. The advanced tracking capability within FedEx Tracking provides customers with a consolidated view of inbound and outbound shipments.

FedEx Mobile is a suite of solutions including the FedEx mobile application, FedEx mobile website and SMS text messaging. The FedEx Mobile app provides convenience for recipients to track packages, get quick rates and estimated delivery times, quickly find the nearest FedEx location and easily access FedEx Delivery Manager to customize home deliveries. It is available on Android™ and Apple devices. The FedEx mobile website has expanded to more than 193 countries and territories and 26 languages. FedEx Mobile allows customers to track packages, create shipping labels, view account-specific rate quotes and access drop-off location information. SMS Notifications allows customers to track or follow a package via text messaging, and it is currently available in five countries.

With FedEx Office Print Online and proprietary iPhone and Android mobile apps, customers can use their laptops or mobile devices, accessing their personal cloud accounts, and print directly to any FedEx Office location in the U.S., or have their order delivered right to their door. Customers also have the flexibility of using FedEx Office's Print & Go solutions to print at self-serve locations from USBs, the cloud or through email. Accessing files using popular cloud providers Google Drive™, Dropbox, Box, Microsoft OneDrive® and from FedEx Office's own My Online Documents is easy. If customers have their files on a mobile device or laptop, they can email them to printandgo@fedex.com and with the retrieval code they receive they can conveniently print the files at the self-serve kiosks in any FedEx Office location. FedEx Office provides options for customers to choose the best access method they need for quick service or more robust printing projects. FedEx also uses wireless data collection devices to scan bar codes on shipments, thereby enhancing and accelerating the package information available to our customers.

We stand at the nexus of virtual and physical networks, a crucial intersection for the success of e-commerce deliveries. We design our e-commerce tools and solutions to be easily integrated into our customers' applications, as well as into third-party software developed by leading e-procurement, systems integration and enterprise resource planning companies. Our FedEx Ship Manager suite of solutions offers a wide range of options to help our customers manage their parcel and LTL shipping and associated processes.

On October 13, 2017, we acquired Northwest Research, Inc. (“Northwest Research”), a leader in inventory research and management. Northwest Research’s proprietary technologies and capabilities complement and expand our portfolio of offerings important to the rapidly growing global e-commerce marketplace.

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## Marketing

The FedEx brand name is symbolic of outstanding service, reliability and speed. Emphasis is placed on promoting and protecting the FedEx brand, one of our most important assets. As a result, FedEx is one of the most widely recognized brands in the world. In addition to television, print and digital advertising, we promote the FedEx brand through sponsorships and special events. For example, FedEx sponsors:

- The FedExCup on the PGA TOUR.
- The FedEx St. Jude Classic, a PGA TOUR event that has raised millions of dollars for St. Jude Children’s Research Hospital and will become one of four World Golf Championships events on the PGA TOUR schedule beginning in 2019.
- The National Football League (NFL), as its “Official Delivery Service Sponsor” and “Official Office Services Provider of the NFL.”
- FedExField in Washington, DC.
- The #11 Joe Gibbs Racing Toyota Camry driven by Denny Hamlin in the NASCAR Sprint Cup Series.
- The UEFA Europa League, a major European soccer cup competition that spans 192 teams across 54 European nations.
- ATP World Tour men’s professional tennis circuit and French Open tennis tournament.
- FedExForum in Memphis, TN.

## Information Security

FedEx Services has a team of highly qualified professionals dedicated to securing information about our customers’ shipments and protecting our customers’, vendors’ and employees’ privacy, and we strive to provide a safe, secure online environment for our customers. We are committed to compliance with applicable information security laws, regulations and industry standards — including, for example, the Payment Card Industry Data Security Standard, a set of comprehensive requirements for enhancing payment account data security developed by the Payment Card Industry Security Standards Council, as well as compliance with the Health Insurance Portability and Accountability Act of 1996, which enforces the security and confidentiality of employee health information. For a description of risks related to information security, see Item 1A of this Annual Report on Form 10-K (“Risk Factors”).

## Global ISO 9001 Certification

FedEx Services provides our customers with a high level of service quality, as evidenced by our ISO 9001 certification for our global express and ground operations. ISO 9001 registration is required by thousands of customers around the world. FedEx’s global certification, encompassing the processes of FedEx Express, FedEx Ground and FedEx Services, enhances our single-point-of-access strategy and solidifies our reputation as the quality leader in the transportation industry. ISO 9001 is currently the most rigorous international standard for Quality Management and Assurance. ISO standards were developed by the International Organization for Standardization in Geneva, Switzerland to promote and facilitate international trade. More than 150 countries, including European Union (“EU”) members, the U.S. and Japan, recognize ISO standards.

## FedEx Office

As of May 31, 2018, FedEx Office operated approximately 1,900 customer-facing stores, providing convenient access to printing and shipping expertise with reliable service. The FedEx Office network features retail stores, centralized production centers, corporate on-site print centers, and on-site business centers at colleges and universities, hotels, corporate campuses and health care campuses. FedEx Office has designed a suite of printing and shipping management solutions that are flexible and scalable, allowing customers to meet their unique printing and shipping needs. The network provides an adaptable cost model helping to save time, labor and overhead by freeing up resources



and avoiding fixed costs associated with large-scale printing and increased e-commerce parcel volumes. Services include copying and digital printing, professional finishing, document creation, direct mail, signs and graphics, computer rentals, free Wi-Fi and corporate print solutions. FedEx Office also provides customers convenient access to the full range of FedEx Express and FedEx Ground shipping services. Customers may have their FedEx Express and FedEx Ground packages delivered to any FedEx Office customer-facing location nationwide through the Hold at FedEx Location service, free of charge. Additionally, FedEx SameDay City is available in approximately 1,900 cities in 33 markets across the U.S., offering door-to-door residential and business delivery of time-sensitive parcels within hours by FedEx Office uniformed team members in branded FedEx Office delivery vehicles. Increasingly, industries such as health care, life sciences, manufacturing, finance, perishables, travel and automotive are relying on same-day services for critical delivery needs.

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FedEx Office also offers packing services, and packing supplies and boxes are included in its retail offerings. By allowing customers to have items professionally packed by specially trained FedEx Office team members and then shipped using FedEx Ground day-definite shipping and time-definite global FedEx Express shipping services, FedEx Office offers a complete “pack-and-ship” solution. FedEx Office also offers FedEx Pack Plus, which includes custom box building capabilities and techniques, a robust assortment of specialty boxes and additional packing supplies, equipment and tools to serve our customers’ needs.

Almost all FedEx Office locations provide local pickup-and-delivery service for print jobs completed by FedEx Office. A FedEx courier picks up a customer’s print job at the customer’s location and then returns the finished product to the customer. Options and services vary by location.

During 2018 we entered into an agreement to place up to 500 new FedEx Office locations within select U.S. Walmart stores nationwide during 2019 and 2020. The agreement is part of the nationwide expansion of the FedEx retail channel, and we plan to open the first 50 new FedEx Office locations inside Walmart stores in time for the 2019 peak season.

#### FedEx Trade Networks Operating Segment

Effective March 1, 2018, we realigned our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks. The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers by creating an organization focused on serving the unique needs of this important growth driver. The new organization provides customs brokerage and global ocean and air freight forwarding through FedEx Trade Networks Transport & Brokerage; cross-border enablement and technology solutions and e-commerce transportation solutions through FedEx Cross Border; integrated supply chain management solutions through FedEx Supply Chain; time-critical shipment services through FedEx Custom Critical; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots.

Additionally, FedEx Trade Networks provides international trade advisory services, including assistance with the Customs-Trade Partnership Against Terrorism program and, through WorldTariff, publishes customs duty and tax information for approximately 190 customs areas worldwide.

Richard W. Smith is the President and Chief Executive Officer of FedEx Trade Networks, which is based in Memphis, Tennessee. As of May 31, 2018, the FedEx Trade Networks organization had approximately 19,000 employees. FedEx Supply Chain has a small number of employees that are members of unions.

FedEx Trade Networks is an operating segment that is included in “Corporate, other and eliminations” in our segment reporting.

#### FedEx Trade Networks Transport & Brokerage

FedEx Trade Networks Transport & Brokerage provides international trade services, specializing in customs brokerage and global ocean and air freight forwarding. Additionally, FedEx Trade Networks Transport & Brokerage provides customs clearance services for FedEx Express at its major U.S. hub facilities.

As trade throughout the world grows, so does the FedEx Trade Networks Transport & Brokerage solutions portfolio. Value-added services of FedEx Trade Networks Transport & Brokerage include approximately 120 freight forwarding offices in 29 countries and Global Trade Data, an information tool that allows customers to track and manage imports. In total, FedEx Trade Networks Transport & Brokerage has approximately 140 offices in 120 service locations

throughout North America and in Africa, Asia-Pacific, Europe, India, Latin America and the Middle East. FedEx Trade Networks Transport & Brokerage maintains a network of air and ocean freight-forwarding service providers and has entered into strategic alliances to provide services in certain countries in which it does not have owned offices.

#### FedEx Cross Border

In 2015 we acquired Bongo International, LLC (“Bongo”), a leader in cross-border enablement and technology solutions. The Bongo acquisition filled a strategic gap in our global portfolio, allowing us to help retailers and e-tailers grow by reaching international e-commerce consumers. In 2016, we completed the integration of Bongo with FedEx Trade Networks, and in 2017 we rebranded Bongo as FedEx Cross Border. FedEx Cross Border is an e-commerce enabler that provides international technology solutions such as duty calculations, package tracking, international shipping costs and currency conversion calculations.

On March 23, 2018, we acquired P2P Mailing Limited (“P2P”), a leading provider of worldwide, low-cost e-commerce transportation solutions. P2P provides customers with unique low-cost delivery options, leveraging its relationships with private, postal, retail and clearance providers in over 200 countries and territories. Its industry-leading technology and processes provide plug-and-play options with carrier networks and customer systems.

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## FedEx Supply Chain

On January 30, 2015, we acquired GENCO Distribution System, Inc. (“GENCO”), a leading North American third-party logistics provider, and during 2017 we rebranded GENCO as FedEx Supply Chain. FedEx Supply Chain is a supply chain solutions provider specializing in Product Lifecycle Logistics<sup>®</sup> for technology, retail, consumer and industrial goods, and healthcare industries. With more than 12,000 employees at approximately 110 facilities, FedEx Supply Chain provides a comprehensive range of integrated logistics services to enable growth, minimize cost, mitigate supply chain risk and improve customer services. Service offerings include inbound logistics, warehousing and distribution, fulfillment, contract packaging and product configuration, systems integration, returns process and disposition, test, repair, refurbishment and product liquidation.

In 2017, FedEx Supply Chain launched FedEx Fulfillment, an e-commerce solution that helps small and medium-sized businesses fulfill orders from multiple channels, including websites and online marketplaces, and manage inventory for their retail stores. The FedEx Fulfillment platform is designed to be an easy-to-use and all-in-one logistics solution through which customers have complete visibility into their products, giving them an easy way to track items, manage inventory, analyze trends, and make more informed decisions by better understanding shoppers’ spending behaviors.

## FedEx Custom Critical

FedEx Custom Critical provides a range of expedited, time-specific freight-shipping services throughout the U.S., Canada and Mexico. Among its services are Surface Expedite, providing exclusive-use shipping and time-definite services; Air Expedite, offering an array of expedited air solutions to meet customers’ critical delivery times; White Glove Services, for shipments that require extra care in handling, temperature control or specialized security; and managed transportation. Service from FedEx Custom Critical is available 24 hours a day, 365 days a year. FedEx Custom Critical continuously monitors shipments through an integrated proprietary shipment-control system, including two-way satellite communications on exclusive-use shipments.

## FedEx Forward Depots

Effective September 1, 2018, FedEx Forward Depots will have responsibility for critical inventory and service parts logistics, 3-D printing and technology repair. FedEx Forward Depots will leverage innovative packing solutions, on-demand additive manufacturing and customer-driven design within the structure of FedEx Trade Networks.

## Trademarks

The “FedEx” trademark, service mark and trade name are essential to our worldwide business. FedEx, FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Services, FedEx Trade Networks, FedEx Trade Networks Transport & Brokerage, FedEx Cross Border, FedEx Supply Chain, FedEx Custom Critical, FedEx Forward Depots and TNT Express, among others, are trademarks, service marks and trade names of Federal Express Corporation or the respective companies for which registrations, or applications for registration, are on file, as applicable. We have authorized, through licensing arrangements, the use of certain of our trademarks, service marks and trade names by our contractors and Global Service Participants to support our business. In addition, we license the use of certain of our trademarks, service marks and trade names on promotional items for the primary purpose of enhancing brand awareness.

## Regulation

Air. Under the Federal Aviation Act of 1958, as amended (the “Federal Aviation Act”), both the U.S. Department of Transportation (“DOT”) and the Federal Aviation Administration (“FAA”) exercise regulatory authority over FedEx Express.

The FAA’s regulatory authority relates primarily to operational aspects of air transportation, including aircraft standards and maintenance, as well as personnel and ground facilities, which may from time to time affect the ability of FedEx Express to operate its aircraft in the most efficient manner. FedEx Express holds an air carrier certificate granted by the FAA pursuant to Part 119 of the federal aviation regulations. This certificate is of unlimited duration and remains in effect so long as FedEx Express maintains its standards of safety and meets the operational requirements of the regulations.

In September 2010, the FAA proposed rules that would significantly reduce the maximum number of hours on duty and increase the minimum amount of rest time for our pilots, and thus require us to hire additional pilots and modify certain of our aircraft. When the FAA issued final regulations in December 2011, all-cargo carriers, including FedEx Express, were exempt from these new pilot fatigue requirements, and instead required to continue complying with previously enacted flight and duty time rules. In December 2012, the FAA reaffirmed the exclusion of us from the new rule. It is reasonably possible, however, that future security or flight safety requirements could impose material costs on us.

The DOT's authority relates primarily to economic aspects of air transportation. The DOT's jurisdiction extends to aviation route authority and to other regulatory matters, including the transfer of route authority between carriers. FedEx Express holds various certificates issued by the DOT, authorizing FedEx Express to engage in U.S. and international air transportation of property and mail on a worldwide basis.

Under the Aviation and Transportation Security Act of 2001, as amended, the Transportation Security Administration ("TSA"), an agency within the Department of Homeland Security, has responsibility for aviation security. The TSA requires FedEx Express to comply with a Full All-Cargo Aircraft Operator Standard Security Plan, which contains evolving and strict security requirements. These requirements are not static, but change periodically as the result of regulatory and legislative requirements, imposing additional security costs and creating a level of uncertainty for our operations. It is reasonably possible that these rules or other future security requirements could impose material costs on us.

FedEx Express participates in the Civil Reserve Air Fleet ("CRAF") program. Under this program, the U.S. Department of Defense may requisition for military use certain of FedEx Express's wide-bodied aircraft in the event of a declared need, including a national emergency. FedEx Express is compensated for the operation of any aircraft requisitioned under the CRAF program at standard contract rates established each year in the normal course of awarding contracts. Through its participation in the CRAF program, FedEx Express is entitled to bid on peacetime military cargo charter business. FedEx Express, together with a consortium of other carriers, currently contracts with the U.S. government for such charter flights.

Ground. The ground transportation performed by FedEx Express is integral to its air transportation services. The enactment of the Federal Aviation Administration Authorization Act of 1994 abrogated the authority of states to regulate the rates, routes or services of intermodal all-cargo air carriers and most motor carriers. States may now only exercise jurisdiction over safety and insurance. FedEx Express is registered in those states that require registration.

The operations of FedEx Ground, FedEx Freight and FedEx Custom Critical in interstate commerce are currently regulated by the DOT and the Federal Motor Carrier Safety Administration, which retain limited oversight authority over motor carriers. Federal legislation preempts regulation by the states of rates and service in intrastate freight transportation.

Like other interstate motor carriers, our operations, including those at FedEx Express, are subject to certain DOT safety requirements governing interstate operations. In addition, vehicle weight and dimensions remain subject to both federal and state regulations.

International. FedEx Express's international authority permits it to carry cargo and mail from points in its U.S. route system to numerous points throughout the world. The DOT regulates international routes and practices and is authorized to investigate and take action against discriminatory treatment of U.S. air carriers abroad. The right of a U.S. carrier to serve foreign points is subject to the DOT's approval and generally requires a bilateral agreement between the U.S. and the foreign government. In addition, the carrier must then be granted the permission of such foreign government to provide specific flights and services. The regulatory environment for global aviation rights may from time to time impair the ability of FedEx Express to operate its air network in the most efficient manner, and efficient operations often utilize open skies provisions of aviation agreements. Additionally, global air cargo carriers, such as FedEx Express, are subject to current and potential additional aviation security regulation by foreign governments.

Our operations outside of the U.S., such as FedEx Express's growing international domestic operations, are also subject to current and potential regulations, including certain postal regulations and licensing requirements, that restrict, make difficult and sometimes prohibit, the ability of foreign-owned companies such as FedEx Express to

compete effectively in parts of the international domestic transportation and logistics market.

Communication. Because of the extensive use of radio and other communication facilities in its aircraft and ground transportation operations, FedEx Express is subject to the Federal Communications Commission Act of 1934, as amended. Additionally, the Federal Communications Commission regulates and licenses FedEx Express's activities pertaining to satellite communications.

Environmental. Pursuant to the Federal Aviation Act, the FAA, with the assistance of the U.S. Environmental Protection Agency ("EPA"), is authorized to establish standards governing aircraft noise. FedEx Express's aircraft fleet is in compliance with current noise standards of the federal aviation regulations. In addition to federal regulation of aircraft noise, certain airport operators have local noise regulations, which limit aircraft operations by type of aircraft and time of day. These regulations have had a restrictive effect on FedEx Express's aircraft operations in some of the localities where they apply but do not have a material effect on any of FedEx Express's significant markets. Congress's passage of the Airport Noise and Capacity Act of 1990 established a National Noise Policy, which enabled FedEx Express to plan for noise reduction and better respond to local noise constraints. FedEx Express's international operations are also subject to noise regulations in certain of the countries in which it operates.

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Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and diesel engine emissions. For example, in 2009, the European Commission approved the extension of the EU Emissions Trading Scheme (“ETS”) for GHG emissions to the airline industry. Under this decision, all FedEx Express flights that are wholly within the EU are now covered by the ETS requirements, and each year we are required to purchase emission allowances in an amount equal to the carbon dioxide emissions from such flights. Also, in 2016, the International Civil Aviation Organization (“ICAO”) passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. A pilot phase is scheduled to begin in 2021 in which countries may voluntarily participate, and full mandatory participation is scheduled to begin in 2027. ICAO continues to develop details regarding implementation, but compliance with CORSIA will increase our operating costs.

Additionally, in 2016, the EPA issued a finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. This finding is a regulatory prerequisite to the EPA’s adoption of a new certification standard for new aircraft emissions, expected in 2019 or 2020. For additional information on such efforts to regulate GHG emissions and their potential effect on our cost structure and operating results, see Item 1A of this Annual Report on Form 10-K (“Risk Factors”).

We are subject to federal, state and local environmental laws and regulations relating to, among other things, the shipment of dangerous goods, contingency planning for spills of petroleum products, the disposal of waste oil and the disposal of toners and other products used in FedEx Office’s copy machines. Additionally, we are subject to numerous regulations dealing with underground fuel storage tanks, hazardous waste handling, vehicle and equipment emissions and noise and the discharge of effluents from our properties and equipment. We have environmental management programs designed to ensure compliance with these regulations.

Customs. Our activities, including customs brokerage and freight forwarding, are subject to regulation by U.S. Customs and Border Protection and the TSA within the Department of Homeland Security (customs brokerage and security issues), the U.S. Federal Maritime Commission (ocean freight forwarding) and the DOT (air freight forwarding). Our offshore operations are subject to similar regulation by the regulatory authorities of foreign jurisdictions.

Labor. All U.S. employees at FedEx Express are covered by the Railway Labor Act of 1926, as amended (the “RLA”), while labor relations within the U.S. at our other companies are governed by the National Labor Relations Act of 1935, as amended (the “NLRA”). Under the RLA, groups that wish to unionize must do so across nationwide classes of employees. The RLA also requires mandatory government-led mediation of contract disputes supervised by the National Mediation Board before a union can strike or an employer can replace employees or impose contract terms. This part of the RLA helps minimize the risk of strikes that would shut down large portions of the economy. Under the NLRA, employees can unionize in small localized groups, and government-led mediation is not a required step in the negotiation process.

The RLA was originally passed to govern railroad and express carrier labor negotiations. As transportation systems evolved, the law expanded to cover airlines, which are the dominant national transportation systems of today. As an air express carrier with an integrated air/ground network, FedEx Express and its employees have been covered by the RLA since the founding of the company in 1971. The purpose of the RLA is to offer employees a process by which to unionize (if they choose) and engage in collective bargaining while also protecting global commerce from damaging work stoppages and delays. Specifically, the RLA ensures that an entire transportation system, such as at FedEx Express, cannot be shut down by the actions of a local segment of the network.



The U.S. Congress has, in the past, considered adopting changes in labor laws that would make it easier for unions to organize units of our employees. For example, there is always a possibility that Congress could remove most FedEx Express employees from the jurisdiction of the RLA, thereby exposing the FedEx Express network to sporadic labor disputes and the risk that small groups of employees could disrupt the entire air/ground network. In addition, federal and state governmental agencies, such as the National Mediation Board and the NLRB, have and may continue to take actions that could make it easier for our employees to organize under the RLA or NLRA. For a description of these potential labor law changes, see Item 1A of this Annual Report on Form 10-K (“Risk Factors”).

Data Protection. Recently, there has been heightened regulatory and enforcement focus on data protection in the U.S. (at both the state and federal level) and abroad. For example, the EU’s General Data Protection Regulation (“GDPR”), which became effective in May 2018, greatly increases the jurisdictional reach of EU law and adds a broad array of requirements related to personal data, including individual notice and opt-out preferences and the public disclosure of significant data breaches. Additionally, violations of the GDPR can result in fines of as much as 4% of a company’s annual revenue. Other governments have enacted or are enacting similar data protection laws, and are considering data localization laws that require data to stay within their borders. For more information regarding data protection regulation, see Item 1A of this Annual Report on Form 10-K (“Risk Factors”).

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## ITEM 1A. RISK FACTORS

We present information about our risk factors on pages 84 through 91 of this Annual Report on Form 10-K.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

## FedEx Express Segment

FedEx Express's principal owned and leased properties include its aircraft, vehicles, major sorting and handling facilities, administration buildings, FedEx Drop Boxes and data processing and telecommunications equipment.

## Aircraft and Vehicles

As of May 31, 2018, FedEx Express's aircraft fleet consisted of the following:

| Description     | Owned      | Leased    | Total      | Maximum<br>Gross            |
|-----------------|------------|-----------|------------|-----------------------------|
|                 |            |           |            | Structural<br>Payload       |
|                 |            |           |            | (Pounds<br>per<br>Aircraft) |
| Boeing 747-400  | 2          | —         | 2          | 261,400                     |
| Boeing B777F    | 31         | 3         | 34         | 233,300                     |
| Boeing MD11     | 45         | 12        | 57         | 192,600                     |
| Boeing MD10-30  | 13         | —         | 13         | 175,900                     |
| Boeing MD10-10  | 25         | —         | 25         | 137,500                     |
| Boeing 767F     | 57         | —         | 57         | (1) 127,100                 |
| Airbus A300-600 | 33         | 35        | 68         | 106,600                     |
| Airbus A310-300 | 10         | —         | 10         | 83,170                      |
| Boeing B757-200 | 119        | —         | 119        | 63,000                      |
| ATR-72          | 21         | —         | 21         | 17,970                      |
| ATR-42          | 25         | —         | 25         | 12,070                      |
| Cessna 208B     | 239        | —         | 239        | 2,830                       |
| <b>Total</b>    | <b>620</b> | <b>50</b> | <b>670</b> |                             |

(1) Includes one aircraft not currently in operation and undergoing pre-service modification.

At May 31, 2018, FedEx Express operated approximately 90,000 vehicles (including approximately 28,000 owner-operated vehicles that support TNT Express) in its integrated global network.

## Aircraft Purchase Commitments

The following table is a summary of the number and type of aircraft we were committed to purchase as of May 31, 2018, with the year of expected delivery:

|            | Cessna         |         | ATR                  |                      | Total |
|------------|----------------|---------|----------------------|----------------------|-------|
|            | SkyCourier 408 | 72-600F | B767F <sup>(1)</sup> | B777F <sup>(2)</sup> |       |
| 2019       | —              | —       | 15                   | 3                    | 18    |
| 2020       | —              | —       | 16                   | 6                    | 22    |
| 2021       | 12             | 5       | 10                   | —                    | 27    |
| 2022       | 12             | 6       | 10                   | 3                    | 31    |
| 2023       | 12             | 6       | 6                    | —                    | 24    |
| Thereafter | 14             | 13      | —                    | —                    | 27    |
| Total      | 50             | 30      | 57                   | 12                   | 149   |

<sup>(1)</sup>As of May 31, 2018, our obligation to purchase four B767F aircraft is conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA.

<sup>(2)</sup>As of May 31, 2018, our obligation to purchase three B777F aircraft is conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA.

As of May 31, 2018, we had \$1.2 billion in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions. Also see Note 17 of the accompanying consolidated financial statements for more information about our purchase commitments.

On June 18, 2018, FedEx Express entered into agreements to purchase 12 incremental B777F aircraft and 12 incremental B767F aircraft. Six of the B777F and one of the B767F aircraft purchases are conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA (the RLA condition was removed from three previously ordered B777F aircraft). The B777F aircraft are expected to be delivered between 2021 and 2025. The B767F aircraft are expected to be delivered between 2020 and 2022. As part of these agreements, one B777F and one B767F aircraft delivery were accelerated from 2020 to 2019.

## Sorting and Handling Facilities

At May 31, 2018, FedEx Express operated the following major sorting and handling facilities:

| Location                         | Acres | Square Feet | Sorting Capacity (per hour) <sup>(1)</sup> | Lessor  | Lease Expiration Year    |
|----------------------------------|-------|-------------|--|---|--------------------------|
| <b>National</b>                  |       |             |  |   |                          |
| Memphis, Tennessee               | 784   | 3,768,345   | 484,000                                    | Memphis-Shelby County Airport Authority                             | 2036                     |
| Indianapolis, Indiana            | 370   | 2,509,000   | 216,000                                    | Indianapolis Airport Authority                                      | 2028                     |
| <b>Regional</b>                  |       |             |  |   |                          |
| Fort Worth, Texas                | 168   | 948,000     | 76,000                                     | Fort Worth Alliance Airport Authority                               | 2021                     |
| Newark, New Jersey               | 70    | 595,000     | 156,000                                    | Port Authority of New York and New Jersey                           | 2030                     |
| Oakland, California              | 75    | 448,935     | 63,000                                     | City of Oakland   | 2036                     |
| Greensboro, N. Carolina          | 165   | 593,000     | 23,000                                     | Piedmont Triad Airport Authority                                    | 2031                     |
| <b>Metropolitan</b>              |       |             |  |   |                          |
| Chicago, Illinois                | 54    | 481,350     | 23,000                                     | City of Chicago   | 2028                     |
| Los Angeles, California          | 34    | 305,300     | 57,000                                     | City of Los Angeles   | 2021/2025 <sup>(2)</sup> |
| <b>International</b>             |       |             |  |   |                          |
| Anchorage, Alaska <sup>(3)</sup> | 64    | 332,000     | 25,000                                     | State of Alaska, Department of Transportation and Public Facilities | 2023                     |
| Paris, France <sup>(4)</sup>     | 111   | 1,238,000   | 63,000                                     | Aeroports de Paris  | 2048                     |
| Cologne, Germany <sup>(4)</sup>  | 11    | 325,000     | 20,000                                     | Cologne Bonn Airport  | 2040                     |
| Guangzhou, China <sup>(5)</sup>  | 155   | 873,006     | 62,000                                     | Guangdong Airport Management Corp.                                  | 2029                     |
| Osaka, Japan <sup>(5)</sup>      | 17    | 425,206     | 9,000                                      | Kansai Airports   | 2024                     |

<sup>(1)</sup>Documents and packages.

<sup>(2)</sup>

Property is held under two separate leases — the lease for the sorting and handling facility expires in 2021, and the lease for the ramp expansion expires in 2025.

- (3) Handles international express package and freight shipments to and from Asia, Europe and North America.
- (4) Handles intra-Europe express package and freight shipments, as well as international express package and freight shipments to and from Europe.
- (5) Handles intra-Asia express package and freight shipments, as well as international express package and freight shipments to and from Asia.

FedEx Express's primary sorting facility, which serves as the center of its multiple hub-and-spoke system, is located at the Memphis International Airport. FedEx Express's facilities at the Memphis International Airport also include aircraft hangars, aircraft ramp areas, vehicle parking areas, flight training and fuel facilities, the FedEx Cold Chain Center, administrative offices and warehouse space.

FedEx Express leases these facilities from the Memphis-Shelby County Airport Authority (the "Authority"). The lease obligates FedEx Express to maintain and insure the leased property and to pay all related taxes, assessments and other charges. The lease is subordinate to, and FedEx Express's rights thereunder could be affected by, any future lease or agreement between the Authority and the U.S. government.

FedEx Express has additional major international sorting-and-handling facilities located at Narita Airport in Tokyo, Stansted Airport outside London and Pearson Airport in Toronto. FedEx Express also has a substantial presence at airports in Hong Kong, Taiwan, Dubai and Miami.

TNT Express operates a central air hub near Liege, Belgium and a central European road hub in Duiven, The Netherlands.

#### Administrative and Other Properties and Facilities

The World Headquarters of FedEx Express is located in southeastern Shelby County, Tennessee. FedEx Express international headquarters are located in Hoofddorp, The Netherlands. FedEx Express owns or leases 659 facilities for city station operations in the U.S. In addition, 566 city stations are owned or leased throughout FedEx Express's international network. The majority of these leases are for terms of five to ten years. City stations serve as a sorting and distribution center for a particular city or region. We believe that suitable alternative facilities are available in each locale on satisfactory terms, if necessary.

As of May 31, 2018, TNT Express had over 1,000 facilities worldwide, including road hubs, air hubs, depots and office facilities. These facilities are strategically located to cover the geographic areas served by TNT Express.

As of May 31, 2018, FedEx Express had approximately 36,000 Drop Boxes. FedEx Express customers can also ship from approximately 28,000 staffed drop-off locations, including FedEx Office stores and FedEx Authorized ShipCenters. Internationally, FedEx Express had approximately 48,000 drop-off locations, including approximately 26,000 TNT Express drop-off locations.

#### FedEx Ground Segment

FedEx Ground's corporate offices are located in the Pittsburgh, Pennsylvania area. As of May 31, 2018, FedEx Ground owned or leased 601 facilities, including 37 hubs. In addition, approximately 62,000 owner-operated vehicles support FedEx Ground's business. Of the 411 facilities that support FedEx Home Delivery, 373 are co-located with existing FedEx Ground facilities. Leased facilities generally have terms of five years or less. The 37 hub facilities are strategically located to cover the geographic area served by FedEx Ground. The hub facilities average approximately 458,000 square feet and range in size from approximately 107,000 to 1,002,000 square feet.

#### FedEx Freight Segment

FedEx Freight's corporate headquarters are located in Memphis, Tennessee, with some administrative offices in Harrison, Arkansas. As of May 31, 2018, FedEx Freight operated approximately 27,000 vehicles and 370 service centers, which are strategically located to provide service throughout North America. These facilities range in size from approximately 1,000 to 220,000 square feet of office and dock space.

#### FedEx Services Segment

FedEx Services' corporate headquarters are located in Memphis, Tennessee. FedEx Services leases state-of-the-art technology centers in Collierville, Tennessee and Colorado Springs, Colorado. These facilities house personnel responsible for strategic software development and other functions that support FedEx's technology and e-commerce solutions.

FedEx Office's corporate headquarters are located in Plano, Texas in leased facilities. As of May 31, 2018, FedEx Office operated approximately 1,900 customer-facing stores and also operated 32 centralized production centers. Substantially all FedEx Office stores are leased, generally for terms of five to ten years with varying renewal options. FedEx Office stores are generally located in strip malls, office buildings or stand-alone structures and customer-facing stores average approximately 3,700 square feet in size.

FedEx Services has an agreement with Office Depot, Inc. to offer U.S. domestic and international FedEx Express and FedEx Ground shipping and drop-off services at Office Depot and OfficeMax retail locations (approximately 1,400 locations). Additionally, the FedEx Authorized ShipCenter program offers U.S. domestic and international FedEx Express and FedEx Ground shipping and drop-off services through a network of over 5,000 franchised and independent “pack and ship” retail locations.

During 2018 we entered into an agreement to place up to 500 new FedEx Office locations within select U.S. Walmart stores nationwide during 2019 and 2020.

#### FedEx Trade Networks

FedEx Trade Networks’ corporate headquarters are located in Memphis, Tennessee. In total, FedEx Trade Networks Transport & Brokerage has approximately 140 offices in 120 service locations throughout North America and in Africa, Asia-Pacific, Europe, India, Latin America and the Middle East. In addition, FedEx Supply Chain has approximately 110 facilities through which it operates its supply chain logistics services, and FedEx Custom Critical operates approximately 150 ExpressCenters.

#### ITEM 3. LEGAL PROCEEDINGS

FedEx and its subsidiaries are subject to legal proceedings and claims that arise in the ordinary course of their business. For a description of material pending legal proceedings, see Note 18 of the accompanying consolidated financial statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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## EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding executive officers and all persons chosen to become executive officers of FedEx is as follows (included herein pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K):

| Name and Office   | Age | Positions and Offices Held and Business Experience   |
|---|-----|--|
| Frederick W. Smith<br>Chairman and Chief Executive Officer  | 73  | Chairman and Chief Executive Officer of FedEx since January 1998; Chairman of FedEx Express since 1975; President of FedEx from January 1998 to February 2017; Chairman, President and Chief Executive Officer of FedEx Express from April 1983 to January 1998; Chief Executive Officer of FedEx Express from 1977 to January 1998; and President of FedEx Express from June 1971 to February 1975.   |
| Mark R. Allen<br>Executive Vice President,<br>General Counsel and<br>Secretary                                | 62  | Executive Vice President, General Counsel and Secretary of FedEx since October 2017; Executive Vice President, General Counsel — Select of FedEx from September 2017 to October 2017; Senior Vice President, Legal International of FedEx Express from July 2010 to September 2017; Vice President, Legal — Europe, Middle East, Africa and Indian Subcontinent Region of FedEx Express from October 2000 to July 2010; Vice President, Legal — Asia Pacific of FedEx Express from 1996 to October 2000; and various legal positions with FedEx from 1982 to 1996.   |
| David J. Bronczek<br>President and Chief Operating Officer  | 64  | President and Chief Operating Officer of FedEx since February 2017; President and Chief Executive Officer of FedEx Express from January 2000 to February 2017; Executive Vice President and Chief Operating Officer of FedEx Express from January 1998 to January 2000; Senior Vice President — Europe, Middle East and Africa of FedEx Express from June 1995 to January 1998; Senior Vice President — Europe, Africa and Mediterranean of FedEx Express from June 1993 to June 1995; Vice President — Canadian Operations of FedEx Express from February 1987 to March 1993; and various management positions in sales and operations at FedEx Express from 1976 to 1987. Mr. Bronczek serves as a director of International Paper Company, an uncoated paper and packaging company. |
| Robert B. Carter<br>Executive Vice President —<br>FedEx Information Services<br>and Chief Information Officer | 59  | Executive Vice President — FedEx Information Services and Chief Information Officer of FedEx since January 2007; Executive Vice President and Chief Information Officer of FedEx from June 2000 to January 2007; Corporate Vice President and Chief Technology Officer of FedEx from February 1998 to June 2000; Vice President — Corporate Systems Development of FedEx Express from September 1993 to February 1998; Managing Director — Systems Development of FedEx Express from April 1993 to September 1993. Mr. Carter serves as a director of New York Life Insurance Company, a mutual life insurance company.  |
| Donald F. Colleran  | 62  | Executive Vice President — Chief Sales Officer of FedEx since January 2017; Executive Vice President — Global Sales of FedEx Services from 2006 to January   |

Executive Vice President —  
Chief Sales Officer

2017; Senior Vice President — International Sales from 2003 to 2006; Senior Vice President — Canada of FedEx Express from 2000 to 2003; Vice President — Sales/APAC from 1997 to 2000; and various management positions in sales from 1989 to 1997. Mr. Collieran serves as a director of EastGroup Properties, Inc., an equity real estate investment trust.

David L. Cunningham, Jr. 56  
President and Chief Executive  
Officer, FedEx Express

President and Chief Executive Officer of FedEx Express since February 2017; Executive Vice President and Chief Operating Officer of FedEx Express from 2015 to February 2017; Regional President — APAC of FedEx Express from 1999 to 2015; Vice President — South Pacific of FedEx Express from 1997 to 1999; Vice President — Finance, Asia/Pacific of FedEx Express from 1994 to 1997; and various management positions in finance from 1989 to 1994.

| Name and Office   | Age | Positions and Offices Held and Business Experience  |
|---|-----|---|
| <p>Michael L. Ducker</p> <p>President and Chief Executive Officer, FedEx Freight Corporation</p>      | 64  | <p>President and Chief Executive Officer of FedEx Freight since January 2015; Executive Vice President and Chief Operating Officer and President of International for FedEx Express from December 2009 to January 2015; Executive Vice President and President of International of FedEx Express from December 1999 to December 2009; Senior Vice President of Asia/Pacific of FedEx Express from September 1995 to December 1999; and various management positions in operations at FedEx Express from 1978 to 1995. Mr. Ducker will retire effective August 15, 2018. He serves as a director of International Flavors &amp; Fragrances Inc., a global creator of flavors and fragrances used in consumer products, and nVent Electric plc, a provider of electrical connection and protection solutions.</p>   |
| <p>Alan B. Graf, Jr.</p> <p>Executive Vice President and Chief Financial Officer</p>                  | 64  | <p>Executive Vice President and Chief Financial Officer of FedEx since January 1998; Executive Vice President and Chief Financial Officer of FedEx Express from February 1996 to January 1998; Senior Vice President and Chief Financial Officer of FedEx Express from December 1991 to February 1996; Vice President and Treasurer of FedEx Express from August 1987 to December 1991; and various management positions in finance and a senior financial analyst of FedEx Express from 1980 to 1987. Mr. Graf serves as a director of Mid-America Apartment Communities, Inc., a real estate investment trust that focuses on acquiring, constructing, developing, owning and operating apartment communities, and as a director of NIKE, Inc., a designer and marketer of athletic footwear, apparel, equipment and accessories for sports and fitness activities.</p> |
| <p>Henry J. Maier</p> <p>President and Chief Executive Officer, FedEx Ground</p>                      | 64  | <p>President and Chief Executive Officer of FedEx Ground since June 2013; Executive Vice President — Strategic Planning and Communications of FedEx Ground from September 2009 to June 2013; Senior Vice President — Strategic Planning and Communications of FedEx Ground from December 2006 to September 2009; Vice President — Marketing of FedEx Services from March 2000 to December 2006; Vice President — Marketing and Communications of FedEx Ground from June 1999 to March 2000; and various management positions in logistics, sales, marketing and communications with RPS, Inc. and Caliber Logistics, Inc. from 1986 to 1999. Mr. Maier serves as a director of Kansas City Southern, a transportation holding company that has railroad investments in the U.S., Mexico and Panama.</p>   |
| <p>John A. Smith</p> <p>President and Chief Executive Officer — Select, FedEx Freight Corporation</p> | 56  | <p>Will succeed Michael L. Ducker as President and Chief Executive Officer of FedEx Freight effective August 16, 2018; President and Chief Executive Officer — Select of FedEx Freight since May 2018; Senior Vice President — Operations of FedEx Freight from May 2015 to May 2018; Vice President — Safety, Fleet Maintenance and Facilities Services of FedEx Freight from June 2011 to May 2015; Vice President — Operations of FedEx National LTL, Inc. from April 2010 to June 2011; Vice President — Transportation/Fleet Maintenance of FedEx National LTL, Inc. from March 2008 to April 2010; and various management positions at FedEx Freight from 2000 to 2008.</p>   |

|                    |    |  |
|--------------------|----|--|
| Rajesh Subramaniam | 52 | Executive Vice President — Chief Marketing & Communications Officer of FedEx since January 2017; Executive Vice President — Marketing & Communications of FedEx Services from 2013 to January 2017; Senior Vice President — Marketing from 2006 to 2013; Senior Vice President — Canada of FedEx Express from 2003 to 2006; Vice President — Marketing/APAC of FedEx Express from 2000 to 2003; Vice President — APAC, EC & CS of FedEx Express from 1999 to 2000; various management and marketing analyst positions from 1991 to 1999. Mr. Subramaniam serves as a director of First Horizon National Corporation, a financial services holding company. |
|--------------------|----|--|

Executive Vice President — Chief Marketing and Communications Officer

Executive officers are elected by, and serve at the discretion of, the Board of Directors. There is no arrangement or understanding between any executive officer and any person, other than a director or executive officer of FedEx or of any of its subsidiaries acting in his or her official capacity, pursuant to which any executive officer was selected. There are no family relationships between any executive officer and any other executive officer or director of FedEx, or any person nominated or chosen to become a director or executive officer.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

FedEx's common stock is listed on the New York Stock Exchange under the symbol "FDX." As of July 12, 2018, there were 12,052 holders of record of our common stock. The following table sets forth, for the periods indicated, the high and low sale prices, as reported on the NYSE, and the cash dividends paid per share of common stock.

|                                | Sale Prices |          | Dividend |
|--------------------------------|-------------|----------|----------|
|                                | High        | Low      |          |
| Fiscal Year Ended May 31, 2018 |             |          |          |
| Fourth Quarter                 | \$258.00    | \$228.90 | \$ 0.50  |
| Third Quarter                  | 274.66      | 226.17   | 0.50     |
| Second Quarter                 | 233.89      | 209.67   | 0.50     |
| First Quarter                  | 219.99      | 193.94   | 0.50     |
| Fiscal Year Ended May 31, 2017 |             |          |          |
| Fourth Quarter                 | \$199.17    | \$182.89 | \$ 0.40  |
| Third Quarter                  | 201.57      | 183.87   | 0.40     |
| Second Quarter                 | 192.58      | 158.20   | 0.40     |
| First Quarter                  | 169.57      | 145.00   | 0.40     |

FedEx also paid a cash dividend on July 9, 2018 (\$0.65 per share). We expect to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by our Board of Directors. We evaluate the dividend payment amount on an annual basis at the end of each fiscal year. There are no material restrictions on our ability to declare dividends, nor are there any material restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances.

The following table provides information on FedEx's repurchases of our common stock during the fourth quarter of 2018.

## ISSUER PURCHASES OF EQUITY SECURITIES

| Period | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid per<br>Share | Total                             | Maximum  |
|--------|---|---------------------------------------|-----------------------------------|--|
|        |   |                                       | Publicly<br>Announced<br>Programs | Number of<br>Number of<br>Shares That<br>May<br>Yet Be<br>Purchased<br>Under the<br>Programs |
|        |   |                                       |                                   |  |

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|                 |           |          |           |            |
|-----------------|-----------|----------|-----------|------------|
| Mar. 1-31, 2018 | 635,000   | \$244.20 | 635,000   | 12,982,200 |
| Apr. 1-30, 2018 | 635,000   | 242.20   | 635,000   | 12,347,200 |
| May 1-31, 2018  | 610,000   | 246.95   | 610,000   | 11,737,200 |
| Total           | 1,880,000 | \$244.41 | 1,880,000 |            |

The repurchases were made under the stock repurchase program approved by our Board of Directors and announced on January 26, 2016 and through which we are authorized to purchase, in the open market or in privately negotiated transactions, up to an aggregate of 25 million shares of our common stock. As of July 12, 2018, 10.6 million shares remained authorized for purchase under the January 2016 stock repurchase program, which is the only such program that currently exists. The program does not have an expiration date.

## ITEM 6. SELECTED FINANCIAL DATA

Selected financial data as of and for the five years ended May 31, 2018 is presented on pages 143-144 of this Annual Report on Form 10-K.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Management's discussion and analysis of results of operations and financial condition is presented on pages 50 through 92 of this Annual Report on Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative information about market risk is presented on page 142 of this Annual Report on Form 10-K.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

FedEx's consolidated financial statements, together with the notes thereto and the report of Ernst & Young LLP dated July 16, 2018 thereon, are presented on pages 96 through 141 of this Annual Report on Form 10-K.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

### Management's Evaluation of Disclosure Controls and Procedures

The management of FedEx, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, including ensuring that such information is accumulated and communicated to FedEx management as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of May 31, 2018 (the end of the period covered by this Annual Report on Form 10-K).

### Assessment of Internal Control Over Financial Reporting

Management's report on our internal control over financial reporting is presented on page 93 of this Annual Report on Form 10-K. The report of Ernst & Young LLP with respect to our internal control over financial reporting is presented on page 94 of this Annual Report on Form 10-K.

### Changes in Internal Control Over Financial Reporting

During our fiscal quarter ended May 31, 2018, no change occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding members of the Board of Directors, compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, FedEx's Code of Business Conduct and Ethics and certain other aspects of FedEx's corporate governance (such as the procedures by which FedEx's stockholders may recommend nominees to the Board of Directors and information about the Audit Committee, including its members and our "audit committee financial expert") will be presented in FedEx's definitive proxy statement for its 2018 annual meeting of stockholders, which will be held on September 24, 2018, and is incorporated herein by reference. Information regarding executive officers of FedEx is included above in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant" pursuant to Instruction 3 to Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K. Information regarding FedEx's Code of Business Conduct and Ethics is included above in Part I, Item 1 of this Annual Report on Form 10-K under the caption "Reputation and Responsibility — Governance."

### ITEM 11. EXECUTIVE COMPENSATION

Information regarding director and executive compensation will be presented in FedEx's definitive proxy statement for its 2018 annual meeting of stockholders, which will be held on September 24, 2018, and is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and related stockholder matters, as well as equity compensation plan information, will be presented in FedEx's definitive proxy statement for its 2018 annual meeting of stockholders, which will be held on September 24, 2018, and is incorporated herein by reference.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and transactions with related persons (including FedEx's policies and procedures for the review and preapproval of related person transactions) and director independence will be presented in FedEx's definitive proxy statement for its 2018 annual meeting of stockholders, which will be held on September 24, 2018, and is incorporated herein by reference.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding the fees for services provided by Ernst & Young LLP during 2018 and 2017 and the Audit Committee's administration of the engagement of Ernst & Young LLP, including the Committee's preapproval policies and procedures (such as FedEx's Policy on Engagement of Independent Auditor), will be presented in FedEx's definitive proxy statement for its 2018 annual meeting of stockholders, which will be held on September 24, 2018, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) and (2) Financial Statements; Financial Statement Schedules

FedEx’s consolidated financial statements, together with the notes thereto and the report of Ernst & Young LLP dated July 16, 2018 thereon, are listed on page 49 and presented on pages 96 through 141 of this Annual Report on Form 10-K. FedEx’s “Schedule II — Valuation and Qualifying Accounts,” together with the report of Ernst & Young LLP dated July 16, 2018 thereon, is presented on pages 145 through 146 of this Annual Report on Form 10-K. All other financial statement schedules have been omitted because they are not applicable or the required information is included in FedEx’s consolidated financial statements or the notes thereto.

(a)(3) Exhibits

| Exhibit<br>Number | Description of<br>Exhibit  |
|-------------------|--|
|                   | Plan of<br>Acquisition,<br>Reorganization,<br>Arrangement,<br>Liquidation or<br>Succession |

\*2.1 Commitment Agreement dated as of May 3, 2018, by and among FedEx, Metropolitan Life Insurance Company and State Street Global Advisors Trust Company, in its capacity as the independent fiduciary of the FedEx Corporation Employees’ Pension Plan and the FedEx Freight Pension

Plan.  
Confidential  
treatment has  
been requested  
for confidential  
commercial and  
financial  
information,  
pursuant to Rule  
24b-2 under the  
Securities  
Exchange Act  
of 1934, as  
amended (the  
“Exchange Act”).  
Schedules and  
exhibits to this  
agreement have  
been omitted  
pursuant to Item  
601(b)(2) of  
Regulation S-K.  
A copy of any  
omitted  
schedule or  
exhibit will be  
furnished  
supplementally  
to the Securities  
and Exchange  
Commission  
upon request.

Certificate of  
Incorporation  
and Bylaws

3.1 Third Amended  
and Restated  
Certificate of  
Incorporation of  
FedEx. (Filed as  
Exhibit 3.1 to  
FedEx’s Current  
Report on Form  
8-K dated  
September 26,  
2011 and filed  
September 28,  
2011, and  
incorporated

herein by  
reference.)

- 3.2 Amended and Restated Bylaws of FedEx. (Filed as Exhibit 3.1 to FedEx's Current Report on Form 8-K dated and filed March 12, 2018, and incorporated herein by reference.)

Long-Term  
Debt  
Instruments

- 4.1 Indenture, dated as of August 8, 2006, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.), as trustee. (Filed as Exhibit 4.3 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)

- 4.2 Supplemental Indenture No. 2, dated as of January 16,

2009, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.4 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)

4.3 Form of 8.000% Note due 2019. (Included in Exhibit 4.4 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)

4.4 Supplemental Indenture No. 3, dated as of July 27, 2012, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.5 to FedEx's Registration Statement on

Form S-3 filed on September 19, 2012, and incorporated herein by reference.)

- 4.5 Form of 2.625% Note due 2022. (Included in Exhibit 4.5 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
- 4.6 Form of 3.875% Note due 2042. (Included in Exhibit 4.5 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
- 4.7 Supplemental Indenture No. 4, dated as of April 11, 2013, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated

and filed April  
11, 2013, and  
incorporated  
herein by  
reference.)

4.8 Form of 2.70%  
Note due 2023.  
(Included in  
Exhibit 4.1 to  
FedEx's Current  
Report on Form  
8-K dated and  
filed April 11,  
2013, and  
incorporated  
herein by  
reference.)

4.9 Form of 4.10%  
Note due 2043.  
(Included in  
Exhibit 4.1 to  
FedEx's Current  
Report on Form  
8-K dated and  
filed April 11,  
2013, and  
incorporated  
herein by  
reference.)

- 4.10 Supplemental Indenture No. 5, dated as of January 9, 2014, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
- 4.11 Form of 4.000% Note due 2024. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
- 4.12 Form of 4.900% Note due 2034.



(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)

4.13 Form of 5.100% Note due 2044. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)

4.14 Supplemental Indenture No. 6, dated as of January 9, 2015, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current

Report on  
Form 8-K  
dated and  
filed January  
9, 2015, and  
incorporated  
herein by  
reference.)

4.15 Form of  
2.300% Note  
due 2020.  
(Included in  
Exhibit 4.1 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed  
January 9,  
2015, and  
incorporated  
herein by  
reference.)

4.16 Form of  
3.200% Note  
due 2025.  
(Included in  
Exhibit 4.1 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed  
January 9,  
2015, and  
incorporated  
herein by  
reference.)

4.17 Form of  
3.900% Note  
due 2035.  
(Included in  
Exhibit 4.1 to  
FedEx's  
Current  
Report on

Form 8-K  
dated and  
filed  
January 9,  
2015, and  
incorporated  
herein by  
reference.)

4.18 Form of  
4.100% Note  
due 2045.  
(Included in  
Exhibit 4.1 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed  
January 9,  
2015, and  
incorporated  
herein by  
reference.)

4.19 Form of  
4.500% Note  
due 2065.  
(Included in  
Exhibit 4.1 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed  
January 9,  
2015, and  
incorporated  
herein by  
reference.)

4.20 Indenture,  
dated as of  
October 23,  
2015,  
between  
FedEx, the  
Guarantors  
named

therein and  
Wells Fargo  
Bank,  
National  
Association,  
as trustee.  
(Filed as  
Exhibit 4.1 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed October  
23, 2015, and  
incorporated  
herein by  
reference.)

4.21 Supplemental  
Indenture  
No. 1, dated  
as of  
October 23,  
2015,  
between  
FedEx, the  
Guarantors  
named  
therein and  
Wells Fargo  
Bank,  
National  
Association,  
as trustee.  
(Filed as  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed October  
23, 2015, and  
incorporated  
herein by  
reference.)

4.22 Form of  
4.750% Note  
due 2045.

(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.)

4.23 Supplemental Indenture No. 2, dated as of March 24, 2016, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.)

4.24 Form of 3.250% Note due 2026. (Included in Exhibit 4.2 to FedEx's Current Report on

Form 8-K  
dated and  
filed  
March 24,  
2016, and  
incorporated  
herein by  
reference.)

4.25 Form of  
4.550% Note  
due 2046.  
(Included in  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed  
March 24,  
2016, and  
incorporated  
herein by  
reference.)

4.26 Supplemental  
Indenture  
No. 3, dated  
as of April  
11, 2016,  
between  
FedEx, the  
Guarantors  
named  
therein,  
Wells Fargo  
Bank,  
National  
Association,  
as trustee,  
and Elavon  
Financial  
Services  
Limited, UK  
Branch, as  
paying agent.  
(Filed as  
Exhibit 4.2 to  
FedEx's  
Current

Report on  
Form 8-K  
dated and  
filed April  
11, 2016, and  
incorporated  
herein by  
reference.)

4.27 Form of  
Floating Rate  
Note due  
2019.  
(Included in  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed April  
11, 2016, and  
incorporated  
herein by  
reference.)

4.28 Form of  
0.500% Note  
due 2020.  
(Included in  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed April  
11, 2016, and  
incorporated  
herein by  
reference.)

4.29 Form of  
1.000% Note  
due 2023.  
(Included in  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K

dated and  
filed April  
11, 2016, and  
incorporated  
herein by  
reference.)

4.30 Form of  
1.625% Note  
due 2027.  
(Included in  
Exhibit 4.2 to  
FedEx's  
Current  
Report on  
Form 8-K  
dated and  
filed April  
11, 2016, and  
incorporated  
herein by  
reference.)



- 4.31 Supplemental Indenture No. 4, dated as of January 6, 2017, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)
- 4.32 Form of 3.300% Note due 2027. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)
- 4.33 Form of 4.400% Note due 2047. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)

4.34 Supplemental Indenture No. 5, dated as of January 31, 2018, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)

4.35 Form of 3.400% Note due 2028. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)

4.36 Form of 4.050% Note due 2048. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)

Facility Lease  
Agreements

- 10.1 Composite Lease Agreement dated May 21, 2007 (but effective as of January 1, 2007) between the Memphis-Shelby County Airport Authority and FedEx Express (the “Composite Lease Agreement”). (Filed as Exhibit 10.1 to FedEx’s FY07 Annual Report on Form 10-K, and incorporated herein by reference.)
- 10.2 First Amendment dated December 29, 2009 (but effective as of September 1, 2008) to the Composite Lease Agreement. (Filed as Exhibit 10.1 to FedEx’s FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.3 Second Amendment dated March 30, 2010 (but effective as of June 1, 2009) and Third Amendment dated April 27, 2010 (but effective as of

July 1, 2009),  
each to the  
Composite Lease  
Agreement.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY10  
Annual Report on  
Form 10-K, and  
incorporated  
herein by  
reference.)

10.4 Fourth  
Amendment  
dated December  
22, 2011 (but  
effective as of  
December 15,  
2011) to the  
Composite Lease  
Agreement.  
(Filed as Exhibit  
10.4 to FedEx's  
FY12 Third  
Quarter Report  
on Form 10-Q,  
and incorporated  
herein by  
reference.)

10.5 Fifth Amendment  
dated December  
19, 2012 (but  
effective as of  
January 1, 2013)  
to the Composite  
Lease  
Agreement.  
(Filed as Exhibit  
10.5 to FedEx's  
FY13 Third  
Quarter Report  
on Form 10-Q,  
and incorporated  
herein by  
reference.)

10.6 Sixth  
Amendment  
dated September

19, 2013 (but effective as of July 1, 2014) to the Composite Lease Agreement. (Filed as Exhibit 10.5 to FedEx's FY14 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.7 Seventh Amendment dated June 1, 2016 (but effective as of April 1, 2016) to the Composite Lease Agreement. (Filed as Exhibit 10.7 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.8 Eighth Amendment dated July 29, 2016 (but effective as of April 1, 2017) to the Composite Lease Agreement. (Filed as Exhibit 10.14 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.9 Ninth Amendment dated August 14, 2017 (but effective as of September 1, 2017) to the Composite Lease Agreement. (Filed as Exhibit 10.9 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

\*10.10 Tenth Amendment dated May 22, 2018 (but effective as of May 1, 2018) to the Composite Lease Agreement.

Aircraft-Related Agreements

10.11 Boeing 777 Freighter Purchase Agreement dated as of November 7, 2006 between The Boeing Company and FedEx Express (the "Boeing 777 Freighter Purchase Agreement"). Confidential treatment has been granted for confidential commercial and financial information.

pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY07 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.12 Supplemental Agreement No. 1 dated as of June 16, 2008, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY08 Annual Report on Form 10-K, and incorporated herein by reference.)

10.13 Supplemental Agreement No. 2 dated as of July 14, 2008 to the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.3 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.14 Supplemental Agreement No. 3 dated as of December 15, 2008 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.15 Supplemental Agreement No. 4 dated as of January 9, 2009 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. Confidential treatment has



been granted  
for  
confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.1  
to FedEx's  
FY09 Third  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.16 Side letters  
dated May 29,  
2009 and May  
19, 2009, each  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.17  
to FedEx's  
FY09 Annual  
Report on  
Form 10-K,  
and  
incorporated

herein by  
reference.)

10.17 Supplemental  
Agreement  
No. 5 dated as  
of January 11,  
2010 to the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.3  
to FedEx's  
FY10 Third  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.18 Supplemental  
Agreement  
No. 6 dated as  
of March 17,  
2010,  
Supplemental  
Agreement  
No. 7 dated as  
of March 17,  
2010, and  
Supplemental  
Agreement  
No. 8 (and  
related side  
letters) dated

as of April 30, 2010, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.22 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)

- 10.19 Supplemental Agreement No. 9 dated as of June 18, 2010, Supplemental Agreement No. 10 dated as of June 18, 2010, Supplemental Agreement No. 11 (and related side letter) dated as of August 19, 2010, and Supplemental Agreement No. 13 (and related side

letter) dated  
as of August  
27, 2010, each  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.1  
to FedEx's  
FY11 First  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.20 Supplemental  
Agreement  
No. 12 (and  
related side  
letter) dated  
as of  
September 3,  
2010,  
Supplemental  
Agreement  
No. 14 (and  
related side  
letter) dated  
as of October  
25, 2010, and  
Supplemental  
Agreement  
No. 15 (and  
related side

letter) dated  
as of October  
29, 2010, each  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.2  
to FedEx's  
FY11 Second  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.21 Supplemental  
Agreement  
No. 16 (and  
related side  
letters) dated  
as of January  
31, 2011, and  
Supplemental  
Agreement  
No. 17 dated  
as of February  
14, 2011, each  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has

been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.22 Supplemental Agreement No. 18 (and related side letter) dated as of March 30, 2011, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.26 to FedEx's FY11 Annual Report on

Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.23 Supplemental  
Agreement  
No. 19 (and  
related side  
letter) dated  
as of October  
27, 2011,  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.2  
to FedEx's  
FY12 Second  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.24 Supplemental  
Agreement  
No. 20 (and  
related side  
letters) dated  
as of  
December 14,  
2011,  
amending the

Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as  
Exhibit 10.2  
to FedEx's  
FY12 Third  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.25 Supplemental  
Agreement  
No. 21 dated  
as of June 29,  
2012,  
amending the  
Boeing 777  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for  
confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange  
Act. (Filed as



Exhibit 10.2  
to FedEx's  
FY13 First  
Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.26 Supplemental Agreement No. 22 (and related side letters) dated as of December 11, 2012, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.27 Supplemental Agreement No. 23 (and related side letters) dated as of December 10, 2013, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.28 Supplemental Agreement No. 24 (and related side letters) dated as of May 4, 2016, amending the Boeing 777 Freighter

Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.25 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.29 Supplemental Agreement No. 25 (and related side letters) dated as of June 10, 2016, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.13 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.30 Supplemental Agreement No. 26 (and related side letter) dated as of February 10, 2017, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit

10.13 to FedEx's FY17  
Second Quarter Report  
on Form 10-Q, and  
incorporated herein by  
reference.)

10.31 Supplemental  
Agreement No. 27 (and  
related side letter)  
dated as of October 12,  
2017, amending the  
Boeing  
777 Freighter Purchase  
Agreement.  
Confidential treatment  
has been granted for  
confidential  
commercial and  
financial information,  
pursuant to Rule 24b-2  
under the Exchange  
Act. (Filed as Exhibit  
10.11 to FedEx's FY18  
Second Quarter Report  
on Form 10-Q, and  
incorporated herein by  
reference.)

10.32 Supplemental  
Agreement No. 28 (and  
related side letter)  
dated as of January 26,  
2018, amending the  
Boeing  
777 Freighter Purchase  
Agreement.  
Confidential treatment  
has been granted for  
confidential  
commercial and  
financial information,  
pursuant to Rule 24b-2  
under the Exchange  
Act. (Filed as Exhibit  
10.8 to FedEx's FY18  
Third Quarter Report  
on Form 10-Q, and  
incorporated herein by  
reference.)

10.33

Supplemental Agreement No. 29 (and related side letters) dated as of February 2, 2018, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

\*10.34 Letter Agreement dated as of March 16, 2018, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.

10.35 Boeing 767-3S2 Freighter Purchase Agreement dated as of December 14, 2011 between The Boeing Company and FedEx Express (the "Boeing 767-3S2 Freighter Purchase Agreement"). Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2

under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.36 Supplemental Agreement No. 1 (and related side letters) dated as of June 29, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.37 Supplemental Agreement No. 2 dated as of October 8, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY13 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.38

Supplemental Agreement No. 3 (and related side letters) dated as of December 11, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.39 Supplemental Agreement No. 4 (and related side letter) dated as of December 10, 2013, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.40 Supplemental Agreement No. 5 (and related side letters) dated as of September 29, 2014, amending the Boeing 767-3S2 Freighter Purchase Agreement.



Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.41 Letter Agreement dated as of January 22, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY15 Third Quarter Report on Form 10-Q, and

incorporated  
herein by  
reference.)

10.42 Supplemental  
Agreement No.  
6 (and related  
side letters)  
dated as of  
July 21, 2015,  
amending the  
Boeing  
767-3S2  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY16  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.43 Supplemental  
Agreement No.  
7 dated as of  
April 18, 2016,  
amending the  
Boeing  
767-3S2  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted

for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.34  
to FedEx's  
FY16 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.44 Supplemental  
Agreement No.  
8 (and related  
side letters)  
dated as of  
June 10, 2016,  
amending the  
Boeing  
767-3S2  
Freighter  
Purchase  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.12  
to FedEx's  
FY17 First  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by

reference.)

10.45 Supplemental Agreement No. 9 dated as of February 16, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.12 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.46 Supplemental Agreement No. 10 dated as of May 10, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial

information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.40  
to FedEx's  
FY17 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

U.S. Postal  
Service  
Agreements

10.47 Transportation  
Agreement  
dated April 23,  
2013 between  
the USPS and  
FedEx Express  
(the "USPS  
Transportation  
Agreement").  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.52  
to FedEx's  
FY13 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.48 Amendment dated May 28, 2013, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.53 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.)

10.49 Amendment dated June 24, 2013, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY14 First Quarter

Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.50 Amendment  
dated October  
10, 2013 (but  
effective as of  
September 30,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY14  
Second  
Quarter Report  
on  
Form 10-Q/A  
(Amendment  
No. 1), and  
incorporated  
herein by  
reference.)

10.51 Amendment  
dated October  
15, 2013 (but  
effective as of  
October 10,  
2013),  
amending the  
USPS  
Transportation  
Agreement.

(Filed as  
Exhibit 10.2 to  
FedEx's FY14  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)



10.52 Amendment  
dated  
November 7,  
2013 (but  
effective as of  
October 1,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY14  
Second  
Quarter Report  
on

Form 10-Q/A  
(Amendment  
No. 1), and  
incorporated  
herein by  
reference.)

10.53 Amendment  
dated  
November 7,  
2013 (but  
effective as of  
December 15,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has

been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY14  
Second  
Quarter Report  
on  
Form 10-Q/A  
(Amendment  
No. 1), and  
incorporated  
herein by  
reference.)

10.54 Amendment  
dated  
December 16,  
2013 (but  
effective as of  
November 4,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY14  
Third Quarter  
Report on  
Form 10-Q,  
and

incorporated  
herein by  
reference.)

10.55 Amendment  
dated  
December 16,  
2013 (but  
effective as of  
December 2,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY14  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.56 Amendment  
dated March  
27, 2014 (but  
effective as of  
January 6,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential

commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.38  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.57 Amendment  
dated March  
27, 2014 (but  
effective as of  
February 3,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.39  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.58

Amendment  
dated March  
27, 2014 (but  
effective as of  
March 3,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.40  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.59 Amendment  
dated April 16,  
2014 (but  
effective as of  
March 31,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2

under the  
Exchange Act.  
(Filed as  
Exhibit 10.41  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.60 Amendment  
dated May 27,  
2014 (but  
effective as of  
April 28,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.42  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.61 Amendment  
dated May 27,  
2014 (but  
effective as of  
May 14, 2014),  
amending the

USPS  
Transportation  
Agreement.  
(Filed as  
Exhibit 10.43  
to FedEx's  
FY14 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.62 Amendment  
dated June 25,  
2014 (but  
effective as of  
June 2, 2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY15  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.63 Amendment  
dated June 25,  
2014 (but  
effective as of  
June 2, 2014),  
amending the

USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY15  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.64 Amendment  
dated  
September 9,  
2014 (but  
effective as of  
June 27, 2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY15  
Second  
Quarter Report



on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.65 Amendment  
dated  
September 9,  
2014 (but  
effective as of  
September 30,  
2013),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY15  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.66 Amendment  
dated  
September 9,  
2014 (but  
effective as of  
June 27, 2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY15  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.67 Amendment  
dated  
September 24,  
2014 (but  
effective as of  
June 30, 2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial

information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.6 to  
FedEx's FY15  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.68 Amendment  
dated  
September 30,  
2014 (but  
effective as of  
July 28, 2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.7 to  
FedEx's FY15  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.69 Amendment  
dated October  
1, 2014 (but

effective as of  
September 1,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.8 to  
FedEx's FY15  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.70 Amendment  
dated  
September 30,  
2014 (but  
effective as of  
September 29,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.

(Filed as Exhibit 10.9 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.71 Amendment dated November 4, 2014 (but effective as of September 29, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.72 Amendment dated November 4, 2014 (but effective as of December 1, 2013).

amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.11  
to FedEx's  
FY15 Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.73 Amendment  
dated  
December 23,  
2014 (but  
effective as of  
October 27,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY15

Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.74 Amendment  
dated  
December 10,  
2014 (but  
effective as of  
November 24,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY15  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.75 Amendment  
dated  
December 23,  
2014 (but  
effective as of  
January 5,  
2015),  
amending the  
USPS  
Transportation

Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY15  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.76 Amendment  
dated February  
19, 2015 (but  
effective as of  
December 1,  
2014),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY15  
Third Quarter  
Report on  
Form 10-Q,  
and



incorporated  
herein by  
reference.)

10.77 Amendment  
dated June 12,  
2015 (but  
effective as of  
January 5,  
2015),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY16  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.78 Amendment  
dated June 16,  
2015 (but  
effective as of  
February 2,  
2015),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial

and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY16  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.79 Amendment dated June 23, 2015 (but effective as of March 2, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.80 Amendment dated August 31, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial

information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY16  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.81 Amendment  
dated  
September 15,  
2015 (but  
effective as of  
June 29, 2015),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY16  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.82 Amendment  
dated  
September 1,

2015,  
amending the  
USPS  
Transportation  
Agreement.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY16  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.83 Amendment  
dated October  
15, 2015 (but  
effective as of  
March 30,  
2015),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY16  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.84 Amendment  
dated  
November 9,

2015 (but effective as of January 4, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.85 Amendment dated November 9, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the

Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY16  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.86 Amendment  
dated January  
12, 2016,  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.87 Amendment  
dated January  
28, 2016,  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted

for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.88 Amendment  
dated January  
28, 2016,  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.89 Amendment  
dated January  
29, 2016 (but



effective as of  
January 31,  
2016),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.90 Amendment  
dated February  
11, 2016,  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY16  
Third Quarter

Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.91 Amendment  
dated February  
16, 2016 (but  
effective as of  
August 31,  
2015),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.6 to  
FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.92 Amendment  
dated February  
11, 2016 (but  
effective as of  
February 10,  
2016),  
amending the  
USPS  
Transportation  
Agreement.  
(Filed as  
Exhibit 10.7 to

FedEx's FY16  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

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- 10.93 Amendment dated February 29, 2016 (but effective as of September 28, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.94 Amendment dated March 7, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.83 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- 10.95 Amendment dated March 7, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.84 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by

reference.)

10.96 Amendment dated March 7, 2016 (but effective as of November 28, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.85 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.97 Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.86 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.98 Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.87 to FedEx's

FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.99 Amendment dated April 11, 2016 (but effective as of February 1, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.88 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.100 Amendment dated April 11, 2016 (but effective as of February 29, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.89 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.101 Amendment dated April 12, 2016 (but effective as of April 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to

Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.90 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)

10.102 Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.103 Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.104 Amendment dated June 20, 2016 (but effective as of May 30, 2016), amending the USPS Transportation Agreement. Confidential treatment has been

granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.105 Amendment dated June 20, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.106 Amendment dated June 20, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)



- 10.107 Amendment dated June 20, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.108 Amendment dated July 18, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.109 Amendment dated July 7, 2016 (but effective as of July 6, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.110 Amendment dated July 26, 2016 (but effective as

of May 30, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.111 Amendment dated August 4, 2016 (but effective as of August 1, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.112 Amendment dated August 9, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- 10.113 Amendment dated September 8, 2016 (but effective as of August 23, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.114 Amendment dated September 8, 2016 (but effective as of August 19, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.115 Amendment dated September 8, 2016 (but effective as of August 29, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as

Exhibit 10.3 to FedEx's  
FY17 Second Quarter  
Report on Form 10-Q,  
and incorporated herein  
by reference.)

10.116 Amendment dated  
September 15, 2016 (but  
effective as of  
August 18, 2016),  
amending the USPS  
Transportation  
Agreement. Confidential  
treatment has been  
granted for confidential  
commercial and financial  
information, pursuant to  
Rule 24b-2 under the  
Exchange Act. (Filed as  
Exhibit 10.4 to FedEx's  
FY17 Second Quarter  
Report on Form 10-Q,  
and incorporated herein  
by reference.)

10.117 Amendment dated  
September 15, 2016 (but  
effective as of  
September 6, 2016),  
amending the USPS  
Transportation  
Agreement. Confidential  
treatment has been  
granted for confidential  
commercial and financial  
information, pursuant to  
Rule 24b-2 under the  
Exchange Act. (Filed as  
Exhibit 10.5 to FedEx's  
FY17 Second Quarter  
Report on Form 10-Q,  
and incorporated herein  
by reference.)

10.118 Amendment dated  
October 6, 2016 (but  
effective as of October 3,  
2016), amending the  
USPS Transportation  
Agreement. Confidential  
treatment has been

granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.119 Amendment dated October 24, 2016 (but effective as of September 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.120 Amendment dated October 24, 2016 (but effective as of October 17, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

- 10.121 Amendment dated October 24, 2016 (but effective as of October 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.122 Amendment dated November 8, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.123 Amendment dated December 1, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the

Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.124 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.125 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.126 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential

commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.127 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.128 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.129 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation



Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.130 Amendment dated January 12, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.131 Amendment dated January 12, 2017 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.132 Amendment dated February 24, 2017 (but

effective as of January 30, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

- 10.133 Amendment dated February 22, 2017 (but effective as of February 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.134 Amendment dated March 30, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.129 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)

10.135 Amendment dated April 17, 2017 (but effective as of April 3, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information.

pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.130  
to FedEx's  
FY17 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.136 Amendment  
dated May 18,  
2017 (but  
effective as of  
January 30,  
2017).  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.131  
to FedEx's  
FY17 Annual  
Report on  
Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.137 Amendment  
dated June 20,  
2017 (but  
effective as of

May 1, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.138 Amendment  
dated June 20,  
2017 (but  
effective as of  
June 5, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY18  
First Quarter

Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.139 Amendment  
dated August  
25, 2017 (but  
effective as of  
July 3, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.140 Amendment  
dated August  
25, 2017 (but  
effective as of  
February 27,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted

for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

- 10.141 Amendment  
dated August  
17, 2017 (but  
effective as of  
July 31, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.142

Amendment  
dated August  
25, 2017 (but  
effective as of  
April 3, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.6 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.143 Amendment  
dated August  
25, 2017 (but  
effective as of  
November 27,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
(Filed as  
Exhibit 10.7 to  
FedEx's FY18  
First Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)



10.144 Amendment dated August 28, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.145 Amendment dated October 16, 2017 (but effective as of May 1, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2

under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.146 Amendment  
dated October  
16, 2017 (but  
effective as of  
June 5, 2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.2 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.147 Amendment  
dated October  
16, 2017 (but  
effective as of  
July 3, 2017),  
amending the  
USPS

Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.3 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.148 Amendment dated October 16, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.149 Amendment dated October 16, 2017 (but effective as of July 31, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to

Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.150 Amendment  
dated October  
16, 2017 (but  
effective as of  
August 28,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.6 to  
FedEx's FY18  
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Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.151 Amendment  
dated October  
16, 2017 (but  
effective as of  
January 2,

2017).  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.7 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.152 Amendment  
dated  
November 7,  
2017 (but  
effective as of  
October 2,  
2017).  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information.  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.8 to

FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.153 Amendment  
dated  
November 7,  
2017 (but  
effective as of  
October 2,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
(Filed as  
Exhibit 10.9 to  
FedEx's FY18  
Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.154 Amendment  
dated  
November 7,  
2017 (but  
effective as of  
October 30,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2

under the  
Exchange Act.  
(Filed as  
Exhibit 10.10  
to FedEx's  
FY18 Second  
Quarter Report  
on Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.155 Amendment  
dated  
December 8,  
2017 (but  
effective as of  
August 28,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.1 to  
FedEx's FY18  
Third Quarter  
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and  
incorporated  
herein by  
reference.)

10.156 Amendment  
dated  
December 8,  
2017 (but  
effective as of



November 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.157 Amendment dated December 8, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as

Exhibit 10.3 to  
FedEx's FY18  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.158 Amendment  
dated January  
8, 2018 (but  
effective as of  
January 1,  
2018),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.4 to  
FedEx's FY18  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.159 Amendment  
dated January  
11, 2018 (but  
effective as of  
October 30,  
2017),  
amending the  
USPS  
Transportation

Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.5 to  
FedEx's FY18  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

10.160 Amendment  
dated January  
26, 2018 (but  
effective as of  
November 27,  
2017),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.6 to  
FedEx's FY18  
Third Quarter  
Report on  
Form 10-Q,  
and

incorporated  
herein by  
reference.)

10.161 Amendment  
dated February  
16, 2018 (but  
effective as of  
January 29,  
2018),  
amending the  
USPS  
Transportation  
Agreement.  
Confidential  
treatment has  
been granted  
for confidential  
commercial  
and financial  
information,  
pursuant to  
Rule 24b-2  
under the  
Exchange Act.  
(Filed as  
Exhibit 10.7 to  
FedEx's FY18  
Third Quarter  
Report on  
Form 10-Q,  
and  
incorporated  
herein by  
reference.)

- \*10.162 Amendment dated March 18, 2018 (but effective as of December 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
  
- \*10.163 Amendment dated March 20, 2018 (but effective as of February 26, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
  
- \*10.164 Amendment dated March 21, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
  
- \*10.165 Amendment dated April 10, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to

Rule 24b-2 under the  
Exchange Act.

\*10.166 Amendment dated May  
17, 2018 (but effective as  
of April 2, 2018),  
amending the USPS  
Transportation  
Agreement. Confidential  
treatment has been  
requested for confidential  
commercial and financial  
information, pursuant to  
Rule 24b-2 under the  
Exchange Act.

\*10.167 Amendment dated May  
17, 2018 (but effective as  
of April 30, 2018),  
amending the USPS  
Transportation  
Agreement. Confidential  
treatment has been  
requested for confidential  
commercial and financial  
information, pursuant to  
Rule 24b-2 under the  
Exchange Act.

Financing Agreement

10.168 Five-Year Credit  
Agreement dated as of  
November 13, 2015,  
among FedEx, JPMorgan  
Chase Bank, N.A.,  
individually and as  
administrative agent, and  
certain lenders (the  
“Credit Agreement”).  
(Filed as Exhibit 99.1 to  
FedEx’s Current Report  
on Form 8-K dated  
November 13, 2015 and  
filed November 18,  
2015, and incorporated  
herein by reference.)

10.169

First Amendment dated as of January 26, 2018, between FedEx and JPMorgan Chase Bank, N.A., as administrative agent, amending the Credit Agreement. (Filed as Exhibit 10.10 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

Management  
Contracts/Compensatory  
Plans or Arrangements

- 10.170 FedEx 1999 Stock Incentive Plan. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-34934 on Form S-8, and incorporated herein by reference.)
- 10.171 Form of Stock Option Agreement pursuant to the FedEx 1999 Stock Incentive Plan. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-34934 on Form S-8, and incorporated herein by reference.)
- 10.172 FedEx 2002 Stock Incentive Plan. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated herein by reference.)
- 10.173 Form of Stock Option Agreement pursuant to the FedEx 2002 Stock Incentive Plan. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated

herein by reference.)

10.174 Amendment to the 1995, 1997, 1999 and 2002 Stock Incentive Plans and the 2001 Restricted Stock Plan. (Filed as Exhibit 10.3 to FedEx's FY04 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.175 FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.1 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)

10.176 Amendment to the FedEx Incentive Stock Plan, as amended, and the 1997, 1999 and 2002 Stock Incentive Plans. (Filed as Exhibit 4.2 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)

10.177 Form of Terms and Conditions of stock option grant pursuant to the FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)

10.178 Form of Restricted Stock Agreement pursuant to the FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.4 to FedEx's Registration



Statement No.  
333-156333 on Form  
S-8, and incorporated  
herein by reference.)

10.179 FedEx Incentive Stock  
Plan 2005 Inland  
Revenue Approved  
Sub-Plan for the United  
Kingdom. (Filed as  
Exhibit 4.2 to FedEx's  
Registration Statement  
No. 333-130619 on Form  
S-8, and incorporated  
herein by reference.)

10.180 Form of Share Option  
Agreement pursuant to  
the FedEx Incentive  
Stock Plan 2005 Inland  
Revenue Approved  
Sub-Plan for the United  
Kingdom. (Filed as  
Exhibit 4.3 to FedEx's  
Registration Statement  
No. 333-130619 on Form  
S-8, and incorporated  
herein by reference.)

10.181 Amendments to the 1993, 1995, 1997, 1999 and 2002 Stock Incentive Plans, as amended, the 2001 Restricted Stock Plan, as amended, and the Incentive Stock Plan, as amended. (Filed as Exhibit 10.48 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)

10.182 Amendments to the 1993, 1995, 1997, 1999 and 2002 Stock Incentive Plans, the 2001 Restricted Stock Plan and the Incentive Stock Plan. (Filed as Exhibit 10.2 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.183 FedEx 2010 Omnibus Stock Incentive Plan, as amended (the "2010 Omnibus Stock Incentive Plan"). (Filed as Exhibit 10.12 to FedEx's FY18

Second Quarter  
Report on Form  
10-Q, and  
incorporated  
herein by  
reference.)

10.184 Form of Terms  
and Conditions  
of stock option  
grant pursuant  
to the 2010  
Omnibus Stock  
Incentive Plan.  
(Filed as Exhibit  
4.4 to FedEx's  
Registration  
Statement No.  
333-171232 on  
Form S-8, and  
incorporated  
herein by  
reference.)

10.185 Form of Terms  
and Conditions  
of restricted  
stock grant  
pursuant to the  
2010 Omnibus  
Stock Incentive  
Plan. (Filed as  
Exhibit 4.5 to  
FedEx's  
Registration  
Statement No.  
333-171232 on  
Form S-8, and  
incorporated  
herein by  
reference.)

10.186 Form of  
Restricted Stock  
Agreement  
pursuant to the  
2010 Omnibus  
Stock Incentive  
Plan. (Filed as  
Exhibit 4.5 to  
FedEx's

Registration  
Statement No.  
333-192957 on  
Form S-8, and  
incorporated  
herein by  
reference.)

10.187 Amended and  
Restated FedEx  
Retirement  
Parity Pension  
Plan. (Filed as  
Exhibit 10.35 to  
FedEx's FY08  
Annual Report  
on Form 10-K,  
and  
incorporated  
herein by  
reference.)

10.188 FedEx Express  
Supplemental  
Long Term  
Disability Plan  
and Amendment  
to the Plan.  
(Filed as Exhibit  
10.56 to FedEx's  
FY11 Annual  
Report on Form  
10-K, and  
incorporated  
herein by  
reference.)

10.189 FedEx's  
Amended and  
Restated  
Retirement Plan  
for Outside  
Directors. (Filed  
as Exhibit 10.2  
to FedEx's FY09  
Second Quarter  
Report on Form  
10-Q, and  
incorporated  
herein by  
reference.)

10.190 Form of Management Retention Agreement between FedEx and each of Frederick W. Smith, David J. Bronczek, Mark R. Allen, Robert B. Carter, Donald F. Colleran, David L. Cunningham, Jr., Michael L. Ducker, Alan B. Graf, Jr., Henry J. Maier and Rajesh Subramaniam. (Filed as Exhibit 10.5 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.191 Consulting Agreement, dated January 1, 2017, between FedEx and T. Michael Glenn. (Filed as Exhibit 10.14 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.192 Separation and Release Agreement, dated July 19,

2017, between FedEx and Christine P. Richards. (Filed as Exhibit 10.10 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

Other Exhibits

- \*12 Statement re Computation of Ratio of Earnings to Fixed Charges (presented on page 147 of this Annual Report on Form 10-K).
- \*21 Subsidiaries of Registrant.
- \*23 Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- \*24 Powers of Attorney (presented on the signature pages of this Annual Report on Form 10-K).
- \*31.1 Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under

the Securities  
Exchange Act of  
1934, as  
Adopted  
Pursuant to  
Section 302 of  
the  
Sarbanes-Oxley  
Act of 2002.

\*31.2 Certification of  
Principal  
Financial  
Officer Pursuant  
to Rules  
13a-14(a) and  
15d-14(a) under  
the Securities  
Exchange Act of  
1934, as  
Adopted  
Pursuant to  
Section 302 of  
the  
Sarbanes-Oxley  
Act of 2002.

\*32.1 Certification of  
Principal  
Executive  
Officer Pursuant  
to 18 U.S.C.  
Section 1350, as  
Adopted  
Pursuant to  
Section 906 of  
the  
Sarbanes-Oxley  
Act of 2002.

\*32.2 Certification of  
Principal  
Financial  
Officer Pursuant  
to 18 U.S.C.  
Section 1350, as  
Adopted  
Pursuant to  
Section 906 of  
the  
Sarbanes-Oxley

Act of 2002.

\*101.1 Interactive Data  
Files.

\*Filed herewith.

Item 16. Form 10-K Summary

None.

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

## FEDEX CORPORATION

Dated: July 16, 2018 By: /s/ Frederick W. Smith

Frederick W. Smith

Chairman and Chief Executive Officer

Power of Attorney. KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Frederick W. Smith, Alan B. Graf, Jr. and John L. Merino, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with any and all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature                                    | Capacity   | Date          |
|--|--|---------------|
| /s/ Frederick W. Smith<br>Frederick W. Smith | Chairman and Chief Executive<br>Officer and Director<br><br>(Principal Executive Officer)          | July 16, 2018 |
| /s/ Alan B. Graf, Jr.<br>Alan B. Graf, Jr.   | Executive Vice President and<br>Chief Financial Officer<br><br>(Principal Financial Officer)       | July 16, 2018 |
| /s/ John L. Merino<br>John L. Merino         | Corporate Vice President and Principal<br>Accounting Officer<br><br>(Principal Accounting Officer) | July 16, 2018 |
| /s/ James L. Barksdale<br>James L. Barksdale | Director   | July 16, 2018 |
| /s/ John A. Edwardson<br>John A. Edwardson   | Director   | July 16, 2018 |
| /s/ Marvin R. Ellison<br>Marvin R. Ellison   | Director   | July 16, 2018 |

/s/ Susan Patricia Griffith Director  
Susan Patricia Griffith

July 16, 2018

/s/ John C. ("Chris") Inglis Director  
John C. ("Chris") Inglis

July 16, 2018

/s/ Kimberly A. Jabal Director  
Kimberly A. Jabal

July 16, 2018

/s/ Shirley Ann Jackson Director  
Shirley Ann Jackson

July 16, 2018

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| Signature                                    | Capacity | Date          |
|--|----------|---------------|
| /s/ R. Brad Martin<br>R. Brad Martin         | Director | July 16, 2018 |
| /s/ Joshua Cooper Ramo<br>Joshua Cooper Ramo | Director | July 16, 2018 |
| /s/ Susan C. Schwab<br>Susan C. Schwab       | Director | July 16, 2018 |
| /s/ David P. Steiner<br>David P. Steiner     | Director | July 16, 2018 |
| /s/ Paul S. Walsh<br>Paul S. Walsh           | Director | July 16, 2018 |

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### OVERVIEW OF FINANCIAL SECTION

The financial section of the FedEx Corporation ("FedEx" or the "Company") Annual Report on Form 10-K ("Annual Report") consists of the following: Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A"), the Consolidated Financial Statements and the notes to the Consolidated Financial Statements, and Other Financial Information, all of which include information about our significant accounting policies and practices and the transactions that underlie our financial results. The following MD&A describes the principal factors affecting the results of operations, liquidity, capital resources, contractual cash obligations and critical accounting estimates of FedEx. The discussion in the financial section should be read in conjunction with the other sections of this Annual Report, particularly "Item 1. Business" and our detailed discussion of risk factors included in this MD&A.

### ORGANIZATION OF INFORMATION

Our MD&A is composed of three major sections: Results of Operations and Outlook, Financial Condition and Critical Accounting Estimates. These sections include the following information:

- Results of operations includes an overview of our consolidated 2018 results compared to 2017 results, and 2017 results compared to 2016 results. This section also includes a discussion of key actions and events that impacted our results, as well as our outlook for 2019.

- The overview is followed by a financial summary and analysis (including a discussion of both historical operating results and our outlook for 2019) for each of our transportation segments.

- Our financial condition is reviewed through an analysis of key elements of our liquidity, capital resources and contractual cash obligations, including a discussion of our cash flows and our financial commitments.

- Critical accounting estimates discusses those financial statement elements that we believe are most important to understanding the material judgments and assumptions incorporated in our financial results.

- We conclude with a discussion of risks and uncertainties that may impact our financial condition and operating results.

### DESCRIPTION OF BUSINESS

We provide a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating independently and managed collaboratively, under the respected FedEx brand. Our primary operating companies are Federal Express Corporation ("FedEx Express"), including TNT Express B.V. ("TNT Express"), the world's largest express transportation company; FedEx Ground Package System, Inc. ("FedEx Ground"), a leading North American provider of small-package ground delivery services; and FedEx Freight Corporation ("FedEx Freight"), a leading U.S. provider of less-than-truckload ("LTL") freight transportation. These companies represent our major service lines and, along with FedEx Corporate Services, Inc. ("FedEx Services"), constitute our reportable segments.

Our FedEx Services segment provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our transportation segments. The FedEx Services segment also provides customers with retail access to FedEx Express and FedEx Ground shipping services through FedEx Office and Print Services, Inc. ("FedEx Office"). See "Reportable Segments" for further discussion and refer to "Item 1. Business" for a more detailed description of each of our operating companies.

In 2018, we reported FedEx Express and TNT Express as one segment. This new segment is the result of combining the financial information of the FedEx Express and TNT Express segments (previously referred to as the FedEx

Express group) as part of the operational integration of these two businesses. As integration activities have progressed, the FedEx Express and TNT Express businesses have lost their historical discrete financial profiles, as the businesses are being combined. Therefore, discrete financial information for FedEx Express and TNT Express does not exist in a manner to evaluate performance and make resource allocation decisions. In addition, this new reporting structure aligns with our management reporting structure and our internal financial reporting and compensation plans.

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Effective March 1, 2018, we realigned our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks, Inc. (“FedEx Trade Networks”). The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers. The new organization includes FedEx Trade Networks Transport & Brokerage, Inc. (“FedEx Trade Networks Transport & Brokerage”), FedEx Cross Border Technologies, Inc. (“FedEx Cross Border”), FedEx Supply Chain Distribution System, Inc. (“FedEx Supply Chain”), FedEx Custom Critical, Inc. (“FedEx Custom Critical”) and FedEx Forward Depots, Inc. (“FedEx Forward Depots”). FedEx Trade Networks operating segment results are included in “Corporate, other and eliminations” in our segment reporting.

Prior period segment results for all of our transportation segments have been recast to conform to the current year presentation for these organizational structure changes.

The key indicators necessary to understand our operating results include:

- the overall customer demand for our various services based on macroeconomic factors and the global economy;
- the volumes of transportation services provided through our networks, primarily measured by our average daily volume and shipment weight and size;
- the mix of services purchased by our customers;
- the prices we obtain for our services, primarily measured by yield (revenue per package or pound or revenue per shipment or hundredweight for LTL freight shipments);
- our ability to manage our cost structure (capital expenditures and operating expenses) to match shifting volume levels; and
- the timing and amount of fluctuations in fuel prices and our ability to recover incremental fuel costs through our fuel surcharges.

Many of our operating expenses are directly impacted by revenue and volume levels. Accordingly, we expect these operating expenses to fluctuate on a year-over-year basis consistent with changes in revenues and volumes. Therefore, the discussion of operating expense captions focuses on the key drivers and trends impacting expenses other than changes in revenues and volumes. The line item “Other operating expenses” predominantly includes costs associated with outside service contracts (such as security, facility services and cargo handling), insurance, professional fees, taxes and licenses, and uniforms.

Except as otherwise specified, references to years indicate our fiscal year ended May 31, 2018 or ended May 31 of the year referenced and comparisons are to the prior year. References to our transportation segments include, collectively, the FedEx Express segment, the FedEx Ground segment and the FedEx Freight segment.



## RESULTS OF OPERATIONS AND OUTLOOK

## CONSOLIDATED RESULTS

The following table compares summary operating results (dollars in millions, except per share amounts) for the years ended May 31.

|  | 2018 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(3)</sup> | Percent Change |           |
|--|---------------------|---------------------|---------------------|----------------|-----------|
|  |                     |                     |                     | 2018/2017      | 2017/2016 |
| Consolidated revenues                        | \$65,450            | \$60,319            | \$50,365            | 9              | 20        |
| Operating income:                            |                     |                     |                     |                |           |
| FedEx Express segment                        | 2,578               | 2,769               | 2,485               | (7 )           | 11        |
| FedEx Ground segment                         | 2,605               | 2,279               | 2,240               | 14             | 2         |
| FedEx Freight segment                        | 517                 | 390                 | 421                 | 33             | (7 )      |
| Corporate, other and eliminations            | (830 )              | (401 )              | (2,069 )            | (107)          | 81        |
| Consolidated operating income <sup>(4)</sup> | 4,870               | 5,037               | 3,077               | (3 )           | 64        |
| Operating margin:                            |                     |                     |                     |                |           |
| FedEx Express segment                        | 7.1 %               | 8.2 %               | 9.7 %               | (110)bp        | (150 )bp  |
| FedEx Ground segment                         | 14.2 %              | 13.8 %              | 14.9 %              | 40 bp          | (110 )bp  |
| FedEx Freight segment                        | 7.6 %               | 6.4 %               | 7.2 %               | 120 bp         | (80 )bp   |
| Consolidated operating margin <sup>(4)</sup> | 7.4 %               | 8.4 %               | 6.1 %               | (100)bp        | 230 bp    |
| Consolidated net income <sup>(5)</sup>       | \$4,572             | \$2,997             | \$1,820             | 53             | 65        |
| Diluted earnings per share                   | \$16.79             | \$11.07             | \$6.51              | 52             | 70        |

The following table shows changes in revenues and operating income by reportable segment for 2018 compared to 2017 and 2017 compared to 2016 (in millions):

|                                   | Year-over-Year Changes |           |                  |                             |
|-----------------------------------|------------------------|-----------|------------------|-----------------------------|
|                                   | Revenues               |           | Operating Income |                             |
|                                   | 2018/2017              | 2017/2016 | 2018/2017        | 2017/2016 <sup>(2)(3)</sup> |
| FedEx Express segment             | \$2,348                | \$ 8,271  | \$(191)          | \$ 284                      |
| FedEx Ground segment              | 1,892                  | 1,452     | 326              | 39                          |
| FedEx Freight segment             | 742                    | 245       | 127              | (31 )                       |
| FedEx Services segment            | 29                     | 28        | —                | —                           |
| Corporate, other and eliminations | 120                    | (42 )     | (429)            | 1,668                       |
|                                   | \$5,131                | \$ 9,954  | \$(167)          | \$ 1,960                    |

<sup>(1)</sup>Operating income in 2018 includes TNT Express integration expenses of \$477 million and goodwill and other asset impairment charges associated with FedEx Supply Chain of \$380 million.

<sup>(2)</sup>Operating income in 2017 includes TNT Express integration expenses of \$327 million. Operating income for 2017 also includes \$39 million of charges for legal reserves related to certain pending U.S. Customs and Border Protection matters involving FedEx Trade Networks and \$22 million of charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground.

<sup>(3)</sup>Operating income in 2016 includes provisions related to independent contractor litigation matters at FedEx Ground for \$256 million and expenses related to the settlement of a U.S. Customs and Border Protection notice of action

involving FedEx Trade Networks in the amount of \$69 million, in each case net of recognized immaterial insurance recovery. In addition, operating income includes transaction, financing and integration-planning expenses related to our TNT Express acquisition, as well as the immaterial financial results of TNT Express from the date of acquisition, aggregating \$132 million during 2016. These expenses are predominantly included in “Corporate, other and eliminations.”

<sup>(4)</sup>Operating income includes a gain of \$10 million in 2018, a gain of \$24 million in 2017 and a loss of \$1.5 billion in 2016 associated with our retirement plans mark-to-market accounting further discussed in Note 13 of the accompanying consolidated financial statements.

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<sup>(5)</sup>Consolidated net income in 2018 includes the following benefits attributable to the enactment of the Tax Cuts and Jobs Act: a provisional benefit of \$1.15 billion related to the remeasurement of our net U.S. deferred tax liability; a one-time benefit of \$204 million from a \$1.5 billion contribution to our U.S. Pension Plans; and a benefit of approximately \$265 million related to a lower statutory income tax rate on 2018 earnings. In addition, we recognized a net benefit of \$255 million from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express and a \$225 million benefit from foreign tax credits associated with distributions to the U.S. from our foreign operations.

#### Overview

Our operating results declined in 2018 as a result of the NotPetya cyberattack at TNT Express, a fourth quarter goodwill impairment charge at FedEx Supply Chain and increased TNT Express integration expenses. These negative factors were partially offset by increased yields, volume growth at FedEx Ground and FedEx Freight and a favorable net impact of fuel at all of our transportation segments.

Net income for 2018 includes a provisional benefit of \$1.15 billion (\$4.22 per diluted share) specifically related to the remeasurement of our net U.S. deferred tax liability as a result of the enactment of the Tax Cuts and Jobs Act (“TCJA”). We also recognized a one-time benefit of \$204 million (\$0.75 per diluted share) from a \$1.5 billion contribution to our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”) in 2018 and a benefit of approximately \$265 million (\$0.97 per diluted share) related to a lower statutory income tax rate on 2018 earnings. In addition, we recognized a net benefit of \$255 million (\$0.94 per diluted share) from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express. We also recognized a \$225 million benefit (\$0.83 per diluted share) from foreign tax credits generated by distributions to the U.S. from our foreign operations.

During 2018, we announced three major programs valued at more than \$4.2 billion following the passage of the TCJA. We increased compensation by over \$200 million by advancing 2018 annual pay increases for certain hourly team members and funding increases in performance-based incentive plans for salaried personnel. In addition, we made a voluntary contribution of \$1.5 billion to our U.S. Pension Plans in February 2018. Lastly, we announced a more than \$2.5 billion multi-year program to significantly expand the FedEx Express Indianapolis hub and modernize the FedEx Express Memphis World Hub. See the “Outlook” section below for further information regarding our expected capital expenditures for 2019.

On June 27, 2017, the worldwide operations of TNT Express were significantly affected by the cyberattack known as NotPetya. Immediately following the attack, contingency plans were implemented to recover TNT Express operations and communications systems, and substantially all TNT Express services were fully restored during the first quarter of 2018. As of the second quarter of 2018, all of TNT Express’s critical operational systems were fully restored, critical business data was recovered and shipping services and solutions were back in place. Our results for 2018 were negatively impacted by the NotPetya cyberattack by an estimated \$400 million (\$1.19 per diluted share) during the first half of the year, primarily from loss of revenue due to decreased shipments in the TNT Express network, as well as incremental costs to restore information-technology systems.

Operating income in 2018 includes a net \$10 million gain (\$9 million, net of tax, or \$0.03 per diluted share) associated with our fourth quarter mark-to-market (“MTM”) retirement plans adjustment, which includes a \$210 million charge related to an agreement with Metropolitan Life Insurance Company to purchase a group annuity contract. Our 2018 results also include \$380 million (\$379 million, net of tax, or \$1.39 per diluted share) of goodwill and other asset impairment charges related to FedEx Supply Chain.

Additionally, we incurred TNT Express integration expenses totaling \$477 million (\$372 million, net of tax, or \$1.36 per diluted share) in 2018, a \$150 million increase from 2017. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees,

salaries and wages, advertising expenses and travel, and include any restructuring charges at TNT Express. Internal salaries and wages are included only to the extent the individuals are assigned full-time to integration activities. These costs were incurred at FedEx Express and FedEx Corporation. The identification of these costs as integration-related expenditures is subject to our disclosure controls and procedures.

Our segment results improved in 2017 as a result of yield and volume growth and continued cost management at our FedEx Express segment, as well as the inclusion of TNT Express. In addition, tax benefits from the implementation of new foreign currency tax regulations and the adoption of a new accounting standard for share-based payments benefited results. These factors were partially offset by TNT Express integration expenses, network expansion costs at FedEx Ground, one fewer operating day at FedEx Express and FedEx Ground and higher operating expenses at FedEx Freight.

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We incurred an aggregate of \$327 million (\$245 million, net of tax, or \$0.91 per diluted share) of TNT Express integration expenses in 2017. In addition, operating income in 2017 includes a \$24 million gain (\$6 million, net of tax, or \$0.02 per diluted share) associated with our fourth quarter MTM retirement plans adjustment. Our 2017 results also include \$39 million (\$24 million, net of tax, or \$0.09 per diluted share) of charges for legal reserves related to certain pending U.S. Customs and Border Protection (“CBP”) matters involving FedEx Trade Networks and \$22 million (\$13 million, net of tax, or \$0.05 per diluted share) of charges related to the settlement of and certain expected losses relating to independent contractor litigation matters involving FedEx Ground. These items are included in “Corporate, other and eliminations.”

Our results for 2016 include a \$1.5 billion loss (\$946 million, net of tax, or \$3.39 per diluted share) associated with our MTM retirement plans adjustment.

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The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected volume trends (in thousands) for the years ended May 31:

<sup>(1)</sup>International domestic average daily package volume relates to our international intra-country operations.

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The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected yield trends for the years ended May 31:

<sup>(1)</sup>International domestic revenue per package relates to our international intra-country operations.

#### Revenue

Revenues increased 9% in 2018 due to improved performance at all of our transportation segments. Revenues at FedEx Express increased 7% in 2018 due to improved base yields and favorable exchange rates, despite impacts from the NotPetya cyberattack discussed above. At FedEx Ground, revenues increased 11% in 2018 due to volume growth and increased yields. FedEx Freight revenues increased 12% in 2018 due to higher revenue per shipment and average daily shipments. Higher fuel surcharges had a positive impact on revenues at all of our transportation segments in 2018.

Revenues increased 20% in 2017 due to the inclusion of TNT Express and improvements at our other transportation segments. At FedEx Ground, revenues increased 10% in 2017 due to improved yield and volume growth. Revenues at FedEx Express increased 32% in 2017 primarily due to the inclusion of TNT Express. Revenues in 2017 were negatively impacted by one fewer operating day at FedEx Express and FedEx Ground. FedEx Freight revenues increased 4% due to higher average daily shipments and higher revenue per shipment. Higher fuel surcharges benefited revenues at all of our transportation segments in 2017, but had a minimal net impact on operating income.

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#### Retirement Plans MTM Adjustments

We incurred a pre-tax MTM net gain of \$10 million in 2018 (\$9 million, net of tax, or \$0.03 per diluted share), a gain of \$24 million in 2017 (\$6 million, net of tax, or \$0.02 per diluted share) and a loss of \$1.5 billion in 2016 (\$946 million, net of tax, or \$3.39 per diluted share) from actuarial adjustments to pension and postretirement healthcare plans related to the measurement of plan assets and liabilities. The gain in 2018 is attributable to an increased discount rate, which more than offset losses from demographic experience. The net gain for 2018 includes a \$210 million loss from the purchase of a group annuity contract from Metropolitan Life Insurance Company that transferred approximately 20% of our U.S. Pension Plan liabilities. The gain in 2017 reflects higher-than-expected pension asset returns, particularly in the equity markets. The loss in 2016 is attributable to declining discount rates and demographic assumption experience changes. For more information, see the “Critical Accounting Estimates” section of this MD&A and Note 1 and Note 13 of the accompanying consolidated financial statements.

#### Goodwill and Other Asset Impairment Charges

In 2018, we incurred goodwill and other asset impairment charges of \$380 million related to FedEx Supply Chain, eliminating substantially all of the goodwill attributable to this reporting unit. The key factors contributing to the goodwill impairment were underperformance of the FedEx Supply Chain business during 2018, including base business erosion, and the failure to attain the level of operating synergies and revenue and profit growth anticipated at the time of acquisition. For additional information concerning these impairment charges, see the “Critical Accounting Estimates” section of this MD&A and Note 4 of the accompanying consolidated financial statements.



## Operating Expenses

The following tables compare operating expenses expressed as dollar amounts (in millions) and as a percent of revenue for the years ended May 31:

|  | 2018 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(3)</sup> |
|--|---------------------|---------------------|---------------------|
| 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 <sup>(4)</sup> | 380                 | —                   | —                   |
| Retirement plans mark-to-market adjustment                 | (10 )               | (24 )               | 1,498               |
| Other <sup>(5)</sup>                                       | 9,450               | 8,752               | 7,251               |
| Total operating expenses                                   | \$60,580            | \$55,282            | \$47,288            |
| Total operating income                                     | \$4,870             | \$5,037             | \$3,077             |

|  | Percent of Revenue  |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 2018 <sup>(1)</sup> | 2017 <sup>(2)</sup> | 2016 <sup>(3)</sup> |
| Operating expenses:  |                     |                     |                     |
| Salaries and employee benefits                             | 35.5 %              | 35.7 %              | 36.9 %              |
| Purchased transportation                                   | 23.1                | 22.6                | 19.8                |
| Rentals and landing fees                                   | 5.1                 | 5.3                 | 5.7                 |
| Depreciation and amortization                              | 4.7                 | 5.0                 | 5.2                 |
| Fuel   | 5.2                 | 4.6                 | 4.7                 |
| Maintenance and repairs                                    | 4.0                 | 3.9                 | 4.2                 |
| Goodwill and other asset impairment charges <sup>(4)</sup> | 0.6                 | —                   | —                   |
| Retirement plans mark-to-market adjustment                 | —                   | —                   | 3.0                 |
| Other <sup>(5)</sup>                                       | 14.4                | 14.5                | 14.4                |
| Total operating expenses                                   | 92.6                | 91.6                | 93.9                |
| Operating margin   | 7.4 %               | 8.4 %               | 6.1 %               |

<sup>(1)</sup>Includes TNT Express integration expenses of \$477 million.

<sup>(2)</sup>Includes TNT Express integration expenses of \$327 million.

<sup>(3)</sup>Includes transaction and integration-planning expenses related to our TNT Express acquisition of \$113 million.

<sup>(4)</sup>Includes goodwill and other asset impairment charges of \$380 million in 2018 associated with our FedEx Supply Chain business.

<sup>(5)</sup>Other expenses include \$8 million in 2018 and \$39 million in 2017 of charges related to certain pending CBP matters involving FedEx Trade Networks. Also included in 2017 is \$22 million of charges in connection with the settlement of and expected losses relating to independent contractor litigation matters involving FedEx Ground. Included in 2016 are provisions for the settlement of and expected losses related to independent contractor litigation matters involving FedEx Ground for \$256 million and \$69 million in expenses related to the settlement of a CBP notice of action involving FedEx Trade Networks, in each case net of recognized immaterial insurance recovery.

Our 2018 operating income and margin declined primarily due to the NotPetya cyberattack at TNT Express, fourth quarter goodwill and other asset impairment charges and increased TNT Express integration expenses.

Salaries and employee benefits expense increased 8% in 2018 due to merit increases at all of our transportation segments, unfavorable exchange rates at FedEx Express and higher staffing at FedEx Ground and FedEx Freight. Purchased transportation costs increased 11% in 2018 due to higher volumes at all of our transportation segments, increased transportation rates and higher fuel expenses at FedEx Ground and unfavorable exchange rates at FedEx Express. Other operating expenses increased 8% in 2018 primarily due to increased outside service contracts and unfavorable exchange rates at FedEx Express and higher TNT Express integration expenses.

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In 2017, our operating income and margin benefited from the slight positive impact of our MTM retirement plans adjustment, compared to a large MTM loss in the prior year, the year-over-year decreases in 2017 associated with the independent contractor litigation matters and CBP matters, and the continued growth and cost management initiatives at the FedEx Express segment. However, operating margin was negatively impacted in 2017 by the inclusion of TNT Express, TNT Express integration expenses and network expansion costs at FedEx Ground.

In 2017, purchased transportation costs increased 37% due to the inclusion of TNT Express and higher volume and increased transportation rates at FedEx Ground. Salaries and employee benefits expense increased 16% in 2017 due to the inclusion of TNT Express, volume growth and staffing to support network expansion at FedEx Ground, merit increases at FedEx Express, and higher staffing levels to support volume growth and merit increases at FedEx Freight. Other expenses increased 21% in 2017 primarily due to outside service contracts at TNT Express and the reserves for the legal matters involving FedEx Trade Networks and FedEx Ground, which were offset by the inclusion of independent contractor litigation expenses and the CBP matter in the prior year.

#### Fuel

The following graph for our transportation segments shows our average cost of jet and vehicle fuel per gallon for the years ended May 31:

Fuel expense increased 22% during 2018 due to higher fuel prices. However, fuel prices represent only one component of the two factors we consider meaningful in understanding the impact of fuel on our business. Consideration must also be given to the fuel surcharge revenue we collect. Accordingly, we believe discussion of the net impact of fuel on our results, which is a comparison of the year-over-year change in these two factors, is important to understand the impact of fuel on our business. In order to provide information about the impact of fuel surcharges on the trend in revenue and yield growth, we have included the comparative weighted-average fuel surcharge percentages in effect for 2018, 2017 and 2016 in the accompanying discussions of each of our transportation segments.

Our fuel surcharges are adjusted on a weekly basis. The fuel surcharge is based on a weekly fuel price from two weeks prior to the week in which it is assessed. Some FedEx Express international fuel surcharges incorporate a timing lag of approximately six to eight weeks.

Prior to February 6, 2017, our fuel surcharges for the FedEx Express and FedEx Ground businesses incorporated a timing lag of approximately six to eight weeks before they were adjusted for changes in fuel prices. For example, the fuel surcharge index in effect at FedEx Express in January 2017 was set based on November 2016 fuel prices.

Beyond these factors, the manner in which we purchase fuel also influences the net impact of fuel on our results. For example, our contracts for jet fuel purchases at FedEx Express are tied to various indices, including the U.S. Gulf Coast index. While many of these indices are aligned, each index may fluctuate at a different pace, driving variability in the prices paid for jet fuel. Furthermore, under these contractual arrangements, approximately 70% of our jet fuel is purchased based on the index price for the preceding week, with the remainder of our purchases tied to the index price for the preceding month, rather than based on daily spot rates. These contractual provisions mitigate the impact of rapidly changing daily spot rates on our jet fuel purchases.



Because of the factors described above, our operating results may be affected should the market price of fuel suddenly change by a significant amount or change by amounts that do not result in an adjustment in our fuel surcharges, which can significantly affect our earnings either positively or negatively in the short-term. For more information, see “Risk Factors” below.

The net impact of fuel had a significant benefit to operating income in 2018 as higher fuel surcharges more than offset increased fuel prices.

The net impact of fuel on our operating results does not consider the effects that fuel surcharge levels may have on our business, including changes in demand and shifts in the mix of services purchased by our customers. While fluctuations in fuel surcharge percentages can be significant from period to period, fuel surcharges represent one of the many individual components of our pricing structure that impact our overall revenue and yield. Additional components include the mix of services sold, the base price and extra service charges we obtain for these services and the level of pricing discounts offered.

Fuel expense increased 16% during 2017 due to the inclusion of TNT Express and higher fuel prices. The net impact of fuel had a minimal impact on operating income in 2017 as higher fuel surcharges were more than offset by increased fuel prices.

#### Other Income and Expense

Interest expense increased \$46 million in 2018 primarily due to U.S. debt and commercial paper issuances during the year. Interest expense increased \$176 million in 2017 primarily due to our U.S. and euro debt issuances in 2016, which was partially offset by a gain of \$35 million from the sale of an investment during 2017.

#### Income Taxes

Our effective tax rate was (5.0%) in 2018, 34.6% in 2017 and 33.6% in 2016. Our 2018 tax rate was favorably impacted by the enactment of the TCJA during the third quarter. As of May 31, 2018, we are still completing our accounting for the income tax effects of the TCJA. In accordance with Staff Accounting Bulletin 118, issued by the staff of the Securities and Exchange Commission (“SEC”), we have recorded a provisional benefit of \$1.15 billion related to the remeasurement of our net U.S. deferred tax liability and an immaterial provisional benefit from the one-time transition tax on previously deferred foreign earnings. In addition, we recognized a benefit of approximately \$265 million related to a lower statutory income tax rate on 2018 earnings and a one-time benefit of \$204 million from a \$1.5 billion contribution to our U.S. Pension Plans in February 2018.

Our 2018 tax rate also included a net benefit of \$255 million from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express and a benefit of \$225 million from foreign tax credits generated by distributions to the U.S. from our foreign operations. The 2018 tax rate was negatively impacted by an increase in uncertain tax positions for income tax audits.

Our 2017 tax rate was favorably impacted by \$62 million as a result of the implementation of new U.S. foreign currency tax regulations. Our 2016 tax rate was favorably impacted by \$76 million from an internal corporate legal entity restructuring done in anticipation of the integration of the foreign operations of FedEx Express and TNT Express. A lower state tax rate primarily due to the resolution of a state tax matter also provided a benefit to our 2016 tax rate.

The following table provides a reconciliation of the 2017 effective tax rate to the 2018 effective tax rate, including the impact of the TCJA, for the year ended May 31:

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|  |         |
|--|---------|
| 2017 Effective Tax Rate  | 34.6 %  |
| Remeasurement of net U.S. deferred tax liability                       | (26.4)  |
| Lower statutory tax rate   | (6.1 )  |
| Corporate structuring transactions                                     | (4.3 )  |
| Foreign tax credits generated by distributions from foreign operations | (5.2 )  |
| Effect of February 2018 pension contribution <sup>(1)</sup>            | (4.7 )  |
| Goodwill impairment charge   | 2.5     |
| Increase in uncertain tax positions                                    | 2.0     |
| Other <sup>(2)</sup>   | 2.6     |
| 2018 Effective Tax Rate  | (5.0 )% |

(1) The benefit relates to the pension contribution deduction on our 2017 tax return at a rate of 35%.

(2) Includes a non-recurring benefit of \$62 million in 2017 from the implementation of new U.S. foreign currency tax regulations; 2018 includes increases in non-deductible losses in our foreign operations, including the impact of the NotPetya cyberattack, and deferred tax adjustments.

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For more information on income taxes, including our effective tax rate reconciliation, impact of the TCJA enactment, and liabilities for uncertain tax positions, see the Critical Accounting Estimates section of this MD&A and Note 12 of the accompanying consolidated financial statements.

### Business Acquisitions

On March 23, 2018, we acquired P2P Mailing Limited, a leading provider of worldwide, low-cost e-commerce transportation solutions, for £92 million (\$135 million) in cash from operations. The majority of the purchase price was allocated to goodwill. The financial results of this acquired business are included in the FedEx Trade Networks operating segment from the date of acquisition and were not material to our results of operations.

On October 13, 2017, we acquired Northwest Research Inc., a leader in inventory research and management, for \$50 million in cash from operations. The majority of the purchase price was allocated to property and equipment. The financial results of this acquired business are included in the FedEx Services segment from the date of acquisition and were not material to our results of operations.

On May 25, 2016, we acquired TNT Express for €4.4 billion (\$4.9 billion). Cash acquired in the acquisition was approximately €250 million (\$280 million). All shares associated with the transaction were tendered or transferred as of the third quarter of 2017. We funded the acquisition with proceeds from an April 2016 debt issuance and existing cash balances. The financial results of this business for 2018 and 2017 are included in the FedEx Express segment. Financial results for 2016 were immaterial from the time of acquisition and are included in “Corporate, other and eliminations” in our segment reporting.

TNT Express collects, transports and delivers documents, parcels and freight to over 200 countries and territories. This strategic acquisition broadens our portfolio of international transportation solutions with the combined strength of TNT Express’s strong European road platform and FedEx Express’s strength in other regions globally.

For more information, see Note 3 of the accompanying consolidated financial statements.

### Outlook

During 2019, we expect yield and volume growth at all of our transportation segments to support revenue and earnings growth, prior to any MTM retirement plans adjustment. We will continue to execute operational improvement programs at FedEx Ground and FedEx Freight that are designed to increase operational efficiency and safety, enhance service offerings to our customers and reduce our cost structure. Our expectations for earnings growth in 2019 are dependent on key external factors, including fuel prices, moderate economic growth and stability in global trade.

During 2019, we also will continue to execute our TNT Express integration plans. The integration process is complex as it spans over 200 countries and territories and involves combining our pickup-and-delivery operations at a local level, our global and regional air and ground networks, and our extensive operations, customs clearance, sales and back-office information-technology systems. In addition, a portion of our integration expenses relate to the ongoing establishment of our new international corporate structure, which will leverage synergies to maximize our international profitability.

During 2019, we will be focused on integrating the largest and most complex countries, which include the largest workforces and facilities. In connection with this, we expect to incur approximately \$450 million of integration expenses in 2019 in the form of professional fees, outside service contracts, salaries and wages and other operating expenses. We expect the aggregate integration program expense, including restructuring charges at TNT Express, over

the four years through 2020 to be approximately \$1.5 billion. The timing and amount of integration expenses and capital investments in any future period may change as we implement our plans.

The integration is expected to be substantially completed by the end of 2020. We are targeting operating income improvement at the FedEx Express segment of \$1.2 to \$1.5 billion in 2020 from 2017 assuming moderate economic growth, stability in global trade and current accounting rules and tax laws. The target includes TNT Express synergies as well as base business and other operational improvements across the global FedEx Express network. Although we are targeting to complete our integration program by the end of 2020, we are investing in opportunities to improve the capabilities of the integrated business for future profitability, including periods beyond 2020.

Our capital expenditures for 2019 are expected to be approximately \$5.6 billion and include FedEx Express investments in aircraft fleet modernization and the Memphis and Indianapolis hub modernization and expansion programs. Capital expenditures at FedEx Ground are expected to decline in 2019, due to the completion of two major hub projects that boost our capacity in the Northeast. In addition, our capital expenditure forecast includes \$180 million related to the TNT Express integration.

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Our aircraft fleet modernization and hub modernization and expansion programs at FedEx Express are multi-year programs that will entail significant investments over the next several years. See the “Contractual Cash Obligations and Off-Balance Sheet Arrangements” section of this MD&A for details of our capital commitments for 2019 and beyond. We will continue to evaluate our investments in critical long-term strategic projects to ensure our capital expenditures generate high returns on investment and are balanced with our outlook for global economic conditions. For additional details on key 2019 capital projects, refer to the “Financial Condition – Capital Resources” and “Financial Condition – Liquidity Outlook” sections of this MD&A.

We expect our effective tax rate for 2019 to be approximately 25%, prior to any MTM retirement plans adjustment. However, substantial activities and corporate structuring transactions are ongoing with respect to the integration of FedEx Express and TNT Express. As we continue to integrate these businesses over the next few years, there could be material favorable and unfavorable impacts to our effective tax rate during this period. In addition, the final impact of the TCJA on our reported results may differ from the estimates recorded, possibly materially, due to changes in interpretations and assumptions we have made and future guidance that may be issued. See “Risk Factors” below for more information.

New pension accounting rules will go into effect for us in 2019, which will negatively impact our operating income and margin, but will have no impact on our net income or earnings per share. Under these new rules, only pension service cost will be included in operating expenses. All of the other elements of pension expense, including our annual MTM adjustment, will be classified as non-operating expenses. Prior year financial results will be recast to conform to these new rules upon adoption. See Note 2 of the accompanying consolidated financial statements for further discussion.

Our outlook is dependent upon a stable pricing environment for fuel, as volatility in fuel prices impacts our fuel surcharge levels, fuel expense and demand for our services.

#### Other Outlook Matters

FedEx Ground previously announced plans to implement the Independent Service Provider (“ISP”) model throughout its entire U.S. pickup-and-delivery network. The transition to the ISP model is being accomplished on a district-by-district basis and we are now targeting the transition to be completed during the second quarter of 2020. As of May 31, 2018, over 60% of FedEx Ground volume was being delivered by small businesses operating under the ISP model. The costs associated with these transitions will be recognized in the periods incurred and are not expected to be material to any future quarter.

See “Risk Factors” and “Forward-Looking Statements” for a discussion of these and other potential risks and uncertainties that could materially affect our future performance.

#### Seasonality of Business

Our businesses are cyclical in nature, as seasonal fluctuations affect volumes, revenues and earnings. Historically, the U.S. express package business experiences an increase in volumes in late November and December. International business, particularly in the Asia-to-U.S. market, peaks in October and November in advance of the U.S. holiday sales season. Our first and third fiscal quarters, because they are summer vacation and post winter-holiday seasons, have historically experienced lower volumes relative to other periods. Normally, the fall is the busiest shipping period for FedEx Ground, while late December, June and July are the slowest periods. For FedEx Freight, the spring and fall are the busiest periods and the latter part of December through February is the slowest period. Shipment levels, operating costs and earnings for each of our companies can also be adversely affected by inclement weather, particularly the impact of severe winter weather in our third fiscal quarter. See “Risk Factors” below for more information.

RECENT ACCOUNTING GUIDANCE

See Note 2 of the accompanying consolidated financial statements for a discussion of recent accounting guidance.

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## REPORTABLE SEGMENTS

FedEx Express, FedEx Ground and FedEx Freight represent our major service lines and, along with FedEx Services, constitute our reportable segments. Our reportable segments include the following businesses:

FedEx Express Segment FedEx Express (express transportation)  
TNT Express (international express transportation, small-package ground delivery and freight transportation)

FedEx Ground Segment FedEx Ground (small-package ground delivery)

FedEx Freight Segment FedEx Freight (LTL freight transportation)

FedEx Services Segment FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions)  
FedEx Office (document and business services and package acceptance)

In 2018, FedEx Express and TNT Express are reported as one segment. This new segment is the result of combining the financial information of the FedEx Express and TNT Express segments (previously referred to as the FedEx Express group) as part of the operational integration of these two businesses.

In the fourth quarter of 2018, we realigned our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks. The new organization includes FedEx Trade Networks Transport & Brokerage, FedEx Cross Border, FedEx Supply Chain, FedEx Custom Critical and FedEx Forward Depots. FedEx Trade Networks operating segment results are included in “Corporate, other and eliminations” in our segment reporting.

## FEDEX SERVICES SEGMENT

The operating expenses line item “Intercompany charges” on the accompanying consolidated financial statements of our transportation segments reflects the allocations from the FedEx Services segment to the respective transportation segments. The allocations of net operating costs are based on metrics such as relative revenues or estimated services provided.

The FedEx Services segment provides direct and indirect support to our transportation businesses, and we allocate all of the net operating costs of the FedEx Services segment (including the net operating results of FedEx Office) to reflect the full cost of operating our transportation businesses in the results of those segments. Within the FedEx Services segment allocation, the net operating results of FedEx Office, which are an immaterial component of our allocations, are allocated to FedEx Express and FedEx Ground. We review and evaluate the performance of our transportation segments based on operating income (inclusive of FedEx Services segment allocations). For the FedEx Services segment, performance is evaluated based on the impact of its total allocated net operating costs on our transportation segments. We believe these allocations approximate the net cost of providing these functions. Our allocation methodologies are refined periodically, as necessary, to reflect changes in our businesses.

## CORPORATE, OTHER AND ELIMINATIONS

Corporate and other includes corporate headquarters costs for executive officers and certain legal and finance functions, as well as certain other costs and credits not attributed to our core business. These costs are not allocated to

the other business segments.

Also included in corporate and other is the FedEx Trade Networks operating segment, which provides customs brokerage and global ocean and air freight forwarding through FedEx Trade Networks Transport & Brokerage; cross-border enablement and technology solutions and e-commerce transportation solutions through FedEx Cross Border; integrated supply chain management solutions through FedEx Supply Chain; time-critical shipment services through FedEx Custom Critical; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots.

In 2018, the operating income decrease in “Corporate, other and eliminations” was driven by fourth quarter goodwill and other asset impairment charges at FedEx Supply Chain of \$380 million. In 2017, the operating income increase was driven by the change in the MTM retirement plans adjustment and the year-over-year decrease in charges for legal reserves, which were partially offset by the increase in TNT Express integration expenses discussed above.

Certain FedEx operating companies provide transportation and related services for other FedEx companies outside their reportable segment. Billings for such services are based on negotiated rates, which we believe approximate fair value, and are reflected as revenues of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenues and expenses are eliminated in our consolidated results and are not separately identified in the following segment information, because the amounts are not material.

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## FEDEX EXPRESS SEGMENT

FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight including priority, deferred or economy services, which provide delivery on a time-definite or day-definite basis. The following tables compare revenues, operating expenses, operating income (dollars in millions), operating margin and operating expenses as a percent of revenue for the years ended May 31:

|  | 2018    | 2017    | 2016    | Percent Change<br>2018/2017 2017/2016 |          |
|--|---------|---------|---------|---------------------------------------|----------|
| <b>Revenues:</b>                           |         |         |         |                                       |          |
| <b>Package:</b>                            |         |         |         |                                       |          |
| U.S. overnight box                         | \$7,273 | \$6,955 | \$6,763 | 5                                     | 3        |
| U.S. overnight envelope                    | 1,788   | 1,750   | 1,662   | 2                                     | 5        |
| U.S. deferred                              | 3,738   | 3,526   | 3,379   | 6                                     | 4        |
| Total U.S. domestic package revenue        | 12,799  | 12,231  | 11,804  | 5                                     | 4        |
| International priority                     | 7,356   | 6,940   | 5,697   | 6                                     | 22       |
| International economy                      | 3,255   | 2,876   | 2,282   | 13                                    | 26       |
| Total international export package revenue | 10,611  | 9,816   | 7,979   | 8                                     | 23       |
| International domestic <sup>(1)</sup>      | 4,587   | 4,227   | 1,285   | 9                                     | NM       |
| Total package revenue                      | 27,997  | 26,274  | 21,068  | 7                                     | 25       |
| <b>Freight:</b>                            |         |         |         |                                       |          |
| U.S.                                       | 2,797   | 2,527   | 2,481   | 11                                    | 2        |
| International priority                     | 2,179   | 1,910   | 999     | 14                                    | NM       |
| International economy                      | 1,916   | 1,740   | 385     | 10                                    | NM       |
| International airfreight                   | 368     | 355     | 126     | 4                                     | NM       |
| Total freight revenue                      | 7,260   | 6,532   | 3,991   | 11                                    | NM       |
| Other                                      | 915     | 1,018   | 494     | (10 )                                 | 106      |
| Total revenues                             | 36,172  | 33,824  | 25,553  | 7                                     | 32       |
| <b>Operating expenses:</b>                 |         |         |         |                                       |          |
| Salaries and employee benefits             | 13,096  | 12,278  | 9,921   | 7                                     | 24       |
| Purchased transportation                   | 5,109   | 4,721   | 1,688   | 8                                     | NM       |
| Rentals and landing fees                   | 1,987   | 1,947   | 1,664   | 2                                     | 17       |
| Depreciation and amortization              | 1,679   | 1,662   | 1,377   | 1                                     | 21       |
| Fuel                                       | 2,889   | 2,378   | 2,023   | 21                                    | 18       |
| Maintenance and repairs                    | 1,753   | 1,553   | 1,290   | 13                                    | 20       |
| Intercompany charges                       | 2,045   | 1,886   | 1,832   | 8                                     | 3        |
| Other                                      | 5,036   | 4,630   | 3,273   | 9                                     | 41       |
| Total operating expenses                   | 33,594  | 31,055  | 23,068  | 8                                     | 35       |
| Operating income                           | \$2,578 | \$2,769 | \$2,485 | (7 )                                  | 11       |
| Operating margin                           | 7.1 %   | 8.2 %   | 9.7 %   | (110)bp                               | (150 )bp |

<sup>(1)</sup>International domestic revenues relate to our international intra-country operations.

Percent of Revenue  
2018 2017 2016

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|                                |       |       |       |
|--------------------------------|-------|-------|-------|
| Operating expenses:            |       |       |       |
| Salaries and employee benefits | 36.2% | 36.3% | 38.8% |
| Purchased transportation       | 14.1  | 14.0  | 6.6   |
| Rentals and landing fees       | 5.5   | 5.8   | 6.5   |
| Depreciation and amortization  | 4.6   | 4.9   | 5.4   |
| Fuel                           | 8.0   | 7.0   | 7.9   |
| Maintenance and repairs        | 4.9   | 4.6   | 5.1   |
| Intercompany charges           | 5.7   | 5.5   | 7.2   |
| Other                          | 13.9  | 13.7  | 12.8  |
| Total operating expenses       | 92.9  | 91.8  | 90.3  |
| Operating margin               | 7.1 % | 8.2 % | 9.7 % |

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The following table compares selected statistics (in thousands, except yield amounts) for the years ended May 31:

|                                       | 2018    | 2017    | 2016    | Percent Change<br>2018/2017/2016 |       |
|---------------------------------------|---------|---------|---------|----------------------------------|-------|
| <b>Package Statistics</b>             |         |         |         |                                  |       |
| Average daily package volume (ADV):   |         |         |         |                                  |       |
| U.S. overnight box                    | 1,252   | 1,265   | 1,271   | (1 )                             | —     |
| U.S. overnight envelope               | 549     | 561     | 541     | (2 )                             | 4     |
| U.S. deferred                         | 928     | 900     | 901     | 3                                | —     |
| Total U.S. domestic ADV               | 2,729   | 2,726   | 2,713   | —                                | —     |
| International priority                | 527     | 527     | 394     | —                                | 34    |
| International economy                 | 268     | 254     | 181     | 6                                | 40    |
| Total international export ADV        | 795     | 781     | 575     | 2                                | 36    |
| International domestic <sup>(1)</sup> | 2,429   | 2,394   | 888     | 1                                | NM    |
| Total ADV                             | 5,953   | 5,901   | 4,176   | 1                                | 41    |
| Revenue per package (yield):          |         |         |         |                                  |       |
| U.S. overnight box                    | \$22.80 | \$21.57 | \$20.79 | 6                                | 4     |
| U.S. overnight envelope               | 12.77   | 12.24   | 11.99   | 4                                | 2     |
| U.S. deferred                         | 15.79   | 15.36   | 14.66   | 3                                | 5     |
| U.S. domestic composite               | 18.40   | 17.60   | 17.00   | 5                                | 4     |
| International priority                | 54.69   | 51.66   | 56.47   | 6                                | (9 )  |
| International economy                 | 47.63   | 44.41   | 49.15   | 7                                | (10 ) |
| International export composite        | 52.31   | 49.30   | 54.16   | 6                                | (9 )  |
| International domestic <sup>(1)</sup> | 7.41    | 6.92    | 5.65    | 7                                | 22    |
| Composite package yield               | 18.44   | 17.46   | 19.71   | 6                                | (11 ) |
| <b>Freight Statistics</b>             |         |         |         |                                  |       |
| Average daily freight pounds:         |         |         |         |                                  |       |
| U.S.                                  | 8,362   | 8,185   | 8,178   | 2                                | —     |
| International priority                | 5,386   | 5,213   | 1,702   | 3                                | NM    |
| International economy                 | 12,603  | 12,274  | 808     | 3                                | NM    |
| International airfreight              | 1,939   | 1,902   | 623     | 2                                | NM    |
| Total average daily freight pounds    | 28,290  | 27,574  | 11,311  | 3                                | NM    |
| Revenue per pound (yield):            |         |         |         |                                  |       |
| U.S.                                  | \$1.31  | \$1.21  | \$1.19  | 8                                | 2     |
| International priority                | 1.59    | 1.44    | 2.29    | 10                               | (37 ) |
| International economy                 | 0.60    | 0.56    | 1.86    | 7                                | (70 ) |
| International airfreight              | 0.75    | 0.73    | 0.79    | 3                                | (8 )  |
| Composite freight yield               | 1.01    | 0.93    | 1.38    | 9                                | (33 ) |

<sup>(1)</sup>International domestic statistics relate to our international intra-country operations.

#### FedEx Express Segment Revenues

FedEx Express segment revenues increased 7% in 2018 primarily due to improved base rates, higher fuel surcharges and favorable exchange rates, despite impacts from the NotPetya cyberattack discussed above in “Results of Operations and Outlook – Consolidated Results – Overview.”

International export package yields increased 6% in 2018 due to higher fuel surcharges, favorable exchange rates and favorable service mix. International export average daily volumes increased 2% primarily due to increased

international economy shipments, despite the decrease in volume due to the NotPetya cyberattack. Freight yields increased 9% in 2018 primarily due to higher base rates, higher fuel surcharges and favorable exchange rates. Average daily freight pounds increased 3% in 2018 driven by international and U.S. freight services. U.S. domestic package yields increased 5% in 2018 primarily due to higher base rates and fuel surcharges.

FedEx Express segment revenues increased 32% in 2017 primarily due to the inclusion of TNT Express, which drove significant volume increases while having a negative product mix impact on our composite yields.

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FedEx Express's U.S. domestic and outbound fuel surcharge and international fuel surcharges ranged as follows for the years ended May 31:

|   | 2018  | 2017  | 2016 |
|---|-------|-------|------|
| <b>U.S. Domestic and Outbound Fuel Surcharge:</b> |       |       |      |
| Low   | 2.2 % | 1.0 % | — %  |
| High  | 7.1   | 3.4   | 4.0  |
| Weighted-average                                  | 4.8   | 2.5   | 1.8  |
| <b>International Fuel Surcharges:</b>             |       |       |      |
| Low   | 3.4   | 1.2   | —    |
| High  | 16.7  | 11.3  | 12.0 |
| Weighted-average                                  | 11.1  | 8.0   | 6.1  |

Effective January 1, 2018, FedEx Express implemented a 4.9% average list price increase for U.S. domestic, U.S. export and U.S. import services. Effective February 6, 2017, FedEx Express fuel surcharges are adjusted on a weekly basis compared to the previous monthly adjustment. On January 2, 2017, FedEx Express implemented a 3.9% average list price increase for U.S. domestic, U.S. export and U.S. import services and a change to the U.S. domestic dimensional weight divisor. On January 4, 2016, FedEx Express implemented a 4.9% average list price increase for FedEx Express U.S. domestic, U.S. export and U.S. import services.

#### FedEx Express Segment Operating Income

FedEx Express segment operating income and margin decreased in 2018 primarily due to the impacts from the NotPetya cyberattack and higher TNT Express integration expenses, partially offset by yield growth and the positive net impact of fuel.

The NotPetya cyberattack had an estimated \$400 million negative impact for the first half of 2018. Results also include \$380 million of TNT Express integration expenses in 2018, a \$174 million increase from 2017.

Salaries and employee benefits increased 7% in 2018 primarily due to merit increases and unfavorable exchange rates. Other operating expenses increased 9% in 2018 primarily due to increased outside service contracts, unfavorable exchange rates and TNT Express integration expenses. Purchased transportation increased 8% in 2018 due to unfavorable exchange rates and increased international volume. Maintenance and repairs increased 13% in 2018 due to the timing of aircraft engine maintenance events, coupled with higher non-aircraft maintenance and repairs associated with vehicles, equipment and facilities.

Fuel expense increased 21% in 2018 due to increased fuel prices. However, the net impact of fuel had a significant benefit to operating income in 2018, as higher fuel surcharges more than offset increased fuel prices. See the "Results of Operations and Outlook – Consolidated Results – Fuel" section of this MD&A for a description and additional discussion of the net impact of fuel on our operating results.

The inclusion of TNT Express in the FedEx Express segment results impacted the year-over-year comparability in 2017. FedEx Express segment operating income increased 11% in 2017, driven by improved results at FedEx Express and the addition of TNT Express. Operating margin decreased in 2017 due to the inclusion of TNT Express. FedEx Express results were negatively impacted in 2017 by \$206 million of TNT Express integration expenses.



### FedEx Express Segment Outlook

Revenues and earnings are expected to increase at FedEx Express in 2019. We expect revenues to increase primarily due to higher international volumes and U.S. domestic yields, as we continue to focus on revenue quality. During 2019, we will continue to implement actions to enhance safety, improve efficiencies and adjust our air and ground networks to match anticipated demand and serve our integrated operations. Additionally, we expect revenues to increase in part due to the recovery from the NotPetya cyberattack.

During 2019, we will continue to execute our TNT Express integration plans and will be focused on integrating the largest and most complex countries, which include the largest workforces and facilities. In connection with this, we expect the FedEx Express segment to incur approximately \$390 million of integration expenses in 2019. The integration process is complex as it spans over 200 countries and territories and involves combining our pickup-and-delivery operations at a local level, our global and regional air and ground networks, and our extensive operations, custom clearance, sales and back-office information-technology systems. The integration is expected to be substantially completed by the end of 2020.

We are targeting operating income improvement at the FedEx Express segment of \$1.2 billion to \$1.5 billion in 2020 from 2017 assuming moderate economic growth, stability in global trade and current accounting rules and tax laws. This target includes TNT Express synergies as well as base business and other operational improvements across the global FedEx Express network. Although we are targeting to complete our integration program by the end of 2020, we are investing in opportunities to improve the capabilities of the integrated business for future profitability, including periods beyond 2020.

Capital expenditures at FedEx Express are expected to increase slightly in 2019, as we remain focused on modernizing our aircraft fleet by adding newer aircraft that are more reliable, fuel efficient and technologically advanced, and retiring older, less-efficient aircraft. In addition, we are making significant investments over multiple years in our facilities, specifically over \$1.5 billion to significantly expand the Indianapolis hub and over \$1 billion to modernize the Memphis World Hub.

## FEDEX GROUND SEGMENT

FedEx Ground service offerings include day-certain delivery to businesses in the U.S. and Canada and to 100% of U.S. residences. The following tables compare revenues, operating expenses, operating income (dollars in millions), operating margin, selected package statistics (in thousands, except yield amounts) and operating expenses as a percent of revenue for the years ended May 31:

|                                | 2018      | 2017      | 2016      | Percent Change<br>2018/2017 |          |
|--------------------------------|-----------|-----------|-----------|-----------------------------|----------|
| Revenues                       | \$ 18,395 | \$ 16,503 | \$ 15,051 | 11                          | 10       |
| Operating expenses:            |           |           |           |                             |          |
| Salaries and employee benefits | 2,955     | 2,610     | 2,261     | 13                          | 15       |
| Purchased transportation       | 7,936     | 7,177     | 6,619     | 11                          | 8        |
| Rentals                        | 754       | 696       | 579       | 8                           | 20       |
| Depreciation and amortization  | 681       | 627       | 556       | 9                           | 13       |
| Fuel                           | 12        | 10        | 10        | 20                          | —        |
| Maintenance and repairs        | 309       | 293       | 258       | 5                           | 14       |
| Intercompany charges           | 1,443     | 1,316     | 1,230     | 10                          | 7        |
| Other                          | 1,700     | 1,495     | 1,298     | 14                          | 15       |
| Total operating expenses       | 15,790    | 14,224    | 12,811    | 11                          | 11       |
| Operating income               | \$ 2,605  | \$ 2,279  | \$ 2,240  | 14                          | 2        |
| Operating margin               | 14.2 %    | 13.8 %    | 14.9 %    | 40 bp                       | (110 )bp |
| Average daily package volume   | 8,336     | 7,896     | 7,526     | 6                           | 5        |
| Revenue per package (yield)    | \$ 8.63   | \$ 8.18   | \$ 7.80   | 6                           | 5        |

|                                | Percent of Revenue |        |        |
|--------------------------------|--------------------|--------|--------|
|                                | 2018               | 2017   | 2016   |
| Operating expenses:            |                    |        |        |
| Salaries and employee benefits | 16.1 %             | 15.8 % | 15.0 % |
| Purchased transportation       | 43.1               | 43.5   | 44.0   |
| Rentals                        | 4.1                | 4.2    | 3.8    |
| Depreciation and amortization  | 3.7                | 3.8    | 3.7    |
| Fuel                           | 0.1                | 0.1    | 0.1    |
| Maintenance and repairs        | 1.7                | 1.8    | 1.7    |
| Intercompany charges           | 7.8                | 8.0    | 8.2    |
| Other                          | 9.2                | 9.0    | 8.6    |
| Total operating expenses       | 85.8               | 86.2   | 85.1   |
| Operating margin               | 14.2 %             | 13.8 % | 14.9 % |

## FedEx Ground Segment Revenues

FedEx Ground segment revenues increased 11% in 2018 due to volume growth and increased yields. Average daily volume increased 6% in 2018 primarily due to continued growth in our residential services. Yield increased 6% in 2018 driven by higher base rates and higher fuel surcharges.

FedEx Ground segment revenues increased 10% in 2017 due to yield and volume growth, partially offset by one fewer operating day. Yield increased 5% in 2017 due to higher base yields for our commercial business and residential services. Average daily volume increased 5% in 2017 primarily due to continued growth in our commercial business and residential services.

The FedEx Ground fuel surcharge is based on a rounded average of the national U.S. on-highway average price for a gallon of diesel fuel, as published by the Department of Energy. The fuel surcharge ranged as follows for the years ended May 31:

|                  | 2018  | 2017  | 2016  |
|------------------|-------|-------|-------|
| Low              | 4.0 % | 3.3 % | 2.8 % |
| High             | 6.3   | 4.5   | 4.5   |
| Weighted-average | 5.2   | 4.0   | 3.8   |

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Effective January 1, 2018, FedEx Ground implemented a 4.9% average list price increase. In addition, as announced on September 18, 2017, dimensional weight pricing applies to the majority of FedEx SmartPost shipments effective January 22, 2018. Effective February 6, 2017, FedEx Ground fuel surcharges are adjusted on a weekly basis compared to the previously monthly adjustment. On January 2, 2017, FedEx Ground implemented a 4.9% average list price increase and a change to the U.S. domestic dimensional weight divisor. On January 4, 2016, FedEx Ground implemented a 4.9% increase in average list price.

#### FedEx Ground Segment Operating Income

FedEx Ground segment operating income increased 14% due to volume growth, increased yields and benefits associated with ongoing cost management. Higher purchased transportation, staffing and network expansion costs partially offset these benefits.

Purchased transportation increased 11% in 2018 due to higher volumes, increased rates and higher fuel expenses. Salaries and employee benefits expense increased 13% in 2018 due to additional staffing to support volume growth and network expansion and merit increases. Other expenses increased 14% in 2018 primarily due to higher property taxes, retail sales commissions and security and facility services. Intercompany charges increased 10% in 2018 due to higher allocated information-technology and marketing costs. Rentals and depreciation and amortization expense increased 8% in 2018 due to network expansion.

FedEx Ground segment operating income increased 2% in 2017 due to yield and volume growth, partially offset by network expansion and staffing costs. Operating margin declined in 2017 primarily due to network expansion.

Purchased transportation increased 8% in 2017 due to higher volumes and increased service provider and U.S. Postal Service ("USPS") rates. Salaries and employee benefits expense increased 15% in 2017 primarily due to volume growth and additional staffing to support network expansion. Rent and depreciation and amortization expense increased in 2017 due to network expansion. Other operating expenses increased 15% in 2017 due to increased property taxes as a result of network expansion and higher self-insurance costs.

#### FedEx Ground Segment Outlook

We expect FedEx Ground segment revenues and operating income to increase in 2019, driven by continued volume and yield growth in our commercial business and residential services. We are focused on balancing capacity and volume growth with yield discipline and ongoing cost management. We anticipate results in 2019 will continue to be impacted by higher operating costs required to service increased residential volumes driven by expected growth in e-commerce. In addition, we are exploring strategies to optimize the FedEx Ground network and drive operating income growth and margin improvement, while continuing to provide industry-leading service.

Capital expenditures at FedEx Ground are expected to decrease in 2019 due to the completion of two major hub projects that boost our capacity in the Northeast.

## FEDEX FREIGHT SEGMENT

FedEx Freight LTL service offerings include priority services when speed is critical and economy services when time can be traded for savings. The following table compares revenues, operating expenses, operating income (dollars in millions), operating margin, selected statistics and operating expenses as a percent of revenue for the years ended May 31:

|   | 2018    | 2017    | 2016    | Percent Change |           |
|---|---------|---------|---------|----------------|-----------|
|   |         |         |         | 2018/2017      | 2017/2016 |
| Revenues                                | \$6,812 | \$6,070 | \$5,825 | 12             | 4         |
| Operating expenses:                     |         |         |         |                |           |
| Salaries and employee benefits          | 3,292   | 3,006   | 2,874   | 10             | 5         |
| Purchased transportation                | 847     | 717     | 690     | 18             | 4         |
| Rentals                                 | 153     | 134     | 140     | 14             | (4)       |
| Depreciation and amortization           | 296     | 265     | 244     | 12             | 9         |
| Fuel                                    | 471     | 384     | 363     | 23             | 6         |
| Maintenance and repairs                 | 227     | 214     | 206     | 6              | 4         |
| Intercompany charges                    | 502     | 481     | 437     | 4              | 10        |
| Other                                   | 507     | 479     | 450     | 6              | 6         |
| Total operating expenses                | 6,295   | 5,680   | 5,404   | 11             | 5         |
| Operating income                        | \$517   | \$390   | \$421   | 33             | (7)       |
| Operating margin                        | 7.6 %   | 6.4 %   | 7.2 %   | 120 bp         | (80) bp   |
| Average daily shipments (in thousands): |         |         |         |                |           |
| Priority                                | 74.5    | 70.6    | 67.7    | 6              | 4         |
| Economy                                 | 31.9    |         |         |                |           |