

- 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. (Filed as Exhibit 10.10 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- 10.11 Eleventh Amendment dated January 22, 2019 (but effective as of January 1, 2019) to the Composite Lease Agreement. (Filed as Exhibit 10.9 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †10.12 Twelfth Amendment dated April 9, 2019 (but effective as of April 1, 2019) to the Composite Lease Agreement. (Filed as Exhibit 10.12 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)

**Aircraft-Related Agreements**

- \*10.13 Boeing 777 Freighter Purchase Agreement dated as of November 7, 2006 between The Boeing Company and FedEx Express (the "Boeing 777 Freighter Purchase Agreement"). (Filed as Exhibit 10.1 to FedEx's FY07 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.14 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.)
- 10.15 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.)
- \*10.16 Supplemental Agreement No. 3 dated as of December 15, 2008 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.4 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.17 Supplemental Agreement No. 4 dated as of January 9, 2009 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.1 to FedEx's FY09 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.18 Side letters dated May 29, 2009 and May 19, 2009, each amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.17 to FedEx's FY09 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.19 Supplemental Agreement No. 5 dated as of January 11, 2010 to the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.3 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.20 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. (Filed as Exhibit 10.22 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.21 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. (Filed as Exhibit 10.1 to FedEx's FY11 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.22 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. (Filed as Exhibit 10.2 to FedEx's FY11 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.23 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. (Filed as Exhibit 10.1 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.24 Supplemental Agreement No. 18 (and related side letter) dated as of March 30, 2011, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.26 to FedEx's FY11 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.25 Supplemental Agreement No. 19 (and related side letter) dated as of October 27, 2011, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY12 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.26 Supplemental Agreement No. 20 (and related side letters) dated as of December 14, 2011, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.27 Supplemental Agreement No. 21 dated as of June 29, 2012, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.28 Supplemental Agreement No. 22 (and related side letters) dated as of December 11, 2012, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.29 Supplemental Agreement No. 23 (and related side letters) dated as of December 10, 2013, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.4 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.30 Supplemental Agreement No. 24 (and related side letters) dated as of May 4, 2016, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.25 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.31 Supplemental Agreement No. 25 (and related side letters) dated as of June 10, 2016, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.32 Supplemental Agreement No. 26 (and related side letter) dated as of February 10, 2017, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.33 Supplemental Agreement No. 27 (and related side letter) dated as of October 12, 2017, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.11 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.34 Supplemental Agreement No. 28 (and related side letter) dated as of January 26, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.8 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.35 Supplemental Agreement No. 29 (and related side letters) dated as of February 2, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.9 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.36 Letter Agreement dated as of March 16, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.34 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.37 Supplemental Agreement No. 30 (and related side letters) dated as of June 18, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.8 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.38 Supplemental Agreement No. 31 dated as of September 14, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.12 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.39 Letter Agreement dated as of September 14, 2018, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.40 Letter Agreement dated as of July 9, 2019, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.5 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- ^10.41 Letter Agreement dated as of December 19, 2019, amending the Boeing 777 Freighter Purchase Agreement and the 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"). (Filed as Exhibit 10.8 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- ^10.42 Letter Agreement dated as of February 7, 2020, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.9 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.43 Supplemental Agreement No. 32 (and related side letters) dated as of February 28, 2020, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.10 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.44 The Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.1 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.45 Supplemental Agreement No. 1 (and related side letters) dated as of June 29, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.1 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.46 Supplemental Agreement No. 2 dated as of October 8, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY13 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.47 Supplemental Agreement No. 3 (and related side letters) dated as of December 11, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.1 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.48 Supplemental Agreement No. 4 (and related side letter) dated as of December 10, 2013, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.3 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.49 Supplemental Agreement No. 5 (and related side letters) dated as of September 29, 2014, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.2 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.50 Letter Agreement dated as of January 22, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.5 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.51 Supplemental Agreement No. 6 (and related side letters) dated as of July 21, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.5 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.52 Supplemental Agreement No. 7 dated as of April 18, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.34 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.53 Supplemental Agreement No. 8 (and related side letters) dated as of June 10, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.12 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.54 Supplemental Agreement No. 9 dated as of February 16, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.12 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.55 Supplemental Agreement No. 10 dated as of May 10, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.40 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.56 Supplemental Agreement No. 11 (and related side letters) dated as of June 18, 2018, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.7 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- ^10.57 Letter Agreement dated as of May 10, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.53 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- ^10.58 Letter Agreement dated as of May 29, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.54 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- ^10.59 Letter Agreement dated as of May 29, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement and the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.55 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- †^10.60 Supplemental Agreement No. 12 (and related side letters) dated as of June 24, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.6 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.61 Letter Agreement dated as of July 9, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.7 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.62 Supplemental Agreement No. 13 dated as of September 4, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.6 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- ^10.63 Letter Agreement dated as of December 19, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.11 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- ^10.64 Letter Agreement dated as of January 30, 2020, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.12 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.65 Supplemental Agreement No. 14 (and related side letters) dated as of February 28, 2020, amending the Boeing 767-3S2 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

**U.S. Postal Service Agreements**

- \*10.66 Transportation Agreement dated April 23, 2013 between the USPS and FedEx Express (the "USPS Transportation Agreement"). (Filed as Exhibit 10.52 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.67 Amendment dated May 28, 2013, amending the USPS Transportation Agreement. (Filed as Exhibit 10.53 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.68 Amendment dated June 24, 2013, amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY14 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.69 Amendment dated October 15, 2013 (but effective as of September 30, 2013), amending the USPS Transportation Agreement. (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.)
- 10.70 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.)
- \*10.71 Amendment dated November 7, 2013 (but effective as of October 1, 2013), amending the USPS Transportation Agreement. (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.)
- \*10.72 Amendment dated November 7, 2013 (but effective as of December 15, 2013), amending the USPS Transportation Agreement. (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.)
- \*10.73 Amendment dated December 16, 2013 (but effective as of November 4, 2013), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.74 Amendment dated December 16, 2013 (but effective as of December 2, 2013), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.75 Amendment dated March 27, 2014 (but effective as of January 6, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.38 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.76 Amendment dated March 27, 2014 (but effective as of February 3, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.39 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.77 Amendment dated March 27, 2014 (but effective as of March 3, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.40 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.78 Amendment dated April 16, 2014 (but effective as of March 31, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.41 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.79 Amendment dated May 27, 2014 (but effective as of April 28, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.42 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
- 10.80 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.)
- \*10.81 Amendment dated June 25, 2014 (but effective as of June 2, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.82 Amendment dated June 25, 2014 (but effective as of June 2, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.83 Amendment dated September 9, 2014 (but effective as of June 27, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.84 Amendment dated September 9, 2014 (but effective as of September 30, 2013), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.85 Amendment dated September 9, 2014 (but effective as of June 27, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.86 Amendment dated September 24, 2014 (but effective as of June 30, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.87 Amendment dated September 30, 2014 (but effective as of July 28, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.88 Amendment dated October 1, 2014 (but effective as of September 1, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.89 Amendment dated September 30, 2014 (but effective as of September 29, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.90 Amendment dated November 4, 2014 (but effective as of September 29, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.91 Amendment dated November 4, 2014 (but effective as of December 1, 2013), amending the USPS Transportation Agreement. (Filed as Exhibit 10.11 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.92 Amendment dated December 23, 2014 (but effective as of October 27, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.93 Amendment dated December 10, 2014 (but effective as of November 24, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.94 Amendment dated December 23, 2014 (but effective as of January 5, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.95 Amendment dated February 19, 2015 (but effective as of December 1, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.96 Amendment dated June 12, 2015 (but effective as of January 5, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.97 Amendment dated June 16, 2015 (but effective as of February 2, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.98 Amendment dated June 23, 2015 (but effective as of March 2, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.99 Amendment dated August 31, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.100 Amendment dated September 15, 2015 (but effective as of June 29, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.101 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.)
- \*10.102 Amendment dated October 15, 2015 (but effective as of March 30, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.103 Amendment dated November 9, 2015 (but effective as of January 4, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.104 Amendment dated November 9, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.105 Amendment dated January 12, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.106 Amendment dated January 28, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.107 Amendment dated January 28, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.108 Amendment dated January 29, 2016 (but effective as of January 31, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.109 Amendment dated February 11, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.110 Amendment dated February 16, 2016 (but effective as of August 31, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.111 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.)
- \*10.112 Amendment dated February 29, 2016 (but effective as of September 28, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.113 Amendment dated March 7, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.83 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.114 Amendment dated March 7, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.84 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.115 Amendment dated March 7, 2016 (but effective as of November 28, 2015), amending the USPS Transportation Agreement. (Filed as Exhibit 10.85 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.116 Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.86 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.117 Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.87 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.118 Amendment dated April 11, 2016 (but effective as of February 1, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.88 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.119 Amendment dated April 11, 2016 (but effective as of February 29, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.89 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.120 Amendment dated April 12, 2016 (but effective as of April 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.90 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.121 Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.122 Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.123 Amendment dated June 20, 2016 (but effective as of May 30, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.124 Amendment dated June 20, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.125 Amendment dated June 20, 2016, amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.126 Amendment dated June 20, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.127 Amendment dated July 18, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- 10.128 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.)
- \*10.129 Amendment dated July 26, 2016 (but effective as of May 30, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.130 Amendment dated August 4, 2016 (but effective as of August 1, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.131 Amendment dated August 9, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.11 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.132 Amendment dated September 8, 2016 (but effective as of August 23, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.133 Amendment dated September 8, 2016 (but effective as of August 19, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.134 Amendment dated September 8, 2016 (but effective as of August 29, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.135 Amendment dated September 15, 2016 (but effective as of August 18, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.136 Amendment dated September 15, 2016 (but effective as of September 6, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.137 Amendment dated October 6, 2016 (but effective as of October 3, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.138 Amendment dated October 24, 2016 (but effective as of September 21, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.139 Amendment dated October 24, 2016 (but effective as of October 17, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.140 Amendment dated October 24, 2016 (but effective as of October 4, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.141 Amendment dated November 8, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.142 Amendment dated December 1, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.143 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.144 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.145 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)



- \*10.146 Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.147 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.148 Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.149 Amendment dated January 12, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.150 Amendment dated January 12, 2017 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.151 Amendment dated February 24, 2017 (but effective as of January 30, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.152 Amendment dated February 22, 2017 (but effective as of February 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.11 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.153 Amendment dated March 30, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.129 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.154 Amendment dated April 17, 2017 (but effective as of April 3, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.130 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.155 Amendment dated May 18, 2017 (but effective as of January 30, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.131 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.156 Amendment dated June 20, 2017 (but effective as of May 1, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.157 Amendment dated June 20, 2017 (but effective as of June 5, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.158 Amendment dated August 25, 2017 (but effective as of July 3, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.159 Amendment dated August 25, 2017 (but effective as of February 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.160 Amendment dated August 17, 2017 (but effective as of July 31, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.161 Amendment dated August 25, 2017 (but effective as of April 3, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.162 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.)
- \*10.163 Amendment dated August 28, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.164 Amendment dated October 16, 2017 (but effective as of May 1, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.165 Amendment dated October 16, 2017 (but effective as of June 5, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.166 Amendment dated October 16, 2017 (but effective as of July 3, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.167 Amendment dated October 16, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.168 Amendment dated October 16, 2017 (but effective as of July 31, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.169 Amendment dated October 16, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.170 Amendment dated October 16, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.171 Amendment dated November 7, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.172 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.)
- \*10.173 Amendment dated November 7, 2017 (but effective as of October 30, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.174 Amendment dated December 8, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.175 Amendment dated December 8, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.176 Amendment dated December 8, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.177 Amendment dated January 8, 2018 (but effective as of January 1, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.178 Amendment dated January 11, 2018 (but effective as of October 30, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.179 Amendment dated January 26, 2018 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.180 Amendment dated February 16, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.181 Amendment dated March 18, 2018 (but effective as of December 28, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.162 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)

- \*10.182 Amendment dated March 20, 2018 (but effective as of February 26, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.163 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.183 Amendment dated March 21, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.164 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.184 Amendment dated April 10, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.165 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.185 Amendment dated May 17, 2018 (but effective as of April 2, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.166 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.186 Amendment dated May 17, 2018 (but effective as of April 30, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.167 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)
- \*10.187 Amendment dated July 17, 2018 (but effective as of February 26, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.188 Amendment dated July 17, 2018 (but effective as of February 26, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.189 Amendment dated July 17, 2018 (but effective as of April 2, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.190 Amendment dated June 29, 2018 (but effective as of June 4, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.191 Amendment dated July 17, 2018 (but effective as of April 2, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.192 Amendment dated August 1, 2018 (but effective as of June 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.193 Amendment dated September 11, 2018 (but effective as of May 30, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.194 Amendment dated September 11, 2018 (but effective as of April 30, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.195 Amendment dated September 11, 2018 (but effective as of July 2, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.196 Amendment dated September 11, 2018 (but effective as of June 4, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.197 Amendment dated September 11, 2018 (but effective as of July 2, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.198 Amendment dated September 11, 2018 (but effective as of July 30, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.199 Amendment dated September 27, 2018 (but effective as of August 27, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

- \*10.200 Amendment dated October 18, 2018 (but effective as of September 3, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.201 Amendment dated October 16, 2018 (but effective as of November 24, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.202 Amendment dated October 26, 2018 (but effective as of July 30, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.10 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.203 Amendment dated November 20, 2018 (but effective as of October 1, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.11 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.204 Amendment dated December 11, 2018 (but effective as of October 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.205 Amendment dated December 20, 2018 (but effective as of September 3, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.206 Amendment dated December 20, 2018 (but effective as of November 26, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.207 Amendment dated January 3, 2019 (but effective as of October 1, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.208 Amendment dated January 15, 2019 (but effective as of October 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.209 Amendment dated January 15, 2019 (but effective as of October 29, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.210 Amendment dated January 29, 2019 (but effective as of December 31, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- \*10.211 Amendment dated February 7, 2019 (but effective as of November 26, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- † ^10.212 Amendment dated April 16, 2019 (but effective as of January 28, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.202 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- † ^10.213 Amendment dated April 16, 2019 (but effective as of December 31, 2018), amending the USPS Transportation Agreement. (Filed as Exhibit 10.203 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- † ^10.214 Amendment dated May 14, 2019 (but effective as of March 4, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.204 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- † ^10.215 Amendment dated May 14, 2019 (but effective as of January 28, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.205 to FedEx's FY19 Annual Report on Form 10-K, and incorporated herein by reference.)
- ^10.216 Amendment dated June 7, 2019 (but effective as of May 24, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- † ^10.217 Amendment dated June 11, 2019 (but effective as of April 1, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

- †^10.218 Amendment dated July 16, 2019 (but effective as of March 4, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.219 Amendment dated July 16, 2019 (but effective as of April 29, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY20 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.220 Amendment dated September 19, 2019 (but effective as of April 1, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.221 Amendment dated October 8, 2019 (but effective as of June 3, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.222 Amendment dated October 22, 2019 (but effective as of April 29, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.223 Amendment dated November 5, 2019 (but effective as of July 1, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.224 Amendment dated November 18, 2019 (but effective as of June 3, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY20 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.225 Amendment dated December 5, 2019 (but effective as of July 29, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.1 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.226 Amendment dated December 5, 2019 (but effective as of September 2, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.227 Amendment dated December 5, 2019 (but effective as of September 30, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.3 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.228 Amendment dated December 18, 2019 (but effective as of July 1, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.4 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.229 Amendment dated January 28, 2020 (but effective as of July 29, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.5 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.230 Amendment dated February 4, 2020 (but effective as of September 2, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.6 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^10.231 Amendment dated February 11, 2020 (but effective as of September 30, 2019), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- †^\*\*10.232 Amendment dated March 6, 2020 (but effective as of November 24, 2019), amending the USPS Transportation Agreement.
- †^\*\*10.233 Amendment dated April 1, 2020 (but effective as of November 4, 2019), amending the USPS Transportation Agreement.
- †^\*\*10.234 Amendment dated April 1, 2020 (but effective as of December 2, 2019), amending the USPS Transportation Agreement.
- †^\*\*10.235 Amendment dated April 1, 2020 (but effective as of January 6, 2020), amending the USPS Transportation Agreement.
- †^\*\*10.236 Amendment dated April 1, 2020 (but effective as of February 3, 2020), amending the USPS Transportation Agreement.

- †^\*\*10.237 Amendment dated April 1, 2020 (but effective as of March 2, 2020), amending the USPS Transportation Agreement.
- †^\*\*10.238 Amendment dated April 14, 2020 (but effective as of November 4, 2019), amending the USPS Transportation Agreement.
- †^\*\*10.239 Amendment dated May 18, 2020 (but effective as of December 2, 2019), amending the USPS Transportation Agreement.

**Financing Agreements**

- †\*\*10.240 Amended and Restated Five-Year Credit Agreement dated as of March 17, 2020, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions (the “Five-Year Credit Agreement”).
- †\*\*10.241 364-Day Credit Agreement dated as of March 17, 2020, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions (the “364-Day Credit Agreement”).
- \*\*10.242 First Amendment dated as of May 27, 2020, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions, amending the Five-Year Credit Agreement.
- \*\*10.243 First Amendment dated as of May 27, 2020, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions, amending the 364-Day Credit Agreement.

**Management Contracts/Compensatory Plans or Arrangements**

- 10.244 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.)
- 10.245 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.)
- 10.246 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.)
- 10.247 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.)
- 10.248 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.)
- 10.249 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.)
- 10.250 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.)
- 10.251 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.)
- 10.252 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.)
- 10.253 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.)
- 10.254 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.)
- 10.255 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.)
- 10.256 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.)
- 10.257 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.)

- 10.258 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).
- 10.259 FedEx 2019 Omnibus Stock Incentive Plan (the "2019 Omnibus Stock Incentive Plan"). (Filed as Exhibit 99.1 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.260 Form of Terms and Conditions of Stock Option Grant for U.S. Employees pursuant to the 2019 Omnibus Stock Incentive Plan. (Filed as Exhibit 99.2 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.261 Form of Stock Option Agreement for Non-U.S. Participants pursuant to the 2019 Omnibus Stock Incentive Plan. (Filed as Exhibit 99.3 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.262 Form of Stock Option Agreement for Non-Management Members of the Board of Directors pursuant to the 2019 Omnibus Stock Incentive Plan. (Filed as Exhibit 99.4 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.263 Form of Restricted Stock Agreement for U.S. Participants pursuant to the 2019 Omnibus Stock Incentive Plan. (Filed as Exhibit 99.5 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.264 Form of Restricted Stock Agreement for Non-U.S. Participants pursuant to the 2019 Omnibus Stock Incentive Plan. (Filed as Exhibit 99.6 to FedEx's Registration Statement No. 333-234010 on Form S-8, and incorporated herein by reference.)
- 10.265 Amended and Restated FedEx Retirement Parity Pension Plan, effective January 1, 2020. (Filed as Exhibit 10.14 to FedEx's FY20 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
- 10.266 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.)
- 10.267 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.)
- 10.268 Form of Management Retention Agreement between FedEx and each of Frederick W. Smith, Mark R. Allen, Jill C. Brannon, Brie A. Carere, Robert B. Carter, Donald F. Colleran, Alan B. Graf, Jr., Henry J. Maier, John A. Smith and Rajesh Subramaniam. (Filed as Exhibit 10.5 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

**Other Exhibits**

- \*\*21 Subsidiaries of Registrant.
- \*\*22 List of Guarantor Subsidiaries.
- \*\*23 Consent of Independent Registered Public Accounting Firm.
- \*\*24 Powers of Attorney (presented on the signature pages of this Annual Report).
- \*\*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 pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL").
- \*\*104 Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101.1).

\* Confidential treatment has been granted for confidential commercial and financial information in this exhibit identified by brackets, pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

\*\* Filed herewith.

^ Information in this exhibit identified by brackets is confidential and has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

† Certain attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of such attachments to the SEC or its staff upon request.

**ITEM 16. FORM 10-K SUMMARY**

None.



**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 20, 2020

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, Michael C. Lenz 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.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Frederick W. Smith</u> Frederick W. Smith	Chairman and Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	July 20, 2020
<u>/s/ Alan B. Graf, Jr.</u> Alan B. Graf, Jr.	Executive Vice President and Chief Financial Officer <i>(Principal Financial Officer)</i>	July 20, 2020
<u>/s/ John L. Merino</u> John L. Merino	Corporate Vice President and Principal Accounting Officer <i>(Principal Accounting Officer)</i>	July 20, 2020
<u>/s/ John A. Edwardson</u> John A. Edwardson	Director	July 20, 2020
<u>/s/ Marvin R. Ellison</u> Marvin R. Ellison	Director	July 20, 2020
<u>/s/ Susan Patricia Griffith</u> Susan Patricia Griffith	Director	July 20, 2020
<u>/s/ John C. ("Chris") Inglis</u> John C. ("Chris") Inglis	Director	July 20, 2020
<u>/s/ Kimberly A. Jabal</u> Kimberly A. Jabal	Director	July 20, 2020
<u>/s/ Shirley Ann Jackson</u> Shirley Ann Jackson	Director	July 20, 2020

<b>Signature</b>	<b>Capacity</b>	<b>Date</b>
<u>/s/ R. Brad Martin</u> R. Brad Martin	Director	July 20, 2020
<u>/s/ Joshua Cooper Ramo</u> Joshua Cooper Ramo	Director	July 20, 2020
<u>/s/ Susan C. Schwab</u> Susan C. Schwab	Director	July 20, 2020
<u>/s/ David P. Steiner</u> David P. Steiner	Director	July 20, 2020
<u>/s/ Rajesh Subramaniam</u> Rajesh Subramaniam	Director	July 20, 2020
<u>/s/ Paul S. Walsh</u> Paul S. Walsh	Director	July 20, 2020

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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 2020 results compared to 2019 results. This section also includes a discussion of key actions and events that impacted our results, as well as our outlook for 2021. Discussion and analysis of 2018 results and year-over-year comparisons between 2019 results and 2018 results can be found in "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition" of our Annual Report for the year ended May 31, 2019.
- The overview is followed by a financial summary and analysis (including a discussion of both historical operating results and our outlook for 2021) 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, our financial commitments and our liquidity outlook for 2021.
- 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 SEGMENTS***

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 North American provider of less-than-truckload ("LTL") freight transportation services. 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 operating segments. The operating costs of the FedEx Services segment are allocated to the business units it serves. See "Reportable Segments" for further discussion and refer to "Item 1. Business" for a more detailed description of each of our operating companies.

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, and we expect these operating expenses to fluctuate on a year-over-year basis consistent with changes in revenue and volumes. Therefore, the discussion of operating expense captions focuses on the key drivers and trends impacting expenses other than those factors strictly related to changes in revenue and volumes. The line item “Other operating expense” includes costs associated with outside service contracts (such as facility services and cargo handling, temporary labor and security), insurance, professional fees and uniforms.

Except as otherwise specified, references to years indicate our fiscal year ended May 31, 2020 or ended May 31 of the year referenced and comparisons are to the corresponding period of 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:

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	Percent Change
Consolidated revenue	\$ 69,217	\$ 69,693	(1)
Operating income (loss):			
FedEx Express segment	996	2,176	(54)
FedEx Ground segment	2,014	2,663	(24)
FedEx Freight segment	580	615	(6)
Corporate, other and eliminations	(1,173)	(988)	(19)
Consolidated operating income	2,417	4,466	(46)
Operating margin:			
FedEx Express segment	2.8%	5.8%	(300) bp
FedEx Ground segment	8.9%	13.0%	(410) bp
FedEx Freight segment	8.2%	8.1%	10 bp
Consolidated operating margin	3.5%	6.4%	(290) bp
Consolidated net income	\$ 1,286	\$ 540	138
Diluted earnings per share	\$ 4.90	\$ 2.03	141

The following table shows changes in revenue and operating results by reportable segment for 2020 compared to 2019 (in millions):

	Year-over-Year Changes	
	Revenue	Operating Results <sup>(1)</sup>
FedEx Express segment	\$ (1,818)	\$ (1,180)
FedEx Ground segment	2,211	(649)
FedEx Freight segment	(480)	(35)
FedEx Services segment	—	—
Corporate, other and eliminations	(389)	(185)
	\$ (476)	\$ (2,049)

<sup>(1)</sup> The following is a summary of the effects of the (costs) benefits of certain key items affecting our financial results (in millions) for the years ended May 31:

	2020	2019
<b>Items affecting Operating Results:</b>		
Goodwill and other asset impairment charges	\$ (435)	\$ —
TNT Express integration expenses	(270)	(388)
Business realignment costs	—	(320)
Litigation and legal matters	—	(46)
	\$ (705)	\$ (754)
<b>Item affecting Net Income:</b>		
Mark-to-market (“MTM”) retirement plans accounting adjustment, net of tax	\$ (583)	\$ (2,981)

**Overview**

During 2020, an outbreak of a new strain of coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. The COVID-19 pandemic had a negative impact on the demand for our commercial services during 2020 due to its disruption of global manufacturing, supply chains and consumer spending. In addition, the COVID-19 pandemic and ongoing trade disputes have significantly increased economic and demand uncertainty. The various stay-at-home orders and shut down of commercial activities in major markets around the world also led to unprecedented demand for residential delivery services, rivaling our peak holiday season traffic. We incurred increased costs associated with this demand and lower composite yields than our typical volume. The length and severity of the impact to our results is currently uncertain, although we are beginning to see some signs of improvement in commercial activity. See “Impact of the COVID-19 Pandemic” below for more information.

Weaker global economic conditions, including the impact of the COVID-19 pandemic, negatively impacted our results in 2020. In addition, our results in 2020 were negatively impacted by the elimination of business from a large customer, higher self-insurance accruals, increased costs to expand services, the continued mix shift to lower-yielding services and a more competitive pricing environment. These factors were partially offset by residential delivery volume growth at FedEx Ground and increased yields at FedEx Freight. Lower variable incentive compensation expenses benefited our results by approximately \$320 million in 2020. We recognized \$369 million (\$366 million, net of tax, or \$1.40 per diluted share) of goodwill and other asset impairment charges associated with the FedEx Office and Print Services, Inc. (“FedEx Office”) and FedEx Logistics, Inc. (“FedEx Logistics”) operating segments in the fourth quarter of 2020. Our 2020 results also include \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) of asset impairment charges associated with the decision to permanently retire certain aircraft and related engines at FedEx Express. See the “Goodwill and Other Asset Impairment Charges” section of this MD&A for more information.

Consolidated net income in 2020 includes a pre-tax noncash loss of \$794 million (\$583 million, net of tax, or \$2.22 per diluted share) associated with our fourth quarter MTM retirement plans accounting adjustment. See the “Retirement Plans MTM Adjustment” section of this MD&A and Note 13 of the accompanying consolidated financial statements. Consolidated net income for 2020 also includes a tax benefit of \$133 million (\$0.51 per diluted share) from the reduction of a valuation allowance on certain foreign tax loss carryforwards, a tax benefit of \$71 million (\$0.27 per diluted share) related to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which allows tax losses to be offset against income from prior years that was taxed at higher rates. Additionally, consolidated net income for 2020 includes a tax expense of \$51 million (\$0.19 per diluted share) due to a change in deferred tax balances related to future foreign tax credits from our international structure. See the “Income Taxes” section of this MD&A and Note 12 of the accompanying consolidated financial statements.

We incurred TNT Express integration expenses totaling \$270 million (\$209 million, net of tax, or \$0.80 per diluted share) in 2020, a decrease of \$118 million from 2019. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express (acquired in fiscal year 2016), including professional and legal fees, salaries and wages, travel and advertising expenses. Internal salaries and wages are included only to the extent the individuals are assigned full-time to integration activities. These costs were recognized at FedEx Express and FedEx Corporate. The identification of these costs as integration-related expenditures is subject to our disclosure controls and procedures.

### ***Impact of the COVID-19 Pandemic***

Business-to-business demand across all of our businesses was negatively impacted by the COVID-19 pandemic in 2020. We began to experience business impacts from the COVID-19 pandemic as early as January 2020 when transpacific traffic was affected by the shutdowns in China and the curtailment of commercial air flights. While commercial volumes were down due to business closures across the world, FedEx Ground residential delivery volumes increased to seasonal peak levels during the fourth quarter of 2020 due to stay-at-home orders and other pandemic responsive measures. The shift in mix negatively impacted operating margins and operating results. In addition, the COVID-19 pandemic negatively impacted FedEx Office’s operating performance during 2020, and store closures resulting from the pandemic contributed to the FedEx Office goodwill impairment charge recorded in 2020. See the “Goodwill and Other Asset Impairment Charges” section of this MD&A for more information.

During 2020, we incurred approximately \$125 million of increased operating expenses related to personal protective equipment and medical/safety supplies, as well as additional security and cleaning services, in order to protect our team members and customers as we continue to provide essential services during the COVID-19 pandemic. Additionally, in response to the COVID-19 pandemic, we (i) increased hiring at FedEx Ground to keep pace with increased demand for residential services and (ii) increased transpacific and charter flight hours to align capacity with demand at FedEx Express. See Part 1, Item 1 of this Annual Report under the caption “COVID-19 Pandemic” for more information.

We remain committed to assisting our customers as they work to manage their supply chains and inventories. Additionally, we are capitalizing on the opportunity to deliver higher-yielding shipments due to the capacity reductions in Asia. We are at the same time seeking to mitigate the impact of the COVID-19 pandemic on our financial position and operations by continuing to implement our transformation initiatives.

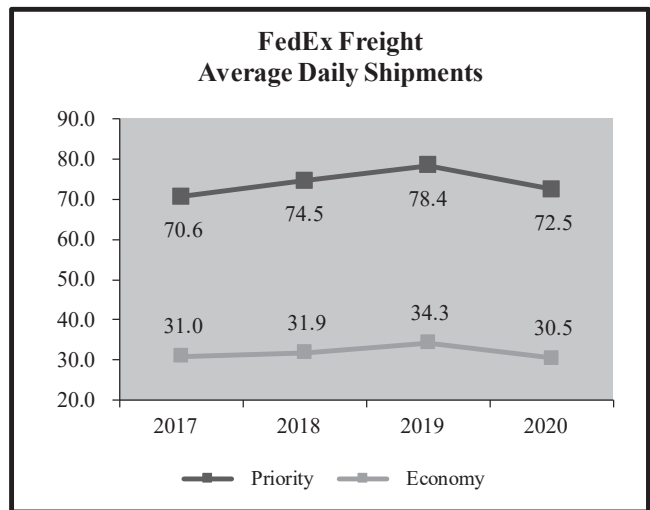
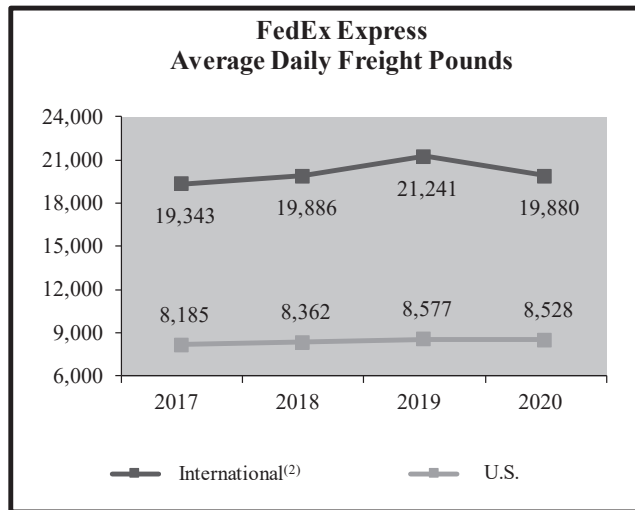
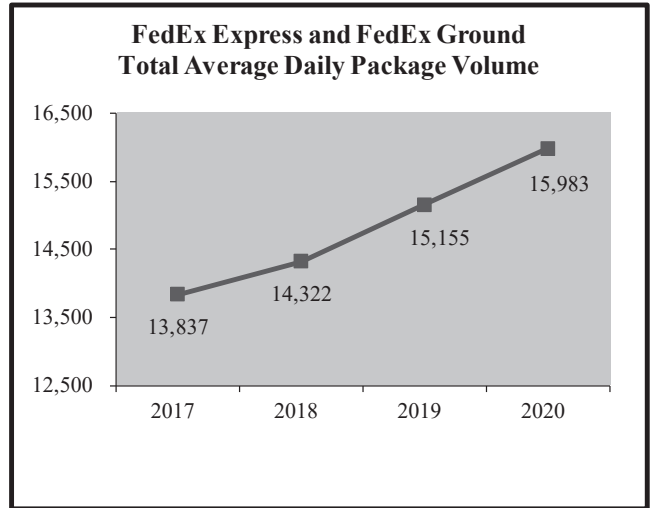
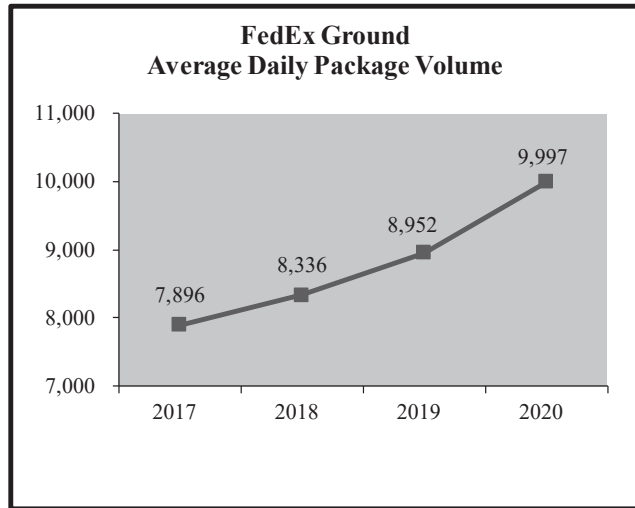
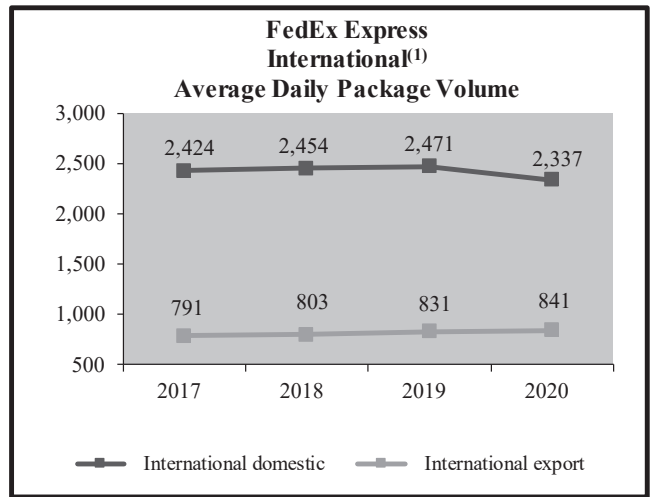
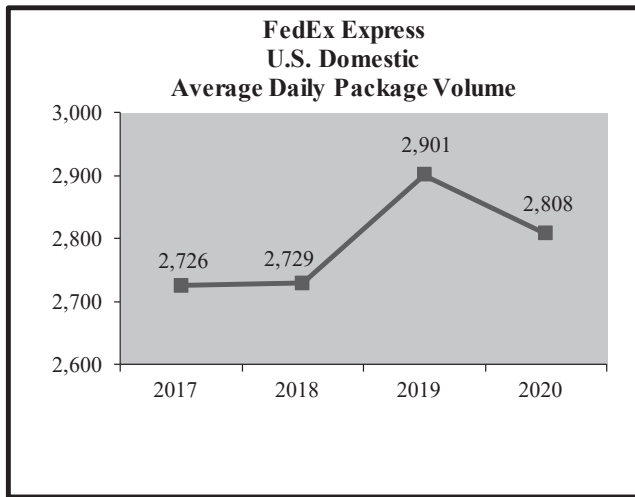
We have also taken the following actions to improve liquidity and strengthen our financial position.

- Reduced expected 2021 capital expenditures by approximately \$1.0 billion from the prior year, including decreasing spending on vehicles and trailers, delaying facility expansions and postponing certain information technology initiatives.
- Implemented temporary surcharges on all oversized and residential U.S. domestic FedEx Express and FedEx Ground packages, effective June 8, 2020, and on international package and airfreight shipments, effective April 6, 2020, at FedEx Express. We also temporarily suspended money-back guarantees for all FedEx Express, FedEx Ground, FedEx Freight and same-day FedEx Office services.
- Suspended voluntary pension funding in 2021.

- Revised the terms of our \$2.0 billion five-year credit agreement (the “Five-Year Credit Agreement”) and our \$1.5 billion 364-day credit agreement (the “364-Day Credit Agreement” and together with the Five-Year Credit Agreement, the “Credit Agreements”) to further enhance our financial flexibility. Additionally, we issued \$3.0 billion of senior unsecured debt under our shelf registration statement in April 2020. See Note 6 of the accompanying consolidated financial statements for additional information.
- Deferred payment of the employer portion of social security taxes through December 31, 2020, as provided by the CARES Act, which was enacted on March 27, 2020. This is expected to provide us with approximately \$625 million of additional liquidity during 2020 and 2021.
- Reduced our aviation excise taxes as provided by the CARES Act, which is expected to benefit 2021 by approximately \$110 million to \$160 million, depending upon the timing and pace of an economic recovery and return to pre-COVID-19 pandemic shipping volumes. We recognized a \$37 million benefit for the two-month period this excise tax holiday was in effect during the fourth quarter of 2020.
- Lowered our 2021 cash outflows for income taxes under the CARES Act. See Note 12 of the accompanying consolidated financial statements for more information related to such provisions.



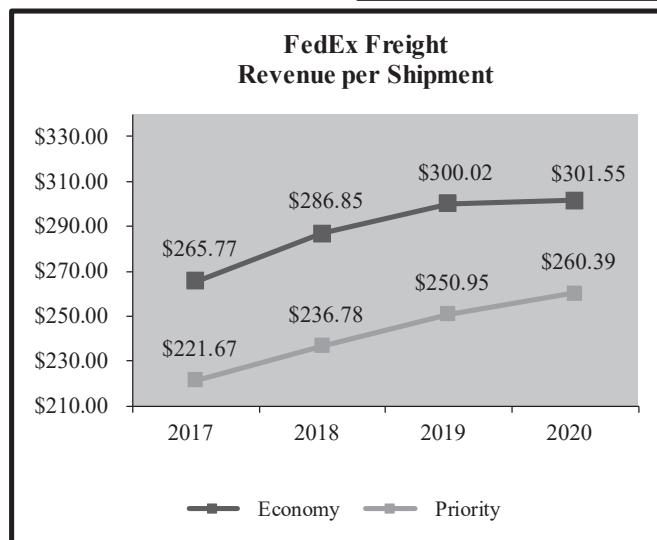
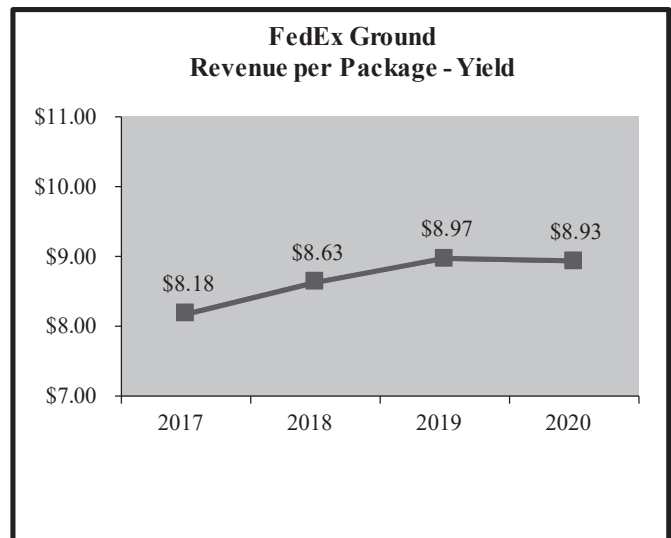
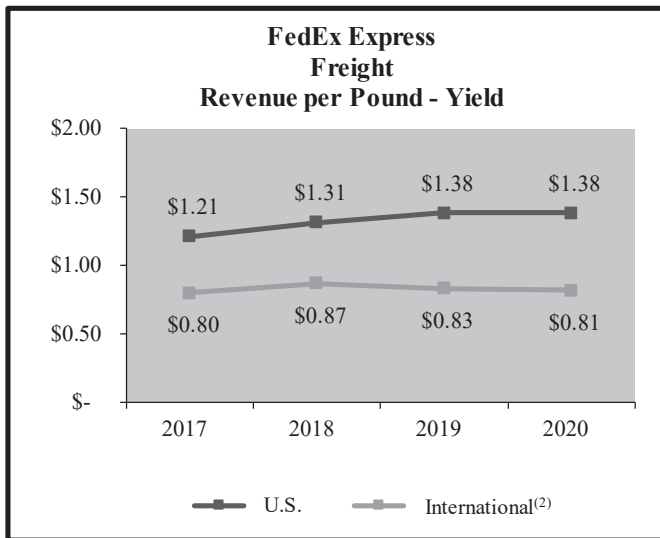
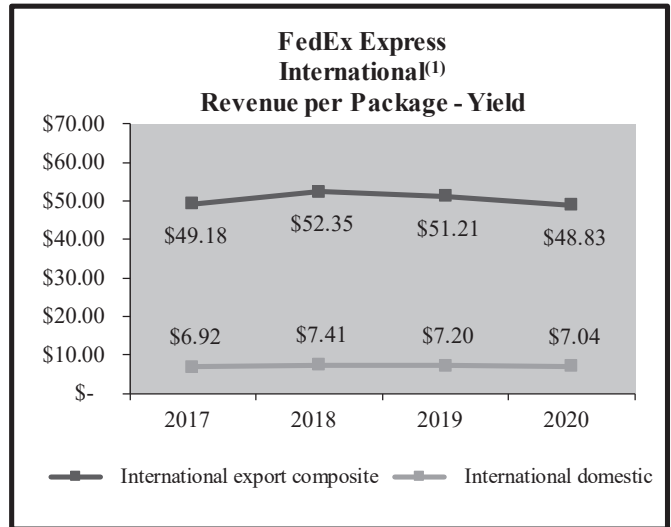
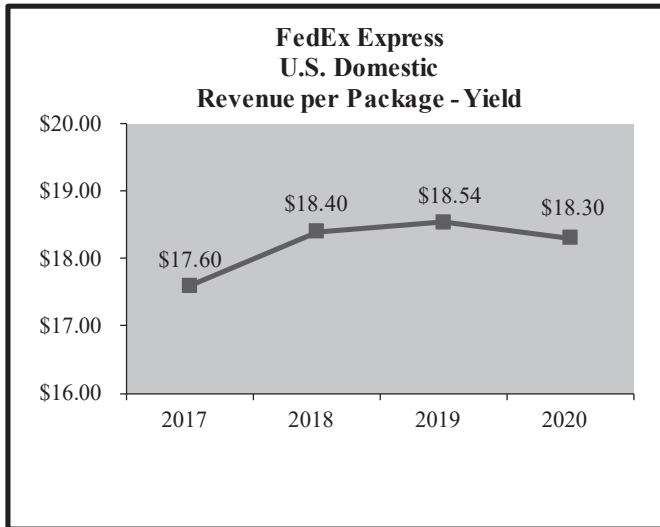
The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected volume trends (in thousands) for the years ended May 31:



(1) International domestic average daily package volume relates to our international intra-country operations. International export average daily package volume relates to our international priority and economy services.

(2) International average daily freight pounds relate to our international priority, economy and airfreight services.

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



- (1) International export revenue per package relates to our international priority and economy services. International domestic revenue per package relates to our international intra-country operations.
- (2) International freight revenue per pound relates to our international priority, economy and airfreight services.

**Revenue**

Revenue decreased 1% in 2020 primarily due to the elimination of business from a large customer and the impact from macroeconomic weakness, including the impact of the COVID-19 pandemic. Even though our revenue and operating income comparisons were negatively affected by the elimination of business from a large customer, our customer base is diverse and no one customer comprises more than 3% of our consolidated revenue. In addition, lower fuel surcharges at all transportation segments negatively impacted revenue in 2020. These items were partially offset by residential delivery volume growth at FedEx Ground, including the sharp increase in demand resulting from the stay-at-home orders and other responsive measures caused by the COVID-19 pandemic.

We implemented average list price increases at the beginning of the calendar year at each of our transportation segments. Some customers have contracts that are not subject to these general rate increases. We also implemented temporary surcharges on oversize, residential and international shipments in response to the COVID-19 pandemic.

At FedEx Ground, revenue increased 11% in 2020 due to residential delivery volume growth, partially offset by the decline in commercial delivery volume and the elimination of business from a large customer. Revenue at FedEx Express decreased 5% in 2020 primarily due to lower package revenue as a result of the elimination of business from a large customer and the impact of the COVID-19 pandemic. In addition, unfavorable exchange rates and lower freight revenue negatively impacted revenue in 2020. FedEx Freight revenue decreased 6% in 2020 due to decreased average daily shipments, partially offset by higher revenue per shipment.

**Goodwill and Other Asset Impairment Charges**

In 2020, we recorded \$358 million of goodwill impairment charges, of which \$348 million was associated with FedEx Office and the remainder at FedEx Supply Chain Distribution System, Inc. (“FedEx Supply Chain”). As a result, the goodwill attributed to each of these reporting units has been fully impaired. The COVID-19 pandemic resulted in store closures and declining print revenue at FedEx Office during the fourth quarter of 2020 and is expected to continue to negatively impact its near-term operating performance. We also recorded \$11 million of other asset impairment charges at the FedEx Logistics operating segment.

In 2020, we made the decision to permanently retire from service 10 Airbus A310-300 aircraft and 12 related engines at FedEx Express to align with the needs of the U.S. domestic network and modernize its aircraft fleet. As a consequence of this decision, noncash impairment charges of \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) were recorded in the FedEx Express segment in 2020. Seven of these aircraft were temporarily idled. For additional information regarding these impairment charges, see the “Critical Accounting Estimates” section of this MD&A and Note 4 of the accompanying consolidated financial statements.

**Business Realignment Costs**

During 2019, we conducted a program to offer voluntary cash buyouts to eligible U.S.-based employees in certain staff functions. As a result of this program, approximately 1,500 employees left the Company. Costs of the benefits provided under the U.S.-based voluntary employee buyout program were recognized in 2019 when eligible employees accepted their offers. Payments under this program were made at the time of departure and totaled approximately \$50 million in 2020 and \$220 million in 2019.

**Lease Accounting Change**

Effective June 1, 2019, we adopted new accounting guidance that had a material impact on our balance sheet but did not materially impact consolidated operating results and had no impact on operating cash flows. In order to properly align the lease and rental expenses to the appropriate line items in accordance with the new standard, a reclassification from other operating expense to rentals and landing fees of approximately \$181 million and maintenance and repairs expense to rentals and landing fees of approximately \$49 million was made. Such reclassifications are excluded from the year-over-year expense change discussion below and in each transportation segment's results. See Note 2 of the accompanying consolidated financial statements for a discussion of the adoption of the accounting guidance.

**Operating Expenses**

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

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	Percent Change	Percent of Revenue	
				2020 <sup>(1)</sup>	2019 <sup>(1)</sup>
Operating expenses:					
Salaries and employee benefits	\$ 25,031	\$ 24,776	1	36.2%	35.6%
Purchased transportation	17,466	16,654	5	25.2	23.9
Rentals and landing fees	3,712	3,360	10	5.4	4.8
Depreciation and amortization	3,615	3,353	8	5.2	4.8
Fuel	3,156	3,889	(19)	4.6	5.6
Maintenance and repairs	2,893	2,834	2	4.2	4.0
Goodwill and other asset impairment charges <sup>(2)</sup>	435	—	NM	0.6	—
Business realignment costs <sup>(3)</sup>	—	320	NM	—	0.5
Other <sup>(4)</sup>	10,492	10,041	4	15.1	14.4
Total operating expenses	66,800	65,227	2	96.5	93.6
Total operating income	\$ 2,417	\$ 4,466	(46)	3.5%	6.4%

(1) Includes TNT Express integration expenses of \$270 million in 2020 and \$388 million in 2019.

(2) Includes goodwill and other asset impairment charges in 2020 associated with the FedEx Office, FedEx Express and FedEx Logistics operating segments.

(3) Includes costs associated with our U.S.-based voluntary employee buyout program in 2019.

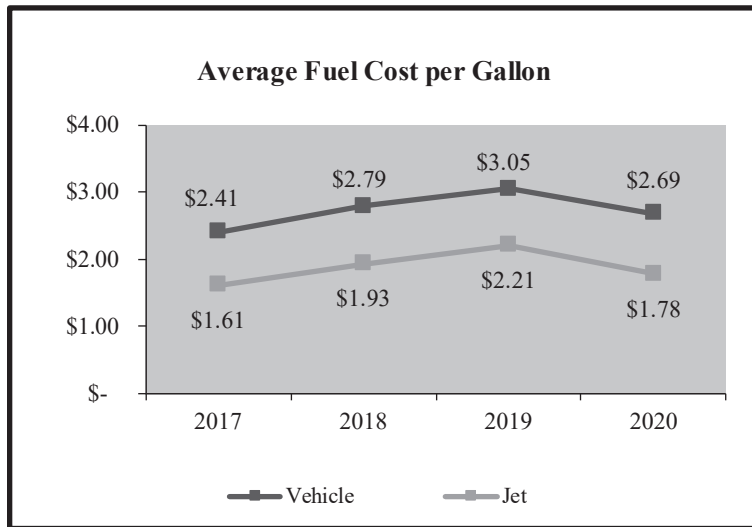
(4) Other expenses in 2019 include \$46 million of costs incurred in connection with the settlement of a legal matter involving FedEx Ground.

Our results declined in 2020 primarily due to weaker global economic conditions, including the impact of the COVID-19 pandemic, the elimination of business from a large customer, higher self-insurance accruals and increased costs to expand services. Self-insurance costs were higher primarily due to increased costs associated with vehicle accidents at FedEx Ground. The rising cost of vehicle accidents is occurring throughout the transportation industry as reflected in the rise of third-party insurance rates. We have prioritized incremental investments in safety technology to address these trends. In addition, continued mix shift to lower-yielding services and a more competitive pricing environment negatively impacted our results during 2020. These factors were partially offset by residential delivery volume growth at FedEx Ground and increased yields at FedEx Freight in 2020. The year-over-year variable incentive compensation expense benefited operating income by approximately \$320 million in 2020. We recognized \$369 million (\$366 million, net of tax, or \$1.40 per diluted share) of goodwill and other asset impairment charges associated with the FedEx Office and FedEx Logistics operating segments in the fourth quarter of 2020. Additionally, we recorded asset impairment charges of \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) associated with the decision to permanently retire certain aircraft and related engines at FedEx Express.

Purchased transportation costs increased 5% in 2020 primarily due to higher volumes and increased contractor settlement rates at FedEx Ground, including expanding residential delivery to seven days per week year-round. These items were partially offset by lower volumes, including the impact of the COVID-19 pandemic at FedEx Express and FedEx Freight, favorable exchange rates at FedEx Express and lower utilization of third-party transportation providers at FedEx Freight. Other operating expense increased 4% in 2020 primarily due to higher self-insurance accruals, increased costs associated with the COVID-19 pandemic, higher bad debt expense and higher outside service contract expense. Depreciation and amortization expense increased 8% in 2020 primarily due to continued strategic investment programs at all of our transportation segments.

## 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 decreased 19% during 2020 due to decreased fuel prices. Fuel prices represent only one component of the 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 2020 and 2019 in the accompanying discussions of each of our transportation segments.

Most of 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.

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 primarily to the index price for the preceding month and preceding day, 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.

We routinely review our fuel surcharges and periodically update the tables used to determine our fuel surcharges at all of our transportation segments. The net impact of fuel on operating income described below and for each segment below does not include the impact from these ordinary-course table changes.

The net impact of fuel had a slight benefit to operating income in 2020 as decreased fuel prices outpaced lower fuel surcharges.

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. In addition, our purchased transportation expense may be impacted by fuel costs. 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.

**Other Income and Expense**

Interest expense increased \$84 million in 2020 primarily due to debt issuances during the year.

**Retirement Plans MTM Adjustment**

We incurred a pre-tax noncash MTM net loss of \$794 million in 2020 (\$583 million, net of tax, or \$2.22 per diluted share) and a net loss of \$3.9 billion in 2019 (\$3.0 billion, net of tax, or \$11.22 per diluted share) from actuarial adjustments to pension and postretirement healthcare plans related to the measurement of plan assets and liabilities. The net loss in 2020 is attributable to a significantly lower discount rate, partially offset by higher than expected asset returns. The net loss in 2019 is attributable to a significantly lower discount rate, changes in actuarial estimates regarding rates of retirement, disability and salary increases and lower than expected asset returns. 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.

**Income Taxes**

The following table sets forth our income tax expense (benefit) (dollars in millions) and effective tax rates for the years ended May 31:

	2020	2019
Taxes computed at federal statutory rate	\$ 350	\$ 138
(Decreases) increases in income tax from:		
Valuation allowance	(129)	(79)
Goodwill impairment charges	75	—
Benefit from U.S. tax loss carryback to prior years	(71)	—
Non-deductible expenses	70	79
State and local income taxes, net of federal benefit	53	44
U.S. deferred tax adjustment related to foreign operations	51	—
Foreign operations	38	(1)
Uncertain tax positions	(14)	8
Foreign tax rate enactments	(10)	50
Benefits from share-based payments	(5)	(18)
Tax Cuts and Jobs Act (“TCJA”)	—	(71)
Foreign tax credits from distributions	—	(8)
Other, net	(25)	(27)
Provision for income taxes	<u>\$ 383</u>	<u>\$ 115</u>
Effective Tax Rate	<u>23.0%</u>	<u>17.6%</u>

The 2020 tax rate includes a benefit of \$133 million from the reduction of a valuation allowance on certain foreign tax loss carryforwards due to operational changes which impacted the determination of the realizability of the deferred tax asset in that jurisdiction. The 2020 tax rate also includes a deferred income tax expense of \$51 million for a change in deferred tax balances related to future foreign tax credits from our international structure as a result of changes in legal entity forecasts during the fourth quarter. The 2020 tax rate was negatively impacted by decreased earnings in certain non-U.S. jurisdictions.

On March 27, 2020, the CARES Act was enacted to address the economic impact of the COVID-19 pandemic in the United States. Among other things, the CARES Act allows a five-year carryback period for tax losses generated in 2019 through 2021. As a result, an income tax benefit of \$71 million was recorded in 2020 in connection with a tax loss generated during 2020 that the CARES Act will now allow to be carried back to 2015, a tax year when the U.S. federal income tax rate was 35%.

During the fourth quarter of 2020, we filed a non-automatic Application for Change in Accounting Method with the Internal Revenue Service (“IRS”) to change the method of accounting for depreciation to retroactively apply final tax regulations issued during the year to certain assets placed in service during 2018 and 2019. If the IRS approves our request, we will recognize an income tax benefit in 2021 of approximately \$130 million and increase our estimated income tax refund from the carryback to 2015 by approximately \$330 million.

We maintain an ongoing process to review our corporate legal entity structure to ensure it is aligned with business operations and regulatory environments in which we operate. A potential outcome of recent reviews could include changing the tax status of certain foreign entities within our structure and favorably impact our effective tax rate in the first half of 2021 primarily through the adjustment of U.S. deferred tax balances related to our foreign operations.

The 2019 tax rate includes a benefit of \$90 million from the reduction of a valuation allowance on tax loss carryforwards due to certain business operational changes from the integration of FedEx Express and TNT Express in a local jurisdiction, which impacted our determination of the realizability of the deferred tax asset in that jurisdiction and an expense of \$50 million from the impact on our deferred taxes attributable to a lower tax rate in the Netherlands. The 2019 tax rate was favorably impacted by the TCJA, which resulted in benefits of \$75 million from accelerated deductions claimed on our 2018 U.S. income tax return filed in 2019.

During 2019, the U.S. Treasury Department issued final regulations covering the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the TCJA. Certain guidance included in these final regulations is inconsistent with our interpretation that led to the recognition of a \$233 million cumulative benefit through 2019. Notwithstanding this inconsistency, we remain confident in our interpretation of the TCJA and intend to defend this position through litigation, if necessary. However, if we are ultimately unsuccessful in defending our position, we may be required to reverse the benefit previously recorded.

During 2019, we completed our accounting for the tax effects of the TCJA within the one-year measurement period allowed under Staff Accounting Bulletin 118. As a result, we recorded an adjustment to tax expense of \$4 million recognized in 2019 as a revision of the provisional benefit associated with the remeasurement of our net U.S. deferred tax liability.

For more information on income taxes, see the “Critical Accounting Estimates” section of this MD&A and Note 12 of the accompanying consolidated financial statements.

### ***Business Acquisitions***

See Note 3 of the accompanying consolidated financial statements for a discussion of business acquisitions.

### ***Outlook***

The uncertainty over the continuing and ultimate impact the COVID-19 pandemic will have on the global economy generally, and our business in particular, makes any expectations for 2021 inherently less certain. The timing and pace of an economic recovery from the COVID-19 pandemic are currently the most profound uncertainties affecting our business. While we anticipate increased demand for residential services to continue at FedEx Ground in 2021, we expect weak global economic conditions, significant uncertainty concerning the health impacts of COVID-19 and increased supplies and other costs caused by the pandemic to continue to impact our results of operations, cash flows and liquidity in 2021.

While restrictions on commercial air traffic are in place, we expect continued strong demand for international priority shipments and charter flights in 2021. However, our international operations are much more sensitive to changes in global trade than our U.S. domestic operations because of the higher concentration of business-to-business shipments internationally. We will continue to manage network capacity, flexing our network and making adjustments as needed to align with volumes and operating conditions.

During 2021, we will expand FedEx Ground seven-day residential delivery coverage to more than 95 percent of the U.S. population. In addition, we will continue to focus on last-mile residential delivery optimization by directing certain U.S. day-definite residential FedEx Express shipments into the FedEx Ground network to increase efficiency and lower our cost-to-serve. We also are focused on improving revenue quality and lowering costs through investments in technology aimed at improving productivity and safety.

During 2021, we will continue to execute our TNT Express integration plans, and we are scheduled to complete the integration of the FedEx Express and TNT Express linehaul and pickup-and-delivery operations and begin offering an enhanced portfolio of international services. We will leverage the capabilities that TNT Express adds to our portfolio, which are expected to improve our European revenue and profitability. While we expect to make significant progress on integration activities in 2021, particularly in Europe, integration work will continue after 2021. Due to delays caused by the COVID-19 pandemic, we now expect to complete the final phase of international air network interoperability in early calendar 2022 rather than the fall of calendar 2021.

We expect to incur approximately \$175 million of integration expenses in 2021 in the form of professional fees, outside service contracts, salaries and wages and other operating expenses. We expect the aggregate integration program expenses to be approximately \$1.7 billion through the completion of the physical network integration of TNT Express into FedEx Express in 2022. We may incur additional costs, including investments that will further transform and optimize the combined businesses and FedEx Express’s international business. The timing and amount of integration and other expenses and capital investments may change as we revise and implement our plans.

Our capital expenditures for 2021 are expected to be approximately \$4.9 billion, a decrease of \$1.0 billion from 2020 due to decreasing spending on vehicles and trailers, delaying facility expansions and postponing certain information technology initiatives. Our 2021 expected capital expenditures include FedEx Express investments in aircraft fleet modernization, strategic investments to improve productivity and safety, and the Indianapolis and Memphis hub modernization and expansion programs at FedEx Express.

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 2021 and beyond. We will continue to evaluate our investments in critical long-term strategic projects to ensure our capital expenditures are expected to generate high returns on investment and are balanced with our outlook for global economic conditions. For additional details on key 2021 capital projects, refer to the “Financial Condition – Capital Resources” and “Financial Condition – Liquidity Outlook” sections of this MD&A.

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, revenue 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. However, FedEx Ground experienced unplanned peak-level volumes during the fourth quarter of 2020 due to the COVID-19 pandemic. 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.

### **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:

<b>FedEx Express Segment</b>	FedEx Express (express transportation) TNT Express (international express transportation, small-package ground delivery and freight transportation) FedEx Custom Critical, Inc. (“FedEx Custom Critical”) (time-critical transportation)
<b>FedEx Ground Segment</b>	FedEx Ground (small-package ground delivery)
<b>FedEx Freight Segment</b>	FedEx Freight (LTL freight transportation)
<b>FedEx Services Segment</b>	FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions)

Effective March 1, 2020, the results of FedEx Custom Critical are included in the FedEx Express segment prospectively as the impact to prior periods was not material. This change was made to reflect our internal management reporting structure.

### ***FEDEX SERVICES SEGMENT***

The operating expense 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 operating segments. The allocations of net operating costs are based on metrics such as relative revenue or estimated services provided.

The FedEx Services segment provides direct and indirect support to our operating segments, and we allocate all of the net operating costs of the FedEx Services segment to reflect the full cost of operating our businesses in the results of those segments. 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 operating 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, the results of the FedEx Office and FedEx Logistics operating segments are included in corporate and other.

FedEx Office provides an array of document and business services and retail access to our customers for our package transportation businesses. FedEx Logistics provides integrated supply chain management solutions, specialty transportation, customs brokerage and global ocean and air freight forwarding.

In 2020, the decrease in revenue in “Corporate, other and eliminations” was due primarily to weaker economic conditions resulting from the COVID-19 pandemic. The comparison of operating loss between 2020 and 2019 at “Corporate, other and eliminations” is affected by goodwill and other asset impairment charges at the FedEx Office and FedEx Logistics operating segments of \$369 million in 2020 and the costs associated with our business realignment activities of \$320 million during 2019.

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 revenue of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenue and expenses are eliminated in our consolidated results and are not separately identified in the following segment information because the amounts are not material.

**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 and economy services, which provide delivery on a time-definite or day-definite basis. The following table compares revenue, operating expenses, operating income (dollars in millions), operating margin and operating expenses as a percent of revenue for the years ended May 31:

	2020	2019	Percent Change		
Revenue:					
Package:					
U.S. overnight box	\$ 7,234	\$ 7,663	(6)		
U.S. overnight envelope	1,776	1,829	(3)		
U.S. deferred	4,038	4,225	(4)		
Total U.S. domestic package revenue	13,048	13,717	(5)		
International priority	7,354	7,405	(1)		
International economy	3,082	3,446	(11)		
Total international export package revenue	10,436	10,851	(4)		
International domestic <sup>(1)</sup>	4,179	4,540	(8)		
Total package revenue	27,663	29,108	(5)		
Freight:					
U.S.	2,998	3,025	(1)		
International priority	1,915	2,070	(7)		
International economy	1,930	2,123	(9)		
International airfreight	270	314	(14)		
Total freight revenue	7,113	7,532	(6)		
Other <sup>(2)</sup>	737	691	7		
Total revenue	35,513	37,331	(5)		
				<b>Percent of Revenue</b>	
				<b>2020</b>	<b>2019</b>
				100.0%	100.0%
Operating expenses:					
Salaries and employee benefits	13,764	13,748	—	38.7	36.8
Purchased transportation	4,832	5,186	(7)	13.6	13.9
Rentals and landing fees	2,045	1,908	7	5.8	5.1
Depreciation and amortization	1,894	1,801	5	5.3	4.8
Fuel	2,664	3,310	(20)	7.5	8.9
Maintenance and repairs	1,874	1,888	(1)	5.3	5.1
Goodwill and other asset impairment charges	66	—	NM	0.2	—
Intercompany charges	1,956	2,039	(4)	5.5	5.5
Other	5,422	5,275	3	15.3	14.1
Total operating expenses	34,517	35,155	(2)	97.2%	94.2%
Operating income	\$ 996	\$ 2,176	(54)		
Operating margin	2.8%	5.8%	(300) bp		

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

<sup>(2)</sup> Includes the operations of FedEx Custom Critical.

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

	2020	2019	Percent Change
<b>Package Statistics</b>			
Average daily package volume (ADV):			
U.S. overnight box	1,211	1,285	(6)
U.S. overnight envelope	521	539	(3)
U.S. deferred	1,076	1,077	—
Total U.S. domestic ADV	2,808	2,901	(3)
International priority	559	538	4
International economy	282	293	(4)
Total international export ADV	841	831	1
International domestic <sup>(1)</sup>	2,337	2,471	(5)
Total ADV	5,986	6,203	(3)
Revenue per package (yield):			
U.S. overnight box	\$ 23.51	\$ 23.38	1
U.S. overnight envelope	13.43	13.31	1
U.S. deferred	14.78	15.39	(4)
U.S. domestic composite	18.30	18.54	(1)
International priority	51.75	53.96	(4)
International economy	43.03	46.16	(7)
International export composite	48.83	51.21	(5)
International domestic <sup>(1)</sup>	7.04	7.20	(2)
Composite package yield	18.19	18.40	(1)
<b>Freight Statistics</b>			
Average daily freight pounds:			
U.S.	8,528	8,577	(1)
International priority	4,895	5,250	(7)
International economy	13,450	14,347	(6)
International airfreight	1,535	1,644	(7)
Total average daily freight pounds	28,408	29,818	(5)
Revenue per pound (yield):			
U.S.	\$ 1.38	\$ 1.38	—
International priority	1.54	1.55	(1)
International economy	0.56	0.58	(3)
International airfreight	0.69	0.75	(8)
Composite freight yield	0.99	0.99	—

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

### ***FedEx Express Segment Revenue***

FedEx Express segment revenue decreased 5% in 2020 primarily due to lower package revenue as a result of the elimination of business from a large customer and the impact of the COVID-19 pandemic. In addition, lower fuel surcharges, unfavorable exchange rates and lower freight revenue negatively impacted revenue in 2020.

U.S. domestic package average daily volumes decreased 3% in 2020 driven by the elimination of business from a large customer and the impact of the COVID-19 pandemic. U.S. domestic package yields decreased 1% in 2020 primarily due to lower fuel surcharges and lower base yields. Average daily freight pounds decreased 5% in 2020 primarily due to lower volume in freight services as a result of macroeconomic weakness, including the impact of the COVID-19 pandemic, and trade uncertainty. International export average daily volumes increased 1% in 2020 due to volume growth in the first three quarters of 2020, partially offset by the impact of the COVID-19 pandemic in the fourth quarter of 2020. International export package yields decreased 5% in 2020 primarily driven by base yield declines, lower fuel surcharges and unfavorable exchange rates. International domestic package average daily volumes decreased 5% in 2020 primarily due to the COVID-19 pandemic. International domestic package yields decreased 2% in 2020 as base yield improvement was more than offset by unfavorable exchange rates.

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

	2020	2019
<b>U.S. Domestic and Outbound Fuel Surcharge:</b>		
Low	0.5%	5.5%
High	8.6	10.8
Weighted-average	6.3	7.5
<b>International Export and Freight Fuel Surcharge:</b>		
Low	—	5.8
High	19.3	18.1
Weighted-average	14.0	14.1
<b>International Domestic Fuel Surcharge:</b>		
Low	3.2	2.3
High	24.5	20.6
Weighted-average	7.3	5.9

### ***FedEx Express Segment Operating Income***

FedEx Express segment operating income decreased 54% in 2020 primarily due to weaker global economic conditions, including the impact of the COVID-19 pandemic, a more competitive pricing environment and the elimination of business from a large customer. During 2020, we recorded asset impairment charges of \$66 million associated with the decision to permanently retire certain aircraft and related engines (see "Goodwill and Other Asset Impairment Charges" above for more information).

FedEx Express segment results include approximately \$222 million of TNT Express integration expenses in 2020, a decrease of \$103 million from 2019.

Purchased transportation expense decreased 7% in 2020 primarily due to lower volumes, including the impact of the COVID-19 pandemic, and favorable exchange rates. Other operating expense increased 3% in 2020 primarily due to increased costs associated with the COVID-19 pandemic, increased bad debt expense and higher outside service contract expense. Depreciation and amortization expense increased 5% in 2020 primarily due to continued investment in aircraft and related equipment.

Fuel expense decreased 20% in 2020 due to decreased fuel prices. The net impact of fuel had a slight benefit to operating income in 2020 as decreased fuel prices outpaced lower fuel surcharges. 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.

### ***FedEx Express Segment Outlook***

We expect the significance of the COVID-19 pandemic, including the extent of its effect on our results, to be dictated by, among other things, its duration, the success of efforts to contain it and the impact of actions taken in response. The timing and pace of an economic recovery from the COVID-19 pandemic are uncertain. While airfreight capacity continues to be limited due to restrictions on commercial activities, we will continue to provide needed services and add flights as necessary to support demand and we are well positioned to adjust to market conditions to assist our customers as they work to manage their supply chain and inventories. We are flexing our network and making adjustments as needed to align capacity with volumes and operating conditions.

We expect the uncertainty in global economic conditions to negatively impact revenue and operating income in 2021. During 2021, FedEx Express will continue to implement actions to reduce costs to serve, improve efficiencies and adjust its air and ground network cost structure. We continue to focus on optimizing the cost of last-mile residential deliveries by directing certain U.S. day-definite, residential FedEx Express shipments into the FedEx Ground network. We expect last-mile optimization will allow us to increase efficiency and lower our cost-to-serve as e-commerce growth continues to impact our service mix. We expect the FedEx Express segment to incur approximately \$100 million of TNT Express integration expenses in 2021. See the "Outlook" section of this MD&A for additional information regarding the integration of TNT Express.

Capital expenditures at FedEx Express are expected to significantly decrease in 2021 as we delay facility investments and decrease spending on vehicles and trailers, as well as ground support equipment.

**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 table compares revenue, 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:

	2020		2019		Percent Change	Percent of Revenue	
						2020	2019
Revenue	\$	22,733	\$	20,522	11	100.0%	100.0%
Operating expenses:							
Salaries and employee benefits		4,060		3,413	19	17.9	16.6
Purchased transportation		10,799		9,174	18	47.5	44.7
Rentals		989		791	25	4.3	3.9
Depreciation and amortization		789		728	8	3.5	3.5
Fuel		15		14	7	0.1	0.1
Maintenance and repairs		392		336	17	1.7	1.6
Intercompany charges		1,581		1,521	4	6.9	7.4
Other		2,094		1,882	11	9.2	9.2
Total operating expenses		20,719		17,859	16	91.1%	87.0%
Operating income	\$	2,014	\$	2,663	(24)		
Operating margin		8.9%		13.0%	(410) bp		
Average daily package volume		9,997		8,952	12		
Revenue per package (yield)	\$	8.93	\$	8.97	—		

**FedEx Ground Segment Revenue**

FedEx Ground segment revenue increased 11% in 2020 due to residential delivery volume growth, including the sharp increase in demand resulting from the stay-at-home orders and other responsive measures caused by the COVID-19 pandemic, partially offset by the decline in commercial delivery volume and the elimination of business from a large customer. Average daily volume increased 12% in 2020 primarily due to continued growth in residential services driven by e-commerce. FedEx Ground yields remained flat in 2020 primarily due to lower base yields offset by an increase in extra 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:

	2020	2019
Low	5.8%	6.3%
High	7.3	7.8
Weighted-average	6.7	6.9

**FedEx Ground Segment Operating Income**

FedEx Ground segment operating income decreased 24% in 2020 due to increased costs to expand services, higher self-insurance accruals and the elimination of business from a large customer. In addition, continued mix shift to lower-yielding services, as well as a more competitive pricing environment, negatively impacted our results in 2020. These items were partially offset by residential delivery volume growth in 2020. The COVID-19 pandemic had a positive impact on revenue and a negative impact on expenses but did not have a material impact on operating income in 2020.

Purchased transportation expense increased 18% in 2020 due to higher volumes and increased contractor settlement rates, including expanding operations to seven days per week year-round. Salaries and employee benefits expense increased 19% in 2020 due to additional staffing to support volume growth, including expansion to seven-day-per-week year-round operations, and merit increases, partially offset by lower variable incentive compensation expenses. Other operating expense increased 11% in 2020 primarily due to higher self-insurance accruals of approximately \$230 million.

The net impact of fuel had a slight benefit to operating income in 2020 as decreased fuel prices outpaced lower fuel surcharges. 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.

***FedEx Ground Segment Outlook***

We anticipate increased demand for residential services to continue at FedEx Ground in 2021. Building on investments made in 2020 to expand the FedEx Ground residential service offering, we will expand seven-day residential delivery coverage to more than 95 percent of the U.S. population by September 2020. We also are adding new regional sort facilities designed to handle shorter-zone residential volumes into certain key markets. Although the timing and pace of an economic recovery from the COVID-19 pandemic are uncertain and the uncertainty is expected to have an impact on commercial volumes in 2021, we remain well positioned to adjust to market conditions to assist our customers as they manage their supply chains and inventories.

To support these operational changes, FedEx Ground is making strategic investments to modernize and optimize its linehaul network and improve scheduling at its hubs and stations, leading to productivity improvement. Significant progress was made in the integration of FedEx SmartPost packages into the standard FedEx Ground operations in 2020 and this transition will be completed in the first half of 2021, generating last-mile efficiency through increased delivery density. Strategic investments made in 2020 for safety technology will remain a critical focus in 2021 to improve the safety throughout the FedEx Ground network.

We believe these initiatives will allow for the more efficient use of our existing assets, which will drive improved performance and enhance our competitive position over the long term. To support these strategic investments, capital expenditures in 2021 at FedEx Ground are expected to increase.

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.

**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 revenue, 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:

			Percent Change	Percent of Revenue	
	2020	2019		2020	2019
Revenue	\$ 7,102	\$ 7,582	(6)	100.0%	100.0%
Operating expenses:					
Salaries and employee benefits	3,449	3,639	(5)	48.5	48.0
Purchased transportation	695	932	(25)	9.8	12.3
Rentals	208	172	21	2.9	2.3
Depreciation and amortization	381	332	15	5.4	4.4
Fuel	476	563	(15)	6.7	7.4
Maintenance and repairs	247	245	1	3.5	3.2
Intercompany charges	516	535	(4)	7.3	7.1
Other	550	549	—	7.7	7.2
Total operating expenses	6,522	6,967	(6)	91.8%	91.9%
Operating income	\$ 580	\$ 615	(6)		
Operating margin	8.2%	8.1%	10 bp		
Average daily shipments (in thousands):					
Priority	72.5	78.4	(8)		
Economy	30.5	34.3	(11)		
Total average daily shipments	103.0	112.7	(9)		
Weight per shipment:					
Priority	1,146	1,207	(5)		
Economy	986	1,064	(7)		
Composite weight per shipment	1,098	1,164	(6)		
Revenue per shipment:					
Priority	\$ 260.39	\$ 250.95	4		
Economy	301.55	300.02	1		
Composite revenue per shipment	\$ 273.72	\$ 265.98	3		
Revenue per hundredweight:					
Priority	\$ 22.73	\$ 20.78	9		
Economy	30.59	28.19	9		
Composite revenue per hundredweight	\$ 24.92	\$ 22.85	9		

**FedEx Freight Segment Revenue**

FedEx Freight segment revenue decreased 6% in 2020 primarily due to decreased average daily shipments, partially offset by higher revenue per shipment. Average daily shipments decreased 9% in 2020 due to lower demand for our service offerings as a result of the COVID-19 pandemic and related supply chain disruptions. Revenue per shipment increased 3% in 2020 primarily due to higher base rates reflecting our ongoing revenue quality initiatives, partially offset by lower weight per shipment.

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

	2020	2019
Low	21.0%	23.4%
High	24.4	25.6
Weighted-average	23.4	24.5

**FedEx Freight Segment Operating Income**

FedEx Freight segment operating income decreased 6% in 2020 due to the impact of lower volumes as a result of the COVID-19 pandemic and weaker economic conditions. Continued focus on yield management and aligning our cost structure with current and anticipated business levels benefited operating results in 2020.

Purchased transportation decreased 25% in 2020 primarily due to lower utilization of third-party transportation providers and lower volumes. Salaries and employee benefits decreased 5% in 2020 primarily due to lower volumes, partially offset by merit increases.

Fuel expense decreased 15% in 2020 primarily due to decreased fuel prices. The net impact of fuel had a significantly negative impact to operating income in 2020 as lower fuel surcharges outpaced decreased 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.

### ***FedEx Freight Segment Outlook***

Our FedEx Freight business is significantly impacted by changes in industrial production, which has been negatively impacted by the COVID-19 pandemic. In addition, the timing and pace of an economic recovery from the COVID-19 pandemic are uncertain.

In 2021, we will continue to manage our network and cost structure to align with volume levels, maintain our focus on yield management and profitable growth and improve our operational productivity and efficiencies through increased use of technology. We will continue to evaluate new service offerings that will deliver improved customer experiences and set us apart from the competition. Our employee-based, company-branded FedEx Freight Direct standard and premium residential service offerings will be available to 90% of the U.S. population in the second half of 2021. This service offering addresses the large, bulky and hard-to-handle surging e-commerce market and supports on-going collaboration with FedEx Ground.

Given the uncertainty around the COVID-19 pandemic, capital expenditures at FedEx Freight are expected to decrease significantly in 2021 and will consist primarily of vehicle replacement and strategic investments to modernize our operations.



**FINANCIAL CONDITION****LIQUIDITY**

Cash and cash equivalents totaled \$4.9 billion at May 31, 2020, compared to \$2.3 billion at May 31, 2019. The following table provides a summary of our cash flows for the years ended May 31 (in millions):

	2020	2019
<b>Operating activities:</b>		
Net income	\$ 1,286	\$ 540
Retirement plans mark-to-market adjustment	794	3,882
Gain from sale of business	—	(8)
Business realignment costs	—	101
Goodwill and other asset impairment charges	435	—
Other noncash charges and credits	6,674	3,589
Changes in assets and liabilities	(4,092)	(2,491)
Cash provided by operating activities	5,097	5,613
<b>Investing activities:</b>		
Capital expenditures	(5,868)	(5,490)
Business acquisitions, net of cash acquired	—	(66)
Proceeds from asset dispositions and other	22	83
Cash used in investing activities	(5,846)	(5,473)
<b>Financing activities:</b>		
Principal payments on debt	(2,548)	(1,436)
Proceeds from debt issuances	6,556	2,463
Dividends paid	(679)	(683)
Purchase of treasury stock	(3)	(1,480)
Other	55	97
Cash provided by (used in) financing activities	3,381	(1,039)
Effect of exchange rate changes on cash	(70)	(47)
Net increase (decrease) in cash and cash equivalents	\$ 2,562	\$ (946)
Cash and cash equivalents at end of period	\$ 4,881	\$ 2,319

*Cash Provided by Operating Activities.* Cash flows from operating activities decreased \$516 million in 2020 primarily due to lower operating earnings and higher accounts receivable resulting from, among other things, the impacts of the COVID-19 pandemic, partially offset by lower variable incentive compensation payments and lower tax payments.

*Cash Used in Investing Activities.* Capital expenditures were 7% higher in 2020 primarily due to higher spending related to facilities at FedEx Express, increased spending on information technology at FedEx Services, FedEx Express and FedEx Freight and increased spending on package handling equipment at FedEx Ground, partially offset by lower spending related to aircraft at FedEx Express. See “Capital Resources” below for a more detailed discussion of capital expenditures during 2020.

*Financing Activities.* We used the net proceeds of our 2020 debt issuances (i) to make voluntary contributions to our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”), (ii) to redeem the \$400 million aggregate principal amount of 2.30% notes due February 1, 2020 and the €500 million aggregate principal amount of 0.50% notes due April 9, 2020, (iii) to repay \$1.5 billion of borrowings under our 364-Day Credit Agreement that we drew on March 18, 2020 and \$136 million of commercial paper outstanding under our commercial paper program and (iv) for general corporate purposes. We used the net proceeds of our 2019 debt issuances to redeem the \$750 million aggregate principal amount of 8.00% notes due January 15, 2019, pay the €500 million aggregate principal amount of floating-rate notes that matured on April 11, 2019 and for general corporate purposes. As of May 31, 2020, no commercial paper was outstanding.

The following table provides a summary of repurchases of our common stock for the periods ended May 31 (dollars in millions, except per share amounts):

	2020			2019		
	Total Number of Shares Purchased	Average Price Paid per Share	Total Purchase Price	Total Number of Shares Purchased	Average Price Paid per Share	Total Purchase Price
Common stock repurchases	20,000	\$ 156.90	\$ 3	6,640,000	\$ 222.94	\$ 1,480

In January 2016, our Board of Directors approved a stock repurchase program of up to 25 million shares. Shares under the current repurchase program may be repurchased from time to time in the open market or in privately negotiated transactions. The timing and volume of repurchases are at the discretion of management, based on the capital needs of the business, the market price of FedEx common stock and general market conditions. No time limit was set for the completion of the program, and the program may be suspended or discontinued at any time. As of May 31, 2020, 5.1 million shares remained under the current stock repurchase authorization.

During the fourth quarter of 2020, our Credit Agreements were amended to increase the ratio of debt to consolidated earnings (excluding noncash retirement plans MTM adjustments, noncash pension service costs and noncash asset impairment charges) before interest, taxes, depreciation and amortization (“adjusted EBITDA”) as follows: 3.75:1.0 at May 31, 2020; 4.75:1.0 at August 31, 2020; 4.9:1.0 at November 30, 2020; 4.75:1.0 at February 28, 2021; and 3.75:1.0 at May 31, 2021, with the ratio reverting to 3.5:1.0 at August 31, 2021 and thereafter. The amendments to the Credit Agreements revised the adjusted EBITDA definition to exclude noncash pension service costs (as noted above) and also temporarily restrict us from repurchasing any shares of our common stock or increasing the amount of our quarterly dividend payable per share of common stock from \$0.65 per share between May 27, 2020 and May 31, 2021. See Note 6 of the accompanying consolidated financial statements for additional information regarding the Credit Agreements.

### CAPITAL RESOURCES

Our operations are capital intensive, characterized by significant investments in aircraft, package handling and sort equipment, vehicles and trailers, technology and facilities. The amount and timing of capital additions depend on various factors, including pre-existing contractual commitments, anticipated volume growth, domestic and international economic conditions, new or enhanced services, geographical expansion of services, availability of satisfactory financing and actions of regulatory authorities.

The following table compares capital expenditures by asset category and reportable segment for the years ended May 31 (in millions):

	2020	2019	Percent Change
Aircraft and related equipment	\$ 1,628	\$ 2,202	(26)
Package handling and ground support equipment	910	777	17
Vehicles and trailers	1,056	982	8
Information technology	915	751	22
Facilities and other	1,359	778	75
Total capital expenditures	<u>\$ 5,868</u>	<u>\$ 5,490</u>	7
FedEx Express segment	\$ 3,560	\$ 3,550	—
FedEx Ground segment	1,083	808	34
FedEx Freight segment	539	544	(1)
FedEx Services segment	527	440	20
Other	159	148	7
Total capital expenditures	<u>\$ 5,868</u>	<u>\$ 5,490</u>	7

Capital expenditures increased during 2020 primarily due to higher spending related to facilities at FedEx Express, increased spending on information technology at FedEx Services, FedEx Express and FedEx Freight and increased spending on package handling equipment at FedEx Ground, partially offset by lower spending related to aircraft at FedEx Express.

**GUARANTOR FINANCIAL INFORMATION**

We are providing the following information in compliance with Rule 13-01 of Regulation S-X, “Financial Disclosures about Guarantors and Issuers of Guaranteed Securities” with respect to our senior unsecured debt securities. As of May 31, 2020, we had outstanding \$21.5 billion of senior unsecured debt securities. Substantially all of the senior unsecured notes were issued by FedEx under a shelf registration statement and are guaranteed by certain direct and indirect subsidiaries of FedEx (“Guarantor Subsidiaries”). See Note 6 of the accompanying consolidated financial statements for additional information regarding the terms of the senior unsecured debt securities. FedEx owns, directly or indirectly, 100% of each Guarantor Subsidiary. The guarantees are (1) unsecured obligations of the respective Guarantor Subsidiary, (2) rank equally with all of their other unsecured and unsubordinated indebtedness, and (3) are full and unconditional and joint and several. If we sell, transfer or otherwise dispose of all of the capital stock or all or substantially all of the assets of a Guarantor Subsidiary to any person that is not an affiliate of FedEx, the guarantee of that Guarantor Subsidiary will terminate and holders of debt securities will no longer have a direct claim against such subsidiary under the guarantee.

The following tables present summarized financial information for FedEx (as Parent) and the Guarantor Subsidiaries on a combined basis after transactions and balances within the combined entities have been eliminated.

**Parent and Guarantor Subsidiaries**

The following table presents the summarized balance sheet information as of May 31, 2020 (in millions):

Current Assets	\$	11,014
Intercompany Receivable		3,431
Total Assets		61,678
Current Liabilities		7,030
Intercompany Payable		—
Total Liabilities		49,325

The following table presents the summarized statement of income information as of May 31, 2020 (in millions):

Revenue	\$	50,178
Intercompany Charges, net		(2,674)
Operating Income		2,191
Intercompany Charges, net		165
Income Before Income Taxes		1,454
Net Income	\$	1,009

**LIQUIDITY OUTLOOK**

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption in financial markets. An extended period of global supply chain and economic disruption could materially adversely affect our business, results of operations, access to sources of liquidity and financial condition. In response to current business and economic conditions, we are taking actions to manage our cash flow and improve our liquidity, including review and consideration of opportunities and strategies for capital expenditure reductions and deferrals, as previously discussed, operating expense reductions and consideration of alternative financing sources in addition to our credit facilities and unsecured debt markets. While we have experienced some slowing in the collection of accounts receivable due to the effect of the COVID-19 pandemic on our customers and an increase in credit risk, particularly in the retail industry, our cash flows and overall liquidity have not been materially impacted at this point based on our credit management process and working capital management. We expect to benefit from certain of the relief provisions of recently enacted and any future government programs intended to provide economic relief to U.S. and global businesses in response to the COVID-19 pandemic, including relief from certain income, excise and payroll taxes in the United States pursuant to the CARES Act. See “Impact of the COVID-19 Pandemic” above for more information.

We believe that our cash and cash equivalents, which totaled \$4.9 billion at May 31, 2020, cash flow from operations and available financing sources will be adequate to meet our liquidity needs, including working capital, capital expenditure requirements, debt payment obligations, pension contributions, if any, and TNT Express integration expenses. Our cash and cash equivalents balance at May 31, 2020 includes \$1.1 billion of cash in foreign jurisdictions associated with our permanent reinvestment strategy. We are able to access the majority of this cash without a material tax cost, as the enactment of the TCJA significantly reduced the cost of repatriating foreign earnings from a U.S. tax perspective. We do not believe that the indefinite reinvestment of these funds impairs our ability to meet our U.S. domestic debt or working capital obligations.

Our capital expenditures are expected to be approximately \$4.9 billion in 2021, which will include aircraft modernization at FedEx Express and strategic investments to improve productivity and safety. In addition, we are making investments over multiple years of approximately \$1.5 billion to significantly expand the FedEx Express Indianapolis hub and approximately \$1.5 billion to modernize the FedEx Express Memphis World Hub. We expect approximately 45% of capital expenditures in 2021 to be designated for growth initiatives. Our expected capital expenditures for 2021 include \$1.7 billion for delivery of aircraft and related equipment and progress payments toward future aircraft deliveries at FedEx Express.

We have several aircraft modernization programs underway that are supported by the purchase of Boeing 777 Freighter (“B777F”) and Boeing 767-300 Freighter (“B767F”) aircraft. These aircraft are significantly more fuel-efficient per unit than the aircraft types previously utilized, and these expenditures are necessary to achieve significant long-term operating savings and to replace older aircraft. Our ability to delay the timing of these aircraft-related expenditures is limited without incurring significant costs to modify existing purchase agreements.

During 2020, FedEx Express exercised options to purchase an additional six B767F aircraft for delivery in 2022. Additionally, during 2020, FedEx Express executed two contract amendments rescheduling two B777F aircraft deliveries from 2023 to 2022 and two B767F aircraft deliveries from 2022 to 2023.

In fourth quarter of 2020, we received notice from certain aircraft manufacturers (i) rescheduling four B767F aircraft deliveries from 2020 to 2021, as well as two B767F aircraft deliveries from 2021 to 2022, and (ii) rescheduling certain Cessna SkyCourier 408 and ATR 72-600F aircraft between 2021 and 2026.

On June 25, 2020, FedEx Express executed a contract amendment rescheduling B767F aircraft deliveries as follows: 2021 – 18 aircraft; 2022 – 11 aircraft; 2023 – 13 aircraft; and 2024 – 4 aircraft.

We have a shelf registration statement filed with the Securities and Exchange Commission (“SEC”) that allows us to sell, in one or more future offerings, any combination of our unsecured debt securities and common stock.

During the fourth quarter of 2020, we entered into the Credit Agreements. The Credit Agreements are available to finance our operations and other cash flow needs. The Five-Year Credit Agreement expires in March 2025 and includes a \$250 million letter of credit sublimit. The 364-Day Credit Agreement expires in March 2021. See Note 6 of the accompanying consolidated financial statements for a description of the terms and significant covenants of the Credit Agreements, including additional temporary covenants restricting common stock repurchases and dividend increases during 2021.

For 2021, we do not anticipate making voluntary contributions to our U.S. Pension Plans. As noted in our discussion of critical accounting estimates, we do not anticipate contributions to our U.S. Pension Plans will be required for the foreseeable future based on our funded status and the fact we have a credit balance related to our cumulative excess voluntary pension contributions over those required that exceeds \$3 billion. The credit balance is subtracted from plan assets to determine the minimum funding requirements. Therefore, we could eliminate all required contributions to our principal U.S. Pension Plans for several years if we were to choose to waive part of that credit balance in any given year. Our U.S. Pension Plans have ample funds to meet expected benefit payments.

On June 15, 2020, our Board of Directors declared a quarterly dividend of \$0.65 per share of common stock. The dividend was paid on July 13, 2020 to stockholders of record as of the close of business on June 29, 2020. Each quarterly dividend payment is subject to review and approval by our Board of Directors, and we evaluate our dividend payment amount on an annual basis.

Standard & Poor’s has assigned us a senior unsecured debt credit rating of BBB, a commercial paper rating of A-2 and a ratings outlook of “negative.” Moody’s Investors Service has assigned us an unsecured debt credit rating of Baa2, a commercial paper rating of P-2 and a ratings outlook of “negative.” If our credit ratings drop, our interest expense may increase. If our commercial paper ratings drop below current levels, we may have difficulty utilizing the commercial paper market. If our senior unsecured debt credit ratings drop below investment grade, our access to financing may become limited.

**CONTRACTUAL CASH OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS**

The following table sets forth a summary of our contractual cash obligations as of May 31, 2020. Certain of these obligations are reflected in our balance sheet, while others are disclosed as future obligations. We have certain contingent liabilities that are not accrued in our balance sheet in accordance with accounting principles generally accepted in the United States. These contingent liabilities are not included in the table below. We have other long-term liabilities reflected in our balance sheet, including deferred income taxes, qualified and nonqualified pension and postretirement healthcare plan liabilities and other self-insurance accruals. Unless statutorily required, the payment obligations associated with these liabilities are not reflected in the table below due to the absence of scheduled maturities. Accordingly, this table is not meant to represent a forecast of our total cash expenditures for any of the periods presented.

	Payments Due by Fiscal Year (Undiscounted)						Total
	(in millions)						
	2021	2022	2023	2024	2025	Thereafter	
<b>Operating activities:</b>							
Operating leases	\$ 2,349	\$ 2,240	\$ 1,987	\$ 1,665	\$ 1,434	\$ 6,906	\$ 16,581
Non-capital purchase obligations and other	1,254	823	619	503	635	3,074	6,908
Interest on long-term debt	798	783	755	734	704	11,413	15,187
<b>Investing activities:</b>							
Aircraft and aircraft-related capital commitments	1,891	2,514	1,801	456	250	42	6,954
Other capital purchase obligations	61	25	23	1	1	4	115
<b>Financing activities:</b>							
Debt	—	1,197	1,567	750	1,700	16,542	21,756
Finance leases	67	26	25	24	81	646	869
<b>Total</b>	<b>\$ 6,420</b>	<b>\$ 7,608</b>	<b>\$ 6,777</b>	<b>\$ 4,133</b>	<b>\$ 4,805</b>	<b>\$ 38,627</b>	<b>\$ 68,370</b>

Open purchase orders that are cancelable are not considered unconditional purchase obligations for financial reporting purposes and are not included in the table above. Such purchase orders often represent authorizations to purchase rather than binding agreements. See Note 17 of the accompanying consolidated financial statements for more information on such purchase orders.

*Operating Activities*

The amounts reflected in the table above for operating leases represent undiscounted future minimum lease payments under noncancelable operating leases (principally facilities and aircraft) with an initial or remaining term in excess of one year at May 31, 2020. Under the new lease accounting rules, the majority of these leases are recognized at the net present value on the balance sheet as a liability with an offsetting right-to-use asset effective in 2020. See Note 7 of the accompanying consolidated financial statements for further information. Credit rating agencies routinely use information concerning minimum lease payments required for our operating leases to calculate our debt capacity.

The amounts reflected for purchase obligations represent noncancelable agreements to purchase goods or services that are not capital-related. Such contracts include those for printing and advertising and promotions contracts.

Included in the table above within the caption entitled “Non-capital purchase obligations and other” is our estimate of the current portion of the liability (\$80 million) for uncertain tax positions. We cannot reasonably estimate the timing of the long-term payments or the amount by which the liability will increase or decrease over time; therefore, the long-term portion of the liability (\$49 million) is excluded from the table. See Note 12 of the accompanying consolidated financial statements for further information.

The amounts reflected in the table above for interest on long-term debt represent future interest payments due on our long-term debt.

*Investing Activities*

The amounts reflected in the table above for capital purchase obligations represent noncancelable agreements to purchase capital-related equipment. Such contracts include those for certain purchases of aircraft, aircraft modifications, vehicles and trailers, facilities, computers and other equipment.

As of May 31, 2020, we had \$633 million in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions.

*Financing Activities*

We have certain financial instruments representing potential commitments, not reflected in the table above, that were incurred in the normal course of business to support our operations, including standby letters of credit and surety bonds. These instruments are required under certain U.S. self-insurance programs and are also used in the normal course of operations. The underlying liabilities insured by these instruments are reflected in our balance sheets, where applicable. Therefore, no additional liability is reflected for the letters of credit and surety bonds themselves.

The amounts reflected in the table above for long-term debt represent future scheduled principal payments on our long-term debt.

The amounts reflected in the table above for finance leases represent undiscounted future minimum lease payments under noncancelable finance leases with an initial or remaining term in excess of one year at May 31, 2020.

We do not have any guarantees or other off-balance sheet financing arrangements, including variable interest entities, which we believe could have a material impact on our financial condition or liquidity.

**OTHER BUSINESS MATTERS**

On June 24, 2019, FedEx filed suit in U.S. District Court in the District of Columbia seeking to enjoin the U.S. Department of Commerce from enforcing prohibitions contained in the Export Administration Regulations (the “EARs”) against FedEx. FedEx believes that the EARs violate common carriers’ rights to due process under the Fifth Amendment of the U.S. Constitution as they unreasonably hold common carriers strictly liable for shipments that may violate the EARs without requiring evidence that the carriers had knowledge of any violations.

The China State Post Bureau is currently conducting an investigation into the operations of FedEx Express regarding the handling of certain packages while attempting to comply with the EARs. FedEx Express has and will continue to fully cooperate with the Chinese authorities on the investigation.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the financial statements of a complex, global corporation. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and new or better information.

The estimates discussed below include the financial statement elements that are either the most judgmental or involve the selection or application of alternative accounting policies and are material to our financial statements. Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors and with our independent registered public accounting firm.

**RETIREMENT PLANS**

*OVERVIEW.* We sponsor programs that provide retirement benefits to most of our employees. These programs include defined benefit pension plans, defined contribution plans and postretirement healthcare plans and are described in Note 13 of the accompanying consolidated financial statements. The rules for pension accounting are complex and can produce volatility in our earnings, financial condition and liquidity.

We are required to record annual year-end adjustments to our financial statements for the net funded status of our defined benefit pension and postretirement healthcare plans. The funded status of our plans also impacts our liquidity; however, the cash funding rules operate under a completely different set of assumptions and standards than those used for financial reporting purposes. As a result, our actual cash funding requirements can differ materially from our reported funded status.

Over the past several years, we have taken numerous actions to reduce pension-related risk and expense, including the introduction of our portable pension account benefit, freezing our traditional pension benefit, employing a liability-driven investment strategy and permitting certain former employees with a traditional pension benefit to make a one-time, irrevocable election to receive their benefits in a lump-sum distribution. In May 2018, we entered into an agreement with Metropolitan Life Insurance Company to purchase a group annuity contract representing the transfer of approximately \$6 billion of our U.S. Pension Plan obligations. The transaction transferred responsibility for pension benefits to Metropolitan Life Insurance Company for approximately 41,000 of our retirees and beneficiaries who satisfied certain conditions and were receiving a monthly benefit from participating U.S. Pension Plans. There was no change to the pension benefits for any plan participants as a result of this transaction. The purchase of the group annuity contract was funded directly by assets of the U.S. Pension Plans. The group annuity contract reduced the size of our U.S. Pension Plans, reduced our exposure to market risk and associated balance sheet volatility and eliminated the investment, administrative and Pension Benefit Guaranty Corporation premium expenses for approximately 41,000 retirees. We recognized a \$210 million one-time settlement loss in connection with this transaction, which was included in our 2018 year-end MTM retirement plans accounting adjustment.

In November 2019, we announced the closing of our U.S.-based defined benefit pension plans to new non-union employees hired on or after January 1, 2020. We will introduce an all-401(k)-plan retirement benefit structure for eligible employees with a higher company match of up to 8% across all U.S.-based operating companies. During 2021, current eligible employees under the Portable Pension Account (PPA) pension formula will be given a one-time option to continue to be eligible for pension compensation credits under the existing PPA formula and remain in the existing 401(k) plan with its company match of up to 3.5%, or to cease receiving compensation credits under the PPA and move to the new 401(k) plan with the higher match of up to 8%. Changes to the new 401(k) plan structure become effective beginning January 1, 2022. While this new program will provide employees greater flexibility and reduce our long-term pension costs, it will not have a material impact on current or near-term financial results.

The “Salaries and employee benefits” caption of our accompanying consolidated income statements includes retirement plan expense associated with service costs. The “Other retirement plans (expense) income” caption of our accompanying consolidated income statements includes our fourth quarter MTM adjustment, expense associated with prior service and interest costs, the expected return on assets (“EROA”) and settlements. A summary of our retirement plan costs over the past two years is as follows (in millions):

	2020	2019
Defined benefit pension plans	\$ 148	\$ 111
Defined contribution plans	574	561
Postretirement healthcare plans	85	75
Retirement plans MTM loss	794	3,882
	<u>\$ 1,601</u>	<u>\$ 4,629</u>

The components of the MTM adjustments are as follows (in millions):

	2020	2019
Discount rate change	\$ 2,997	\$ 1,780
Demographic experience:		
Current year actuarial loss	50	739
Change in future assumptions	(229)	887
Actual versus expected return on assets	(2,024)	476
Total MTM loss	<u>\$ 794</u>	<u>\$ 3,882</u>

Service cost for our defined benefit pension and postretirement healthcare plans was \$906 million in 2020 and \$818 million in 2019 and is expected to be approximately \$985 million in 2021.

2020

The weighted-average discount rate for all our pension and postretirement healthcare plans decreased 64 basis points from 3.69% at May 31, 2019 to 3.05% at May 31, 2020. The demographic experience in 2020 reflects an update to our mortality assumption and a current-year actuarial loss due to unfavorable experience compared to various demographic assumptions. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 15.00% was higher than our expected return of 6.75%, as return seeking assets, primarily equities, were positive despite equity market volatility. Additionally, fixed income assets performed as expected as interest rates declined.

2019

The demographic experience in 2019 reflected updates to several forward-looking assumptions, including retirement rates, disability incidence rates and salary increase assumptions, and a current-year actuarial loss due to unfavorable experience compared to various demographic assumptions. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 4.05% was lower than our expected return of 6.75%, as lower than expected equity returns negatively impacted return-seeking assets while fixed-income assets performed as expected due to declining interest rates.

*DISCOUNT RATE.* The discount rate is the interest rate used to discount the estimated future benefit payments that have been accrued to date (the projected benefit obligation or “PBO”) to their net present value and to determine the succeeding year’s ongoing pension expense (prior to any year-end MTM adjustment). The discount rate is determined each year at the plan measurement date. The discount rate for our U.S. Pension Plans at each measurement date was as follows:

Measurement Date	Discount Rate
5/31/2020	3.14%
5/31/2019	3.85
5/31/2018	4.27

We determine the discount rate with the assistance of actuaries, who calculate the yield on a theoretical portfolio of high-grade corporate bonds (rated Aa or better). In developing this theoretical portfolio, we select bonds that match cash flows to benefit payments, limit our concentration by industry and issuer, and apply screening criteria to ensure bonds with a call feature have a low probability of being called. To the extent scheduled bond proceeds exceed the estimated benefit payments in a given period, the calculation assumes those excess proceeds are reinvested at one-year forward rates.

The measurement of our PBO and the related impact on our annual MTM adjustment is highly sensitive to the discount rate assumption. For our largest pension plan, a 50-basis-point increase in the discount rate would have decreased our 2020 PBO by approximately \$1.8 billion and a 50-basis-point decrease in the discount rate would have increased our 2020 PBO by approximately \$2.0 billion. However, our annual net pension expense is less sensitive to changes in the discount rate. For example, a one-basis-point increase in the discount rate for our largest pension plan would have a \$42 million effect on the fourth quarter MTM adjustment but only a net \$100,000 impact on net pension expense.

*PLAN ASSETS.* The expected average rate of return on plan assets is a long-term, forward-looking assumption. It is required to be the expected future long-term rate of earnings on plan assets. Our pension plan assets are invested primarily in publicly tradable securities, and our pension plans hold only a minimal investment in FedEx common stock that is entirely at the discretion of third-party pension fund investment managers. As part of our strategy to manage pension costs and funded status volatility, we follow a liability-driven investment strategy to better align plan assets with liabilities.

Establishing the expected future rate of investment return on our pension assets is a judgmental matter, which we review on an annual basis and revise as appropriate. Management considers the following factors in determining this assumption:

- the duration of our pension plan liabilities, which drives the investment strategy we can employ with our pension plan assets;
- the types of investment classes in which we invest our pension plan assets and the expected compound geometric return we can reasonably expect those investment classes to earn over time, net of all fees and expenses; and
- the investment returns we can reasonably expect our investment management program to achieve in excess of the returns we could expect if investments were made strictly in indexed funds.

For consolidated pension expense, we assumed a 6.75% expected long-term rate of return on our U.S. Pension Plan assets in 2020 and 2019. The historical annual return on our U.S. Pension Plan assets, calculated on a compound geometric basis, was 7.7%, net of all fees and expenses, for the 15-year period ended May 31, 2020. For our U.S. Pension Plans, a one basis-point change in our EROA would impact our 2021 pension expense by \$2.5 million.



*FUNDED STATUS.* The following is information concerning the funded status of our pension plans as of May 31 on a financial reporting basis (in millions):

	2020	2019
<i>Funded Status of Plans:</i>		
Projected benefit obligation (PBO)	\$ 32,441	\$ 28,855
Fair value of plan assets	28,691	24,898
Funded status of the plans	<u>\$ (3,750)</u>	<u>\$ (3,957)</u>
<i>Cash Amounts:</i>		
Cash contributions during the year	\$ 1,154	\$ 1,125
Benefit payments during the year	\$ 987	\$ 806

*FUNDING.* The funding requirements for our U.S. Pension Plans are governed by the Pension Protection Act of 2006, which has aggressive funding requirements in order to avoid benefit payment restrictions that become effective if the funded status determined under IRS rules falls below 80% at the beginning of a plan year. All of our U.S. Pension Plans have funded status levels in excess of 80% and our plans are fully funded under the Employee Retirement Income Security Act. Additionally, current benefit payments do not materially impact our total plan assets (benefit payments for our U.S. Pension Plans for 2020 were approximately \$873 million, or 3.2% of plan assets).

Over the past several years, we have made voluntary contributions to our U.S. Pension Plans in excess of the minimum required contributions. For 2021, no pension contributions are required for our U.S. Pension Plans, as they are fully funded under the Employee Retirement Income Security Act, and no voluntary contributions are anticipated.

See Note 13 of the accompanying consolidated financial statements for further information about our retirement plans.

## **INCOME TAXES**

We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Our income taxes are a function of our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. The acquisition of TNT Express in 2016 expanded our foreign operations significantly and increased the complexity of our global operations from an income tax perspective. The tax laws in the various jurisdictions are complex and subject to different interpretations by us and the respective governmental taxing authorities. As a result, significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. Also, our effective tax rate is significantly affected by the earnings generated in each jurisdiction, so unexpected fluctuations in the geographic mix of earnings could significantly impact our tax rate. Our intercompany transactions are based on globally accepted transfer pricing principles, which align profits with the business operations and functions of the various legal entities in our international business.

We evaluate our tax positions quarterly and adjust the balances as new information becomes available. These evaluations are based on factors including, but not limited to, changes in facts or circumstances, changes in tax laws or their interpretations, audit activity and changes in our business. In addition, management considers the advice of third parties in making conclusions regarding tax consequences.

Tax contingencies arise from uncertainty in the application of tax rules throughout the many jurisdictions in which we operate. Despite our belief that our tax return positions are consistent with applicable tax laws, taxing authorities could challenge certain positions. We record tax benefits for uncertain tax positions based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, a tax benefit must be at least more likely than not of being sustained based on the technical merits. The benefit for positions meeting the recognition threshold is measured as the largest benefit more likely than not of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Significant judgment is required in making these determinations and adjustments to unrecognized tax benefits may be necessary to reflect actual taxes payable upon settlement.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates to make this determination so there is a risk that these estimates will have to be revised as new information is received. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established. We believe we will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheets that are not subject to valuation allowances. We record the taxes for global intangible low-taxed income as a period cost.

Our income tax positions are based on currently enacted tax laws, including the TCJA and the CARES Act. As further guidance is issued by the U.S. Treasury Department, the IRS and other standard-setting bodies, any resulting changes to our estimates will be treated in accordance with the relevant accounting guidance.

For more information, including impacts from the TCJA and the CARES Act, see the “Income Taxes” section of this MD&A and Note 12 of the accompanying consolidated financial statements.

### ***SELF-INSURANCE ACCRUALS***

We are self-insured up to certain limits for costs associated with workers’ compensation claims, vehicle accidents and general business liabilities, and benefits paid under employee healthcare and disability programs. Our reserves are established for estimates of loss on reported claims, including incurred-but-not-reported claims. Self-insurance accruals reflected in our balance sheet were \$3.3 billion at May 31, 2020 and \$3.0 billion at May 31, 2019. Approximately 36% of these accruals were classified as current liabilities.

Our self-insurance accruals are primarily based on the actuarially estimated cost of claims incurred as of the balance sheet date. These estimates include consideration of factors such as severity of claims, frequency and volume of claims, healthcare inflation, seasonality and plan designs. Cost trends on material accruals are updated each quarter. We self-insure up to certain limits that vary by type of risk. Periodically, we evaluate the level of insurance coverage and adjust insurance levels based on risk tolerance and premium expense. Where estimable, losses covered by insurance are recognized on a gross basis with a corresponding insurance receivable.

We believe the use of actuarial methods to account for these liabilities provides a consistent and effective way to measure these highly judgmental accruals. However, the use of any estimation technique in this area is inherently sensitive given the magnitude of claims involved and the length of time until the ultimate cost is known. We believe our recorded obligations for these expenses are consistently measured on a conservative basis. Nevertheless, changes in healthcare costs, accident frequency and severity, insurance retention levels and other factors can materially affect the estimates for these liabilities.

### ***LONG-LIVED ASSETS***

***USEFUL LIVES AND SALVAGE VALUES.*** Our business is capital intensive, with approximately 56% of our owned assets invested in our transportation and information systems infrastructures.

The depreciation or amortization of our capital assets over their estimated useful lives, and the determination of any salvage values, requires management to make judgments about future events. Because we utilize many of our capital assets over relatively long periods (the majority of aircraft costs are depreciated over 15 to 30 years), we periodically evaluate whether adjustments to our estimated service lives or salvage values are necessary to ensure these estimates properly match the economic use of the asset. This evaluation may result in changes in the estimated lives and residual values used to depreciate our aircraft and other equipment. For our aircraft, we typically assign no residual value due to the utilization of these assets in cargo configuration, which results in little to no value at the end of their useful life. These estimates affect the amount of depreciation expense recognized in a period and, ultimately, the gain or loss on the disposal of the asset. Changes in the estimated lives of assets will result in an increase or decrease in the amount of depreciation recognized in future periods and could have a material impact on our results of operations (as described below). Historically, gains and losses on disposals of operating equipment have not been material. However, such amounts may differ materially in the future due to changes in business levels, technological obsolescence, accident frequency, regulatory changes and other factors beyond our control.

***IMPAIRMENT.*** As of May 31, 2020, the FedEx Express global air network included a fleet of 679 aircraft (including approximately 300 supplemental aircraft) that provide delivery of packages and freight to more than 220 countries and territories through a wide range of U.S. and international shipping services. While certain aircraft are utilized in primary geographic areas (U.S. versus international), we operate an integrated global network, and utilize our aircraft and other modes of transportation to achieve the lowest cost of delivery while maintaining our service commitments to our customers. Because of the integrated nature of our global network, our aircraft are interchangeable across routes and geographies, giving us flexibility with our fleet planning to meet changing global economic conditions and maintain and modify aircraft as needed.

Because of the lengthy lead times for aircraft manufacture and modifications, we must anticipate volume levels and plan our fleet requirements years in advance, and make commitments for aircraft based on those projections. Furthermore, the timing and availability of certain used aircraft types (particularly those with better fuel efficiency) may create limited opportunities to acquire these aircraft at favorable prices in advance of our capacity needs. These activities create risks that asset capacity may exceed demand. At May 31, 2020, all of our purchased aircraft were placed into service.