UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________.

Commission file number 1-15829

FEDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware *(State or Other Jurisdiction of Incorporation or Organization)*	**62-1721435** *(I.R.S. Employer Identification No.)*
942 South Shady Grove Road, Memphis, Tennessee *(Address of Principal Executive Offices)*	**38120** *(ZIP Code)*

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.10 per share	**New York Stock Exchange**
Floating Rate Notes due 2019	**New York Stock Exchange**
0.500% Notes due 2020	**New York Stock Exchange**
1.000% Notes due 2023	**New York Stock Exchange**
1.625% Notes due 2027	**New York Stock Exchange**

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

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

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

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

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

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

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	Emerging growth company ☐

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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PART I

ITEM 1. BUSINESS

Overview

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

- ***FedEx Express*** : Federal Express Corporation (“FedEx Express”), including TNT Express B.V. (“TNT Express”), is the world’s largest express transportation company, offering time-definite delivery to more than 220 countries and territories, connecting markets that comprise more than 99% of the world’s gross domestic product. In 2018, we reported FedEx Express and TNT Express as one segment. For further information, see the section titled “Overview of Financial Section—Description of Business” included in Item 7 of this Annual Report on Form 10-K (“Management’s Discussion and Analysis of Results of Operations and Financial Condition”).
- ***FedEx Ground*** : FedEx Ground Package System, Inc. (“FedEx Ground”) is a leading North American provider of small-package ground delivery services. FedEx Ground provides low-cost, day-certain service to any business address in the U.S. and Canada, as well as residential delivery to 100% of U.S. residences through its FedEx Home Delivery service. FedEx SmartPost is a FedEx Ground service that specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages primarily using the U.S. Postal Service (“USPS”) for final delivery to residences.
- ***FedEx Freight*** : FedEx Freight Corporation (“FedEx Freight”) is a leading U.S. provider of less-than-truckload (“LTL”) freight services across all lengths of haul, offering: FedEx Freight Priority, when speed is critical to meet a customer’s supply chain needs; and FedEx Freight Economy, when a customer can trade time for cost savings. FedEx Freight also offers freight delivery service to most points in Canada, Mexico, Puerto Rico and the U.S. Virgin Islands.
- ***FedEx Services*** : FedEx Corporate Services, Inc. (“FedEx Services”) provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our transportation segments. The FedEx Services segment includes FedEx Office and Print Services, Inc. (“FedEx Office”), which provides document and business services and retail access to our package transportation businesses.

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

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

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

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

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

Strategy

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

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

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

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

- ***Growth of e-commerce* :** E-commerce continues to be a catalyst for the other trends below and is a vital growth engine for businesses, as the internet is increasingly being used to purchase goods and services. While our residential e-commerce revenues are much smaller than our business-to-business revenues, it is the fastest growing market and requires constant innovation to make delivery to consumers more efficient. Through our global transportation and technology networks, we contribute to and benefit from the growth of e-commerce.
- ***Globalization of trade* :** As the world's economy has become more fully integrated, companies are sourcing and selling globally. With customers in more than 220 countries and territories, we facilitate this supply chain through our global reach, delivery services and information capabilities. Despite the recent trade tensions, we continue to believe that globalization will drive international volume growth over the long term.
- ***Faster, more efficient supply chains* :** Companies of all sizes continue to depend on the delivery of just-in-time inventory to help them compete. We have taken advantage of the move toward more efficient supply chains by helping customers obtain more visibility into their supply chains and near real-time information to manage inventory in motion, thereby reducing overhead and obsolescence and speeding time-to-market.
- ***Influx of high-tech businesses and high-value-added goods* :** High-tech and high-value-added goods have increased as a percentage of total economic output, and our various operating companies offer a unique menu of services to fit virtually all shipping needs of high-tech and high-value-added industries.

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

- ***Investment*** : We continue to take advantage of market growth and meet customers' increasing demands for our services.
- ***Integration*** : We are building on our record of success as we integrate acquisitions we have made in recent years.
- ***Innovation*** : We are rapidly advancing information-technology solutions targeting efficiency and customer convenience.

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

The integration of FedEx Express and TNT Express is expected to be substantially completed by the end of 2020, and significant progress towards that goal was made during 2018. The integration of the two businesses generally occurs at a country level, and our leadership teams, which were put in place in 2017 and are comprised of FedEx Express and former TNT Express executives, have identified and are using three different integration models: (1) direct serve to direct serve; (2) global service participant (FedEx Express model) or associate (TNT Express model) to direct serve; and (3) global service participant to associate or associate to global service participant. Using these models, we have begun successfully integrating the two businesses on a country-by-country basis. We will continue to refine our integration plans in response to future developments and changing conditions. For example, the integration was accelerated in light of the June 2017 cyberattack at TNT Express, and we have made additional investments to move TNT Express information technology, operations and commercial infrastructure to FedEx platforms. For further information about the cyberattack, see the section titled "Results of Operations and Outlook—Consolidated Results—Overview" included in Item 7 of this Annual Report on Form 10-K ("Management's Discussion and Analysis of Results of Operations and Financial Condition").

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

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

- Entering into an agreement to place up to 500 new FedEx Office locations within select U.S. Walmart stores nationwide during 2019 and 2020. The agreement is part of the nationwide expansion of the FedEx retail channel, and we plan to open the first 50 new FedEx Office locations inside Walmart stores in time for the 2019 peak season. Additionally, following the announcement of a long-term alliance agreement with Walgreens Co. in 2017, FedEx package pickup-and-drop-off services are available at more than 7,500 Walgreens locations in all 50 U.S. states.
- Announcing new investments to modernize the FedEx Express World Hub in Memphis and expand the FedEx Express hub in Indianapolis as part of our continued investment in technology and operations to meet growing customer demand.
- Realigning our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks, which provides customs brokerage and global ocean and air freight forwarding; cross-border enablement and technology solutions and e-commerce transportation solutions; integrated supply chain management solutions; time-critical shipment services; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair. The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers by creating an organization focused on serving the unique needs of this important growth driver.
- Continuing our successful aircraft fleet modernization strategy, which has helped us greatly improve fuel efficiency and fleet reliability in recent years. For example, in November 2017 we entered into agreements with Textron Aviation, Inc. and ATR to purchase 50 Cessna SkyCourier 408 aircraft and 30 ATR 72-600F aircraft, with options to purchase up to 50 additional Cessna SkyCourier 408s and 20 additional ATR 72-600Fs. Additionally, in June 2018 we entered into agreements with The Boeing Company to purchase 12 Boeing 777 Freighter ("B777F") aircraft and 12 Boeing 767-300 Freighter ("B767F") aircraft. The SkyCourier 408s are expected to be delivered between 2021 and 2024, the ATR 72-600Fs are expected to be delivered between 2021 and 2026, the B777Fs are expected to be delivered between 2021 and 2025, and the B767Fs are expected to be delivered between 2020 and 2022.
- Launching FedEx Returns Technology, a comprehensive solution for returns management, which provides high-volume merchants and e-tailers complete visibility into returns, giving them an easy way to track shipments, manage inventory, analyze returns trends and make more informed decisions based on shoppers' returns behaviors.
- Continuing to make strategic investments in automation and capacity to grow our highly profitable FedEx Ground network and keep us ahead of the competition in terms of handling e-commerce growth, managing costs, and increasing safety and productivity.
- Joining the Blockchain in Transportation Alliance to explore technology applications within the logistics industry, which we believe can add value to our products, services and processes.

Reputation and Responsibility

By competing collectively under the FedEx brand, our operating companies benefit from one of the world's most recognized brands. FedEx is one of the most trusted and respected companies in the world, and the FedEx brand name is a powerful sales and marketing tool. Among the many reputation awards we received during 2018, FedEx ranked 9th in *FORTUNE* magazine's "World's Most Admired Companies" list — the 18th consecutive year FedEx has ranked among the top 20 in the *FORTUNE* Most Admired Companies list, with 14 of those years ranking among the top 10. FedEx was also included on the *Forbes* /Reputation Institute 2018 "Global 100 Most Reputable Companies" list, which measures the reputations of thousands of the world's most prestigious companies, and rose 19 spots on *Corporate Responsibility Magazine's* "100 Best Corporate Citizens" list for 2018. Finally, in 2018 FedEx was named to Points of Light's "Civic 50" list and received the NAB Education Foundation Corporate Leadership Award.

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

Our People

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

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

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

Our Community

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

- ***Global Entrepreneurship*** : FedEx is committed to giving women and minority entrepreneurs everywhere the tools they need to succeed.
- ***Delivering for Good*** : Lending our global network to organizations with mission-critical needs and our unparalleled logistics expertise to help communities heal, learn and thrive, especially in times of disaster.
- ***Sustainable Transportation*** : Scaling solutions and investing in new ideas to improve mobility, reduce congestion, and decrease pollution in communities around the world.
- ***Employment Pathways*** : Connecting teens and young adults in underserved populations to skills and career training that lead to greater access to jobs and opportunity, especially in the fields of technology and logistics.
- ***Road Safety*** : Leveraging FedEx's safety expertise to reduce road crash fatalities by improving road conditions and educating drivers and pedestrians – especially child pedestrians – around the world.

We also have the following two strategic giving areas:

- ***Local Market Commitment*** : Investing resources where our customers and team members live to improve public safety, education systems, economic development and quality of life.
- ***Diversity & Inclusion*** : Promoting inclusion, celebrating culture and history, and empowering young people from diverse backgrounds.

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

The Environment

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

To reduce the cost of fuel use and associated greenhouse gas (“GHG”) emissions, we have implemented efficiencies in flight operations through our global FedEx Fuel Sense program, and we have replaced many of our older airplanes with more fuel-efficient models. These two initiatives saved more than 177 million gallons of jet fuel and avoided more than 1.7 million metric tons of CO_2e emissions in 2017, over 16% more emissions avoided than 2016. We have an impressive global alternative fuel fleet with more than 2,800 alternative fuel vehicles, including hybrid, electric, compressed or liquefied natural gas, liquefied petroleum gas and hydrogen fueled vehicles. Additionally, in 2018 we placed a reservation for 20 fully electric semi trucks, which are anticipated to begin production in calendar 2019 and will be operated by FedEx Freight.

Twenty of our facilities around the world now generate renewable energy, which collectively avoided more than 12,000 metric tons of CO_2e emissions in 2017. In addition, fourteen FedEx Express facilities in the U.S. have received certification in Leadership in Energy and Environmental Design (LEED ®), the U.S. Green Building Council’s system for rating the environmental performance of buildings. FedEx Express has made LEED certification the standard for newly built U.S. facilities. In addition, FedEx Express also has three LEED-certified facilities outside the U.S., while FedEx Office has one LEED-certified facility and FedEx Ground has six, all of which are in the U.S. The number of FedEx Express facilities certified to the ISO 14001 environmental management system standard grew to 649 in nearly 50 countries during 2017, primarily as a result of our acquisition of TNT Express.

We also continue to evaluate the environmental impacts of our packaging and copy and print services, and minimize waste generation through efforts that include recycling and the use of copy paper with recycled content, among other environmentally responsible available choices. In 2017, over 99% of paper purchased for use by FedEx Office was Forest Stewardship Council or other third-party-certified as sustainably sourced. We also use FedEx-branded cardboard packaging at FedEx Express and FedEx Ground, which is made from almost 60% recycled content. By working closely with our suppliers in 2017, we sourced almost 3,300 more metric tons of recycled packaging than in 2016. As our business grows to meet the accelerating demands of e-commerce and other shipping needs, our waste management strategies help ensure we recycle more. In 2017, 72% of the solid waste generated in our operations was sent to recyclers. One example of our environmentally-responsible activities is the Sustainable Purchasing Leadership Council, a U.S. nonprofit organization that supports and recognizes sustainable procurement of which we are a founding member. We continue to support the Council by participating in technical advisory groups and applying best practice guidance to our own supply chain sustainability initiatives. For additional information on the ways we are minimizing our impact on the environment, see *http://csr.fedex.com* .

Governance

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

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

Business Segments

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

FedEx Express Segment

Overview

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

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

Services

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

International express and deferred package delivery with a money-back guarantee is available to more than 220 countries and territories, with a variety of time-definite services to meet distinct customer needs. FedEx International Priority provides time-definite delivery typically within one, two or three business days. FedEx International Economy provides time-definite delivery typically in two to five business days. FedEx International First provides time-definite delivery to select postal codes in 20 key global markets, with delivery to select U.S. ZIP Codes as early as 8:00 a.m. from more than 90 countries in one or two business days, delivery by 10 a.m. in one business day to Canada and by 11:00 a.m. in one business day to Mexico. FedEx Express also offers domestic pickup-and-delivery services within certain non-U.S. countries, including France, the United Kingdom, Australia, Brazil, Italy, Canada, Mexico, Poland, India, China and South Africa. In addition, FedEx Express offers comprehensive international express and deferred freight services, backed by a money-back guarantee, real-time tracking and advanced customs clearance.

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

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

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

International Expansion

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

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

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

U.S. Postal Service Agreement

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

Pricing

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

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

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

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

Operations

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

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

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

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

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

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

Fuel Supplies and Costs

During 2018, FedEx Express purchased jet fuel from various suppliers under contracts that vary in length and which provide for estimated amounts of fuel to be delivered. The fuel represented by these contracts is purchased at market prices. Because of our indexed fuel surcharge, we do not have any jet fuel hedging contracts. See "Pricing" above.

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

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

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

Competition

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

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

Employees

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

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

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

FedEx Ground Segment

Overview

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

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

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

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

Pricing

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

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

Operations

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

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

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

As of May 31, 2018, FedEx Ground employed approximately 26,000 permanent full-time and approximately 71,000 permanent part-time employees. In addition, FedEx Ground relies on independent small businesses to conduct its linehaul and pickup-and-delivery operations, as the use of independent contractors is well suited to the needs of the ground delivery business and its customers. Henry J. Maier is the President and Chief Executive Officer of FedEx Ground. FedEx Ground is headquartered in the Pittsburgh, Pennsylvania area, and its primary competitors are UPS, the USPS and regional delivery carriers. We also compete with startup companies that combine technology with crowdsourcing to focus on local market needs. In addition, some high volume package shippers, such as Amazon.com, are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, and may become competitors.

Independent Contractor Model

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

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

FedEx Freight Segment

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

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

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

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

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

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

FedEx Services Segment

FedEx Services

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

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

Customer-Driven Technology

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

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

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

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

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

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

Marketing

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

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

Information Security

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

Global ISO 9001 Certification

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

FedEx Office

As of May 31, 2018, FedEx Office operated approximately 1,900 customer-facing stores, providing convenient access to printing and shipping expertise with reliable service. The FedEx Office network features retail stores, centralized production centers, corporate on-site print centers, and on-site business centers at colleges and universities, hotels, corporate campuses and health care campuses. FedEx Office has designed a suite of printing and shipping management solutions that are flexible and scalable, allowing customers to meet their unique printing and shipping needs. The network provides an adaptable cost model helping to save time, labor and overhead by freeing up resources and avoiding fixed costs associated with large-scale printing and increased e-commerce parcel volumes. Services include copying and digital printing, professional finishing, document creation, direct mail, signs and graphics, computer rentals, free Wi-Fi and corporate print solutions. FedEx Office also provides customers convenient access to the full range of FedEx Express and FedEx Ground shipping services. Customers may have their FedEx Express and FedEx Ground packages delivered to any FedEx Office customer-facing location nationwide through the Hold at FedEx Location service, free of charge. Additionally, FedEx SameDay City is available in approximately 1,900 cities in 33 markets across the U.S., offering door-to-door residential and business delivery of time-sensitive parcels within hours by FedEx Office uniformed team members in branded FedEx Office delivery vehicles. Increasingly, industries such as health care, life sciences, manufacturing, finance, perishables, travel and automotive are relying on same-day services for critical delivery needs.

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

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

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

FedEx Trade Networks Operating Segment

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

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

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

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

FedEx Trade Networks Transport & Brokerage

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

As trade throughout the world grows, so does the FedEx Trade Networks Transport & Brokerage solutions portfolio. Value-added services of FedEx Trade Networks Transport & Brokerage include approximately 120 freight forwarding offices in 29 countries and Global Trade Data, an information tool that allows customers to track and manage imports. In total, FedEx Trade Networks Transport & Brokerage has approximately 140 offices in 120 service locations throughout North America and in Africa, Asia-Pacific, Europe, India, Latin America and the Middle East. FedEx Trade Networks Transport & Brokerage maintains a network of air and ocean freight-forwarding service providers and has entered into strategic alliances to provide services in certain countries in which it does not have owned offices.

FedEx Cross Border

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

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

FedEx Supply Chain

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

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

FedEx Custom Critical

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

FedEx Forward Depots

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

Trademarks

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

Regulation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 1A. RIS K FACTORS

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

FedEx Express Segment

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

Aircraft and Vehicles

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

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

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

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

Aircraft Purchase Commitments

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

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

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

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

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

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

Sorting and Handling Facilities

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

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

(1) Documents and packages.

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

(3) Handles international express package and freight shipments to and from Asia, Europe and North America.

(4) Handles intra-Europe express package and freight shipments, as well as international express package and freight shipments to and from Europe.

(5) Handles intra-Asia express package and freight shipments, as well as international express package and freight shipments to and from Asia.

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

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

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

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

Administrative and Other Properties and Facilities

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

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

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

FedEx Ground Segment

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

FedEx Freight Segment

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

FedEx Services Segment

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

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

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

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

FedEx Trade Networks

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFE TY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name and Office	Age	Positions and Offices Held and Business Experience
Frederick W. Smith Chairman and Chief Executive Officer	73	Chairman and Chief Executive Officer of FedEx since January 1998; Chairman of FedEx Express since 1975; President of FedEx from January 1998 to February 2017; Chairman, President and Chief Executive Officer of FedEx Express from April 1983 to January 1998; Chief Executive Officer of FedEx Express from 1977 to January 1998; and President of FedEx Express from June 1971 to February 1975.
Mark R. Allen Executive Vice President, General Counsel and Secretary	62	Executive Vice President, General Counsel and Secretary of FedEx since October 2017; Executive Vice President, General Counsel — Select of FedEx from September 2017 to October 2017; Senior Vice President, Legal International of FedEx Express from July 2010 to September 2017; Vice President, Legal — Europe, Middle East, Africa and Indian Subcontinent Region of FedEx Express from October 2000 to July 2010; Vice President, Legal — Asia Pacific of FedEx Express from 1996 to October 2000; and various legal positions with FedEx from 1982 to 1996.
David J. Bronczek President and Chief Operating Officer	64	President and Chief Operating Officer of FedEx since February 2017; President and Chief Executive Officer of FedEx Express from January 2000 to February 2017; Executive Vice President and Chief Operating Officer of FedEx Express from January 1998 to January 2000; Senior Vice President — Europe, Middle East and Africa of FedEx Express from June 1995 to January 1998; Senior Vice President — Europe, Africa and Mediterranean of FedEx Express from June 1993 to June 1995; Vice President — Canadian Operations of FedEx Express from February 1987 to March 1993; and various management positions in sales and operations at FedEx Express from 1976 to 1987. Mr. Bronczek serves as a director of International Paper Company, an uncoated paper and packaging company.
Robert B. Carter Executive Vice President — FedEx Information Services and Chief Information Officer	59	Executive Vice President — FedEx Information Services and Chief Information Officer of FedEx since January 2007; Executive Vice President and Chief Information Officer of FedEx from June 2000 to January 2007; Corporate Vice President and Chief Technology Officer of FedEx from February 1998 to June 2000; Vice President — Corporate Systems Development of FedEx Express from September 1993 to February 1998; Managing Director — Systems Development of FedEx Express from April 1993 to September 1993. Mr. Carter serves as a director of New York Life Insurance Company, a mutual life insurance company.
Donald F. Colleran Executive Vice President — Chief Sales Officer	62	Executive Vice President — Chief Sales Officer of FedEx since January 2017; Executive Vice President — Global Sales of FedEx Services from 2006 to January 2017; Senior Vice President — International Sales from 2003 to 2006; Senior Vice President — Canada of FedEx Express from 2000 to 2003; Vice President — Sales/APAC from 1997 to 2000; and various management positions in sales from 1989 to 1997. Mr. Colleran serves as a director of EastGroup Properties, Inc., an equity real estate investment trust.
David L. Cunningham, Jr. President and Chief Executive Officer, FedEx Express	56	President and Chief Executive Officer of FedEx Express since February 2017; Executive Vice President and Chief Operating Officer of FedEx Express from 2015 to February 2017; Regional President — APAC of FedEx Express from 1999 to 2015; Vice President — South Pacific of FedEx Express from 1997 to 1999; Vice President — Finance, Asia/Pacific of FedEx Express from 1994 to 1997; and various management positions in finance from 1989 to 1994.

Name and Office	Age	Positions and Offices Held and Business Experience
Michael L. Ducker President and Chief Executive Officer, FedEx Freight Corporation	64	President and Chief Executive Officer of FedEx Freight since January 2015; Executive Vice President and Chief Operating Officer and President of International for FedEx Express from December 2009 to January 2015; Executive Vice President and President of International of FedEx Express from December 1999 to December 2009; Senior Vice President of Asia/Pacific of FedEx Express from September 1995 to December 1999; and various management positions in operations at FedEx Express from 1978 to 1995. Mr. Ducker will retire effective August 15, 2018. He serves as a director of International Flavors & Fragrances Inc., a global creator of flavors and fragrances used in consumer products, and nVent Electric plc, a provider of electrical connection and protection solutions.
Alan B. Graf, Jr. Executive Vice President and Chief Financial Officer	64	Executive Vice President and Chief Financial Officer of FedEx since January 1998; Executive Vice President and Chief Financial Officer of FedEx Express from February 1996 to January 1998; Senior Vice President and Chief Financial Officer of FedEx Express from December 1991 to February 1996; Vice President and Treasurer of FedEx Express from August 1987 to December 1991; and various management positions in finance and a senior financial analyst of FedEx Express from 1980 to 1987. Mr. Graf serves as a director of Mid-America Apartment Communities, Inc., a real estate investment trust that focuses on acquiring, constructing, developing, owning and operating apartment communities, and as a director of NIKE, Inc., a designer and marketer of athletic footwear, apparel, equipment and accessories for sports and fitness activities.
Henry J. Maier President and Chief Executive Officer, FedEx Ground	64	President and Chief Executive Officer of FedEx Ground since June 2013; Executive Vice President — Strategic Planning and Communications of FedEx Ground from September 2009 to June 2013; Senior Vice President — Strategic Planning and Communications of FedEx Ground from December 2006 to September 2009; Vice President — Marketing of FedEx Services from March 2000 to December 2006; Vice President — Marketing and Communications of FedEx Ground from June 1999 to March 2000; and various management positions in logistics, sales, marketing and communications with RPS, Inc. and Caliber Logistics, Inc. from 1986 to 1999. Mr. Maier serves as a director of Kansas City Southern, a transportation holding company that has railroad investments in the U.S., Mexico and Panama.
John A. Smith President and Chief Executive Officer — Select, FedEx Freight Corporation	56	Will succeed Michael L. Ducker as President and Chief Executive Officer of FedEx Freight effective August 16, 2018; President and Chief Executive Officer — Select of FedEx Freight since May 2018; Senior Vice President — Operations of FedEx Freight from May 2015 to May 2018; Vice President — Safety, Fleet Maintenance and Facilities Services of FedEx Freight from June 2011 to May 2015; Vice President — Operations of FedEx National LTL, Inc. from April 2010 to June 2011; Vice President — Transportation/Fleet Maintenance of FedEx National LTL, Inc. from March 2008 to April 2010; and various management positions at FedEx Freight from 2000 to 2008.
Rajesh Subramaniam Executive Vice President — Chief Marketing and Communications Officer	52	Executive Vice President — Chief Marketing & Communications Officer of FedEx since January 2017; Executive Vice President — Marketing & Communications of FedEx Services from 2013 to January 2017; Senior Vice President — Marketing from 2006 to 2013; Senior Vice President — Canada of FedEx Express from 2003 to 2006; Vice President — Marketing/APAC of FedEx Express from 2000 to 2003; Vice President — APAC, EC & CS of FedEx Express from 1999 to 2000; various management and marketing analyst positions from 1991 to 1999. Mr. Subramaniam serves as a director of First Horizon National Corporation, a financial services holding company.

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

PART II

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

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

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

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Programs
Mar. 1-31, 2018	635,000	$ 244.20	635,000	12,982,200
Apr. 1-30, 2018	635,000	242.20	635,000	12,347,200
May 1-31, 2018	610,000	246.95	610,000	11,737,200
Total	1,880,000	$ 244.41	1,880,000	

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

ITEM 6. SELECTED FINANCIAL DATA

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

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

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

Assessment of Internal Control Over Financial Reporting

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

Changes in Internal Control Over Financial Reporting

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

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

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

(a)(3) Exhibits

Exhibit Number	Description of Exhibit
	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession
*2.1	Commitment Agreement dated as of May 3, 2018, by and among FedEx, Metropolitan Life Insurance Company and State Street Global Advisors Trust Company, in its capacity as the independent fiduciary of the FedEx Corporation Employees' Pension Plan and the FedEx Freight Pension Plan. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.
	Certificate of Incorporation and Bylaws
3.1	Third Amended and Restated Certificate of Incorporation of FedEx. (Filed as Exhibit 3.1 to FedEx's Current Report on Form 8-K dated September 26, 2011 and filed September 28, 2011, and incorporated herein by reference.)
3.2	Amended and Restated Bylaws of FedEx. (Filed as Exhibit 3.1 to FedEx's Current Report on Form 8-K dated and filed March 12, 2018, and incorporated herein by reference.)
	Long-Term Debt Instruments
4.1	Indenture, dated as of August 8, 2006, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A. (formerly, The Bank of New York Trust Company, N.A.), as trustee. (Filed as Exhibit 4.3 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.2	Supplemental Indenture No. 2, dated as of January 16, 2009, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.4 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.3	Form of 8.000% Note due 2019. (Included in Exhibit 4.4 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.4	Supplemental Indenture No. 3, dated as of July 27, 2012, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.5 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.5	Form of 2.625% Note due 2022. (Included in Exhibit 4.5 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.6	Form of 3.875% Note due 2042. (Included in Exhibit 4.5 to FedEx's Registration Statement on Form S-3 filed on September 19, 2012, and incorporated herein by reference.)
4.7	Supplemental Indenture No. 4, dated as of April 11, 2013, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed April 11, 2013, and incorporated herein by reference.)
4.8	Form of 2.70% Note due 2023. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed April 11, 2013, and incorporated herein by reference.)
4.9	Form of 4.10% Note due 2043. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed April 11, 2013, and incorporated herein by reference.)

4.10	Supplemental Indenture No. 5, dated as of January 9, 2014, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
4.11	Form of 4.000% Note due 2024. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
4.12	Form of 4.900% Note due 2034. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
4.13	Form of 5.100% Note due 2044. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.)
4.14	Supplemental Indenture No. 6, dated as of January 9, 2015, between FedEx, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.15	Form of 2.300% Note due 2020. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.16	Form of 3.200% Note due 2025. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.17	Form of 3.900% Note due 2035. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.18	Form of 4.100% Note due 2045. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.19	Form of 4.500% Note due 2065. (Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.)
4.20	Indenture, dated as of October 23, 2015, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.)
4.21	Supplemental Indenture No. 1, dated as of October 23, 2015, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.)
4.22	Form of 4.750% Note due 2045. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.)
4.23	Supplemental Indenture No. 2, dated as of March 24, 2016, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.)
4.24	Form of 3.250% Note due 2026. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.)
4.25	Form of 4.550% Note due 2046. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.)
4.26	Supplemental Indenture No. 3, dated as of April 11, 2016, between FedEx, the Guarantors named therein, Wells Fargo Bank, National Association, as trustee, and Elavon Financial Services Limited, UK Branch, as paying agent. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.)
4.27	Form of Floating Rate Note due 2019. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.)
4.28	Form of 0.500% Note due 2020. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.)
4.29	Form of 1.000% Note due 2023. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.)
4.30	Form of 1.625% Note due 2027. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.)

4.31	Supplemental Indenture No. 4, dated as of January 6, 2017, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)
4.32	Form of 3.300% Note due 2027. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)
4.33	Form of 4.400% Note due 2047. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.)
4.34	Supplemental Indenture No. 5, dated as of January 31, 2018, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. (Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)
4.35	Form of 3.400% Note due 2028. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)
4.36	Form of 4.050% Note due 2048. (Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.)
	Facility Lease Agreements
10.1	Composite Lease Agreement dated May 21, 2007 (but effective as of January 1, 2007) between the Memphis-Shelby County Airport Authority and FedEx Express (the "Composite Lease Agreement"). (Filed as Exhibit 10.1 to FedEx's FY07 Annual Report on Form 10-K, and incorporated herein by reference.)
10.2	First Amendment dated December 29, 2009 (but effective as of September 1, 2008) to the Composite Lease Agreement. (Filed as Exhibit 10.1 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.3	Second Amendment dated March 30, 2010 (but effective as of June 1, 2009) and Third Amendment dated April 27, 2010 (but effective as of July 1, 2009), each to the Composite Lease Agreement. (Filed as Exhibit 10.3 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)
10.4	Fourth Amendment dated December 22, 2011 (but effective as of December 15, 2011) to the Composite Lease Agreement. (Filed as Exhibit 10.4 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.5	Fifth Amendment dated December 19, 2012 (but effective as of January 1, 2013) to the Composite Lease Agreement. (Filed as Exhibit 10.5 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.6	Sixth Amendment dated September 19, 2013 (but effective as of July 1, 2014) to the Composite Lease Agreement. (Filed as Exhibit 10.5 to FedEx's FY14 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.7	Seventh Amendment dated June 1, 2016 (but effective as of April 1, 2016) to the Composite Lease Agreement. (Filed as Exhibit 10.7 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.8	Eighth Amendment dated July 29, 2016 (but effective as of April 1, 2017) to the Composite Lease Agreement. (Filed as Exhibit 10.14 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.9	Ninth Amendment dated August 14, 2017 (but effective as of September 1, 2017) to the Composite Lease Agreement. (Filed as Exhibit 10.9 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
*10.10	Tenth Amendment dated May 22, 2018 (but effective as of May 1, 2018) to the Composite Lease Agreement.
	Aircraft-Related Agreements
10.11	Boeing 777 Freighter Purchase Agreement dated as of November 7, 2006 between The Boeing Company and FedEx Express (the "Boeing 777 Freighter Purchase Agreement"). Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY07 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.12	Supplemental Agreement No. 1 dated as of June 16, 2008, amending the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.13 to FedEx's FY08 Annual Report on Form 10-K, and incorporated herein by reference.)
10.13	Supplemental Agreement No. 2 dated as of July 14, 2008 to the Boeing 777 Freighter Purchase Agreement. (Filed as Exhibit 10.3 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.14	Supplemental Agreement No. 3 dated as of December 15, 2008 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.15	Supplemental Agreement No. 4 dated as of January 9, 2009 (and related side letters) to the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY09 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.16	Side letters dated May 29, 2009 and May 19, 2009, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.17 to FedEx's FY09 Annual Report on Form 10-K, and incorporated herein by reference.)
10.17	Supplemental Agreement No. 5 dated as of January 11, 2010 to the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.18	Supplemental Agreement No. 6 dated as of March 17, 2010, Supplemental Agreement No. 7 dated as of March 17, 2010, and Supplemental Agreement No. 8 (and related side letters) dated as of April 30, 2010, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.22 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)
10.19	Supplemental Agreement No. 9 dated as of June 18, 2010, Supplemental Agreement No. 10 dated as of June 18, 2010, Supplemental Agreement No. 11 (and related side letter) dated as of August 19, 2010, and Supplemental Agreement No. 13 (and related side letter) dated as of August 27, 2010, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY11 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.20	Supplemental Agreement No. 12 (and related side letter) dated as of September 3, 2010, Supplemental Agreement No. 14 (and related side letter) dated as of October 25, 2010, and Supplemental Agreement No. 15 (and related side letter) dated as of October 29, 2010, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY11 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.21	Supplemental Agreement No. 16 (and related side letters) dated as of January 31, 2011, and Supplemental Agreement No. 17 dated as of February 14, 2011, each amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.22	Supplemental Agreement No. 18 (and related side letter) dated as of March 30, 2011, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.26 to FedEx's FY11 Annual Report on Form 10-K, and incorporated herein by reference.)
10.23	Supplemental Agreement No. 19 (and related side letter) dated as of October 27, 2011, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY12 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.24	Supplemental Agreement No. 20 (and related side letters) dated as of December 14, 2011, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.25	Supplemental Agreement No. 21 dated as of June 29, 2012, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.26	Supplemental Agreement No. 22 (and related side letters) dated as of December 11, 2012, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.27	Supplemental Agreement No. 23 (and related side letters) dated as of December 10, 2013, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.28	Supplemental Agreement No. 24 (and related side letters) dated as of May 4, 2016, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.25 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.29	Supplemental Agreement No. 25 (and related side letters) dated as of June 10, 2016, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.13 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.30	Supplemental Agreement No. 26 (and related side letter) dated as of February 10, 2017, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.13 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.31	Supplemental Agreement No. 27 (and related side letter) dated as of October 12, 2017, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.32	Supplemental Agreement No. 28 (and related side letter) dated as of January 26, 2018, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.33	Supplemental Agreement No. 29 (and related side letters) dated as of February 2, 2018, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
*10.34	Letter Agreement dated as of March 16, 2018, amending the Boeing 777 Freighter Purchase Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
10.35	Boeing 767-3S2 Freighter Purchase Agreement dated as of December 14, 2011 between The Boeing Company and FedEx Express (the "Boeing 767-3S2 Freighter Purchase Agreement"). Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.36	Supplemental Agreement No. 1 (and related side letters) dated as of June 29, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.37	Supplemental Agreement No. 2 dated as of October 8, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY13 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.38	Supplemental Agreement No. 3 (and related side letters) dated as of December 11, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.39	Supplemental Agreement No. 4 (and related side letter) dated as of December 10, 2013, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.40	Supplemental Agreement No. 5 (and related side letters) dated as of September 29, 2014, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.41	Letter Agreement dated as of January 22, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.42	Supplemental Agreement No. 6 (and related side letters) dated as of July 21, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.43	Supplemental Agreement No. 7 dated as of April 18, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.34 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.44	Supplemental Agreement No. 8 (and related side letters) dated as of June 10, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.12 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.45	Supplemental Agreement No. 9 dated as of February 16, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.12 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.46	Supplemental Agreement No. 10 dated as of May 10, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.40 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
	U.S. Postal Service Agreements
10.47	Transportation Agreement dated April 23, 2013 between the USPS and FedEx Express (the "USPS Transportation Agreement"). Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.52 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.)
10.48	Amendment dated May 28, 2013, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.53 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.)
10.49	Amendment dated June 24, 2013, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY14 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.50	Amendment dated October 10, 2013 (but effective as of September 30, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY14 Second Quarter Report on Form 10-Q/A (Amendment No. 1), and incorporated herein by reference.)
10.51	Amendment dated October 15, 2013 (but effective as of October 10, 2013), amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY14 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.52	Amendment dated November 7, 2013 (but effective as of October 1, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY14 Second Quarter Report on Form 10-Q/A (Amendment No. 1), and incorporated herein by reference.)
10.53	Amendment dated November 7, 2013 (but effective as of December 15, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY14 Second Quarter Report on Form 10-Q/A (Amendment No. 1), and incorporated herein by reference.)
10.54	Amendment dated December 16, 2013 (but effective as of November 4, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.55	Amendment dated December 16, 2013 (but effective as of December 2, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.56	Amendment dated March 27, 2014 (but effective as of January 6, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.38 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.57	Amendment dated March 27, 2014 (but effective as of February 3, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.39 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.58	Amendment dated March 27, 2014 (but effective as of March 3, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.40 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.59	Amendment dated April 16, 2014 (but effective as of March 31, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.41 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.60	Amendment dated May 27, 2014 (but effective as of April 28, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.42 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.61	Amendment dated May 27, 2014 (but effective as of May 14, 2014), amending the USPS Transportation Agreement. (Filed as Exhibit 10.43 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.)
10.62	Amendment dated June 25, 2014 (but effective as of June 2, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.63	Amendment dated June 25, 2014 (but effective as of June 2, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.64	Amendment dated September 9, 2014 (but effective as of June 27, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.65	Amendment dated September 9, 2014 (but effective as of September 30, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.66	Amendment dated September 9, 2014 (but effective as of June 27, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.67	Amendment dated September 24, 2014 (but effective as of June 30, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.68	Amendment dated September 30, 2014 (but effective as of July 28, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.69	Amendment dated October 1, 2014 (but effective as of September 1, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.70	Amendment dated September 30, 2014 (but effective as of September 29, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.71	Amendment dated November 4, 2014 (but effective as of September 29, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.72	Amendment dated November 4, 2014 (but effective as of December 1, 2013), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.73	Amendment dated December 23, 2014 (but effective as of October 27, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.74	Amendment dated December 10, 2014 (but effective as of November 24, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.75	Amendment dated December 23, 2014 (but effective as of January 5, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.76	Amendment dated February 19, 2015 (but effective as of December 1, 2014), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.77	Amendment dated June 12, 2015 (but effective as of January 5, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.78	Amendment dated June 16, 2015 (but effective as of February 2, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.79	Amendment dated June 23, 2015 (but effective as of March 2, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.80	Amendment dated August 31, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.81	Amendment dated September 15, 2015 (but effective as of June 29, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.82	Amendment dated September 1, 2015, amending the USPS Transportation Agreement. (Filed as Exhibit 10.2 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.83	Amendment dated October 15, 2015 (but effective as of March 30, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.84	Amendment dated November 9, 2015 (but effective as of January 4, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.85	Amendment dated November 9, 2015 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.86	Amendment dated January 12, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.87	Amendment dated January 28, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.88	Amendment dated January 28, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.89	Amendment dated January 29, 2016 (but effective as of January 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.90	Amendment dated February 11, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.91	Amendment dated February 16, 2016 (but effective as of August 31, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.92	Amendment dated February 11, 2016 (but effective as of February 10, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.93	Amendment dated February 29, 2016 (but effective as of September 28, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.94	Amendment dated March 7, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.83 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.95	Amendment dated March 7, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.84 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.96	Amendment dated March 7, 2016 (but effective as of November 28, 2015), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.85 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.97	Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.86 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.98	Amendment dated April 5, 2016 (but effective as of January 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.87 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.99	Amendment dated April 11, 2016 (but effective as of February 1, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.88 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.100	Amendment dated April 11, 2016 (but effective as of February 29, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.89 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.101	Amendment dated April 12, 2016 (but effective as of April 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.90 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.)
10.102	Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.103	Amendment dated June 2, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.104	Amendment dated June 20, 2016 (but effective as of May 30, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.105	Amendment dated June 20, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.106	Amendment dated June 20, 2016, amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.107	Amendment dated June 20, 2016 (but effective as of May 2, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.108	Amendment dated July 18, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.109	Amendment dated July 7, 2016 (but effective as of July 6, 2016), amending the USPS Transportation Agreement. (Filed as Exhibit 10.8 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.110	Amendment dated July 26, 2016 (but effective as of May 30, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.111	Amendment dated August 4, 2016 (but effective as of August 1, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.112	Amendment dated August 9, 2016 (but effective as of June 27, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.113	Amendment dated September 8, 2016 (but effective as of August 23, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.114	Amendment dated September 8, 2016 (but effective as of August 19, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.115	Amendment dated September 8, 2016 (but effective as of August 29, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.116	Amendment dated September 15, 2016 (but effective as of August 18, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.117	Amendment dated September 15, 2016 (but effective as of September 6, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.118	Amendment dated October 6, 2016 (but effective as of October 3, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.119	Amendment dated October 24, 2016 (but effective as of September 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.120	Amendment dated October 24, 2016 (but effective as of October 17, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.121	Amendment dated October 24, 2016 (but effective as of October 4, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.122	Amendment dated November 8, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.123	Amendment dated December 1, 2016 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.124	Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.125	Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.126	Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.127	Amendment dated December 1, 2016 (but effective as of November 21, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.128	Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.129	Amendment dated December 1, 2016 (but effective as of November 28, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.130	Amendment dated January 12, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.131	Amendment dated January 12, 2017 (but effective as of October 31, 2016), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.9 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.132	Amendment dated February 24, 2017 (but effective as of January 30, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.133	Amendment dated February 22, 2017 (but effective as of February 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.11 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.134	Amendment dated March 30, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.129 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
10.135	Amendment dated April 17, 2017 (but effective as of April 3, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.130 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
10.136	Amendment dated May 18, 2017 (but effective as of January 30, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.131 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.)
10.137	Amendment dated June 20, 2017 (but effective as of May 1, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.138	Amendment dated June 20, 2017 (but effective as of June 5, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.139	Amendment dated August 25, 2017 (but effective as of July 3, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.140	Amendment dated August 25, 2017 (but effective as of February 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.141	Amendment dated August 17, 2017 (but effective as of July 31, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.142	Amendment dated August 25, 2017 (but effective as of April 3, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.143	Amendment dated August 25, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.7 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.144	Amendment dated August 28, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.145	Amendment dated October 16, 2017 (but effective as of May 1, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.146	Amendment dated October 16, 2017 (but effective as of June 5, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.147	Amendment dated October 16, 2017 (but effective as of July 3, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)

10.148	Amendment dated October 16, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.149	Amendment dated October 16, 2017 (but effective as of July 31, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.150	Amendment dated October 16, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.151	Amendment dated October 16, 2017 (but effective as of January 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.152	Amendment dated November 7, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.8 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.153	Amendment dated November 7, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. (Filed as Exhibit 10.9 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.154	Amendment dated November 7, 2017 (but effective as of October 30, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.10 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.155	Amendment dated December 8, 2017 (but effective as of August 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.1 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.156	Amendment dated December 8, 2017 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.2 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.157	Amendment dated December 8, 2017 (but effective as of October 2, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.3 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.158	Amendment dated January 8, 2018 (but effective as of January 1, 2018), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.4 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.159	Amendment dated January 11, 2018 (but effective as of October 30, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.5 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.160	Amendment dated January 26, 2018 (but effective as of November 27, 2017), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.6 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.161	Amendment dated February 16, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. Confidential treatment has been granted for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act. (Filed as Exhibit 10.7 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)

*10.162	Amendment dated March 18, 2018 (but effective as of December 28, 2017), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
*10.163	Amendment dated March 20, 2018 (but effective as of February 26, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
*10.164	Amendment dated March 21, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
*10.165	Amendment dated April 10, 2018 (but effective as of January 29, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
*10.166	Amendment dated May 17, 2018 (but effective as of April 2, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act.
*10.167	Amendment dated May 17, 2018 (but effective as of April 30, 2018), amending the USPS Transportation Agreement. Confidential treatment has been requested for confidential commercial and financial information, pursuant to Rule 24b-2 under the Exchange Act .
	Financing Agreement
10.168	Five-Year Credit Agreement dated as of November 13, 2015, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and certain lenders (the "Credit Agreement"). (Filed as Exhibit 99.1 to FedEx's Current Report on Form 8-K dated November 13, 2015 and filed November 18, 2015, and incorporated herein by reference.)
10.169	First Amendment dated as of January 26, 2018, between FedEx and JPMorgan Chase Bank, N.A., as administrative agent, amending the Credit Agreement. (Filed as Exhibit 10.10 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
	Management Contracts/Compensatory Plans or Arrangements
10.170	FedEx 1999 Stock Incentive Plan. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-34934 on Form S-8, and incorporated herein by reference.)
10.171	Form of Stock Option Agreement pursuant to the FedEx 1999 Stock Incentive Plan. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-34934 on Form S-8, and incorporated herein by reference.)
10.172	FedEx 2002 Stock Incentive Plan. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated herein by reference.)
10.173	Form of Stock Option Agreement pursuant to the FedEx 2002 Stock Incentive Plan. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated herein by reference.)
10.174	Amendment to the 1995, 1997, 1999 and 2002 Stock Incentive Plans and the 2001 Restricted Stock Plan. (Filed as Exhibit 10.3 to FedEx's FY04 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.175	FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.1 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)
10.176	Amendment to the FedEx Incentive Stock Plan, as amended, and the 1997, 1999 and 2002 Stock Incentive Plans. (Filed as Exhibit 4.2 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)
10.177	Form of Terms and Conditions of stock option grant pursuant to the FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)
10.178	Form of Restricted Stock Agreement pursuant to the FedEx Incentive Stock Plan, as amended. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.)
10.179	FedEx Incentive Stock Plan 2005 Inland Revenue Approved Sub-Plan for the United Kingdom. (Filed as Exhibit 4.2 to FedEx's Registration Statement No. 333-130619 on Form S-8, and incorporated herein by reference.)
10.180	Form of Share Option Agreement pursuant to the FedEx Incentive Stock Plan 2005 Inland Revenue Approved Sub-Plan for the United Kingdom. (Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-130619 on Form S-8, and incorporated herein by reference.)

10.181	Amendments to the 1993, 1995, 1997, 1999 and 2002 Stock Incentive Plans, as amended, the 2001 Restricted Stock Plan, as amended, and the Incentive Stock Plan, as amended. (Filed as Exhibit 10.48 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.)
10.182	Amendments to the 1993, 1995, 1997, 1999 and 2002 Stock Incentive Plans, the 2001 Restricted Stock Plan and the Incentive Stock Plan. (Filed as Exhibit 10.2 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.183	FedEx 2010 Omnibus Stock Incentive Plan, as amended (the "2010 Omnibus Stock Incentive Plan"). (Filed as Exhibit 10.12 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.184	Form of Terms and Conditions of stock option grant pursuant to the 2010 Omnibus Stock Incentive Plan. (Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-171232 on Form S-8, and incorporated herein by reference.)
10.185	Form of Terms and Conditions of restricted stock grant pursuant to the 2010 Omnibus Stock Incentive Plan. (Filed as Exhibit 4.5 to FedEx's Registration Statement No. 333-171232 on Form S-8, and incorporated herein by reference.)
10.186	Form of Restricted Stock Agreement pursuant to the 2010 Omnibus Stock Incentive Plan. (Filed as Exhibit 4.5 to FedEx's Registration Statement No. 333-192957 on Form S-8, and incorporated herein by reference.)
10.187	Amended and Restated FedEx Retirement Parity Pension Plan. (Filed as Exhibit 10.35 to FedEx's FY08 Annual Report on Form 10-K, and incorporated herein by reference.)
10.188	FedEx Express Supplemental Long Term Disability Plan and Amendment to the Plan. (Filed as Exhibit 10.56 to FedEx's FY11 Annual Report on Form 10-K, and incorporated herein by reference.)
10.189	FedEx's Amended and Restated Retirement Plan for Outside Directors. (Filed as Exhibit 10.2 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.190	Form of Management Retention Agreement between FedEx and each of Frederick W. Smith, David J. Bronczek, Mark R. Allen, Robert B. Carter, Donald F. Colleran, David L. Cunningham, Jr., Michael L. Ducker, Alan B. Graf, Jr., Henry J. Maier and Rajesh Subramaniam. (Filed as Exhibit 10.5 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.191	Consulting Agreement, dated January 1, 2017, between FedEx and T. Michael Glenn. (Filed as Exhibit 10.14 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.)
10.192	Separation and Release Agreement, dated July 19, 2017, between FedEx and Christine P. Richards. (Filed as Exhibit 10.10 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.)
	Other Exhibits
*12	Statement re Computation of Ratio of Earnings to Fixed Charges (presented on page 147 of this Annual Report on Form 10-K).
*21	Subsidiaries of Registrant.
*23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
*24	Powers of Attorney (presented on the signature pages of this Annual Report on Form 10-K).
*31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.1	Interactive Data Files.

* Filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNA TURES

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

FEDEX CORPORATION

Dated: July 16, 2018	By:	/s/ Frederick W. Smith Frederick W. Smith Chairman and Chief Executive Officer

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

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

Signature	Capacity	Date
/s/ Frederick W. Smith Frederick W. Smith	Chairman and Chief Executive Officer and Director *(Principal Executive Officer)*	July 16, 2018
/s/ Alan B. Graf, Jr. Alan B. Graf, Jr.	Executive Vice President and Chief Financial Officer *(Principal Financial Officer)*	July 16, 2018
/s/ John L. Merino John L. Merino	Corporate Vice President and Principal Accounting Officer *(Principal Accounting Officer)*	July 16, 2018
/s/ James L. Barksdale James L. Barksdale	Director	July 16, 2018
/s/ John A. Edwardson John A. Edwardson	Director	July 16, 2018
/s/ Marvin R. Ellison Marvin R. Ellison	Director	July 16, 2018
/s/ Susan Patricia Griffith Susan Patricia Griffith	Director	July 16, 2018
/s/ John C. (“Chris”) Inglis John C. (“Chris”) Inglis	Director	July 16, 2018
/s/ Kimberly A. Jabal Kimberly A. Jabal	Director	July 16, 2018
/s/ Shirley Ann Jackson Shirley Ann Jackson	Director	July 16, 2018

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

FINANCIAL SECTION TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALY SIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OVERVIEW OF FINANCIAL SECTION

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

ORGANIZATION OF INFORMATION

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

- Results of operations includes an overview of our consolidated 2018 results compared to 2017 results, and 2017 results compared to 2016 results. This section also includes a discussion of key actions and events that impacted our results, as well as our outlook for 2019.
- The overview is followed by a financial summary and analysis (including a discussion of both historical operating results and our outlook for 2019) for each of our transportation segments.
- Our financial condition is reviewed through an analysis of key elements of our liquidity, capital resources and contractual cash obligations, including a discussion of our cash flows and our financial commitments.
- Critical accounting estimates discusses those financial statement elements that we believe are most important to understanding the material judgments and assumptions incorporated in our financial results.
- We conclude with a discussion of risks and uncertainties that may impact our financial condition and operating results.

DESCRIPTION OF BUSINESS

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

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

In 2018, we reported FedEx Express and TNT Express as one segment. This new segment is the result of combining the financial information of the FedEx Express and TNT Express segments (previously referred to as the FedEx Express group) as part of the operational integration of these two businesses. As integration activities have progressed, the FedEx Express and TNT Express businesses have lost their historical discrete financial profiles, as the businesses are being combined. Therefore, discrete financial information for FedEx Express and TNT Express does not exist in a manner to evaluate performance and make resource allocation decisions. In addition, this new reporting structure aligns with our management reporting structure and our internal financial reporting and compensation plans.

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

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

The key indicators necessary to understand our operating results include:

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

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

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

RESULTS OF O PERATIONS AND OUTLOOK

CONSOLIDATED RESULTS

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

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

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

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

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

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

(3) Operating income in 2016 includes provisions related to independent contractor litigation matters at FedEx Ground for $256 million and expenses related to the settlement of a U.S. Customs and Border Protection notice of action involving FedEx Trade Networks in the amount of $69 million, in each case net of recognized immaterial insurance recovery. In addition, operating income includes transaction, financing and integration-planning expenses related to our TNT Express acquisition, as well as the immaterial financial results of TNT Express from the date of acquisition, aggregating $132 million during 2016. These expenses are predominantly included in "Corporate, other and eliminations."

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

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

Overview

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

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

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

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

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

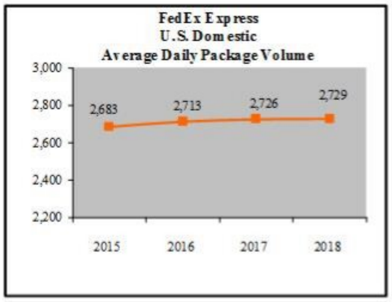
Additionally, we incurred TNT Express integration expenses totaling $477 million ($372 million, net of tax, or $1.36 per diluted share) in 2018, a $150 million increase from 2017. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees, salaries and wages, advertising expenses and travel, and include any restructuring charges at TNT Express. Internal salaries and wages are included only to the extent the individuals are assigned full-time to integration activities. These costs were incurred at FedEx Express and FedEx Corporation. The identification of these costs as integration-related expenditures is subject to our disclosure controls and procedures.

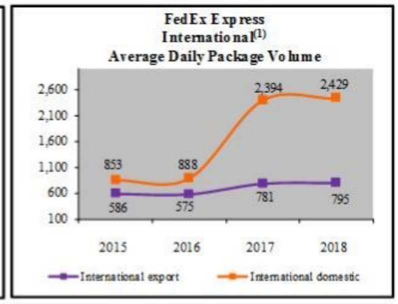
Our segment results improved in 2017 as a result of yield and volume growth and continued cost management at our FedEx Express segment, as well as the inclusion of TNT Express. In addition, tax benefits from the implementation of new foreign currency tax regulations and the adoption of a new accounting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

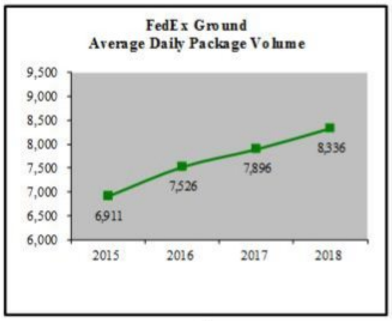
We incurred an aggregate of $327 million ($245 million, net of tax, or $0.91 per diluted share) of TNT Express integration expenses in 2017. In addition, operating income in 2017 includes a $24 million gain ($6 million, net of tax, or $0.02 per diluted share) associated with our fourth quarter MTM retirement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

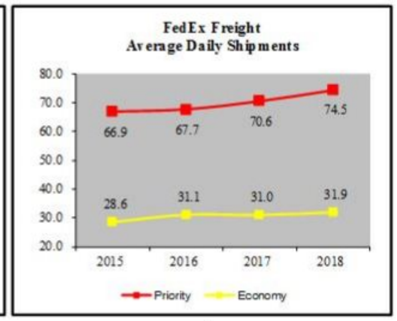
Our results for 2016 include a $1.5 billion loss ($946 million, net of tax, or $3.39 per diluted share) associated with our MTM retirement plans adjustment.

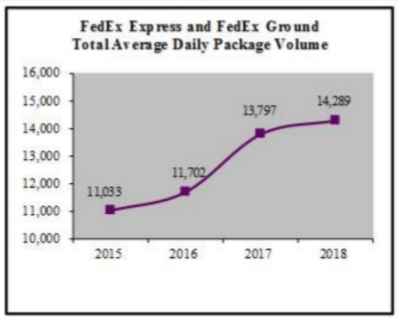
The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected volume trends (in thousands) for the years ended May 31:





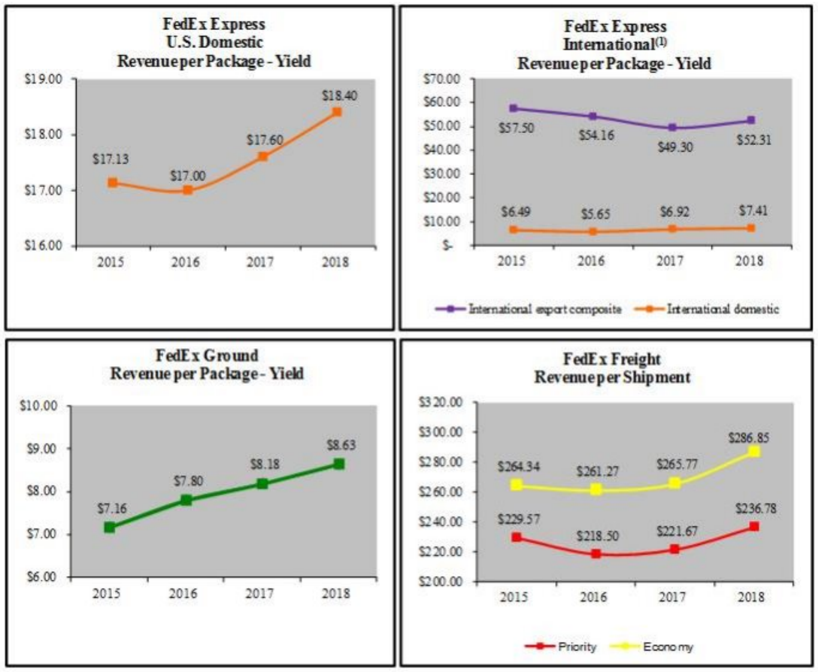






(1) International domestic average daily package volume relates to our international intra-country operations.

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



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

Revenue

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

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

Retirement Plans MTM Adjustments

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

Goodwill and Other Asset Impairment Charges

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

Operating Expenses

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

	2018 (1)	2017 (2)	2016 (3)
Operating expenses:			
Salaries and employee benefits	$ 23,207	$ 21,542	$ 18,581
Purchased transportation	15,101	13,630	9,966
Rentals and landing fees	3,361	3,240	2,854
Depreciation and amortization	3,095	2,995	2,631
Fuel	3,374	2,773	2,399
Maintenance and repairs	2,622	2,374	2,108
Goodwill and other asset impairment charges (4)	380	—	—
Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Other (5)	9,450	8,752	7,251
Total operating expenses	$ 60,580	$ 55,282	$ 47,288
Total operating income	$ 4,870	$ 5,037	$ 3,077

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

(1) Includes TNT Express integration expenses of $477 million.

(2) Includes TNT Express integration expenses of $327 million.

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

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

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

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

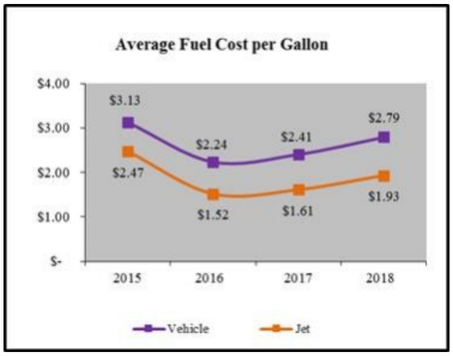
Salaries and employee benefits expense increased 8% in 2018 due to merit increases at all of our transportation segments, unfavorable exchange rates at FedEx Express and higher staffing at FedEx Ground and FedEx Freight. Purchased transportation costs increased 11% in 2018 due to higher volumes at all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

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

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

Fuel

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



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

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

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

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

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

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

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

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

Other Income and Expense

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

Income Taxes

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

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

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

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

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

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

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

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

Business Acquisitions

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

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

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

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

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

Outlook

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

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

During 2019, we will be focused on integrating the largest and most complex countries, which include the largest workforces and facilities. In connection with this, we expect to incur approximately $450 million of integration expenses in 2019 in the form of professional fees, outside service contracts, salaries and wages and other operating expenses. We expect the aggregate integration program expense, including restructuring charges at TNT Express, over the four years through 2020 to be approximately $1.5 billion. The timing and amount of integration expenses and capital investments in any future period may change as we implement our plans.

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

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

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

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

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

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

Other Outlook Matters

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

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

Seasonality of Business

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

RECENT ACCOUNTING GUIDANCE

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

REPORTABLE SEGMENTS

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

FedEx Express Segment	FedEx Express (express transportation) TNT Express (international express transportation, small-package ground delivery and freight transportation)
FedEx Ground Segment	FedEx Ground (small-package ground delivery)
FedEx Freight Segment	FedEx Freight (LTL freight transportation)
FedEx Services Segment	FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions) FedEx Office (document and business services and package acceptance)

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

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

FEDEX SERVICES SEGMENT

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

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

CORPORATE, OTHER AND ELIMINATIONS

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

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

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

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

FEDEX EXPRES S SEGMENT

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

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

(1) International domestic revenues relate to our international intra-country operations.

	Percent of Revenue 2018	2017	2016
Operating expenses:			
Salaries and employee benefits	36.2%	36.3%	38.8%
Purchased transportation	14.1	14.0	6.6
Rentals and landing fees	5.5	5.8	6.5
Depreciation and amortization	4.6	4.9	5.4
Fuel	8.0	7.0	7.9
Maintenance and repairs	4.9	4.6	5.1
Intercompany charges	5.7	5.5	7.2
Other	13.9	13.7	12.8
Total operating expenses	92.9	91.8	90.3
Operating margin	7.1%	8.2%	9.7%

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

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

(1) International domestic statistics relate to our international intra-country operations.

FedEx Express Segment Revenues

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

International export package yields increased 6% in 2018 due to higher fuel surcharges, favorable exchange rates and favorable service mix. International export average daily volumes increased 2% primarily due to increased international economy shipments, despite the decrease in volume due to the NotPetya cyberattack. Freight yields increased 9% in 2018 primarily due to higher base rates, higher fuel surcharges and favorable exchange rates. Average daily freight pounds increased 3% in 2018 driven by international and U.S. freight services. U.S. domestic package yields increased 5% in 2018 primarily due to higher base rates and fuel surcharges.

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

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

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

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

FedEx Express Segment Operating Income

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

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

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

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

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

FedEx Express Segment Outlook

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

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

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

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

FEDEX GROUN D SEGMENT

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

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

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

FedEx Ground Segment Revenues

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

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

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

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

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

FedEx Ground Segment Operating Income

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

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

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

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

FedEx Ground Segment Outlook

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

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

FEDEX FREIGH T SEGMENT

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

	2018	2017	2016	Percent Change 2018/2017	Percent Change 2017/2016
Revenues	$ 6,812	$ 6,070	$ 5,825	12	4
Operating expenses:					
Salaries and employee benefits	3,292	3,006	2,874	10	5
Purchased transportation	847	717	690	18	4
Rentals	153	134	140	14	(4)
Depreciation and amortization	296	265	244	12	9
Fuel	471	384	363	23	6
Maintenance and repairs	227	214	206	6	4
Intercompany charges	502	481	437	4	10
Other	507	479	450	6	6
Total operating expenses	6,295	5,680	5,404	11	5
Operating income	$ 517	$ 390	$ 421	33	(7)
Operating margin	7.6%	6.4%	7.2%	120 bp	(80) bp
Average daily shipments (in thousands):					
Priority	74.5	70.6	67.7	6	4
Economy	31.9	31.0	31.1	3	—
Total average daily shipments	106.4	101.6	98.8	5	3
Weight per shipment:					
Priority	1,213	1,176	1,191	3	(1)
Economy	1,134	1,129	1,145	—	(1)
Composite weight per shipment	1,190	1,161	1,177	2	(1)
Revenue per shipment:					
Priority	$ 236.78	$ 221.67	$ 218.50	7	1
Economy	286.85	265.77	261.27	8	2
Composite revenue per shipment	$ 251.93	$ 235.20	$ 232.11	7	1
Revenue per hundredweight:					
Priority	$ 19.52	$ 18.85	$ 18.35	4	3
Economy	25.29	23.55	22.81	7	3
Composite revenue per hundredweight	$ 21.18	$ 20.25	$ 19.73	5	3

	Percent of Revenue 2018	Percent of Revenue 2017	Percent of Revenue 2016
Operating expenses:			
Salaries and employee benefits	48.3%	49.5%	49.3%
Purchased transportation	12.4	11.8	11.9
Rentals	2.2	2.2	2.4
Depreciation and amortization	4.4	4.4	4.2
Fuel	6.9	6.3	6.2
Maintenance and repairs	3.3	3.6	3.6
Intercompany charges	7.4	7.9	7.5
Other	7.5	7.9	7.7
Total operating expenses	92.4	93.6	92.8
Operating margin	7.6%	6.4%	7.2%

FedEx Freight Segment Revenues

FedEx Freight segment revenues increased 12% in 2018 primarily due to higher revenue per shipment and average daily shipments. Revenue per shipment increased 7% in 2018 primarily due to higher base rates, driven by our ongoing yield management initiatives, higher fuel surcharges and higher weight per shipment. Average daily shipments increased 5% in 2018 due to higher demand for our service offerings.

FedEx Freight segment revenues increased 4% in 2017 primarily due to higher average daily shipments and higher revenue per shipment. Average daily shipments increased 3% in 2017 due to higher demand for our service offerings. Revenue per shipment increased 1% in 2017 due to higher base rates and fuel surcharges, partially offset by lower weight per shipment. Base rate increases were the result of our ongoing yield management initiatives.

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:

	2018	2017	2016
Low	20.9%	20.2%	18.5%
High	25.0	21.6	23.1
Weighted-average	22.9	21.0	20.6

Effective January 1, 2018, FedEx Freight implemented a 4.9% average increase in certain U.S. and other shipping rates. On January 2, 2017, FedEx Freight implemented a 4.9% average increase in certain U.S. and other shipping rates. On January 4, 2016, FedEx Freight implemented zone-based pricing on U.S. and other shipping rates. Also, on January 4, 2016, FedEx Freight implemented a 4.9% average increase in certain U.S. and other shipping rates.

FedEx Freight Segment Operating Income

FedEx Freight segment operating income increased 33% in 2018 primarily due to higher revenue per shipment. Salaries and employee benefits increased 10% in 2018, driven by higher staffing levels to support volume growth, merit increases and higher incentive compensation accruals. Purchased transportation increased 18% in 2018 due to higher volumes and increased rates, including higher fuel surcharges.

Fuel expense increased 23% in 2018 due to higher fuel prices. The net impact of fuel had a moderate benefit to operating income in 2018 as higher fuel surcharges more than offset increased fuel prices. See the “Results of Operations and Outlook – Consolidated Results – Fuel” section of this MD&A for a description and additional discussion of the net impact of fuel on our operating results.

FedEx Freight segment operating income and operating margin decreased in 2017 primarily due to higher operating expenses that more than offset base rate increases and volume growth. Salaries and employee benefits increased 5% in 2017 due to higher staffing levels to support volume growth and merit increases. Intercompany charges increased 10% in 2017 due to higher allocated information-technology costs. Other expenses increased 6% in 2017 due to higher self-insurance costs and increased real estate taxes. Purchased transportation increased 4% in 2017 due to higher volumes. Depreciation and amortization increased 9% in 2017 due to increased vehicle purchases. Rentals decreased 4% in 2017 primarily due to a charge related to a facility closure in 2016 and a credit related to the favorable sublease of the facility the following year.

Fuel expense increased 6% in 2017 due to higher fuel prices and volume growth. 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

We expect revenue, operating income and operating margin improvement in 2019 driven by effective yield management, as well as volume growth primarily from small and mid-sized customers. FedEx Freight earnings are also expected to be positively impacted as we continue to leverage new technology to modernize our operations and improve productivities to further enhance the customer experience. These operational improvement programs will also increase operational efficiency and safety and reduce our cost structure.

Capital expenditures at FedEx Freight are expected to increase slightly in 2019 primarily due to continued investments in vehicles, equipment and technology, which are expected to contribute to efficiency improvements.

FINANCIAL CONDITION

LIQUIDITY

Cash and cash equivalents totaled $3.3 billion at May 31, 2018, compared to $4.0 billion at May 31, 2017. The following table provides a summary of our cash flows for the years ended May 31 (in millions):

	2018	2017	2016
Operating activities:			
Net income	$ 4,572	$ 2,997	$ 1,820
Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Gain from sale of business	(85)	—	—
Gain from sale of investment	—	(35)	—
Goodwill and other asset impairment charges	380	—	—
Other noncash charges and credits	3,277	4,194	2,927
Changes in assets and liabilities	(3,460)	(2,202)	(537)
Cash provided by operating activities	4,674	4,930	5,708
Investing activities:			
Capital expenditures	(5,663)	(5,116)	(4,818)
Business acquisitions, net of cash acquired	(179)	—	(4,618)
Proceeds from sale of business	123	—	—
Proceeds from asset dispositions and other	42	135	(10)
Cash used in investing activities	(5,677)	(4,981)	(9,446)
Financing activities:			
Purchase of treasury stock	(1,017)	(509)	(2,722)
Principal payments on debt	(38)	(82)	(41)
Proceeds from debt issuances	1,480	1,190	6,519
Dividends paid	(535)	(426)	(277)
Other	337	355	132
Cash provided by financing activities	227	528	3,611
Effect of exchange rate changes on cash	72	(42)	(102)
Net (decrease) increase in cash and cash equivalents	$ (704)	$ 435	$ (229)
Cash and cash equivalents at end of period	$ 3,265	$ 3,969	$ 3,534

Cash Provided by Operating Activities. Cash flows from operating activities decreased $256 million in 2018 primarily due to $500 million of additional voluntary pension contributions and $500 million of payments related to previously accrued legal settlements, partially offset by lower net tax payments.

Cash flows from operating activities decreased $778 million in 2017 primarily due to higher pension contributions, partially offset by lower income tax payments. We made contributions of $2.5 billion in 2018, $2.0 billion in 2017 and $660 million in 2016 to our U.S. Pension Plans.

Cash Used in Investing Activities . Capital expenditures were 11% higher in 2018 largely due to increased spending at FedEx Express for aircraft and related equipment as part of our fleet modernization program and were 6% higher in 2017 due to the inclusion of TNT Express and increased spending at FedEx Express for aircraft and related equipment. See “Capital Resources” below for a more detailed discussion of capital expenditures during 2018 and 2017.

Financing Activities . We had various senior unsecured debt issuances in 2018 and 2017. See Note 6 of the accompanying consolidated financial statements for more information on these issuances. Interest on our U.S. dollar fixed-rate notes is paid semi-annually. Interest on our euro fixed-rate notes is paid annually. Our floating-rate euro senior notes bear interest at three-month EURIBOR plus a spread of 55 basis points and resets quarterly. We used the net proceeds of our 2018 debt issuance for a voluntary incremental contribution in February 2018 to our U.S. Pension Plans. We utilized the net proceeds of our 2017 debt issuance for a voluntary incremental contribution in January 2017 to our U.S. Pension Plans and for working capital and general corporate purposes.

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):

	2018			2017		
	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	4,282,800	$ 237.45	$ 1,017	2,955,000	$ 172.13	$ 509

On January 26, 2016, our Board of Directors approved a share repurchase program of up to 25 million shares. Shares under this 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. See additional information on the share repurchase program in Note 1 of the accompanying consolidated financial statements. As of May 31, 2018, 12 million shares remained under the current share repurchase authorization.

CAPITAL RESOURCES

Our operations are capital intensive, characterized by significant investments in aircraft, vehicles, technology, facilities, and package-handling and sort equipment. 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):

				Percent Change	
	2018	2017	2016	2018/2017	2017/2016
Aircraft and related equipment	$ 2,483	$ 1,808	$ 1,697	37	7
Package handling and ground support equipment	814	1,093	1,196	(26)	(9)
Vehicles	954	895	723	7	24
Information technology	600	594	471	1	26
Facilities and other	812	726	731	12	(1)
Total capital expenditures	$ 5,663	$ 5,116	$ 4,818	11	6
FedEx Express segment	$ 3,461	$ 2,725	$ 2,350	27	16
FedEx Ground segment	1,178	1,490	1,556	(21)	(4)
FedEx Freight segment	490	431	428	14	1
FedEx Services segment	477	416	432	15	(4)
Other	57	54	52	6	4
Total capital expenditures	$ 5,663	$ 5,116	$ 4,818	11	6

Capital expenditures during 2018 were higher than the prior year primarily due to increased spending at FedEx Express for aircraft and related equipment. Aircraft and related equipment purchases at FedEx Express during 2018 included the delivery of 14 Boeing 767-300 Freighter ("B767F") aircraft and four Boeing 777 Freighter ("B777F") aircraft, offset by lower spending related to package handling and ground support equipment at FedEx Ground. Capital expenditures during 2017 were higher than the prior year primarily due to the inclusion of TNT Express and increased spending at FedEx Express for aircraft and related equipment, partially offset by the deferral of certain FedEx Ground network expansion projects to 2018. Aircraft and related equipment purchases at FedEx Express during 2017 included the delivery of 14 B767F aircraft, as well as increased spending on existing orders for B777F aircraft, offset by decreased spending related to the modification of certain aircraft before being placed into service.

LIQUIDITY OUTLOOK

We believe that our cash and cash equivalents, which totaled $3.3 billion at May 31, 2018, 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 and TNT Express integration expenses. Our cash and cash equivalents balance at May 31, 2018 includes $1.3 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 $5.6 billion in 2019. We anticipate that our cash flow from operations will be sufficient to fund our capital expenditures in 2019, which will include spending for aircraft modernization at FedEx Express, spending on facilities and sort equipment at FedEx Ground and spending for TNT Express integration-related investments. We expect approximately 30% of capital expenditures in 2019 to be designated for growth initiatives. Our expected capital expenditures for 2019 include $1.9 billion for delivery of aircraft and progress payments toward future aircraft deliveries at FedEx Express. In addition, over multiple years, we will be investing over $1.5 billion to significantly expand the FedEx Express Indianapolis hub and over $1 billion to modernize the FedEx Express Memphis World Hub. Capital expenditures at FedEx Ground are expected to decline in 2019 due to the completion of two major hub projects that boost our capacity in the Northeast.

We have several aircraft modernization programs underway that are supported by the purchase of B777F and 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 2018, FedEx Express entered into an agreement to purchase 50 Cessna SkyCourier 408 aircraft with options to purchase up to 50 additional Cessna SkyCourier 408 aircraft. The 50 firm-order Cessna SkyCourier 408 aircraft are expected to be delivered from 2021 through 2024. FedEx Express also entered into an agreement to purchase 30 ATR 72-600F aircraft with options to purchase up to 20 additional ATR 72-600F aircraft. The 30 firm-order ATR 72-600F aircraft are expected to be delivered from 2021 through 2026. Additionally, FedEx Express entered into an agreement to accelerate the delivery of two B777F aircraft from 2021 to 2020, one B777F aircraft from 2021 to 2019, and one B777F aircraft from 2022 to 2020.

On June 18, 2018, FedEx Express entered into agreements to purchase 12 incremental B777F aircraft and 12 incremental B767F aircraft. Six of the B777F and one of the B767F aircraft purchases are conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the Railway Labor Act of 1926, as amended ("RLA"). The B777F aircraft are expected to be delivered between 2021 and 2025. The B767F aircraft are expected to be delivered between 2020 and 2022. As part of these agreements, one B777F and one B767F aircraft delivery were accelerated from 2020 to 2019.

FedEx Express now has a total of 24 firm orders for B777F aircraft scheduled for delivery during 2019 through 2025 (one of which was delivered in June 2018) and a total of 69 firm orders for B767F aircraft for delivery during 2019 through 2023 (two of which were delivered in June 2018). Six of the B777F orders and five of the B767F orders are conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA (the RLA condition was removed from three previously ordered B777F aircraft).

FedEx Express also acquired options to purchase an additional 14 B777F aircraft, and the delivery dates of 11 existing B777F option aircraft were rescheduled. As a result, FedEx Express now has options to purchase a total of 25 B777F aircraft for delivery through 2028. FedEx Express also acquired options to purchase an additional six B767F aircraft. As a result, FedEx Express now has options to purchase a total of 50 B767F aircraft for delivery through 2026.

In 2017, FedEx Express entered into agreements to accelerate the delivery of two B767F aircraft to 2017 from 2018 and two B777F aircraft to 2018 from 2023.

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

During 2018, we amended our five-year revolving credit facility to increase the aggregate amount available under the facility from $1.75 billion to $2.0 billion. The facility, which expires in November 2020 and includes a $500 million letter of credit sublimit, is available to finance our operations and other cash flow needs. The agreement contains a financial covenant, which requires us to maintain a ratio of debt to consolidated earnings (excluding non-cash retirement plans MTM adjustments and non-cash asset impairment charges) before interest, taxes, depreciation and amortization ("adjusted EBITDA") of not more than 3.5 to 1.0, calculated as of the end of the applicable quarter on a rolling four-quarters basis. The ratio of our debt to adjusted EBITDA was 2.0 to 1.0 at May 31, 2018. We believe this covenant is the only significant restrictive covenant in our revolving credit agreement. Our revolving credit agreement contains other customary covenants that do not, individually or in the aggregate, materially restrict the conduct of our business. We are in compliance with the financial covenant and all other covenants of our revolving credit agreement and do not expect the covenants to affect our operations, including our liquidity or expected funding needs. If we failed to comply with the financial covenant or any other covenants of our revolving credit agreement, our access to financing could become limited. We do not expect to be at risk of noncompliance with the financial covenant or any other covenants of our revolving credit agreement. As of May 31, 2018, no commercial paper was outstanding. However, we had a total of $54 million in letters of credit outstanding at May 31, 2018, with $446 million of the letter of credit sublimit unused under our revolving credit facility.

For 2019, we anticipate making voluntary contributions to our U.S. Pension Plans, although at a much lower level than in 2018 or 2017. 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 11, 2018, our Board of Directors declared a quarterly dividend of $0.65 per share of common stock, an increase of $0.15 per share from the prior quarter's dividend. The dividend was paid on July 9, 2018 to stockholders of record as of the close of business on June 25, 2018. 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 at the end of each fiscal year.

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 "stable." 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 "stable." 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, 2018. Certain of these contractual obligations are reflected in our balance sheet, while others are disclosed as future obligations under accounting principles generally accepted in the United States. Except for the current portion of interest on long-term debt, this table does not include amounts already recorded in our balance sheet as current liabilities at May 31, 2018. 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) (in millions)						
	2019	2020	2021	2022	2023	Thereafter	Total
Operating activities:							
Operating leases	$ 2,471	$ 2,177	$ 1,951	$ 1,762	$ 1,548	$ 8,193	$ 18,102
Non-capital purchase obligations and other	1,044	743	509	333	230	2,829	5,688
Interest on long-term debt	605	541	529	529	522	9,348	12,074
Investing activities:							
Aircraft and aircraft-related capital commitments	1,444	1,868	1,160	1,310	582	309	6,673
Other capital purchase obligations	50	3	2	1	1	6	63
Financing activities:							
Debt	1,335	984	—	—	1,624	12,748	16,691
Total	$ 6,949	$ 6,316	$ 4,151	$ 3,935	$ 4,507	$ 33,433	$ 59,291

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

In accordance with accounting principles generally accepted in the United States, future contractual payments under our operating leases (totaling $18.1 billion on an undiscounted basis) are not recorded in our balance sheet. Credit rating agencies routinely use information concerning minimum lease payments required for our operating leases to calculate our debt capacity. 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, 2018. Under the new lease accounting rules, the majority of these leases will be required to be recognized at the net present value on the balance sheet as a liability with an offsetting right-to-use asset effective in 2020.

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 ($110 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 ($51 million) is excluded from the table. See Note 12 of the accompanying consolidated financial statements for further information.

As of May 31, 2018, we had $1.2 billion in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions.

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, facilities, computers and other equipment.

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 international 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 payments on our long-term debt.

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 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 former employees with a traditional pension benefit to make a one-time, irrevocable election to receive their benefits in a lump-sum distribution. As a continuation of this strategy, we entered into an agreement with Metropolitan Life Insurance Company in May 2018 to purchase a group annuity contract and transfer 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 satisfy certain conditions and currently receive 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, significantly reduced our exposure to market risk and associated balance sheet volatility and eliminated the investment, administrative and Pension Benefit Guaranty Corporation ("PBGC") premium expenses for approximately 41,000 retirees. We recognized a $210 million one-time settlement loss in connection with this transaction, which is included in our 2018 year-end MTM retirement plans adjustment.

The "Salaries and employee benefits" caption of our consolidated income statements includes expense associated with service, prior service and interest costs, the expected return on assets ("EROA") and settlements. Our fourth quarter MTM adjustment is included in the "Retirement plans mark-to-market adjustment" caption in our consolidated income statements. A summary of our retirement plans costs over the past three years is as follows (in millions):

	2018	2017	2016
Total defined benefit pension plans	$ 150	$ 234	$ 214
Defined contribution plans	527	480	416
Postretirement healthcare plans	74	76	82
Retirement plans mark-to-market (gain) loss	(10)	(24)	1,498
	$ 741	$ 766	$ 2,210

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

	2018	2017	2016
Discount rate changes	$ (613)	$ 266	$ 1,129
Demographic assumption experience	382	450	(916)
Annuity contract purchase	210	—	—
Actual versus expected return on assets	11	(740)	1,285
Total mark-to-market (gain) loss	$ (10)	$ (24)	$ 1,498

2018

The weighted average discount rate for all of our pension and postretirement healthcare plans increased from 3.98% at May 31, 2017 to 4.11% at May 31, 2018. The demographic assumption experience in 2018 reflects a liability loss due to unfavorable results related to various demographic assumptions. The annuity contract purchase loss relates to the contract with Metropolitan Life Insurance Company discussed above. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 6.30% was slightly lower than our expected return of 6.50% primarily due to generally flat returns in the long-duration fixed income portfolio partially offset by strong returns from global equities.

2017

The actual rate of return on our U.S. Pension Plan assets of 9.2%, net of all fees and expenses, was higher than our expected return of 6.50% primarily due to a rise in the value of global equity markets and favorable credit market conditions. The weighted average discount rate for all of our pension and postretirement healthcare plans decreased from 4.04% at May 31, 2016 to 3.98% at May 31, 2017. The demographic assumption experience in 2017 reflects an update in mortality tables for U.S. pension and other postemployment benefit plans.

2016

The actual rate of return on our U.S. Pension Plan assets of 0.9%, net of all fees and expenses, was lower than our expected return of 6.50% primarily due to a challenging environment for global equities and other risk-seeking asset classes. The weighted average discount rate for all of our pension and postretirement healthcare plans declined from 4.38% at May 31, 2015 to 4.04% at May 31, 2016. The demographic assumption experience in 2016 reflects a change in disability rates and an increase in the average retirement age for U.S. pension and other postemployment benefit plans.

DISCOUNT RATE . This 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
5/31/2018	4.27%
5/31/2017	4.08
5/31/2016	4.13
5/31/2015	4.42

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 2018 PBO by approximately $1.5 billion and a 50-basis-point decrease in the discount rate would have increased our 2018 PBO by approximately $1.6 billion. However, our annual segment-level 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 $31 million effect on the fourth quarter MTM adjustment but only a net $100,000 impact on segment-level pension expense.

PLAN ASSETS. The expected average rate of return on plan assets is a long-term, forward-looking assumption that affects our segment-level pension expense. 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 6.50% expected long-term rate of return on our U.S. Pension Plan assets in 2018, 2017 and 2016. For 2019 we have increased our EROA assumption to 6.75%. The decrease in the number of retirees in payment status due to the purchase of a group annuity contract in May 2018 (discussed above) will reduce our short-term cash outlays and allow the remaining assets to be placed in longer duration investments, which will increase the rate of return on assets. Also, the reduction of PBGC fixed and variable-rate premiums will increase the net return on assets. The actuarial historical annual return on our U.S. Pension Plan assets, calculated on a compound geometric basis, was 8.2%, net of all fees and expenses, for the 15-year period ended May 31, 2018. For our U.S. Pension Plans, a one basis-point change in our EROA would impact our 2019 pension expense by $2.2 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):

	2018	2017
Funded Status of Plans:		
Projected benefit obligation (PBO)	$ 24,820	$ 29,913
Fair value of plan assets	23,566	26,312
Funded status of the plans	$ (1,254)	$ (3,601)
Cash Amounts:		
Cash contributions during the year	$ 2,631	$ 2,115
Benefit payments during the year	$ 1,103	$ 2,310

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 Internal Revenue Service 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 2018 were approximately $1.0 billion, or 3.6% of plan assets, as measured before the annuity purchase). Benefit payments were higher in 2017 because our U.S. Pension Plans were amended to permit former employees with a vested traditional pension benefit to make a one-time, irrevocable election to receive their benefits in a lump-sum distribution. Approximately 18,300 former employees elected to receive this lump-sum distribution, and a total of approximately $1.3 billion was paid in May 2017.

Over the past several years, we have made voluntary contributions to our U.S. Pension Plans in excess of the minimum required contributions. For 2019, no pension contributions will be required for our U.S. Pension Plans as they are fully funded. However, we expect to make tax-deductible discretionary contributions to those plans at levels significantly less than in 2018, in addition to required contributions to certain international pension plans. We expect total pension plan contributions to be substantially less than those made in 2018.

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

INCOME TAXES

Given the growth in our international business and the complexities and changes resulting from the enactment of the TCJA, we have added income taxes as a critical accounting estimate for 2018.

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. Further, the acquisition of TNT Express, the largest acquisition in our history, has 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 law 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 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 sheet that are not subject to valuation allowances.

Our income tax positions are based on currently enacted tax laws. On December 22, 2017, the United States government enacted comprehensive tax legislation through the TCJA, which significantly changes the U.S. corporate income tax system and includes, among other things, a permanent reduction in the corporate income tax rate from 35% to 21%, a one-time transition tax on unrepatriated foreign earnings, and new taxes on certain foreign source earnings and certain related party payments, which are referred to as the global intangible low-taxed income tax and the base erosion and anti-abuse tax. The TCJA requires complex computations to be performed that were not previously required in U.S. tax law, significant judgments, estimates and calculations to be made in interpreting its provisions, and the preparation and analysis of information not previously relevant or regularly produced. The U.S. Treasury Department, the Internal Revenue Service, and other standard-setting bodies could interpret or issue guidance on how provisions of the TCJA will be applied or otherwise administered that is different from our interpretation. In addition, further legislative action could be taken to address questions or issues caused by the TCJA. As we continue our ongoing analysis of the TCJA and its related interpretations, collect and prepare necessary data, and interpret any additional guidance, we may make adjustments to amounts that we have recorded that may materially impact our results of operations and financial condition. Additionally, state and foreign governments may enact tax laws in response to the TCJA or other global initiatives that could result in further changes to our taxation and adversely impact our results of operations and financial condition.

For more information, including impacts from the TCJA, 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 $2.7 billion at May 31, 2018 and $2.3 billion at May 31, 2017. Approximately 34% 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 54% of our total 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, 2018, the FedEx Express global air and ground network included a fleet of 670 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, 2018, we had one purchased aircraft that was not yet placed into service.

The accounting test for whether an asset held for use is impaired involves first comparing the carrying value of the asset with its estimated future undiscounted cash flows. If the cash flows do not exceed the carrying value, the asset must be adjusted to its current fair value. We operate integrated transportation networks, and accordingly, cash flows for most of our operating assets are assessed at a network level, not at an individual asset level for our analysis of impairment. Further, decisions about capital investments are evaluated based on the impact to the overall network rather than the return on an individual asset. We make decisions to remove certain long-lived assets from service based on projections of reduced capacity needs or lower operating costs of newer aircraft types, and those decisions may result in an impairment charge. Assets held for disposal must be adjusted to their estimated fair values less costs to sell when the decision is made to dispose of the asset and certain other criteria are met. The fair value determinations for such aircraft may require management estimates, as there may not be active markets for some of these aircraft. Such estimates are subject to revision from period to period.

In the normal management of our aircraft fleet, we routinely idle aircraft and engines temporarily due to maintenance cycles and adjustments of our network capacity to match seasonality and overall customer demand levels. Temporarily idled assets are classified as available-for-use, and we continue to record depreciation expense associated with these assets. These temporarily idled assets are assessed for impairment on a quarterly basis. The criteria for determining whether an asset has been permanently removed from service (and, as a result, is potentially impaired) include, but are not limited to, our global economic outlook and the impact of our outlook on our current and projected volume levels, including capacity needs during our peak shipping seasons; the introduction of new fleet types or decisions to permanently retire an aircraft fleet from operations; and changes to planned service expansion activities. At May 31, 2018, we had five aircraft temporarily idled. These aircraft have been idled for an average of 20 months and are expected to return to revenue service in order to meet expected demand.

SALE. On April 30, 2018, we sold a non-core business of TNT Express and recorded a gain of $85 million in the FedEx Express segment.

LEASES . We utilize operating leases to finance certain of our aircraft, facilities and equipment. Such arrangements typically shift the risk of loss on the residual value of the assets at the end of the lease period to the lessor. As disclosed in "Financial Condition –Contractual Cash Obligations and Off-Balance Sheet Arrangements" and Note 7 of the accompanying consolidated financial statements, at May 31, 2018, we had approximately $18.1 billion (on an undiscounted basis) of future commitments for payments under operating leases. The weighted-average remaining lease term of all operating leases outstanding at May 31, 2018 was approximately six years. The future commitments for operating leases are not yet reflected as a liability in our balance sheet until the new rules on lease accounting issued in 2016 become effective in 2020 as described below.

The determination of whether a lease is accounted for as a capital lease or an operating lease requires management to make estimates primarily about the fair value of the asset and its estimated economic useful life. In addition, our evaluation includes ensuring we properly account for build-to-suit lease arrangements and making judgments about whether various forms of lessee involvement during the construction period make the lessee an agent for the owner-lessor or, in substance, the owner of the asset during the construction period. We believe we have well-defined and controlled processes for making these evaluations, including obtaining third-party appraisals for material transactions to assist us in making these evaluations.

On February 25, 2016, the Financial Accounting Standards Board ("FASB") issued a new lease accounting standard. Based on the new lease accounting standard and our lease portfolio, we currently anticipate recognizing a lease liability and related right-of-use asset on the balance sheet in excess of $13 billion, with an immaterial impact on our income statement compared to the current lease accounting model. However, the ultimate impact of the standard will depend on the company's lease portfolio as of the adoption date. The new standard will be effective for us on June 1, 2019 (fiscal 2020). See Note 2 of the accompanying consolidated financial statements for more information on this recent accounting guidance.

GOODWILL . As of May 31, 2018, we had $7.0 billion of recorded goodwill from our business acquisitions, representing the excess of the purchase price over the fair value of the net assets we have acquired. During 2017, we recorded $407 million in additional goodwill associated with the completion of the purchase price allocation related to the TNT Express acquisition. During 2016, we recorded $3.0 billion in goodwill associated with our TNT Express acquisition. Several factors give rise to goodwill in our acquisitions, such as the expected benefit from synergies of the combination and the existing workforce of the acquired business.

Goodwill is reviewed at least annually for impairment. In our evaluation of goodwill impairment, we perform a qualitative assessment that requires management judgment and the use of estimates to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive, we proceed to a two-step process to test goodwill for impairment, including comparing the fair value of the reporting unit to its carrying value (including attributable goodwill). Fair value is estimated using standard valuation methodologies (principally the income or market approach) incorporating market participant considerations and management's assumptions on revenue growth rates, operating margins, discount rates and expected capital expenditures. Estimates used by management can significantly affect the outcome of the impairment test. Changes in forecasted operating results and other assumptions could materially affect these estimates. We perform our annual impairment tests in the fourth quarter unless circumstances indicate the need to accelerate the timing of the tests.

In connection with our annual impairment testing of goodwill conducted in the fourth quarter of 2018, we recorded an impairment charge of $374 million for substantially all of the goodwill attributable to our FedEx Supply Chain reporting unit. The key factors contributing to the goodwill impairment were underperformance of the FedEx Supply Chain business during 2018, including base business erosion, and the failure to attain the level of operating synergies and revenue and profit growth anticipated at the time of acquisition. Based on these factors, our outlook for the business and industry changed in the fourth quarter of 2018.

Our other reporting units with significant recorded goodwill include FedEx Express, FedEx Ground, FedEx Freight and FedEx Office (reported in the FedEx Services segment). We evaluated these reporting units during the fourth quarters of 2018 and 2017. The estimated fair value of each of these reporting units exceeded their carrying values in 2018 and 2017; therefore, we do not believe that any of these reporting units were impaired as of the balance sheet dates.

In January 2017, the FASB issued an Accounting Standards Update that simplifies the subsequent measurement of goodwill, eliminating Step 2 from the goodwill impairment test. We adopted the guidance during the fourth quarter of 2018. See Note 2 of the accompanying consolidated financial statements for more information on this recent accounting guidance.

LEGAL AND OTHER CONTINGENCIES

We are subject to various loss contingencies in connection with our operations. Contingent liabilities are difficult to measure, as their measurement is subject to multiple factors that are not easily predicted or projected. Further, additional complexity in measuring these liabilities arises due to the various jurisdictions in which these matters occur, which makes our ability to predict their outcome highly uncertain. Moreover, different accounting rules must be employed to account for these items based on the nature of the contingency. Accordingly, significant management judgment is required to assess these matters and to make determinations about the measurement of a liability, if any. Our material pending loss contingencies are described in Note 18 of the accompanying consolidated financial statements. In the opinion of management, the aggregate liability, if any, of individual matters or groups of related matters not specifically described in Note 18 is not expected to be material to our financial position, results of operations or cash flows. The following describes our methods and associated processes for evaluating these matters.

Because of the complex environment in which we operate, we are subject to other legal proceedings and claims, including those relating to general commercial matters, governmental enforcement actions, employment-related claims and FedEx Ground’s owner-operators. Accounting guidance for contingencies requires an accrual of estimated loss from a contingency, such as a non-income tax or other legal proceeding or claim, when it is probable (i.e., the future event or events are likely to occur) that a loss has been incurred and the amount of the loss can be reasonably estimated. This guidance also requires disclosure of a loss contingency matter when, in management’s judgment, a material loss is reasonably possible or probable.

During the preparation of our financial statements, we evaluate our contingencies to determine whether it is probable, reasonably possible or remote that a liability has been incurred. A loss is recognized for all contingencies deemed probable and estimable, regardless of amount. For unresolved contingencies with potentially material exposure that are deemed reasonably possible, we evaluate whether a potential loss or range of loss can be reasonably estimated.

Our evaluation of these matters is the result of a comprehensive process designed to ensure that accounting recognition of a loss or disclosure of these contingencies is made in a timely manner and involves our legal and accounting personnel, as well as external counsel where applicable. The process includes regular communications during each quarter and scheduled meetings shortly before the completion of our financial statements to evaluate any new legal proceedings and the status of existing matters.

In determining whether a loss should be accrued or a loss contingency disclosed, we evaluate, among other factors:

- the current status of each matter within the scope and context of the entire lawsuit or proceeding (e.g., the lengthy and complex nature of class-action matters);
- the procedural status of each matter;
- any opportunities to dispose of a lawsuit on its merits before trial (i.e., motion to dismiss or for summary judgment);
- the amount of time remaining before a trial date;
- the status of discovery;
- the status of settlement, arbitration or mediation proceedings; and
- our judgment regarding the likelihood of success prior to or at trial.

In reaching our conclusions with respect to accrual of a loss or loss contingency disclosure, we take a holistic view of each matter based on these factors and the information available prior to the issuance of our financial statements. Uncertainty with respect to an individual factor or combination of these factors may impact our decisions related to accrual or disclosure of a loss contingency, including a conclusion that we are unable to establish an estimate of possible loss or a meaningful range of possible loss. We update our disclosures to reflect our most current understanding of the contingencies at the time we issue our financial statements. However, events may arise that were not anticipated and the outcome of a contingency may result in a loss to us that differs materially from our previously estimated liability or range of possible loss.

Despite the inherent complexity in the accounting and disclosure of contingencies, we believe that our processes are robust and thorough and provide a consistent framework for management in evaluating the potential outcome of contingencies for proper accounting recognition and disclosure.

RISK FA CTORS

Our financial and operating results are subject to many risks and uncertainties, as described below.

We are directly affected by the state of the economy and anti-trade measures. While macroeconomic risks apply to most companies, we are particularly vulnerable. The transportation industry is highly cyclical and especially susceptible to trends in economic activity. Our primary business is to transport goods, so our business levels are directly tied to the purchase and production of goods — key macroeconomic measurements. When individuals and companies purchase and produce fewer goods, we transport fewer goods, and as companies expand the number of distribution centers and move manufacturing closer to consumer markets, we transport goods shorter distances. In addition, we have a relatively high fixed-cost structure, which is difficult to quickly adjust to match shifting volume levels. Moreover, as we continue to grow our international business, we are increasingly affected by the health of the global economy, the rate of growth of global trade, world trade policies, international taxes, government-to-government relations and the typically more volatile economies of emerging markets. For instance, anti-trade and protectionist measures adopted by the U.S. or other countries in which we do business, such as trade controls, tariffs, quotas, embargoes, sanctions, or retaliation by another country against such measures, could result in economic uncertainty and instability, resulting in fewer goods being transported globally.

A significant data breach or other disruption to our technology infrastructure could disrupt our operations and result in the loss of critical confidential information, adversely impacting our reputation, business or results of operations. Our ability to attract and retain customers, to efficiently operate our businesses, and to compete effectively depends in part upon the sophistication and reliability of our technology network, including our ability to provide features of service that are important to our customers, to protect our confidential business information and the information provided by our customers, and to maintain customer confidence in our ability to protect our systems and to provide services consistent with their expectations. For example, we rely on information technology to receive package level information in advance of physical receipt of packages, to track items that move through our delivery systems, to efficiently plan deliveries, to execute billing processes, and to track and report financial and operational data. We are subject to risks imposed by data breaches and operational disruptions, including through cyberattack or cyber-intrusion, including by computer hackers, foreign governments, cyber terrorists, cyber criminals and malicious employees or other insiders. Data breaches of companies and governments have increased in recent years as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Additionally, risks such as code anomalies, "Acts of God," transitional challenges in migrating operating company functionality to our FedEx enterprise automation platform, data leakage and human error pose a direct threat to our products, services and data and could result in unauthorized or block legitimate access to sensitive or confidential data regarding our operations, customers, employees, and suppliers, including personal information.

We also depend on and interact with the technology and systems of third parties, including our customers and third-party service providers such as cloud service providers and delivery services, for a variety of reasons. Such third parties may have access to information we maintain about our company, customers, employees and vendors or operate systems that are critical to our business operations and services. Like us, these third parties are subject to risks imposed by data breaches, cyberattacks and other events or actions that could damage, disrupt or close down their networks or systems. We have security processes, protocols and standards in place, including contractual provisions requiring such security measures, that are applicable to such third parties and are designed to protect information that is held by them, or to which they have access, as a result of their engagements with us. Nevertheless, a cyberattack could defeat one or more of such third parties' security measures, allowing an attacker to obtain information about our company, customers, employees and vendors or disrupt our operations. These third parties may also experience operational disruptions or human error that could result in unauthorized access to sensitive or confidential data regarding our operations, customers, employees and suppliers, including personal information.

Any disruption to our complex, global technology infrastructure, including those impacting our computer systems and websites, could result in the loss of confidential business or customer information, adversely impact our operations, customer service, volumes and revenues, could lead to litigation or investigations or require substantial repairs or replacements, resulting in significant costs. Additionally, a security breach could require us to devote significant management resources to address the problems created. These types of adverse impacts could also occur in the event the confidentiality, integrity or availability of company and customer information was compromised due to a data loss by FedEx or a trusted third party. We or the third parties with which we share information may not discover any security breach and loss of information for a significant period of time after the security breach occurs.

Recently, there has also been heightened regulatory and enforcement focus on data protection in the U.S. (at both the state and federal level) and abroad, and an actual or alleged failure to comply with applicable U.S. or foreign data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties, which could harm our reputation and adversely impact our business, results of operations and financial condition. This regulatory environment is increasingly challenging and may present material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks. For example, the European Union's ("EU's") General Data Protection Regulation ("GDPR"), which became effective in May 2018, greatly increases the jurisdictional reach of EU law and adds a broad array of requirements related to personal data, including individual notice and opt-out preferences and the public disclosure of significant data breaches. Additionally, violations of the GDPR can result in fines of as much as 4% of a company's annual revenue. Other governments have enacted or are enacting similar data protection laws, and are considering data localization laws that require data to stay within their borders. All of these evolving compliance and operational requirements impose significant costs and regulatory risks that are likely to increase over time.

We have invested and continue to invest in technology security initiatives, information-technology risk management and disaster recovery plans, including investments to retire and replace end-of-life systems. The development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more intense and sophisticated. Despite our efforts, we are not fully insulated from data breaches, technology disruptions or data loss, which could adversely impact our competitiveness and results of operations. For instance, in June 2017 TNT Express worldwide operations were significantly affected due to the infiltration of an information-technology virus known as NotPetya. In May 2017 FedEx was one of many companies attacked by the rapidly spreading ransomware described as WannaCry that exploited vulnerability in a third-party software program and infected computers using that program, encrypting files and holding them for ransom. Additionally, during the third quarter of 2018 we discovered an unsecured server hosted by one of our third-party cloud service providers, which exposed some archived account information related to a service discontinued after our 2015 acquisition of Bongo International, LLC. The server has been secured, and we have found no indication that any information has been misappropriated in connection with the incident. Neither the WannaCry ransomware attack or unsecured server caused a material disruption to our systems or resulted in any material costs to FedEx.

While we have significant security processes and initiatives in place, we may be unable to detect or prevent a material breach or disruption in the future. We do not currently have cyber insurance coverage in place, but we are evaluating the market for such coverage.

Changes in international trade policies could significantly reduce the volume of goods transported globally and adversely affect our business. The U.S. government has made significant changes in U.S. trade policy and has taken certain actions that may impact U.S. trade, including imposing tariffs on certain goods imported into the United States. To date, several governments, including the EU, China, and India, have imposed tariffs on certain goods imported from the United States. Any further changes in U.S. or international trade policy could trigger additional retaliatory actions by affected countries, resulting in "trade wars" and increased costs for goods transported globally, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in trading partners limiting their trade with countries that impose anti-trade measures. If these consequences are realized, the volume of global economic activity may be significantly reduced. Such a reduction could have a material adverse effect on our business, results of operations and financial condition.

The failure to integrate successfully the businesses and operations of FedEx Express and TNT Express in the expected time frame and at the expected cost may adversely affect our future results. Prior to FedEx's acquisition of TNT Express in 2016, FedEx Express and TNT Express operated as independent companies. There can be no assurances that these businesses can be integrated successfully. It is possible that the integration process could result in higher than expected integration costs, the loss of customers, the disruption of ongoing businesses, unexpected integration issues, or the loss of key historical FedEx Express or TNT Express employees. It is also possible that the overall integration process will take longer than currently anticipated.

Specifically, the following issues, among others, must be addressed as we integrate the operations of FedEx Express and TNT Express in order to realize the anticipated benefits of the transaction:

- combining the companies’ operations and corporate functions;
- combining the businesses of FedEx Express and TNT Express and meeting the capital requirements of the combination in a manner that permits us to achieve the operating and financial results we anticipated from the acquisition, the failure of which could result in the material anticipated benefits of the transaction not being realized in the time frame currently anticipated, or at all;
- integrating and consolidating the companies’ administrative and information-technology infrastructure and computer systems;
- integrating and restructuring the corporate entities;
- integrating workforces while continuing to provide consistent, high-quality service to customers;
- integrating and unifying the offerings and services available to historical FedEx Express and TNT Express customers;
- harmonizing the companies’ operating practices, employee development and compensation programs, integrity and compliance programs, internal controls and other policies, procedures and processes;
- integrating the companies’ financial reporting and internal control systems;
- maintaining existing agreements with customers and service providers and avoiding delays in entering into new agreements with prospective customers and service providers;
- addressing possible differences in business backgrounds, corporate cultures and management philosophies;
- addressing employee social issues so as to maintain efficient and effective labor and employee relations;
- coordinating rebranding and marketing efforts;
- managing the movement of certain positions to different locations;
- managing potential unknown and unidentified liabilities, including liabilities that are significantly larger than currently anticipated, and unforeseen increased expenses or delays associated with the integration process; and
- managing the expanded operations of a significantly larger, more complex company.

All of these factors could dilute FedEx’s earnings per share, decrease or delay the expected accretive effect of the acquisition and negatively impact the price of FedEx’s common stock. In addition, at times the attention of certain members of our management may be focused on the integration of the businesses of FedEx Express and TNT Express and diverted from day-to-day business operations, which may disrupt our business.

Our businesses depend on our strong reputation and the value of the FedEx brand. The FedEx brand name symbolizes high-quality service, reliability and speed. FedEx is one of the most widely recognized, trusted and respected brands in the world, and the FedEx brand is one of our most important and valuable assets. In addition, we have a strong reputation among customers and the general public for high standards of social and environmental responsibility and corporate governance and ethics. The FedEx brand name and our corporate reputation are powerful sales and marketing tools, and we devote significant resources to promoting and protecting them. Adverse publicity (whether or not justified) relating to activities by our employees, contractors, agents or others with whom we do business, such as customer service mishaps, noncompliance with laws or the shipment of certain items pursuant to our obligation as a common carrier operating under federal law, could tarnish our reputation and reduce the value of our brand. With the increase in the use of social media outlets such as Facebook, YouTube, Instagram and Twitter, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to effectively respond. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our financial condition, liquidity and results of operations, as well as require additional resources to rebuild our reputation and restore the value of our brand.

Our transportation businesses are impacted by the price and availability of fuel. We must purchase large quantities of fuel to operate our aircraft and vehicles, and the price and availability of fuel is beyond our control and can be highly volatile. To date, we have been mostly successful in mitigating over time the expense impact of higher fuel costs through our indexed fuel surcharges, as the amount of the surcharges is closely linked to the market prices for fuel. If we are unable to maintain or increase our fuel surcharges because of competitive pricing pressures or some other reason, fuel costs could adversely impact our operating results. As of May 31, 2018, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations, and we currently have no plans to use derivative financial instruments for this purpose in the future. Even if we are able to offset the cost of fuel with our surcharges, high fuel surcharges could move our customers away from our higher-yielding express services to our lower-yielding deferred or ground services or even reduce customer demand for our services altogether. In addition, disruptions in the supply of fuel could have a negative impact on our ability to operate our transportation networks. Weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning aircraft fuel production, transportation, taxes or marketing, changes in refining capacity, environmental concerns and other unpredictable events may impact fuel supply and could result in shortages in the future.

Our businesses are capital intensive, and we must make capital decisions based upon projected volume levels. We make significant investments in aircraft, package handling facilities, vehicles, technology, sort equipment, copy equipment and other assets to support our transportation and business networks. We also make significant investments to rebrand, integrate and grow the companies that we acquire. The amount and timing of capital investments depend on various factors, including our anticipated volume growth. We must make commitments to purchase or modify aircraft years before the aircraft are actually needed. We must predict volume levels and fleet requirements and make commitments for aircraft based on those projections. Missing our projections could result in too much or too little capacity relative to our shipping volumes. Overcapacity could lead to asset dispositions or write-downs, as well as negatively impact operating margins, and undercapacity could negatively impact service levels.

We face intense competition. The transportation and business services markets are both highly competitive and sensitive to price and service, especially in periods of little or no macroeconomic growth. Some of our competitors have more financial resources and other competitive advantages than we do, or they are owned, controlled or subsidized by foreign governments, which enables them to raise capital more easily. We also compete with regional transportation providers that operate smaller and less capital-intensive transportation networks and startup companies that combine technology with crowdsourcing to focus on local market needs. In addition, some high volume package shippers, such as Amazon.com, are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, which could in turn reduce our revenues and market share. We believe we compete effectively with these companies — for example, by providing more reliable service at compensatory prices. However, an irrational pricing environment can limit our ability not only to maintain or increase our prices (including our fuel surcharges in response to rising fuel costs), but also to maintain or grow our market share. While we believe we compete effectively through our current and planned service offerings, if our current competitors or potential future competitors offer a broader range of services, more effectively bundle their services, or offer services at lower prices, it could impede our ability to maintain or grow our market share. Moreover, if our current customers, such as Amazon.com, become competitors and bundle transportation with other services, it will reduce our revenue and could negatively impact our financial condition and results of operations. Additionally, advancements in technology, such as advanced safety systems, automated package sorting, handling and delivery, vehicle platooning, alternative fuel vehicles and digitization of freight services, may necessitate that we increase investments in order to remain competitive, and our customers may not be willing to accept higher rates to cover the cost of these investments.

Government regulation is evolving and unfavorable changes could harm our business. We are subject to regulation under a wide variety of U.S. federal and state and non-U.S. regulations, laws, and policies. There can be no assurance that such regulations, laws and policies will not be changed in ways that will decrease the demand for our services, subject us to escalating costs or require us to modify our business models and objectives, harming our financial results. In particular, legislative, regulatory or other actions that U.S. and non-U.S. governments have undertaken or are considering in areas such as data privacy and sovereignty, taxes, foreign exchange intervention in response to currency volatility, currency controls that could restrict the movement of liquidity from particular jurisdictions, trade controls, tariffs, quotas, embargoes or sanctions in the U.S. or other countries, complex economic sanctions, additional security requirements, additional requirements on employees and benefits, environmental standards and tax reform may have an effect on our operations, liquidity, capital requirements, effective tax rate and performance. For example, anti-trade or protectionist measures passed in the U.S. or other countries in which we do business could depress global trade, decrease the demand for our services and negatively impact our financial results.

We could be subject to adverse changes in regulations and interpretations or challenges to our tax positions relating to the Tax Cuts and Jobs Act. We are subject to taxation in the U.S. and numerous foreign jurisdictions. Additionally, significant judgment is required in determining our worldwide provision for income taxes, and in the course of our business there are many transactions and calculations where the ultimate tax determination is uncertain. From time to time, changes in tax laws or regulations may be proposed or enacted that could significantly affect our overall tax liability. For example, in December 2017, the United States government enacted comprehensive tax legislation through the TCJA, which significantly changes the U.S. corporate income tax system. The TCJA requires complex computations to be performed that were not previously required in U.S. tax law, significant judgments, estimates and calculations to be made in interpreting its provisions, and the preparation and analysis of information not previously relevant or regularly produced. The U.S. Treasury Department, the Internal Revenue Service, and other standard-setting bodies could interpret or issue guidance on how provisions of the TCJA will be applied or otherwise administered that is different from our interpretation. In addition, further legislative action could be taken to address questions or issues caused by the TCJA. As we continue our ongoing analysis of the TCJA and its related interpretations, collect and prepare necessary data, and interpret any additional guidance, we may make adjustments to amounts that we have recorded that may adversely impact our results of operations and financial condition. Additionally, state and foreign governments may enact tax laws in response to the TCJA or other global initiatives that could result in further changes to our taxation and adversely impact our results of operations and financial condition.

If we do not successfully execute or effectively operate, integrate, leverage and grow acquired businesses, our financial results and reputation may suffer. Our strategy for long-term growth, productivity and profitability depends in part on our ability to make prudent strategic acquisitions and to realize the benefits we expect when we make those acquisitions. In furtherance of this strategy, in addition to TNT Express, we have acquired businesses in Europe, Latin America, Africa and the U.S. over the past several years. While we expect our past and future acquisitions to enhance our value proposition to customers and improve our long-term profitability, there can be no assurance that we will realize our expectations within the time frame we have established, if at all, or that we can continue to support the value we allocate to these acquired businesses, including their goodwill or other intangible assets. For example, in 2018 we incurred a goodwill impairment charge of $374 million related to FedEx Supply Chain, eliminating substantially all of the goodwill attributable to this reporting unit. The key factors contributing to the goodwill impairment were underperformance of the FedEx Supply Chain business during 2018, including base business erosion, and the failure to attain the level of operating synergies and revenue and profit growth anticipated at the time of the acquisition.

We may not be able to achieve our profit improvement goal by the end of 2020. In March 2017, we announced that the FedEx Express group is targeting operating income improvement of $1.2 billion to $1.5 billion in 2020 from 2017. Our ability to achieve this objective is dependent on a number of factors, including the TNT integration progressing as planned, the health of the global economy, stability in global trade, future customer demand and current accounting rules and tax laws. In light of these factors, we may not be able to achieve our goal.

Labor organizations attempt to organize groups of our employees from time to time, and potential changes in labor laws could make it easier for them to do so. If we are unable to continue to maintain good relationships with our employees and prevent labor organizations from organizing groups of our employees, our operating costs could significantly increase and our operational flexibility could be significantly reduced. Despite continual organizing attempts by labor unions, other than the pilots at FedEx Express and drivers at one FedEx Freight facility, our U.S. employees have thus far chosen not to unionize (we acquired FedEx Supply Chain (formerly GENCO Distribution System, Inc.) in 2015, which already had a small number of employees that are members of unions). Additionally, certain of FedEx Express's non-U.S. employees are unionized.

The U.S. Congress has, in the past, considered adopting changes in labor laws, however, that would make it easier for unions to organize units of our employees. For example, there is always a possibility that Congress could remove most FedEx Express employees from the jurisdiction of the RLA. For additional discussion of the RLA, see Part I, Item 1 of this Annual Report under the caption "Regulation." Such legislation could expose our customers to the type of service disruptions that the RLA was designed to prevent — local work stoppages in key areas that interrupt the timely flow of shipments of time-sensitive, high-value goods throughout our global network. Such disruptions could threaten our ability to provide competitively priced shipping options and ready access to global markets.

There is also the possibility that Congress could pass other labor legislation that could adversely affect our companies, such as FedEx Ground and FedEx Freight, whose employees are governed by the National Labor Relations Act of 1935, as amended ("NLRA"). In addition, federal and state governmental agencies, such as the National Mediation Board and the National Labor Relations Board, have and may continue to take actions that could make it easier for our employees to organize under the RLA or NLRA. Finally, changes to federal or state laws governing employee classification could impact the status of FedEx Ground's owner-operators as independent employers of drivers. If FedEx Ground is deemed to be an employer or joint employer of the drivers of these independent contractors, labor organizations could more easily organize these individuals, our operating costs could increase materially and we could incur significant capital outlays.

FedEx Ground relies on owner-operators to conduct its linehaul and pickup-and-delivery operations, and the status of these owner-operators as independent contractors and direct employers of drivers providing these services is being challenged. FedEx Ground's use of independent contractors is well suited to the needs of the ground delivery business and its customers, as evidenced by the strong growth of this business segment. We are involved in lawsuits and administrative proceedings that claim the company's owner-operators engaged under operating agreements no longer in place should have been treated as our employees rather than independent contractors. In addition, we are defending joint-employer cases where it is alleged that FedEx Ground should be treated as an employer of the drivers employed by owner-operators engaged by FedEx Ground. We incur certain costs, including legal fees, in defending the status of FedEx Ground's owner-operators as independent contractors.

We continue to believe that owner-operators engaged by FedEx Ground are properly classified as independent contractors and that FedEx Ground is not an employer or joint employer of the drivers of these independent contractors. However, adverse determinations in these matters could, among other things, entitle certain of our owner-operators and their drivers to the reimbursement of certain expenses and to the benefit of wage-and-hour laws, including the potential for prior period compensation, and result in employment and withholding tax and benefit liability for FedEx Ground, and could result in changes to the independent contractor status of FedEx Ground's owner-operators. Changes to state laws governing the definition of independent contractors, or employees of independent contractors, could also impact the status of FedEx Ground's owner-operators.

Disruptions or modifications in service by the USPS or changes in its business or financial soundness could have an adverse effect on our operations and financial results. The USPS is a significant customer and vendor of FedEx. In particular, the USPS is the largest customer of FedEx Express, which provides domestic air transportation services for the USPS's First Class Mail, Priority Mail Express and Priority Mail and transportation and delivery for the USPS's international delivery service. Disruptions or modifications in service by the USPS as a result of financial difficulties or changes in its business, including any structural changes to its operations, network, service offerings or pricing, could adversely affect our operations, negatively impacting our revenue, results of operations and financial condition.

The UK vote to leave the EU could adversely impact our business, results of operations and financial condition. There is substantial uncertainty surrounding the UK's 2016 vote to leave the EU ("Brexit"). Any impact of the Brexit vote depends on the terms of the UK's withdrawal from the EU, which was formally initiated in 2017 and could take several years to accomplish. The UK's withdrawal from the EU could result in a global economic downturn, which could depress the demand for our services. The UK also could lose access to the single EU market and to the global trade deals negotiated by the EU on behalf of its members, depressing trade between the UK and other countries, which would negatively impact our international operations. Additionally, we may face new regulations regarding trade, aviation, security and employees, among others, in the UK. Compliance with such regulations could be costly, negatively impacting our business, results of operations and financial condition.

The transportation infrastructure continues to be a target of terrorist activities. Because transportation assets continue to be a target of terrorist activities, governments around the world are adopting or are considering adopting stricter security requirements that will increase operating costs and potentially slow service for businesses, including those in the transportation industry. For example, the U.S. Transportation Security Administration ("TSA") requires FedEx Express to comply with a Full All-Cargo Aircraft Operator Standard Security Plan, which contains evolving and strict security requirements. Additionally, the International Civil Aviation Organization ("ICAO") currently allows a member state to permit carriers and other entities to determine, without government oversight, which shippers and shipments are secure for purposes of putting those shipments on all-cargo aircraft. This allowance will be removed by calendar 2021 and may require us to undergo additional screening and oversight by the TSA and similar government agencies internationally. Security requirements such as these are not static, but change periodically as the result of regulatory and legislative requirements, imposing additional security costs and creating a level of uncertainty for our operations. Thus, it is reasonably possible that these rules or other future security requirements could impose material costs on us or slow our service to our customers. The impact on our operations of avoiding areas of the world, including airspace, in which there are geopolitical conflicts and the targeting of aircraft by parties to those conflicts can also be significant. Moreover, a terrorist attack directed at FedEx or other aspects of the transportation infrastructure could disrupt our operations and adversely impact demand for our services.

The regulatory environment for global aviation or other transportation rights may impact our operations and increase our operating costs. Our extensive air network is critical to our success. Our right to serve foreign points is subject to the approval of the Department of Transportation and generally requires a bilateral agreement between the U.S. and foreign governments. In addition, we must obtain the permission of foreign governments to provide specific flights and services. Our operations outside of the U.S., such as FedEx Express's growing international domestic operations, are also subject to current and potential regulations, including certain postal regulations and licensing requirements, that restrict, make difficult and sometimes prohibit, the ability of foreign-owned companies such as FedEx Express to compete effectively in parts of the international domestic transportation and logistics market. Regulatory or executive actions affecting global aviation or transportation rights or a failure to obtain or maintain aviation or other transportation rights in important international markets could impair our ability to operate our networks.

We are subject to other extensive regulatory and legal compliance requirements that may result in significant costs. For instance, the Federal Aviation Administration from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures in order to comply.

We may be affected by global climate change or by legal, regulatory or market responses to such change. Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit greenhouse gas (“GHG”) emissions, including our aircraft and diesel engine emissions. Increasingly, state and local governments are also considering GHG regulatory requirements.

Compliance with such regulation and the associated potential cost is complicated by the fact that various countries and regions are following different approaches to the regulation of climate change. For example, in 2009, the European Commission approved the extension of the EU Emissions Trading Scheme (“ETS”) for GHG emissions to the airline industry. Under this decision, all FedEx Express flights that are wholly within the EU are now covered by the ETS requirements, and each year we are required to purchase emission allowances in an amount equal to the carbon dioxide emissions from such flights. Also, in 2016, the ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. A pilot phase is scheduled to begin in 2021 in which countries may voluntarily participate, and full mandatory participation is scheduled to begin in 2027. ICAO continues to develop details regarding implementation, but compliance with CORSIA will increase FedEx operating costs.

Additionally, in 2016, the U.S. Environmental Protection Agency (“EPA”) issued a finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare. This finding is a regulatory prerequisite to the EPA’s adoption of a new certification standard for new aircraft emissions, expected in 2019 or 2020. In the past, the U.S. Congress has also considered bills that would regulate GHG emissions, and some form of federal climate change legislation is possible in the future. However, in 2017 the U.S. withdrew from the Paris climate accord, an agreement among 196 countries to reduce GHG emissions, and that withdrawal’s effect on future U.S. policy regarding GHG emissions, on CORSIA and on other GHG regulation is uncertain. Nevertheless, the extent to which other countries implement that agreement could have an adverse direct or indirect effect on our business.

Increased regulation regarding GHG emissions, especially aircraft or diesel engine emissions, could impose substantial costs on us, especially at FedEx Express. These costs include an increase in the cost of the fuel and other energy we purchase and capital costs associated with updating or replacing our aircraft or vehicles prematurely. Until the timing, scope and extent of such possible regulation becomes known, we cannot predict its effect on our cost structure or our operating results. It is reasonably possible, however, that it could materially increase our operating expenses, if instituted.

Moreover, even without such regulation, increased awareness and any adverse publicity in the global marketplace about the GHGs emitted by companies in the airline and transportation industries could harm our reputation and reduce customer demand for our services, especially our air express services. Finally, given the broad and global scope of our operations and our susceptibility to global macroeconomic trends, we are particularly vulnerable to the physical risks of climate change that could affect all of humankind, such as shifts in weather patterns and world ecosystems.

Adverse weather or a localized disaster in a key geography could adversely impact our business. While we operate several integrated networks with assets distributed throughout the world, there are concentrations of key assets within our networks that are exposed to adverse weather conditions or localized risks from natural or manmade disasters such as earthquakes, volcanoes, wildfires, hurricanes, conflicts or unrest, or terrorist attacks. The loss of a key location such as our Memphis World Hub or one of our information-technology centers could cause a significant disruption to our operations and cause us to incur significant costs to reestablish or relocate these functions. Moreover, resulting economic dislocations, including supply chain and fuel disruptions, could adversely impact demand for our services.

We are also subject to other risks and uncertainties, including:

- increasing costs, the volatility of costs and funding requirements and other legal mandates for employee benefits, especially pension and healthcare benefits;
- changes in our ability to attract and retain pilots, drivers and package handlers;
- the increasing costs of compliance with federal, state and foreign governmental agency mandates (including the Foreign Corrupt Practices Act and the U.K. Bribery Act) and defending against inappropriate or unjustified enforcement or other actions by such agencies;
- changes in foreign currency exchange rates, especially in the euro, Chinese yuan, British pound, Brazilian real, Canadian dollar and Mexican peso, which can affect our sales levels and foreign currency sales prices;
- market acceptance of our new service and growth initiatives;
- any liability resulting from and the costs of defending against class-action litigation, such as wage-and-hour, joint employment, and discrimination and retaliation claims, and any other legal or governmental proceedings;
- the outcome of future negotiations to reach new collective bargaining agreements — including with the union that represents the pilots of FedEx Express (the current pilot agreement is scheduled to become amendable in November 2021) and with the union elected in 2015 to represent drivers at a FedEx Freight facility;
- the impact of technology developments on our operations and on demand for our services, and our ability to continue to identify and eliminate unnecessary information-technology redundancy and complexity throughout the organization;
- governmental underinvestment in transportation infrastructure, which could increase our costs and adversely impact our service levels due to traffic congestion or sub-optimal routing of our vehicles and aircraft;
- widespread outbreak of an illness or any other communicable disease, or any other public health crisis; and
- availability of financing on terms acceptable to us and our ability to maintain our current credit ratings, especially given the capital intensity of our operations.

FORWARD-LOOKI NG STATEMENTS

Certain statements in this Annual Report, including (but not limited to) those contained in the "Business" section of Part I, the "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" section of Part II, the "Income Taxes," "Outlook" (including segment outlooks), "Recent Accounting Guidance," "Liquidity," "Capital Resources," "Liquidity Outlook," "Contractual Cash Obligations and Off-Balance Sheet Arrangements," "Critical Accounting Estimates" and "Risk Factors" sections of "Management's Discussion and Analysis of Results of Operations and Financial Condition," and the "Recent Accounting Guidance," "Income Taxes," "Retirement Plans," "Commitments" and "Contingencies" notes to the consolidated financial statements, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operations, cash flows, plans, objectives, future performance and business. Forward-looking statements include those preceded by, followed by or that include the words "will," "may," "could," "would," "should," "believes," "expects," "anticipates," "plans," "estimates," "targets," "projects," "intends" or similar expressions. These forward-looking statements involve risks and uncertainties. Actual results may differ materially from those contemplated (expressed or implied) by such forward-looking statements, because of, among other things, the risk factors identified above and the other risks and uncertainties you can find in our press releases and other SEC filings.

As a result of these and other factors, no assurance can be given as to our future results and achievements. Accordingly, a forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements, which speak only as of the date of this report. We are under no obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

EFFECTIVE TAX RATE PRIOR TO MTM RETIREMENT PLAN ACCOUNTING ADJUSTMENT

We are unable to predict the amount of the fiscal 2019 year-end MTM retirement plan accounting adjustment, as it is significantly impacted by changes in interest rates and the financial markets. For this reason, a full reconciliation of our fiscal 2019 effective tax rate forecast to the most directly comparable accounting principle generally accepted in the United States ("GAAP") measure is impracticable.

We have provided a fiscal 2019 effective tax rate forecast prior to year-end MTM retirement plan accounting adjustments to facilitate analysis and comparisons of our ongoing business operations by excluding an item that is unrelated to our core operating performance, and to assist investors with comparisons to prior periods and assessing trends in our underlying businesses. This adjustment is consistent with how management views our businesses. Management uses this non-GAAP financial measure in making financial, operating and planning decisions and evaluating the company's ongoing performance.

This non-GAAP measure is intended to supplement and should be read together with, and is not an alternative or substitute for, and should not be considered superior to, our reported financial measures. Accordingly, users of our financial statements should not place undue reliance on this non-GAAP financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare this non-GAAP measure with other companies' non-GAAP financial measures having the same or similar names. While we are unable to predict the amount of the fiscal 2019 year-end MTM retirement plan accounting adjustment, it is reasonably possible that such adjustment could have a material impact on our fiscal 2019 effective tax rate.

MANAGEMENT'S REP ORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting includes, among other things, defined policies and procedures for conducting and governing our business, sophisticated information systems for processing transactions and a properly staffed, professional internal audit department. Mechanisms are in place to monitor the effectiveness of our internal control over financial reporting and actions are taken to correct all identified deficiencies. Our procedures for financial reporting include the active involvement of senior management, our Audit Committee and our staff of highly qualified financial and legal professionals.

Management, with the participation of our principal executive and financial officers, assessed our internal control over financial reporting as of May 31, 2018, the end of our fiscal year. Management based its assessment on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria).

Based on this assessment, management has concluded that our internal control over financial reporting was effective as of May 31, 2018.

The effectiveness of our internal control over financial reporting as of May 31, 2018, has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements included in this Annual Report on Form 10-K. Ernst & Young LLP's report on the Company's internal control over financial reporting is included in this Annual Report on Form 10-K.

REPORT OF IN DEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

FedEx Corporation

Opinion on Internal Control over Financial Reporting

We have audited FedEx Corporation's internal control over financial reporting as of May 31, 2018, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, FedEx Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of May 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of May 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in stockholders' investment and cash flows for each of the three years in the period ended May 31, 2018, and the related notes and our report dated July 16, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Memphis, Tennessee

July 16, 2018

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

FedEx Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of FedEx Corporation (the Company) as of May 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in stockholders' investment and cash flows for each of the three years in the period ended May 31, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at May 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of May 31, 2018, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated July 16, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Memphis, Tennessee

July 16, 2018

FEDEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	May 31, 2018	May 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,265	$ 3,969
Receivables, less allowances of $401 and $252	8,481	7,599
Spare parts, supplies and fuel, less allowances of $268 and $237	525	514
Prepaid expenses and other	1,070	546
Total current assets	13,341	12,628
PROPERTY AND EQUIPMENT, AT COST		
Aircraft and related equipment	20,749	18,833
Package handling and ground support equipment	9,727	8,989
Information technology	5,794	5,396
Vehicles	7,708	6,961
Facilities and other	11,143	10,447
	55,121	50,626
Less accumulated depreciation and amortization	26,967	24,645
Net property and equipment	28,154	25,981
OTHER LONG-TERM ASSETS		
Goodwill	6,973	7,154
Other assets	3,862	2,789
Total other long-term assets	10,835	9,943
	$ 52,330	$ 48,552

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

FEDEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE DATA)

	May 31, 2018	May 31, 2017
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 1,342	$ 22
Accrued salaries and employee benefits	2,177	1,914
Accounts payable	2,977	2,752
Accrued expenses	3,131	3,230
Total current liabilities	9,627	7,918
LONG-TERM DEBT, LESS CURRENT PORTION	15,243	14,909
OTHER LONG-TERM LIABILITIES		
Deferred income taxes	2,867	2,485
Pension, postretirement healthcare and other benefit obligations	2,187	4,487
Self-insurance accruals	1,784	1,494
Deferred lease obligations	551	531
Deferred gains, principally related to aircraft transactions	121	137
Other liabilities	534	518
Total other long-term liabilities	8,044	9,652
COMMITMENTS AND CONTINGENCIES		
COMMON STOCKHOLDERS' INVESTMENT		
Common stock, $0.10 par value; 800 million shares authorized; 318 million shares issued as of May 31, 2018 and 2017	32	32
Additional paid-in capital	3,117	3,005
Retained earnings	24,823	20,833
Accumulated other comprehensive loss	(578)	(415)
Treasury stock, at cost	(7,978)	(7,382)
Total common stockholders' investment	19,416	16,073
	$ 52,330	$ 48,552

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

FEDEX CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Years ended May 31, 2018	2017	2016
REVENUES	$ 65,450	$ 60,319	$ 50,365
OPERATING EXPENSES:			
Salaries and employee benefits	23,207	21,542	18,581
Purchased transportation	15,101	13,630	9,966
Rentals and landing fees	3,361	3,240	2,854
Depreciation and amortization	3,095	2,995	2,631
Fuel	3,374	2,773	2,399
Maintenance and repairs	2,622	2,374	2,108
Goodwill and other asset impairment charges	380	—	—
Retirement plans mark-to-market adjustment	(10)	(24)	1,498
Other	9,450	8,752	7,251
	60,580	55,282	47,288
OPERATING INCOME	4,870	5,037	3,077
OTHER INCOME (EXPENSE):			
Interest expense	(558)	(512)	(336)
Interest income	48	33	21
Other, net	(7)	21	(22)
	(517)	(458)	(337)
INCOME BEFORE INCOME TAXES	4,353	4,579	2,740
PROVISION FOR INCOME TAXES (BENEFIT)	(219)	1,582	920
NET INCOME	$ 4,572	$ 2,997	$ 1,820
BASIC EARNINGS PER COMMON SHARE	$ 17.08	$ 11.24	$ 6.59
DILUTED EARNINGS PER COMMON SHARE	$ 16.79	$ 11.07	$ 6.51

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

FEDEX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN MILLIONS)

	Years Ended May 31,		
	2018	2017	2016
NET INCOME	$ 4,572	$ 2,997	$ 1,820
OTHER COMPREHENSIVE LOSS:			
Foreign currency translation adjustments, net of tax expense of $16 in 2018, tax expense of $52 in 2017 and tax benefit of $22 in 2016	(74)	(171)	(261)
Amortization of prior service credit and other, net of tax benefit of $37 in 2018, tax benefit of $43 in 2017 and tax benefit of $45 in 2016	(89)	(75)	(80)
	(163)	(246)	(341)
COMPREHENSIVE INCOME	$ 4,409	$ 2,751	$ 1,479

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

FEDEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)

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

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

FEDEX CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' INVESTMENT
(IN MILLIONS, EXCEPT SHARE DATA)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
Balance at May 31, 2015	**$ 32**	**$ 2,786**	**$ 16,900**	**$ 172**	**$ (4,897)**	**$ 14,993**
Net income	—	—	1,820	—	—	1,820
Other comprehensive loss, net of tax of $67	—	—	—	(341)	—	(341)
Purchase of treasury stock (18.2 million shares)	—	—	—	—	(2,722)	(2,722)
Cash dividends declared ($1.00 per share)	—	—	(277)	—	—	(277)
Employee incentive plans and other (2.0 million shares issued)	—	106	(72)	—	277	311
Balance at May 31, 2016	**32**	**2,892**	**18,371**	**(169)**	**(7,342)**	**13,784**
Net income	—	—	2,997	—	—	2,997
Other comprehensive loss, net of tax of $9	—	—	—	(246)	—	(246)
Purchase of treasury stock (3.0 million shares)	—	—	—	—	(509)	(509)
Cash dividends declared ($1.60 per share)	—	—	(426)	—	—	(426)
Employee incentive plans and other (3.5 million shares issued)	—	113	(109)	—	469	473
Balance at May 31, 2017	**32**	**3,005**	**20,833**	**(415)**	**(7,382)**	**16,073**
Net income	—	—	4,572	—	—	4,572
Other comprehensive loss, net of tax of $21	—	—	—	(163)	—	(163)
Purchase of treasury stock (4.3 million shares)	—	—	—	—	(1,017)	(1,017)
Cash dividends declared ($2.00 per share)	—	—	(535)	—	—	(535)
Employee incentive plans and other (3.1 million shares issued)	—	112	(47)	—	421	486
Balance at May 31, 2018	**$ 32**	**$ 3,117**	**$ 24,823**	**$ (578)**	**$ (7,978)**	**$ 19,416**

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

NOTE 1: DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS. FedEx Corporation (“FedEx”) provides a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating independently and managed collaboratively, under the respected FedEx brand. Our primary operating companies are Federal Express Corporation (“FedEx Express”), the world’s largest express transportation company; FedEx Ground Package System, Inc. (“FedEx Ground”), a leading North American provider of small-package ground delivery services; and FedEx Freight Corporation (“FedEx Freight”), a leading U.S. provider of less-than-truckload (“LTL”) freight transportation. These companies represent our major service lines and, along with FedEx Corporate Services, Inc. (“FedEx Services”), constitute our reportable segments. Our FedEx Services segment provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our transportation segments (FedEx Express, FedEx Ground and FedEx Freight). In addition, the FedEx Services segment provides customers with retail access to FedEx Express and FedEx Ground shipping services through FedEx Office and Print Services, Inc. (“FedEx Office”).

FISCAL YEARS . Except as otherwise specified, references to years indicate our fiscal year ended May 31, 2018 or ended May 31 of the year referenced.

RECLASSIFICATIONS. Certain reclassifications have been made to the prior years’ segment financial information to conform to the current year’s presentation. See Note 14 below for additional information regarding business segments.

PRINCIPLES OF CONSOLIDATION . The consolidated financial statements include the accounts of FedEx and its subsidiaries, substantially all of which are wholly owned. All significant intercompany accounts and transactions have been eliminated in consolidation. We are not the primary beneficiary of, nor do we have a controlling financial interest in, any variable interest entity. Accordingly, we have not consolidated any variable interest entity.

REVENUE RECOGNITION . We recognize revenue upon delivery of shipments for our transportation businesses and upon completion of services for our business services, logistics and trade services businesses. Transportation services are provided with the use of employees and agents such as independent contractors. FedEx is the principal to the transaction for most of these services and revenue from these transactions is recognized on a gross basis. Costs associated with agents are recognized as incurred and included in the caption “Purchased transportation” in the accompanying consolidated statements of income. For shipments in transit, revenue is recorded based on the percentage of service completed at the balance sheet date. Estimates for future billing adjustments to revenue and accounts receivable are recognized at the time of shipment for money-back service guarantees and billing corrections. Delivery costs are accrued as incurred.

Our contract logistics, global trade services and certain transportation businesses engage in some transactions wherein they act as agents. Revenue from these transactions is recorded on a net basis. Net revenue includes billings to customers less third-party charges, including transportation or handling costs, fees, commissions and taxes and duties.

Certain of our revenue-producing transactions are subject to taxes, such as sales tax, assessed by governmental authorities. We present these revenues net of tax.

CREDIT RISK. We routinely grant credit to many of our customers for transportation and business services without collateral. The risk of credit loss in our trade receivables is substantially mitigated by our credit evaluation process, short collection terms and sales to a large number of customers, as well as the low revenue per transaction for most of our services. Allowances for potential credit losses are determined based on historical experience and the impact of current economic factors on the composition of accounts receivable. Historically, credit losses have been within management’s expectations.

ADVERTISING. Advertising and promotion costs are expensed as incurred and are classified in other operating expenses. Advertising and promotion expenses were $442 million in 2018, $458 million in 2017 and $417 million in 2016.

CASH EQUIVALENTS. Cash in excess of current operating requirements is invested in short-term, interest-bearing instruments with maturities of three months or less at the date of purchase and is stated at cost, which approximates market value.

SPARE PARTS, SUPPLIES AND FUEL. Spare parts (principally aircraft-related) are reported at weighted-average cost. Allowances for obsolescence are provided for spare parts currently identified as excess or obsolete as well as expected to be on hand at the date the aircraft are retired from service. These allowances are provided over the estimated useful life of the related aircraft and engines. The majority of our supplies and fuel are reported at weighted-average cost.

PROPERTY AND EQUIPMENT . Expenditures for major additions, improvements and flight equipment modifications are capitalized when such costs are determined to extend the useful life of the asset or are part of the cost of acquiring the asset. Expenditures for equipment overhaul costs of engines or airframes prior to their operational use are capitalized as part of the cost of such assets as they are costs required to ready the asset for its intended use. Maintenance and repairs costs are charged to expense as incurred, except for certain aircraft engine maintenance costs incurred under third-party service agreements. These agreements result in costs being expensed based on cycles or hours flown and are subject to annual escalation. These service contracts transfer risk to third-party service providers and generally fix the amount we pay for maintenance to the service provider as a rate per cycle or flight hour, in exchange for maintenance and repairs under a predefined maintenance program. We capitalize certain direct internal and external costs associated with the development of internal-use software. Gains and losses on sales of property used in operations are classified within operating expenses and historically have been nominal.

For financial reporting purposes, we record depreciation and amortization of property and equipment on a straight-line basis over the asset's service life or related lease term, if shorter. For income tax purposes, depreciation is computed using accelerated methods when applicable.

The depreciable lives and net book value of our property and equipment are as follows (dollars in millions):

		Net Book Value at May 31,	
	Range	2018	2017
Wide-body aircraft and related equipment	15 to 30 years	$ 10,463	$ 9,103
Narrow-body and feeder aircraft and related equipment	5 to 18 years	2,908	3,099
Package handling and ground support equipment	3 to 30 years	4,028	3,862
Information technology	2 to 10 years	1,277	1,114
Vehicles	3 to 15 years	3,747	3,400
Facilities and other	2 to 40 years	5,731	5,403

Substantially all property and equipment have no material residual values. The majority of aircraft costs are depreciated on a straight-line basis over 15 to 30 years. We periodically evaluate the estimated service lives and residual values used to depreciate our property and equipment.

Depreciation and amortization expense, excluding gains and losses on sales of property and equipment used in operations, was $3.1 billion in 2018, $2.9 billion in 2017 and $2.6 billion in 2016. Depreciation and amortization expense includes amortization of assets under capital lease.

CAPITALIZED INTEREST . Interest on funds used to finance the acquisition and modification of aircraft, including purchase deposits, construction of certain facilities, and development of certain software up to the date the asset is ready for its intended use, is capitalized and included in the cost of the asset if the asset is actively under construction. Capitalized interest was $61 million in 2018, $41 million in 2017 and $42 million in 2016.

IMPAIRMENT OF LONG-LIVED ASSETS. Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value.

We operate integrated transportation networks, and accordingly, cash flows for most of our operating assets to be held and used are assessed at a network level, not at an individual asset level, for our analysis of impairment.

In the normal management of our aircraft fleet, we routinely idle aircraft and engines temporarily due to maintenance cycles and adjustments of our network capacity to match seasonality and overall customer demand levels. Temporarily idled assets are classified as available-for-use, and we continue to record depreciation expense associated with these assets. These temporarily idled assets are assessed for impairment on a quarterly basis. The criteria for determining whether an asset has been permanently removed from service (and, as a result, is potentially impaired) include, but are not limited to, our global economic outlook and the impact of our outlook on our current and projected volume levels, including capacity needs during our peak shipping seasons; the introduction of new fleet types or decisions to permanently retire an aircraft fleet from operations; and changes to planned service expansion activities. At May 31, 2018, we had five aircraft temporarily idled. These aircraft have been idled for an average of 20 months and are expected to return to revenue service.

SALE OF BUSINESS. On April 30, 2018, we sold a non-core business of TNT Express B.V. ("TNT Express") and recorded a gain of $85 million in the FedEx Express segment.

GOODWILL. Goodwill is recognized for the excess of the purchase price over the fair value of tangible and identifiable intangible net assets of businesses acquired. Several factors give rise to goodwill in our acquisitions, such as the expected benefits from synergies of the combination and the existing workforce of the acquired business. Goodwill is reviewed at least annually for impairment. In our evaluation of goodwill impairment, we perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment is not conclusive, we proceed to test goodwill for impairment, including comparing the fair value of the reporting unit to its carrying value (including attributable goodwill). Fair value for our reporting units is determined using an income or market approach incorporating market participant considerations and management's assumptions on revenue growth rates, operating margins, discount rates and expected capital expenditures. Fair value determinations may include both internal and third-party valuations. Unless circumstances otherwise dictate, we perform our annual impairment testing in the fourth quarter.

INTANGIBLE ASSETS . Intangible assets primarily include customer relationships, technology assets and trademarks acquired in business combinations. Intangible assets are amortized over periods ranging from 3 to 15 years, either on a straight-line basis or on a basis consistent with the pattern in which the economic benefits are realized.

PENSION AND POSTRETIREMENT HEALTHCARE PLANS. Our defined benefit pension and other postretirement benefit plans are measured using actuarial techniques that reflect management's assumptions for discount rate, investment returns on plan assets, salary increases, expected retirement, mortality, employee turnover and future increases in healthcare costs. We determine the discount rate (which is required to be the rate at which the projected benefit obligation ("PBO") could be effectively settled as of the measurement date) with the assistance of actuaries, who calculate the yield on a theoretical portfolio of high-grade corporate bonds (rated Aa or better) with cash flows that are designed to match our expected benefit payments in future years. We use the fair value of plan assets to calculate the expected return on assets ("EROA") for interim and segment reporting purposes. Our EROA is a judgmental matter which is reviewed on an annual basis and revised as appropriate.

The accounting guidance related to employers' accounting for defined benefit pension and other postretirement plans requires recognition in the balance sheet of the funded status of these plans. We use "mark-to-market" or MTM accounting and immediately recognize changes in the fair value of plan assets and actuarial gains or losses in our operating results annually in the fourth quarter each year. The annual MTM adjustment is recognized at the corporate level and does not impact segment results. The remaining components of pension and postretirement healthcare expense, primarily service and interest costs and the EROA, are recorded on a quarterly basis.

INCOME TAXES. Deferred income taxes are provided for the tax effect of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. The liability method is used to account for income taxes, which requires deferred taxes to be recorded at the statutory rate expected to be in effect when the taxes are paid.

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 and, thus, 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 sheet that are not subject to valuation allowances.

We recognize liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we must determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis or when new information becomes available to management. These reevaluations are based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, successfully settled issues under audit and new audit activity. Such a change in recognition or measurement could result in the recognition of a tax benefit or an increase to the related provision.

We classify interest related to income tax liabilities as interest expense, and if applicable, penalties are recognized as a component of income tax expense. The income tax liabilities and accrued interest and penalties that are due within one year of the balance sheet date are presented as current liabilities. The noncurrent portion of our income tax liabilities and accrued interest and penalties are recorded in the caption "Other liabilities" in the accompanying consolidated balance sheets.

SELF-INSURANCE ACCRUALS. We are self-insured for costs associated with workers' compensation claims, vehicle accidents and general business liabilities, and benefits paid under employee healthcare and disability programs. Accruals are primarily based on the actuarially estimated cost of claims, which includes incurred-but-not-reported claims. Current workers' compensation claims, vehicle and general liability, employee healthcare claims and long-term disability are included in accrued expenses. We self-insure up to certain limits that vary by operating company and type of risk. Periodically, we evaluate the level of insurance coverage and adjust insurance levels based on risk tolerance and premium expense.

LEASES. We lease certain aircraft, facilities, equipment and vehicles under capital and operating leases. The commencement date of all leases is the earlier of the date we become legally obligated to make rent payments or the date we may exercise control over the use of the property. In addition to minimum rental payments, certain leases provide for contingent rentals based on equipment usage, principally related to aircraft leases at FedEx Express and copier usage at FedEx Office. Rent expense associated with contingent rentals is recorded as incurred. Certain of our leases contain fluctuating or escalating payments and rent holiday periods. The related rent expense is recorded on a straight-line basis over the lease term. The cumulative excess of rent payments over rent expense is accounted for as a deferred lease asset and recorded in "Other assets" in the accompanying consolidated balance sheets. The cumulative excess of rent expense over rent payments is accounted for as a deferred lease obligation. Leasehold improvements associated with assets utilized under capital or operating leases are amortized over the shorter of the asset's useful life or the lease term.

DEFERRED GAINS. Gains on the sale and leaseback of aircraft and other property and equipment are deferred and amortized ratably over the life of the lease as a reduction of rent expense. Substantially all of these deferred gains are related to aircraft transactions.

DERIVATIVE FINANCIAL INSTRUMENTS. Our risk management strategy includes the select use of derivative instruments to reduce the effects of volatility in foreign currency exchange exposure on operating results and cash flows. In accordance with our risk management policies, we do not hold or issue derivative instruments for trading or speculative purposes. All derivative instruments are recognized in the financial statements at fair value, regardless of the purpose or intent for holding them.

When we become a party to a derivative instrument and intend to apply hedge accounting, we formally document the hedge relationship and the risk management objective for undertaking the hedge, which includes designating the instrument for financial reporting purposes as a fair value hedge, a cash flow hedge, or a net investment hedge.

If a derivative is designated as a cash flow or net investment hedge, changes in its fair value are considered to be effective and are recorded in accumulated other comprehensive income ("AOCI") until the hedged item is recorded in income. Any portion of a change in the fair value of a derivative that is considered to be ineffective, along with the change in fair value of any derivatives not designated in a hedging relationship, is immediately recognized in the income statement. We do not have any derivatives designated as a cash flow or net investment hedge as of May 31, 2018, 2017 and 2016. Accordingly, additional disclosures about these types of financial instruments are excluded from this report.

For derivative instruments designated as hedges, we assess, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. In addition, when we determine that a derivative is not highly effective as a hedge, hedge accounting is discontinued. When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in AOCI at that time remain there until the forecasted transaction is ultimately recognized in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gains or losses that were reported in AOCI are immediately recognized in the income statement. The financial statement impact of derivative transactions was immaterial for the years ended May 31, 2018, 2017 and 2016. Accordingly, additional disclosures have been excluded from this report.

FOREIGN CURRENCY TRANSLATION. Translation gains and losses of foreign operations that use local currencies as the functional currency are accumulated and reported, net of applicable deferred income taxes, as a component of AOCI within common stockholders' investment. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the local currency are included in the caption "Other, net" in the accompanying consolidated statements of income and were immaterial for each period presented.

EMPLOYEES UNDER COLLECTIVE BARGAINING ARRANGEMENTS. The pilots of FedEx Express, who are a small number of its total employees, are employed under a collective bargaining agreement that took effect on November 2, 2015. The collective bargaining agreement is scheduled to become amendable in November 2021. Other than the pilots at FedEx Express and drivers at one FedEx Freight facility, our U.S. employees have thus far chosen not to unionize (we acquired FedEx Supply Chain Distribution System, Inc. ("FedEx Supply Chain," formerly GENCO Distribution System, Inc.) in 2015, which already had a small number of employees that are members of unions). Additionally, certain of FedEx Express's non-U.S. employees are unionized.

STOCK-BASED COMPENSATION. We recognize compensation expense for stock-based awards under the provisions of the accounting guidance related to share-based payments. This guidance requires recognition of compensation expense for stock-based awards using a fair value method. We issue new shares or treasury shares from stock repurchases to cover employee stock option exercises and restricted stock grants.

TREASURY SHARES. In January 2016, our Board of Directors authorized a share repurchase program of up to 25 million shares. During 2018, we repurchased 4.3 million shares of FedEx common stock at an average price of $237.45 per share for a total of $1.0 billion. As of May 31, 2018, 12 million shares remained under the share repurchase authorization. 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.

In 2017, we repurchased 3.0 million shares of FedEx common stock at an average price of $172.13 per share for a total of $509 million. In 2016, we repurchased 18.2 million shares of FedEx common stock at an average price of $149.35 per share for a total of $2.7 billion.

DIVIDENDS DECLARED PER COMMON SHARE. On June 11, 2018, our Board of Directors declared a quarterly dividend of $0.65 per share of common stock. The dividend was paid on July 9, 2018 to stockholders of record as of the close of business on June 25, 2018. 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 at the end of each fiscal year.

USE OF ESTIMATES . The preparation of our consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses and the disclosure of contingent liabilities. Management makes its best estimate of the ultimate outcome for these items based on historical trends and other information available when the financial statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available to management. Areas where the nature of the estimate makes it reasonably possible that actual results could materially differ from amounts estimated include: self-insurance accruals; retirement plan obligations; long-term incentive accruals; tax liabilities; loss contingencies; litigation claims; impairment assessments on long-lived assets (including goodwill); and purchase price allocations.

NOTE 2: RECENT ACCOUNTING GUIDANCE

New accounting rules and disclosure requirements can significantly impact our reported results and the comparability of our financial statements. We believe the following new accounting guidance is relevant to the readers of our financial statements.

In December 2017, the Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin ("SAB") 118 to provide guidance to registrants in accounting for income taxes under the Tax Cuts and Jobs Act ("TCJA"). See Note 12 for further discussion related to applying this guidance.

During the first quarter of 2018, we early adopted the Accounting Standards Update issued by the Financial Accounting Standards Board ("FASB") related to intra-entity transfers of assets other than inventory. This update requires companies to recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs, as opposed to when the assets are ultimately sold to an outside party. As a result of this new guidance, during 2018 we recorded a $50 million income tax benefit and a $14 million adjustment to retained earnings for the cumulative effect at adoption.

In January 2017, the FASB issued an Accounting Standards Update that simplifies the subsequent measurement of goodwill, eliminating Step 2 from the goodwill impairment test. Under this new guidance, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, up to the total amount of goodwill allocated to that reporting unit. We adopted the guidance during the fourth quarter of 2018.

In 2014, the FASB and International Accounting Standards Board issued a new accounting standard that will supersede virtually all existing revenue recognition guidance under generally accepted accounting principles in the United States. The fundamental principles of the new guidance are that companies should recognize revenue in a manner that reflects the timing of the transfer of services to customers and the amount of revenue recognized reflects the consideration that a company expects to receive for the goods and services provided. The new guidance establishes a five-step approach for the recognition of revenue. We finalized our assessment of the impact of this new standard on our consolidated financial statements and related disclosures, including detailed contract reviews, and adopted this standard as of June 1, 2018 (fiscal 2019). We have analyzed our internal control over financial reporting framework and determined that there will be new controls around contract inception and contract modification, as well as periodic review of material contracts. We determined that the new guidance will not have a material impact on our revenue recognition policies, practices or systems.

In March 2017, the FASB issued an Accounting Standards Update that changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. This new guidance requires entities to report the service cost component in the same line item or items as other compensation costs. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component outside of income from operations. This standard will impact our operating income but will have no impact on our net income or earnings per share. For example, adoption of this guidance would have reduced operating income by $598 million in 2018 and by $471 million in 2017, but would not have impacted our net income in these periods. This new guidance is effective June 1, 2018 and will be applied retrospectively.

In 2016, the FASB issued a new lease accounting standard which requires lessees to put most leases on their balance sheets but recognize the expenses in their income statements in a manner similar to current practice. The new standard states that a lessee will recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Expenses related to leases determined to be operating leases will be recognized on a straight-line basis, while those determined to be financing leases will be recognized following a front-loaded expense profile in which interest and amortization are presented separately in the income statement. Based on our lease portfolio, we currently anticipate recognizing a lease liability and related right-of-use asset on our balance sheet in excess of $13 billion, with an immaterial impact on our income statement compared to the current lease accounting model. However, the ultimate impact of the standard will depend on the company's lease portfolio as of the adoption date. We are currently accumulating all of the necessary information required to properly account for the leases under the new standard. Additionally, we are implementing an enterprise-wide lease management system to assist in the accounting and are evaluating additional changes to our processes and internal controls to ensure we meet the standard's reporting and disclosure requirements. These changes will be effective June 1, 2019 (fiscal 2020).

In February 2018, the FASB issued an Accounting Standards Update that will permit companies to reclassify the income tax effect of the TCJA on items within AOCI to retained earnings. These changes will be effective June 1, 2019 (fiscal 2020).

NOTE 3: BUSINESS COMBINATIONS

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

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

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

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

Our purchase price allocation for TNT Express was finalized in the fourth quarter of 2017. As a result of this acquisition, we recognized $3.5 billion of goodwill, which is primarily attributable to the expected benefits from synergies of the combination with existing businesses and growth opportunities and the TNT Express workforce. The majority of the purchase price allocated to goodwill is not deductible for income tax purposes. The following table summarizes the final amounts of the fair values recognized for the assets acquired and liabilities assumed for this acquisition, as well as adjustments made during the measurement period (in millions):

	Preliminary May 31, 2016	Measurement Period Adjustments	Final May 31, 2017
Current assets (1)	$ 1,905	$ (53)	$ 1,852
Property and equipment	1,104	(124)	980
Goodwill	2,964	488	3,452
Identifiable intangible assets	920	(390)	530
Other non-current assets	289	183	472
Current liabilities (2)	(1,644)	(44)	(1,688)
Long-term liabilities	(644)	(60)	(704)
Total purchase price	$ 4,894	$ —	$ 4,894

(1) Primarily accounts receivable and cash.

(2) Primarily accounts payable and accrued expenses.

Adjustments to the preliminary purchase price allocation as of May 31, 2016 resulted in a net increase to goodwill of $488 million. These updates were primarily recorded during the second quarter of 2017 and reflect the valuation work completed by third-party experts and the receipt of additional information during the measurement period about facts and circumstances that existed at the acquisition date.

The purchase price was allocated to the identifiable intangible assets acquired as follows (in millions):

Intangible assets with finite lives	
Customer relationships (12-year life)	$ 430
Technology (3-year life)	20
Trademarks (4-year life)	80
Total intangible assets	$ 530

See Note 4 for further discussion of our intangible assets.

The following unaudited pro forma consolidated financial information presents the combined operations of FedEx and TNT Express as if the acquisition had occurred at the beginning of 2015 (dollars in millions, except per share amounts):

	(Unaudited) 2016	2015
Consolidated revenues	$ 57,899	$ 55,862
Consolidated net income	1,600	638
Diluted earnings per share	$ 5.73	$ 2.22

The accounting literature establishes guidelines regarding the presentation of this unaudited pro forma information. Therefore, this unaudited pro forma information is not intended to represent, nor do we believe it is indicative of, the consolidated results of operations of FedEx that would have been reported had the acquisition been completed as of the beginning of 2015. Furthermore, this unaudited pro forma information does not give effect to the anticipated business and tax synergies of the acquisition and is not representative or indicative of the anticipated future consolidated results of operations of FedEx.

The unaudited pro forma consolidated financial information reflects our historical financial information and the historical results of TNT Express, after conversion of TNT Express's accounting methods from International Financial Reporting Standards to U.S. generally accepted accounting principles, adjusted to reflect the acquisition had it been completed as of the beginning of 2015. The most significant pro forma adjustments to the historical results of operations relate to the application of purchase accounting and the financing for the acquisition. The unaudited pro forma financial information includes various assumptions, including those related to the finalization of the purchase price allocation. The tax impact of these adjustments was calculated based on TNT Express's statutory rate.

Included in the unaudited pro forma net income (net of tax) are nonrecurring acquisition-related costs incurred by TNT Express associated with the sale of TNT Express's airline operations, a condition precedent to the acquisition, and transaction and integration- planning expenses of $115 million in 2016. In addition, the TNT Express results include expenses for restructuring, impairments, litigation matters and pension adjustments of approximately $40 million in 2016.

NOTE 4: GOODWILL AND OTHER INTANGIBLE ASSETS

GOODWILL. The carrying amount of goodwill attributable to each reportable operating segment and changes therein are as follows (in millions):

	FedEx Express Segment	FedEx Ground Segment	FedEx Freight Segment	FedEx Services Segment	Corporate, Other and Eliminations	Total
Goodwill at May 31, 2016	$ 4,546	$ 827	$ 764	$ 1,525	$ 395	$ 8,057
Accumulated impairment charges	—	—	(133)	(1,177)	—	(1,310)
Balance as of May 31, 2016	4,546	827	631	348	395	6,747
Purchase adjustments and other (1)	407	—	—	—	—	407
Balance as of May 31, 2017	4,953	827	631	348	395	7,154
Goodwill acquired (2)	76	14	3	—	32	125
Purchase adjustments and other (1)	71	(1)	—	—	(2)	68
Impairment charges (3)	—	—	—	—	(374)	(374)
Balance as of May 31, 2018	$ 5,100	$ 840	$ 634	$ 348	$ 51	$ 6,973
Accumulated goodwill impairment charges as of May 31, 2018	$ —	$ —	$ (133)	$ (1,177)	$ (374)	$ (1,684)

(1) Primarily purchase-related adjustments, currency translation adjustments, and acquired goodwill related to immaterial acquisitions.
(2) Goodwill acquired relates to the acquisitions of Northwest Research, Inc. and P2P Mailing Limited. See Note 3 for more information.
(3) Impairment charges related to the goodwill impairment of FedEx Supply Chain described below.

Our reporting units with significant recorded goodwill include FedEx Express, FedEx Ground, FedEx Freight, FedEx Office (reported in the FedEx Services segment) and FedEx Supply Chain (reported in the FedEx Trade Networks operating segment, which is included in "Corporate, other and eliminations") in our segment reporting. In 2018, we incurred a goodwill impairment charge of $374 million related to FedEx Supply Chain, eliminating substantially all of the goodwill attributable to this reporting unit. In our evaluation of the goodwill of this reporting unit, we compared the fair value of the reporting unit to its carrying value (including attributable goodwill). Fair value was estimated using standard valuation methodologies (principally the income and market approach) incorporating market participant considerations and management's assumptions on revenue growth rates, operating margins, discount rates and expected capital expenditures. The key factors contributing to the goodwill impairment were underperformance of the FedEx Supply Chain business during 2018, including base business erosion, and the failure to attain the level of operating synergies and revenue and profit growth anticipated at the time of the acquisition. Based on these factors, our outlook for the business and industry changed in the fourth quarter of 2018. No other impairments of goodwill were recognized during 2018, 2017 or 2016.

OTHER INTANGIBLE ASSETS. The summary of our intangible assets and related accumulated amortization at May 31, 2018 and 2017 is as follows (in millions):

	2018			2017		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	$ 676	$ (250)	$ 426	$ 656	$ (203)	$ 453
Technology	68	(39)	29	54	(26)	28
Trademarks and other	141	(116)	25	136	(88)	48
Total	$ 885	$ (405)	$ 480	$ 846	$ (317)	$ 529

Amortization expense for intangible assets was $87 million in 2018, $91 million in 2017 and $14 million in 2016.

Expected amortization expense for the next five years is as follows (in millions):

2019	$ 81
2020	63
2021	50
2022	44
2023	42

NOTE 5: SELECTED CURRENT LIABILITIES

The components of selected current liability captions at May 31 were as follows (in millions):

	2018	2017
Accrued Salaries and Employee Benefits		
Salaries	$ 498	$ 431
Employee benefits, including variable compensation	933	781
Compensated absences	746	702
	$ 2,177	$ 1,914
Accrued Expenses		
Self-insurance accruals	$ 957	$ 976
Taxes other than income taxes	334	283
Other	1,840	1,971
	$ 3,131	$ 3,230

NOTE 6: LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

The components of long-term debt (net of discounts and debt issuance costs), along with maturity dates for the years subsequent to May 31, 2018, are as follows (in millions):

			May 31, 2018	May 31, 2017
	Interest Rate%	Maturity		
Senior unsecured debt:	8.00	2019	$ 750	$ 749
	2.30	2020	399	398
	2.625-2.70	2023	746	745
	4.00	2024	746	745
	3.20	2025	695	695
	3.25	2026	744	743
	3.30	2027	445	445
	3.40	2028	495	-
	4.90	2034	495	495
	3.90	2035	493	493
	3.875-4.10	2043	983	983
	5.10	2044	742	742
	4.10	2045	640	640
	4.55-4.75	2046	2,459	2,458
	4.40	2047	735	734
	4.05	2048	986	-
	4.50	2065	246	246
	7.60	2098	237	237
Euro senior unsecured debt:	floating rate	2019	582	558
	0.50	2020	581	557
	1.00	2023	869	833
	1.625	2027	1,442	1,382
Total senior unsecured debt			16,510	14,878
Other debt			4	9
Capital lease obligations			71	44
			16,585	14,931
Less current portion			1,342	22
			$ 15,243	$ 14,909

Interest on our U.S. dollar fixed-rate notes is paid semi-annually. Interest on our euro fixed-rate notes is paid annually. Our floating-rate euro senior notes bear interest at three-month EURIBOR plus a spread of 55 basis points and resets quarterly. The weighted average interest rate on long-term debt was 3.6% in 2018. Long-term debt, exclusive of capital leases, had estimated fair values of $16.6 billion at May 31, 2018 and $15.5 billion at May 31, 2017. The estimated fair values were determined based on quoted market prices and the current rates offered for debt with similar terms and maturities. The fair value of our long-term debt is classified as Level 2 within the fair value hierarchy. This classification is defined as a fair value determined using market-based inputs other than quoted prices that are observable for the liability, either directly or indirectly.

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

On January 30, 2018, we issued $1.5 billion of senior unsecured debt under our current shelf registration statement, comprised of $500 million of 3.40% fixed-rate notes due in February 2028 and $1 billion of 4.05% fixed-rate notes due in February 2048. Interest on these notes is paid semiannually. We used the net proceeds for a voluntary incremental contribution in February 2018 to our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”).

During 2018, we amended our five-year revolving credit facility to increase the aggregate amount available under the facility from $1.75 billion to $2.0 billion. The facility, which expires in November 2020 and includes a $500 million letter of credit sublimit, is available to finance our operations and other cash flow needs. The agreement contains a financial covenant, which requires us to maintain a ratio of debt to consolidated earnings (excluding non-cash retirement plans MTM adjustments and non-cash asset impairment charges) before interest, taxes, depreciation and amortization ("adjusted EBITDA") of not more than 3.5 to 1.0, calculated as of the end of the applicable quarter on a rolling four-quarters basis. The ratio of our debt to adjusted EBITDA was 2.0 to 1.0 at May 31, 2018. We believe this covenant is the only significant restrictive covenant in our revolving credit agreement. Our revolving credit agreement contains other customary covenants that do not, individually or in the aggregate, materially restrict the conduct of our business. We are in compliance with the financial covenant and all other covenants of our revolving credit agreement and do not expect the covenants to affect our operations, including our liquidity or expected funding needs. As of May 31, 2018, no commercial paper was outstanding. However, we had a total of $54 million in letters of credit outstanding at May 31, 2018, with $446 million of the letter of credit sublimit unused under our revolving credit facility.

NOTE 7: LEASES

We utilize certain aircraft, land, facilities, retail locations and equipment under capital and operating leases that expire at various dates through 2049. We leased 7% of our total aircraft fleet under operating leases as of May 31, 2018 and 9% as of May 31, 2017. A portion of our supplemental aircraft are leased by us under agreements that provide for cancellation upon 30 days' notice. Our leased facilities include national, regional and metropolitan sorting facilities, retail facilities and administrative buildings.

Rent expense under operating leases for the years ended May 31 was as follows (in millions):

	2018	2017	2016
Minimum rentals	$ 2,913	$ 2,814	$ 2,394
Contingent rentals [1]	194	178	214
	$ 3,107	$ 2,992	$ 2,608

(1) Contingent rentals are based on equipment usage.

A summary of future minimum lease payments under noncancelable operating leases with an initial or remaining term in excess of one year at May 31, 2018 is as follows (in millions):

	Operating Leases		
	Aircraft and Related Equipment	Facilities and Other	Total Operating Leases
2019	$ 343	$ 2,128	$ 2,471
2020	261	1,916	2,177
2021	203	1,748	1,951
2022	185	1,577	1,762
2023	127	1,421	1,548
Thereafter	48	8,145	8,193
Total	$ 1,167	$ 16,935	$ 18,102

Property and equipment recorded under capital leases and future minimum lease payments under capital leases are immaterial. The weighted-average remaining lease term of all operating leases outstanding at May 31, 2018 was approximately six years. While certain of our lease agreements contain covenants governing the use of the leased assets or require us to maintain certain levels of insurance, none of our lease agreements include material financial covenants or limitations.

FedEx Express makes payments under certain leveraged operating leases that are sufficient to pay principal and interest on certain pass-through certificates. The pass-through certificates are not direct obligations of, or guaranteed by, FedEx or FedEx Express.

We are the lessee under certain operating leases covering a portion of our leased aircraft in which the lessors are trusts established specifically to purchase, finance and lease these aircraft to us. These leasing entities are variable interest entities. We are not the primary beneficiary of the leasing entities, as the lease terms are at market at the inception of the lease and do not include a residual value guarantee, fixed-price purchase option or similar feature that obligates us to absorb decreases in value or entitles us to participate in increases in the value of the aircraft. Therefore, we are not required to consolidate any of these entities as the primary beneficiary. Our maximum exposure under these leases is included in the summary of future minimum lease payments.

NOTE 8: PREFERRED STOCK

Our Certificate of Incorporation authorizes the Board of Directors, at its discretion, to issue up to 4,000,000 shares of preferred stock. The stock is issuable in series, which may vary as to certain rights and preferences, and has no par value. As of May 31, 2018, none of these shares had been issued.

NOTE 9: ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table provides changes in AOCI, net of tax, reported in the consolidated financial statements for the years ended May 31 (in millions; amounts in parentheses indicate debits to AOCI):

	2018	2017	2016
Foreign currency translation gain (loss):			
Balance at beginning of period	$ (685)	$ (514)	$ (253)
Translation adjustments	(74)	(171)	(261)
Balance at end of period	(759)	(685)	(514)
Retirement plans adjustments:			
Balance at beginning of period	270	345	425
Prior service credit and other arising during period	(4)	1	(4)
Reclassifications from AOCI	(85)	(76)	(76)
Balance at end of period	181	270	345
Accumulated other comprehensive (loss) income at end of period	$ (578)	$ (415)	$ (169)

The following table presents details of the reclassifications from AOCI for the years ended May 31 (in millions; amounts in parentheses indicate debits to earnings):

	Amount Reclassified from AOCI			Affected Line Item in the Income Statement
	2018	2017	2016	
Amortization of retirement plans prior service credits, before tax	$ 121	$ 120	$ 121	Salaries and employee benefits
Income tax benefit	(36)	(44)	(45)	Provision for income taxes
AOCI reclassifications, net of tax	$ 85	$ 76	$ 76	Net income

NOTE 10: STOCK-BASED COMPENSATION

Our total stock-based compensation expense for the years ended May 31 was as follows (in millions):

	2018	2017	2016
Stock-based compensation expense	$ 167	$ 154	$ 144

We have two types of equity-based compensation: stock options and restricted stock.

STOCK OPTIONS . Under the provisions of our incentive stock plan, key employees and non-employee directors may be granted options to purchase shares of our common stock at a price not less than its fair market value on the date of grant. Vesting requirements are determined at the discretion of the Compensation Committee of our Board of Directors. Option-vesting periods range from one to four years, with 82% of our options vesting ratably over four years. Compensation expense associated with these awards is recognized on a straight-line basis over the requisite service period of the award.

RESTRICTED STOCK. Under the terms of our incentive stock plan, restricted shares of our common stock are awarded to key employees. All restrictions on the shares expire ratably over a four-year period. Shares are valued at the market price on the date of award. The terms of our restricted stock provide for continued vesting subsequent to the employee's retirement. Compensation expense associated with these awards is recognized on a straight-line basis over the shorter of the remaining service or vesting period.

VALUATION AND ASSUMPTIONS . We use the Black-Scholes option pricing model to calculate the fair value of stock options. The value of restricted stock awards is based on the stock price of the award on the grant date. We record stock-based compensation expense in the "Salaries and employee benefits" caption in the accompanying consolidated statements of income.

The key assumptions for the Black-Scholes valuation method include the expected life of the option, stock price volatility, a risk-free interest rate and dividend yield. The following is a table of the weighted-average Black-Scholes value of our stock option grants, the intrinsic value of options exercised (in millions) and the key weighted-average assumptions used in the valuation calculations for options granted during the years ended May 31, and then a discussion of our methodology for developing each of the assumptions used in the valuation model:

	2018	2017	2016
Weighted-average Black-Scholes value	$ 55.72	$ 43.99	$ 52.40
Intrinsic value of options exercised	$ 359	$ 274	$ 115
Black-Scholes Assumptions:			
Expected lives	6.5 years	6.5 years	6.4 years
Expected volatility	23%	25%	28%
Risk-free interest rate	2.07%	1.64%	1.94%
Dividend yield	0.796%	0.719%	0.519%

The expected life represents an estimate of the period of time options are expected to remain outstanding, and we examine actual stock option exercises to determine the expected life of the options. Options granted have a maximum term of 10 years. Expected volatilities are based on the actual changes in the market value of our stock and are calculated using daily market value changes from the date of grant over a past period equal to the expected life of the options. The risk-free interest rate is the U.S. Treasury Strip rate posted at the date of grant having a term equal to the expected life of the option. The expected dividend yield is the annual rate of dividends per share over the exercise price of the option.

The following table summarizes information about stock option activity for the year ended May 31, 2018:

	Stock Options			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions) [1]
Outstanding at June 1, 2017	13,598,699	$ 125.66		
Granted	2,778,238	221.15		
Exercised	(2,975,835)	109.95		
Forfeited	(416,185)	178.75		
Outstanding at May 31, 2018	12,984,917	$ 147.98	6.3	$ 1,326
Exercisable	7,303,111	$ 113.12	4.7	$ 993
Expected to vest	5,382,943	$ 192.79	8.3	$ 315
Available for future grants	15,788,701			

(1) Only presented for options with market value at May 31, 2018 in excess of the exercise price of the option.

The options granted during 2018 are primarily related to our principal annual stock option grant in June 2017.

The following table summarizes information about vested and unvested restricted stock for the year ended May 31, 2018:

	Restricted Stock	
	Shares	Weighted-Average Grant Date Fair Value
Unvested at June 1, 2017	362,304	$ 155.53
Granted	155,624	212.60
Vested	(177,264)	148.94
Forfeited	(3,074)	148.95
Unvested at May 31, 2018	337,590	$ 185.16

During the year ended May 31, 2017, there were 153,984 shares of restricted stock granted with a weighted-average fair value of $166.12 per share. During the year ended May 31, 2016, there were 139,838 shares of restricted stock granted with a weighted-average fair value of $168.83 per share.

The following table summarizes information about stock option vesting during the years ended May 31:

	Stock Options	
	Vested during the year	Fair value (in millions)
2018	2,465,493	$ 112
2017	2,427,837	104
2016	2,572,129	98

As of May 31, 2018, there was $211 million of total unrecognized compensation cost, net of estimated forfeitures, related to unvested share-based compensation arrangements. This compensation expense is expected to be recognized on a straight-line basis over the remaining weighted-average vesting period of approximately two years.

Total shares outstanding or available for grant related to equity compensation at May 31, 2018 represented 10% of the total outstanding common and equity compensation shares and equity compensation shares available for grant.

NOTE 11: COMPUTATION OF EARNINGS PER SHARE

The calculation of basic and diluted earnings per common share for the years ended May 31 was as follows (in millions, except per share amounts):

	2018	2017	2016
Basic earnings per common share:			
Net earnings allocable to common shares (1)	$ 4,566	$ 2,993	$ 1,818
Weighted-average common shares	267	266	276
Basic earnings per common share	$ 17.08	$ 11.24	$ 6.59
Diluted earnings per common share:			
Net earnings allocable to common shares (1)	$ 4,566	$ 2,993	$ 1,818
Weighted-average common shares	267	266	276
Dilutive effect of share-based awards	5	4	3
Weighted-average diluted shares	272	270	279
Diluted earnings per common share	$ 16.79	$ 11.07	$ 6.51
Anti-dilutive options excluded from diluted earnings per common share	2.5	4.5	3.9

(1) Net earnings available to participating securities were immaterial in all periods presented.

NOTE 12: INCOME TAXES

The components of the provision for income taxes for the years ended May 31 were as follows (in millions):

	2018	2017	2016
Current provision			
Domestic:			
Federal	$ (540)	$ 269	$ 513
State and local	43	88	72
Foreign	461	285	200
	(36)	642	785
Deferred provision (benefit)			
Domestic:			
Federal	271	989	155
State and local	125	59	(18)
Foreign	(579)	(108)	(2)
	(183)	940	135
	$ (219)	$ 1,582	$ 920

Pre-tax earnings of foreign operations for 2018, 2017 and 2016 were $958 million, $919 million and $905 million, respectively. These amounts represent only a portion of total results associated with international shipments and do not represent our international results of operations.

A reconciliation of total income tax expense and the amount computed by applying the statutory federal income tax rate (29.2% in 2018 and 35% in 2017 and 2016) to income before taxes for the years ended May 31 is as follows (in millions):

	2018	2017	2016
Taxes computed at federal statutory rate	$ 1,271	$ 1,603	$ 959
Increases (decreases) in income tax from:			
Goodwill impairment charge	109	—	—
State and local income taxes, net of federal benefit	119	99	33
Foreign operations	43	(19)	(50)
Corporate structuring transactions (1)	(255)	(68)	(76)
Tax Cuts and Jobs Act (2)	(1,357)	—	—
Foreign tax credits from distributions	(225)	—	—
Uncertain tax positions	86	—	—
TNT Express integration and acquisition costs	20	25	40
Other, net (3)	(30)	(58)	14
	$ (219)	$ 1,582	$ 920
Effective Tax Rate	(5.0)%	34.6%	33.6%

(1) The 2018 and 2017 net benefits consist of foreign deferred tax benefits of $434 million and $94 million, respectively, which were partially offset by U.S. deferred tax expenses of $179 million and $26 million, respectively.

(2) Primary components are a $1.15 billion benefit from the remeasurement of our net U.S. deferred tax liability and a $204 million one-time benefit from a contribution to our U.S. Pensions Plans in February 2018.

(3) Includes benefits from share-based payments of $60 million and $55 million in 2018 and 2017, respectively.

Our 2018 tax rate was favorably impacted by the enactment of the TCJA during the third quarter. In accordance with SAB 118, we have recorded a provisional benefit of $1.15 billion related to the remeasurement of our net U.S. deferred tax liability and an immaterial provisional benefit from the one-time transition tax on previously deferred foreign earnings. In addition, we recognized a benefit of $265 million related to a lower statutory income tax rate on 2018 earnings and a one-time benefit of $204 million from a $1.5 billion contribution to our U.S. Pension Plans in February 2018. Our 2018 tax rate also included a net benefit of $255 million from a tax basis step-up attributable to corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express. We also recorded a benefit of $225 million from foreign tax credits generated by distributions to the U.S. from our foreign operations. Our 2017 tax rate was favorably impacted by $62 million as a result of the implementation of new U.S. foreign currency tax regulations.

The TCJA makes broad and complex changes to the U.S. tax code that affected 2018 in multiple ways, including but not limited to: (1) reducing our U.S. federal income tax rate from 35% to 29.2% (as discussed below); (2) providing for additional first-year depreciation by allowing full expensing of qualified property placed into service after September 27, 2017; and (3) requiring us to calculate a one-time U.S. tax liability on those earnings which have not previously been repatriated to the U.S. (the transition tax).

SAB 118 was issued to address the application of U.S. generally accepted accounting principles in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to finalize the calculations for certain income tax effects of the TCJA. In accordance with SAB 118, we have made reasonable estimates and recorded provisional amounts as described below. Under the transitional provisions of SAB 118, we have a one-year measurement period to complete the accounting for the initial tax effects of the TCJA. We are still in the process of completing that accounting.

The TCJA reduced the corporate tax rate from 35% to 21%, effective January 1, 2018. U.S. tax law stipulates that our 2018 earnings are subject to a blended tax rate of 29.2%, which is based on the prorated number of days in the fiscal year before and after the effective date. As a result, we have remeasured certain deferred tax assets and deferred tax liabilities accordingly and recorded a provisional net tax benefit of $1.15 billion.

The transition tax is based on our total accumulated post-1986 foreign earnings and profits, the majority of which was previously considered to be indefinitely reinvested and, accordingly, no U.S. federal and state income taxes were provided. We recorded a provisional immaterial U.S. tax benefit from foreign tax credits exceeding the one-time transition tax liability and an immaterial provisional amount for state income taxes. Because of the complexities of the TCJA, we are still finalizing our analysis of the transition tax liability calculation. No additional income taxes have been provided for any additional outside basis differences inherent in these entities beyond those basis differences triggered by the transition tax, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of the unrecognized deferred tax liability related to any additional outside basis differences in these entities (e.g., stock basis differences attributable to acquisitions or other permanent differences) is not practicable. We will complete our analysis of the impact of the TCJA on our outside basis differences in subsidiaries and respective indefinite reinvestment assertions during the measurement period and make additional disclosures, if necessary.

With respect to the new TCJA provision on global intangible low-tax income, which will apply to us starting in 2019, we have not made an accounting policy election on the deferred tax treatment. Consequently, we have not made an accrual for the deferred tax aspects of this provision.

Our accounting for the income tax effects of the TCJA will be completed during the measurement period allowed under SAB 118, and we will record any necessary adjustments in the period such adjustments are identified. While we were able to make a reasonable estimate of the impact of the income tax effects of the new law, it may be affected by, among other items, further analysis of certain aspects of the TCJA, subsequent guidance issued by the U.S. government, and changes to estimates made to calculate our existing temporary differences.

The significant components of deferred tax assets and liabilities as of May 31 were as follows (in millions):

	2018		2017	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Property, equipment, leases and intangibles	$ 752	$ 3,663	$ 124	$ 4,993
Employee benefits	595	31	1,951	—
Self-insurance accruals	494	—	745	—
Other	416	602	692	660
Net operating loss/credit carryforwards	1,146	—	1,069	—
Valuation allowances	(711)	—	(738)	—
	$ 2,692	$ 4,296	$ 3,843	$ 5,653

The net deferred tax liabilities as of May 31 have been classified in the balance sheets as follows (in millions):

	2018	2017
Noncurrent deferred tax assets (1)	$ 1,263	$ 675
Noncurrent deferred tax liabilities	(2,867)	(2,485)
	$ (1,604)	$ (1,810)

(1) Noncurrent deferred tax assets are included in the line item “Other Assets” in our consolidated balance sheets.

We have approximately $3.6 billion of net operating loss carryovers in various foreign jurisdictions and $770 million of state operating loss carryovers. The valuation allowances primarily represent amounts reserved for operating loss and tax credit carryforwards, which expire over varying periods starting in 2019. Therefore, we establish valuation allowances if it is more likely than not that deferred income tax assets will not be realized. We believe that we will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets in our consolidated balance sheet. See Note 1 above for more information on our policy for assessing the recoverability of deferred tax assets and valuation allowances.

We are subject to taxation in the U.S. and various U.S. state, local and foreign jurisdictions. The Internal Revenue Service is currently auditing our 2014 and 2015 tax returns. It is reasonably possible that certain income tax return proceedings will be completed during the next 12 months and could result in a change in our balance of unrecognized tax benefits. The expected impact of any changes would not be material to our consolidated financial statements.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2018	2017	2016
Balance at beginning of year	$ 67	$ 49	$ 36
Increases for tax positions taken in the current year	3	—	3
Increases for tax positions taken in prior years	103	8	3
Increase for business acquisition	—	17	25
Decreases for tax positions taken in prior years	(10)	(1)	(5)
Settlements	(2)	(4)	(4)
Decreases from lapse of statute of limitations	—	(2)	(7)
Changes due to currency translation	—	—	(2)
Balance at end of year	$ 161	$ 67	$ 49

Our liabilities recorded for uncertain tax positions include $142 million at May 31, 2018 and $63 million at May 31, 2017 associated with positions that, if favorably resolved, would provide a benefit to our effective tax rate. We classify interest related to income tax liabilities as interest expense and, if applicable, penalties are recognized as a component of income tax expense. The balance of accrued interest and penalties was $35 million on May 31, 2018 and $11 million on May 31, 2017. Total interest and penalties included in our consolidated statements of income are immaterial.

It is difficult to predict the ultimate outcome or the timing of resolution for tax positions. Changes may result from the conclusion of ongoing audits, appeals or litigation in state, local, federal and foreign tax jurisdictions, or from the resolution of various proceedings between U.S. and foreign tax authorities. Our liability for uncertain tax positions includes no matters that are individually or collectively material to us. It is reasonably possible that the amount of the benefit with respect to certain of our unrecognized tax positions will increase or decrease within the next 12 months, but an estimate of the range of the reasonably possible changes cannot be made. However, we do not expect that the resolution of any of our uncertain tax positions will have a material effect on us.

NOTE 13: RETIREMENT PLANS

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.

The accounting guidance related to postretirement benefits requires recognition in the balance sheet of the funded status of defined benefit pension and other postretirement benefit plans, and the recognition in either expense or AOCI of unrecognized gains or losses and prior service costs or credits. We use MTM accounting for the recognition of our actuarial gains and losses related to our defined benefit pension and postretirement healthcare plans as described in Note 1. The funded status is measured as the difference between the fair value of the plan's assets and the PBO of the plan.

A summary of our retirement plans costs over the past three years is as follows (in millions):

	2018	2017	2016
Defined benefit pension plans	$ 150	$ 234	$ 214
Defined contribution plans	527	480	416
Postretirement healthcare plans	74	76	82
Retirement plans mark-to-market (gain) loss	(10)	(24)	1,498
	$ 741	$ 766	$ 2,210

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

	2018	2017	2016
Discount rate changes	$ (613)	$ 266	$ 1,129
Demographic assumption experience	382	450	(916)
Annuity contract purchase	210	—	—
Actual versus expected return on assets	11	(740)	1,285
Total mark-to-market (gain) loss	$ (10)	$ (24)	$ 1,498

2018

The weighted average discount rate for all of our pension and postretirement healthcare plans increased from 3.98% at May 31, 2017 to 4.11% at May 31, 2018. The demographic assumption experience in 2018 reflects a liability loss due to unfavorable results related to various demographic assumptions. The annuity contract purchase loss relates to the contract with Metropolitan Life Insurance Company as discussed below. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 6.30% was slightly lower than our expected return of 6.50% primarily due to generally flat returns in the long-duration fixed income portfolio partially offset by strong returns from global equities.

2017

The actual rate of return on our U.S. Pension Plan assets, which is net of all fees and expenses, of 9.2% was higher than our expected return of 6.50% primarily due to a rise in the value of global equity markets in addition to favorable credit market conditions. The weighted average discount rate for all of our pension and postretirement healthcare plans decreased from 4.04% at May 31, 2016 to 3.98% at May 31, 2017. The demographic assumption experience in 2017 reflects an update in mortality tables for U.S. pension and other postemployment benefit plans.

2016

The actual rate of return on our U.S. Pension Plan assets of 0.9%, net of all fees and expenses, was lower than our expected return of 6.50% primarily due to a challenging environment for global equities and other risk-seeking asset classes. The weighted average discount rate for all of our pension and postretirement healthcare plans declined from 4.38% at May 31, 2015 to 4.04% at May 31, 2016. The demographic assumption experience in 2016 reflects a change in disability rates and an increase in the average retirement age for U.S. pension and other postemployment benefit plans.

PENSION PLANS . Our largest pension plan covers certain U.S. employees age 21 and over, with at least one year of service. Pension benefits for most employees are accrued under a cash balance formula we call the Portable Pension Account. Under the Portable Pension Account, the retirement benefit is expressed as a dollar amount in a notional account that grows with annual credits based on pay, age and years of credited service, and interest on the notional account balance. The Portable Pension Account benefit is payable as a lump sum or an annuity at retirement at the election of the employee. The plan interest credit rate varies from year to year based on a U.S. Treasury index. Prior to 2009, certain employees earned benefits using a traditional pension formula (based on average earnings and years of service). Benefits under this formula were capped on May 31, 2008 for most employees.

We also sponsor or participate in nonqualified benefit plans covering certain of our U.S. employee groups and other pension plans covering certain of our international employees. The international defined benefit pension plans provide benefits primarily based on earnings and years of service and are funded in compliance with local laws and practices. The majority of our international obligations are for defined benefit pension plans in the Netherlands and the United Kingdom.

During 2017, our U.S. Pension Plans were amended to permit former employees with a vested traditional pension benefit to make a one-time, irrevocable election to receive their benefits in a lump-sum distribution. Approximately 18,300 former employees elected to receive this lump-sum distribution and a total of approximately $1.3 billion was paid by the plans in May 2017.

In May 2018, we entered into an agreement with Metropolitan Life Insurance Company to purchase a group annuity contract and transfer 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 satisfy certain conditions and currently receive 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. We recognized a $210 million one-time settlement loss in connection with this transaction, which is included in our 2018 year-end MTM retirement plans adjustment.

POSTRETIREMENT HEALTHCARE PLANS . Certain of our subsidiaries offer medical, dental and vision coverage to eligible U.S. retirees and their eligible dependents and a small number of international employees. U.S. employees covered by the principal plan become eligible for these benefits at age 55 and older, if they have permanent, continuous service of at least 10 years after attainment of age 45 if hired prior to January 1, 1988, or at least 20 years after attainment of age 35 if hired on or after January 1, 1988. Postretirement healthcare benefits are capped at 150% of the 1993 per capita projected employer cost, which has been reached under most plans, so these benefits are not subject to future inflation.

Effective January 1, 2018, certain of our U.S. postretirement healthcare benefits were converted to a lump-sum benefit in a notional retiree health reimbursement account (HRA) for eligible participants. The HRA is available to reimburse a participant for qualifying healthcare premium costs and limits the company liability to the HRA account balance. The amount of the credit is based on age at January 1, 2018 or upon age at retirement thereafter. In connection with this change, retiree health coverage was closed to most new employees hired on or after January 1, 2018.

PENSION PLAN ASSUMPTIONS. The accounting for pension and postretirement healthcare plans includes numerous assumptions, such as: discount rates; expected long-term investment returns on plan assets; future salary increases; employee turnover; mortality; and retirement ages.

Weighted-average actuarial assumptions used to determine the benefit obligations and net periodic benefit cost of our plans are as follows:

	U.S. Pension Plans			International Pension Plans			Postretirement Healthcare Plans		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Discount rate used to determine benefit obligation	4.27%	4.08%	4.13%	2.37%	2.43%	2.46%	4.33%	4.32%	4.43%
Discount rate used to determine net periodic benefit cost	4.08	4.13	4.42	2.43	2.46	2.95	4.32	4.43	4.62
Rate of increase in future compensation levels used to determine benefit obligation	4.43	4.47	4.46	2.26	2.42	2.82	—	—	—
Rate of increase in future compensation levels used to determine net periodic benefit cost	4.47	4.46	4.62	2.42	2.82	3.19	—	—	—
Expected long-term rate of return on assets	6.50	6.50	6.50	3.09	3.18	3.68	—	—	—

Our U.S. 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 6.50% expected long-term rate of return on our U.S. Pension Plan assets in 2018, 2017 and 2016. For 2019, we have increased our EROA assumption to 6.75%. The decrease in the number of retirees in payment status due to the purchase of the group annuity contract in May 2018 will reduce our short-term future cash outlays for the U.S. Pension Plans and allow the remaining assets to be placed in longer duration investments, which is expected to increase the rate of return on assets. Also, the elimination of Pension Benefit Guaranty Corporation fixed and variable-rate premiums due to the reduction in the number of participants in our U.S. Pension Plans will increase the net return on assets. For the 15-year period ended May 31, 2018, our actual return was 8.2%, net of all fees and expenses.

The investment strategy for our U.S. Pension Plan assets is to utilize a diversified mix of public equities, fixed income and alternative investments to earn a long-term investment return that meets our pension plan obligations. Our largest asset classes are Corporate Fixed Income Securities and Government Fixed Income Securities (which are largely benchmarked against the Barclays Long Government, Barclays Long Corporate or the Citigroup 20+ STRIPS indices), and U.S. and non-U.S. Equities (which are mainly benchmarked to the S&P 500 Index and MSCI indices). Accordingly, we do not have any significant concentrations of risk. Active management strategies are utilized within the plan in an effort to realize investment returns in excess of market indices. Our investment strategy also includes the limited use of derivative financial instruments on a discretionary basis to improve investment returns and manage exposure to market risk.

The following is a description of the valuation methodologies used for investments measured at fair value:

- *Cash and cash equivalents* . These Level 1 investments include cash, cash equivalents and foreign currency valued using exchange rates. These Level 2 investments include short-term investment funds which are collective funds priced at a constant value by the administrator of the funds.
- *Domestic, international and global equities* . These Level 1 investments are valued at the closing price or last trade reported on the major market on which the individual securities are traded. These Level 2 investments include mutual funds.
- *Fixed income* . We determine the fair value of these Level 2 corporate bonds, U.S. and non-U.S. government securities and other fixed income securities by using bid evaluation pricing models or quoted prices of securities with similar characteristics.
- *Alternative Investments* . The valuation of these Level 3 investments requires significant judgment due to the absence of quoted market prices, the inherent lack of liquidity and the long-term nature of such assets. Investments in private equity, debt, real estate, hedge funds and other private investments are valued at estimated fair value based on quarterly financial information received from the investment advisor and/or general partner. These estimates incorporate factors such as contributions and distributions, market transactions, market comparables and performance multiples.

The fair values of investments by level and asset category and the weighted-average asset allocations for our U.S. Pension Plans and most significant international pension plans at the measurement date are presented in the following table (in millions):

	Plan Assets at Measurement Date					
	2018					
Asset Class (U.S. Plans)	**Fair Value**	**Actual %**	**Target Range % (1)**	**Quoted Prices in Active Markets Level 1**	**Other Observable Inputs Level 2**	**Unobservable Inputs Level 3**
Cash and cash equivalents	$ 714	3%	0 - 5%	$ 19	$ 695	
Equities			30 - 50			
U.S. large cap equity (2)	2,449	11		840		
International equities (2)	3,506	16		2,681	172	
Global equities (2)	1,772	8				
U.S. SMID cap equity	780	4		780		
Fixed income securities			50 - 70			
Corporate	5,834	26			5,834	
Government (2)	4,872	22			3,345	
Mortgage-backed and other (2)	626	3			125	
Alternative investments (2)	1,573	7	0 - 10			$ 209
Other	(69)	—		(62)	(7)	
Total U.S. plan assets	$ 22,057	100%		$ 4,258	$ 10,164	$ 209
Asset Class (International Plans)						
Cash and cash equivalents	$ 24	2%		$ 2	$ 22	
Equities						
International equities (2)	146	11			70	
Global equities (2)	228	17				
Fixed income securities						
Corporate (2)	306	23			68	
Government (2)	452	34		108	256	
Mortgage-backed and other (2)	168	13				
Alternative investments	19	2			19	
Other	(23)	(2)		(6)	(17)	
Total international plan assets	$ 1,320	100%		$ 104	$ 418	

(1) Target ranges have not been provided for international plan assets as they are managed at an individual country level.

(2) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the total.

	Plan Assets at Measurement Date 2017								
Asset Class (U.S. Plans)		Fair Value	Actual %	Target Range % (1)		Quoted Prices in Active Markets Level 1		Other Observable Inputs Level 2		Unobservable Inputs Level 3
Cash and cash equivalents	$	1,076	4%	0 - 5%	$	26	$	1,050		
Equities				30 - 50						
U.S. large cap equity (2)		2,415	10			830				
International equities (2)		3,521	14			2,747		157		
Global equities (2)		3,276	13							
U.S. SMID cap equity		987	4			987				
Fixed income securities				50 - 70						
Corporate		8,163	33					8,163		
Government (2)		4,674	19					3,454		
Mortgage-backed and other (2)		603	2					129		
Alternative investments (2)		377	2	0 - 5					$	129
Other		(159)	(1)			(161)		2		
Total U.S. plan assets	$	24,933	100%		$	4,429	$	12,955	$	129
Asset Class (International Plans)										
Cash and cash equivalents	$	48	4%		$	2	$	46		
Equities										
International equities (2)		137	11					72		
Global equities (2)		202	17							
Fixed income securities										
Corporate (2)		270	22					49		
Government (2)		405	34			95		230		
Mortgage-backed and other (2)		145	12							
Alternative investments		17	1					17		
Other		(18)	(1)			(2)		(16)		
Total international plan assets	$	1,206	100%		$	95	$	398		

(1) Target ranges have not been provided for international plan assets as they are managed at an individual country level.

(2) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy but are included in the total.

The change in fair value of Level 3 assets that use significant unobservable inputs is shown in the table below (in millions):

	U.S. Pension Plans			
		2018		2017
Balance at beginning of year	$	129	$	48
Actual return on plan assets:				
Assets held during current year		8		5
Assets sold during the year		4		1
Purchases, sales and settlements		68		75
Balance at end of year	$	209	$	129

The following table provides a reconciliation of the changes in the pension and postretirement healthcare plans' benefit obligations and fair value of assets over the two-year period ended May 31, 2018 and a statement of the funded status as of May 31, 2018 and 2017 (in millions):

	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	2018	2017	2018	2017	2018	2017
Accumulated Benefit Obligation ("ABO")	$ 22,029	$ 27,244	$ 1,956	$ 1,842		
Changes in Projected Benefit Obligation ("PBO") and Accumulated Postretirement Benefit Obligation ("APBO")						
PBO/APBO at the beginning of year	$ 27,870	$ 27,804	$ 2,043	$ 1,798	$ 927	$ 905
Service cost	679	638	97	83	36	36
Interest cost	1,115	1,128	49	43	39	39
Actuarial loss	21	571	(34)	161	(9)	(14)
Benefits paid	(854)	(2,271)	(46)	(38)	(80)	(72)
Settlements	(6,178)	—	(5)	(7)	—	—
Purchase accounting adjustment	—	—	—	26	—	—
Other	—	—	63	(23)	42	33
PBO/APBO at the end of year	$ 22,653	$ 27,870	$ 2,167	$ 2,043	$ 955	$ 927
Change in Plan Assets						
Fair value of plan assets at the beginning of year	$ 24,933	$ 23,017	$ 1,379	$ 1,254	$ —	$ —
Actual return on plan assets	1,609	2,167	49	112	—	—
Company contributions	2,547	2,020	84	95	42	36
Benefits paid	(854)	(2,271)	(46)	(38)	(80)	(72)
Settlements	(6,178)	—	(5)	(7)	—	—
Other	—	—	48	(37)	38	36
Fair value of plan assets at the end of year	$ 22,057	$ 24,933	$ 1,509	$ 1,379	$ —	$ —
Funded Status of the Plans	$ (596)	$ (2,937)	$ (658)	$ (664)	$ (955)	$ (927)
Amount Recognized in the Balance Sheet at May 31:						
Noncurrent asset	$ —	$ —	$ 73	$ 40	$ —	$ —
Current pension, postretirement healthcare and other benefit obligations	(22)	(33)	(16)	(17)	(62)	(39)
Noncurrent pension, postretirement healthcare and other benefit obligations	(574)	(2,904)	(715)	(687)	(893)	(888)
Net amount recognized	$ (596)	$ (2,937)	$ (658)	$ (664)	$ (955)	$ (927)
Amounts Recognized in AOCI and not yet reflected in Net Periodic Benefit Cost:						
Prior service (credit) cost and other	$ (292)	$ (410)	$ (10)	$ (13)	$ 2	$ (4)
Amounts Recognized in AOCI and not yet reflected in Net Periodic Benefit Cost expected to be amortized in next year's Net Periodic Benefit Cost:						
Prior service credit and other	$ (118)	$ (118)	$ (2)	$ (2)	$ —	$ —

Our pension plans included the following components at May 31 (in millions):

	PBO	Fair Value of Plan Assets	Funded Status
2018			
Qualified	$ 22,413	$ 22,057	$ (356)
Nonqualified	240	—	(240)
International Plans	2,167	1,509	(658)
Total	$ 24,820	$ 23,566	$ (1,254)
2017			
Qualified	$ 27,600	$ 24,933	$ (2,667)
Nonqualified	270	—	(270)
International Plans	2,043	1,379	(664)
Total	$ 29,913	$ 26,312	$ (3,601)

The table above provides the PBO, fair value of plan assets and funded status of our pension plans on an aggregated basis. The following table presents our plans on a disaggregated basis to show those plans (as a group) whose assets did not exceed their liabilities. The fair value of plan assets for pension plans with a PBO or ABO in excess of plan assets at May 31 were as follows (in millions):

	PBO Exceeds the Fair Value of Plan Assets	
	2018	2017
U.S. Pension Benefits		
Fair value of plan assets	$ 22,057	$ 24,933
PBO	(22,653)	(27,870)
Net funded status	$ (596)	$ (2,937)
International Pension Benefits		
Fair value of plan assets	$ 1,060	$ 952
PBO	(1,791)	(1,656)
Net funded status	$ (731)	$ (704)

	ABO Exceeds the Fair Value of Plan Assets	
	2018	2017
U.S. Pension Benefits		
ABO (1)	$ (1,134)	$ (27,244)
Fair value of plan assets	859	24,933
PBO	(1,214)	(27,870)
Net funded status	$ (355)	$ (2,937)
International Pension Benefits		
ABO (1)	$ (1,581)	$ (1,433)
Fair value of plan assets	1,060	928
PBO	(1,791)	(1,626)
Net funded status	$ (731)	$ (698)

(1) ABO not used in determination of funded status.

Contributions to our U.S. Pension Plans for the years ended May 31 were as follows (in millions):

	2018	2017
Required	$ 22	$ 459
Voluntary	2,478	1,541
	$ 2,500	$ 2,000

For 2019, no pension contributions will be required for our U.S. Pension Plans as they are fully funded under the Employee Retirement Income Security Act. However, we expect to make tax-deductible discretionary contributions to those plans at levels significantly less than those made in 2018, in addition to required contributions to certain international pension plans. We expect total pension plan contributions to be substantially less than those made in 2018.

Net periodic benefit cost for the three years ended May 31 were as follows (in millions):

	U.S. Pension Plans			International Pension Plans			Postretirement Healthcare Plans		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Service cost	$ 679	$ 638	$ 622	$ 97	$ 83	$ 40	$ 36	$ 36	$ 40
Interest cost	1,115	1,128	1,155	49	43	25	39	39	42
Expected return on plan assets	(1,624)	(1,501)	(1,490)	(46)	(38)	(18)	—	—	—
Amortization of prior service credit	(118)	(118)	(118)	(2)	(2)	(3)	(1)	—	—
Actuarial losses (gains) and other	37	(95)	1,563	(38)	87	(1)	(9)	(14)	(64)
Net periodic benefit cost	$ 89	$ 52	$ 1,732	$ 60	$ 173	$ 43	$ 65	$ 61	$ 18

Amounts recognized in other comprehensive income (“OCI”) for all plans for the years ended May 31 were as follows (in millions):

	2018						2017					
	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans		U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	Gross Amount	Net of Tax Amount	Gross Amount	Net of Tax Amount	Gross Amount	Net of Tax Amount	Gross Amount	Net of Tax Amount	Gross Amount	Net of Tax Amount	Gross Amount	Net of Tax Amount
Prior service cost (credit) arising during period	$ —	$ —	$ —	$ —	$ 5	$ 4	$ —	$ —	$ 1	$ 1	$ (3)	$ (2)
Amortizations:												
Prior services credit	118	83	2	1	1	1	118	74	2	2	—	—
Total recognized in OCI	$ 118	$ 83	$ 2	$ 1	$ 6	$ 5	$ 118	$ 74	$ 3	$ 3	$ (3)	$ (2)

Benefit payments, which reflect expected future service, are expected to be paid as follows for the years ending May 31 (in millions):

	U.S. Pension Plans	International Pension Plans	Postretirement Healthcare Plans
2019	$ 680	$ 48	$ 62
2020	781	48	65
2021	846	54	69
2022	951	71	73
2023	1,071	79	76
2024-2028	7,325	428	369

These estimates are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

Future medical benefit claims costs are estimated to increase at an annual rate of 6.30% during 2019, decreasing to an annual growth rate of 4.50% in 2037 and thereafter. A 1% change in these annual trend rates would not have a significant impact on the APBO at May 31, 2018 or 2018 benefit expense because the level of these benefits is capped.

NOTE 14: BUSINESS SEGMENT INFORMATION

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

FedEx Express Segment	FedEx Express (express transportation) TNT Express (international express transportation, small-package ground delivery and freight transportation)
FedEx Ground Segment	FedEx Ground (small-package ground delivery)
FedEx Freight Segment	FedEx Freight (LTL freight transportation)
FedEx Services Segment	FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions) FedEx Office (document and business services and package acceptance)

In 2018, FedEx Express and TNT Express are reported as one segment. This new segment is the result of combining the financial information of the FedEx Express and TNT Express segments (previously referred to as the FedEx Express group) as part of the operational integration of these two businesses. As integration activities have progressed, the FedEx Express and TNT Express businesses have lost their historical discrete financial profiles, as the businesses are being combined. Therefore, discrete financial information for FedEx Express and TNT Express does not exist in a manner to evaluate performance and make resource allocation decisions. In addition, this new reporting structure aligns with our management reporting structure and our internal financial reporting and compensation plans.

In the fourth quarter of 2018, we realigned our specialty logistics and e-commerce solutions in a new organizational structure under FedEx Trade Networks. The realignment allows us to improve our ability to deliver the capabilities of our specialty services companies to customers. The new organization includes FedEx Trade Networks Transport & Brokerage, Inc., FedEx Cross Border Technologies, Inc., FedEx Supply Chain, FedEx Custom Critical, Inc., and FedEx Forward Depots, Inc. FedEx Trade Networks operating segment results are included in “Corporate, other and eliminations” in our segment reporting. Prior period segment results for all of our transportation segments have been recast to conform to the current year presentation for these organizational structure changes.

FedEx Services Segment

The FedEx Services segment operates combined sales, marketing, administrative and information-technology functions in shared services operations that support our transportation businesses and allow us to obtain synergies from the combination of these functions. For the international regions of FedEx Express some of these functions are performed on a regional basis and reported by each respective company in their natural expense line items. The FedEx Services segment includes: FedEx Services, which provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services for U.S. customers of our major business units and certain back-office support to our other companies; and FedEx Office, which provides an array of document and business services and retail access to our customers for our package transportation businesses.

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

Operating expenses for each of our transportation segments include the allocations from the FedEx Services segment to the respective transportation segments. These allocations also include charges and credits for administrative services provided between operating companies. The allocations of net operating costs are based on metrics such as relative revenues or estimated services provided. 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.

Other Intersegment Transactions

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

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

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

The following table provides a reconciliation of reportable segment revenues, depreciation and amortization, operating income (loss) and segment assets to consolidated financial statement totals (in millions) for the years ended or as of May 31:

	FedEx Express Segment	FedEx Ground Segment	FedEx Freight Segment	FedEx Services Segment	Corporate, other and eliminations (1)	Consolidated Total
Revenues						
2018	$ 36,172	$ 18,395	$ 6,812	$ 1,650	$ 2,421	$ 65,450
2017	33,824	16,503	6,070	1,621	2,301	60,319
2016	25,553	15,051	5,825	1,593	2,343	50,365
Depreciation and amortization						
2018	$ 1,679	$ 681	$ 296	$ 382	$ 57	$ 3,095
2017	1,662	627	265	371	70	2,995
2016	1,377	556	244	384	70	2,631
Operating income (loss)						
2018 (2)	$ 2,578	$ 2,605	$ 517	$ —	$ (830)	$ 4,870
2017 (3)	2,769	2,279	390	—	(401)	5,037
2016 (4)	2,485	2,240	421	—	(2,069)	3,077
Segment assets (5)						
2018	$ 31,753	$ 15,458	$ 7,389	$ 6,377	$ (8,647)	$ 52,330
2017	31,307	12,969	6,527	5,682	(7,933)	48,552
2016	20,798	11,407	6,104	5,390	2,260	45,959

(1) Includes TNT Express's assets and immaterial financial results for 2016 from the time of acquisition (May 25, 2016).

(2) Includes TNT Express integration expenses and restructuring charges of $477 million and a gain of $10 million associated with our annual MTM retirement plans accounting adjustment. These expenses are included in "Corporate, other and eliminations" and the FedEx Express segment. Also includes goodwill and other asset impairment charges of $380 million.

(3) Includes TNT Express integration expenses and restructuring charges of $327 million and a gain of $24 million associated with our MTM retirement plans accounting. These expenses are included in "Corporate, other and eliminations" and the FedEx Express segment. Also includes $39 million of charges for legal reserves related to certain pending U.S. Customs and Border Protection ("CBP") matters involving FedEx Trade Networks and $22 million of charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground. See Note 18 below for additional information.

(4) Includes a $1.5 billion loss associated with our MTM retirement plans accounting. Also includes provisions for the settlement of and expected losses related to independent contractor litigation matters at FedEx Ground for $256 million and expenses related to the settlement of a CBP notice of action involving FedEx Trade Networks in the amount of $69 million, in each case net of recognized immaterial insurance recovery, and transaction and integration-planning expenses related to our TNT Express acquisition of $113 million.

(5) Segment assets include intercompany receivables.

The following table provides a reconciliation of reportable segment capital expenditures to consolidated totals for the years ended May 31 (in millions):

	FedEx Express Segment	FedEx Ground Segment	FedEx Freight Segment	FedEx Services Segment	Other	Consolidated Total
2018	$ 3,461	$ 1,178	$ 490	$ 477	$ 57	$ 5,663
2017	2,725	1,490	431	416	54	5,116
2016	2,350	1,556	428	432	52	4,818

The following table presents revenue by service type and geographic information for the years ended or as of May 31 (in millions):

	2018	2017	2016
REVENUE BY SERVICE TYPE			
FedEx Express segment:			
Package:			
U.S. overnight box	$ 7,273	$ 6,955	$ 6,763
U.S. overnight envelope	1,788	1,750	1,662
U.S. deferred	3,738	3,526	3,379
Total U.S. domestic package revenue	12,799	12,231	11,804
International priority	7,356	6,940	5,697
International economy	3,255	2,876	2,282
Total international export package revenue	10,611	9,816	7,979
International domestic (1)	4,587	4,227	1,285
Total package revenue	27,997	26,274	21,068
Freight:			
U.S.	2,797	2,527	2,481
International priority	2,179	1,910	999
International economy	1,916	1,740	385
International airfreight	368	355	126
Total freight revenue	7,260	6,532	3,991
Other	915	1,018	494
Total FedEx Express segment	36,172	33,824	25,553
FedEx Ground segment	18,395	16,503	15,051
FedEx Freight segment	6,812	6,070	5,825
FedEx Services segment	1,650	1,621	1,593
Other and eliminations (2)	2,421	2,301	2,343
	$ 65,450	$ 60,319	$ 50,365
GEOGRAPHICAL INFORMATION (3)			
Revenues:			
U.S.	$ 43,581	$ 40,269	$ 38,070
International:			
FedEx Express segment	20,417	18,817	11,083
FedEx Ground segment	407	331	275
FedEx Freight segment	181	149	137
FedEx Services segment	3	10	10
Other (2)	861	743	790
Total international revenue	21,869	20,050	12,295
	$ 65,450	$ 60,319	$ 50,365
Noncurrent assets:			
U.S.	$ 30,362	$ 28,141	$ 25,942
International	8,627	7,783	8,028
	$ 38,989	$ 35,924	$ 33,970

(1) International domestic revenues relate to our intra-country operations.

(2) Includes the FedEx Trade Networks operating segment and TNT Express's revenue for 2016 from the time of acquisition (May 25, 2016).

(3) International revenue includes shipments that either originate in or are destined to locations outside the United States, which could include U.S. payors. Noncurrent assets include property and equipment, goodwill and other long-term assets. Our flight equipment is registered in the U.S. and is included as U.S. assets; however, many of our aircraft operate internationally.

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest expense and income taxes for the years ended May 31 was as follows (in millions):

	2018	2017	2016
Cash payments for:			
Interest (net of capitalized interest)	$ 524	$ 484	$ 321
Income taxes	$ 760	$ 397	$ 996
Income tax refunds received	(571)	(20)	(5)
Cash tax payments, net	$ 189	$ 377	$ 991

NOTE 16: GUARANTEES AND INDEMNIFICATIONS

In conjunction with certain transactions, primarily the lease, sale or purchase of operating assets or services in the ordinary course of business and in connection with business acquisitions, we may provide routine guarantees or indemnifications (e.g., environmental, fuel, tax and software infringement), the terms of which range in duration, and often they are not limited and have no specified maximum obligation. As a result of the TNT Express acquisition, we have assumed a guarantee related to the demerger of TNT Express and PostNL Holding B.V., which occurred in 2011, for pension benefits earned prior to the date of the demerger. The risk of making payments associated with this guarantee is remote. The overall maximum potential amount of the obligation under such guarantees and indemnifications cannot be reasonably estimated. Historically, we have not been required to make significant payments under our guarantee or indemnification obligations and no material amounts have been recognized in our financial statements for the underlying fair value of these obligations.

NOTE 17: COMMITMENTS

Annual purchase commitments under various contracts as of May 31, 2018 were as follows (in millions):

	Aircraft and Aircraft Related	Other [1]	Total
2019	$ 1,534	$ 894	$ 2,428
2020	1,922	692	2,614
2021	1,255	416	1,671
2022	1,359	285	1,644
2023	628	185	813
Thereafter	2,653	491	3,144
Total	$ 9,351	$ 2,963	$ 12,314

(1) Primarily equipment and advertising contracts.

The amounts reflected in the table above for purchase commitments represent noncancelable agreements to purchase goods or services. As of May 31, 2018, our obligation to purchase four Boeing 767-300 Freighter ("B767F") aircraft and three Boeing 777 Freighter ("B777F") aircraft is conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the Railway Labor Act of 1926, as amended ("RLA"). Open purchase orders that are cancelable are not considered unconditional purchase obligations for financial reporting purposes and are not included in the table above.

We have several aircraft modernization programs underway that are supported by the purchase of B777F and 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 2018, FedEx Express entered into an agreement to purchase 50 Cessna SkyCourier 408 aircraft with options to purchase up to 50 additional Cessna SkyCourier 408 aircraft. The 50 firm-order Cessna SkyCourier 408 aircraft are expected to be delivered from 2021 through 2024.

During 2018, FedEx Express entered into an agreement to purchase 30 ATR 72-600F aircraft with options to purchase up to 20 additional ATR 72-600F aircraft. The 30 firm-order ATR 72-600F aircraft are expected to be delivered from 2021 through 2026.

During 2018, FedEx Express entered into an agreement to accelerate the delivery of two B777F aircraft from 2021 to 2020, one B777F aircraft from 2021 to 2019, and one B777F aircraft from 2022 to 2020.

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

FedEx Express now has a total of 24 firm orders for B777F aircraft scheduled for delivery during 2019 through 2025 (one of which was delivered in June 2018) and a total of 69 firm orders for B767F aircraft for delivery during 2019 through 2023 (two of which were delivered in June 2018). Six of the B777F orders and five of the B767F orders are conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA (the RLA condition was removed from three previously ordered B777F aircraft).

FedEx Express also acquired options to purchase an additional 14 B777F aircraft, and the delivery dates of 11 existing B777F option aircraft were rescheduled. As a result, FedEx Express now has options to purchase a total of 25 B777F aircraft for delivery through 2028. FedEx Express also acquired options to purchase an additional six B767F aircraft. As a result, FedEx Express now has options to purchase a total of 50 B767F aircraft for delivery through 2026.

As of May 31, 2018, we had $1.2 billion in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions. These deposits are classified in the “Other assets” caption of our consolidated balance sheets. Aircraft and aircraft-related contracts are subject to price escalations. The following table is a summary of the key aircraft we are committed to purchase as of May 31, 2018, with the year of expected delivery:

	Cessna SkyCourier 408	ATR 72-600F	B767F	B777F	Total
2019	-	-	15	3	18
2020	-	-	16	6	22
2021	12	5	10	-	27
2022	12	6	10	3	31
2023	12	6	6	-	24
Thereafter	14	13	-	-	27
Total	50	30	57	12	149

NOTE 18: CONTINGENCIES

Independent Contractor — Lawsuits and Administrative Proceedings. FedEx Ground is involved in lawsuits and administrative proceedings claiming that owner-operators engaged under operating agreements no longer in place should have been treated as employees of FedEx Ground, rather than independent contractors. In addition, we are defending joint-employer cases where it is alleged that FedEx Ground should be treated as an employer of the drivers employed by owner-operators engaged by FedEx Ground. These cases are in varying stages of litigation, and we are not currently able to estimate an amount or range of potential loss in all of these matters. However, we do not expect to incur, individually or in the aggregate, a material loss in these matters. Nevertheless, adverse determinations in matters related to owner-operators engaged by FedEx Ground could, among other things, entitle certain owner-operators to the reimbursement of certain expenses, and their drivers to the benefit of wage-and-hour laws, and result in employment and withholding tax and benefit liability for FedEx Ground. We continue to believe that owner-operators engaged by FedEx Ground are properly classified as independent contractors and that FedEx Ground is not an employer or joint employer of the drivers of these independent contractors.

City and State of New York Cigarette Suit. The City of New York and the State of New York filed two related lawsuits against FedEx Ground in December 2013 and November 2014 arising from FedEx Ground’s alleged shipments of cigarettes to New York residents in contravention of several statutes, including the Racketeer Influenced and Corrupt Organizations Act (“RICO”) and New York’s Public Health Law, as well as common law nuisance claims. In April 2016, the two lawsuits were consolidated and will now proceed as one lawsuit. The first-filed lawsuit alleges that FedEx Ground provided delivery services on behalf of four shippers, and the second-filed lawsuit alleges that FedEx Ground provided delivery services on behalf of six additional shippers; none of these shippers continue to ship in our network. Following motions to dismiss filed in both lawsuits, some of the claims were dismissed entirely or limited. In the first-filed lawsuit, the New York Public Health Law and common law nuisance claims were dismissed and the plaintiffs voluntarily dismissed another claim. In the second-filed lawsuit, the common law nuisance claim was dismissed entirely and the New York Public Health Law claim has been limited to claims arising after September 27, 2013, when an amendment to that law provided enforcement authority to the City of New York and State of New York. Other claims, including the RICO claims, remain in both lawsuits. The likelihood of loss is reasonably possible, but the amount or range of loss, if any, cannot be estimated at this stage of the litigation. We expect the amount of any loss to be immaterial.

On July 10, 2017, the City of New York and the State of New York filed a third lawsuit against FedEx Ground and included FedEx Freight as a co-defendant. This additional case identifies no shippers or shipments, but generally alleges violations of the same laws that are the subject of the other two lawsuits. The amount or range of loss, if any, cannot be estimated at this stage of the lawsuit.

Other Matters. During the third quarter of 2017, FedEx Trade Networks informed U.S. Customs and Border Protection ("CBP") that in connection with certain customs entries it may have made improper claims for (i) reduced-duty treatment and (ii) duty-free treatment. In the fourth quarter of 2017 we established accruals totaling $39.3 million for the then-current estimated probable loss for these matters. In the first quarter of 2018, FedEx Trade Networks tendered payments to CBP in these matters totaling $46.5 million, and an additional expense of $7.2 million was recognized. CBP acknowledged receipt of the amounts tendered in these matters.

In May 2018, FedEx Trade Networks was informed that CBP is demanding additional payment for duty loss plus interest in connection with the claims for reduced-duty treatment. In June 2018, we submitted a response to CBP challenging the additional demand, and we are waiting for a reply. We have established an accrual for an immaterial amount in connection with this additional demand. We continue to await a response from CBP indicating whether the claims for duty-free treatment are fully resolved.

FedEx and its subsidiaries are subject to other legal proceedings that arise in the ordinary course of business, including certain lawsuits containing various class-action allegations of wage-and-hour violations in which plaintiffs claim, among other things, that they were forced to work "off the clock," were not paid overtime or were not provided work breaks or other benefits. In the opinion of management, the aggregate liability, if any, with respect to these other actions will not have a material adverse effect on our financial position, results of operations or cash flows.

NOTE 19: RELATED PARTY TRANSACTIONS

Our Chairman and Chief Executive Officer, Frederick W. Smith, currently holds an approximate 10% ownership interest in the National Football League Washington Redskins professional football team and is a member of its board of directors. FedEx has a multi-year naming rights agreement with Washington Football, Inc. granting us certain marketing rights, including the right to name the stadium where the team plays and other events are held "FedExField."

NOTE 20: SUMMARY OF QUARTERLY OPERATING RESULTS (UNAUDITED)

(in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018 (1)				
Revenues	$ 15,297	$ 16,313	$ 16,526	$ 17,314
Operating income	1,117	1,262	1,001	1,490
Net income (2)	596	775	2,074	1,127
Basic earnings per common share (3)	2.22	2.89	7.74	4.23
Diluted earnings per common share (3)	2.19	2.84	7.59	4.15
2017 (4)				
Revenues	$ 14,663	$ 14,931	$ 14,997	$ 15,728
Operating income (loss)	1,264	1,167	1,025	1,581
Net income (loss)	715	700	562	1,020
Basic earnings (loss) per common share (3)	2.69	2.63	2.11	3.81
Diluted earnings (loss) per common share (3)	2.65	2.59	2.07	3.75

(1) The fourth quarter, third quarter, second quarter and first quarter of 2018 include $136 million, $106 million, $122 million and $112 million, respectively, of TNT Express integration expenses (including any restructuring charges). The fourth quarter of 2018 includes goodwill and other asset impairment charges related to FedEx Supply Chain of $380 million and a gain of $10 million related to the annual retirement plans MTM adjustment.

(2) The fourth quarter of 2018 includes a $255 million net tax benefit from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express. The fourth quarter, third quarter, and second quarter of 2018 include $133 million, $12 million, and $80 million, respectively, of tax benefits from foreign tax credits associated with distributions to the U.S. from foreign operations. The fourth quarter and third quarter of 2018 include $100 million and $165 million, respectively, of tax benefits related to a lower statutory income tax rate on fiscal 2018 earnings. In addition, the third quarter of 2018 includes the following TCJA-related items: a provisional benefit of $1.15 billion related to the remeasurement of our net U.S. deferred tax liability and a one-time benefit of $204 million from a $1.5 billion contribution to our U.S. Pension Plans.

(3) The sum of the quarterly earnings per share may not equal annual amounts due to differences in the weighted-average number of shares outstanding during the respective periods.

(4) The fourth quarter, third quarter, second quarter, and first quarter of 2017 include $124 million, $78 million, $58 million and $68 million, respectively, of TNT Express integration expenses and restructuring charges. The fourth quarter of 2017 includes $39 million of charges for legal reserves related to certain pending CBP matters involving FedEx Trade Networks, $22 million of charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground and $24 million related to the retirement plans MTM gain.

NOTE 21: CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

We are required to present condensed consolidating financial information in order for the subsidiary guarantors of our public debt to continue to be exempt from reporting under the Securities Exchange Act of 1934, as amended.

The guarantor subsidiaries, which are 100% owned by FedEx, guarantee $16.4 billion of our public debt. The guarantees are full and unconditional and joint and several. Our guarantor subsidiaries were not determined using geographic, service line or other similar criteria, and as a result, the "Guarantor Subsidiaries" and "Non-guarantor Subsidiaries" columns each include portions of our domestic and international operations. Accordingly, this basis of presentation is not intended to present our financial condition, results of operations or cash flows for any purpose other than to comply with the specific requirements for subsidiary guarantor reporting.

Condensed consolidating financial statements for our guarantor subsidiaries and non-guarantor subsidiaries are presented in the following tables (in millions):

CONDENSED CONSOLIDATING BALANCE SHEETS
May 31, 2018

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 1,485	$ 257	$ 1,538	$ (15)	$ 3,265
Receivables, less allowances	3	4,970	3,586	(78)	8,481
Spare parts, supplies, fuel, prepaid expenses and other, less allowances	425	878	292	—	1,595
Total current assets	1,913	6,105	5,416	(93)	13,341
PROPERTY AND EQUIPMENT, AT COST	21	51,232	3,868	—	55,121
Less accumulated depreciation and amortization	17	25,111	1,839	—	26,967
Net property and equipment	4	26,121	2,029	—	28,154
INTERCOMPANY RECEIVABLE	1,487	924	—	(2,411)	—
GOODWILL	—	1,709	5,264	—	6,973
INVESTMENT IN SUBSIDIARIES	33,370	4,082	—	(37,452)	—
OTHER ASSETS	75	1,854	1,829	104	3,862
	$ 36,849	$ 40,795	$ 14,538	$ (39,852)	$ 52,330
LIABILITIES AND STOCKHOLDERS' INVESTMENT					
CURRENT LIABILITIES					
Current portion of long-term debt	$ 1,332	$ 1	$ 9	$ —	$ 1,342
Accrued salaries and employee benefits	65	1,506	606	—	2,177
Accounts payable	16	1,332	1,719	(90)	2,977
Accrued expenses	460	1,778	896	(3)	3,131
Total current liabilities	1,873	4,617	3,230	(93)	9,627
LONG-TERM DEBT, LESS CURRENT PORTION	14,942	288	13	—	15,243
INTERCOMPANY PAYABLE	—	—	2,411	(2,411)	—
OTHER LONG-TERM LIABILITIES					
Deferred income taxes	—	2,626	137	104	2,867
Other liabilities	619	3,432	1,126	—	5,177
Total other long-term liabilities	619	6,058	1,263	104	8,044
STOCKHOLDERS' INVESTMENT	19,415	29,832	7,621	(37,452)	19,416
	$ 36,849	$ 40,795	$ 14,538	$ (39,852)	$ 52,330

CONDENSED CONSOLIDATING BALANCE SHEETS
May 31, 2017

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 1,884	$ 325	$ 1,807	$ (47)	$ 3,969
Receivables, less allowances	3	4,729	2,928	(61)	7,599
Spare parts, supplies, fuel, prepaid expenses and other, less allowances	25	787	248	—	1,060
Total current assets	1,912	5,841	4,983	(108)	12,628
PROPERTY AND EQUIPMENT, AT COST	22	47,201	3,403	—	50,626
Less accumulated depreciation and amortization	18	23,211	1,416	—	24,645
Net property and equipment	4	23,990	1,987	—	25,981
INTERCOMPANY RECEIVABLE	1,521	2,607	—	(4,128)	—
GOODWILL	—	1,571	5,583	—	7,154
INVESTMENT IN SUBSIDIARIES	27,712	2,636	—	(30,348)	—
OTHER ASSETS	3,494	1,271	1,249	(3,225)	2,789
	$ 34,643	$ 37,916	$ 13,802	$ (37,809)	$ 48,552
LIABILITIES AND STOCKHOLDERS' INVESTMENT					
CURRENT LIABILITIES					
Current portion of long-term debt	$ —	$ 9	$ 13	$ —	$ 22
Accrued salaries and employee benefits	72	1,335	507	—	1,914
Accounts payable	10	1,411	1,439	(108)	2,752
Accrued expenses	991	1,522	717	—	3,230
Total current liabilities	1,073	4,277	2,676	(108)	7,918
LONG-TERM DEBT, LESS CURRENT PORTION	14,641	244	24	—	14,909
INTERCOMPANY PAYABLE	—	—	4,128	(4,128)	—
OTHER LONG-TERM LIABILITIES					
Deferred income taxes	—	5,472	238	(3,225)	2,485
Other liabilities	2,856	3,448	863	—	7,167
Total other long-term liabilities	2,856	8,920	1,101	(3,225)	9,652
STOCKHOLDERS' INVESTMENT	16,073	24,475	5,873	(30,348)	16,073
	$ 34,643	$ 37,916	$ 13,802	$ (37,809)	$ 48,552

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
Year Ended May 31, 2018

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ —	$ 48,601	$ 17,256	$ (407)	$ 65,450
OPERATING EXPENSES:					
Salaries and employee benefits	149	17,814	5,244	—	23,207
Purchased transportation	—	9,134	6,191	(224)	15,101
Rentals and landing fees	5	2,587	776	(7)	3,361
Depreciation and amortization	1	2,644	450	—	3,095
Fuel	—	3,077	297	—	3,374
Maintenance and repairs	1	2,294	327	—	2,622
Goodwill and other asset impairment charges	—	—	380	—	380
Retirement plans mark-to-market adjustment	—	19	(29)	—	(10)
Intercompany charges, net	(437)	(120)	557	—	—
Other	281	6,227	3,118	(176)	9,450
	—	43,676	17,311	(407)	60,580
OPERATING INCOME	—	4,925	(55)	—	4,870
OTHER INCOME (EXPENSE):					
Equity in earnings of subsidiaries	4,572	62	—	(4,634)	—
Interest, net	(541)	46	(15)	—	(510)
Intercompany charges, net	544	(291)	(253)	—	—
Other, net	(3)	(120)	116	—	(7)
INCOME BEFORE INCOME TAXES	4,572	4,622	(207)	(4,634)	4,353
Provision for income taxes (benefit)	—	309	(528)	—	(219)
NET INCOME	$ 4,572	$ 4,313	$ 321	$ (4,634)	$ 4,572
COMPREHENSIVE INCOME	$ 4,489	$ 4,263	$ 291	$ (4,634)	$ 4,409

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
Year Ended May 31, 2017

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ —	$ 44,823	$ 15,798	$ (302)	$ 60,319
OPERATING EXPENSES:					
Salaries and employee benefits	123	16,696	4,723	—	21,542
Purchased transportation	—	8,260	5,495	(125)	13,630
Rentals and landing fees	5	2,517	724	(6)	3,240
Depreciation and amortization	1	2,538	456	—	2,995
Fuel	—	2,476	297	—	2,773
Maintenance and repairs	1	2,086	287	—	2,374
Retirement plans mark-to-market adjustment	—	(75)	51	—	(24)
Intercompany charges, net	(434)	182	252	—	—
Other	304	5,734	2,885	(171)	8,752
	—	40,414	15,170	(302)	55,282
OPERATING INCOME	—	4,409	628	—	5,037
OTHER INCOME (EXPENSE):					
Equity in earnings of subsidiaries	2,997	68	—	(3,065)	—
Interest, net	(507)	27	1	—	(479)
Intercompany charges, net	508	(296)	(212)	—	—
Other, net	(1)	(134)	156	—	21
INCOME BEFORE INCOME TAXES	2,997	4,074	573	(3,065)	4,579
Provision for income taxes	—	1,439	143	—	1,582
NET INCOME	$ 2,997	$ 2,635	$ 430	$ (3,065)	$ 2,997
COMPREHENSIVE INCOME	$ 2,922	$ 2,580	$ 314	$ (3,065)	$ 2,751

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
Year Ended May 31, 2016

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ —	$ 42,143	$ 8,547	$ (325)	$ 50,365
OPERATING EXPENSES:					
Salaries and employee benefits	119	15,880	2,582	—	18,581
Purchased transportation	—	7,380	2,720	(134)	9,966
Rentals and landing fees	5	2,484	371	(6)	2,854
Depreciation and amortization	1	2,399	231	—	2,631
Fuel	—	2,324	75	—	2,399
Maintenance and repairs	1	1,954	153	—	2,108
Retirement plans mark-to-market adjustment	—	1,414	84	—	1,498
Intercompany charges, net	(645)	425	220	—	—
Other	519	5,274	1,643	(185)	7,251
	—	39,534	8,079	(325)	47,288
OPERATING INCOME	—	2,609	468	—	3,077
OTHER INCOME (EXPENSE):					
Equity in earnings of subsidiaries	1,820	279	—	(2,099)	—
Interest, net	(355)	27	13	—	(315)
Intercompany charges, net	369	(354)	(15)	—	—
Other, net	(14)	(14)	6	—	(22)
INCOME BEFORE INCOME TAXES	1,820	2,547	472	(2,099)	2,740
Provision for income taxes	—	818	102	—	920
NET INCOME	$ 1,820	$ 1,729	$ 370	$ (2,099)	$ 1,820
COMPREHENSIVE INCOME	$ 1,746	$ 1,704	$ 128	$ (2,099)	$ 1,479

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
Year Ended May 31, 2018

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (2,837)	$ 6,767	$ 712	$ 32	$ 4,674
INVESTING ACTIVITIES					
Capital expenditures	(1)	(5,299)	(363)	—	(5,663)
Business acquisitions, net of cash acquired	—	(44)	(135)	—	(179)
Proceeds from sale of business	—	—	123	—	123
Proceeds from asset dispositions and other	(6)	33	15	—	42
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(7)	(5,310)	(360)	—	(5,677)
FINANCING ACTIVITIES					
Net transfers from (to) Parent	1,529	(1,612)	83	—	—
Payment on loan between subsidiaries	663	—	(663)	—	—
Intercompany dividends	—	98	(98)	—	—
Principal payments on debt	—	(22)	(16)	—	(38)
Proceeds from debt issuance	1,480	—	—	—	1,480
Proceeds from stock issuances	327	—	—	—	327
Dividends paid	(535)	—	—	—	(535)
Purchase of treasury stock	(1,017)	—	—	—	(1,017)
Other, net	3	7	—	—	10
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,450	(1,529)	(694)	—	227
Effect of exchange rate changes on cash	(5)	4	73	—	72
Net increase (decrease) in cash and cash equivalents	(399)	(68)	(269)	32	(704)
Cash and cash equivalents at beginning of period	1,884	325	1,807	(47)	3,969
Cash and cash equivalents at end of period	$ 1,485	$ 257	$ 1,538	$ (15)	$ 3,265

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
Year Ended May 31, 2017

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (1,155)	$ 5,254	$ 835	$ (4)	$ 4,930
INVESTING ACTIVITIES					
Capital expenditures	—	(4,694)	(422)	—	(5,116)
Proceeds from asset dispositions and other	34	25	76	—	135
CASH USED IN INVESTING ACTIVITIES	34	(4,669)	(346)	—	(4,981)
FINANCING ACTIVITIES					
Net transfers from (to) Parent	421	(518)	97	—	—
Payment on loan between subsidiaries	41	(15)	(26)	—	—
Intercompany dividends	—	1	(1)	—	—
Principal payments on debt	—	(55)	(27)	—	(82)
Proceeds from debt issuances	1,190	—	—	—	1,190
Proceeds from stock issuances	337	—	—	—	337
Dividends paid	(426)	—	—	—	(426)
Purchase of treasury stock	(509)	—	—	—	(509)
Other, net	(12)	(13)	43	—	18
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,042	(600)	86	—	528
Effect of exchange rate changes on cash	(11)	14	(45)	—	(42)
Net (decrease) increase in cash and cash equivalents	(90)	(1)	530	(4)	435
Cash and cash equivalents at beginning of period	1,974	326	1,277	(43)	3,534
Cash and cash equivalents at end of period	$ 1,884	$ 325	$ 1,807	$ (47)	$ 3,969

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
Year Ended May 31, 2016

	Parent	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (831)	$ 5,932	$ 572	$ 35	$ 5,708
INVESTING ACTIVITIES					
Capital expenditures	—	(4,617)	(201)	—	(4,818)
Business acquisitions, net of cash acquired	—	—	(4,618)	—	(4,618)
Proceeds from asset dispositions and other	(55)	33	12	—	(10)
CASH USED IN INVESTING ACTIVITIES	(55)	(4,584)	(4,807)	—	(9,446)
FINANCING ACTIVITIES					
Net transfers from (to) Parent	1,629	(1,549)	(80)	—	—
Payment on loan between subsidiaries	(4,805)	109	4,696	—	—
Intercompany dividends	—	20	(20)	—	—
Principal payments on debt	—	(19)	(22)	—	(41)
Proceeds from debt issuance	6,519	—	—	—	6,519
Proceeds from stock issuances	183	—	—	—	183
Dividends paid	(277)	—	—	—	(277)
Purchase of treasury stock	(2,722)	—	—	—	(2,722)
Other, net	(51)	(48)	48	—	(51)
CASH PROVIDED (USED IN) FINANCING ACTIVITIES	476	(1,487)	4,622	—	3,611
Effect of exchange rate changes on cash	1	(22)	(81)	—	(102)
Net increase in cash and cash equivalents	(409)	(161)	306	35	(229)
Cash and cash equivalents at beginning of period	2,383	487	971	(78)	3,763
Cash and cash equivalents at end of period	$ 1,974	$ 326	$ 1,277	$ (43)	$ 3,534

QUANTITATIVE AND QUALITATIVE D ISCLOSURES ABOUT MARKET RISK

INTEREST RATES. While we currently have market risk sensitive instruments related to interest rates, we have no significant exposure to changing interest rates on our fixed-rate long-term debt or our floating-rate debt. As disclosed in Note 6 to the accompanying consolidated financial statements, we had outstanding fixed- and floating-rate long-term debt (exclusive of capital leases) with an estimated fair value of $16.6 billion at May 31, 2018 and $15.5 billion at May 31, 2017. Market risk for fixed- and floating-rate long-term debt is estimated as the potential decrease in fair value resulting from a hypothetical 10% increase in interest rates and amounts to $431 million as of May 31, 2018 and $370 million as of May 31, 2017. The underlying fair values of our long-term debt were estimated based on quoted market prices or on the current rates offered for debt with similar terms and maturities.

We have interest rate risk with respect to our pension and postretirement benefit obligations. Changes in interest rates impact our liabilities associated with these retirement plans, as well as the amount of pension and postretirement benefit expense recognized. Declines in the value of plan assets could diminish the funded status of our pension plans and potentially increase our requirement to make contributions to the plans. Substantial investment losses on plan assets would also increase net pension expense.

FOREIGN CURRENCY. While we are a global provider of transportation, e-commerce and business services, the majority of our transactions during the periods presented in this Annual Report are denominated in U.S. dollars. The principal foreign currency exchange rate risks to which we are exposed are in the euro, Chinese yuan, British pound, Canadian dollar, Brazilian real and Mexican peso. Historically, our exposure to foreign currency fluctuations is more significant with respect to our revenues than our expenses, as a significant portion of our expenses are denominated in U.S. dollars, such as aircraft and fuel expenses. Foreign currency fluctuations had a slightly negative impact on operating income in 2018 and moderately negative impact on operating income in 2017. However, favorable foreign currency fluctuations also may have had an offsetting impact on the price we obtained or the demand for our services, which is not quantifiable. At May 31, 2018, the result of a uniform 10% strengthening in the value of the dollar relative to the currencies in which our transactions are denominated would result in a decrease in operating income of $154 million for 2019. This theoretical calculation required under SEC guidelines assumes that each exchange rate would change in the same direction relative to the U.S. dollar, which is not consistent with our actual experience in foreign currency transactions. In addition to the direct effects of changes in exchange rates, fluctuations in exchange rates also affect the volume of sales or the foreign currency sales price as competitors' services become more or less attractive. The sensitivity analysis of the effects of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency prices.

We maintain derivative financial instruments to manage foreign currency fluctuations related to probable future transactions and cash flows denominated in currencies other than the currency of the transacting entity which impacts our exposure to foreign currency exchange risk. These derivatives are not designated as hedges and are accounted for at fair value with any profit or loss recorded in income, which was immaterial for 2018 and 2017.

COMMODITY. While we have market risk for changes in the price of jet and vehicle fuel, this risk is largely mitigated by our indexed fuel surcharges. For additional discussion of our indexed fuel surcharges, see the "Results of Operations and Outlook — Consolidated Results — Fuel" section of "Management's Discussion and Analysis of Results of Operations and Financial Condition."

SELECTED FINANCIAL DATA

The following table sets forth (in millions, except per share amounts and other operating data) certain selected consolidated financial and operating data for FedEx as of and for the five years ended May 31, 2018. This information should be read in conjunction with the Consolidated Financial Statements, MD&A and other financial data appearing elsewhere in this Annual Report.

	2018 (1)(2)(3)	2017 (2)(3)(4)	2016 (3)(5)	2015 (3)(6)	2014 (3)
Operating Results					
Revenues	$ 65,450	$ 60,319	$ 50,365	$ 47,453	$ 45,567
Operating income	4,870	5,037	3,077	1,867	3,815
Income before income taxes	4,353	4,579	2,740	1,627	3,658
Net income	4,572	2,997	1,820	1,050	2,324
Per Share Data					
Earnings per share:					
Basic	$ 17.08	$ 11.24	$ 6.59	$ 3.70	$ 7.56
Diluted	$ 16.79	$ 11.07	$ 6.51	$ 3.65	$ 7.48
Average shares of common stock outstanding	267	266	276	283	307
Average common and common equivalent shares outstanding	272	270	279	287	310
Cash dividends declared	$ 2.00	$ 1.60	$ 1.00	$ 0.80	$ 0.60
Financial Position					
Property and equipment, net	$ 28,154	$ 25,981	$ 24,284	$ 20,875	$ 19,550
Total assets (7)	52,330	48,552	45,959	36,469	33,032
Long-term debt, less current portion (7)	15,243	14,909	13,733	7,187	4,698
Common stockholders' investment	19,416	16,073	13,784	14,993	15,277
Other Operating Data					
FedEx Express aircraft fleet	670	657	643	647	650

(1) Results for 2018 include tax benefits of $2.1 billion ($7.71 per diluted share), which includes benefits of $1.6 billion related to the TCJA as follows: a provisional benefit of $1.15 billion ($4.22 per diluted share) for the remeasurement of our net U.S. deferred tax liability for lower tax rates; a benefit of $204 million ($0.75 per diluted share) from an incremental pension contribution made in the third quarter and deductible against prior year taxes at 35%; and a benefit of approximately $265 million ($0.97 per diluted share) for the phase-in of the reduced tax rate applied to 2018 earnings. The remaining 2018 tax benefits include a net benefit of $255 million ($0.94 per diluted share) from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express and a benefit of $225 million ($0.83 per diluted share) from foreign tax credits associated with distributions to the U.S. from foreign operations. In addition, 2018 results include $380 million ($379 million, net of tax, or $1.39 per diluted share) of goodwill and other asset impairment charges related to FedEx Supply Chain and $8 million ($6 million, net of tax, or $0.02 per diluted share) of legal charges related to certain pending CBP matters involving FedEx Trade Networks.

(2) Results include TNT Express integration expenses and restructuring charges of $477 million ($372 million, net of tax, or $1.36 per diluted share) in 2018 and $327 million ($245 million, net of tax, or $0.91 per diluted share) in 2017. These expenses are included in "Corporate, other and eliminations" and the FedEx Express segment.

(3) Results include the following: MTM retirement plan adjustments: gains of $10 million ($9 million, net of tax, or $0.03 per diluted share) in 2018 and $24 million ($6 million, net of tax, or $0.02 per diluted share) in 2017; and losses of $1.5 billion ($946 million, net of tax, or $3.39 per diluted share) in 2016, $2.2 billion ($1.4 billion, net of tax, or $4.81 per diluted share) in 2015 and $15 million ($9 million, net of tax, or $0.03 per diluted share) in 2014. See Note 1 and Note 13 to the accompanying consolidated financial statements for additional information.

(4) Results for 2017 include charges for legal reserves related to certain pending CBP matters involving FedEx Trade Networks for $39 million ($24 million, net of tax, or $0.09 per diluted share) and the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground in the amount of $22 million ($13 million, net of tax, or $0.05 per diluted share).

(5) Results for 2016 include provisions related to independent contractor litigation matters at FedEx Ground for $256 million, net of recognized immaterial insurance recovery ($158 million, net of tax, or $0.57 per diluted share), and expenses related to the settlement of a CBP notice of action involving FedEx Trade Networks in the amount of $69 million, net of recognized immaterial insurance recovery ($43 million, net of tax, or $0.15 per diluted share). Total transaction, financing and integration-planning expenses related to our TNT Express acquisition, as well as TNT Express's immaterial financial results from the time of acquisition, were $132 million ($125 million, net of tax, or $0.45 per diluted share) during 2016. In addition, 2016 results include a $76 million ($0.27 per diluted share) favorable tax impact from an internal corporate legal entity restructuring to facilitate the integration of FedEx Express and TNT Express.

(6) Results for 2015 include impairment and related charges of $276 million ($175 million, net of tax, or $0.61 per diluted share) resulting from the decision to permanently retire and adjust the retirement schedule of certain aircraft and related engines. Additionally, results for 2015 include a charge of $197 million ($133 million, net of tax, or $0.46 per diluted share) in the fourth quarter to increase the legal reserve associated with the settlement of a legal matter at FedEx Ground to the amount of the settlement.

(7) Includes adjustments in 2014 through 2016 related to our adoption of an accounting standard that requires us to classify debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, rather than as an asset.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

FedEx Corporation

We have audited the consolidated financial statements of FedEx Corporation (the Company) as of May 31, 2018 and 2017, and for each of the three years in the period ended May 31, 2018, and have issued our report thereon dated July 16, 2018 (included elsewhere in this Annual Report on Form 10-K). Our audits of the consolidated financial statements included the financial statement schedule listed in Item 15(a) in this Annual Report on Form 10-K (the "schedule"). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's schedule, based on our audits.

In our opinion, the schedule presents fairly, in all material respects, the information set forth therein when considered in conjunction with the consolidated financial statements.

/s/ Ernst & Young LLP

Memphis, Tennessee

July 16, 2018

FEDEX CORPORATION
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED MAY 31, 2018, 2017 AND 2016
(IN MILLIONS)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS: CHARGED TO EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF YEAR
Accounts Receivable Reserves:					
Allowance for Doubtful Accounts					
2018	$ 115	$ 246	$ —	$ 162 (a)	$ 199
2017	73	136	—	94 (a)	115
2016	86	121	—	134 (a)	73
Allowance for Revenue Adjustments					
2018	$ 137	$ —	$ 1,173 (b)	$ 1,108 (c)	$ 202
2017	105	—	941 (b)	909 (c)	137
2016	99	—	692 (b)	686 (c)	105
Inventory Valuation Allowance:					
2018	$ 237	$ 27	$ 6	$ 2	$ 268
2017	218	26	—	7	237
2016	207	26	—	15	218

(a) Uncollectible accounts written off, net of recoveries, and other adjustments.

(b) Principally charged against revenue.

(c) Service failures, rebills and other.

FEDEX CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)
(IN MILLIONS, EXCEPT RATIOS)

	Year Ended May 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Earnings:					
Income before income taxes	$ 4,353	$ 4,579	$ 2,740	$ 1,627	$ 3,658
Add back:					
Interest expense, net of capitalized interest	546	502	336	235	160
Amortization of debt issuance costs	12	11	8	5	4
Portion of rent expense representative of interest factor	1,553	1,182	924	908	876
Earnings as adjusted	$ 6,464	$ 6,274	$ 4,008	$ 2,775	$ 4,698
Fixed Charges:					
Interest expense, net of capitalized interest	$ 546	$ 502	$ 336	$ 235	$ 160
Capitalized interest	61	41	42	37	29
Amortization of debt issuance costs	12	11	8	5	4
Portion of rent expense representative of interest factor	1,553	1,182	924	908	876
	$ 2,172	$ 1,736	$ 1,310	$ 1,185	$ 1,069
Ratio of Earnings to Fixed Charges	3.0	3.6	3.1	2.3	4.4

COMMITMENT AGREEMENT

May 3, 2018 (the " Commitment Agreement Date ")

Metropolitan Life Insurance Company (the " Insurer ") is pleased to provide, on the following terms, the non-participating single premium group annuity contract, supported by an insulated separate account and its general account (the " Contract ") for the FedEx Corporation Employees' Pension Plan and the FedEx Freight Pension Plan (the " Plans ") in consideration of the mutual promises made and representations, warranties and covenants contained in this Commitment Agreement (this " Commitment Agreement "). For purposes of this Commitment Agreement, capitalized terms will have the meaning set forth in paragraph 9. By signing this Commitment Agreement, the Insurer and FedEx Corporation (the " Company "), and State Street Global Advisors Trust Company, acting solely in its capacity as the independent fiduciary of the Plans (the " Independent Fiduciary "), agree as follows:

1. **GAC Issuance and True-Up Premium** . The Insurer agrees to issue the Contract as follows:

   a. GAC Issuance . On the Scheduled GAC Issuance Date, subject to the Insurer's receipt of the Premium Due Date Transfers and any True-Up Premium due to the Insurer and subject to the terms of paragraphs 1.b. and 1.c., the Insurer irrevocably agrees to issue the Contract with an effective date that is the Premium Due Date and irrevocably commits to make the payments owed to Payees, including (i) Payments to Plan Trust prior to the date that the Insurer completes the takeover of administration services regarding payments under the Contract pursuant to paragraph 6 and (ii) payments under the Contract on and after the date the Insurer completes the takeover of administration services regarding payments under the Contract pursuant to paragraph 6. The Contract will be in substantially the form of the specimen group annuity contract (the " Specimen GAC Form ") attached hereto as Schedule 1 unless a Modified GAC Form is issued pursuant to and in accordance with paragraph 2.

   b. Form of Annuities and Payments under the Contract . The type, description and forms of annuities (*e.g.* , single life annuity, joint and survivor annuity), payments under the Contract and other terms of the Contract will be consistent with the terms of the Insurer's proposal dated May 3, 2018 (the " Proposal ") as updated to reflect any modifications mutually agreed to between the parties after the Commitment Agreement Date and before the [*] prior to the True-Up Date. Subject to the Insurer's receipt of the Premium Due Date Transfers, the Insurer will cooperate with the Company to make Payments to the Plan Trust for June 1, 2018, July 1, 2018 and if necessary, future months, and direct payments to Payees commencing on August 1, 2018 in accordance with the Proposal and the Final Annuity Quote Sheet dated May 3, 2018 (the " Final Annuity Quote Sheet ") until the Contract has been issued and, for the avoidance of doubt, will make such payments even if the Contract has not been issued by the Insurer as of June 1, 2018. The original annuity exhibit to the Contract will be consistent with the payees (including annuitants, contingent annuitants, and alternate payees and beneficiaries in pay status who will be considered annuitants under the Contract as of the Premium Due Date) in the Base Census File.

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

c. Necessary Data . As a condition to the Insurer's issuing the Contract, the Company will deliver or cause to be delivered to the Insurer the data necessary for the Insurer to prepare the annuity exhibit and the information necessary for the Insurer to draft provisions of the Contract and administer the payments thereunder, such as sample calculations. If there are any delays in the delivery of the foregoing information based on the delivery dates set forth in Schedule 7 or such other delivery dates as may be reasonably designated by the Insurer, the Insurer may refer any Payee who contacts the Insurer to the Company Contact for assistance and the Insurer may, in its sole discretion, delay the mailing of Welcome Kits and annuity certificates. The annuity exhibit will not include any Payee for which the Insurer has not been provided each of the following: (i) name, (ii) gender, (iii) date of birth and (iv) social security or federal taxpayer identification number.

d. True-Up Premium . Schedule 8 provides a description of the methodologies and procedures by which the Insurer will calculate the True-Up Premium. The Insurer and the Company will cooperate in good faith so that the Insurer can calculate the True-Up Premium, subject to the following acknowledgements, limitations and conditions:

i. Compare File . To the extent that the Company discovers or has any Removed Lives or Data Corrections after the Commitment Agreement Date and prior to the date that is [*] prior to the True-Up Date (the " Data Notice Date "), the Company will provide written notice of such Removed Life or Data Correction as promptly as reasonably practicable to the Insurer. The Insurer will only be responsible for incorporating into the calculation of the True-Up Premium those Data Corrections and Removed Lives that have been reported to the Insurer by the Company on or prior to the Data Notice Date together with any other Removed Lives and Data Corrections identified by the Insurer (the " Compare File "). Such incorporation is subject to the Insurer's agreement with such Removed Lives or Data Corrections, which agreement will not be unreasonably withheld, and any limitations on incorporating such Data Corrections and Removed Lives into the True-Up Premium set forth in Schedule 8.

Thirty-Five Business Days prior to the True-Up Date, the Insurer will deliver to the Company the Compare File utilizing and consistent with the Base Census File. Thirty Business Days prior to the True-Up Date, the Company will respond to the Insurer with any questions on the Compare File. The Insurer and the Company will cooperate in good faith to resolve any discrepancies on or prior to the twenty-first Business Day prior to the True-Up Date and the Insurer will reflect in the Compare File any changes that have been agreed to on or prior to such twenty-first Business Day.

ii. True-Up Premium . Nine Business Days prior to the True-Up Date, the Insurer will send the calculation of the True-Up Premium to the Company for review with a life by life listing showing all premium adjustments. Six Business Days prior to the True-Up Date, the Company will respond to the Insurer with any questions on the True-Up Premium. If the Company and the Insurer cannot resolve any dispute with respect to the True-Up Premium on or prior to the date that is four Business Days prior to the True-Up Date, then the Insurer's determination will control for purposes of the True-Up Premium but the Company may immediately commence an arbitration dispute pursuant to Schedule 4 with respect to the True-Up Premium and the Insurer's determination shall be subject to retroactive adjustment based on the outcome of such arbitration.

iii. True-Up Premium Payment . The True-Up Premium will be paid on the True-Up Date as follows: (A) if the True-Up Premium is a positive number, then the Independent Fiduciary will irrevocably direct the Plan Trustee to pay to the Insurer an amount, in Cash, equal to the True-Up Premium, plus interest calculated at an annual effective rate of [*] from the Premium Due Date through the date of

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payment, and the Insurer will deposit the Cash into the designated separate account that supports the Contract; or (B) if the True-Up Premium is a negative number, then the Insurer will pay to the Plan Trust an amount, in Cash, equal to the absolute value of the True-Up Premium plus interest calculated at an annual effective rate of [*] from the Premium Due Date through the date of payment.

iv. Annuity Exhibit . The annuity exhibit to be attached to the Contract will be created by the Insurer from the life by life listing provided to calculate the True-Up Premium.

2. **Negotiation of Modified GAC Form .** After the Commitment Agreement Date, the Insurer, the Company and the Independent Fiduciary will each use commercially reasonable efforts to negotiate revisions to the Specimen GAC Form (the " Modified GAC Form ") and related forms of annuity certificates, subject to the following acknowledgements, limitations and conditions:

a. Regulatory Approvals . The Insurer will use commercially reasonable efforts to obtain regulatory approvals of customized annuity certificates prior to the annuity certificate mailing date set forth in paragraph 5.b.

b. Modified GAC Form Issuance . If the negotiation of the Modified GAC Form is completed by the date that is [*] after the Commitment Agreement Date, then, subject to the Insurer's receipt of the Premium Due Date Transfers and any True-Up Premium due to the Insurer, (i) if the Insurer has not previously issued the Contract in the form of the Specimen GAC Form, the Insurer will issue the Contract using the Modified GAC Form in lieu of the Specimen GAC Form, subject to and in accordance with paragraphs 1.a., 1.b. and 1.c. or (ii) if the Insurer has previously issued the Contract in the form of the Specimen GAC Form subject to and in accordance with paragraphs 1.a., 1.b. and 1.c., the Insurer will amend and restate the Contract so that its terms are replaced by the Modified GAC Form (or applicable provisions thereof). Such Contract will have an effective date that is the Premium Due Date.

3. **Premium Due Date Transfers .** The Independent Fiduciary will irrevocably direct the Plan Trustee to pay the Insurer [*] (the " Premium Amount ") on the Premium Due Date. If the Premium Amount is not received by the Insurer on the Premium Due Date, an interest credit or charge will be made to the Premium Amount at a rate which when compounded daily results in an annual effective rate of [*] as set forth in the Proposal. This interest rate applies for 30 days following the Premium Due Date. If the Premium Amount is not received by June 11, 2018 an interest charge will be calculated based on a revised interest rate determined on a reasonable basis by the Insurer. [*]. The Premium Amount will be transferred to the Insurer on the Premium Due Date as follows:

a. On or before the Business Day following the Commitment Agreement Date, the Independent Fiduciary will irrevocably direct the Plan Trustee to transfer the Eligible Assets to the Insurer on the Premium Due Date or instruct The Depository Trust Clearing Corporation, or such other applicable central securities depository, to transfer the Eligible Assets, listed in Schedule 2, to the Insurer on the Premium Due Date. All rights, title and interests to each Eligible Asset will be assigned, transferred and delivered to the Insurer by the Cut Off Time and each Eligible Asset, listed in Schedule 2, must have been identified in the Excel file entitled [*] as a security that the Insurer was willing to accept as part of the asset-in-kind transfer and such file was provided by the Insurer for the Company on May 2, 2018. All Eligible Assets must be delivered in good deliverable form. "Good deliverable form" means [*].

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b. The Transferred Asset Market Values for the Eligible Assets in Schedule 2 will be calculated by the Company or the Independent Fiduciary as of the close of business on the last Business Day prior to the Commitment Agreement Date, will be provided to the Insurer on the morning of the first Business Day following the Commitment Agreement Date, and will be confirmed by the Insurer on the second Business Day after the Commitment Agreement Date. The Insurer's determination will control for purposes of the Premium Due Date Transfers, absent manifest error, provided that the Company or the Independent Fiduciary may commence an arbitration dispute pursuant to Schedule 4 with respect to any Transferred Asset Market Value calculation. The Transferred Asset Market Value will be calculated [*].

c. The Independent Fiduciary will direct the Plan Trustee to pay to the Insurer an amount in Cash equal to [*].

d. In addition, on the Premium Due Date, the Independent Fiduciary will irrevocably direct the Plan Trustee to pay or cause to be paid to the Insurer the Interim Asset Cash Flows (such payment, together with the payment of the Premium Amount, the " Premium Due Date Transfers "). The Insurer will deposit the Premium Amount into the designated separate account that supports the Contract. If on or following the Premium Due Date, the Plans, the Plan Trust or the Company receives any payments with respect to any Transferred Asset that were due or payable prior to the Premium Due Date, then the payments will be retained by the Plans to the extent the payment was not reflected in the Transferred Asset Market Value used to determine the Premium Amount. Payments in relation to any Transferred Asset that become due or payable following the Premium Due Date shall be paid to the Insurer. In all cases, the Company and Independent Fiduciary will work with the Insurer in good faith to cause any misdirected payments to be made to the correct party.

e. [*]. On and as of the Business Day prior to the Premium Due Date, the Independent Fiduciary will direct the Plan Trustee to provide to the [*]. Within five 5 Business Days following the Premium Due Date, the [*] will confirm to the [*] in writing that such information is accurate and complete or will provide any additions, deletions or corrections to such information. If the Company and the Insurer have a dispute with respect to any such information and, despite using commercially reasonable efforts, cannot resolve such dispute on or prior to the Business Day prior to the Premium Due Date, then the [*] for purposes of the [*], but the [*] may immediately commence an arbitration dispute pursuant to Schedule 4 with respect to any such information and the [*] shall be subject to [*] based on the outcome of such arbitration.

f. [*]. By written notice to the other party on or before the fifth Business Day following the Premium Due Date, the Company or the Insurer may identify [*] and the parties will work in good faith for seven Business Days following the receipt of such notice to agree on which, if any, [*]. If the parties agree that [*] within such seven Business Days following the receipt of such notice, then, on or before the date that is three Business Days following such agreement, the Independent Fiduciary will irrevocably direct the Plan Trustee to promptly [*], per instructions in Schedule 11, [*], and, simultaneously with receipt of [*] to the Plan Trust together

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with [*]. If the Company, the Insurer and the Independent Fiduciary cannot resolve any dispute with respect to [*], then the parties will work in good faith to resolve such dispute.

g. Additional Actions with respect to Assets . The Independent Fiduciary will irrevocably direct the Plan Trustee to promptly give or cause to be given all notices that are required, under applicable law and the terms of each Eligible Asset, in connection with the sale, assignment, transfer and delivery of the Eligible Assets on the Premium Due Date. The Independent Fiduciary will irrevocably direct the Plan Trustee to, and the Insurer will, promptly execute, deliver, record or file or cause to be executed, delivered, recorded or filed any and all releases, affidavits, waivers, notices or other documents that the Company or the Insurer may reasonably request in order to implement the transfer of the Eligible Assets to the Insurer.

h. Risk of Loss on Transferred Assets; Gains on Transferred Assets . The Insurer acknowledges and agrees that, if the Premium Due Date Transfers occur, then, from and after [*], the Insurer bears any and all risks associated with each Transferred Asset.

i. Available Assets . The Company will cause the Plan Trust to have sufficient Cash or other assets (whether by means of a Cash contribution or otherwise) to enable the Plan Trustee to pay all amounts that it is directed to pay to the Insurer by the Independent Fiduciary pursuant to this Commitment Agreement.

4. **Public Announcements .**

a. Press Releases . The Company and the Insurer have the right to issue a transaction announcement or press release regarding the transactions contemplated by this Commitment Agreement, a copy of which will be provided to the other party for review no less than two Business Days prior to the issuance thereof, and the party issuing the transaction announcement or press release will consider in good faith any comments made by the other party; provided, however, that, if the Company has not issued a transaction announcement or press release, the Insurer will not issue a transaction announcement or press release without the prior written consent of the Company; provided, further, that nothing contained in this paragraph 4.a. will prevent the Insurer from communicating with Payees, including through communications posted to the Insurer's website.

b. SEC Filings . If the Company concludes that disclosure of this Commitment Agreement is required by the rules of the Securities and Exchange Commission (" SEC "), (i) the Company and the Insurer will cooperate to make a request by the Company to the SEC for confidential treatment of information relating to the pricing of the Contract and such other information as the Company and the Insurer mutually conclude is competitively sensitive from the perspective of the Company or the Insurer or otherwise merits confidential treatment and (ii) the Company will include the Insurer in any material correspondence (written or oral) with the SEC regarding such application for confidential treatment, and the Company and the Insurer will otherwise reasonably cooperate in connection with such request, including by the Company proposing to redact confidential portions of documents as to which the SEC staff seeks disclosure. As of the Commitment Agreement Date, neither MetLife nor its parent has any present intention to file this Commitment Agreement with the SEC.

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c. Sale or Promotion of the Insurer's Other Products . The Insurer agrees that neither it nor its affiliates, respective insurance agents, wholesalers, employees, brokers, retailers or other representatives will use Confidential Information with respect to Payees to contact Payees to sell or promote its other products.

5. **Welcome Kits and Annuity Certificates** .

a. Welcome Kits . On or before July 17, 2018, the Insurer will mail a welcome kit to each annuitant under the Contract (the " Welcome Kit "). The Insurer will send a preliminary draft of the Welcome Kit to the Company and the Independent Fiduciary as soon as practicable and the Insurer will consider in good faith any comments made by the Company and the Independent Fiduciary on the Welcome Kit on or before the fifth Business Day after it receives the preliminary draft of the Welcome Kit from the Insurer.

b. Annuity Certificates . The Insurer will mail an annuity certificate to each applicable Payee on or before [*]. To the extent that any changes are made to the forms of annuity certificates or the related benefit terms after the Company, the Insurer and the Independent Fiduciary have agreed on the forms of annuity certificates to be filed and the related benefit terms, the mailing of an annuity certificate to each applicable Payee shall be extended by the number of days elapsed since the Company, the Insurer and the Independent Fiduciary had first agreed on the forms of such annuity certificates and the related benefit terms. The rights of a Payee are not conditioned on the issuance of the annuity certificates, and any delay in issuing a certificate shall not have any effect on the date as of which the Payee has enforceable rights against the Insurer.

6. **Administration and Transfer .**

a. Administrative Transition . The Company will provide or cause to be provided to the Insurer the information needed to administer the payments under the Contract and will complete or cause to be completed all processes set forth in Schedule 7. The Company and the Insurer will use commercially reasonable efforts to take or cause to be taken all actions and do or cause to be done all things necessary to coordinate the takeover by the Insurer of all administration responsibilities necessary to effectively provide recordkeeping and administration services regarding payments under the Contract commencing on August 1, 2018. The Company will provide the Insurer with final census data in good order [*] in order for the Insurer to provide recordkeeping and administration services regarding direct payments to Payees under the Contract commencing on August 1, 2018. The Company agrees to cooperate with the Insurer in the takeover of such recordkeeping and administration services, including ensuring that any third-party service provider provides the Insurer with any reasonably necessary information or records in its possession relating to the Plans' benefits and the Payees in its possession. The Company will make subject matter experts available to promptly address any questions the Insurer may have regarding the benefit provisions, including but not limited to forms of annuity, eligibility conditions, administrative practices and calculation methodology. The Insurer shall perform all of its obligations contemplated under this Agreement, the Proposal and the Contract in compliance with all applicable laws.

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

b. Transition Services .

i. The Insurer irrevocably commits to make a bulk payment to Plan Trust equal to the Aggregate Monthly Payment (as defined in the Contract) (each payment, the " Payment " and collectively the " Payments ") for June 1, 2018, July 1, 2018 and, if necessary, future months (each such month, the " Payment Period "). For each Payment Period, the Insurer will make the applicable Payment two Business Days prior to the first day of the Payment Period.

ii. At least five Business Days prior to the first day of each Payment Period, the Company will provide or cause to be provided to the Insurer (A) a direction as to the applicable amount of the Payment to be paid and (B) a report containing reasonable detail (each such report, a " Reimbursement File ") with respect to (x) each payment that is expected to be made using the Payment during the current Payment Period (the " Applicable Payment Period ") and the applicable Payee to whom such payment is expected to be paid and (y)(1) a list of people who were Payees during the prior Payment Period but are not Payees due to death or otherwise during the Applicable Payment Period, (2) a list of people who were not Payees during the prior Payment Period but who are Payees during the Applicable Payment Period and (3) a list of Payees with respect to whom the amount of the payment to be paid during the Applicable Payment Period is different from the amount of the payment from the prior Payment Period.

iii. The Company will make or cause to be made all applicable payments to Payees pursuant to and in accordance with the Contract for June 1, 2018, July 1, 2018, and if necessary, future months. The Insurer will not be responsible for, and the Company will hold the Insurer harmless for, (A) any failure, or alleged failure, of the Company to pay or cause to be paid any applicable portion of any Payment to any applicable Payee pursuant to the Contract during the Applicable Payment Period and (B) directing the Insurer to make a bulk payment for any Payment Period in an amount that is not equal to the Aggregate Monthly Payment.

iv. The Company, without duplication, shall promptly pay or refund (or cause to be paid or refunded) to the Insurer the following amounts (A) on the True-Up Date, and in accordance with paragraph 3, any portion of any Payment that, as reasonably determined by the Insurer, is or results in an overpayment, a refund of an overpayment amount, a payment to a Payee who, at the time of such payment, was deceased, an erroneous or misdirected payment and (B) after the True-Up Date, any amount described in (A) that is discovered by the Company after the True-Up Date within three Business Days following such discovery or that is discovered by the Insurer after the True-Up Date within three Business Days following notice to the Company of such discovery. Any such payments and refunds to the Insurer shall be made regardless of whether the Company has recovered (or caused to be recovered) any such amounts from any Payee or any other party.

v. The Company shall provide or cause to be provided all administrative and recordkeeping services with respect to the Contract and payments to Payees thereunder from June 1, 2018 to July 1, 2018 and if necessary, future months, including, but not limited to, providing call center services to the Payees, tax reporting services, payment reissue services and estimate and retirement processing services and notifying the Insurer of any domestic relations orders that the Company receives so that the Insurer may evaluate such orders and provide further direction to the Company (all such services, the " Services "). In providing such Services or causing such Services to be provided, the

Company will cooperate in good faith with the Insurer, including responding to reasonable requests from the Insurer for information and records related to such Services or the provision thereof. The Company shall perform or cause to be performed the Services (a) with a level of attentiveness comparable to that which was exercised in providing the Services immediately prior to the execution of this Commitment Agreement and in accordance with any written service standards, in effect from time to time, of the Company or any party the Company causes to perform the Services, (b) in accordance with the terms of this Commitment Agreement and (c) in accordance with all applicable law. In the event of a compromise of any financial or personal information about a Payee, the Company shall notify the Insurer within seven Business Days of becoming aware of such compromise and shall provide to the Insurer the remediation plan to address such compromise within ten Business Days of becoming aware of such compromise.

c. Call Center and Company Contact . The Insurer will maintain, at its cost and expense, a toll-free phone number and/or a website (the " Call Center ") which will be available starting from July 17, 2018 for Payees to contact the Insurer with questions related to the Contract and the annuity certificates. For a period of five years following the Premium Due Date, the Company will maintain, at its cost and expense, a point of contact (the " Company Contact ") to which the Insurer may refer Payees who pose questions related to their Plan benefits. In the event that a Payee contacts the Company with questions related to the Contract and the annuity certificates, the Company may refer the Payee to the Call Center. In the event that a Payee contacts the Insurer with questions related to their Plan benefits, the Insurer may refer the Payee to the Company Contact.

7. **Termination .**

a. Termination . This Commitment Agreement may be terminated at the Insurer's option if the Premium Due Date Transfers have not occurred in accordance with this Commitment Agreement on or prior to [*] following the Premium Due Date. If this Commitment Agreement is terminated pursuant to the preceding sentence, all rights and obligations of the parties under this Commitment Agreement will terminate and will become null and void except that this paragraph 7 (Termination), paragraph 9 (Definitions) and paragraph 10 (Miscellaneous) will survive any such termination and no party will otherwise have any liability to any other party under this Commitment Agreement. However, nothing in this paragraph 7 will relieve any party from liability for any fraud or willful and material breach of this Commitment Agreement.

8. **Representations and Warranties.**

a. Insurer Representations and Warranties . The Insurer hereby represents and warrants to the Company and the Independent Fiduciary as of the Commitment Agreement Date and as of the Premium Due Date that:

i. The Insurer is a life insurance company, duly organized, validly existing and in good standing under the laws of the State of New York. The Insurer is duly qualified or licensed to do business and is in good standing in each jurisdiction in which its performance of its obligations in the Commitment Agreement and the Contract makes such qualification or licensing necessary, except in such jurisdictions where the failure to be in good standing or so qualified or licensed would not be material.

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

The Insurer has all requisite power and authority to enter into and carry out its obligations under this Commitment Agreement and the Contract and to consummate the transactions contemplated to be undertaken by the Insurer in this Commitment Agreement and the Contract.

ii. The Insurer has received all necessary corporate approvals and no other action on the part of the Insurer is necessary to authorize the execution, delivery and performance of this Commitment Agreement and the Contract, and the consummation of the transactions contemplated to be undertaken by the Insurer in this Commitment Agreement and the Contract. This Commitment Agreement and the Contract have been or will be duly executed and delivered by the Insurer, and each is (or when executed will be) a valid and binding obligation of the Insurer, enforceable against the Insurer in accordance with its terms, subject to the applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (the " Enforceability Exceptions ").

iii. The execution, delivery and performance of this Commitment Agreement and the Contract by the Insurer, and the consummation by the Insurer of the transactions contemplated to be undertaken by the Insurer in this Commitment Agreement do not (1) violate or conflict with any provision of its certificates or articles of incorporation, bylaws, code of regulations or the comparable governing documents, (2) except for the filings and approvals of state insurance governmental authorities in the states listed on Schedule 10, violate or conflict with any law or order of any governmental authority applicable to the Insurer, (3) require any governmental or governmental agency approval other than any filings with and approvals of state insurance governmental authorities in the states listed on Schedule 10 or (4) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which the Insurer is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on the Insurer's ability to consummate the transactions and perform its obligations contemplated by this Commitment Agreement. No filing or approval is required to issue the annuity certificates in accordance with the Contract, other than any filings with and approvals of state insurance governmental authorities in the states listed on Schedule 10.

iv. The business of insurance conducted by the Insurer has been and is being conducted in material compliance with applicable laws, and none of the licenses, permits or governmental approvals required for the continued conduct of the business of the Insurer as such business is currently being conducted will lapse, terminate, expire or otherwise be impaired as a result of the consummation of the transactions contemplated to be undertaken by the Insurer in this Commitment Agreement, except as, in either case, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of the Insurer to perform its obligations under this Commitment Agreement.

v. To the Insurer's Knowledge (x) all material information provided by the Insurer to the Company or the Independent Fiduciary (other than any component incorporated into the calculation of the Premium Amount or the True-Up Premium not calculated, determined or provided by the Insurer, including the Base Census File, and any information provided by the Insurer based on any such component) in connection with the transactions contemplated by this Commitment Agreement was, as of the date indicated on such information, true and correct in all material respects and (y) no change has occurred since the date indicated on such information that the Insurer has not publicly disclosed or disclosed to the recipient of such information that would cause such information, taken as a whole, to be materially false or misleading.

vi. The Insurer is not (1) a trustee of the Plans (other than a non-discretionary trustee who does not render investment advice with respect to any assets of the Plans), (2) a plan administrator (within the meaning of ERISA § 3(16)(A) and the Code § 414(g)) with respect to the Plans) or (3) an employer any of whose employees are covered by the Plans. Schedule 6 sets forth a true and complete list of (x) the Insurer and the Insurer's affiliates that are investment managers within the meaning of ERISA § 3(38)(B) and (y) without duplication of clause (x), the Insurer and the Insurer's affiliates that are registered as investment advisers under the Investment Advisers Act of 1940; provided, however, that solely with respect to the representation and warranty as to Schedule 6 to be made by the Insurer on and as of the Premium Due Date, the Insurer may update Schedule 6 through the Premium Due Date by providing a written update to the Company so that the information included therein is current on and as of the Premium Due Date. Russell Investments Implementation Services, LLC is not an affiliate of the Insurer.

vii. Following receipt by the Insurer of the Premium Due Date Transfers, the Plans, the Company, the Independent Fiduciary and their respective affiliates and representatives will not have any liability to pay any annuity payment under the Contract.

viii. The Contract, when executed, will be duly executed and delivered by the Insurer and will be a valid and binding obligation of the Insurer and enforceable against the Insurer by the Company and each Payee in accordance with its terms, subject to the Enforceability Exceptions. At all times, the right to a benefit under the Contract, in accordance with the Contract's terms, will be enforceable by the sole choice of the Payee to whom the benefit is owed by the Contract, subject to the Enforceability Exceptions. Even if the Company, as the contract-holder, ceases to exist, notifies the Insurer that it will cease to perform its obligations under the Contract or no longer has obligations under the Contract, the Contract will remain a valid and binding obligation of the Insurer, irrevocable and in full force and effect, and enforceable against the Insurer by each Payee in accordance with its terms, subject to the Enforceability Exceptions.

ix. No fees, commissions or payments are or will be owed by the Insurer to any individual or entity in connection with the transactions contemplated in this Commitment Agreement and the Contract for which any other party, or its respective affiliates or representatives, could be liable.

x. There is no action pending or, to the Insurer's Knowledge, threatened against the Insurer that in any manner challenges or seeks to prevent, enjoin or materially alter or delay the transactions contemplated by this Commitment Agreement or that could reasonably be expected to materially impair or restrict the Insurer's ability to consummate the transactions contemplated by this Commitment Agreement and to perform its obligations hereunder.

xi. Acceptance of this Commitment Agreement by the Company and the Independent Fiduciary shall constitute an irrevocable and binding agreement between the parties to enter into the Contract.

xii. The Insurer has had, or will by the Premium Due Date have had, the opportunity to conduct, and has conducted, a due diligence investigation with respect to the transactions contemplated in this Commitment Agreement and the Contract that it, in its sole discretion, deemed appropriate and hereby acknowledges that it has not been impeded or restricted in any manner by any person with respect to such due diligence investigation.

xiii. The Insurer is a sophisticated investor with experience in the purchase of publicly traded debt of the type to be included in the Transferred Assets. The Insurer has had access to such information as it deems necessary in order to make its decision to acquire the Transferred Assets from the Plans. Without limiting any rights or remedies of the Insurer set forth in this Commitment Agreement, the Insurer acknowledges that (a) the Company and the Plans' fiduciaries currently may have information with respect to the Transferred Assets that is not known to the Insurer and that may be material to a decision to acquire the Transferred Assets and (b) the Insurer has determined to acquire the Transferred Assets and the investment risk associated with the Transferred Assets notwithstanding its lack of knowledge of such information. The Insurer acknowledges and agrees that neither the Company, the Independent Fiduciary nor either Plan has given any investment advice or rendered any opinion to the Insurer as to whether the acquisition of the Transferred Assets is prudent. For the avoidance of doubt, nothing in this paragraph 8.a.xiii will affect the truth or accuracy of the Company's or the Independent Fiduciary's representations and warranties expressly set forth herein.

xiv. As of the Commitment Agreement Date, to the Insurer's Knowledge, there are no facts and circumstances that would cause the Insurer's RBC Ratio to be below [*].

xv. Except for the representations and warranties of the Insurer expressly set forth in this paragraph 8.a, neither the Insurer nor any of its affiliates, nor any other person makes any express or implied representation or warranty on behalf of the Insurer or any of its affiliates with respect to the Insurer, its affiliates or the transactions contemplated in this Commitment Agreement and the Contract.

b. Company Representations and Warranties . The Company hereby represents and warrants to the Insurer and the Independent Fiduciary as of the Commitment Agreement Date and as of the Premium Due Date that:

i. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Delaware. The Company is duly qualified or licensed to do business and is in good standing in each jurisdiction in which its performance of its obligations in the Commitment Agreement and the Contract makes such qualification or licensing necessary, except in such jurisdictions where the failure to be in good standing or so qualified or licensed would not be material. The Company has all requisite power and authority to enter into and carry out its obligations under this Commitment Agreement and the Contract and to consummate the transactions contemplated to be undertaken by the Company in this Commitment Agreement and the Contract.

ii. The Company has received all necessary corporate approvals and no other action on the part of the Company is necessary to authorize the execution, delivery and performance of this Commitment Agreement and the Contract, and the consummation of the transactions contemplated to be undertaken by the Company in this Commitment Agreement and the Contract. This Commitment Agreement and the Contract have been (or will be) duly executed and delivered by the Company, and each is (or when executed will be) a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions.

iii. The execution, delivery and performance of this Commitment Agreement and the Contract by the Company, and the consummation by the Company of the transactions contemplated to be undertaken by the Company in this Commitment Agreement do not (1) violate or conflict with any provision of the Plans and any documents and instruments governing the Plans as contemplated under ERISA § 404(a)(1)(D) (the " Plan Governing Documents "), the certificates or articles of

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

incorporation, bylaws, code of regulations or the comparable governing documents of the Company, (2) violate or conflict with any law or order of any governmental authority applicable to the Company or the Plan Governing Documents, (3) require any governmental or governmental agency approval or (4) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which the Company is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on the Company's ability to consummate the transactions contemplated by this Commitment Agreement.

iv. Notwithstanding anything to the contrary in the Company NDA, to the Company's Knowledge, (1) the mortality experience data file provided by or on behalf of the Company to the Insurer identified on Schedule 9 did not contain any misstatements or omissions that were, in the aggregate, material and (2) the data in respect of benefit amounts, forms of annuities, date of birth, date of death, state of residence, gender, plan indicator, lump-sum indicator, hourly/salaried indicator, status (beneficiary in pay or participant), and zip code, in each case, with respect to the Payees that was furnished by or on behalf of the Company to the Insurer, was not generated using any materially incorrect systematic assumptions or material omissions.

v. The Plans and Plan Trust are maintained under and subject to ERISA and, to the Company's Knowledge, are in compliance with ERISA in all material respects and are operated in compliance therewith in all material respects. To the Company's Knowledge, no event has occurred that is reasonably likely to result in the Plans losing their status as qualified by the Code for preferential tax treatment under Code §§ 401(a) and 501(a). All Plan amendments necessary to effect the transactions contemplated by this Commitment Agreement and the Contract have been duly executed and, to the extent that they require authorization by the Company, have been, or will be by the Premium Due Date, duly authorized and made by the Company.

vi. Neither the Insurer nor any of the Insurer's affiliates is a fiduciary of the Plans who either (A) has or exercises any discretionary authority or control with respect to the investment of Plan Assets that are or will be involved in the transactions contemplated by the Commitment Agreement or the Contract or (B) renders investment advice (within the meaning of ERISA § 3(21)(A)(ii) or Code § 4975(e)(3)(B)) with respect to such assets. There are no commingled investment vehicles that hold Plan Assets, the units of which are or will be Plan Assets involved in the transactions contemplated by this Commitment Agreement or the Contract. No Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or the Contract are or will be managed by any investment manager listed on Schedule 6, and no investment advisor listed on Schedule 6 renders or will render investment advice (within the meaning of ERISA § 3(21)(A)(ii)) with respect to those assets. The Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or the Contract will, immediately prior to the Commitment Agreement Date, be exclusively managed by Russell Investments Implementation Services, LLC. Russell Investments Implementation Services, LLC has not engaged and will not engage any sub-managers or advisors with respect to its management of the Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or the Contract. Investment advice (within the meaning of ERISA § 3(21)(A)(ii)) with respect to the Plan Assets that are or will be involved in the transactions contemplated by this Commitment Agreement or the Contract is and will be exclusively rendered by Russell Investments Implementation Services, LLC.

vii. The Independent Fiduciary has been duly appointed as independent fiduciary of the Plans with respect to the purchase of one or more group annuity contracts to (1) be the designated fiduciary responsible for selecting one or more insurers to provide annuities in accordance and compliance with the ERISA Requirements, (2) determine whether the transactions contemplated by this Commitment Agreement and the Contract satisfy ERISA, (3) represent the interests of the Plans and their participants and beneficiaries in connection with the negotiation of a commitment agreement and, to the extent set forth in the IF Engagement Letter, the terms of any agreements with the Insurer, including the Contract and the annuity certificates, (4) direct the Plan Trustee on behalf of the Plans to transfer the Premium Due Date Transfers in connection with the consummation of the transactions contemplated by this Commitment Agreement and any amounts required pursuant to paragraphs 1.d. and 3. and (5) take all other actions on behalf of the Plans necessary to effectuate the foregoing to the extent set forth in the IF Engagement Letter.

viii. The Plan Trustee has been duly appointed as the directed trustee of the Plan Trust and is obligated to follow the Independent Fiduciary's directions to effectuate and consummate the transactions contemplated by this Commitment Agreement and the IF Engagement Letter.

ix. There is no action pending or, to the Company's Knowledge, threatened against the Company, the Plans or the Independent Fiduciary that in any manner challenges or seeks to prevent, enjoin or materially alter or delay the transactions contemplated by this Commitment Agreement or that could reasonably be expected to materially impair or restrict such party's ability to consummate the transactions contemplated by this Commitment Agreement and to perform its obligations hereunder.

x. No fees, commissions or payments are or will be owed by the Company to any individual or entity in connection with the transactions contemplated in this Commitment Agreement and the Contract for which any other party, or its respective affiliates or representatives, could be liable.

xi. Except for the representations and warranties of the Company expressly set forth in this paragraph 8.b., neither the Company nor any of its affiliates, nor any other person makes any express or implied representation or warranty on behalf of the Company or any of its affiliates with respect to the Company, its affiliates, the Transferred Assets or the transactions contemplated in this Commitment Agreement and the Contract.

c. Independent Fiduciary Representations and Warranties . The Independent Fiduciary hereby represents and warrants to the Company and the Insurer as of the Commitment Agreement Date and as of the Premium Due Date and, with respect to paragraph 8.c.v. only, as of any other date on which the Plan Trustee pays Cash or assets to the Insurer in connection with the transactions contemplated by this Commitment Agreement or the Contract, that:

i. The Independent Fiduciary is a trust company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts. The Independent Fiduciary is duly qualified or licensed to do business and is in good standing in each jurisdiction in which its performance of its obligations in the Commitment Agreement makes such qualification or licensing necessary, except in such jurisdictions where the failure to be in good standing or so qualified or licensed would not be material. The Independent Fiduciary has all requisite power and authority to enter into and carry out its obligations under this Commitment Agreement and to consummate the transactions contemplated to be undertaken by the Independent Fiduciary in this Commitment Agreement.

ii. The Independent Fiduciary has received all necessary corporate approvals and no other action on the part of the Independent Fiduciary is necessary to authorize the execution, delivery and performance of this Commitment Agreement, and the consummation of the transactions contemplated to be undertaken by the Independent Fiduciary in this Commitment Agreement. This Commitment Agreement has been duly executed and delivered by the Independent Fiduciary and is a valid and binding obligation of the Independent Fiduciary, enforceable against the Independent Fiduciary, in accordance with its terms, subject to the Enforceability Exceptions.

iii. The execution, delivery and performance of this Commitment Agreement by the Independent Fiduciary, and the consummation by the Independent Fiduciary of the transactions contemplated to be undertaken by the Independent Fiduciary in this Commitment Agreement do not (1) violate or conflict with any provision of its certificates or articles of incorporation, bylaws, code of regulations or the comparable governing documents, (2) violate or conflict with any law or order of any governmental authority applicable to the Independent Fiduciary, (3) require any governmental or governmental agency approval, (4) violate or conflict with any law or order of any governmental authority applicable to any provision of the Plan Governing Documents or (5) require any consent of or other action by any person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any contract to which the Independent Fiduciary is a party, except where the occurrence of any of the foregoing would not have a material adverse effect on the Independent Fiduciary's ability to consummate the transactions contemplated by this Commitment Agreement.

iv. Independent Fiduciary Compliance with ERISA .

1. The Independent Fiduciary meets the requirements of, and in the transactions is acting as, an investment manager under ERISA §3(38) and a QPAM under PTCE 84-14 with respect to the transactions and the Contract. The Independent Fiduciary is experienced in independent fiduciary work, and together with its reliance on its consultant Mercer Health & Benefits LLC and its counsel, K&L Gates LLP, the Independent Fiduciary is knowledgeable concerning the large scale group annuity marketplace and reasonably believes that it has the requisite expertise to select the Insurer to issue the Contract and perform its obligations under the IF Engagement Letter. The Independent Fiduciary accepted its designation as the designated fiduciary of the Plans with authority to select the insurer or insurers to issue one or more group annuity contracts in the IF Engagement Letter (a true and correct copy of which has been provided to the Insurer, with the fees to be paid to the Independent Fiduciary redacted therefrom), and the Independent Fiduciary reaffirms its fiduciary status as set forth in such letter. The Independent Fiduciary has provided and will continue to provide the services described in such letter prudently and for the exclusive benefit and in the sole interest of the Plans and their participants and beneficiaries. The Independent Fiduciary has accepted appointment as independent fiduciary of the Plans to (i) be the designated fiduciary responsible for selecting one or more insurers to provide annuities in accordance and compliance with all of the requirements of ERISA and applicable guidance promulgated thereunder, including Interpretive Bulleting 95-1, (ii) determine whether the transactions and the Contract satisfy ERISA, (iii) represent the interests of each Plan and its participants and beneficiaries in connection with the negotiation of a commitment agreement and the terms of any agreements with the Insurer, including the Contract and the annuity certificates

(other than solely the descriptions of the benefit forms in the Contract), (iv) direct the Plan Trustee on behalf of the Plans to transfer the transferred assets, the cash payment amount and any post-closing cash payments that are payable by the Plan Trustee in connection with the consummation of the transactions and (v) take all other actions on behalf of the Plans necessary to effectuate the foregoing, including to perform the covenants and agreements and make the representations and warranties set forth in this Commitment Agreement and the IF Engagement Letter, to the extent to be performed or made by the Independent Fiduciary.

2. The Independent Fiduciary meets the requirements of, and in the transactions contemplated by this Commitment Agreement and the Contract is acting as, an “investment manager” under ERISA § 3(38), and further constitutes a “qualified professional asset manager” under the U.S. Department of Labor Prohibited Transaction Class Exemption 84-14 solely with respect to the transfer of assets to the Insurer in connection with the transactions contemplated by this Commitment Agreement and the Contract (but not the selection of such assets or the management of such assets prior to the transfer).

3. The Independent Fiduciary has accepted, and has not rescinded or terminated, its designation as the sole fiduciary of the Plan with authority to select one or more insurers to issue one or more group annuity contracts in the IF Engagement Letter (a true and correct copy of which has been provided to the Insurer, except that the fees to be paid to the Independent Fiduciary, as well as liability and indemnification provisions, have been redacted), and the Independent Fiduciary reaffirms its fiduciary status as set forth in the IF Engagement Letter.

4. The Independent Fiduciary has accepted, and has not rescinded or terminated, appointment as independent fiduciary of the Plan with respect to the purchase of one or more group annuity contracts to (a) be the sole fiduciary responsible for selecting one or more insurers to provide annuities in accordance and compliance with the ERISA Requirements, (b) determine whether the transactions contemplated by this Commitment Agreement and the Contract satisfy ERISA, (c) represent the interests of the Plan and its participants and beneficiaries in connection with the negotiation of a commitment agreement and, to the extent set forth in the IF Engagement Letter, the terms of any agreements with the Insurer, including the Contract and the annuity certificates, (d) direct the Plan Trustee on behalf of the Plan to transfer the Premium Due Date Transfers in connection with the consummation of the transactions contemplated by this Commitment Agreement and any amounts required pursuant to paragraphs 1.d. and 3. and (e) take all other actions on behalf of the Plan necessary to effectuate the foregoing to the extent set forth in the IF Engagement Letter.

5. The Independent Fiduciary is fully qualified and has the requisite expertise together with its reliance on its consultant, Mercer Health & Benefits LLC, and its counsel, K&L Gates LLP, to serve as an independent fiduciary in connection with the transactions contemplated by this Commitment Agreement and the Contract, and it is independent of the Company and the Insurer within the meaning of 29 C.F.R. § 2570.31(j). The Independent Fiduciary has ensured that Mercer Health & Benefits LLC has established commercially reasonable ethical walls between the personnel working on the transactions contemplated in the Commitment Agreement and the Contract and the personnel working on other matters involving the Company, the Insurer or any of their respective affiliates.

v. ERISA Related Determinations .

1. The Independent Fiduciary has selected the Insurer to issue the Contract as set forth in this Commitment Agreement and such selection, the transactions contemplated by this Commitment Agreement, the Plans' use of assets for the purchase of the Contract as contemplated by this Commitment Agreement and the Contract (including its terms) each satisfies the ERISA Requirements. The Independent Fiduciary has delivered a certification confirming the foregoing, executed by a duly authorized officer of the Independent Fiduciary, to the Retirement Plan Investment Board of the Plans.
2. The Independent Fiduciary has determined that the transactions contemplated by this Commitment Agreement and the purchase of the Contract do not result in a Non-Exempt Prohibited Transaction, provided that the representations in paragraphs 8.a.v and 8.b.v are true and correct in all material respects as of the Premium Due Date.
3. The Independent Fiduciary has determined that the Plan Trust (I) will receive no less than "adequate consideration" for the Transferred Assets and (II) will pay no more than "adequate consideration" for the Contract, in each case within the meaning of "adequate consideration" under ERISA § 408(b)(17)(B) and Code § 4975(f)(10).
4. The Independent Fiduciary is responsible for exercising independent judgment in evaluating any transactions that the Plans engage in with the Insurer (including purchase of the Contract). The Independent Fiduciary is not an affiliate of the Insurer and does not have a financial interest, ownership interest or other relationship, agreement or understanding with the Insurer that would limit or might otherwise affect its ability to exercise its best judgment as a fiduciary. The Independent Fiduciary holds, or has under management or control, total assets of at least $50 million, as described in 29 C.F.R. § 2510.3-21 (c)(1)(i)(E) (as amended from time to time). The Independent Fiduciary understands that the Insurer did not undertake and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with any transactions that the Plans engage in with the Insurer (including purchase of the Contract) and that the Independent Fiduciary is exercising independent judgment in evaluating any such transactions.

vi. No fees, commissions or payments are or will be owed by the Independent Fiduciary to any individual or entity in connection with the transactions contemplated in this Commitment Agreement for which any other party, or its respective affiliates or representatives, could be liable.

9. **Definitions .** For purposes of this Commitment Agreement, the following defined terms will have the following meanings:

a. " AAA " is defined in Schedule 4.
b. " Annuity Commencement Date " means [*].
c. " Applicable Payment Period " is defined in paragraph 6.b.ii.
d. " Approved Firm " is defined in Schedule 4.
e. " Asset Eligibility Criteria " means the Asset Eligibility Criteria set forth on Schedule 3.

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

f. "Asset Market Value" means (i) the close-of-market Fair Market Value of [*] as of the close of business on the Business Day [*], *plus* (ii) accrued interest on [*] as of the close of business on the Business Day [*]. For purposes of [*]

g. "Base Census File" means the data file titled [*] provided by the Company to the Insurer posted to [*].

h. [*].

i. "Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in New York, New York are authorized or required by law to close.

j. "Call Center" is defined in paragraph 6.c.

k. "Cash" means a wire transfer, through the Federal Reserve System, of currency of the United States of America.

l. "Check Register" is defined in Schedule 7.

m. "Code" means the Internal Revenue Code of 1986 and the applicable Treasury Regulations issued thereunder.

n. "Commitment Agreement" is defined in the preamble.

o. "Commitment Agreement Date" is defined in the preamble.

p. "Company" is defined in the preamble.

q. "Company Contact" is defined in paragraph 6.c.

r. "Company NDA" is defined in paragraph 10.c.

s. "Compare File" is defined in paragraph 1.d.i.

t. "Confidential Information" has the meaning ascribed to such term in the Company NDA.

u. "Contract" is defined in the preamble.

v. "Cut-Off Time" means 1:00 p.m. eastern time on the Premium Due Date.

w. "Data Corrections" is defined in Schedule 8.

x. "Data Load File" is defined in Schedule 7.

y. "Data Load File Sign-Off" is defined in Schedule 7.

z. "Data Notice Date" is defined in paragraph 1.d.i.

aa. "Eligible Asset" means [*].

bb. "Enforceability Exceptions" is defined in paragraph 8.a.ii.

cc. "ERISA" means Employee Retirement Income Security Act of 1974, as amended, and any federal agency regulations promulgated thereunder that are currently in effect and applicable.

dd. "ERISA Requirements" means all of the applicable requirements of ERISA and applicable guidance promulgated thereunder, including Interpretive Bulletin 95-1.

ee. "Fair Market Value" means the fair market value as of the applicable date for a Schedule 2 Asset in an amount equal to the fair market value as of such date for such Schedule 2 Asset as indicated (i) by the primary pricing source set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset, (ii) if such primary pricing source is not available or no fair market value is indicated by such primary pricing source for such Schedule 2 Asset, by the secondary pricing source set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset or (iii) if neither such primary nor secondary pricing source is available or no fair market value is indicated by either such source for such Schedule 2 Asset, by the tertiary pricing source, if any, set forth in the table below that corresponds to the applicable asset class of such Schedule 2 Asset. [*].

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

[*]

ff. "Final Annuity Quote Sheet" is defined in paragraph 1.b.
gg. "Final Production Data File" is defined in Schedule 7.
hh. [*].
ii. "IF Engagement Letter" means the Engagement Letter, dated March 9, 2018, by and between the Retirement Plan Investment Board of the Plans and the Independent Fiduciary.
jj. "Indemnified Claims" is defined in paragraph 11.a.
kk. "Indemnified Party" is defined in paragraph 11.a.
ll. "Independent Fiduciary" is defined in the preamble.
mm. [*].
nn. "Insurer" is defined in the preamble.
oo. [*].
pp. [*].
qq. "Interim Asset Cash Flows" means, with respect to the Transferred Assets, the aggregate amount paid by the issuer of each asset to the record owner as of any day during the period from and including the Commitment Agreement Date and to but excluding the date that the Premium Due Date Transfers occur, (i) with respect to any coupon, *plus* (ii) with respect to cash flows received on such assets, including but not limited to principal payments, principal redemptions and tender offers but not including coupons described in clause (i). Interim Asset Cash Flows will not include any payments made with respect to any Transferred Asset that were due prior to the Commitment Agreement Date and any other cash flows not principal- or interest-related (such as class action payment receipt and litigation payment) relevant to events occurring prior to the Commitment Agreement Date. For purposes of paragraph 0, which relates to "Schedule 2 Assets" instead of "Transferred Assets," the reference in this definition to "Transferred Assets" shall instead refer to "Schedule 2 Assets."
rr. [*].
ss. "Knowledge" means actual knowledge after making appropriate inquiry.
tt. "Liability" means all actual, but not potential or contingent, losses, damages, costs and expenses.
uu. "Lien" means any lien, mortgage, security interest, pledge, deposit, encumbrance, restrictive covenant or other similar restriction.
vv. [*].
ww. "Modified GAC Form" is defined in paragraph 2.
xx. "Mortality Corrections" is defined in Schedule 8.
yy. "NDA" is defined in paragraph 10.c.
zz. "Non-Exempt Prohibited Transaction" means a transaction prohibited by ERISA § 406 or Code § 4975 for which no statutory exemption or U.S. Department of Labor class exemption is available.
aaa. "Payee" means any payee under the Contract, including annuitants, contingent annuitants, alternate payees and beneficiaries, as applicable.
bbb. "Payment Period" is defined in paragraph 6.b.i.
ccc. "Payment" and "Payments" is defined in paragraph 6.b.i.
ddd. "Permitted Liens" means:

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

i. any Liens created by operation of law in respect of restrictions on transfer of securities (other than restrictions relating to the transfer of a Transferred Asset on the Premium Due Date in violation of applicable law); or

ii. with respect to any Transferred Asset, any transfer restrictions or other limitations on assignment, transfer or the alienability of rights under any indenture, debenture or other similar governing agreement to which such assets are subject (other than restrictions relating to the transfer of such an asset on the Premium Due Date in violation of any such restriction).

eee. " Plans " is defined in the preamble.

fff. " Plan Asset " means an asset of the Plans within the meaning of ERISA.

ggg. " Plan Governing Documents " is defined in paragraph 8.b.iii.

hhh. " Plan Trust " means FedEx Corporation Pension Trust.

iii. " Plan Trustee " means State Street Bank and Trust Company.

jjj. " Preliminary Production Data File " is defined in Schedule 7.

kkk. " Premium Amount " is defined in paragraph 3.

lll. " Premium Due Date " means five Business Days following the Commitment Agreement Date.

mmm. " Premium Due Date Transfers " is defined in paragraph 3.d.

nnn. " Proposal " is defined in paragraph 1.b.

ooo. " RBC Ratio " means the company action level risk-based capital ratio of the Insurer, which will be calculated in a manner consistent with the requirements and methodologies prescribed under state law, as applied by the Insurer in the ordinary course of its business, consistent with its historic practice.

ppp. " Reimbursement File " is defined in paragraph 6.b.ii.

qqq. " Removed Lives " means any life included in the Base Census File that is removed prior to the True-Up Date.

rrr. [*].

sss. " Schedule 2 Asset " means each asset listed from time to time on Schedule 2 [*].

ttt. " Scheduled GAC Issuance Date " means on or before the date that is [*] after the True-Up Date or, if applicable, and, if later, by the date that is [*] following the final resolution of any arbitration disputes in accordance with Schedule 4.

uuu. " SEC " is defined in paragraph 4.b.

vvv. " Services " is defined in paragraph 6.b.v.

www. " Specimen GAC Form " is defined in paragraph 1.a.

xxx. " Transferred Asset " means each Eligible Asset transferred to and received by the Insurer by the Cut-Off Time on the Premium Due Date. Until valid title to an Eligible Asset has transferred to the Insurer, such asset is not a Transferred Asset.

yyy. " Transferred Asset Market Value " means (i) the close-of-market Fair Market Value of [*] as of the close of business on the Business Day [*], *plus* (ii) accrued interest on [*] as of the close of business on the Business Day [*]. For purposes of [*]

zzz. " Transferred Asset Valuation " means the sum of the Transferred Asset Market Value for each Transferred Asset.

aaaa. " True-Up Date " is the date the True-Up Premium payment is made.

bbbb. " True-Up Premium " is defined in Schedule 8.

*Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

cccc. " Update File " is defined in Schedule 7.
dddd. " Welcome Kit " is defined in paragraph 5.a.

10. **Miscellaneous .**

a. This Commitment Agreement, together with the Schedules to this Commitment Agreement, which are incorporated by reference and made a part of this Commitment Agreement as if fully set forth herein, constitutes the sole and entire agreement of the parties to this Commitment Agreement with respect to the subject matter contained herein and therein. The parties each hereby acknowledge that they jointly and equally participated in the drafting of this Commitment Agreement and all other agreements contemplated hereby, and no presumption will be made that any provision of this Commitment Agreement will be construed against any party by reason of such role in the drafting of this Commitment Agreement or any other agreement contemplated hereby. No amendment of any of the provisions hereof shall be effective unless set forth in writing and signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Commitment Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. Except to the extent expressly provided in this Commitment Agreement, nothing in this Commitment Agreement shall confer any rights or remedies upon any person other than the parties thereto.

b. This Commitment Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction). Any legal suit, action or proceeding arising out of or relating to this Commitment Agreement or the transactions contemplated hereby may be instituted in the courts of the State of New York in each case located in the City of New York and County of New York, and each party hereby irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The parties agree that irreparable damage would occur if any provisions of this Commitment Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to equitable relief, including injunctive relief or specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity. To the fullest extent permitted by law, none of the parties will be liable to any other party for any punitive or exemplary damages of any nature in respect of matters arising out of this Commitment Agreement.

c. Notwithstanding anything to the contrary in the Non-Disclosure Agreement, dated as of December 6, 2017, between the Company and the Insurer (the " Company NDA " or " NDA "), the NDA shall continue in full force and effect except that, if the Premium Due Date Transfers are transferred to and received by the Insurer, (a) the NDA shall continue indefinitely and shall not be terminated without the mutual written agreement of the Company and the Insurer , the Insurer will not be required to return or destroy any Confidential Information and will not be restricted in its use or disclosure of any Confidential Information related to Payees, annuity payments under the Contract or the pricing or underwriting of the Contract, received from another party, provided that the Insurer will use such Confidential Information only in compliance with all applicable laws relating to privacy of personally identifying information. For the avoidance of doubt, nothing in this Commitment Agreement or the Company NDA shall be construed to prohibit the Insurer, the Company, the Plans or the Independent Fiduciary from providing this Commitment Agreement, the Contract or an annuity certificate to any governmental regulatory agency or to the auditors of the Insurer, the Company or the Plans.

d. No party shall assign or transfer this Commitment Agreement or any of its rights or obligations hereunder without the prior written consent of the other parties. Any assignment or transfer by any party in violation of this paragraph 10.d. will be null and void from the outset, without any effect whatsoever.

e. The Insurer will comply, and shall ensure that all of its affiliates, agents and subcontractors comply, with all applicable laws and regulations governing the Confidential Information of all Payees, including those laws relating to privacy, data security and protection and the safeguarding of such information, and its maintenance, disclosure and use. The Insurer will maintain administrative, technical and physical safeguards to protect the privacy and security of the confidential information related to Payees. The Insurer will comply in all material respects with any internal written policies relating to the confidential information of any Payee as in effect from time to time. The Insurer acknowledges that it is solely responsible from and after the Commitment Agreement Date for any data breach, including any unauthorized access or unauthorized acquisition, of data relating to any Payee that is in its custody or control, or the custody or control of is agents, subcontractors or service providers.

f. This Commitment Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11. **Indemnification by Insurer** .

a. From and after the Premium Due Date, the Insurer agrees to indemnify, defend and hold the Company, the Independent Fiduciary and the Plans, and their respective affiliates, officers, directors, stockholders, employees and agents (each, an " Indemnified Party ") harmless from and against any and all Liabilities (in each case, including reasonable out of pocket expenses and reasonable fees and expenses of counsel) to the extent arising out of or relating to the portion of any action, lawsuit, proceeding, investigation, demand or other claim against such Indemnified Party by a third party that arises out of or relates to (i) any breach by the Insurer of a representation, warranty or covenant under this Commitment Agreement or the Contract, or (ii) any failure by the Insurer to make, or cause to be made, any payments required to be made pursuant to the Contract or the annuity certificates (" Indemnified Claims "). Notwithstanding the foregoing, Indemnified Claims shall not include any failure, or alleged failure, by the Insurer to perform or comply with the terms of the Contract or to make any such payments in the event that this Commitment Agreement is terminated pursuant to paragraph 7.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the Company, the Insurer, and the Independent Fiduciary have executed this Commitment Agreement as of the date first written above.

FEDEX CORPORATION

By: /s/ John D. Hartney

Print Name: John D. Hartney

Title: Staff Vice President & Assistant Treasurer

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ Wayne Daniel

Print Name: Wayne Daniel

Title: SVP, Pensions

STATE STREET GLOBAL ADVISORS TRUST COMPANY, acting solely in its capacity as Independent Fiduciary of the Plans

By: /s/ Denise Sisk

Print Name: Denise Sisk

Title: Managing Director

[*Commitment Agreement Signature Page*]

Exhibit 10.10

TENTH AMENDMENT

to the

COMPOSITE LEASE AGREEMENT

By and Between

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

and

FEDERAL EXPRESS CORPORATION

Effective as of May 1, 2018

TENTH AMENDMENT
TO THE COMPOSITE LEASE AGREEMENT

This **TENTH** Amendment to the Composite Lease Agreement is made and entered into as of the 22 day of May 2018, by and between MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY (herein referred to as "Authority"), a body politic and corporate, organized and existing under the laws of the State of Tennessee, and FEDERAL EXPRESS CORPORATION (herein referred to as "Tenant"), a corporation duly organized and existing under the laws of the State of Delaware.

WITNESSETH:

WHEREAS Authority and Tenant executed an instrument entitled "Composite Lease Agreement" with an effective date of January 1, 2007, that instrument, as previously amended by First Amendment to the Composite Lease Agreement intended to be effective as of September 1, 2008; by Second Amendment to the Composite Lease Agreement intended to be effective as of June 1, 2009; by Third Amendment to the Composite Lease Agreement intended to be effective as of July 1, 2009; by Fourth Amendment to the Composite Lease Agreement intended to be effective as of December 15, 2011; by Fifth Amendment to the Composite Lease Agreement intended to be effective as of January 1, 2013; by Sixth Amendment to the Composite Lease intended to be effective July 1, 2014; by Seventh Amendment to the Composite Lease intended to be effective April 1, 2016; by Eighth Amendment to the Composite Lease intended to be effective April 1, 2017; and by Ninth Amendment to the Composite Lease intended to be effective September 1, 2017, are collectively referred to herein as the "Composite Lease Agreement"; and

WHEREAS, Authority and Tenant intended the Composite Lease Agreement to represent each of 29 separate lease agreements between the parties (later increased to 32) and showed the differences among the 29 (later 32 leases) by attaching to the Composite Lease Agreement, a schedule that identified each parcel of real property Authority leased to Tenant, the portion of the Term (as defined in the Composite Lease Agreement) during which the lease of each parcel will be in effect, and the rent that Tenant pays to Authority for each parcel, the "Composite Lease Property Rental Schedule", attached hereto as "EXHIBIT A" and incorporated herein by reference; and

WHEREAS, the parties wish to amend the Composite Lease Agreement to add 20.320 acres or 885,880 square feet of unimproved ground (also known as the Golden Triangle Ramp area) as Parcel 33 to be used as aircraft parking, effective May 1, 2018.

NOW, THEREFORE, for and in consideration of the promises, covenants and agreements hereinafter contained to be kept and performed by the parties hereto and upon the provisions and conditions hereinafter set forth, Authority and Tenant do hereby covenant and agree as follows:

SECTION 1. **Definitions .** Except as otherwise provided herein, and unless the context shall clearly require otherwise, all words and terms used in this TENTH Amendment that are defined in the Composite Lease Agreement, the Special Facility Ground Lease Agreement and the Special Facility Lease Agreement shall have the respective meanings given to them in each agreement for all purposes of this TENTH Amendment.

SECTION 2. **Modification of Composite Lease and Applicable Rent .** The parties amend the Composite Lease Agreement to reflect the addition of Parcel 33 as described in the attached survey and legal description and shown on “Legal Description”, “EXHIBIT B”, attached hereto and incorporated herein by reference. As of the Effective Date, the parties incorporate this Tenth Amendment EXHIBIT B to the Composite Lease Agreement, and the parties substitute the schedule attached to this Amendment for the schedule included as part of EXHIBIT A to the Composite Lease Agreement. The substitution of that schedule will accomplish the following:

(a) Effective on the Parcel 33 “Substantial Completion Date” (as defined in Section 4 below), the annual Composite Lease rent will be increased by an amount equal to the product achieved by multiplying the area of Parcel 33 as follows:

Location	Unimproved Sq. Ft	Ground Rate	Annual	Monthly
Golden Triangle Ramp Area	698,965	$ 0.2077	$ 145,175.03	$ 12,097.92

(b) The rent, as adjusted in accordance with the foregoing, will continue to be subject to adjustment in accordance with the terms of Section 2.03(a)(i) of the Composite Lease Agreement.

(c) The Golden Triangle Ramp Area contains 885,880 square feet, and Tenant’s leased area shall contain the entire 885,880 square feet.

(d) In consideration of the cost of the improvements and construction by Tenant of the Taxiway Area (“Taxiway Area”), consisting of 186,915 square feet of the total 885,880 square feet shown in “Exhibit D”, attached hereto and incorporated herein by reference, Tenant shall pay no rent for the Taxiway Area until the expiration of the Composite Lease Agreement First Term, ending at midnight December 31, 2036.

(e) Should the parties agree to a Composite Lease Agreement Renewal Term, beginning January 1, 2037, Authority will initiate billing Tenant for the Taxiway Area at the then-applicable square-foot adjustment rate.

SECTION 3. **Improvements by Tenant**

(a) Effective May 1, 2018, Authority shall permit Tenant to have all necessary or appropriate rights of reasonable access, ingress and egress to and from Parcel 33 for Tenant and its servants, agents, employees and independent contractors to work on or in connection with Tenant’s alterations of the improvements located on Parcel 33 and make it suitable for aircraft parking use (“Tenant’s Work”), as well as do all such other things as may be incidental to Tenant’s Work.

(b) Tenant shall obtain, at Tenant’s sole expense, all certificates, permits and approvals relating to Tenant’s Work.

(c) Tenant’s Work on Parcel 33 shall be permitted to make all Leasehold improvements to Parcel 33 as specifically set forth in “EXHIBIT C” (“Leasehold Improvements”), as attached hereto and incorporated herein by reference, at no cost to Authority.

(d) As part of Tenant’s Work, Tenant shall remain in compliance with all applicable Environmental Laws and the requirements of Article VIII of the Composite Lease.

(e) Tenant’s Work shall include the relocation of an existing sanitary sewer line as shown in EXHIBIT C, and upon the conclusion of the relocation of the sanitary sewer line, the sewer line will remain the City of Memphis public sewer, as identified in the “Overall Sanitary Sewer Plan” in “Exhibit E”, attached hereto and incorporated herein by reference.

(f) After completion of Tenant's Work, Tenant shall continue to have maintenance responsibilities of all property, other than the Sanitary Sewer Line shown in Exhibit E, under this Agreement.

SECTION 4. **Substantial Completion Date** .

(a) Authority and Tenant agree that the Substantial Completion Date shall be defined as that date on which Tenant has commenced beneficial use of Parcel 33.

(b) Tenant's Work and related activity during the period before the Substantial Completion Date shall not be considered the commencement of beneficial use of the premises by Tenant. However, the terms and conditions of the Composite Lease, including, without limitation, the commercial liability insurance provisions shall apply to and be effective during such period of occupancy or access to the premises by Tenant, except for Tenant's obligation to pay rent as provided in Section 2.03 in the Composite Lease Agreement.

(c) Tenant's obligation to pay rent for Parcel 33 will commence on the Tenant's date of beneficial occupancy.

SECTION 5. **Remainder of Composite Lease in Effect .** All other terms, provisions, conditions, covenants and agreements of the Composite Lease shall continue in full force and effect .

SECTION 6. **Effective Date of this Tenth Amendment .** This TENTH Amendment shall become effective as of May 1, 2018.

The remainder of this page intentionally left blank.
Signature page to follow.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this ELEVENTH Amendment to the Composite Lease Agreement.

MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY

By: /s/ Scott A. Brockman
Scott A. Brockman, A.A.E. President and Chief Executive Officer

FEDERAL EXPRESS CORPORATION

By: /s/ Donald C. Colvin
Donald C. Colvin
Title: Vice President—Properties & Facilities
Date: May 4, 2018

Approved as to Content:

By: /s/ Forrest B. Artz
Forrest B. Artz
Vice President of Finance and Administration/CFO

Approved as to Form and Legality:

/s/ Janet L. Shipman
Janet L. Shipman, Associate Airport Counsel

Reviewed and Approved:

/s/ Angela Washington
Director of Properties

EXHIBIT A

FEDERAL EXPRESS CORPORATION

2003 CORPORATE AVENUE-B3
MEMPHIS, TN 38132

EXHIBIT A

PARCEL NUMBER	FEDEX LEASE NUMBER	CURRENT SUPPLEMENTAL	USE OR LOCATION	PARCEL ID	EFFECTIVE DATE	SQUARE FEET	CURRENT RATE		CURRENT ANNUAL BILLING	Current Monthly Billing PROJECTED RATES EFFECTIVE JULY 2012				7/1/2008 ESCALATION			EFFECTIVE JAN 2013 PENDING	EFFECTIVE JULY 2013 CPI 8.97%	11/1/2013	7/1/2014	7/1/15-17		7/1/2017	7/1/2018 [9] ESCALATION
										RATES	MONTHLY		ANNUAL											
1		N/A	TAXIWAY N	N/A	1/1/2009 [1]	100,035	$0.19	$1,588.89	$19,066.67	$0.1906	$1,588.89		$19,066.67	N/A			$1,588.89	$1,731.41	$1,731.41	$1,731.41		$0.21	$1,731.41	CPI OR 13%
2	98-0824	SUPPLEMENTAL 26/ Add Tract 1	AMR FACILITIES/LANDLOCKED PARCELS/CANCELLED	A -G	1/1/2007	1,082,446	Varies [3]	$28,533.40	$342,400.80	$0.3935	$28,533.40		$410,104.92	15% [3]	1,126,790	$0.3935	$36,949.32	$31,092.85	$31,860.37	$31,860.37		$0.21	$31,860.37	CPI OR 13%
3		SUPPLEMENTALS	WEST RAMP																					
	80-0204	18, 19, 20, 21, 22 & 23	UNIMPROVED GROUND	N/A	1/1/2007	3,111,647	$0.1525	$39,543.85	$474,526.17	$0.1906	$49,423.33		$593,079.92	N/A			$49,423.33	$53,856.60	$53,856.60	$53,856.60		$0.21	$53,856.60	CPI OR 13%
	80-0204	22, 24 & 25/Add Tract 2	UNIMPROVED GROUND	N/A	1/1/2007	914,283	$0.1525	$11,619.01	$139,428.16	$0.1906	$14,521.86		$174,262.34	N/A	917,027	$0.1906	$14,565.45	$15,824.47	$15,871.96	$15,871.96		$0.21	$15,871.96	CPI OR 13%
4		N/A	TAXIWAY C	N/A	1/1/2009 [2]	731,098	$0.2400	$14,621.96	$175,463.52	$0.2400	$14,621.96		$175,463.52	N/A			$14,621.96	$15,933.55	$15,933.55	$15,933.55		$0.26	$15,933.55	CPI OR 13%
5	80-0204	SUPPLEMENTAL 13	UNIMPROVED APRON/GRACELAND RAMP	33	1/1/2007	515,496	$0.1525	$6,551.10	$78,613.14	$0.1906	$8,187.79		$78,613.14	N/A			$8,187.79	$8,922.24	$8,922.24	$8,922.24		$0.21	$8,922.24	CPI OR 13%
	80-0204	SUPPLEMENTAL 17	UNIMPROVED APRON/SIERRA RAMP	37	1/1/2007		$0.1525							N/A										CPI OR 13%
6	92-0833	AGREEMENT #92-0833	IRS/AOD	N/A	1/1/2007	2,248,286	$0.6650	$125,000.00	$1,500,000.00	$0.6672	$125,000.00		$1,500,000.00	N/A			$125,000.00	$143,750.00	$143,750.00	$143,750.00		$0.6672	$143,750.00	CPI 0R 13%
7	90-0242	SOUTHWIDE #90-0242	GRAEBER ASSIGNMENT	23	1/1/2007	427,030	$0.1029	$2,506.15	$30,073.80	$0.1029	$2,506.15	$257.88	$43,941.39	25% [5]			$3,661.78	$2,730.95	$2,730.95	$2,730.95		$0.1029	$2,730.95	CPI OR 13%
8	80-0223	SOUTHWIDE ASGMT. #80-0223	EQUITABLE LIFE	24	1/1/2007	451,370	$0.0644	$2,340.16	$28,081.92	$0.0644	$2,340.16		$29,068.23	25% [5]			$2,422.35	$2,550.07	$2,550.07	$2,550.07		$0.0644	$2,550.07	CPI OR 13%
9	80-0204	SUPPLEMENTAL 15 (INTERNATIONAL PARK)	FEDEX PARKING - TCHULAHOMA	21	1/1/2007	833,458	$0.2673	$18,565.28	$222,783.36	$0.2673	$18,565.28		$222,783.32	N/A			$18,565.28	$20,230.58	$20,230.58	$20,230.58		$0.29	$20,230.58	CPI OR 13%
10	80-0204	SUPPLEMENTAL 16 (INTERNATIONAL PARK)	FEDEX CONSTRUCTION STORAGE AREA	22A	1/1/2007	140,617	$0.2673	$3,132.24	$37,586.92	$0.2673	$3,132.24		$37,586.92	N/A			$3,132.24	$3,413.21	$3,413.21	$3,413.21		$0.29	$3,413.21	CPI OR 13%
11	80-0204	SUPPLEMENTAL 13	UNIMPROVED GROUND/GSE STORAGE	36	1/1/2007	187,217	$0.1525	$2,379.22	$28,550.59	$0.1906	$2,973.63		$35,683.56	N/A			$2,973.63	$3,240.36	$3,240.36	$3,240.36		$0.21	$3,240.36	CPI OR 13%
12	80-0204	SUPPLEMENTAL 27	A-380 GSE STORAGE	N/A	DBO/ 12/1/07 [4]	187,618	N/A	$0.00	$0.00	$0.1525	$2,384.31		$28,611.75	N/A			$2,384.31	$2,598.18	$2,598.18	$2,598.18		$0.17	$2,598.18	CPI OR 13%
13	80-0204	SUPPLEMENTAL 23	A-380 RAMP	N/A	1/1/2007	1,897,879	$0.1220	$19,295.10	$231,541.24	$0.1220	$19,295.10		$231,541.24	N/A			$19,295.10	$21,025.87	$21,025.87	$21,025.87		$0.13	$21,025.87	CPI OR 13%
		SUPPLEMENTAL 25	A-380 GSE RAMP	N/A	1/1/2007	319,113	$0.1525	$4,055.39	$48,664.73	$0.1906	$5,068.58		$60,822.94	N/A			$5,068.58	$5,523.23	$5,523.23	$5,523.23		$0.21	$5,523.23	CPI OR 13%
14	80-0204	SUPPLEMENTAL 14	UNIMPROVED APRON/DE-ICING EQUIPMENT STORAGE	34	1/1/2007	428,616	$0.1525	$5,447.00	$65,363.94	$0.1906	$6,807.85		$81,694.21	N/A			$6,807.85	$7,418.52	$7,418.52	$7,418.52		$0.21	$7,418.52	CPI OR 13%
15	07-0972	**N/A	SPRANKLE ROAD	N/A	1/1/2007	200,695	$0.0000	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A			N/A							N/A
16		**N/A	REPUBLIC ROAD	N/A	1/1/2007	113,179	$0.0000	$0.00	$0.00	N/A	N/A	N/A	N/A	N/A			N/A							N/A
17		SUPPLEMENTALS		0																				
	80-0204	1 Parcel 1, 2, 3, 4, 6 & 9 (UNIMP GROUND)		1,2,3,4,6,9	1/1/2007	1,662,877	$0.1525	$21,132.40	$253,588.74	$0.1906	$26,412.03		$316,944.36	N/A			$26,412.03	$28,781.19	$28,781.19	$28,781.19		$0.21	$28,781.19	CPI OR 13%
	80-0204	1 Parcel 1, 2, 7, 9 (IMP APRON)		1,2,7,9	1/1/2007	1,908,290	$0.1906	$30,310.01	$363,720.07	$0.2383	$37,895.46		$454,745.51	N/A			$37,895.46	$41,294.68	$41,294.68	$41,294.68		$0.26	$41,294.68	CPI OR 13%
	80-0204	Parcel 5 (INTERNATIONAL PARK)		5	1/1/2007	24,000	$0.2673	$534.60	$6,415.20	$0.3341	$668.25		$8,019.00	25% [5]			$668.25	$728.19	$728.19	$728.19		$0.36	$728.19	CPI OR 13%
	80-0204	1 Parcel 8 (INTERNATIONAL PARK)	FUEL TANKS	8	1/1/2007	247,254	$0.2673	$5,507.58	$66,090.99	$0.3341	$6,884.48		$82,613.74	25% [5]			$6,884.48	$7,502.02	$7,502.02	$7,502.02		$0.36	$7,502.02	CPI OR 13%
	80-0204	1 & 8 Parcel 12 (INETRNATIONAL PARK)	ARTC TRAINING BUILDING	12	1/1/2007	117,915	$0.2673	$2,626.56	$31,518.68	$0.3341	$3,283.20		$39,398.35	25% [5]			$3,283.20	$3,577.70	$3,577.70	$3,577.70		$0.36	$3,577.70	CPI OR 13%
	80-0204	1 & 8 Parcel 11 (INTERNATIONAL PARK)	GAS STATION	11	1/1/2007	45,359	$0.2673	$1,010.37	$12,124.46	$0.3341	$1,262.96		$15,155.58	25% [5]			$1,262.96	$1,376.25	$1,376.25	$1,376.25		$0.36	$1,376.25	CPI OR 13%
	80-0204	8 Parcel 9 (INTERNATIONAL PARK)	SOUTH RAMP, COURTYARD, SOUTHGATES	9, 10, 17	1/1/2007	1,586,172	$0.2673	$35,331.98	$423,983.78	$0.3341	$44,164.98		$529,979.72	25% [5]			$44,164.98	$48,126.58	$48,126.58	$48,126.58		$0.36	$48,126.58	CPI OR 13%
	80-0204	Parcel 10 (INTERNATIONAL PARK)	SOUTHEASTERN RAMP, NORTH SECONDARY,		1/1/2007	70,200	$0.2673	$1,563.71	$18,764.46	$0.3341	$1,954.63		$23,455.58	25% [5]			$1,954.63	$2,129.96	$2,129.96	$2,129.96		$0.36	$2,129.96	CPI OR 13%
	80-0204	Parcel 17 (INTERNATIONAL PARK)	NORTH INPUT, PRIMARY SORT,	17	1/1/2007	4,333,659	$0.2673	$96,532.25	$1,158,387.00	$0.3341	$120,665.32		$1,447,983.84	25% [5]			$120,665.32	$131,489.00	$131,489.00	$131,489.00		$0.36	$131,489.00	CPI OR 13%
			SMALL PACKAGE SORT SYSTEM,																					
			INTERNATIONAL INPUT, HEAVY WEIGHT, EAST RAMP																					
	80-0204		TAB-LINE MAINTENANCE	14	1/1/2007	556,334	$0.2673	$12,392.34	$148,708.08	$0.3341	$15,490.42		$185,871.19	25% [5]			$15,489.27	$16,879.91	$16,879.91	$16,879.91		$0.30	$16,879.91	CPI OR 13%
	80-0204	10 Parcel 27A (IMP APRON)	PARCEL 27A	27	1/1/2007	487,512	$0.1906	$7,743.32	$92,919.79	$0.2383	$9,681.18		$116,174.11	N/A			$9,681.18	$10,549.58	$10,549.58	$10,549.58		$0.26	$10,549.58	CPI OR 13%
	80-0204	11 Parcel A & B West (UNIMP GROUND)	NORTH RAMP	27A & 27B	1/1/2007	527,676	$0.1525	$6,705.88	$80,470.59	$0.1906	$8,381.25		$100,575.05	N/A			$8,381.25	$9,133.05	$9,133.05	$9,133.05		$0.21	$9,133.05	CPI OR 13%
	80-0204	5 Parcel 16 (INTERNATIONAL PARK)		16	1/1/2007	796,312	$0.2673	$17,737.85	$212,854.20	$0.3341	$22,172.31		$266,067.75	25% [5]			$22,172.31	$24,161.17	$24,161.17	$24,161.17		$0.36	$24,161.17	CPI OR 13%
	80-0204	23	GRAEBER ASSIGNMENT/TRUCKING OPERATION		1/1/2007	261,460	$0.1029	$2,242.02	$26,904.25	$0.1286	$2,802.53		$33,630.32	25% [5]			$2,802.53	$3,053.91	$3,053.91	$3,053.91		$0.14	$3,053.91	CPI OR 13%

	80-0204	SUPPLEMENTAL 9 (INTERNATIONAL PARK)	PARKING AREA	25	1/1/2007	18,933	$0.2673	$421.73	$5,060.79	$0.3341	$527.17		$6,325.99	25% [5]			$527.17	$574.45	$574.45	$574.45		$0.36	$574.45	CPI OR 13%
18	80-0204	SUPPLEMENTAL 8 (INTERNATIONAL PARK)	DC-10 HANGAR (LAND)	15	1/1/2007	552,730	$0.2673	$12,312.06	$147,744.73	$0.2673	$12,312.06		$147,744.73	N/A			$12,312.06	$13,416.45	$13,416.45	$13,416.45		$0.29	$13,416.45	CPI OR 13%
18A		THE BUILDING HAVING AN AREA OF 72,378 SQ FT & OTHER IMPROVEMENTS	DC-10 HANGAR (BUILDING)		9/1/2012 [6]	72,378	$1.2600	$7,599.69	$91,196.28	$1.2600	$7,599.69		$91,196.28	N/A			$7,599.69	$8,281.38	$8,281.38	$8,281.38		$1.37	$8,281.38	CPI OR 13%
		CONSTRUCTED ON PARCEL 18																						
19	80-0204	SUPPLEMENTAL 8 (INTERNATIONAL PARK)	ENGINE SHOP	13 & 18	1/1/2007	418,016	$0.2673	$9,311.31	$111,735.68	$0.2673	$9,311.31		$111,735.68	N/A			$9,311.31	$10,146.53	$10,146.53	$10,146.53		$0.29	$10,146.53	CPI OR 13%
20	80-0204	SUPPLEMENTAL 27	WEST SIDE OF TANG	N/A	DBO/ 3/1/08 [7]	108,051	N/A	$0.00	$0.00	$0.1525	$1,373.15		$16,477.78	N/A			$1,373.15	$1,496.32	$1,496.32	$1,496.32		$0.17	$1,496.32	CPI OR 13%
21	80-0204	SUPPLEMENTAL 7	DEMOCRAT VEHICLE PARKING	19	1/1/2007	1,812,363	$0.1525	$23,032.10	$276,385.20	$0.19060	$28,786.37		$345,436.39	N/A			$28,786.37	$31,368.50	$31,368.50	$31,368.50		$0.21	$31,368.50	CPI OR 13%
22	80-0204	SUPPLEMENTAL 9	DEMOCRAT VEHICLE PARKING	20	1/1/2007	491,127	$0.1525	$6,241.41	$74,896.87	$0.19060	$7,800.73		$93,608.81	N/A			$7,800.73	$8,500.46	$8,500.46	$8,500.46		$0.21	$8,500.46	CPI OR 13%
23		N/A	TAXIWAY SIERRA		1/1/2009 [2]	248,711	$0.2400	$4,974.22	$59,690.64	$0.2400	$4,974.22		$59,690.64	N/A			$4,974.22	$5,420.41	$5,420.41	$5,420.41		$0.26	$5,420.41	CPI OR 13%
24			SORT FACILITY		9/1/2009 [8]	292,000	$1.2600	$30,660.00	$367,920.00	$1.2600	$30,660.00		N/A	N/A			$30,660.00	$33,410.20	$33,410.20	$33,410.20		$1.37	$33,410.20	CPI OR 13%
25	07-0983		Democrate Parking Area			36,128	$0.1906	$573.83	$6,886.00	$0.1906	$573.83						$573.83	$625.31	$625.31	$625.31		$0.21	$625.31	
26	07-0985	N/A	CORPORATE AVIATION HANGAR (BUILDING)		7/1/2014	35,070	$1.4238													$4,161.06		$1.42	$4,161.06	
			CORPORATE AVIATION HANGAR (LAND)		7/1/2014	161,334	$0.0000													N/A		N/A	N/A	
27	07-0984	N/A	HANGAR 11 (BUILDING)		7/1/2014	58,265	$1.4238													$6,913.14		$1.42	$6,913.14	
		N/A	HANGAR 12 (BUILDING)		7/1/2014	117,306	$1.4238													$13,918.36		$1.42	$13,918.36	
			HANGARS 11 AND 12 (LAND)		7/1/2014	1,290,083	$0.0000													N/A		N/A	N/A	
28	07-0986	N/A	EAST GSE RAMP		7/1/2014 (10)	1,000,681	$0.1741													$14,518.21		$0.17	$14,518.21	
29			COLD CHAIN STORAGE PARKING		4/1/2016 (11)	29,174	$0.2077				$0.00		$0.00	N/A							$504.95		$504.95	
30	07-0987	07-0987	3505 TCHULAHOMA ROAD BUILDING		4/1/2017 (12)	38,345	$2.8500																$9,106.94	
			3505 TCHULAHOMA ROAD (IMPROVED GROUND)		4/1/2017 (12)	58,810	$0.2597																$1,272.75	
			3505 TCHULAHOMA ROAD (UNIMPROVED)		4/1/2017 (12)	64,702	$0.2077																$1,119.88	
31			3318 WINCHESTER ROAD (BUILDING)		8/1/2017 (13)	113,461	$2.8500																$26,946.99	
			3318 WINCHESTER ROAD (IMPROVED GROUND)		8/1/2017 (13)	196,782	$0.2597																$4,258.69	
			3318 WINCHESTER ROAD (UNIMPROVED GROUND)		8/1/2017 (13)	164,498	$0.2077																$2,847.19	
32	07-0989		2860 SOUTHWIND DRIVE (UNIMPROVED GROUND)		9/1/2017	72,172	$0.2077																$1,249.18	
33		N/A	FEDEX GOLDEN TRIANGLE RAMP		5/1/2018	698,965	$0.2077																$12,097.92	
						30,459,161		$621,102.12	$7,453,225.44		$710,588.05		$8,215,154.42				$719,046.41	$781,865.30	$782,680.31	$822,191.08	$822,696.03		$881,595.56	

Note 1: The Effective Date will be the date on which the term of the Lease Agreement in effect between the Authority and Tenant with respect to the premises currently occupied by the "Tennessee Air National Guard" and dated , 200 , begins. January 1, 2009 is merely an estimate of when that lease term will commence. When the Effective Date occurs, the parties will calculate rent for Parcel 1 based upon a rental rate of $0.1906 per square foot of land area.

Note 2: The Effective Date will be the date on which the term of the Lease Agreement in effect between the Authority and Tenant with respect to the premises currently occupied by the "Tennessee Air National Guard" and dated , 200 , begins. January 1, 2009 is merely an estimate of when that lease term will commence. When the effective Date occurs, the parties will calculate rent for Parcels 4 and 23 based upon a rental rate of $0.2400 per square foot of land area.

Note 3: As of the Effective Date, the monthly and annual rent amounts for Parcel 2 are $ and $ respectively. As of July 1, 2008, the parties will adjust those amounts to equal the product achieved by multiplying each of those amounts by 1.15.

Note 4: The Effective Date is the earlier of the date of beneficial occupancy or December 1, 2007. When the Effective Date occurs, the parties will calculate the rent based upon a rental rate of $0.1525 per square foot of land area.

Note 5: The rental rate that becomes effective July 1, 2008, reflects a 25-percent increase in the rental rate in effect prior to that date.

Note 6: The Effective Date is subject to the operation and effect of Section1.04(b) of the foregoing Lease Agreement. When the Effective Date occurs, the parties will calculate rent for Parcel based upon a rental rate of $1.53 per square foot of building footprint area.

Note 7: The Effective Date is the earlier of the date of beneficial occupancy or March 1, 2008. When the Effective Date occurs, the parties will calculate the rent based upon a rental rate of $0.1525 per square foot of land area.

Note 8: The Effective date is subject to the operation and effect of Section 1.04(b) of the foregoing Lease Agreement. When the Effective Date occurs, the parties will calculate rent for Parcel based upon a rental rate of $1.53 per square foot of building footprint area. That rent is inclusive of rent for the building space comprising Parcel 24 and the land underlying that space.

Note 9: When the Effective Date for Parcel 24 occurs, the parties will reduce this area to 4,041,659 solely for the purpose of calculating the rent payable with respect to this portion of Parcel 17. The rent specified for the building spacer comprising Parcel 24 is inclusive of the rent for the land underlying that building space.

Note 10: Re: parcel 33 - As of the effective date rent will be charge for 885,880 square feet FedEx Golden Triangle. The 186,915 sqare feet taxiway within the Golden Triangle will be omitted from rent. Rent will be charged for 698,965 square feet (excluding taxiway) at the rate of $.2077 per square foot.

Exhibit B
Legal Description

FEDEX GOLDEN TRIANGLE RAMP
LEASE PARCEL
Property Description

Being a 20.320 acre parcel of land contained entirely within the Memphis-Shelby County Airport Authority (MSCAA) property located in the City of Memphis, Shelby County, State of Tennessee. Said parcel is located on the west ramp, west of Taxiway November, north of Taxiway Victor and is bounded on the north and east by Federal Express Corporation Parcels 1 & 3 and being more particularly described by metes and bounds as follows:

Commencing at the centerline intersection of Taxiway November and Taxilane 800; thence along the existing centerline of Taxiway November South 04° 16’ 57” West, 81.06 feet to the north line of Federal Express Corporation Parcel 1, said point also being a south line of Federal Express Corporation Parcel 3; thence along said north line North 85° 44’ 10” West, 50.08 feet to the northwest corner of said Parcel 1, said point being the POINT OF BEGINNING; thence South 04° 16’ 22” West along the west line of said Parcel, 864.80 feet to a point; thence, continuing along the west line of said Parcel 1, South 04° 13’ 46” East, 111.10 feet to a point; thence South 03° 15’ 06” East, 402.85 feet to a point; thence South 88° 22’ 38” West, 40.74 feet to a point; thence North 02° 30’ 36” West, 19.44 feet to a point; thence North 16° 24’ 41” West, 86.25 feet to a point; thence North 70° 56’ 03” West, 112.51 feet to a point; thence North 83° 35’ 54” West, 305.68 feet to a point; thence North 85° 43’ 22” West, 517.59 feet to a point of curvature; thence along a curve to the right, having a radius of 127.31 feet, an arc length of 141.74 feet (chord = North 01° 27’ 34” East, 134.53 feet) to a point; thence South 85° 44’ 10” East, 0.50 feet to a point; thence North 30° 07’ 38” East, 312.89 feet to a point; thence North 37° 41’ 42” East, 82.46 feet to a point; thence North 39° 50’ 06” East, 214.62 feet to a point; thence North 31° 53’ 01” East, 451.96 feet to a point; thence North 30° 55’ 58” East, 143.17 feet to a point; thence North 33° 08’ 42” East, 99.45 feet to a point; thence South 85° 43’ 22” East, 188.43 feet to a point; thence North 04° 16’ 07” East, 188.06 feet to a point in a south line of Federal Express Corporation Parcel 3; thence, along said south line South 85° 45’ 10” East, 107.74 feet to a point; thence South 02° 37’ 19” West, 225.15 feet to a point; thence South 85° 44’ 10” East, 11.95 feet to the POINT OF BEGINNING and containing 20.320 acres.

Exhibit B
Leased Premises/Unimproved Ground

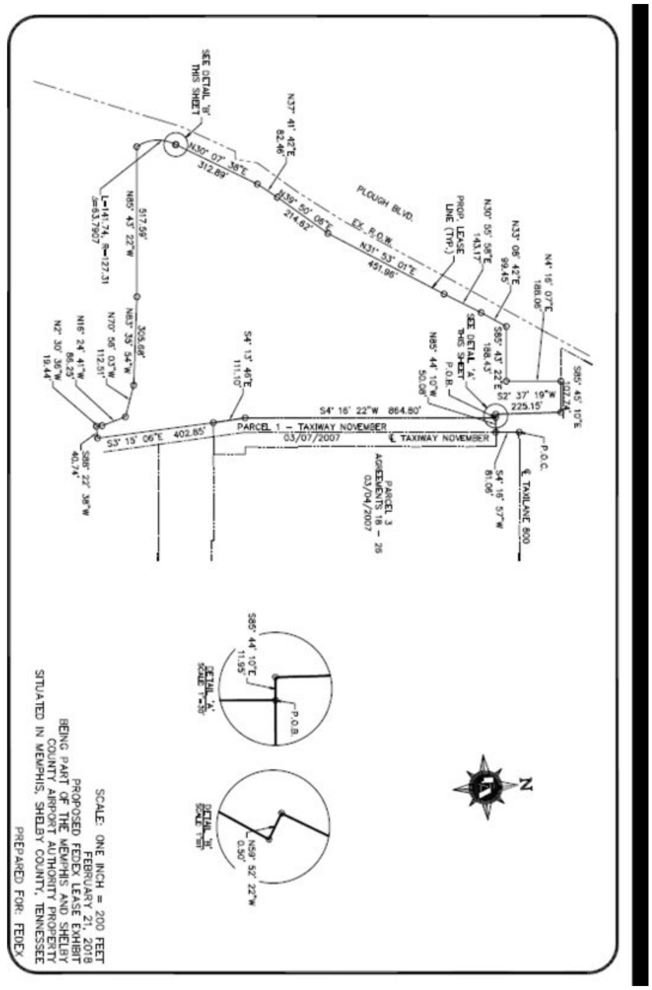


EXHIBIT C
LEASEHOLD IMPROVEMENTS

INDEX NO.	DESCRIPTION
1	REMOVAL OF STRUCTURES & OBSTRUCTIONS
2	RELOCATION OF EXISTING GUARD BOOTH, INCLUDING UTILITY CONNECTIONS
3	DISCONNECT AND PROTECT EXISTING LIGHT POLE CIRCUIT FOR CONNECTION TO NEW CIRCUIT
4	DISCONNECT AND REMOVE EXISTING LIGHT POLES AND ELECTRICAL BOX
5	EXISTING LED LIGHTING FIXTURE, REMOVED FROM EXISTING POLE AND REINSTALLED ON NEW 40’ POLE
6	DISCONNECT AND REMOVE EXISTING UNDERGROUND ELECTRICAL CONDUIT AND POWER WIRING
7	ASPHALT PAVEMENT EXCAVATION
8	GRAVEL PAVEMENT EXCAVATION
9	PAVEMENT MILLING
10	ASPHALT PAVEMENT RUBBILIZATION
11	TEMPORARY CONSTRUCTION ENTRANCE
12	RELOCATE TEMPORARY CHAIN LINK FENCE (6’ W/ BARBED WIRE)
13	TEMPORARY CHAIN LINK FENCE (6’ W/ BARBED WIRE)
14	RAISE EX. #11 INLET
15	FILL ABANDONED 8” MAIN W/ GROUT
16	FILL ABANDONED 10” MAIN W/ GROUT
17	ABANDON EX. SEWER MANHOLE

18	FUEL PIPING 6” DIAMETER
19	FUEL PIPING 14” DIAMETER
20	HYDRANT FUEL PIT ASSEMBLY WITH BUTTERFLY VALVE AND HYDRANT VALVE
21	FUEL SYSTEM LOW POINT DRAIN ASSEMBLY
22	FUEL SYSTEM HIGH POINT VENT ASSEMBLY
23	FUEL SYSTEM FLUSHING PIT ASSEMBLY
24	FUEL SYSTEM PNEUMATIC TESTING
25	FUEL SYSTEM HYDROSTATIC TESTING
26	FLUSHING OF 14-INCH JF HYDRANT PIPING (INCLUDING 7 HYDRANT LATERALS)
27	TRANSPORT OF FUEL FROM FLUSHING OPERATIONS BACK TO BUCKEYE FUEL STORAGE FACILITY
28	ALLOWANCE FOR FUEL RECLAIM CHARGE PAID TO BUCKEYE FUEL STORAGE FACILITY (320,000 GAL x $0.184/GAL)
29	FLUSHING EVENTS REQUIRED BEYOND THE SPECIFIED FLUSH (32,000 GALS/FLUSH)
30	TRANSPORT OF FUEL FROM FLUSHING OPERATIONS BACK TO BUCKEYE FUEL STORAGE FACILITY (32,000 GALS/EACH
31	ALLOWANCE FOR FUEL RECLAIM CHARGE PAID TO BUCKEYE FUEL STORAGE FACILITY (32,000 GAL x $0.184/GAL)
32	CATHODIC PROTECTION SYSTEM
33	1” UNDERGROUND COMPRESSED AIR PIPE, COATED STEEL
34	1-1/2” UNDERGROUND COMPRESSED AIR PIPE, COATED STEEL
35	COMPRESSED AIR LOW POINT DRAIN ASSEMBLY
36	400 Hz. FREQUENCY CONVERTOR RECEPTACLES
37	PROVIDE AND INSTALL NEW LARGE EQUIPMENT RACK FOR ELECTRICAL PANELS AND 400HZ RECEPTACLE AT POLE

38	PROVIDE AND INSTALL NEW SMALL EQUIPMENT RACK FOR 400HZ RECEPTACLE AT POLE
39	NEW FUEL SHUTDOWN AND SLUICE GATE PANELS, INCLUDING CONDUIT, CONDUCTORS, AND BEACON AT POLE
40	NEW FUEL SHUTDOWN AND SLUICE GATE CONTROL PANEL WITH ETHERNET FIBER AND AB I/O IN NEW RAMP SUPPORT BUILDING
41	SLUICE GATE PANEL WITH FIBER INPUT AT SLUICE GATE
42	MODIFY EXISTING PLC23 TO ACCOMMODATE THE NEW SPILL CONTROL AND FUEL SHUTDOWN GATES. INCLUDE NEW BYPASS FOR GT GATES WITH BYPASS RELAY. COORDINATE WITH WESPAC COMMUNICATION OF E-STOP.
43	JOHNSON CONTROLS MODIFICATIONS
44	EMERGENCY FUEL SHUTDOWN PLC PROGRAMMING (WESPAC)
45	MODIFY PLC-5 PANEL FOR ETHERNET COMMUNICATION TO EXISTING PLC23 AND FIBER COMMUNICATION FROM NEW RAMP SUPPORT BUILDING
46	NEW FUEL SHUTDOWN PANEL WITH SPECIAL CONFIGURATION WITH DEVICE TERMINALS AND FUSING
47	2/C #12 PLUS #12 GROUND, XHHW-2, 600V COPPER, XLP CABLE
48	2/C #10 PLUS #10 GROUND, XHHW-2, 600V COPPER, XLP CABLE
49	2/C #8 PLUS #8 GROUND, XHHW-2, 600V COPPER, XLP CABLE
50	2/C #6 PLUS #6 GROUND, XHHW-2, 600V COPPER, XLP CABLE
51	3/C #8 PLUS #8 GROUND, XHHW-2, 600V COPPER, XLP CABLE
52	3/C #1/0 PLUS #4 GROUND, XHHW-2, 600V COPPER, XLP CABLE
53	3/C #2/0 PLUS #4 GROUND, XHHW-2, 600V COPPER, XLP CABLE
54	4/C #6 PLUS #10 GROUND, XHHW-2, 600V COPPER, XLP CABLE
55	#3/0 XHHW-2, 600V COPPER GROUND
56	600 KCMIL XHHW-2, 600V COPPER

57	EXOTHERMIC WELDS
58	STANDARD GROUND ROD
59	#6 AWG BARE COPPER GROUNDING COUNTERPOISE
60	AIRCRAFT STATIC GROUNDING RECEPTACLE
61	2” NON-METALIC CONDUIT, INSTALLED IN TRENCH, INCLUDING TRENCH IN GRASS
62	4” NON-METALIC CONDUIT, INSTALLED IN TRENCH, INCLUDING TRENCH IN GRASS
63	NON-METALIC CONDUIT, CONCRETE ENCASE 2”
64	NON-METALIC CONDUIT, CONCRETE ENCASE 2-2”
65	NON-METALIC CONDUIT, CONCRETE ENCASE 4”
66	NON-METALIC CONDUIT, CONCRETE ENCASE 2-4” PRIMARY POWER
67	NON-METALIC CONDUIT, CONCRETE ENCASE 1”
68	NON-METALIC CONDUIT, CONCRETE ENCASE 1-1” & 3-4” (GENERATOR POWER AND CONTROLS)
69	MAXCELL FABRIC INNERDUCT - 4”, 3 CELL, #MX-C-4003-4”-XX
70	MAXCELL FABRIC INNERDUCT - 2”, 3 CELL, #MX-C-2003-2”-XX
71	HANDHOLE, AIRCRAFT RATED, 36“x36“x36” (POWER)
72	HANDHOLE, AIRCRAFT RATED, 36“x36“x36” (COMM)
73	HANDHOLE, VEHICLE RATED, 36“x36“x36” (COMM)
74	MANHOLE, VEHICLE RATED, 7’x7’x’7 - POWER
75	STANDARD MLGW VARIABLE DEPTH PULL BOX, VEHICLE RATED - PRIMARY POWER

76	STANDARD MLGW TRANSFORMER PAD - PRIMARY POWER
77	HANDHOLE, VEHICLE RATED, 36“x36“x36” (POWER)
78	DUCTBANK, 4x2-4”
79	DUCTBANK, 4x1-4”
80	DUCTBANK, 3x1-4”
81	DUCTBANK, 3x2-4”
82	DUCTBANK, 2x1-4”
83	DUCTBANK, 1x1-4”, 1x1-2”
84	DIRECT BORE 1-4” COMM
85	BORE PIT FOR DIRECTIONAL BORE - IN GRASS AREA
86	BORE PIT FOR DIRECTIONAL BORE - IN ASPHALT AREA
87	15KVA, 3-PHASE, MINI-POWER CENTER W/SPD, INSTALLED
88	GENERATOR AND ATS EQUIPMENT, INSTALLED COMPLETE
89	NEW POLE FOUNDATION,PIPE BOLLARDS FOR LARGE EQUIPMENT AREA, RECEPTACLE, AND ASSOCIATED CONDUIT FOR NEW GATE LEC POLE
90	NEW POLE FOUNDATION, PIPE BOLLARDS FOR SMALL EQUIPMENT AREA, RECEPTACLE, AND ASSOCIATED CONDUIT FOR NEW GATE LEC POLE
91	NEW POLE FOUNDATION, PIPE BOLLARDS, AND ASSOCIATED CONDUIT FOR NEW 80’ BUILDING LEC POLE
92	NEW POLE FOUNDATION, PIPE BOLLARDS AND ASSOCIATED CONDUIT FOR NEW 40’ LEC POLE
93	NEW 80 FT LEC POLE

94	NEW 40 FT LIGHT POLE
95	CHEMICAL GROUND, TRAFFIC RATED
96	LEC SYSTEM INSPECTION
97	NEW GATE READY LIGHT, INCLUDING SWITCH, WIRE AND CONDUIT
98	PROVIDE AND INSTALL NEW LIGHTNING ELIMINATION ARRAY ON NEW 80’ LEC POLE
99	PROVIDE AND INSTALL NEW LIGHTNING ELIMINATION SPLINE BALL ON NEW 40’ LEC POLE
100	CUTOFF LED LIGHTING FIXTURE (Type as Required)
101	STORM WARNING LIGHT
102	GATE SIGNS – 3 PER POLE
103	FURNISH AND INSTALL NEW L-867 BASE, 10” DEEP IN EXISTING RIGID PAVEMENT
104	FURNISH AND INSTALL NEW L-867 BASE, IN NEW RIGID PAVEMENT
105	FURNISH AND INSTALL NEW L-868 BASE, IN NEW FLEXIBLE PAVEMENT
106	FURNISH AND INSTALL NEW L-868 B 3/4” BLANK COVER
107	FURNISH AND INSTALL NEW L-852C(L) LED FIXTURE, TYPE AND COLOR PER DRAWINGS
108	FURNISH AND INSTALL NEW L-852D(L) LED FIXTURE, TYPE AND COLOR PER DRAWINGS
109	FURNISH AND INSTALL NEW L-861T(L) LED FIXTURE, TYPE AND COLOR PER DRAWINGS
110	FURNISH AND INSTALL NEW TYPE C SINGLE CONDUCTOR #8 AWG, 5KV COPPER WIRE
111	T/W NONMETALLIC CONDUIT CONCRETE ENCASED 2”
112	T/W GRS CONDUIT 1 1/2”, IN 4” x 5” DEEP SAW CUT TRENCH IN RIGID PAVEMENT, COMPLETE
113	UNDERCUT EXCAVATION

114	UNDERCUT BACKFILL (CR 610) LIMESTONE
115	EMBANKMENT - COMPACTED IN PLACE
116	SUBGRADE PROCESSING
117	NON-WOVEN GEOTEXTILE FABRIC
118	DEWATERING BAG
119	FILTER SOCK (12”)
120	INLET PROTECTION
121	PIPE END PROTECTION
122	SILT FENCE
123	CHECK DAM
124	TEMPORARY SWALE
125	TDOT CLASS ‘B’ RIP-RAP
126	FLOC LOG
127	DEWATERING DEVICE W/ GATE VALVE
128	GRAVEL UNDERDRAIN W/ 4” PERFORATED PIPE
129	UNDERDRAIN CLEANOUT, IN LINE
130	UNDERDRAIN CLEANOUT, END OF LINE
131	NEW CHAIN LINK FENCE (10’ W/ BARBED & RAZOR WIRE)
132	REMOVE AND REPLACE EX. 6’ FENCE (10’ CHAIN LINK FENCE W/ BARBED & RAZOR WIRE)
133	NEW ROLL GATE - 30’ WIDE (10’ W/ BARBED & RAZOR WIRE)
134	BITUMINOUS CONCRETE PAVEMENT (SURFACE COURSE) 2”

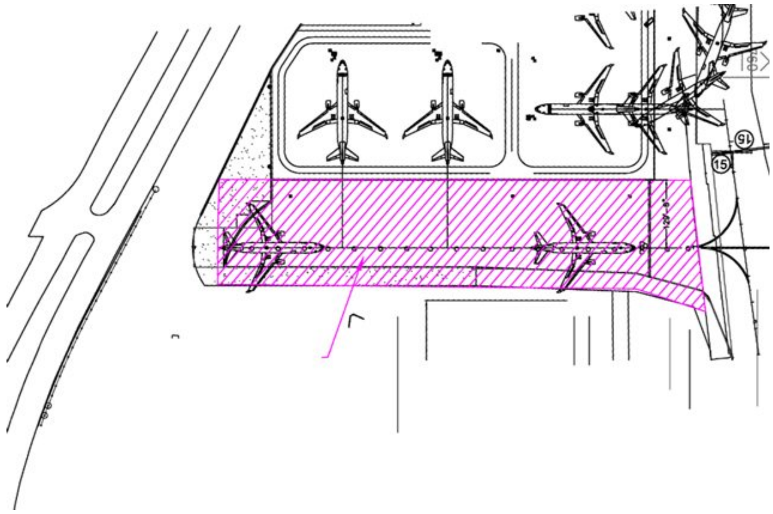
135	BITUMINOUS CONCRETE PAVEMENT (BINDER COURSE) 2”
136	POROUS BITUMINOUS BASE COURSE (4” THICK)
137	PORTLAND CEMENT CONCRETE PAVEMENT (16 1/2” THICK)
138	PORTLAND CEMENT CONCRETE PAVEMENT (18” THICK)
139	CEMENT-TREATED BASE COURSE (8”)
140	CEMENT-TREATED BASE COURSE (10”)
141	CEMENT-TREATED BASE COURSE (14”)
142	BOND BREAKER
143	6-30 CURB AND GUTTER
144	VERTICAL CURB
145	MANHOLE (5’ DIA. - AIRCRAFT RATED)
146	MANHOLE (7’ DIA. - AIRCRAFT RATED)
147	7’x7’ SQUARE MANHOLE
148	6-72 INLET
149	SPECIAL INLET No. 1
150	SPECIAL INLET No. 3
151	SPECIAL INLET No. 4
152	CONCRETE SWALE
153	SLUICE GATE
154	10’x6’ PRECAST BOX CULVERT
155	12’x6’ PRECAST BOX CULVERT

156	PRECAST JUNCTION BOX
157	VISUAL BARRIER WALL (INCLUDING GUARDRAIL)
158	AIRCRAFT TETHERING SYSTEM
159	TETHER PULL TEST
160	CONCRETE BARRIER RAIL - TYPE III (CONTRACTOR - FURNISHED)
161	LOW-PROFILE BARRICADES (CONTRACTOR - FURNISHED)
162	TRAFFIC CONTROL
163	PAVEMENT PAINTING
164	PIPE BOLLARD RAIL
165	SODDING
166	TOPSOIL (3")
167	HYDRO-MULCHING
168	TURF REINFORCEMENT MAT
169	LANDSCAPING
170	FIRE DEPARTMENT CONNECTION (SIAMESE), INCLUDING BOLLARDS
171	POST INDICATOR VALVE, INCLUDING BOLLARDS
172	FIRE HYDRANT AND VALVE ASSEMBLY, INCLUDING BOLLARDS
173	DUCTILE IRON PIPE (10")
174	RELOCATE DUCTILE IRON PIPE (10")
175	DUCTILE IRON PIPE (6")
176	DUCTILE IRON PIPE (4")

177	WATER LINE (2” - SCHEDULE 40 PVC)
178	2” WATER VALVE
179	6” WATER VALVE
180	10” WATER VALVE
181	6” X 2” REDUCER
182	10” X 6” REDUCER
183	6” TEE AND VALVE
184	10” TEE AND VALVE
185	UTILITY INDENTIFICATION MARKERS
186	8” (SDR-26) SANITARY SEWER (12’-16’ DEEP)
187	10” (SDR-26) SANITARY SEWER (12’-16’ DEEP)
188	12” (SDR-26) SANITARY SEWER (16’-20’ DEEP)
189	18” STEEL CASING
190	20” STEEL CASING
191	4” SANITARY SEWER SERVICE LINE
192	CLEANOUT (SERVICE LINE)
193	4’ DIAMETER SEWER MANHOLE
194	4’ DIAMETER SEWER “DOGHOUSE” MANHOLE
195	AIRCRAFT RATED SEWER MANHOLE EXTENSION
196	REINFORCED CONCRETE PIPE CLASS V (18”)
197	REINFORCED CONCRETE PIPE CLASS V (24”)

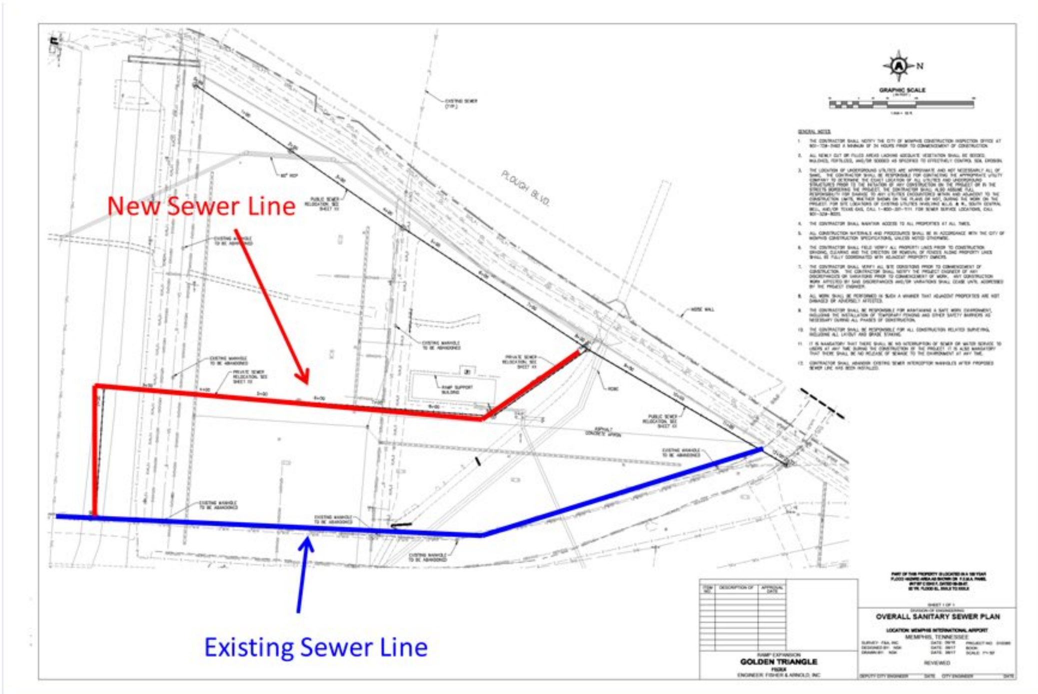
198	REINFORCED CONCRETE PIPE CLASS V (36”)
199	REINFORCED CONCRETE PIPE CLASS V (54”)
200	REINFORCED CONCRETE PIPE CLASS V (60”)
201	SLOTTED DRAIN (18”)
202	SLOTTED DRAIN (24”)
203	SLOTTED DRAIN (30”)
204	SLOTTED DRAIN (36”)
205	DRAIN INLET (4’x4’)
206	24” HEADWALL
207	60” HEADWALL
208	12’x6’ BOX CULVERT HEADWALL
209	GOLDEN TRIANGLE BUILDING, INCLUDING UTILITY CONNECTIONS AND WHEEL STOPS
210	GENERATOR & CANOPY, INCLUDING UTILITY CONNECTIONS

Exhibit D
Taxiway Area



Striped Area consists of 186,915 square feet.

Exhibit E



New Sewer Line
Existing Sewer Line
PLOUGH BLVD.
GRAPHIC SCALE
GENERAL NOTES
OVERALL SANITARY SEWER PLAN
LOCATION: MEMPHIS INTERNATIONAL AIRPORT
MEMPHIS, TENNESSEE
GOLDEN TRIANGLE
ENGINEER: FISHER & ARNOLD, INC.

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

6-1169-LKJ-0772
March 16, 2018

Federal Express Corporation
3131 Democrat Road
Memphis, TN 38118

Attention:	Mr. Kevin Burkhart Managing Director – Aircraft Acquisitions & Sales
Subject:	[*]
References:	(a) Purchase Agreement 3157 between Boeing and Customer dated November 7, 2006 relating to 777-Freighter Aircraft (**Purchase Agreement**)

All terms used but not defined in this letter (**Letter Agreement)** shall have the same meaning as in the Purchase Agreement.

1. [*]

2. [*]

3. Confidentiality . Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreements and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Very truly yours,

THE BOEING COMPANY

By /s/ L. Kirsten Jensen

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 26, 2018

FEDERAL EXPRESS CORPORATION

By /s/ Phillip C. Blum

Its Vice President

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1	OF 2
2. AMENDMENT/MODIFICATION NO. 118	3. EFFECTIVE DATE 12/28/2017	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*	
6. ISSUED BY CODE 5ACAAO DALE D. PARSAN Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-2223		7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		

8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*)		(x)	
FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800			9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (*SEE ITEM 11*)
		x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX
SUPPLIER CODE: 000389122	FACILITY CODE		10B. DATED (*SEE ITEM 13*) 04/23/2013

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Increase: [*]
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	
☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to incorporate Operating Period 52 (January) Ad Hoc Charters into the ACN-13-FX contract, with the following conditions:

A) Once the Charters are scheduled they cannot be canceled.

B) All Service and Scan penalties (reductions in payment), related to the Day Network only, will be eliminated. This relief does not apply to the Night Network.

C) Volume will be inducted into the network at the Memphis Hub and will incur appropriate tier pricing and will be processed normally.

Continued…

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Ron D. Stevens, Vice President		Brian Mckain	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. CONTRACT AUTHORITY	16C. DATE SIGNED
/s/ RON D. STEVENS *(Signature of person authorized to sign)*	3-7-18	/s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	3/18/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	PAGE 2 OF 2
CONTRACT/ORDER NO. ACN-13-FX/118	AWARD/ EFFECTIVE DATE 12/28/2017	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	FedEx will notify the Postal Service if the tender requirement is different than what is currently in the contract. Delivery does not change. Payments for said charters will be paid as part of the Operating Period reconciliation. Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 08/29/2016 Discount Terms: See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024				
	Change Item 9 to read as follows:				
9	Ad Hoc Charter Option Account Number: 53703 This value is for estimation purposes only.				[*]

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January 18 Operating Period
Charter Request and Accounting

Week 1														
Origin	**Operating Day**	**Cubic Feet Requested**	**Mon (01/01)**	**Tue (01/02)**	**Wed (01/03)**	**Thu (01/04)**	**Fri (01/05)**	**Sat (01/06)**	**Sun (01/07)**	**Weekly Total**	**A/C Type Equivalent**	**Rate**	**Adhoc Charters**	**Total Charters**
EWR	Wed, Thu, Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
PHX / stage	Wed, Thu, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
SLC / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MIA / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-310	[*]	[*]	[*]
DEN / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
PHL / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
IAD / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Thu, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Thu, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
PHL / stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-310	[*]	[*]	[*]
PDX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
SLC / stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR / stage	Fri, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
OAK	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM-SJU	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
LAX / stage	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
OAK	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM-HNL-MEM	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
MIA / stage	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
OAK	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
Week 1 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				

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Week 2														
Origin	**Operating Day**	**Cubic Feet Requested**	**Mon (01/08)**	**Tue (01/09)**	**Wed (01/10)**	**Thu (01/11)**	**Fri (01/12)**	**Sat (01/13)**	**Sun (01/14)**	**Weekly Total**	**A/C Type Equivalent**	**Rate**	**Adhoc Charters**	**Total Charters**
MEM - SJU	Mon	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
PHL / stage	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR	Tue, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
OAK	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
SEA	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
PHX-stage	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
LAX	Tue, Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR / stage	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
PHL	Wed, Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
SLC	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MEM - SJU	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
MEM - HNL	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
MIA	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
IAD	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MIA	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAS	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
EWR	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
PHL	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
EWR	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
Week 2 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				

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Week 3														
Origin	Operating Day	Cubic Feet Requested	Mon (01/15)	Tue (01/16)	Wed (01/17)	Thu (01/18)	Fri (01/19)	Sat (01/20)	Sun (01/21)	Weekly Total	A/C Type Equivalent	Rate	Adhoc Charters	Total Charters
IAD	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-310	[*]	[*]	[*]
PHL / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
EWR / stage	Wed		[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MIA / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
DEN	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
PHX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
PDX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
SLC / stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
SJU	Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
LAX	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
EWR	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
MIA	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
MEM - HNL	Mon	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
MEM - SJU	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
PHL	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
EWR	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
LAX	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
Week 3 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				

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Week 4														
Origin	**Operating Day**	**Cubic Feet Requested**	**Mon (01/22)**	**Tue (01/23)**	**Wed (01/24)**	**Thu (01/25)**	**Fri (01/26)**	**Sat (01/27)**	**Sun (01/28)**	**Weekly Total**	**A/C Type Equivalent**	**Rate**	**Adhoc Charters**	**Total Charters**
MEM - SJU	Mon, Thu, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
DEN	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
LAX	Tue, Wed, Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
LAS / stage	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
OAK	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR	Wed, Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR	Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
LAX	Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
Week 4 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				
January Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Exhibit 10.163

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1	OF 3
2. AMENDMENT/MODIFICATION NO. 119	3. EFFECTIVE DATE 02/26/2018	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*	
6. ISSUED BY CODE 5ACAAO DALE D. PARSAN Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-2223		7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		

8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*)		(x)	
FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800			9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (*SEE ITEM 11*)
		x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX
SUPPLIER CODE: 000389122	FACILITY CODE		10B. DATED (*SEE ITEM 13*) 04/23/2013

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Increase: [*]
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	
☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to execute the following change to the ACN-13-FX contract:

1. In accordance with contract ACN-13-FX and the "Fuel Adjustment" section, the following Line Haul Rate (fuel) for the Day Network as set out in Attachment 10 is modified for performance during the period of February 26, 2018 to April 1, 2018 (Operating Period 54) as follows:

TIERS: Base – Tier 5
From:
[*] per cubic foot

Continued…
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Ron D. Stevens, Vice President		Brian Mckain	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. CONTRACT AUTHORITY	16C. DATE SIGNED
/s/ RON D. STEVENS *(Signature of person authorized to sign)*	3-12-18	/s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	3/20/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	Page 2 Of 3
CONTRACT/ORDER NO. ACN-13-FX/119	AWARD/ EFFECTIVE DATE 02/26/2018	MASTER/AGENCY CONTRACT NO	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	To: [*] per cubic foot This is an increase of [*]. TIERS: 6 - 8 TIER 6: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. TIER 7: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. TIER 8: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. [*] — Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 11/28/2016 Discount Terms: See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024 Change Item 1 to read as follows:				
1	Day Network Account Number: 53503 Continued...				[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET	REQUISITION NO.	PAGE 3 OF 3

CONTRACT/ORDER NO.	AWARD/ EFFECTIVE DATE	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE
ACN-13-FX/119	02/26/2018			

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	This is for estimation purposes only and is not a guarantee of contract value.				

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE	OF
	1	2

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*
120	01/29/2018		

6. ISSUED BY CODE 5ACAAO
DALE D. PARSAN
Cargo Air Acquisitions
Air Transportation CMC
United States Postal Service
475 L'Enfant Plaza SW, Room 1P650
Washington DC 20260-0650
(202) 268-2223

7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ
Cargo Air Acquisitions
Air Transportation CMC
United States Postal Service
475 L'Enfant Plaza SW, Room 1P650
Washington DC 20260-0650

8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*)

FEDERAL EXPRESS CORPORATION
3610 HACKS CROSS ROAD
MEMPHIS TN 38125-8800

SUPPLIER CODE: 000389122 FACILITY CODE

(x)	
	9A. AMENDMENT OF SOLICITATION NO.
	9B. DATED (*SEE ITEM 11*)
x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX
	10B. DATED (*SEE ITEM 13*) 04/23/2013

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Increase: [*]
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	
☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to incorporate Operating Period 53 (February) Ad Hoc Charters for Weeks 1 & 2 into the ACN-13-FX contract, with the following conditions:

A) Once the Charters are scheduled they cannot be canceled.

B) All Service and Scan penalties (reductions in payment), related to the Day Network only, will be eliminated. This relief does not apply to the Night Network.

C) Volume will be inducted into the network at the Memphis Hub and will incur appropriate tier pricing and will be processed normally.

Continued…
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Ron D. Stevens, Vice President		Brian Mckain	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. CONTRACT AUTHORITY	16C. DATE SIGNED
/s/ RON D. STEVENS *(Signature of person authorized to sign)*	3-20-18	/s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	3/21/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	PAGE 2 OF 2
CONTRACT/ORDER NO. ACN-13-FX/120	AWARD/ EFFECTIVE DATE 01/29/2018	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	FedEx will notify the Postal Service if the tender requirement is different than what is currently in the contract. Delivery does not change. Payments for said charters will be paid as part of the Operating Period reconciliation.				
	Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 08/29/2016 Discount Terms: See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024				
	Change Item 9 to read as follows:				
9	Ad Hoc Charter Option Account Number: 53703 This value is for estimation purposes only.				[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

February 18 Operating Period—Weeks 1 and 2
Charter Request and Accounting

Week 1														
Origin	**Operating Day**	**Cubic Feet Requested**	**Mon (01/29)**	**Tue (01/30)**	**Wed (01/31)**	**Thu (02/01)**	**Fri (02/02)**	**Sat (02/03)**	**Sun (02/04)**	**Weekly Total**	**A/C Type Equivalent**	**Rate**	**Adhoc Charters**	**Total Charters**
BDL	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
LAS - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Tues, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM - SJU	Wed, Thu, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
EWR	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MEM-HNL-MEM	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
EWR - Stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
SLC - Stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR - Stage	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
SLC - Stage	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MIA	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
OAK - Stage	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
Week 1 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				

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Week 2														
Origin	**Operating Day**	**Cubic Feet Requested**	**Mon (02/05)**	**Tue (02/06)**	**Wed (02/07)**	**Thu (02/08)**	**Fri (02/09)**	**Sat (02/10)**	**Sun (02/11)**	**Weekly Total**	**A/C Type Equivalent**	**Rate**	**Adhoc Charters**	**Total Charters**
EWR - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
OAK	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAS	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
ONT	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
MEM - SJU	Tues, Thu, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
SLC - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
EWR	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
ONT - Stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR - Stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
BDL	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
EWR	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK - Stage	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
ORD - Stage	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
DEN	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR - Stage			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
BDL - Stage	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
ORD	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA - Stage	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
		[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
EWR	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MIA	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAS - Stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
Week 2 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				
										[*]				
February Total (Weeks 1-2)			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]

[*] Charters
[*] Average ft^3
[*] Average $
[*] $/$ft^3$

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Exhibit 10.165

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE 1	OF 2

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*
121	01/29/2018		

6. ISSUED BY CODE 5ACAAO	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ
DALE D. PARSAN Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-2223	Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650

8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*)	(x)	
FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800		9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (*SEE ITEM 11*)
	x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX
SUPPLIER CODE: 000389122 FACILITY CODE		10B. DATED (*SEE ITEM 13*) 04/23/2013

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Increase: [*]
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	
☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to incorporate Operating Period 53 (February) Ad Hoc Charters for Weeks 3 & 4 into the ACN-13-FX contract, with the following conditions:

A) Once the Charters are scheduled they cannot be canceled.

B) All Service and Scan penalties (reductions in payment), related to the Day Network only, will be eliminated. This relief does not apply to the Night Network.

C) Volume will be inducted into the network at the Memphis Hub and will incur appropriate tier pricing and will be processed normally.

Continued…
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Ron D. Stevens, Vice President		Brian Mckain	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. CONTRACT AUTHORITY	16C. DATE SIGNED
/s/ RON D. STEVENS *(Signature of person authorized to sign)*	4-9-18	/s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	4/10/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	PAGE 2 OF 2
CONTRACT/ORDER NO. ACN-13-FX/121	AWARD/ EFFECTIVE DATE 01/29/2018	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	FedEx will notify the Postal Service if the tender requirement is different than what is currently in the contract. Delivery does not change. Payments for said charters will be paid as part of the Operating Period reconciliation. Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 03/23/2018 Discount Terms: See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024 Change Item 9 to read as follows:				
9	Ad Hoc Charter Option Account Number: 53703 This value is for estimation purposes only.				[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Week 3														
Origin	Operating Day	Cubic Feet Requested	Mon (02/12)	Tue (02/13)	VALENTINE Wed (02/14)	Thu (02/15)	Fri (02/16)	Sat (02/17)	Sun (02/18)	Weekly Total	A/C Type Equivalent	Rate	Adhoc Charters	Total Charters
LAS - Stage	Tues	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MEM - SJU	Tues, Thu, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
EWR	Tues, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-10	[*]	[*]	[*]
MIA - Stage	Tues, Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
PHL - Stage	Tue	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
RNO	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA	Thu, Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
LAX	Sat, Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM - HNL	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
EWR - Stage	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
EWR	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MIA - Stage	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
Week 3 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				
Week 4														
Origin	Operating Day	Cubic Feet Requested	PREZ DAY Mon (02/19)	Tue (02/20)	Wed (02/21)	Thu (02/22)	Fri (02/23)	Sat (02/24)	Sun (02/25)	Weekly Total	A/C Type Equivalent	Rate	Adhoc Charters	Total Charters
EWR - Stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
JFK	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
BDL	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MIA - Stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAS - Stage	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
PDX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
ONT	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
SLC	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
DEN	Wed	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MIA	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM-SJU	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
EWR	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
OAK	Thu	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
LAX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
MIA	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
PDX	Fri	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	757	[*]	[*]	[*]
MEM-SJU	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
LAX	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	767	[*]	[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
ONT - Stage	Sat	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
LAX	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	A-300	[*]	[*]	[*]
MEM-SJU	Sun	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]	MD-11	[*]	[*]	[*]
Week 4 Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]
			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]				
										[*]				
February Total			[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]			[*]	[*]

[*]	Charters
[*]	Average ft^3
[*]	Average $
[*]	$/$ft^3$

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE		PAGE 1	OF 3
2. AMENDMENT/MODIFICATION NO. 122	3. EFFECTIVE DATE 04/02/2018	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*
6. ISSUED BY CODE 5ACAAO DALE D. PARSAN Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-2223		7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	
8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*) FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	(x)	9A. AMENDMENT OF SOLICITATION NO.	
		9B. DATED (*SEE ITEM 11*)	
	x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
SUPPLIER CODE: 000389122 — FACILITY CODE		10B. DATED (*SEE ITEM 13*) 04/23/2013	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Decrease: [*]
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x) ☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to execute the following change to the ACN-13-FX contract:

1. In accordance with contract ACN-13-FX and the "Fuel Adjustment" section, the following Line Haul Rate (fuel) for the Day Network as set out in Attachment 10 is modified for performance during the period of April 2, 2018 to April 29, 2018 (Operating Period 55) as follows:

TIERS: Base – Tier 5
From:
[*] per cubic foot

Continued…

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS *(Signature of person authorized to sign)*	15C. DATE SIGNED 4-18-18	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	16C. DATE SIGNED 5/17/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET				REQUISITION NO.	Page 2 Of 3
CONTRACT/ORDER NO. ACN-13-FX/122	AWARD/ EFFECTIVE DATE 04/02/2018	MASTER/AGENCY CONTRACT NO		SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	To: [*] per cubic foot This is a decrease of [*]. TIERS: 6 - 8 TIER 6: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*]. TIER 7: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*]. TIER 8: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*]. [*] Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 11/28/2016 Discount Terms: See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024 Change Item 1 to read as follows:				
1	Day Network Account Number: 53503 Continued...				[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	PAGE 3 OF 3
CONTRACT/ORDER NO. ACN-13-FX/122	AWARD/ EFFECTIVE DATE 04/02/2018	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	This is for estimation purposes only and is not a guarantee of contract value.				

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE 1	OF 3
2. AMENDMENT/MODIFICATION NO. 123	3. EFFECTIVE DATE 04/30/2018	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. *(If applicable)*	
6. ISSUED BY CODE 5ACAAO DALE D. PARSAN Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-2223		7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE 5ACAAQ Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		

8. NAME AND ADDRESS OF CONTRACTOR (*No., Street, County, State, and ZIP Code*)		(x)	9A. AMENDMENT OF SOLICITATION NO.
FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800			9B. DATED (*SEE ITEM 11*)
		x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX
SUPPLIER CODE: 000389122	FACILITY CODE		10B. DATED (*SEE ITEM 13*) 04/23/2013

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning ________copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment number. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required.*) Net Increase: **[*]**
See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x)	
☐	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☐	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14.
☐	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF: THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
☒	D. OTHER (such as no cost change/cancellation, termination, etc.) (Specify type of modification and authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. Mutual Agreement of the Contracting Parties

E. IMPORTANT : Contractor ☐ is not, ☒ is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to execute the following changes to the ACN-13-FX contract:

1. In accordance with contract ACN-13-FX and the "Fuel Adjustment" section, the following Line Haul Rate (fuel) for the Day Network as set out in Attachment 10 is modified for performance during the period of April 30, 2018 to June 4, 2018 (Operating Period 56) as follows:

TIERS: Base – Tier 5
From:
[*] per cubic foot

Continued…

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Ron D. Stevens, Vice President		Brian Mckain	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. CONTRACT AUTHORITY	16C. DATE SIGNED
/s/ RON D. STEVENS *(Signature of person authorized to sign)*	5-8-18	/s/ BRIAN MCKAIN *(Signature of Contracting Officer)*	5/17/18

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET			REQUISITION NO.	Page 2 Of 3
CONTRACT/ORDER NO. ACN-13-FX/123	AWARD/ EFFECTIVE DATE 04/30/2018	MASTER/AGENCY CONTRACT NO	SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	To: [*] per cubic foot This is an increase of [*]. TIERS: 6 - 8 TIER 6: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. TIER 7: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. TIER 8: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. [*] 2. In accordance with Clause 6-1: contracting Officer's Representative, the following administrative change is: FROM: Andy L. Henderson To: Henry A. Dynka Kelly R. Hammack Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Delivery: 11/28/2016 Discount Terms: Continued...				

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

CONTINUATION SHEET				REQUISITION NO.	PAGE 3 OF 3
CONTRACT/ORDER NO. ACN-13-FX/123	AWARD/ EFFECTIVE DATE 04/30/2018	MASTER/AGENCY CONTRACT NO.		SOLICITATION NO.	SOLICITATION ISSUE DATE

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	See Schedule Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024 Change Item 1 to read as follows:				
1	Day Network Account Number: 53503 This is for estimation purposes only and is not a guarantee of contract value.				[*]

* Blank spaces contained confidential information which has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Exhibit 21

SUBSIDIARIES OF FEDEX CORPORATION

The following is a list of subsidiaries of FedEx Corporation as of May 31, 2018. Pursuant to Item 601(b)(21) of Regulation S-K, we have omitted some subsidiaries that, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of May 31, 2018 under Rule 1-02(w) of Regulation S-X. FedEx Corporation owns, directly or indirectly, 100% of the voting securities of each of the listed subsidiaries.

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
FCJI, Inc.	Ohio
Federal Express (Australia) Pty Ltd	Australia
Federal Express (China) Company Limited	China
Federal Express (Hong Kong) Holding G.P.	Hong Kong
Federal Express (Hong Kong) Limited	Hong Kong
Federal Express (Singapore) Pte. Ltd.	Singapore
Federal Express Canada Corporation	Nova Scotia
Federal Express Canada Holding L.P.	Ontario
Federal Express Corporation	Delaware
Federal Express Europe, Inc.	Delaware
Federal Express Holding (Netherlands) C.V.	The Netherlands
Federal Express Holdings S.A., LLC	Delaware
Federal Express Holding US 1, LLC	Delaware
Federal Express Holding US 2, LLC	Delaware
Federal Express Holding US 3, LLC	Delaware
Federal Express Holding US 4, LLC	Delaware
Federal Express Holding US 5, LLC	Delaware
Federal Express Holding US 7, LLC	Delaware
Federal Express Holding US 8, LLC	Delaware
Federal Express Holding US 9, S. de R.L. de C.V.	Mexico
Federal Express International (Netherlands) C.V.	The Netherlands
Federal Express International Financing (Netherlands) C.V.	The Netherlands
Federal Express International, Inc.	Delaware
Federal Express Japan G.K.	Japan
Federal Express Korea LLC	Korea
Federal Express Netherlands I C.V.	The Netherlands
Federal Express Netherlands II C.V.	The Netherlands
Federal Express Pacific, LLC	Delaware
FedEx Acquisition B.V.	The Netherlands
Fedex Brasil Logistica e Transporte S.A.	Brazil
FedEx Corporate Services, Inc.	Delaware
FedEx Cross Border Technologies, Inc.	Delaware
FedEx Custom Critical, Inc.	Ohio
FedEx de México, S. de R.L. de C.V.	Mexico
FedEx Express Belgium SPRL	Belgium
FedEx Express France SAS	France
FedEx Express Germany GmbH	Germany
FedEx Express Global Holdings C.V.	The Netherlands
FedEx Express International B.V.	The Netherlands
FedEx Express Italy S.r.l.	Italy
FedEx Express Netherlands B.V.	Netherlands
FedEx Express Transportation & Supply Chain Services (India) Pvt. Ltd.	India
FedEx Freight Canada, Corp.	Nova Scotia
FedEx Freight Corporation	Delaware

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
FedEx Freight, Inc.	Arkansas
FedEx Ground Package System, Inc.	Delaware
FedEx Ground Package System, Ltd.	Wyoming
FedEx Holdings Luxembourg S. de R.L. de C.V.	Mexico
FedEx Luxembourg S.à r.l.	Luxembourg
FedEx Office and Print Services, Inc.	Texas
FedEx Supply Chain Distribution System, Inc.	Pennsylvania
FedEx Trade Networks Trade Services, Inc.	Delaware
FedEx Trade Networks Transport & Brokerage, Inc.	New York
FedEx Trade Networks, Inc.	Delaware
FedEx Transport System GmbH	Germany
FedEx UK Holdings Limited	England and Wales
FedEx UK Limited	England and Wales
TNT Australia Pty. Limited	Australia
TNT Express (Belgium) BVBA	Belgium
TNT Express B.V.	The Netherlands
TNT Express GmbH	Germany
TNT Express Holdings B.V.	The Netherlands
TNT Express Holdings Germany GmbH	Germany
TNT Express ICS Limited	United Kingdom
TNT Express International SAS	France
TNT Express National SAS	France
TNT Express Nederland B.V.	The Netherlands
TNT Express Road Network B.V.	The Netherlands
TNT Express Worldwide (China) Limited	China
TNT Express Worldwide (Euro Hub) SPRL	Belgium
TNT Express Worldwide (Poland) Sp. z.o.o.	Poland
TNT Express Worldwide (Portugal) Transitarios, Transportes e Servicos Complementares, Unipessoal, Lda	Portugal
TNT Express Worldwide (Spain), S.L.	Spain
TNT Express Worldwide B.V.	The Netherlands
TNT Express Worldwide, spol s.r.o	Czech Republic
TNT Finance B.V.	The Netherlands
TNT Global Express S.R.L.	Italy
TNT Holdings (Deutschland) GmbH	Germany
TNT Holdings B.V.	The Netherlands
TNT International Express Tasimacilik Ticaret Limited Sirketi	Turkey
TNT Mercurio Cargas e Encomendas Expressas Ltda.	Brazil
TNT Nederland B.V.	The Netherlands
TNT Sverige Aktiebolag	Sweden
TNT (UAE) LLC	United Arab Emirates
TNT UK Limited	United Kingdom
TNT USA, LLC	Delaware
World Tariff, Limited	California

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-222198, 333-192957, 333-171232, 333 - 45037, 333-34934, 333-100572, 333-111399, 333-121418, 333-130619, and 333-156333 and Form S-3 No. 333-207036) of FedEx Corporation and in the related Prospectuses of our reports dated July 16, 2018, with respect to the consolidated financial statements and schedule of FedEx Corporation, and the effectiveness of internal control over financial reporting of FedEx Corporation, included in this Annual Report (Form 10-K) for the year ended May 31, 2018.

/s/ Ernst & Young LLP

Memphis, Tennessee
July 16, 2018

EXHIBIT 31.1

CERTIFICATION 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

I, Frederick W. Smith, certify that:

1. I have reviewed this annual report on Form 10-K of FedEx Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 16, 2018

/s/ Frederick W. Smith
Frederick W. Smith
Chairman and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION 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

I, Alan B. Graf, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of FedEx Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 16, 2018

/s/ Alan B. Graf, Jr.
Alan B. Graf, Jr.
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of FedEx Corporation ("FedEx") on Form 10-K for the period ended May 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frederick W. Smith, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FedEx.

Date: July 16, 2018

/s/ Frederick W. Smith
Frederick W. Smith
Chairman and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of FedEx Corporation (“FedEx”) on Form 10-K for the period ended May 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Alan B. Graf, Jr., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of FedEx.

Date: July 16, 2018

/s/ Alan B. Graf, Jr.
Alan B. Graf, Jr.
Executive Vice President and
Chief Financial Officer