

NOTE 17: COMMITMENTS

Annual purchase commitments under various contracts as of May 31, 2017 were as follows (in millions):

	Aircraft and Aircraft Related	Other ⁽¹⁾	Total
2018	\$ 1,777	\$ 1,440	\$ 3,217
2019	1,729	508	2,237
2020	1,933	400	2,333
2021	1,341	309	1,650
2022	1,276	198	1,474
Thereafter	2,895	499	3,394
Total	\$ 10,951	\$ 3,354	\$ 14,305

(1) Primarily equipment, advertising contracts and, in 2018, approximately \$700 million of estimated required quarterly contributions to our U.S. Pension Plans.

The amounts reflected in the table above for purchase commitments represent noncancelable agreements to purchase goods or services. As of May 31, 2017, our obligation to purchase four Boeing 767-300 Freighter ("B767F") aircraft and six 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. 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.

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 had \$729 million in deposits and progress payments as of May 31, 2017 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, 2017, with the year of expected delivery:

	B767F	B777F	Total
2018	14	4	18
2019	15	2	17
2020	16	3	19
2021	10	3	13
2022	10	4	14
Thereafter	6	—	6
Total	71	16	87