

CASH PROVIDED BY OPERATING ACTIVITIES. Cash flows from operating activities decreased \$778 million in 2017 primarily due to higher pension contributions partially offset by lower income tax payments.

Cash flows from operating activities increased \$342 million in 2016 primarily due to higher segment operating income at FedEx Express and lower tax payments due to bonus depreciation on aircraft purchases and other qualifying assets. During the fourth quarter of 2016, we defeased the underlying debt of certain leveraged operating leases, which was accounted for as a prepayment of the lease obligations that reduced our operating cash flows by \$501 million. We made contributions of \$2.0 billion in 2017 and \$660 million in 2016 and 2015 to our U.S. Pension Plans. Most of these contributions were voluntary. Some of the 2017 contributions were used by our U.S. Pension Plans to fund \$1.3 billion of incremental benefit payments made during the fourth quarter of 2017 to former employees who elected to receive their benefit payments early in a lump sum under a voluntary program offered to qualifying participants.

CASH USED IN INVESTING ACTIVITIES. Capital expenditures were 6% higher in 2017 largely due to the inclusion of TNT Express and

increased spending at FedEx Express for aircraft and related equipment as part of our fleet modernization program, and were 11% higher in 2016 than in 2015 due to increased spending for sort facility expansion at FedEx Ground. See "Capital Resources" for a more detailed discussion of capital expenditures during 2017 and 2016.

FINANCING ACTIVITIES. We had various senior unsecured debt issuances in 2017 and 2016. 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 utilized the net proceeds of our 2017 debt issuances for a voluntary incremental contribution in January 2017 to our U.S. Pension Plans and for working capital and general corporate purposes. We utilized the net proceeds of our 2016 debt issuances for working capital and general corporate purposes, our acquisition of TNT Express, share repurchases and the redemption and the prepayment and defeasance of the underlying debt of certain leveraged operating leases. See Note 3 of the accompanying consolidated financial statements for further discussion of business acquisitions.

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):

| | 2017 | | | 2016 | | |
|--------------------------|--|------------------------------------|----------------------------|--|------------------------------------|----------------------------|
| | 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 | 2,955,000 | \$ 172.13 | \$ 509 | 18,225,000 | \$ 149.35 | \$ 2,722 |