

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, 2019.

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)  
942 South Shady Grove Road, Memphis, Tennessee  
(Address of Principal Executive Offices)

62-1721435  
(I.R.S. Employer  
Identification No.)

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	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	FDX	New York Stock Exchange
0.500% Notes due 2020	FDX 20A	New York Stock Exchange
0.700% Notes due 2022	FDX 22B	New York Stock Exchange
1.000% Notes due 2023	FDX 23A	New York Stock Exchange
1.625% Notes due 2027	FDX 27	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 every Interactive Data File required to be submitted 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 such files). Yes  No

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  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, 2018, was approximately \$55.2 billion. The Registrant has no non-voting stock.

As of July 12, 2019, 260,808,410 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 2019 annual meeting of stockholders to be held on September 23, 2019 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.
- **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 last-mile delivery to residences.
- **FedEx Freight** : FedEx Freight Corporation (“FedEx Freight”) is a leading North American 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 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.

Additionally, the FedEx Logistics, Inc. (“FedEx Logistics” (formerly FedEx Trade Networks, Inc.)) operating segment 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. and its subsidiary P2P Mailing Limited (“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 critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots, Inc. (“FedEx Forward Depots”). FedEx Logistics is included in “Corporate, other and eliminations” in our segment reporting. For more information about FedEx Logistics, please see “FedEx Logistics 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.

Our website is located at [fedex.com](http://fedex.com) . Detailed information about our services, e-commerce tools and solutions, and citizenship efforts can be found on our website. In addition, we make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to such reports available, free of charge, through our website, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission (“SEC”). The Investor Relations section 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, uncertainty and evolution 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, including the continued growth of e-commerce. To that end, we continue to modernize our aircraft fleet with more fuel efficient and lower-emission aircraft, expand our operations at FedEx Ground where we continue to see growing package volumes, realign our systems and develop new innovative service offerings.

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, enhances 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 flexible, convenient, efficient and cost-effective. 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 real 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.

During 2019, we introduced a number of innovative solutions , advanced important long-term business initiatives and made other important investments that benefit our customers , employees and communities , including:

- Increasing capacity at FedEx Ground by expanding operations throughout the FedEx Ground U.S. network to six days per week year-round, and announcing that in January 2020 FedEx Ground will expand residential delivery operations to seven days per week year-round for the majority of the U.S. population.
- Making additional strategic investments to grow our FedEx Ground network to effectively handle e-commerce growth, manage costs, and increase productivity. For example, in 2019 we opened two new major FedEx Ground hubs in Pennsylvania and Connecticut to serve some of the busiest transportation corridors in the U.S. and began a transformation in FedEx Ground operations that will allow us to increasingly integrate FedEx SmartPost packages given to the USPS into FedEx Ground standard operations and improve our capabilities for handling large and heavy items.
- Substantially integrating the sales forces of FedEx Express and TNT Express and completing key projects that enable the injection of FedEx Express shipments into the TNT Express European road network.
- Developing the FedEx SameDay Bot, an autonomous delivery device which represents the next chapter in our long legacy of innovation and offering new solutions for our customers. We plan to begin testing the SameDay Bot in select markets in the summer of 2020.
- Continuing our multi-year investments to modernize the FedEx Express World Hub in Memphis through investments in new sort systems and automation and expand the FedEx Express hub in Indianapolis as part of our continued investment in technology and operations to meet growing customer demand.
- Expanding e-commerce delivery options for retailers with FedEx Extra Hours, a service that enables participating retailers to fulfill e-commerce orders into the evening and receive late pickups by FedEx Express, with next-day local delivery and two-day shipping to any address in the continental United States. FedEx Extra Hours is currently available to select customers.
- Continuing our successful aircraft fleet modernization strategy, which has helped us greatly improve fuel efficiency and fleet reliability in recent years, by entering into agreements to purchase 12 incremental Boeing 777 Freighter (“B777F”) aircraft and 12 incremental Boeing 767-300 Freighter (“B767F”) aircraft.
- Progressing the nationwide expansion of the FedEx retail channel with companies such as Walgreens and Walmart. Additionally, during June 2019 we formed a strategic alliance with Dollar General that will provide access to FedEx drop-off and pickup services at more than 8,000 Dollar General stores by the end of calendar 2020, which will give customers in rural locations easy access to FedEx drop-off and pickup services.
- Significantly advancing a major information technology transition from traditional mainframe computing to cloud-based systems, which is delivering significant benefits in terms of flexibility, security, speed to market and resiliency.
- Applying the most up-to-date safety technology for our transportation equipment, facilities and yards to protect our employees, customers and communities. For example, during 2019 we tested the platooning of our highway trucks, which allows drivers to follow each other in a safe, controlled manner, and piloted virtual reality training modules to make dock activities and large-package lifting at FedEx Ground safer.
- Completing our investment of over \$200 million in more than 200 global communities through our global giving platform, FedEx Cares.
- Rebranding FedEx Trade Networks, Inc. as FedEx Logistics and announcing the consolidation of its corporate team members into a new global headquarters in downtown Memphis over the next several years.

## **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 2019, FedEx ranked 10<sup>th</sup> in *FORTUNE* magazine’s “World’s Most Admired Companies” list — the 19<sup>th</sup> consecutive year FedEx has ranked among the top 20 in the *FORTUNE* Most Admired Companies list, with 15 of those years ranking among the top 10. FedEx was also included on the *Forbes* /Reputation Institute 2019 “World’s Most Reputable Companies” list, which measures the reputations of thousands of the world’s most prestigious companies, and was named to *Forbes* 2019 list of the “World’s Most Valuable Brands.” Additionally, FedEx was named one of America’s 2018 “Most JUST Companies” by JUST Capital and *Forbes* based on an evaluation of a variety of environmental, social and governance factors.

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>. This report describes how we think about our responsibilities in the area of global citizenship and includes 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, FedEx was named to *FORTUNE* magazine's list of the "100 Best Companies to Work For" in the U.S. and listed as one of the "World's Best Employers" by *Forbes* in their latest surveys. FedEx was also included on *FORTUNE* magazine's "100 Best Workplaces for Millennials" list for 2018. During 2019 we made voluntary contributions totaling \$1.0 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 2019 FedEx was named one of *Black Enterprise* magazine's "50 Best Companies for Diversity," one of the "Best Workplaces for Diversity" by global research and consulting firm Great Place to Work and *FORTUNE* magazine, and one of the "Best Employers for Diversity" in the U.S. by *Forbes*. Additionally, FedEx was named a 2019 "Best-of-the-Best Corporation for Inclusion" by the National Gay and Lesbian Chamber of Commerce and the National Business Inclusion Consortium. 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 450,000 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, FedEx Express has created *Purple Runway—A FedEx Pathways Program*, an industry-leading pilot-development program, as well as a related aviation scholarship program. FedEx Express has also partnered with the University of Memphis to provide FedEx Express team members in Memphis, Indianapolis, Oakland, Los Angeles and Newark the chance to earn a tuition-free online degree. 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. One way FedEx works to connect people and possibilities is through FedEx Cares, our global community engagement program. 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 focus our effort in the following areas:

- ***Global Entrepreneurship*** : Empowering women and minority entrepreneurs everywhere by providing the tools they need to succeed.
- ***Delivering for Good*** : Lending our global network and our unparalleled logistics expertise to organizations with mission-critical needs, especially in times of disaster, and to help communities heal, learn and thrive.
- ***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 young adults in underserved communities 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 our safety expertise to reduce road crash fatalities by improving road conditions and educating drivers and pedestrians — especially child pedestrians — around the world.
- ***Diversity & Inclusion*** : Promoting inclusion, celebrating culture and history, and empowering young people from diverse backgrounds.
- ***Volunteerism*** : Dedicating their time around the world, FedEx team members play a visible and meaningful role in addressing social issues by creating connections with community leaders and supporting the non-profit organizations that make our communities great places to live and work.

Between 2016 and 2019, FedEx invested over \$200 million in over 200 global communities through FedEx Cares. FedEx also supports communities throughout the U.S. with its annual FedEx Cares United Way giving campaign. Additionally, FedEx team members provided over 81,000 volunteer hours during 2018. For additional information on our community involvement and our FedEx Cares strategy, visit <http://fedexcares.com>.

### ***The Environment***

Our “Reduce, Replace, Revolutionize” approach to FedEx aircraft, vehicles, facilities and materials guides our environmental efforts to drive efficient use of resources and cost savings. 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. Through 2018, our efforts collectively resulted in a 40% improvement in FedEx Express vehicle fuel efficiency from our 2005 baseline. We also continue to work towards 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 2018, we achieved a 23% 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 are replacing many of our older airplanes with more fuel-efficient models. These two initiatives saved more than 204 million gallons of jet fuel and avoided nearly 2.0 million metric tons of CO<sub>2</sub>e emissions in 2018, over 15% more emissions avoided than 2017. We have an impressive global alternative fuel fleet with more than 3,800 alternative fuel vehicles, including hybrid, electric, compressed or liquefied natural gas, liquefied petroleum gas and hydrogen fuel cell vehicles. In 2018 we placed a reservation for 20 fully electric semi trucks which will be operated by FedEx Freight, and FedEx Express expects to add 1,000 Chanje V8100 electric delivery vehicles to its fleet by the end of 2020. Additionally, we expect the zero-emission, battery-powered FedEx SameDay Bot, which is discussed in more detail below under “FedEx Services Segment — FedEx Services — Customer-Driven Technology,” to be an environmentally friendly alternative to delivering small payloads in large vehicles.

Across the enterprise, we work to utilize the emission technology available in each market for our vehicles, which enables us to reduce emissions and minimize the impact of the remaining legacy vehicles in the fleet. Innovative approaches such as vehicle platooning offer the potential to increase truck fuel efficiency while enhancing safety.

Twenty-three of our facilities around the world now generate renewable energy, which collectively avoided more than 12,000 metric tons of CO<sub>2</sub>e emissions in 2018. In addition, 19 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 Ground has six LEED-certified facilities and FedEx Office has one, all of which are in the U.S. Over 560 FedEx Express facilities and three FedEx Logistics facilities are certified to the ISO 14001 environmental management system standard. In Europe, FedEx Express uses the Building Research Establishment Environmental Assessment Method (BREEAM) as the standard for all new buildings. For offices, its minimum building standard is BREEAM Excellent, and for warehouses, its minimum standard is BREEAM Good.

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 2018, 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 100% recyclable and made from over 50% recycled content. The longstanding paper shredding and recycling service at FedEx Office allows customers to bring any documents, including sensitive items such as tax returns, to a FedEx Office location and have them securely and confidentially shredded, then recycled. During 2018, almost 9.9 million pounds of paper were shredded and recycled through the service.

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 of our own waste and encourage customers to recycle our packaging. In 2018, 78% 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 and accountability to stockholders. 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 on the Governance & Citizenship page of the Investor Relations section of our website at <http://investors.fedex.com>. We will post on the Governance & Citizenship page of the Investor Relations section 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.

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. As of May 31, 2019, FedEx Express employed approximately 239,000 employees (including approximately 47,000 employees at TNT Express) and had approximately 103,000 drop-off locations (including FedEx Office stores and FedEx OnSite locations, such as nearly 9,000 Walgreens stores, and approximately 27,000 TNT Express drop-off locations), 681 aircraft and approximately 91,000 vehicles (including approximately 27,000 owner-operated vehicles that support TNT Express) in its 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 10:00 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](http://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 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 integration of FedEx Express and TNT Express 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.

Significant progress on the integration was made during 2019. We have completed the operational integration in the U.S., Canada and Middle East, and the sales forces are substantially integrated. The sales force integration allows both the FedEx Express and TNT Express sales teams to sell our full suite of services to customers. A significant milestone in the integration includes key projects that enable the injection of FedEx Express shipments into the TNT Express European road network. This integration milestone will allow FedEx Express customers to benefit from transit time improvements for their intra-European shipments. We began rolling out this service in Europe in February 2019 and completed the service improvement in June 2019. In addition, by the end of 2020, we expect to complete projects across our European hub and station locations that will allow interoperability between networks for both FedEx Express and TNT Express packages, which will further lower costs as the related FedEx Express linehaul operations are optimized. In 2019, we began the operational network integration process for the key countries in Europe, which represent a significant percentage of international revenue, workforces and facilities. Integration activities in Europe are complex and require consultations with works councils and employee representatives in a number of countries. While we expect to make significant progress on integration activities in 2020, particularly in Europe, integration work will continue thereafter. For more information about the integration, see Item 1A of this Annual Report on Form 10-K ("Risk Factors").

On May 1, 2019, we acquired the international express business of FC (Flying Cargo) Express Ltd., which was formerly a FedEx Express Global Service Participant, in Israel. 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 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 2018 at Shanghai's Pudong International Airport. Additionally, during 2019 we introduced a new flight connecting the Vietnamese capital of Hanoi to our Asia-Pacific hub and increased the frequency of our flight from Memphis to Dubai. These developments 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 updates to the 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, on January 7, 2019, FedEx Express implemented a 4.9% average list price increase for U.S. domestic, U.S. export and U.S. import services. FedEx Express also applied peak holiday season surcharges from November 19, 2018 through December 24, 2018 for shipments that were oversized or required additional handling and, effective September 3, 2018, made general changes to surcharges for certain packages requiring 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. On March 18, 2019, we updated the tables used to determine our fuel surcharges for FedEx Express U.S. domestic services. On September 10, 2018, we updated the tables used to determine our fuel surcharges at FedEx Express. The weighted-average U.S. domestic and outbound fuel surcharges for the past three years were: 2019 — 7.5%; 2018 — 4.8%; and 2017 — 2.5%. 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. We are making investments over multiple years in our facilities of approximately \$1.5 billion to significantly expand the Indianapolis hub and approximately \$1.5 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, 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, 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 certain of 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 nearly 9,000 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.

### *Fuel Supplies and Costs*

During 2019, 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 (amounts for 2017 to 2019 include TNT Express):

Fiscal Year	Total Jet Fuel Cost (in millions)	Percentage of Consolidated Revenues
2019	\$ 2,847	4.1%
2018	2,460	3.8
2017	1,999	3.3
2016	1,726	3.4
2015	2,816	5.9

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, air freight forwarders, regional carriers, 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 be considered competitors. For example, Amazon.com is investing significant capital to establish a network of hubs, aircraft and vehicles. 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*

Donald F. Collieran is the President and Chief Executive Officer of FedEx Express, which is headquartered in Memphis, Tennessee. As of May 31, 2019, FedEx Express employed approximately 177,000 permanent full-time and approximately 62,000 permanent part-time employees (including approximately 38,000 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 53% of all employees.

The pilots of 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. For more information, see "Risk Factors" below. 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.

In January 2019, we expanded operations throughout the FedEx Ground U.S. network to six days per week year-round, and in January 2020, FedEx Ground will expand residential delivery operations to seven days per week year-round for the majority of the U.S. population.

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 and expanding overnight ground service in many metropolitan areas. FedEx Ground's network expansion has substantially increased the company's daily pickup capacity through the addition of new hubs featuring the latest automated sorting technology and the expansion or relocation of existing hubs and other facilities. FedEx Ground is also making significant operational enhancements to ensure safe and reliable handling of large and heavy items. These changes include designing new facilities, adding equipment to certain facilities and making other operational adjustments.

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. In May 2019, we announced that FedEx SmartPost packages given to the USPS will be increasingly integrated into FedEx Ground standard operations.

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](https://www.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 updates to the 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, on January 7, 2019, FedEx Ground and FedEx Home Delivery average list prices increased by an average of 4.9%. FedEx SmartPost average list prices also increased. Additionally, FedEx Ground applied peak holiday season surcharges from November 19, 2018 through December 24, 2018 for shipments that were oversized, unauthorized, or required additional handling and, effective September 3, 2018, made general changes to surcharges on unauthorized shipments and for certain packages requiring 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. On March 18, 2019 and September 10, 2018, respectively, we updated the tables used to determine our fuel surcharges at FedEx Ground. 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 which consisted of 619 facilities, including 39 hubs, in the U.S. and Canada as of May 31, 2019. FedEx Ground conducts its operations primarily with approximately 69,000 vehicles owned or leased by separate service providers. To provide FedEx Home Delivery service and FedEx SmartPost Service, FedEx Ground leverages its pickup operation and hub and linehaul network.

Advanced automated unloading and sorting technology is used to streamline the handling of millions of packages daily. FedEx Ground yard management systems, which interact with GPS tags on each trailer and create geofences around FedEx Ground facilities, automatically notify the control center when a trailer arrives and departs. 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 stations for local delivery. Autonomous, driverless tugger technologies enable FedEx Ground to handle large, non-conveyable packages. 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](https://www.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 nearly 9,000 Walgreens stores, located in the U.S.

As of May 31, 2019, FedEx Ground employed approximately 31,000 permanent full-time and approximately 79,000 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 these service providers 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 be considered competitors. For example, Amazon.com is investing significant capital to establish a network of hubs and vehicles.

#### *Independent Contractor and Independent Service Provider Models*

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. 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, 2019, over two-thirds of standard FedEx Ground volume (excluding FedEx SmartPost 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 North American 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](http://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.

FedEx Freight further simplifies LTL shipping with the FedEx Freight box, which offers 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.

FedEx Freight also offers LTL Select, a free cloud-based, multi-carrier transportation management system that provides customers with visibility into all available carriers and their pricing in one location, as well as the ability to book service and make payments.

As of May 31, 2019, the FedEx Freight segment was operating approximately 28,000 vehicles from a network of 373 service centers and had approximately 49,000 employees. John A. Smith is the President and Chief Executive Officer of FedEx Freight, which is based in Memphis, Tennessee. 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., ABF Freight (an ArcBest company) and SAIA, Inc.

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. Additionally, a union has been certified to represent owner-drivers at a FedEx Freight Canada, Corp. facility.

## **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.

Rajesh Subramaniam 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, 2019, the FedEx Services segment had approximately 30,000 employees (including approximately 15,000 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. Innovation at FedEx is the foundation of our relations with customers. We strive to build technology solutions that will solve our customers' business problems with simplicity, convenience, speed and reliability. Robert B. Carter, Executive Vice President — FedEx Information Services and Chief Information Officer of FedEx, won the 2019 *Forbes* CIO Innovation Award for the development of FedEx OnSite, our retail convenience network that utilizes third-party retailers such as Walgreens to receive and hold packages for FedEx customers. Additionally, during 2019 we significantly advanced a major information technology transition from traditional mainframe computing to cloud-based systems, which is delivering significant benefits in terms of flexibility, security, speed to market and resiliency.

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. The advanced tracking capability within FedEx Tracking provides customers with a consolidated view of inbound and outbound shipments. FedEx Virtual Assistant on *fedex.com* is an artificial-intelligence-enabled service that provides answers to customer shipping questions, allowing our customer service representatives and sales professionals to focus on higher-value customer interactions. International Shipping Assist on *fedex.com* uses artificial intelligence to continually improve the process of completing the complicated paperwork required for international shipping. Additionally, our state-of-the-art Packaging Lab designs innovative custom packaging solutions to keep shipments protected through transit, and SenseAware®, a FedEx innovation currently available in 26 markets worldwide, allows customers to stay connected to their critical shipments by providing real-time updates regarding current location, precise temperature, relative humidity, barometric pressure readings, light exposure and shock events.

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. FedEx Returns Technology, a comprehensive solution for returns management, 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.

In December 2018, we expanded e-commerce delivery options for retailers with FedEx Extra Hours, a service that enables participating retailers to fulfill e-commerce orders into the evening and receive late pickups by FedEx Express, with next-day local delivery and two-day shipping to any address in the continental United States. FedEx Extra Hours, which is currently available to select customers, allows retailers to extend evening order cutoff times by five to eight hours, with some as late as midnight, depending on their current order fulfillment process.

In February 2019, we announced the development through a partnership of the FedEx SameDay Bot, an autonomous delivery device designed to help retailers make same-day and last-mile deliveries to their customers. With the SameDay Bot, retailers will be able to accept orders from nearby customers and deliver them directly to homes or businesses the same day. We plan to begin testing the SameDay Bot in select markets in the summer of 2020 and are collaborating with companies such as AutoZone, Lowe's, Pizza Hut, Target, Walgreens and Walmart to help assess retailers' autonomous delivery needs.

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 195 countries and territories and 35 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](mailto: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.

During 2018, we joined the Blockchain in Transportation Alliance to explore this chain-of-custody technology within the logistics sector, which we believe can significantly improve worldwide supply chains and add value to our products, services and processes. By giving more visibility to everyone involved in the logistics process, we believe blockchain technology can reduce customer claims, increase customer satisfaction and reduce our costs.

### *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 Invitational, 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 July 2019.
- The National Football League (NFL), as its "Official Delivery Service Sponsor" and "Official Office Services Provider of the NFL," as well as sponsor of the "FedEx Air & Ground®" NFL Players of the Week and Players of the Year Awards.
- 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 the international standard for Quality Management Systems. ISO standards were developed by the International Organization for Standardization in Geneva, Switzerland to promote and facilitate international trade. Approximately 170 countries, including European Union (“EU”) members, the U.S. and Japan, recognize ISO standards.

## *FedEx Office*

As of May 31, 2019, FedEx Office operated approximately 2,100 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, convention centers, corporate campuses and health care campuses. Many of these locations are open later in the evenings to accommodate urgent printing projects and delivery drop-offs. 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 e-commerce parcel volumes. Services include digital printing, professional finishing, document creation, direct mail, signs and graphics, copying, computer rental, free Wi-Fi and corporate print solutions. To meet the evolving needs of print customers, FedEx Office has made significant investments in new machines and technology, enhancing capabilities in narrow format color, large format, color management and other technologies. Additional investments in grand format, large format, enhanced finishing and other print capabilities are planned.

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, and may redirect packages to these locations through AutoRedirect to Hold. Additionally, FedEx SameDay City is available in over 1,900 cities in 34 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. The agreement is part of the nationwide expansion of the FedEx retail channel, and as of May 31, 2019 we have opened over 200 FedEx Office locations inside Walmart stores.

## **FedEx Logistics Operating Segment**

The FedEx Logistics operating segment leverages the power of the extensive international FedEx transportation network to provide specialty solutions that complete a simple, seamless and powerful global trade experience for FedEx customers around the world, including 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, including its subsidiary P2P Mailing Limited; integrated supply chain management solutions through FedEx Supply Chain; time-critical shipment services through FedEx Custom Critical; and critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots.

Additionally, FedEx Logistics 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 200 customs areas worldwide.

Richard W. Smith is the President and Chief Executive Officer of FedEx Logistics, which is based in Memphis, Tennessee. As of May 31, 2019, the FedEx Logistics organization had approximately 20,000 employees. FedEx Supply Chain has a small number of employees who are members of unions.

FedEx Logistics 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. As of May 31, 2019, value-added services of FedEx Trade Networks Transport & Brokerage included approximately 130 freight forwarding offices in 30 countries and Global Trade Data, an information tool that allows customers to track and manage imports. In total, as of May 31, 2019, FedEx Trade Networks Transport & Brokerage had approximately 150 offices in 130 service locations throughout North America and in Africa, Asia-Pacific, Europe, India, Latin America, the Middle East and Australia. 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.

On October 31, 2018, we acquired Manton Air-Sea Pty Ltd, a leading provider of logistics services, including freight forwarding and customs brokerage solutions, with operations across Australia.

### ***FedEx Cross Border***

FedEx Cross Border is an e-commerce enabler that provides international cross-border enablement and technology solutions such as duty calculations, package tracking, international shipping costs and currency conversion calculations. The offerings of FedEx Cross Border strategically fit into our global portfolio by allowing us to help retailers and e-tailers reach international e-commerce customers.

### ***FedEx Supply Chain***

FedEx Supply Chain is a supply chain solutions provider specializing in Product Lifecycle Logistics<sup>®</sup> for technology, retail, consumer and industrial goods, and healthcare industries. With more than 12,000 employees at approximately 110 facilities as of May 31, 2019, 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***

FedEx Forward Depots has responsibility for critical inventory and service parts logistics, 3-D printing and technology repair. FedEx Forward Depots leverages innovative packing solutions, on-demand additive manufacturing and customer-driven design within the structure of FedEx Logistics.

### **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 Logistics, 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. See Item 1A of this Annual Report on Form 10-K ("Risk Factors") for additional discussion of regulations related to pilots, including the FAA's mandatory retirement age of 65, that could affect our business.

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, routes and services 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 U.S. and 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 vehicle 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, the EU has established the Emissions Trading System ("ETS") to regulate GHG emissions in the EU and adopted a directive in 2008 requiring each EU member state to extend the ETS to aviation operations. Efforts by the EU in 2009 to regulate flights arriving from or departing for airports outside of the EU were postponed. The EU extended its stay on the extra-territorial application of the EU ETS as applied to international flights to and from the European Economic Area ("EEA") through the end of calendar 2023, contingent on successful implementation of the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA").

In 2016, the International Civil Aviation Organization (“ICAO”) passed a resolution adopting CORSIA, which is a global, market-based measure for purchasing credits to offset carbon dioxide emissions and intended to aid in meeting the ICAO’s goal of carbon-neutral growth starting in calendar 2020 by complementing industry efforts in technology, operations, infrastructure and sustainable aviation fuels. In June 2018, the ICAO adopted standards pertaining to country-by-country implementation including the collection and reporting of information on international aviation emissions beginning in calendar 2019. In furtherance of these efforts, in March 2019 the FAA issued notice of a CORSIA program permitting U.S. carriers to submit emissions data on a voluntary basis. Data reported during calendar 2019 and 2020 will be used to set the calendar 2020 emissions baseline, and beginning in calendar 2021 carriers subject to the requirements of CORSIA will be responsible for purchasing and retiring carbon credits to offset emissions in excess of the calendar 2020 baseline. In response to the creation of the CORSIA program, in December 2017, the EU adopted a proposal which indefinitely excludes from the ETS flights operating fully or partly outside the EU and gradually reduces the number of aviation allowances from calendar 2021. The EU has indicated that it will assess CORSIA implementation and determine the future status of the ETS as applied to international aviation to and from the EEA. We expect compliance with CORSIA to increase FedEx operating expenses beginning in calendar 2021. The amount of such increase will ultimately depend on a number of factors, including the number of our flights subject to CORSIA, the fuel efficiency of our fleet, the average growth of the aviation sector, our ability to utilize sustainable aviation fuels in the future and the price of ICAO-eligible emission units or offsets required to be purchased by FedEx.

Additionally, in calendar 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. In March 2017, ICAO adopted new carbon dioxide emissions standards that would apply not only to new aircraft types as of calendar 2020, but also to new deliveries of current in-production aircraft types from calendar 2023. Additionally, a cutoff date of calendar 2028 for production of aircraft that do not comply with proposed standards was adopted. These standards are considered to be especially stringent for larger aircraft weighing over 60 tons. The calendar 2016 EPA finding is a regulatory prerequisite to the adoption of the new certification standard for new aircraft emissions, expected in calendar 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 calendar 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 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.

We are also subject to federal, state and local environmental laws and regulations relating to, among other things, the shipment of dangerous goods and contingency planning for spills of petroleum products. 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.

*Export Controls.* In recent years, the U.S. government has increased the number of companies and persons subject to U.S. export control regulations. Such regulations can restrict the types of items that FedEx is permitted to transport for or deliver to certain entities, and in some instances may prohibit FedEx from serving certain entities altogether. Violations of these regulations can result in significant monetary and other penalties. For example, the Export Control Reform Act of 2018 (the “ECRA”) and its implementing regulations, the Export Administration Regulations (the “EARs”), hold carriers such as FedEx strictly liable for shipments that may violate the EARs without requiring evidence that the carriers had knowledge of any violations. Violations of the ECRA can result in criminal penalties of up to \$1 million and civil penalties of \$300,000 (or twice the value of the transaction) per individual violation. FedEx is investing in improvements and updates to its export control compliance programs. However, the heightened focus on export controls by the U.S. government increases FedEx’s exposure to potential regulatory penalties and could result in higher compliance costs. See “Recent Developments” below for information regarding a lawsuit recently filed by FedEx against the U.S. Department of Commerce relating to the enforcement of prohibitions contained in the EARs.

*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”).

### **Recent Developments**

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

### **ITEM 1A. RISK FACTORS**

We present information about our risk factors on pages 85 through 95 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, 2019, FedEx Express's aircraft fleet consisted of the following:

Description	Owned	Leased	Total	Maximum Gross Structural Payload (Pounds per Aircraft)
Boeing B777F	35	3	38 <sup>(1)</sup>	233,300
Boeing MD11	47	10	57	192,600
Boeing MD10-30	13	—	13	175,900
Boeing MD10-10	20	—	20	137,500
Boeing 767F	73	—	73 <sup>(1)</sup>	127,100
Airbus A300-600	39	29	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	237	—	237	2,830
Total	639	42	681	

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

At May 31, 2019, FedEx Express operated approximately 91,000 vehicles (including approximately 27,000 owner-operated vehicles that support TNT Express) in its 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, 2019, with the year of expected delivery:

	Cessna SkyCourier 408	ATR 72-600F	B767F <sup>(1)</sup>	B777F <sup>(2)</sup>	Total
2020	—	—	17	5	22
2021	12	5	18	2	37
2022	12	6	12	3	33
2023	12	6	6	4	28
2024	14	6	—	4	24
Thereafter	—	7	—	2	9
Total	50	30	53	20	153

<sup>(1)</sup> As of May 31, 2019, our obligation to purchase five B767F aircraft was conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA.

<sup>(2)</sup> As of May 31, 2019, our obligation to purchase six B777F aircraft was conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the RLA.

As of May 31, 2019, we had \$1.1 billion in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions. See Note 17 of the accompanying consolidated financial statements for more information about our purchase commitments and options.

On June 24, 2019, FedEx Express exercised options to purchase an additional six B767F aircraft for delivery in 2022.

## Sorting and Handling Facilities

At May 31, 2019, FedEx Express operated the following major sorting and handling facilities:

Location	Acres	Square Feet	Sorting Capacity (per hour) <sup>(1)</sup>	Lessor	Lease Expiration Year
<b>Primary</b>					
Memphis, Tennessee	800	3,607,973	484,000	Memphis-Shelby County Airport Authority	2036
<b>National</b>					
Indianapolis, Indiana	452	2,509,000	184,000	Indianapolis Airport Authority	2028
Miami, Florida <sup>(2)</sup>	29	143,322	7,000	Aero Miami FX, LLC	2028
<b>Regional</b>					
Fort Worth, Texas	168	948,000	76,000	Fort Worth Alliance Airport Authority	2021
Newark, New Jersey	70	595,000	156,000	Port Authority of New York and New Jersey	2030
Oakland, California	75	448,935	63,000	City of Oakland	2036
Greensboro, N. Carolina	165	593,000	23,000	Piedmont Triad Airport Authority	2031
<b>Metropolitan</b>					
Chicago, Illinois	54	481,350	23,000	City of Chicago	2028
Los Angeles, California	34	305,300	57,000	City of Los Angeles	2021/2025 <sup>(3)</sup>
<b>International</b>					
Anchorage, Alaska <sup>(4)</sup>	64	332,000	25,000	State of Alaska, Department of Transportation and Public Facilities	2023
Paris, France <sup>(5)</sup>	111	1,238,000	63,000	Aeroports de Paris	2048
Cologne, Germany <sup>(5)</sup>	11	325,000	20,000	Cologne Bonn Airport	2040
Guangzhou, China <sup>(6)</sup>	155	873,006	56,000	Guangdong Airport Management Corp.	2029
Osaka, Japan <sup>(6)</sup>	17	425,206	9,000	Kansai Airports	2024
Toronto, Canada <sup>(7)</sup>	29	341,881	13,000	Greater Toronto Airports Authority	2022

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

<sup>(2)</sup> Handles international express package and freight shipments to and from Latin America and the Caribbean.

<sup>(3)</sup> Property is held under two separate leases — the lease for the sorting and handling facility expires in 2021, and the lease for the ramp expansion expires in 2025.

<sup>(4)</sup> Handles international express package and freight shipments to and from Asia, Europe and North America.

<sup>(5)</sup> Handles intra-Europe express package and freight shipments, as well as international express package and freight shipments to and from Europe.

<sup>(6)</sup> Handles intra-Asia express package and freight shipments, as well as international express package and freight shipments to and from Asia.

<sup>(7)</sup> Handles intra-Canada express package and freight shipments, as well as international express package and freight shipments to and from Canada.

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 and Stansted Airport outside London. FedEx Express also has a substantial presence at airports in Hong Kong, Taiwan and Dubai.

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. As of May 31, 2019, FedEx Express owned or leased 656 facilities for city station operations in the U.S. In addition, 521 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, 2019, TNT Express had over 780 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, 2019, FedEx Express had approximately 36,000 Drop Boxes. FedEx Express customers can also ship from approximately 31,000 staffed drop-off locations, including FedEx Office stores and FedEx Authorized ShipCenters. Internationally, FedEx Express had approximately 48,000 drop-off locations, including approximately 27,000 TNT Express drop-off locations.

#### **FedEx Ground Segment**

FedEx Ground’s corporate offices are located in the Pittsburgh, Pennsylvania area. As of May 31, 2019, FedEx Ground owned or leased 619 facilities, including 39 hubs. In addition, approximately 69,000 vehicles owned or leased by service providers support FedEx Ground’s business. Of the 421 facilities that supported FedEx Home Delivery as of May 31, 2019, 388 were co-located with existing FedEx Ground facilities. Leased facilities generally have terms of five years or less. The 39 hub facilities are strategically located to cover the geographic area served by FedEx Ground. The hub facilities average approximately 483,000 square feet and range in size from approximately 107,000 to 1,054,000 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, 2019, FedEx Freight operated approximately 28,000 vehicles and 373 service centers, which are strategically located to provide service throughout North America. These facilities range in size from approximately 1,000 to 273,000 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, 2019, FedEx Office operated approximately 2,100 customer-facing stores and also operated 31 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 3,300 square feet in size.

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. Additionally, 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 1,300 locations).

During 2018, we entered into an agreement to place up to 500 new FedEx Office locations within select U.S. Walmart stores nationwide. As of May 31, 2019, we have opened over 200 FedEx Office locations inside Walmart stores.

**FedEx Logistics**

FedEx Logistics' corporate headquarters are located in Memphis, Tennessee. As of May 31, 2019, FedEx Trade Networks Transport & Brokerage had approximately 150 offices in 130 service locations throughout North America and in Africa, Asia-Pacific, Europe, India, Latin America and the Middle East. In addition, as of May 31, 2019, FedEx Supply Chain had approximately 110 facilities through which it operates its supply chain logistics services.

**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 certain pending legal proceedings, see Note 18 of the accompanying consolidated financial statements.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Information regarding executive officers of FedEx is as follows:

<b>Name and Office</b>	<b>Age</b>	<b>Positions and Offices Held and Business Experience</b>
<b>Frederick W. Smith</b> Chairman and Chief Executive Officer	74	Chairman and Chief Executive Officer of FedEx since January 1998; Chairman of FedEx Express since 1975; President of FedEx from January 1998 to January 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.
<b>Mark R. Allen</b> Executive Vice President, General Counsel and Secretary	63	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 Express from 1982 to 1996.
<b>Jill C. Brannon</b> Executive Vice President — Chief Sales Officer	55	Executive Vice President — Chief Sales Officer of FedEx since March 2019; Senior Vice President, Sales — Europe, Middle East, Africa and Indian Subcontinent Region of FedEx Express from May 2016 to March 2019; Senior Vice President — Sales of FedEx Services from July 2006 to May 2016; Vice President — Sales of FedEx Services from July 2003 to June 2006; Vice President — Solutions of FedEx Services from July 2002 to June 2003; Vice President — Marketing of FedEx Services from June 2001 to June 2002; and various positions in sales, operations, marketing and strategic planning from 1985 to May 2002.
<b>Brie A. Carere</b> Executive Vice President — Chief Marketing and Communications Officer	41	Executive Vice President — Chief Marketing and Communications Officer of FedEx since January 2019; Senior Vice President, Global Portfolio Marketing of FedEx Services from October 2016 to December 2018; Vice President, Marketing, Customer Experience and Corporate Communications for FedEx Express Canada from October 2010 to October 2016; and various positions in marketing, customer experience and strategy with FedEx Express Canada from 2001 to October 2010.
<b>Robert B. Carter</b> Executive Vice President — FedEx Information Services and Chief Information Officer	60	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; and 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.
<b>Donald F. Colleran</b> President and Chief Executive Officer, FedEx Express	63	President and Chief Executive Officer of FedEx Express since March 2019; Executive Vice President — Chief Sales Officer of FedEx from January 2017 to March 2019; 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 with FedEx Express from 1989 to 1997. Mr. Colleran serves as a director of ABM Industries Incorporated, a provider of facility solutions, and as a director of EastGroup Properties, Inc., an equity real estate investment trust.

Name and Office	Age	Positions and Offices Held and Business Experience
<b>Alan B. Graf, Jr.</b> Executive Vice President and Chief Financial Officer	65	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 at 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.
<b>Henry J. Maier</b> President and Chief Executive Officer, FedEx Ground	65	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.
<b>John A. Smith</b> President and Chief Executive Officer, FedEx Freight Corporation	57	President and Chief Executive Officer of FedEx Freight since August 2018; President and Chief Executive Officer — Select of FedEx Freight from May 2018 to August 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.
<b>Rajesh Subramaniam</b> President and Chief Operating Officer	53	President and Chief Operating Officer since March 2019; President and Chief Executive Officer of FedEx Express from January 2019 to March 2019; Executive Vice President — Chief Marketing and Communications Officer of FedEx from January 2017 to December 2018; 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; and various management and marketing analyst positions at FedEx Express 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, 2019, there were 11,882 holders of record of our common stock.

We expect to continue to pay regular quarterly cash dividends, though each quarterly dividend payment is subject to review and approval by our Board of Directors. We evaluate our dividend payment amount on an annual basis. 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 2019.

#### ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Programs</u>	<u>Maximum Number of Shares That May Yet Be Purchased Under the Programs</u>
Mar. 1-31, 2019	210,000	\$ 177.75	210,000	5,527,200
Apr. 1-30, 2019	210,000	190.59	210,000	5,317,200
May 1-31, 2019	220,000	174.54	220,000	5,097,200
Total	640,000	\$ 180.86	640,000	

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, 2019, 5.1 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, 2019 is presented on pages 149-150 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 96 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 148 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, 2019 thereon, are presented on pages 100 through 147 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 SEC'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, 2019 (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 97 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 98 of this Annual Report on Form 10-K.

### **Changes in Internal Control Over Financial Reporting**

During our fiscal quarter ended May 31, 2019, 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 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 2019 annual meeting of stockholders, which will be held on September 23, 2019, 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 "Information About Our Executive Officers" pursuant to the Instruction to Item 401 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 2019 annual meeting of stockholders, which will be held on September 23, 2019, 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 2019 annual meeting of stockholders, which will be held on September 23, 2019, 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 2019 annual meeting of stockholders, which will be held on September 23, 2019, 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 2019 and 2018 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 2019 annual meeting of stockholders, which will be held on September 23, 2019, 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, 2019 thereon, are listed on page 49 and presented on pages 100 through 147 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, 2019 thereon, is presented on pages 151 through 152 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**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
	<b><i>Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession</i></b>
*2.1	<a href="#"><u>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. Schedules and other attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of such attachments to the SEC or its staff upon request. (Filed as Exhibit 2.1 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.)</u></a>
	<b><i>Certificate of Incorporation and Bylaws</i></b>
3.1	<a href="#"><u>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.)</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of FedEx. (Filed as Exhibit 3.1 to FedEx's Current Report on Form 8-K dated and filed March 11, 2019, and incorporated herein by reference.)</u></a>
	<b><i>Long-Term Debt Instruments</i></b>
** 4.1	<a href="#"><u>Description of Capital Stock and Debt Securities.</u></a>
4.2	<a href="#"><u>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.)</u></a>
4.3	<a href="#"><u>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.)</u></a>
4.4	<a href="#"><u>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.)</u></a>
4.5	<a href="#"><u>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.)</u></a>
4.6	<a href="#"><u>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.)</u></a>
4.7	<a href="#"><u>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.)</u></a>
4.8	<a href="#"><u>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.)</u></a>
4.9	<a href="#"><u>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.)</u></a>



- 4.10 [Form of 4.000% Note due 2024. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.\)](#)
- 4.11 [Form of 4.900% Note due 2034. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.\)](#)
- 4.12 [Form of 5.100% Note due 2044. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2014, and incorporated herein by reference.\)](#)
- 4.13 [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. \(Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.14 [Form of 2.300% Note due 2020. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.15 [Form of 3.200% Note due 2025. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.16 [Form of 3.900% Note due 2035. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.17 [Form of 4.100% Note due 2045. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.18 [Form of 4.500% Note due 2065. \(Included in Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed January 9, 2015, and incorporated herein by reference.\)](#)
- 4.19 [Indenture, dated as of October 23, 2015, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.1 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.\)](#)
- 4.20 [Supplemental Indenture No. 1, dated as of October 23, 2015, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.\)](#)
- 4.21 [Form of 4.750% Note due 2045. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 23, 2015, and incorporated herein by reference.\)](#)
- 4.22 [Supplemental Indenture No. 2, dated as of March 24, 2016, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.\)](#)
- 4.23 [Form of 3.250% Note due 2026. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.\)](#)
- 4.24 [Form of 4.550% Note due 2046. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed March 24, 2016, and incorporated herein by reference.\)](#)
- 4.25 [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. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.\)](#)
- 4.26 [Form of 0.500% Note due 2020. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.\)](#)
- 4.27 [Form of 1.000% Note due 2023. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.\)](#)
- 4.28 [Form of 1.625% Note due 2027. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed April 11, 2016, and incorporated herein by reference.\)](#)
- 4.29 [Supplemental Indenture No. 4, dated as of January 6, 2017, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.\)](#)
- 4.30 [Form of 3.300% Note due 2027. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.\)](#)

- 4.31 [Form of 4.400% Note due 2047. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 6, 2017, and incorporated herein by reference.\)](#)
- 4.32 [Supplemental Indenture No. 5, dated as of January 31, 2018, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.\)](#)
- 4.33 [Form of 3.400% Note due 2028. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.\)](#)
- 4.34 [Form of 4.050% Note due 2048. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 31, 2018, and incorporated herein by reference.\)](#)
- 4.35 [Supplemental Indenture No. 6, dated as of October 17, 2018, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 17, 2018, and incorporated herein by reference.\)](#)
- 4.36 [Form of 4.200% Note due 2028. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 17, 2018, and incorporated herein by reference.\)](#)
- 4.37 [Form of 4.950% Note due 2048. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed October 17, 2018, and incorporated herein by reference.\)](#)
- 4.38 [Supplemental Indenture No. 7, dated as of January 16, 2019, between FedEx, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 16, 2019, and incorporated herein by reference.\)](#)
- 4.39 [Form of 3.400% Note due 2022. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 16, 2019, and incorporated herein by reference.\)](#)
- 4.40 [Supplemental Indenture No. 8, dated as of January 18, 2019, between FedEx, the Guarantors named therein, Wells Fargo Bank, National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent. \(Filed as Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 18, 2019, and incorporated herein by reference.\)](#)
- 4.41 [Form of 0.700% Note due 2022. \(Included in Exhibit 4.2 to FedEx's Current Report on Form 8-K dated and filed January 18, 2019, and incorporated herein by reference.\)](#)
- 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. \(Filed as Exhibit 10.10 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.11 [Eleventh Amendment dated January 22, 2019 \(but effective as of January 1, 2019\) to the Composite Lease Agreement. \(Filed as Exhibit 10.9 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*\*10.12 [Twelfth Amendment dated April 9, 2019 \(but effective as of April 1, 2019\) to the Composite Lease Agreement. Attachments to this exhibit have been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of such attachments to the SEC or its staff upon request.](#)
- Aircraft-Related Agreements***
- \*10.13 [Boeing 777 Freighter Purchase Agreement dated as of November 7, 2006 between The Boeing Company and FedEx Express \(the "Boeing 777 Freighter Purchase Agreement"\). \(Filed as Exhibit 10.1 to FedEx's FY07 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.14 [Supplemental Agreement No. 1 dated as of June 16, 2008, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.13 to FedEx's FY08 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.15 [Supplemental Agreement No. 2 dated as of July 14, 2008 to the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.3 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.16 [Supplemental Agreement No. 3 dated as of December 15, 2008 \(and related side letters\) to the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.4 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.17 [Supplemental Agreement No. 4 dated as of January 9, 2009 \(and related side letters\) to the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.1 to FedEx's FY09 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.18 [Side letters dated May 29, 2009 and May 19, 2009, each amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.17 to FedEx's FY09 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.19 [Supplemental Agreement No. 5 dated as of January 11, 2010 to the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.3 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.20 [Supplemental Agreement No. 6 dated as of March 17, 2010, Supplemental Agreement No. 7 dated as of March 17, 2010, and Supplemental Agreement No. 8 \(and related side letters\) dated as of April 30, 2010, each amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.22 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.21 [Supplemental Agreement No. 9 dated as of June 18, 2010, Supplemental Agreement No. 10 dated as of June 18, 2010, Supplemental Agreement No. 11 \(and related side letter\) dated as of August 19, 2010, and Supplemental Agreement No. 13 \(and related side letter\) dated as of August 27, 2010, each amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.1 to FedEx's FY11 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.22 [Supplemental Agreement No. 12 \(and related side letter\) dated as of September 3, 2010, Supplemental Agreement No. 14 \(and related side letter\) dated as of October 25, 2010, and Supplemental Agreement No. 15 \(and related side letter\) dated as of October 29, 2010, each amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY11 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.23 [Supplemental Agreement No. 16 \(and related side letters\) dated as of January 31, 2011, and Supplemental Agreement No. 17 dated as of February 14, 2011, each amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.1 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.24 [Supplemental Agreement No. 18 \(and related side letter\) dated as of March 30, 2011, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.26 to FedEx's FY11 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)

- \*10.25 [Supplemental Agreement No. 19 \(and related side letter\) dated as of October 27, 2011, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY12 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.26 [Supplemental Agreement No. 20 \(and related side letters\) dated as of December 14, 2011, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.27 [Supplemental Agreement No. 21 dated as of June 29, 2012, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.28 [Supplemental Agreement No. 22 \(and related side letters\) dated as of December 11, 2012, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.29 [Supplemental Agreement No. 23 \(and related side letters\) dated as of December 10, 2013, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.4 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.30 [Supplemental Agreement No. 24 \(and related side letters\) dated as of May 4, 2016, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.25 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.31 [Supplemental Agreement No. 25 \(and related side letters\) dated as of June 10, 2016, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.13 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.32 [Supplemental Agreement No. 26 \(and related side letter\) dated as of February 10, 2017, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.13 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.33 [Supplemental Agreement No. 27 \(and related side letter\) dated as of October 12, 2017, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.11 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.34 [Supplemental Agreement No. 28 \(and related side letter\) dated as of January 26, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.8 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.35 [Supplemental Agreement No. 29 \(and related side letters\) dated as of February 2, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.9 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.36 [Letter Agreement dated as of March 16, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.34 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.37 [Supplemental Agreement No. 30 \(and related side letters\) dated as of June 18, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.8 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.38 [Supplemental Agreement No. 31 dated as of September 14, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.12 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.39 [Letter Agreement dated as of September 14, 2018, amending the Boeing 777 Freighter Purchase Agreement. \(Filed as Exhibit 10.13 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.40 [Boeing 767-3S2 Freighter Purchase Agreement dated as of December 14, 2011 between The Boeing Company and FedEx Express \(the "Boeing 767-3S2 Freighter Purchase Agreement"\). \(Filed as Exhibit 10.1 to FedEx's FY12 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.41 [Supplemental Agreement No. 1 \(and related side letters\) dated as of June 29, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.1 to FedEx's FY13 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.42 [Supplemental Agreement No. 2 dated as of October 8, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY13 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.43 [Supplemental Agreement No. 3 \(and related side letters\) dated as of December 11, 2012, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.1 to FedEx's FY13 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.44 [Supplemental Agreement No. 4 \(and related side letter\) dated as of December 10, 2013, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.3 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.45 [Supplemental Agreement No. 5 \(and related side letters\) dated as of September 29, 2014, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.2 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.46 [Letter Agreement dated as of January 22, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.5 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.47 [Supplemental Agreement No. 6 \(and related side letters\) dated as of July 21, 2015, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.5 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.48 [Supplemental Agreement No. 7 dated as of April 18, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.34 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.49 [Supplemental Agreement No. 8 \(and related side letters\) dated as of June 10, 2016, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.12 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.50 [Supplemental Agreement No. 9 dated as of February 16, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.12 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.51 [Supplemental Agreement No. 10 dated as of May 10, 2017, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.40 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.52 [Supplemental Agreement No. 11 \(and related side letters\) dated as of June 18, 2018, amending the Boeing 767-3S2 Freighter Purchase Agreement. \(Filed as Exhibit 10.7 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*\*^10.53 [Letter Agreement dated as of May 10, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement.](#)
- \*\*^10.54 [Letter Agreement dated as of May 29, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement.](#)
- \*\*^10.55 [Letter Agreement dated as of May 29, 2019, amending the Boeing 767-3S2 Freighter Purchase Agreement and the Boeing 777 Freighter Purchase Agreement.](#)
- U.S. Postal Service Agreements***
- \*10.56 [Transportation Agreement dated April 23, 2013 between the USPS and FedEx Express \(the "USPS Transportation Agreement"\). \(Filed as Exhibit 10.52 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.57 [Amendment dated May 28, 2013, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.53 to FedEx's FY13 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.58 [Amendment dated June 24, 2013, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY14 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.59 [Amendment dated October 10, 2013 \(but effective as of September 30, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY14 Second Quarter Report on Form 10-Q/A \(Amendment No. 1\), and incorporated herein by reference.\)](#)
- 10.60 [Amendment dated October 15, 2013 \(but effective as of October 10, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY14 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.61 [Amendment dated November 7, 2013 \(but effective as of October 1, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY14 Second Quarter Report on Form 10-Q/A \(Amendment No. 1\), and incorporated herein by reference.\)](#)
- \*10.62 [Amendment dated November 7, 2013 \(but effective as of December 15, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY14 Second Quarter Report on Form 10-Q/A \(Amendment No. 1\), and incorporated herein by reference.\)](#)
- \*10.63 [Amendment dated December 16, 2013 \(but effective as of November 4, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.64 [Amendment dated December 16, 2013 \(but effective as of December 2, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY14 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.65 [Amendment dated March 27, 2014 \(but effective as of January 6, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.38 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.66 [Amendment dated March 27, 2014 \(but effective as of February 3, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.39 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.67 [Amendment dated March 27, 2014 \(but effective as of March 3, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.40 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.68 [Amendment dated April 16, 2014 \(but effective as of March 31, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.41 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.69 [Amendment dated May 27, 2014 \(but effective as of April 28, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.42 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.70 [Amendment dated May 27, 2014 \(but effective as of May 14, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.43 to FedEx's FY14 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.71 [Amendment dated June 25, 2014 \(but effective as of June 2, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.72 [Amendment dated June 25, 2014 \(but effective as of June 2, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY15 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.73 [Amendment dated September 9, 2014 \(but effective as of June 27, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.74 [Amendment dated September 9, 2014 \(but effective as of September 30, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.75 [Amendment dated September 9, 2014 \(but effective as of June 27, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.76 [Amendment dated September 24, 2014 \(but effective as of June 30, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.77 [Amendment dated September 30, 2014 \(but effective as of July 28, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.78 [Amendment dated October 1, 2014 \(but effective as of September 1, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.79 [Amendment dated September 30, 2014 \(but effective as of September 29, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.80 [Amendment dated November 4, 2014 \(but effective as of September 29, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.81 [Amendment dated November 4, 2014 \(but effective as of December 1, 2013\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.11 to FedEx's FY15 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.82 [Amendment dated December 23, 2014 \(but effective as of October 27, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.83 [Amendment dated December 10, 2014 \(but effective as of November 24, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.84 [Amendment dated December 23, 2014 \(but effective as of January 5, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.85 [Amendment dated February 19, 2015 \(but effective as of December 1, 2014\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY15 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.86 [Amendment dated June 12, 2015 \(but effective as of January 5, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.87 [Amendment dated June 16, 2015 \(but effective as of February 2, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.88 [Amendment dated June 23, 2015 \(but effective as of March 2, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.89 [Amendment dated August 31, 2015 \(but effective as of January 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY16 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.90 [Amendment dated September 15, 2015 \(but effective as of June 29, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.91 [Amendment dated September 1, 2015, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.92 [Amendment dated October 15, 2015 \(but effective as of March 30, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.93 [Amendment dated November 9, 2015 \(but effective as of January 4, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.94 [Amendment dated November 9, 2015 \(but effective as of January 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY16 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.95 [Amendment dated January 12, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.96 [Amendment dated January 28, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.97 [Amendment dated January 28, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.98 [Amendment dated January 29, 2016 \(but effective as of January 31, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.99 [Amendment dated February 11, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.100 [Amendment dated February 16, 2016 \(but effective as of August 31, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.101 [Amendment dated February 11, 2016 \(but effective as of February 10, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.102 [Amendment dated February 29, 2016 \(but effective as of September 28, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY16 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.103 [Amendment dated March 7, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.83 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.104 [Amendment dated March 7, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.84 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.105 [Amendment dated March 7, 2016 \(but effective as of November 28, 2015\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.85 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.106 [Amendment dated April 5, 2016 \(but effective as of January 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.86 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.107 [Amendment dated April 5, 2016 \(but effective as of January 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.87 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.108 [Amendment dated April 11, 2016 \(but effective as of February 1, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.88 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.109 [Amendment dated April 11, 2016 \(but effective as of February 29, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.89 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.110 [Amendment dated April 12, 2016 \(but effective as of April 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.90 to FedEx's FY16 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.111 [Amendment dated June 2, 2016 \(but effective as of May 2, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.112 [Amendment dated June 2, 2016 \(but effective as of May 2, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.113 [Amendment dated June 20, 2016 \(but effective as of May 30, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)



- \*10.114 [Amendment dated June 20, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.115 [Amendment dated June 20, 2016, amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.116 [Amendment dated June 20, 2016 \(but effective as of May 2, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.117 [Amendment dated July 18, 2016 \(but effective as of June 27, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.118 [Amendment dated July 7, 2016 \(but effective as of July 6, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.119 [Amendment dated July 26, 2016 \(but effective as of May 30, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.120 [Amendment dated August 4, 2016 \(but effective as of August 1, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.121 [Amendment dated August 9, 2016 \(but effective as of June 27, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.11 to FedEx's FY17 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.122 [Amendment dated September 8, 2016 \(but effective as of August 23, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.123 [Amendment dated September 8, 2016 \(but effective as of August 19, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.124 [Amendment dated September 8, 2016 \(but effective as of August 29, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.125 [Amendment dated September 15, 2016 \(but effective as of August 18, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.126 [Amendment dated September 15, 2016 \(but effective as of September 6, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.127 [Amendment dated October 6, 2016 \(but effective as of October 3, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.128 [Amendment dated October 24, 2016 \(but effective as of September 21, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.129 [Amendment dated October 24, 2016 \(but effective as of October 17, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.130 [Amendment dated October 24, 2016 \(but effective as of October 4, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.131 [Amendment dated November 8, 2016 \(but effective as of October 31, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY17 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.132 [Amendment dated December 1, 2016 \(but effective as of October 31, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.133 [Amendment dated December 1, 2016 \(but effective as of November 28, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.134 [Amendment dated December 1, 2016 \(but effective as of November 21, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.135 [Amendment dated December 1, 2016 \(but effective as of November 21, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.136 [Amendment dated December 1, 2016 \(but effective as of November 21, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.137 [Amendment dated December 1, 2016 \(but effective as of November 28, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.138 [Amendment dated December 1, 2016 \(but effective as of November 28, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.139 [Amendment dated January 12, 2017 \(but effective as of January 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.140 [Amendment dated January 12, 2017 \(but effective as of October 31, 2016\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.141 [Amendment dated February 24, 2017 \(but effective as of January 30, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.142 [Amendment dated February 22, 2017 \(but effective as of February 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.11 to FedEx's FY17 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.143 [Amendment dated March 30, 2017 \(but effective as of January 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.129 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.144 [Amendment dated April 17, 2017 \(but effective as of April 3, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.130 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.145 [Amendment dated May 18, 2017 \(but effective as of January 30, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.131 to FedEx's FY17 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.146 [Amendment dated June 20, 2017 \(but effective as of May 1, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.147 [Amendment dated June 20, 2017 \(but effective as of June 5, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.148 [Amendment dated August 25, 2017 \(but effective as of July 3, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.149 [Amendment dated August 25, 2017 \(but effective as of February 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \* 10.150 [Amendment dated August 17, 2017 \(but effective as of July 31, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.151 [Amendment dated August 25, 2017 \(but effective as of April 3, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.152 [Amendment dated August 25, 2017 \(but effective as of November 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.153 [Amendment dated August 28, 2017 \(but effective as of November 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY18 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.154 [Amendment dated October 16, 2017 \(but effective as of May 1, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.155 [Amendment dated October 16, 2017 \(but effective as of June 5, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.156 [Amendment dated October 16, 2017 \(but effective as of July 3, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.157 [Amendment dated October 16, 2017 \(but effective as of August 28, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.158 [Amendment dated October 16, 2017 \(but effective as of July 31, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.159 [Amendment dated October 16, 2017 \(but effective as of August 28, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.160 [Amendment dated October 16, 2017 \(but effective as of January 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.161 [Amendment dated November 7, 2017 \(but effective as of October 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.162 [Amendment dated November 7, 2017 \(but effective as of October 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.163 [Amendment dated November 7, 2017 \(but effective as of October 30, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.164 [Amendment dated December 8, 2017 \(but effective as of August 28, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.165 [Amendment dated December 8, 2017 \(but effective as of November 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.166 [Amendment dated December 8, 2017 \(but effective as of October 2, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.167 [Amendment dated January 8, 2018 \(but effective as of January 1, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \* 10.168 [Amendment dated January 11, 2018 \(but effective as of October 30, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.169 [Amendment dated January 26, 2018 \(but effective as of November 27, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.170 [Amendment dated February 16, 2018 \(but effective as of January 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY18 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.171 [Amendment dated March 18, 2018 \(but effective as of December 28, 2017\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.162 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.172 [Amendment dated March 20, 2018 \(but effective as of February 26, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.163 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.173 [Amendment dated March 21, 2018 \(but effective as of January 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.164 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.174 [Amendment dated April 10, 2018 \(but effective as of January 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.165 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.175 [Amendment dated May 17, 2018 \(but effective as of April 2, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.166 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.176 [Amendment dated May 17, 2018 \(but effective as of April 30, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.167 to FedEx's FY18 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- \*10.177 [Amendment dated July 17, 2018 \(but effective as of February 26, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.178 [Amendment dated July 17, 2018 \(but effective as of February 26, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.179 [Amendment dated July 17, 2018 \(but effective as of April 2, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.180 [Amendment dated June 29, 2018 \(but effective as of June 4, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.181 [Amendment dated July 17, 2018 \(but effective as of April 2, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.182 [Amendment dated August 1, 2018 \(but effective as of June 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY19 First Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.183 [Amendment dated September 11, 2018 \(but effective as of May 30, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.184 [Amendment dated September 11, 2018 \(but effective as of April 30, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.185 [Amendment dated September 11, 2018 \(but effective as of July 2, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- \*10.186 [Amendment dated September 11, 2018 \(but effective as of June 4, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.187 [Amendment dated September 11, 2018 \(but effective as of July 2, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.188 [Amendment dated September 11, 2018 \(but effective as of July 30, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.189 [Amendment dated September 27, 2018 \(but effective as of August 27, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.190 [Amendment dated October 18, 2018 \(but effective as of September 3, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.191 [Amendment dated October 16, 2018 \(but effective as of November 24, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.9 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.192 [Amendment dated October 26, 2018 \(but effective as of July 30, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.10 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.193 [Amendment dated November 20, 2018 \(but effective as of October 1, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.11 to FedEx's FY19 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.194 [Amendment dated December 11, 2018 \(but effective as of October 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.1 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.195 [Amendment dated December 20, 2018 \(but effective as of September 3, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.2 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.196 [Amendment dated December 20, 2018 \(but effective as of November 26, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.3 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.197 [Amendment dated January 3, 2019 \(but effective as of October 1, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.4 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.198 [Amendment dated January 15, 2019 \(but effective as of October 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.5 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.199 [Amendment dated January 15, 2019 \(but effective as of October 29, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.6 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.200 [Amendment dated January 29, 2019 \(but effective as of December 31, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.7 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*10.201 [Amendment dated February 7, 2019 \(but effective as of November 26, 2018\), amending the USPS Transportation Agreement. \(Filed as Exhibit 10.8 to FedEx's FY19 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- \*\*^10.202 [Amendment dated April 16, 2019 \(but effective as of January 28, 2019\), amending the USPS Transportation Agreement. An attachment to this exhibit has been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the SEC or its staff upon request.](#)

- \*\*^10.203 [Amendment dated April 16, 2019 \(but effective as of December 31, 2018\), amending the USPS Transportation Agreement. An attachment to this exhibit has been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the SEC or its staff upon request.](#)
- \*\*^10.204 [Amendment dated May 14, 2019 \(but effective as of March 4, 2019\), amending the USPS Transportation Agreement. An attachment to this exhibit has been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the SEC or its staff upon request.](#)
- \*\*^10.205 [Amendment dated May 14, 2019 \(but effective as of January 28, 2019\), amending the USPS Transportation Agreement. An attachment to this exhibit has been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the SEC or its staff upon request.](#)
- Financing Agreement***
- \*\*10.206 [Five-Year Credit Agreement dated as of March 22, 2019, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions. Certain attachments to this exhibit have been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of such attachments to the SEC or its staff upon request.](#)
- \*\*10.207 [364-Day Credit Agreement dated as of March 22, 2019, among FedEx, JPMorgan Chase Bank, N.A., individually and as administrative agent, and other financial institutions. Certain attachments to this exhibit have been omitted pursuant to Item 601\(a\)\(5\) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of such attachments to the SEC or its staff upon request.](#)
- Management Contracts/Compensatory Plans or Arrangements***
- 10.208 [FedEx 2002 Stock Incentive Plan. \(Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated herein by reference.\)](#)
- 10.209 [Form of Stock Option Agreement pursuant to the FedEx 2002 Stock Incentive Plan. \(Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-100572 on Form S-8, and incorporated herein by reference.\)](#)
- 10.210 [Amendment to the 1995, 1997, 1999 and 2002 Stock Incentive Plans and the 2001 Restricted Stock Plan. \(Filed as Exhibit 10.3 to FedEx's FY04 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.211 [FedEx Incentive Stock Plan, as amended. \(Filed as Exhibit 4.1 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.\)](#)
- 10.212 [Amendment to the FedEx Incentive Stock Plan, as amended, and the 1997, 1999 and 2002 Stock Incentive Plans. \(Filed as Exhibit 4.2 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.\)](#)
- 10.213 [Form of Terms and Conditions of stock option grant pursuant to the FedEx Incentive Stock Plan, as amended. \(Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.\)](#)
- 10.214 [Form of Restricted Stock Agreement pursuant to the FedEx Incentive Stock Plan, as amended. \(Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-156333 on Form S-8, and incorporated herein by reference.\)](#)
- 10.215 [FedEx Incentive Stock Plan 2005 Inland Revenue Approved Sub-Plan for the United Kingdom. \(Filed as Exhibit 4.2 to FedEx's Registration Statement No. 333-130619 on Form S-8, and incorporated herein by reference.\)](#)
- 10.216 [Form of Share Option Agreement pursuant to the FedEx Incentive Stock Plan 2005 Inland Revenue Approved Sub-Plan for the United Kingdom. \(Filed as Exhibit 4.3 to FedEx's Registration Statement No. 333-130619 on Form S-8, and incorporated herein by reference.\)](#)
- 10.217 [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. \(Filed as Exhibit 10.48 to FedEx's FY10 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.218 [Amendments to the 1993, 1995, 1997, 1999 and 2002 Stock Incentive Plans, the 2001 Restricted Stock Plan and the Incentive Stock Plan. \(Filed as Exhibit 10.2 to FedEx's FY11 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.219 [FedEx 2010 Omnibus Stock Incentive Plan, as amended \(the "2010 Omnibus Stock Incentive Plan"\). \(Filed as Exhibit 10.12 to FedEx's FY18 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)

- 10.220 [Form of Terms and Conditions of stock option grant pursuant to the 2010 Omnibus Stock Incentive Plan. \(Filed as Exhibit 4.4 to FedEx's Registration Statement No. 333-171232 on Form S-8, and incorporated herein by reference.\)](#)
- 10.221 [Form of Terms and Conditions of restricted stock grant pursuant to the 2010 Omnibus Stock Incentive Plan. \(Filed as Exhibit 4.5 to FedEx's Registration Statement No. 333-171232 on Form S-8, and incorporated herein by reference.\)](#)
- 10.222 [Form of Restricted Stock Agreement pursuant to the 2010 Omnibus Stock Incentive Plan. \(Filed as Exhibit 4.5 to FedEx's Registration Statement No. 333-192957 on Form S-8, and incorporated herein by reference.\)](#)
- 10.223 [Amended and Restated FedEx Retirement Parity Pension Plan. \(Filed as Exhibit 10.35 to FedEx's FY08 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.224 [FedEx Express Supplemental Long Term Disability Plan and Amendment to the Plan. \(Filed as Exhibit 10.56 to FedEx's FY11 Annual Report on Form 10-K, and incorporated herein by reference.\)](#)
- 10.225 [FedEx's Amended and Restated Retirement Plan for Outside Directors. \(Filed as Exhibit 10.2 to FedEx's FY09 Second Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.226 [Form of Management Retention Agreement between FedEx and each of Frederick W. Smith, Mark R. Allen, Jill C. Brannon, Brie A. Carere, Robert B. Carter, Donald F. Collieran, Alan B. Graf, Jr., Henry J. Maier, John A. Smith and Rajesh Subramaniam. \(Filed as Exhibit 10.5 to FedEx's FY10 Third Quarter Report on Form 10-Q, and incorporated herein by reference.\)](#)
- 10.227 [Separation and Release Agreement, dated December 3, 2018, between FedEx Express and David L. Cunningham, Jr. \(Filed as Exhibit 99.1 to FedEx's Current Report on Form 8-K dated December 3, 2018 and filed December 7, 2018, and incorporated herein by reference.\)](#)
- 10.228 [Separation and Release Agreement, dated February 13, 2019, between FedEx and David J. Bronczek. \(Filed as Exhibit 99.1 to FedEx's Current Report on Form 8-K dated February 13, 2019 and filed February 14, 2019, and incorporated herein by reference.\)](#)

***Other Exhibits***

- \*\*21 [Subsidiaries of Registrant.](#)
- \*\*23 [Consent of 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.

- \* Confidential treatment has been granted for confidential commercial and financial information in this exhibit identified by brackets, pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.
- \*\* Filed herewith.
- ^ Information in this exhibit identified by brackets is confidential and has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

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

None.

## SIGNATURES

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

### FEDEX CORPORATION

Dated: July 16, 2019

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.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Frederick W. Smith</u> Frederick W. Smith	Chairman and Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	July 16, 2019
<u>/s/ Alan B. Graf, Jr.</u> Alan B. Graf, Jr.	Executive Vice President and Chief Financial Officer <i>(Principal Financial Officer)</i>	July 16, 2019
<u>/s/ John L. Merino</u> John L. Merino	Corporate Vice President and Principal Accounting Officer <i>(Principal Accounting Officer)</i>	July 16, 2019
<u>/s/ John A. Edwardson</u> John A. Edwardson	Director	July 16, 2019
<u>/s/ Marvin R. Ellison</u> Marvin R. Ellison	Director	July 16, 2019
<u>/s/ Susan Patricia Griffith</u> Susan Patricia Griffith	Director	July 16, 2019
<u>/s/ John C. ("Chris") Inglis</u> John C. ("Chris") Inglis	Director	July 16, 2019
<u>/s/ Kimberly A. Jabal</u> Kimberly A. Jabal	Director	July 16, 2019
<u>/s/ Shirley Ann Jackson</u> Shirley Ann Jackson	Director	July 16, 2019



<b>Signature</b>	<b>Capacity</b>	<b>Date</b>
<u>/s/ R. Brad Martin</u> R. Brad Martin	Director	July 16, 2019
<u>/s/ Joshua Cooper Ramo</u> Joshua Cooper Ramo	Director	July 16, 2019
<u>/s/ Susan C. Schwab</u> Susan C. Schwab	Director	July 16, 2019
<u>/s/ David P. Steiner</u> David P. Steiner	Director	July 16, 2019
<u>/s/ Paul S. Walsh</u> Paul S. Walsh	Director	July 16, 2019

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

### OVERVIEW OF FINANCIAL SECTION

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

### ORGANIZATION OF INFORMATION

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

- Results of operations includes an overview of our consolidated 2019 results compared to 2018 results, and 2018 results compared to 2017 results. This section also includes a discussion of key actions and events that impacted our results, as well as our outlook for 2020.
- The overview is followed by a financial summary and analysis (including a discussion of both historical operating results and our outlook for 2020) 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 North American provider of less-than-truckload ("LTL") freight transportation services. These companies represent our major service lines and, along with FedEx Corporate Services, Inc. ("FedEx Services"), constitute our reportable segments.

Our FedEx Services segment provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our 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.

The key indicators necessary to understand our operating results include:

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

Many of our operating expenses are directly impacted by revenue and volume levels, and we expect these operating expenses to fluctuate on a year-over-year basis consistent with changes in 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” includes costs associated with outside service contracts (such as security, facility services and cargo handling), professional fees, insurance, uniforms and taxes and licenses.

Except as otherwise specified, references to years indicate our fiscal year ended May 31, 2019 or ended May 31 of the year referenced and comparisons are to the corresponding period of the prior year. References to our transportation segments include, collectively, the FedEx Express segment, the FedEx Ground segment and the FedEx Freight segment.

## RESULTS OF OPERATIONS AND OUTLOOK

### CONSOLIDATED RESULTS

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

	2019 <sup>(1)</sup>	2018 <sup>(2)</sup>	2017 <sup>(3)</sup>	Percent Change	
				2019/2018	2018/2017
Consolidated revenues	\$ 69,693	\$ 65,450	\$ 60,319	6	9
Operating income:					
FedEx Express segment	2,123	2,105	2,380	1	(12)
FedEx Ground segment	2,640	2,529	2,243	4	13
FedEx Freight segment	615	490	371	26	32
Corporate, other and eliminations	(912)	(852)	(428)	(7)	(99)
Consolidated operating income	4,466	4,272	4,566	5	(6)
Operating margin:					
FedEx Express segment	5.7%	5.8%	7.0%	(10) bp	(120) bp
FedEx Ground segment	12.9%	13.7%	13.6%	(80) bp	10 bp
FedEx Freight segment	8.1%	7.2%	6.1%	90 bp	110 bp
Consolidated operating margin	6.4%	6.5%	7.6%	(10) bp	(110) bp
Consolidated net income <sup>(4)</sup>	\$ 540	\$ 4,572	\$ 2,997	(88)	53
Diluted earnings per share	\$ 2.03	\$ 16.79	\$ 11.07	(88)	52

The following table shows changes in revenues and operating income by reportable segment for 2019 compared to 2018 and 2018 compared to 2017 (in millions):

	Year-over-Year Changes			
	Revenues		Operating Income	
	2019/2018	2018/2017	2019/2018 <sup>(1)(2)</sup>	2018/2017 <sup>(2)(3)</sup>
FedEx Express segment	\$ 1,159	\$ 2,348	\$ 18	\$ (275)
FedEx Ground segment	2,127	1,892	111	286
FedEx Freight segment	770	742	125	119
FedEx Services segment	41	29	—	—
Corporate, other and eliminations	146	120	(60)	(424)
	\$ 4,243	\$ 5,131	\$ 194	\$ (294)

- (1) Operating income in 2019 includes TNT Express integration expenses, business realignment costs and costs incurred in connection with the settlement of a legal matter involving FedEx Ground.
- (2) Operating income in 2018 includes TNT Express integration expenses, goodwill and other asset impairment charges associated with FedEx Supply Chain Distribution System, Inc. (“FedEx Supply Chain”) and charges for legal reserves related to certain U.S. Customs Border and Protection (“CBP”) matters involving FedEx Logistics, Inc. (“FedEx Logistics” (formerly FedEx Trade Networks, Inc.)).
- (3) Operating income in 2017 includes TNT Express integration expenses, as well as charges for legal reserves related to certain CBP matters involving FedEx Logistics and charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground.
- (4) Consolidated net income includes a net loss in 2019, and net gains in 2018 and in 2017, associated with our mark-to-market (“MTM”) retirement plans accounting adjustment. Consolidated net income in 2019 includes a tax benefit primarily related to a lower statutory tax rate attributable to the enactment of the Tax Cuts and Jobs Act (“TCJA”) and a benefit from the reduction of a valuation allowance on certain tax loss carryforwards, partially offset by a tax expense related to a lower tax rate applied to our deferred taxes in the Netherlands. Consolidated net income in 2018 includes the following attributable to the enactment of the TCJA: benefits related to the remeasurement of our net U.S. deferred tax liability; a lower statutory income tax rate on 2018 earnings; and a one-time benefit from a \$1.5 billion contribution to our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”). In addition, we recognized a net benefit from corporate structuring transactions as part of the ongoing integration of FedEx Express and TNT Express and a benefit from foreign tax credits associated with distributions to the U.S. from our foreign operations.

A summary of the effects of the (costs) benefits described above on our financial results (in millions) for the years ended May 31 follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Items affecting Operating Income:</b>			
TNT Express integration expenses	\$ (388)	\$ (477)	\$ (327)
Business realignment costs	(320)	—	—
Litigation and legal matters	(46)	(8)	(61)
Goodwill and other asset impairment charges	—	(380)	—
	<u>\$ (754)</u>	<u>\$ (865)</u>	<u>\$ (388)</u>
<b>Items affecting Net Income:</b>			
MTM retirement plans accounting adjustment, net of tax	\$ (2,981)	\$ 9	\$ 6
Items affecting income taxes:			
Benefits attributable to enactment of the TCJA:			
Remeasurement of net U.S. deferred tax liability	(4)	1,150	—
Lower statutory tax rate	40	265	—
Pension contribution	—	204	—
Reduction in valuation allowance	90	—	—
Deferred tax impact from Netherlands rate reduction	(50)	—	—
Corporate structuring transactions	—	255	—
Foreign tax credits generated by distributions from foreign operations	8	225	—
	<u>\$ (2,897)</u>	<u>\$ 2,108</u>	<u>\$ 6</u>

### ***Pension Accounting Change***

As of June 1, 2018, we adopted new accounting guidance that changes how employers that sponsor defined benefit pension or other postretirement benefit plans present net periodic benefit cost in their income statement. This new guidance requires us to report only the service cost component in the “Salaries and employee benefits” line item. The other components of net benefit cost are required to be presented in the income statement in other income, outside of income from operations. This new guidance impacts operating income and margin but has no impact on net income or earnings per share. We have applied these changes retrospectively.

### ***Overview***

Our operating income improved in 2019 primarily due to volume growth, the favorable net impact of fuel at all of our transportation segments, increased yields at FedEx Freight and FedEx Ground and lower variable incentive compensation expenses. Lower variable incentive compensation expenses benefited our results by approximately \$485 million in 2019. However, softening global economic conditions negatively impacted International Priority package and freight volumes at FedEx Express, and we experienced a product mix shift to lower yielding services due in part to an increase in e-commerce traffic at FedEx Express and FedEx Ground. Higher purchased transportation costs at FedEx Ground, resulting from increased contractor settlement rates and expanding operations to six days per week year-round starting in January 2019, also negatively affected our results.

Comparables for 2019 are affected by the direct and indirect effects at FedEx Express of the NotPetya cyberattack on June 27, 2017, which negatively impacted earnings in 2018 by approximately \$400 million (\$1.19 per diluted share), primarily from loss of revenue associated with decreased shipments in the TNT Express network, as well as incremental costs to restore information-technology systems. 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 as of the second quarter of 2018. During 2019, we purchased insurance coverage designed to address certain aspects of cyber risks.

Our 2019 results include business realignment costs of \$320 million (\$243 million, net of tax, or \$0.91 per diluted share), primarily related to our U.S.-based voluntary employee buyout program (see “Business Realignment Costs” below for additional information). In addition, our 2019 results include \$46 million (\$43 million, net of tax, or \$0.16 per diluted share) of costs incurred in connection with the settlement of a legal matter involving FedEx Ground. These items are included in “Corporate, other and eliminations.”

The comparison of net income between 2019 and 2018 is also significantly affected by 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 recognized during 2018 as a result of the enactment of the TCJA. Net income for 2019 includes a tax benefit of \$40 million (\$ 0.15 per diluted share) primarily related to a lower statutory income tax rate under the TCJA and \$90 million (\$ 0.34 per diluted share) from the reduction of a valuation allowance on certain tax loss carryforwards. These items were partially offset by a tax expense of \$50 million (\$ 0.19 per diluted share) related to a lower tax rate in the Netherlands applied to our deferred tax balances. See the “Income Taxes” section of this MD&A and Note 12 of the accompanying consolidated financial statements .

Consolidated net income in 2019 includes a pre-tax noncash loss of \$3.9 billion (\$3.0 billion, net of tax, or \$11.22 per diluted share) associated with our fourth quarter MTM retirement plans accounting adjustment. See the “Retirement Plans MTM Adjustment” section of this MD&A and Note 13 of the accompanying consolidated financial statements.

We incurred TNT Express integration expenses totaling \$388 million (\$314 million, net of tax, or \$1.18 per diluted share) in 2019, an \$89 million decrease from 2018. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees, salaries and wages, travel and advertising expenses, 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 recognized at FedEx Express and FedEx Corporation. The identification of these costs as integration-related expenditures is subject to our disclosure controls and procedures.

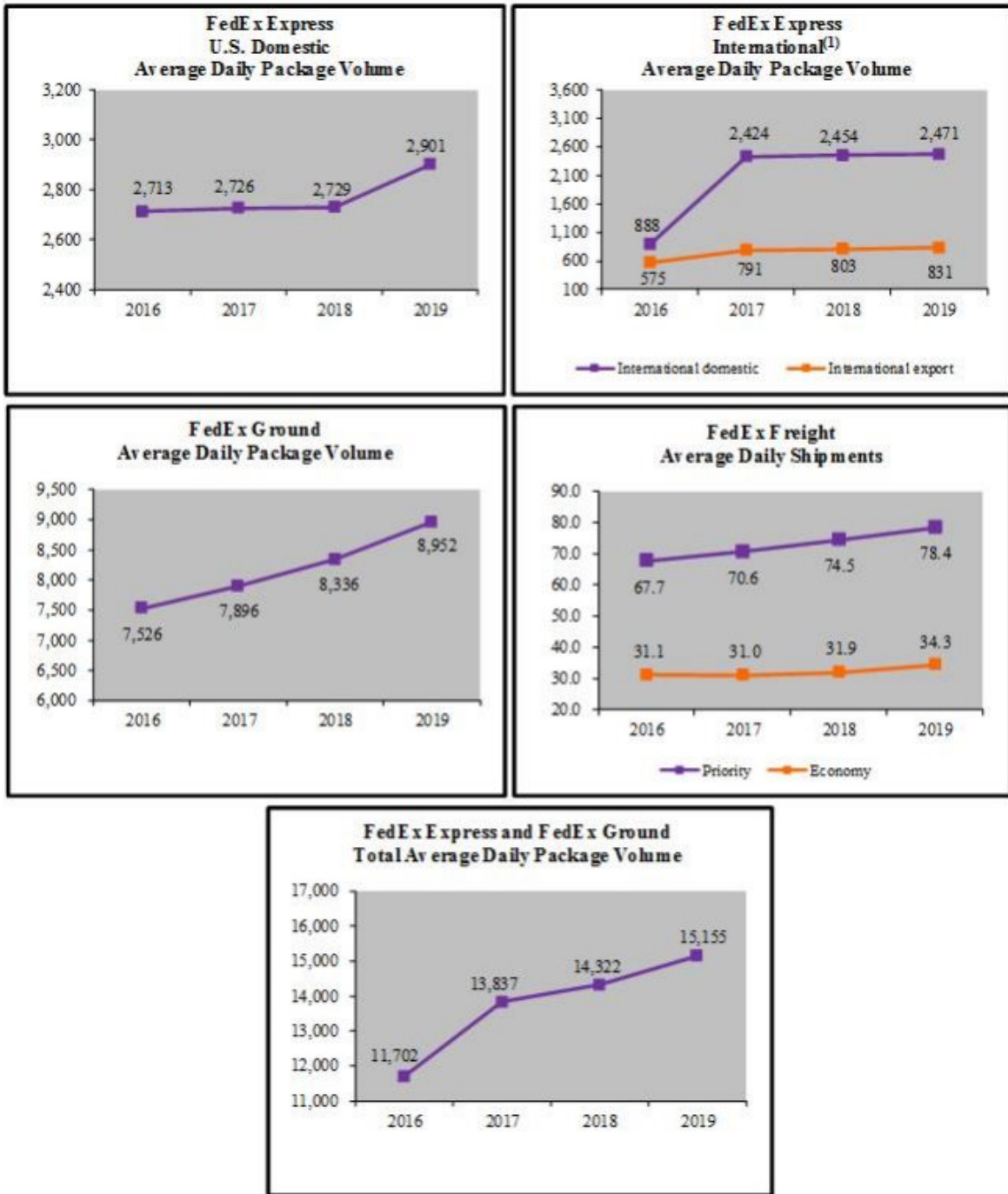
Our operating results declined in 2018 as a result of the NotPetya cyberattack at TNT Express, a fourth quarter goodwill impairment charge at FedEx Supply Chain and increased TNT Express integration expenses. These negative factors were partially offset by increased yields, volume growth at FedEx Ground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

Our results for 2018 included a tax benefit of \$204 million (\$0.75 per diluted share) from a \$1.5 billion contribution to our 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 under the TCJA 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. See the “Income Taxes” section of this MD&A and Note 12 of the accompanying consolidated financial statements.

We incurred TNT Express integration expenses totaling \$477 million (\$372 million, net of tax, or \$1.36 per diluted share) in 2018, a \$150 million increase from 2017. In addition, consolidated net 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 MTM retirement plans accounting adjustment, which includes a \$210 million charge related to an agreement with Metropolitan Life Insurance Company to purchase a group annuity contract representing the transfer of \$6 billion of pension obligations. 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 and \$8 million (\$6 million, net of tax, or \$0.02 per diluted share) of charges for legal reserves related to certain CBP matters involving FedEx Logistics.

In addition to TNT Express integration expenses totaling \$327 million (\$245 million, net of tax, or \$0.91 per diluted share), consolidated net income in 2017 includes a net \$24 million gain (\$6 million, net of tax, or \$0.02 per diluted share) associated with our fourth quarter MTM retirement plans accounting 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 CBP matters involving FedEx Logistics 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.”

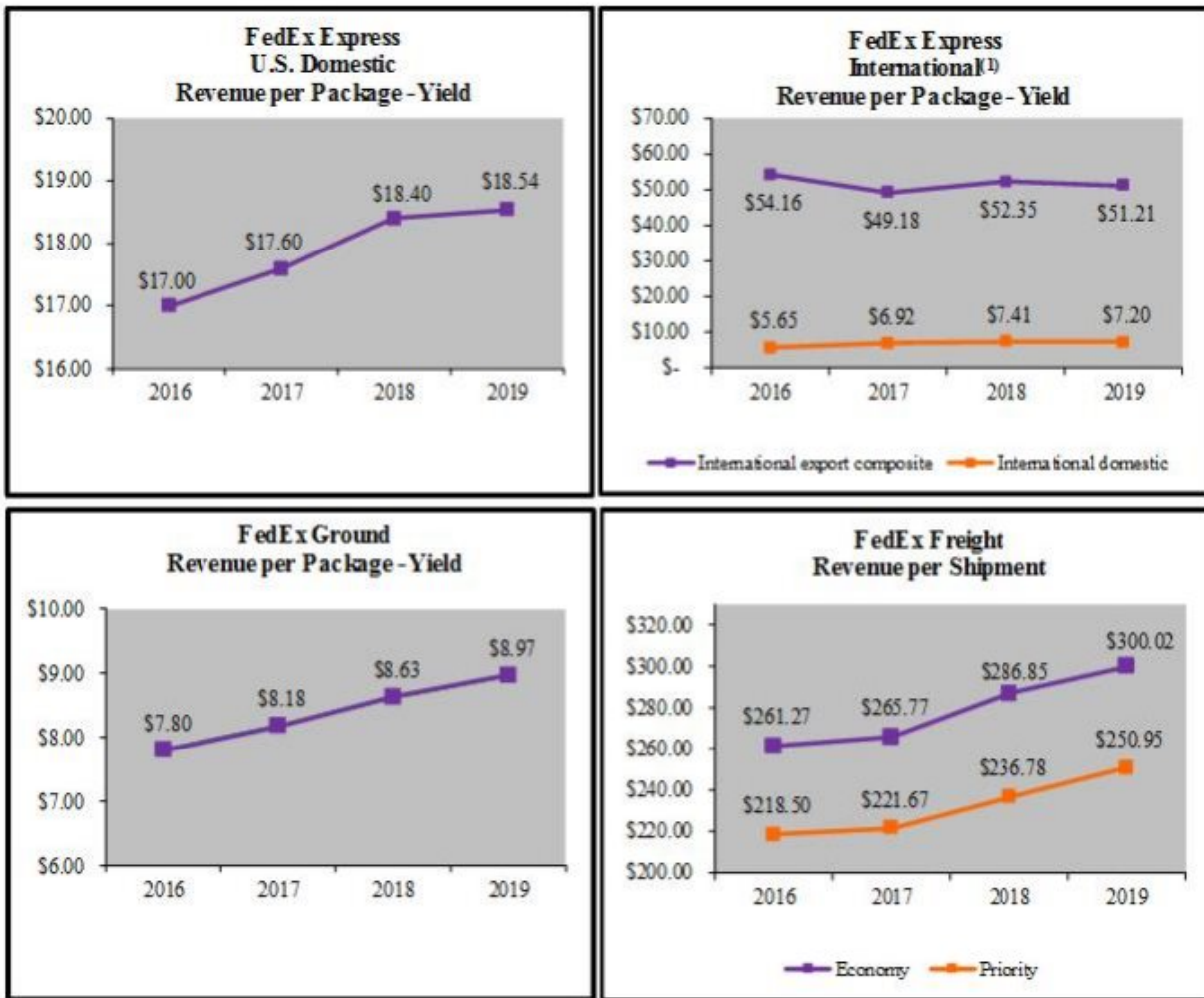
The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected volume trends (in thousands) for the years ended May 31:



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



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



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

### Revenue

Revenues increased 6% in 2019 due to higher volumes at all of our transportation segments and increased yields at FedEx Ground and FedEx Freight. At FedEx Ground, revenues increased 12% in 2019 due to volume growth and increased yields. Revenues at FedEx Express increased 3% in 2019 primarily due to U.S. domestic package volume growth and international package and freight volume recovery from the NotPetya cyberattack, partially offset by unfavorable exchange rates. FedEx Express revenue was negatively impacted by an overall product mix shift from international package volume to international freight volume as well as softness in International Priority package and freight volumes resulting from weakening global economic conditions. FedEx Freight revenues increased 11% in 2019 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 2019.

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. 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.

### ***Business Realignment Costs***

In December 2018, we announced cost-reduction programs primarily through initiatives at FedEx Services and FedEx Express in response to current business and economic conditions that included the following:

- A U.S.-based voluntary employee buyout program for eligible employees;
- Limited hiring in staff functions; and
- Reductions in discretionary spending.

During 2019, we conducted a program to offer voluntary cash buyouts to eligible U.S.-based employees in certain staff functions. The U.S.-based voluntary employee buyout program includes voluntary severance payments and funding to healthcare reimbursement accounts, with the voluntary severance payment calculated based on four weeks of gross base salary for every year of continuous service up to a maximum payment of two years of pay. This program was completed in the fourth quarter of 2019, and approximately 1,500 employees have left or will be leaving during 2020. Approximately 85% of the employees who were granted these severance agreements departed on May 31, 2019. Costs of the benefits provided under the U.S.-based voluntary employee buyout program were recognized as special termination benefits in the period that eligible employees accepted their offers.

We incurred costs of \$320 million (\$243 million, net of tax, or \$0.91 per diluted share) during 2019 associated with our business realignment activities. These costs related primarily to severance for employees who accepted voluntary buyouts in the third and fourth quarters of 2019. Payments are made at the time of departure. Approximately \$220 million was paid under this program during 2019. The cost of the U.S.-based voluntary employee buyout program is included in the caption “Business realignment costs” in our consolidated statements of income. Also included in that caption are other incremental, external costs directly attributable to our business realignment activities, such as professional fees.

### ***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 regarding 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:

	2019 (1)	2018 (1)	2017 (1)	Percent Change	
				2019/2018	2018/2017
Operating expenses:					
Salaries and employee benefits	\$ 24,776	\$ 23,795	\$ 21,989	4	8
Purchased transportation	16,654	15,101	13,630	10	11
Rentals and landing fees	3,360	3,361	3,240	—	4
Depreciation and amortization	3,353	3,095	2,995	8	3
Fuel	3,889	3,374	2,773	15	22
Maintenance and repairs	2,834	2,622	2,374	8	10
Business realignment costs (2)	320	—	—	NM	—
Goodwill and other asset impairment charges (3)	—	380	—	NM	NM
Other (4)	10,041	9,450	8,752	6	8
Total operating expenses	65,227	61,178	55,753	7	10
Total operating income	\$ 4,466	\$ 4,272	\$ 4,566	5	(6)

	Percent of Revenue		
	2019 (1)	2018 (1)	2017 (1)
Operating expenses:			
Salaries and employee benefits	35.6%	36.4%	36.5%
Purchased transportation	23.9	23.1	22.6
Rentals and landing fees	4.8	5.1	5.3
Depreciation and amortization	4.8	4.7	5.0
Fuel	5.6	5.2	4.6
Maintenance and repairs	4.0	4.0	3.9
Business realignment costs (2)	0.5	—	—
Goodwill and other asset impairment charges (3)	—	0.6	—
Other (4)	14.4	14.4	14.5
Total operating expenses	93.6	93.5	92.4
Operating margin	6.4%	6.5%	7.6%

(1) Includes TNT Express integration expenses of \$388 million in 2019, \$477 million in 2018 and \$327 million in 2017.

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

(3) Includes goodwill and other asset impairment charges in 2018 associated with our FedEx Supply Chain business.

(4) Other expenses in 2019 include \$46 million of costs incurred in connection with the settlement of a legal matter involving FedEx Ground. Other expenses also include \$8 million in 2018 and \$39 million in 2017 of charges related to certain CBP matters involving FedEx Logistics. Also included in 2017 is \$22 million of charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters involving FedEx Ground.

Our 2019 operating income improved primarily due to increased revenue, including recovery from the NotPetya cyberattack discussed above, and lower variable incentive compensation expenses. These benefits were partially offset by higher purchased transportation costs at FedEx Ground, driven primarily by increased contractor settlement rates and expansion of network operations to six days per week year-round in January 2019, and higher salaries and employee benefits. In addition, decreased yields at FedEx Express and the impact of business realignment costs negatively affected operating margin in 2019. An overall product mix shift at FedEx Express from international package volume to international freight volume, growth in U.S. deferred services driven by e-commerce, as well as softness in International Priority package and freight volumes at FedEx Express resulting from weakening global economic conditions, also negatively impacted operating margins during 2019.

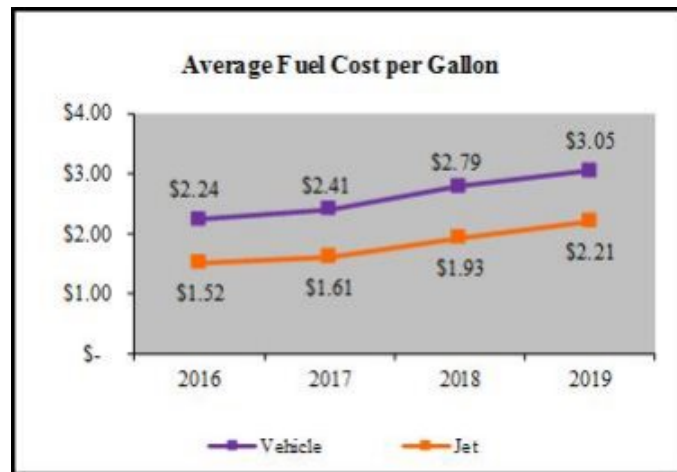
Purchased transportation costs increased 10% in 2019 primarily due to higher volumes at all of our transportation segments and increased rates, including fuel costs, at FedEx Ground and FedEx Freight, reflecting the inflationary impact of the tight labor market on our rates. Salaries and employee benefits expense increased 4% in 2019 primarily due to higher staffing to support volume growth and annual merit increases, partially offset by lower variable incentive compensation expenses at all of our transportation segments. Other operating expenses increased 6% in 2019 primarily due to a gain on the sale of a non-core business of TNT Express benefiting results in 2018 and increased outside service contracts at FedEx Express. Currency exchange rates had a negative impact on revenues and a positive impact on expenses at FedEx Express but did not have an impact on consolidated operating income in 2019.

In 2018, our 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.

In 2018, salaries and employee benefits expense increased 8% 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.

### **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 15% during 2019 due to higher fuel prices. However, fuel prices represent only one component of the factors we consider meaningful in understanding the impact of fuel on our business. Consideration must also be given to the fuel surcharge revenue we collect. Accordingly, we believe discussion of the net impact of fuel on our results, which is a comparison of the year-over-year change in these two factors, is important to understand the impact of fuel on our business. In order to provide information about the impact of fuel surcharges on the trend in revenue and yield growth, we have included the comparative weighted-average fuel surcharge percentages in effect for 2019, 2018 and 2017 in the accompanying discussions of each of our transportation segments.

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

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

We routinely review our fuel surcharges. On March 18, 2019, we updated the tables used to determine our fuel surcharges for FedEx Express U.S. domestic services and at FedEx Ground. On September 10, 2018, we updated the tables used to determine our fuel surcharges at FedEx Express and FedEx Ground.

The net impact of fuel had a significant benefit to operating income in 2019 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. In addition, our purchased transportation expense may be impacted by fuel costs. While fluctuations in fuel surcharge percentages can be significant from period to period, fuel surcharges represent one of the many individual components of our pricing structure that impact our overall revenue and yield. Additional components include the mix of services sold, the base price and extra service charges we obtain for these services and the level of pricing discounts offered.

Fuel expense increased 22% during 2018 due to higher fuel prices. The net impact of fuel had a significant benefit to operating income in 2018 as higher fuel surcharges more than offset increased fuel prices.

#### ***Other Income and Expense***

Interest expense increased \$30 million in 2019 primarily due to U.S. debt issuances during the year. Interest expense increased \$46 million in 2018 primarily due to U.S. debt and commercial paper issuances during the year.

#### ***Retirement Plans MTM Adjustment***

We incurred a pre-tax noncash MTM net loss of \$3.9 billion in 2019 (\$3.0 billion, net of tax, or \$11.22 per diluted share), a net gain of \$10 million in 2018 (\$9 million, net of tax, or \$0.03 per diluted share) and a net gain of \$24 million in 2017 (\$6 million, net of tax, or \$0.02 per diluted share) from actuarial adjustments to pension and postretirement healthcare plans related to the measurement of plan assets and liabilities. The net loss in 2019 is attributable to a significantly lower discount rate, changes in actuarial estimates regarding rates of retirement, disability and salary increases and lower than expected asset returns. The net 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 net gain in 2017 reflects higher-than-expected pension asset returns, particularly in the equity markets. For more information, see the “Critical Accounting Estimates” section of this MD&A and Note 1 and Note 13 of the accompanying consolidated financial statements.

#### ***Income Taxes***

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

	2019	2018	2017
Taxes computed at federal statutory rate <sup>(1)</sup>	\$ 138	\$ 1,271	\$ 1,603
Increases (decreases) in income tax from:			
Non-deductible expenses	79	81	76
Valuation allowance	(79)	31	44
TCJA	(71)	(1,354)	—
Foreign tax rate enactments	50	6	—
State and local income taxes, net of federal benefit	44	119	99
Benefits from share-based payments	(18)	(60)	(55)
Uncertain tax positions	8	86	—
Foreign tax credits from distributions	(8)	(225)	—
Foreign operations	(1)	25	(5)
Corporate structuring transactions	—	(255)	(68)
Goodwill impairment charge	—	109	—
Other, net	(27)	(53)	(112)
Provision for income taxes (benefit)	<u>\$ 115</u>	<u>\$ (219)</u>	<u>\$ 1,582</u>
Effective Tax Rate	<u>17.6%</u>	<u>(5.0)%</u>	<u>34.6%</u>

<sup>(1)</sup> 2019 includes the fully phased-in TCJA rate of 21%, 2018 includes a blended TCJA/pre-TCJA rate of 29.2% and 2017 includes the pre-TCJA rate of 35%.

The 2019 tax rate includes a benefit of \$90 million from the reduction of a valuation allowance on tax loss carryforwards due to certain business operational changes from the integration of FedEx Express and TNT Express in a local jurisdiction, which impacted our determination of the realizability of the deferred tax asset in that jurisdiction and an expense of \$50 million from the impact on our deferred taxes attributable to a lower tax rate in the Netherlands. The 2019 tax rate was favorably impacted by the TCJA, which resulted in benefits of \$75 million from accelerated deductions claimed on our 2018 U.S. income tax return filed in 2019 and approximately \$40 million from the lower statutory tax rate on fiscal 2019 earnings.

The 2018 tax rate was favorably impacted by the TCJA, which resulted in a provisional benefit of \$1.15 billion from the remeasurement of our net U.S. deferred tax liability, a benefit of approximately \$265 million related to the lower statutory income tax rate and a one-time benefit of \$204 million from a \$1.5 billion contribution to our U.S. Pension Plans in 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 new U.S. foreign currency tax regulations.

The TCJA, enacted on December 22, 2017, significantly changed the U.S. corporate income tax system in multiple ways such as (1) reducing our U.S. statutory federal income tax rate from 35% to 21% (due to our May 31 fiscal year-end, the lower rate was phased in, resulting in a U.S. statutory federal rate of 29.2% for 2018 and a statutory federal rate of 21% for 2019 and subsequent years); (2) requiring us to calculate a one-time U.S. tax on earnings which have not previously been repatriated to the U.S. (transition tax); and (3) introducing new provisions that took effect in 2019, including but not limited to, a tax on global intangible low-taxed income (GILTI), a tax deduction for foreign-derived intangible income, additional limitations on tax deductions for executive compensation and a minimum base erosion and anti-abuse tax based on certain payments from a U.S. company to foreign related parties. We included the impact of the above provisions in the computation of our effective tax rates, as applicable.

During 2019, the U.S. Treasury Department issued final regulations covering the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the TCJA. Certain guidance included in these final regulations is inconsistent with our interpretation that led to the recognition of a \$225 million benefit in 2018 and an additional \$8 million benefit in 2019. Notwithstanding this inconsistency, we remain confident in our interpretation of the TCJA and intend to defend this position through litigation, if necessary. However, if we are ultimately unsuccessful in defending our position, we may be required to reverse the \$233 million benefit previously recorded.

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

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

### ***Business Acquisitions***

On May 1, 2019, we acquired the international express division of FC (Flying Cargo) Express Ltd. for \$67 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 Express 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 1, 2018, we acquired the controlling interest in an existing joint venture with Swiss Post, which operates a Swiss-wide transport system with connections to TNT Express's global network. The controlling interest was acquired through the noncash contribution of a complementary Swiss business into the venture, resulting in the recognition of an immaterial gain. The majority of the purchase price was allocated to goodwill and other intangibles. The financial results of this acquired business are included in the FedEx Express 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 March 23, 2018, we acquired P2P Mailing Limited ("P2P"), 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 Logistics 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.

## Outlook

During 2020, we expect volume growth at FedEx Ground and FedEx Express to drive higher revenues and expect improved operating income at FedEx Ground and FedEx Freight. We expect operating income to decline at FedEx Express in 2020 due to macroeconomic weakness and trade uncertainty, continued mix shift to lower-yielding services and a strategic decision not to renew a customer contract. During 2020, we will continue to implement actions to reduce costs, improve efficiencies and adjust our network cost structure to align with forecasted volume. However, we will continue to execute on the strategic initiatives we have in process to position us to capitalize on e-commerce growth and other market opportunities we see for the future.

While FedEx Ground revenue is expected to grow in 2020, higher operating costs are expected to continue to negatively impact operating margin, as we continue to focus on investments that increase our ability to meet the demands of e-commerce. During 2019, FedEx Ground expanded operations throughout the U.S. network to six days per week year-round, and in January 2020, FedEx Ground will expand residential delivery operations to seven days per week year-round for the majority of the U.S. population. To support these operational changes, FedEx Ground is making strategic investments to modernize and optimize its network to improve scheduling and productivity at its hubs and stations. The integration of FedEx SmartPost packages into standard FedEx Ground operations continues, and the vast majority of this volume is expected to be integrated by the end of calendar 2020, which will improve last-mile efficiency through increased delivery density. In addition, FedEx Ground is investing in technology, and taking other strategic actions, to improve safety throughout its network. Costs associated with these FedEx Ground initiatives are expected to be a headwind in 2020; however, we believe they will allow for the more efficient use of our existing assets, which will drive improved performance and enhance our competitive position over the long term.

At FedEx Freight, we expect to increase operational efficiency in 2020 by continuing our focus on optimizing our network. FedEx Freight is investing in upgraded dock equipment and vehicle technology that will modernize our operations and position us to realize increasing benefits in 2021. In addition, safety initiatives will continue to be a top priority at FedEx Freight in 2020.

Our outlook for 2020 assumes we will not incur year-over-year expense increases in variable incentive compensation. Additionally, our expectations for 2020 are dependent on key external factors, including stable fuel prices, moderate U.S. economic growth, no further weakening in international economic conditions from our current forecast and no additional adverse developments in international trade policies and relations.

During 2020, we will continue to execute our TNT Express integration plans and are focused on completing projects across our European hub and station locations that will allow interoperability between networks for both FedEx Express and TNT Express packages, which will further lower costs as the related FedEx Express linehaul operations are optimized. In addition, we will continue to focus on the operational network integration process for the key countries in Europe, which represent a significant percentage of international revenue, workforces and facilities. Integration activities in Europe are complex and require consultations with works councils and employee representatives in a number of countries. While we expect to make significant progress on integration activities in 2020, particularly in Europe, integration work will continue thereafter. We expect to incur approximately \$350 million of integration expenses in 2020 in the form of professional fees, outside service contracts, salaries and wages and other operating expenses. We expect the aggregate integration program expenses, including restructuring charges at TNT Express, to be approximately \$1.7 billion through 2021, and we may incur additional costs, including investments that will further transform and optimize the combined businesses. The timing and amount of integration expenses and capital investments in any future period may change as we revise and implement our plans.

Our capital expenditures for 2020 are expected to be approximately \$5.9 billion and include FedEx Express investments in aircraft fleet modernization and the Memphis and Indianapolis hub modernization and expansion programs, as well as the investments at FedEx Ground and FedEx Freight discussed above.

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 2020 and beyond. We will continue to evaluate our investments in critical long-term strategic projects to ensure our capital expenditures are expected to generate high returns on investment and are balanced with our outlook for global economic conditions. For additional details on key 2020 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 2020 to be between 23% and 25%, prior to any MTM retirement plans accounting 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, there could be material favorable and unfavorable impacts to our effective tax rate during this period.

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.

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:

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

## 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.

Effective in 2020, the results of FedEx Office will be included in “Corporate, other and eliminations” instead of the FedEx Services segment. This change was made to reflect our internal management reporting structure. Beginning in the first quarter of 2020, prior year amounts will be revised to reflect this presentation.

## 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 Logistics operating segment, which provides customs brokerage and global ocean and air freight forwarding through FedEx Trade Networks Transport & Brokerage, Inc.; cross-border enablement and technology solutions and e-commerce transportation solutions through FedEx Cross Border Technologies, Inc., including its subsidiary P2P; integrated supply chain management solutions through FedEx Supply Chain; time-critical shipment services through FedEx Custom Critical, Inc.; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots, Inc.

The comparison of operating loss between 2019 and 2018 at “Corporate, other and eliminations” is significantly affected by the costs associated with our business realignment activities of \$320 million during 2019 and by goodwill and other asset impairment charges at FedEx Supply Chain of \$380 million recognized during 2018. In addition, the operating loss increase reflects higher operating losses at FedEx Logistics due in part to lower transportation volumes from weakness in the global economy and costs incurred in connection with the settlement of a legal matter involving FedEx Ground, including certain professional fees. The decrease in TNT Express integration expenses discussed above positively impacted this category during 2019.

Certain FedEx operating companies provide transportation and related services for other FedEx companies outside their reportable segment. Billings for such services are based on negotiated rates, which we believe approximate fair value, and are reflected as 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 EXPRESS SEGMENT**

FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight including priority, deferred or economy services, which provide delivery on a time-definite or day-definite basis. Prior year amounts have been revised to conform to the current year presentation, including revised statistical information. 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:

	2019	2018	2017	Percent Change	
				2019/2018	2018/2017
Revenues:					
Package:					
U.S. overnight box	\$ 7,663	\$ 7,273	\$ 6,955	5	5
U.S. overnight envelope	1,829	1,788	1,750	2	2
U.S. deferred	4,225	3,738	3,526	13	6
Total U.S. domestic package revenue	13,717	12,799	12,231	7	5
International priority	7,405	7,461	7,045	(1)	6
International economy	3,446	3,255	2,876	6	13
Total international export package revenue	10,851	10,716	9,921	1	8
International domestic <sup>(1)</sup>	4,540	4,637	4,277	(2)	8
Total package revenue	29,108	28,152	26,429	3	7
Freight:					
U.S.	3,025	2,797	2,527	8	11
International priority	2,070	2,105	1,836	(2)	15
International economy	2,123	1,916	1,738	11	10
International airfreight	314	368	356	(15)	3
Total freight revenue	7,532	7,186	6,457	5	11
Other	691	834	938	(17)	(11)
Total revenues	37,331	36,172	33,824	3	7
Operating expenses:					
Salaries and employee benefits	13,748	13,522	12,636	2	7
Purchased transportation	5,186	5,109	4,721	2	8
Rentals and landing fees	1,908	1,987	1,947	(4)	2
Depreciation and amortization	1,801	1,679	1,662	7	1
Fuel	3,310	2,889	2,378	15	21
Maintenance and repairs	1,888	1,753	1,553	8	13
Intercompany charges	2,092	2,092	1,917	—	9
Other	5,275	5,036	4,630	5	9
Total operating expenses	35,208	34,067	31,444	3	8
Operating income	\$ 2,123	\$ 2,105	\$ 2,380	1	(12)
Operating margin	5.7%	5.8%	7.0%	(10) bp	(120) bp

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

	Percent of Revenue		
	2019	2018	2017
Operating expenses:			
Salaries and employee benefits	36.8%	37.4%	37.3%
Purchased transportation	13.9	14.1	14.0
Rentals and landing fees	5.1	5.5	5.8
Depreciation and amortization	4.8	4.6	4.9
Fuel	8.9	8.0	7.0
Maintenance and repairs	5.1	4.9	4.6
Intercompany charges	5.6	5.8	5.7
Other	14.1	13.9	13.7
Total operating expenses	94.3	94.2	93.0
Operating margin	5.7%	5.8%	7.0%

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

	2019	2018	2017	Percent Change	
				2019/2018	2018/2017
<b>Package Statistics</b>					
Average daily package volume (ADV):					
U.S. overnight box	1,285	1,252	1,265	3	(1)
U.S. overnight envelope	539	549	561	(2)	(2)
U.S. deferred	1,077	928	900	16	3
Total U.S. domestic ADV	2,901	2,729	2,726	6	—
International priority	538	535	537	1	—
International economy	293	268	254	9	6
Total international export ADV	831	803	791	3	2
International domestic <sup>(1)</sup>	2,471	2,454	2,424	1	1
Total ADV	6,203	5,986	5,941	4	1
Revenue per package (yield):					
U.S. overnight box	\$ 23.38	\$ 22.80	\$ 21.57	3	6
U.S. overnight envelope	13.31	12.77	12.24	4	4
U.S. deferred	15.39	15.79	15.36	(3)	3
U.S. domestic composite	18.54	18.40	17.60	1	5
International priority	53.96	54.71	51.44	(1)	6
International economy	46.16	47.63	44.41	(3)	7
International export composite	51.21	52.35	49.18	(2)	6
International domestic <sup>(1)</sup>	7.20	7.41	6.92	(3)	7
Composite package yield	18.40	18.44	17.45	—	6
<b>Freight Statistics</b>					
Average daily freight pounds:					
U.S.	8,577	8,362	8,185	3	2
International priority	5,250	5,345	5,168	(2)	3
International economy	14,347	12,603	12,274	14	3
International airfreight	1,644	1,938	1,901	(15)	2
Total average daily freight pounds	29,818	28,248	27,528	6	3
Revenue per pound (yield):					
U.S.	\$ 1.38	\$ 1.31	\$ 1.21	5	8
International priority	1.55	1.55	1.39	—	12
International economy	0.58	0.60	0.56	(3)	7
International airfreight	0.75	0.75	0.73	—	3
Composite freight yield	0.99	1.00	0.92	(1)	9

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

### ***FedEx Express Segment Revenues***

FedEx Express segment revenues increased 3% in 2019 primarily due to higher fuel surcharge revenue resulting from increased fuel prices, U.S domestic package volume growth and international package and freight volume recovery from the NotPetya cyberattack, partially offset by unfavorable exchange rates. An overall product mix shift from international package volume to international freight volume and softness in International Priority package and freight volumes resulting from weakening global economic conditions negatively impacted revenues in 2019.

U.S. domestic package average daily volumes increased 6% in 2019 led by deferred services, as e-commerce continued to drive growth. U.S. domestic package yields increased 1% in 2019 primarily due to higher fuel surcharges, partially offset by base yield declines due to increased deferred volume and lower package weights. Average daily freight pounds increased 6% in 2019 primarily due to higher volume in international freight services, reflecting recovery from the NotPetya cyberattack and an overall product mix shift from package to freight. Freight yields decreased 1% in 2019 primarily due to unfavorable exchange rates, partially offset by higher fuel surcharges. International export average daily volumes increased 3% primarily due to the recovery from the NotPetya cyberattack. However, international package volume growth has slowed across most regions, as noted above. International export package yields decreased 2% in 2019 driven by unfavorable exchange rates and base yield declines, partially offset by higher fuel surcharges.

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.

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

	2019	2018	2017
<b>U.S. Domestic and Outbound Fuel Surcharge:</b>			
Low	5.5%	2.2%	1.0%
High	10.8	7.1	3.4
Weighted-average	7.5	4.8	2.5
<b>International Fuel Surcharges:</b>			
Low	6.6	3.4	1.2
High	18.8	16.7	11.3
Weighted-average	16.0	11.1	8.0

On March 18, 2019, we updated the tables used to determine our fuel surcharges for FedEx Express U.S. domestic services. On January 7, 2019, FedEx Express implemented a 4.9% average list price increase for U.S. domestic, U.S. export and U.S. import services. On September 10, 2018, we updated the tables used to determine our fuel surcharges at FedEx Express. On 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 began adjusting 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.

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

Comparables for 2019 are affected by the impact of the NotPetya cyberattack, which reduced earnings in 2018 by approximately \$400 million, the sale of a non-core business of TNT Express, which benefited FedEx Express results in 2018 by \$85 million, and lower TNT Express integration costs in 2019. FedEx Express segment operating income increased 1% in 2019 due to increased volume, the favorable net impact of fuel and lower variable incentive compensation expenses, partially offset by higher operating costs in salaries and employee benefits, maintenance and repairs and depreciation and amortization, as well as lower yields. Lower variable incentive compensation expenses benefited operating income by approximately \$285 million in 2019. An overall product mix shift from international package volume to international freight volume, growth in U.S. deferred services driven by e-commerce and softness in International Priority package and freight volumes negatively impacted operating income and operating margin in 2019.

FedEx Express segment results include approximately \$325 million of TNT Express integration expenses in 2019, a \$55 million decrease from 2018.

Other operating expenses increased 5% in 2019 primarily due to the gain on sale recorded in 2018 discussed above and higher outside service contract expenses in 2019. Salaries and employee benefits expense increased 2% in 2019 primarily due to higher staffing to support volume growth and merit increases, partially offset by lower variable incentive compensation expenses. Maintenance and repairs expense increased 8% in 2019 primarily due to higher aircraft engine maintenance expense. Depreciation and amortization expense increased 7% in 2019 primarily due to continued investment in aircraft and related equipment. Currency exchange rates had a negative impact on revenues and a positive impact on expenses but did not have an impact on operating income in 2019.

Fuel expense increased 15% in 2019 due to increased fuel prices. However, the net impact of fuel had a significant benefit to operating income in 2019, 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 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. FedEx Express results in 2018 include \$380 million of TNT Express integration expenses.

Salaries and employee benefits expense 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 expense increased 8% in 2018 due to unfavorable exchange rates and increased international volume. Maintenance and repairs expense increased 13% in 2018 due to the timing of aircraft engine maintenance events, coupled with higher non-aircraft maintenance and repairs associated with vehicles and trailers, equipment and facilities.

Fuel expense increased 21% in 2018 due to increased fuel prices. 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.

***FedEx Express Segment Outlook***

Revenues are expected to increase at FedEx Express in 2020 primarily due to higher international volumes. Operating income is expected to decline in 2020 due to macroeconomic weakness and trade uncertainty, continued mix shift to lower-yielding services and a strategic decision not to renew a customer contract. During 2020, FedEx Express will continue to implement actions to reduce costs to serve, improve efficiencies and adjust its air and ground network cost structure to align with forecasted volume.

During 2020, we will continue to execute our TNT Express integration plans, and we will be focused on completing projects across our European hub and station locations that will allow interoperability between networks for both FedEx Express and TNT Express packages, which will further lower costs as the related FedEx Express linehaul operations are optimized. In addition, we will continue to focus on the operational network integration process for the key countries in Europe, which represent a significant percentage of international revenue, workforces and facilities. Integration activities in Europe are complex and require consultations with works councils and employee representatives in a number of countries. While we expect to make significant progress on integration activities in 2020, particularly in Europe, integration work will continue thereafter. In connection with this, we expect the FedEx Express segment to incur approximately \$275 million of integration expenses in 2020.

Capital expenditures at FedEx Express are expected to increase in 2020, primarily related to long-term facility investments. We are making investments over multiple years in our facilities of approximately \$1.5 billion to significantly expand the Indianapolis hub and approximately \$1.5 billion to modernize the Memphis World Hub.

## FEDEX GROUND SEGMENT

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

	2019	2018	2017	Percent Change	
				2019/2018	2018/2017
Revenues	\$ 20,522	\$ 18,395	\$ 16,503	12	11
Operating expenses:					
Salaries and employee benefits	3,413	3,003	2,627	14	14
Purchased transportation	9,174	7,936	7,177	16	11
Rentals	791	754	696	5	8
Depreciation and amortization	728	681	627	7	9
Fuel	14	12	10	17	20
Maintenance and repairs	336	309	293	9	5
Intercompany charges	1,544	1,471	1,335	5	10
Other	1,882	1,700	1,495	11	14
Total operating expenses	17,882	15,866	14,260	13	11
Operating income	\$ 2,640	\$ 2,529	\$ 2,243	4	13
Operating margin	12.9%	13.7%	13.6%	(80) bp	10 bp
Average daily package volume	8,952	8,336	7,896	7	6
Revenue per package (yield)	\$ 8.97	\$ 8.63	\$ 8.18	4	6

	Percent of Revenue		
	2019	2018	2017
Operating expenses:			
Salaries and employee benefits	16.6%	16.4%	15.9%
Purchased transportation	44.7	43.1	43.5
Rentals	3.9	4.1	4.2
Depreciation and amortization	3.5	3.7	3.8
Fuel	0.1	0.1	0.1
Maintenance and repairs	1.6	1.7	1.8
Intercompany charges	7.5	8.0	8.1
Other	9.2	9.2	9.0
Total operating expenses	87.1	86.3	86.4
Operating margin	12.9%	13.7%	13.6%

### FedEx Ground Segment Revenues

FedEx Ground segment revenues increased 12% in 2019 due to volume growth and increased yields. Average daily volume increased 7% in 2019 primarily due to continued growth in residential services driven by e-commerce. FedEx Ground yields increased 4% in 2019 primarily due to higher fuel surcharges, product mix, extra services and base yields.

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.

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:

	2019	2018	2017
Low	6.3%	4.0%	3.3%
High	7.8	6.3	4.5
Weighted-average	6.9	5.2	4.0

On March 18, 2019, we updated the tables used to determine our fuel surcharges at FedEx Ground. On January 7, 2019, FedEx Ground implemented a 4.9% average list price increase. On September 10, 2018, we updated the tables used to determine our fuel surcharges at FedEx Ground. Effective January 22, 2018, dimensional weight pricing was applied to the majority of FedEx SmartPost shipments. On January 1, 2018, FedEx Ground implemented a 4.9% average list price increase. Effective February 6, 2017, FedEx Ground fuel surcharges began adjusting 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.

### ***FedEx Ground Segment Operating Income***

FedEx Ground segment operating income increased 4% in 2019 due to volume growth, increased yields and the favorable net impact of fuel. In addition, lower variable incentive compensation expenses benefited operating income by approximately \$100 million in 2019. Higher purchased transportation costs, resulting from increased contractor settlement rates and expanding operations to six days per week year-round starting in January 2019, and increased staffing and network expansion costs contributed to the operating margin decline in 2019.

Purchased transportation expense increased 16% in 2019 due to higher volumes, increased contractor settlement rates, including expanding to six-day operations year-round, and higher fuel costs. Salaries and employee benefits expense increased 14% in 2019 due to additional staffing to support volume growth, merit increases and network expansion, partially offset by lower variable incentive compensation expenses.

The net impact of fuel had a significant benefit to operating income in 2019, 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 Ground segment operating income increased 13% in 2018 due to volume growth and increased yields. 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 14% 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 Outlook***

We expect FedEx Ground segment revenues and operating income to increase in 2020, reflecting continued volume growth in our residential services and commercial business. We anticipate results in 2020 will continue to be negatively impacted by higher operating costs required to service increased residential volumes driven by expected growth in e-commerce. During 2019, FedEx Ground expanded operations throughout the U.S. network to six days per week year-round, and in January 2020, FedEx Ground will expand residential delivery operations to seven days per week year-round for the majority of the U.S. population. To support these operational changes, FedEx Ground is making strategic investments to modernize and optimize its network to improve scheduling and productivity at its hubs and stations. The integration of FedEx SmartPost packages into the standard FedEx Ground operations continues and the vast majority of this volume is expected to be integrated by the end of calendar 2020, which will improve last mile efficiency through increased delivery density. In addition, FedEx Ground is investing in technology, and taking other strategic actions, to improve safety throughout its network. Costs associated with these FedEx Ground initiatives are expected to be a headwind in 2020; however, we believe they will allow for the more efficient use of our existing assets, which will drive improved performance and enhance our competitive position over the long term.

Capital expenditures at FedEx Ground are expected to increase in 2020 primarily due to additional trailer purchases and land acquisitions.

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, 2019, over two-thirds of standard FedEx Ground volume (excluding FedEx SmartPost 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.

## FEDEX FREIGHT SEGMENT

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

	2019	2018	2017	Percent Change	
				2019/2018	2018/2017
Revenues	\$ 7,582	\$ 6,812	\$ 6,070	11	12
Operating expenses:					
Salaries and employee benefits	3,639	3,307	3,018	10	10
Purchased transportation	932	847	717	10	18
Rentals	172	153	134	12	14
Depreciation and amortization	332	296	265	12	12
Fuel	563	471	384	20	23
Maintenance and repairs	245	227	214	8	6
Intercompany charges	535	514	488	4	5
Other	549	507	479	8	6
Total operating expenses	6,967	6,322	5,699	10	11
Operating income	\$ 615	\$ 490	\$ 371	26	32
Operating margin	8.1%	7.2%	6.1%	90 bp	110 bp
Average daily shipments (in thousands):					
Priority	78.4	74.5	70.6	5	6
Economy	34.3	31.9	31.0	8	3
Total average daily shipments	112.7	106.4	101.6	6	5
Weight per shipment:					
Priority	1,207	1,213	1,176	—	3
Economy	1,064	1,134	1,129	(6)	—
Composite weight per shipment	1,164	1,190	1,161	(2)	2
Revenue per shipment:					
Priority	\$ 250.95	\$ 236.78	\$ 221.67	6	7
Economy	300.02	286.85	265.77	5	8
Composite revenue per shipment	\$ 265.98	\$ 251.93	\$ 235.20	6	7
Revenue per hundredweight:					
Priority	\$ 20.78	\$ 19.52	\$ 18.85	6	4
Economy	28.19	25.29	23.55	11	7
Composite revenue per hundredweight	\$ 22.85	\$ 21.18	\$ 20.25	8	5

	Percent of Revenue		
	2019	2018	2017
Operating expenses:			
Salaries and employee benefits	48.0%	48.6%	49.7%
Purchased transportation	12.3	12.4	11.8
Rentals	2.3	2.2	2.2
Depreciation and amortization	4.4	4.4	4.4
Fuel	7.4	6.9	6.3
Maintenance and repairs	3.2	3.3	3.6
Intercompany charges	7.1	7.6	8.0
Other	7.2	7.4	7.9
Total operating expenses	91.9	92.8	93.9
Operating margin	8.1%	7.2%	6.1%

### FedEx Freight Segment Revenues

FedEx Freight segment revenues increased 11% in 2019 primarily due to higher revenue per shipment and average daily shipments. Revenue per shipment increased 6% in 2019 primarily due to higher base rates, reflecting our ongoing yield management initiatives, and higher fuel surcharges. Average daily shipments increased 6% in 2019 due to higher demand for our service offerings.



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.

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:

	2019	2018	2017
Low	23.4%	20.9%	20.2%
High	25.6	25.0	21.6
Weighted-average	24.5	22.9	21.0

On January 7, 2019, FedEx Freight implemented a 5.9% average list price increase in certain U.S. and other shipping rates. On 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.

#### ***FedEx Freight Segment Operating Income***

FedEx Freight segment operating income increased 26% and operating margin improved 90 basis points in 2019 primarily due to higher revenue per shipment. In addition, lower variable incentive compensation expenses benefited operating income by approximately \$60 million in 2019. Salaries and employee benefits increased 10% in 2019 reflecting higher staffing levels to support volume growth and merit increases, partially offset by lower variable incentive compensation expenses. Purchased transportation increased 10% in 2019 due to increased rates, including higher fuel surcharges, and higher volumes.

Fuel expense increased 20% in 2019 due to higher fuel prices and higher mileage. The net impact of fuel had a moderate benefit to operating income in 2019 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 increased 32% and operating margin improved 110 basis points 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 Outlook***

We expect FedEx Freight segment average daily shipment volumes and weight per shipment growth rates to moderate in 2020. We anticipate operating income and operating margin improvement at FedEx Freight in 2020 as we continue our focus on yield management, profitable growth primarily from small and mid-sized customers, and improving our operational productivity and efficiency. FedEx Freight will continue to leverage new technology to modernize our operations during 2020 and we expect to realize increasing benefits from these investments in 2021.

Capital expenditures at FedEx Freight are expected to increase in 2020 due to continued investments in vehicles and trailers, equipment and technology, which are expected to contribute to efficiency improvements.

## FINANCIAL CONDITION

### LIQUIDITY

Cash and cash equivalents totaled \$2.3 billion at May 31, 2019, compared to \$3.3 billion at May 31, 2018. The following table provides a summary of our cash flows for the years ended May 31 (in millions):

	2019	2018	2017
<b>Operating activities:</b>			
Net income	\$ 540	\$ 4,572	\$ 2,997
Retirement plans mark-to-market adjustment	3,882	(10)	(24)
Gain from sale of business	(8)	(85)	—
Gain from sale of investment	—	—	(35)
Business realignment costs	101	—	—
Goodwill and other asset impairment charges	—	380	—
Other noncash charges and credits	3,589	3,277	4,194
Changes in assets and liabilities	(2,491)	(3,460)	(2,202)
Cash provided by operating activities	<u>5,613</u>	<u>4,674</u>	<u>4,930</u>
<b>Investing activities:</b>			
Capital expenditures	(5,490)	(5,663)	(5,116)
Business acquisitions, net of cash acquired	(66)	(179)	—
Proceeds from sale of business	—	123	—
Proceeds from asset dispositions and other	83	42	135
Cash used in investing activities	<u>(5,473)</u>	<u>(5,677)</u>	<u>(4,981)</u>
<b>Financing activities:</b>			
Purchase of treasury stock	(1,480)	(1,017)	(509)
Principal payments on debt	(1,436)	(38)	(82)
Proceeds from debt issuances	2,463	1,480	1,190
Dividends paid	(683)	(535)	(426)
Other	97	337	355
Cash (used in) provided by financing activities	<u>(1,039)</u>	<u>227</u>	<u>528</u>
Effect of exchange rate changes on cash	(47)	72	(42)
Net (decrease) increase in cash and cash equivalents	<u>\$ (946)</u>	<u>\$ (704)</u>	<u>\$ 435</u>
Cash and cash equivalents at end of period	<u>\$ 2,319</u>	<u>\$ 3,265</u>	<u>\$ 3,969</u>

*Cash Provided by Operating Activities.* Cash flows from operating activities increased \$939 million in 2019 primarily due to lower pension contributions, partially offset by higher tax payments, higher variable incentive compensation payments and lower net income (net of noncash items).

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 Used in Investing Activities.* Capital expenditures were 3% lower in 2019 primarily due to lower spending on aircraft and related equipment at FedEx Express, as well as lower spending related to facilities, equipment and vehicles and trailers at FedEx Ground, partially offset by increased spending related to facilities, equipment and vehicles and trailers at FedEx Express. 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. See “Capital Resources” below for a more detailed discussion of capital expenditures during 2019 and 2018.

*Financing Activities.* We issued various senior unsecured debt in 2019 and 2018. See Note 6 of the accompanying consolidated financial statements for more information on these issuances. We used the net proceeds of our 2019 debt issuances to redeem the \$750 million aggregate principal amount of 8.00% notes due January 15, 2019, pay the €500 million aggregate principal amount of floating-rate notes that matured on April 11, 2019 and for general corporate purposes. We utilized the net proceeds of our 2018 debt issuance for a voluntary incremental contribution to our U.S. Pension Plans in 2018.

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):

	2019			2018		
	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	6,640,000	\$ 222.94	\$ 1,480	4,282,800	\$ 237.45	\$ 1,017

On January 26, 2016, our Board of Directors approved a stock 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 stock repurchase program in Note 1 of the accompanying consolidated financial statements. As of May 31, 2019, 5.1 million shares remained under the current stock repurchase authorization.

### CAPITAL RESOURCES

Our operations are capital intensive, characterized by significant investments in aircraft, vehicles and trailers, 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):

	2019	2018	2017	Percent Change	
				2019/2018	2018/2017
Aircraft and related equipment	\$ 2,202	\$ 2,483	\$ 1,808	(11)	37
Package handling and ground support equipment	777	814	1,093	(5)	(26)
Vehicles and trailers	982	954	895	3	7
Information technology	751	600	594	25	1
Facilities and other	778	812	726	(4)	12
Total capital expenditures	\$ 5,490	\$ 5,663	\$ 5,116	(3)	11
FedEx Express segment	\$ 3,550	\$ 3,461	\$ 2,725	3	27
FedEx Ground segment	808	1,178	1,490	(31)	(21)
FedEx Freight segment	544	490	431	11	14
FedEx Services segment	528	477	416	11	15
Other	60	57	54	5	6
Total capital expenditures	\$ 5,490	\$ 5,663	\$ 5,116	(3)	11

Capital expenditures decreased slightly during 2019 primarily due to lower spending on aircraft and related equipment at FedEx Express, as well as lower spending related to facilities, equipment and vehicles and trailers at FedEx Ground, partially offset by increased spending related to facilities, equipment and vehicles and trailers at FedEx Express. Capital expenditures during 2018 were higher than the prior year primarily due to increased spending at FedEx Express for aircraft and related equipment, partially offset by lower spending related to package handling and ground support equipment at FedEx Ground.

### LIQUIDITY OUTLOOK

We believe that our cash and cash equivalents, which totaled \$2.3 billion at May 31, 2019, 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, TNT Express integration expenses and the remaining payments for the U.S.-based voluntary employee buyout program. Our cash and cash equivalents balance at May 31, 2019 includes \$1.1 billion of cash in foreign jurisdictions associated with our permanent reinvestment strategy. We are able to access the majority of this cash without a material tax cost, as the enactment of the TCJA significantly reduced the cost of repatriating foreign earnings from a U.S. tax perspective. We do not believe that the indefinite reinvestment of these funds impairs our ability to meet our U.S. domestic debt or working capital obligations.

Our capital expenditures are expected to be approximately \$5.9 billion in 2020. We anticipate that our cash flow from operations will be sufficient to fund our capital expenditures in 2020, which will include spending for aircraft and hub modernization at FedEx Express, investments that increase our efficiency in handling large packages at FedEx Ground and investments in technology across all transportation segments that will further optimize our networks and improve our competitiveness. We are making investments over multiple years in our facilities of approximately \$1.5 billion to significantly expand the FedEx Express Indianapolis hub and approximately \$1.5 billion to modernize the FedEx Express Memphis World Hub. We expect approximately 40% of capital expenditures in 2020 to be designated for growth initiatives. Our expected capital expenditures for 2020 include \$1.6 billion for delivery of aircraft and related equipment and progress payments toward future aircraft deliveries at FedEx Express.

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

During 2019, 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.

On June 24, 2019, FedEx Express exercised options to purchase an additional six B767F aircraft for delivery in 2022.

FedEx Express now has a total of 20 firm orders for B777F aircraft scheduled for delivery during 2020 through 2025 (one of which was delivered in June 2019) and a total of 59 firm orders for B767F aircraft for delivery during 2020 through 2023 (one of which was delivered in June 2019 and one in July 2019). 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.

During 2019, FedEx Express also acquired options to purchase an additional 14 B777F aircraft and an additional six B767F aircraft, and the delivery dates of 11 existing B777F option aircraft were rescheduled.

FedEx Express now has options to purchase a total of 25 B777F aircraft for delivery through 2028 and a total of 50 B767F aircraft for delivery through 2026.

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.

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

During the fourth quarter of 2019, we replaced our \$2.0 billion five-year revolving credit facility with a \$2.0 billion five-year credit agreement (the “Five-Year Credit Agreement”) and a \$1.5 billion 364-day credit agreement (the “364-Day Credit Agreement”) and, together with the Five-Year Credit Agreement, the “New Credit Agreements”). The Five-Year Credit Agreement expires in March 2024 and includes a \$250 million letter of credit sublimit. The 364-Day Credit Agreement expires in March 2020. The New Credit Agreements are available to finance our operations and other cash flow needs. The New Credit Agreements contain a financial covenant requiring us to maintain a ratio of debt to consolidated earnings (excluding noncash retirement plans MTM adjustments and noncash 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 2.25 to 1.0 at May 31, 2019. We believe this covenant is the only significant restrictive covenant in our New Credit Agreements. Our New Credit Agreements contain 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 in our New Credit Agreements 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 in our New Credit Agreements, 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 in our New Credit Agreements. We had a total of \$53 million in letters of credit outstanding at May 31, 2019, with \$197 million of the letter of credit sublimit unused under our revolving credit facility.

As of May 31, 2019, no commercial paper was outstanding.

For 2020, we anticipate making voluntary contributions of \$1.0 billion to our U.S. Pension Plans through available debt financing sources. 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 10, 2019, our Board of Directors declared a quarterly dividend of \$0.65 per share of common stock. The dividend was paid on July 8, 2019 to stockholders of record as of the close of business on June 24, 2019. 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, 2019. 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, 2019. We have certain contingent liabilities that are not accrued in our balance sheet in accordance with accounting principles generally accepted in the United States. These contingent liabilities are not included in the table below. We have other long-term liabilities reflected in our balance sheet, including deferred income taxes, qualified and nonqualified pension and postretirement healthcare plan liabilities and other self-insurance accruals. Unless statutorily required, the payment obligations associated with these liabilities are not reflected in the table below due to the absence of scheduled maturities. Accordingly, this table is not meant to represent a forecast of our total cash expenditures for any of the periods presented.

	Payments Due by Fiscal Year (Undiscounted)							Total
	(in millions)							
	2020	2021	2022	2023	2024	Thereafter		
<b>Operating activities:</b>								
Operating leases	\$ 2,497	\$ 2,263	\$ 2,028	\$ 1,779	\$ 1,486	\$ 8,062	\$ 18,115	
Non-capital purchase obligations and other	781	630	413	281	179	2,647	4,931	
Interest on long-term debt	620	609	609	580	558	9,951	12,927	
<b>Investing activities:</b>								
Aircraft and aircraft-related capital commitments	1,461	2,387	1,808	1,528	452	204	7,840	
Other capital purchase obligations	48	25	24	23	1	5	126	
<b>Financing activities:</b>								
Debt	961	—	1,217	1,590	750	13,190	17,708	
Total	<u>\$ 6,368</u>	<u>\$ 5,914</u>	<u>\$ 6,099</u>	<u>\$ 5,781</u>	<u>\$ 3,426</u>	<u>\$ 34,059</u>	<u>\$ 61,647</u>	

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, 2019. 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 (\$126 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 (\$38 million) is excluded from the table. See Note 12 of the accompanying consolidated financial statements for further information.

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

### Investing Activities

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

As of May 31, 2019, we had \$1.1 billion in deposits and progress payments on aircraft purchases and other planned aircraft-related transactions.

## *Financing Activities*

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

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

## **OTHER BUSINESS MATTERS**

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

## **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. In May 2018, we entered into an agreement with Metropolitan Life Insurance Company to purchase a group annuity contract representing the transfer of approximately \$6 billion of our U.S. Pension Plan obligations. The transaction transferred responsibility for pension benefits to Metropolitan Life Insurance Company for approximately 41,000 of our retirees and beneficiaries who satisfied certain conditions and were receiving a monthly benefit from participating U.S. Pension Plans. There was no change to the pension benefits for any plan participants as a result of this transaction. The purchase of the group annuity contract was funded directly by assets of the U.S. Pension Plans. The group annuity contract reduced the size of our U.S. Pension Plans, reduced our exposure to market risk and associated balance sheet volatility and eliminated the investment, administrative and Pension Benefit Guaranty Corporation (“PBGC”) premium expenses for approximately 41,000 retirees. We recognized a \$210 million one-time settlement loss in connection with this transaction, which was included in our 2018 year-end MTM retirement plans accounting adjustment.

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

	2019	2018	2017
Defined benefit pension plans	\$ 111	\$ 150	\$ 234
Defined contribution plans	561	527	480
Postretirement healthcare plans	75	74	76
Retirement plans mark-to-market loss (gain)	3,882	(10)	(24)
	<u>\$ 4,629</u>	<u>\$ 741</u>	<u>\$ 766</u>

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

	2019	2018	2017
Discount rate change	\$ 1,780	\$ (613)	\$ 266
Demographic experience:			
Current year actuarial loss	739	419	268
Change in future assumptions	887	(37)	182
Actual versus expected return on assets	476	11	(740)
Annuity contract purchase	—	210	—
Total mark-to-market loss (gain)	<u>\$ 3,882</u>	<u>\$ (10)</u>	<u>\$ (24)</u>

#### 2019

The weighted-average discount rate for all our pension and postretirement healthcare plans decreased from 4.11% at May 31, 2018 to 3.69% at May 31, 2019. The demographic experience in 2019 reflects updates to several forward-looking assumptions, including retirement rates, disability incidence rates and salary increase assumptions and a current-year actuarial loss due to unfavorable experience compared to various demographic assumptions. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 4.05% was lower than our expected return of 6.75%, as lower than expected equity returns negatively impacted return-seeking assets while fixed-income assets performed as expected due to declining interest rates.

#### 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 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 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, 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 experience in 2017 reflects an update in mortality tables for U.S. pension and other postemployment benefit plans .

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

Measurement Date	Discount Rate
5/31/2019	3.85%
5/31/2018	4.27
5/31/2017	4.08
5/31/2016	4.13



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 2019 PBO by approximately \$1.7 billion and a 50-basis-point decrease in the discount rate would have increased our 2019 PBO by approximately \$1.9 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 \$34 million effect on the fourth quarter MTM adjustment but only a net \$140,000 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 6.75% expected long-term rate of return on our U.S. Pension Plan assets in 2019 and 6.50% in 2018 and 2017. We increased our EROA assumption in 2019 to 6.75% as the decrease in the number of retirees in payment status due to the purchase of a group annuity contract in May 2018 (discussed above) is expected to reduce our short-term future 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 should 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 7.5%, net of all fees and expenses, for the 15-year period ended May 31, 2019. For our U.S. Pension Plans, a one basis-point change in our EROA would impact our 2020 pension expense by \$2.3 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):

	2019	2018
<i>Funded Status of Plans:</i>		
Projected benefit obligation (PBO)	\$ 28,855	\$ 24,820
Fair value of plan assets	24,898	23,566
Funded status of the plans	<u>\$ (3,957)</u>	<u>\$ (1,254)</u>
<i>Cash Amounts:</i>		
Cash contributions during the year	\$ 1,125	\$ 2,631
Benefit payments during the year	\$ 806	\$ 1,103

*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 2019 were approximately \$720 million, or 3.1% of plan assets). Benefit payments were lower in 2019 due to the annuity purchase in 2018 (discussed above).

Over the past several years, we have made voluntary contributions to our U.S. Pension Plans in excess of the minimum required contributions. For 2020, no pension contributions are required for our U.S. Pension Plans as they are fully funded under the Employee Retirement Income Security Act. However, we expect to make voluntary contributions of \$1.0 billion to these plans in 2020.

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

### **INCOME TAXES**

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

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

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

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

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's related interpretations, collect and prepare necessary data, and interpret any additional guidance, we may be required to 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 issue guidance and 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 \$3.0 billion at May 31, 2019 and \$2.7 billion at May 31, 2018. Approximately 35% of these accruals were classified as current liabilities.

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

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

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

***USEFUL LIVES AND SALVAGE VALUES***. Our business is capital intensive, with approximately 56% of our 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, 2019, the FedEx Express global air and ground network included a fleet of 681 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, 2019, we had two purchased aircraft that were 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, 2019, we had seven aircraft temporarily idled. These aircraft have been idled for an average of 23 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, 2019, 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, 2019 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 issued a new lease accounting standard. Based on the new lease accounting standard and our lease portfolio, we anticipate recognizing a lease liability and related right-of-use asset on the balance sheet of approximately \$14 billion, with an immaterial impact on our income statement compared to the current lease accounting model. These changes are effective 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, 2019, we had \$6.9 billion of recorded goodwill from our business acquisitions, representing the excess of the purchase price over the fair value of the net assets acquired. As of May 31, 2018, we had \$7.0 billion of recorded goodwill from our business acquisitions, representing the excess of the aggregate purchase price over the fair value of the net assets 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. 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. An entity has an unconditional option to bypass the qualitative assessment for any reporting unit and proceed directly to performing the quantitative goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. We performed both qualitative and quantitative assessments of goodwill as of May 31, 2019. This included 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.

Since the beginning of 2018, the financial reporting of TNT Express has been fully integrated into the FedEx Express segment and a separate reporting unit does not exist for this entity. While there are several factors negatively impacting near-term results at FedEx Express, including softening global economic conditions, a product mix shift to lower yielding services due in part to an increase in e-commerce traffic, and the timing and amount of TNT Express integration program expenses, FedEx Express continues to be an established profitable business with a fair value that significantly exceeds its carrying value based on our valuation performed during the fourth quarter of 2019. In addition, our other reporting units with significant recorded goodwill include FedEx Ground, FedEx Freight and FedEx Office (reported in the FedEx Services segment). We evaluated these reporting units during the fourth quarters of 2019 and 2018. The estimated fair value of each of these reporting units exceeded their carrying values as of the end of 2019 and 2018; therefore, we do not believe that any of these reporting units were impaired as of the balance sheet dates.

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.

#### **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. Certain 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 FACTORS**

A wide range of factors could materially adversely affect our business, results of operations, financial condition and the price of our common stock. The most significant of these factors include the following:

***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. In 2019, we saw a customer preference for slower, less costly shipping services. Additionally, during 2019 weakness in the global economy adversely affected our results of operations, and we expect such weakness to continue to be present during 2020.

***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 and we, our customers and third parties increasingly store and transmit data by means of connected information technology systems. 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. The technology infrastructure of acquired businesses, as well as their practices related to the use and maintenance of data, could also present issues that we were not able to identify prior to the acquisition.

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. 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.

A 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, require substantial repairs or replacements, resulting in significant costs, and lead to the temporary or permanent transfer by customers of some or all of their business to our competitors. The foregoing could harm our reputation and adversely impact our operations, customer service and results of operations. 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 (including, in some instances, class action 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") 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, including data localization laws that require data to stay within their borders. All of these evolving compliance and operational requirements, as well as the uncertain interpretation and enforcement of laws, 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 breach or disruption in the future. Additionally, while we have insurance coverage designed to address certain aspects of cyber risks in place, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

***Additional changes in international trade policies and relations could significantly reduce the volume of goods transported globally and adversely affect our business and results of operations.*** The U.S. government has made significant changes in U.S. trade policy and has taken certain actions that have negatively impacted 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. These actions contributed to weakness in the global economy that adversely affected our results of operations during 2019, and we expect such weakness to continue to be present during 2020. Any further changes in U.S. or international trade policy could trigger additional retaliatory actions by affected countries, resulting in “trade wars” and further 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. Political uncertainty surrounding international trade and other disputes could also have a negative effect on consumer confidence and spending. Such conditions could have an adverse effect on our business, results of operations and financial condition, as well as on the price of our common stock .

Additionally, the U.S. government has recently taken action to limit the ability of domestic companies to engage in commerce with certain foreign entities under certain circumstances. Given the nature of our business and our global recognizability, foreign governments may target FedEx by limiting the ability of foreign entities to do business with us in certain instances, imposing monetary or other penalties or taking other retaliatory action, which could have an adverse effect on our business, results of operations and financial condition, as well as on the price of our common stock.

***The failure to successfully integrate 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. Expected integration costs have increased significantly since the acquisition was completed, and parts of the integration have taken longer than initially expected. It is possible that the integration process could result in higher than currently 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 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, and modernizing certain TNT Express systems which suffered from underinvestment prior to the acquisition;
- integrating and restructuring the corporate entities;
- integrating workforces and consulting with works councils and employee representatives 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, terms and conditions of contracts of carriage, 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, delay or decrease the expected accretive effect of the acquisition and negatively impact the price of our common stock. The expected financial benefits of the acquisition may also be delayed or decreased by reductions in our base business levels due to economic weakness in Europe or other factors. 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. Further, we may not achieve the expected financial benefits from any costs incurred in addition to our integration program expenses related to investments to further transform and optimize the combined business.

***Failure to successfully implement our business strategy and effectively respond to changes in market dynamics will cause our future financial results to suffer.***

We are making significant investments and other decisions in connection with our long-term business strategy which includes our ability to meet the demands of e-commerce, such as aircraft fleet modernization and hub modernization and expansion at FedEx Express and expansion of FedEx Ground residential delivery operations to seven days per week year-round for the majority of the U.S. population. We are also implementing various cost-containment actions, including limited hiring and discretionary spending and a U.S.-based voluntary employee buyout program. Such initiatives and enhancements may require us to make significant capital expenditures. Additionally, in developing our business strategy, we make certain assumptions including, but not limited to, those related to customer demand and the mix of services to be purchased by our customers, competition and the global economy; and actual market, economic and other conditions may be different from our assumptions. As technology, customer behavior and market conditions continue to evolve, it is important that we maintain the relevance of our brand and service offerings to our customers. If we are not able to successfully implement our business strategy and effectively respond to changes in market dynamics, our future financial results will suffer.

***The United Kingdom's vote to leave the EU could adversely impact our business, results of operations and financial condition.*** There is substantial uncertainty surrounding the United Kingdom's 2016 vote to leave the EU ("Brexit"), which is scheduled for October 31, 2019. The suspension or further delay of Brexit beyond October 31, 2019 requires the unanimous agreement of all remaining EU member states. Any impact of Brexit depends on the terms of the United Kingdom's withdrawal from the EU, if it ultimately occurs. The ongoing uncertainty within the United Kingdom's government and Parliament on the status of a withdrawal agreement could lead to economic stagnation until an ultimate resolution with respect to Brexit occurs. Such uncertainty also sustains the possibility of a "hard Brexit," in which the United Kingdom leaves the EU without a withdrawal agreement and associated transition period in place. The outcome of recent European Parliament elections, and potentially the outcome of the July 2019 election to determine the next Prime Minister of the United Kingdom, could increase the likelihood of a hard Brexit. A hard Brexit would likely cause significant market and economic disruption and negatively impact customer experience and service quality, and could depress the demand for our services.

Even if an agreement setting forth the terms of the United Kingdom's withdrawal from the EU is approved, the withdrawal could result in a global economic downturn. The United Kingdom 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 United Kingdom 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 United Kingdom. Compliance with such regulations could be costly, negatively impacting our business, results of operations and financial condition. Brexit could also adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the euro and the British pound.

***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, accidents, catastrophes or incidents involving aircraft or vehicles operated by us, data breaches or technology infrastructure disruptions, 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 jet and vehicle 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. In addition, our purchased transportation expense may be impacted by fuel costs. 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, 2019, 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, economic sanctions imposed against oil-producing countries or specific industry participants, changes in governmental policy concerning 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 below-market 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 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 are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, which could in turn reduce our revenues and market share. For example, Amazon.com is investing significant capital to establish a network of hubs, aircraft and vehicles.

We believe we compete effectively with these companies — for example, by providing more reliable service at compensatory prices. However, the existence of an irrational pricing environment could 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 revenues and 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 customers, such as Amazon.com, further develop or expand internal capabilities for the services we provide, it will reduce our revenue and could negatively impact our financial condition and results of operations. News regarding such developments or expansions could also negatively impact the price of our common stock. 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 and enforcement are 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, export controls, additional security requirements, additional requirements on employees and benefits, environmental standards, tax reform and accounting may have an adverse effect on our operations, liquidity, capital requirements, effective tax rate and performance. For additional discussion, see Part I, Item 1 of this Annual Report on Form 10-K under the caption “Regulation.”

***We could be subject to adverse changes in regulations and interpretations or challenges to our tax positions relating to the TCJA.*** We are subject to taxation in the U.S. and numerous foreign jurisdictions. From time to time, changes in tax laws or regulations may be enacted that could significantly affect our overall tax liability. In December 2017, the United States government enacted comprehensive tax legislation through the TCJA, which significantly changed 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. As we continue our ongoing analysis of the TCJA’s related interpretations, collect and prepare necessary data, and interpret any additional guidance, we may be required to make adjustments to amounts that we have recorded that may adversely impact our results of operations and financial condition. For example, on January 15, 2019, the U.S. Treasury Department issued final regulations covering the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the TCJA. Certain guidance included in these final regulations is inconsistent with our interpretation that led to the recognition of benefits of \$233 million. If we are ultimately unsuccessful in defending our position with respect to our interpretation of the TCJA, we may be required to reverse these benefits. In addition, further legislative action could be taken to address questions or issues caused by the TCJA. State and foreign governments may also issue guidance and 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, the U.S., Asia and Australia over the past several years. Acquisitions involve special accounting, regulatory, compliance, information technology, human resources and other risks. 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.

***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 avoid having labor organizations organize 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, Inc. facility, our U.S. employees have thus far chosen not to unionize (we acquired FedEx Supply Chain in 2015, which already had a small number of employees who are members of unions). Additionally, certain of FedEx Express's non-U.S. employees are unionized, and a union has been certified to represent owner-drivers at a FedEx Freight Canada, Corp. facility.

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 on Form 10-K 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 and as direct employers of their drivers.

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 to the reimbursement of certain expenses and their drivers to certain wage payments from the owner-operators and FedEx Ground, and result in employment and withholding tax and benefit liability for FedEx Ground. 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 U.S. Postal Service (“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 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 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 (“FAA”) 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. High-profile accidents, catastrophes or incidents involving aircraft may trigger increased regulatory and legal compliance requirements. These requirements can be issued with little or no notice, or can otherwise impact our ability to efficiently or fully utilize our aircraft, and in some instances have resulted in the temporary grounding of aircraft types altogether. Further, our business may be adversely impacted when government agencies cease to operate as expected, including due to partial shutdowns, sequestrations or similar events, which may result in, among other things, disruption in the ability of government agencies to grant required regulatory approvals. For additional discussion, see Part I, Item 1 of this Annual Report on Form 10-K under the caption “Regulation.”

**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 vehicle 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. Increased regulation regarding GHG emissions, especially aircraft or vehicle 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 and have an adverse direct or indirect effect on our business, if instituted. For additional discussion of regulatory responses to climate change, including the Carbon Offsetting and Reduction Scheme for International Aviation and the Paris climate accord, see Part I, Item 1 of this Annual Report on Form 10-K under the caption “Regulation.”

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.

***Our failure to attract or retain employee talent or maintain our company culture could adversely impact our business.*** Our success depends upon the efforts and abilities of our high-quality employees, many of whom are longstanding FedEx team members. Difficulties in recruiting, motivating, rewarding and retaining employee talent, including successors to members of senior management, or the unexpected loss of such individuals resulting in the depletion of our institutional knowledge base, could have an adverse impact on our business, results of operations, reputation and the price of our common stock. Additionally, our company culture is important to providing high quality customer service and having a productive workforce and could be adversely affected by our growing operations and other factors. If we fail to maintain the strength of our company culture, our competitive ability and our business may be harmed.

***Increasing costs, the volatility of costs and funding requirements and other legal mandates for employee benefits, especially pension and healthcare benefits, could adversely impact our results of operations, financial condition and liquidity.*** 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 costs of providing pension and other retirement benefit plans are dependent on numerous assumptions, such as discount rates, expected long-term investment returns on plan assets, future salary increases, employee turnover, mortality, retirement ages, government regulations, and the frequency and amount of our required or voluntary contributions made to the plans. Changes in actuarial assumptions and differences between the assumptions and actual values, as well as significant declines in the value of investments that fund our pension and other postretirement plans, if not offset or mitigated by a decline in plan liabilities, could increase pension and other postretirement expense, and we could be required from time to time to fund the pension plans with significant amounts of cash. Such cash funding obligations could adversely affect our results of operations and liquidity. Additionally, the rules for pension and retirement benefit plan accounting are complex, involve numerous assumptions and can produce volatility in our results of operations, financial condition and liquidity. For example, our fourth quarter 2019 MTM retirement plans accounting adjustment resulted in a pre-tax noncash \$3.9 billion loss (\$3.0 billion, net of tax, or \$11.22 per diluted share) and reduced the funded status of our tax qualified U.S. domestic pension plans. For additional information on our MTM retirement plans accounting adjustment, see “Management’s Discussion and Analysis of Results of Operations and Financial Condition—Results of Operations and Outlook—Retirement Plans MTM Adjustments” and Note 13 of the accompanying consolidated financial statements.

***A higher than normal number of pilot retirements across the industry, increased flight hour requirements to achieve a commercial pilot’s license, reductions in the number of military pilots entering the commercial workforce and other factors have caused a shortage of pilots that could have an adverse effect on our business and results of operations.*** Large numbers of pilots in the industry are approaching the FAA’s mandatory retirement age of 65. Commencing in 2013, the minimum flight hour requirement to achieve a commercial pilot’s license in the United States increased from 250 to 1,500 hours, thereby significantly increasing the time and cost commitment required to become licensed to fly commercial aircraft. Additionally, the number of military pilots being trained by the U.S. armed forces and available as commercial pilots upon their retirement from military service has been decreasing. These and other factors have contributed to a shortage of qualified, entry-level pilots, and the companies with which we contract to fly smaller regional “feeder” aircraft are having difficulty attracting and retaining pilots. If the companies with which we contract become unable to hire adequate numbers of pilots to meet their needs, we could experience a reduction of service offered to certain locations, service disruptions, increased costs of operations and other difficulties that could have an adverse effect on our business and results of operations. Additionally, although we are not currently having difficulty staffing FedEx pilots to operate our primary FedEx Express fleet, such a difficulty may arise in the future, which could have an adverse effect on our business and results of operations.

***Our inability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography could adversely impact our business and results of operations.*** 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, terrorist attacks or other disturbances, actual or threatened. Additionally, shifts in weather patterns caused by climate change could increase the frequency, severity or duration of certain adverse weather conditions. Prolonged interruptions or disruptions at a key location such as our Memphis World Hub or one of our information-technology centers could adversely impact our business and results of operations. We also may 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 resulting in an adverse effect on our business and results of operations.

***Our autonomous delivery strategy is dependent upon our ability to successfully mitigate unique technological, operational and regulatory risks.*** In 2019 we announced the development through a partnership of an autonomous delivery device designed to help retailers make same-day and last-mile deliveries to their customers. Autonomous delivery is a new and evolving market, which makes it difficult to predict its acceptance, growth, the magnitude and timing of necessary investments and other trends. This aspect of our business strategy is subject to a variety of risks inherent with the development of new technologies, including: the ability to continue to develop autonomous delivery software and hardware; access to sufficient capital; our ability to develop and maintain necessary partnerships; risks related to the manufacture of autonomous devices; and significant competition from other companies, some of which may have more resources and capital to devote to autonomous technologies than we do.

In addition, we face risks related to the commercial deployment of autonomous delivery devices on our targeted timeline or at all, including consumer acceptance, achievement of adequate safety and other performance standards and compliance with uncertain, evolving and potentially conflicting federal and state regulations. To the extent accidents, cybersecurity breaches or other adverse events associated with our autonomous delivery devices occur, we could be subject to liability, government scrutiny, further regulation and reputational damage. Any of the foregoing could adversely impact our results of operations, financial condition and growth prospects.

***Volatility or disruption in the debt capital markets or our failure to maintain our current credit ratings and commercial paper ratings could adversely affect our liquidity, increase our interest expense and limit our financing options.*** Historically, we have relied on the public debt capital markets to fund portions of our capital investments and other expenditures and access to the commercial paper market as part of our working capital management strategy. Our continued access to these markets, and the terms of such access, depend on multiple factors including the condition of the debt capital markets, our operating performance and our credit ratings. 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." These ratings are based on a number of factors, including assessments of our financial strength and financial policies. If our credit ratings drop, our interest expense may increase and our access to financing may become limited. If our commercial paper ratings drop below current levels, we may have difficulty utilizing the commercial paper market. In addition, increased volatility or disruption in the debt capital markets could adversely affect our ability to refinance existing debt.

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

- changes in our ability to attract and retain drivers and package and freight 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, Canadian dollar, Australian 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 and other litigation, such as wage-and-hour, joint employment, securities and discrimination and retaliation claims, and any other legal or governmental proceedings, including the matters discussed in Note 18 of the accompanying consolidated financial statements;
- 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), with the union elected in 2015 to represent drivers at a FedEx Freight, Inc. facility in the U.S., and with the union certified in 2019 to represent owner-drivers at a FedEx Freight Canada, Corp. 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;
- stockholder activism, which could divert the attention of management and our board of directors from our business, hinder execution of our business strategy, give rise to perceived uncertainties as to our future and cause the price of our common stock to fluctuate significantly; and
- the alternative interest rates we are able to negotiate with counterparties pursuant to the relevant provisions of our credit agreements in the event the London Interbank Offered Rate or the euro interbank offered rate cease to exist and we make borrowings under the agreements.



## **FORWARD-LOOKING 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 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 PLANS ACCOUNTING ADJUSTMENT**

We are unable to predict the amount of the 2020 year-end MTM retirement plans accounting adjustment, as it is significantly impacted by changes in interest rates and the financial markets. For this reason, a full reconciliation of our 2020 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 2020 effective tax rate forecast prior to year-end MTM retirement plans 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 2020 year-end MTM retirement plans accounting adjustment, it is reasonably possible that such adjustment could have a material impact on our 2020 effective tax rate.

## **MANAGEMENT'S REPORT 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, 2019, 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, 2019.

The effectiveness of our internal control over financial reporting as of May 31, 2019, 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 Independent 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, 2019, 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, 2019, 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, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in common stockholders' investment and cash flows for each of the three years in the period ended May 31, 2019, and the related notes and our report dated July 16, 2019 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, 2019

## 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, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in common stockholders' investment and cash flows for each of the three years in the period ended May 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2019, 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, 2019, 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, 2019 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, 2019

**FEDEX CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**(IN MILLIONS)**

	May 31,	
	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,319	\$ 3,265
Receivables, less allowances of \$300 and \$401	9,116	8,481
Spare parts, supplies and fuel, less allowances of \$335 and \$268	553	525
Prepaid expenses and other	1,098	1,070
Total current assets	13,086	13,341
<b>PROPERTY AND EQUIPMENT, AT COST</b>		
Aircraft and related equipment	22,793	20,749
Package handling and ground support equipment	10,409	9,727
Information technology	6,268	5,794
Vehicles and trailers	8,339	7,708
Facilities and other	11,702	11,143
	59,511	55,121
Less accumulated depreciation and amortization	29,082	26,967
Net property and equipment	30,429	28,154
<b>OTHER LONG-TERM ASSETS</b>		
Goodwill	6,884	6,973
Other assets	4,004	3,862
Total other long-term assets	10,888	10,835
	\$ 54,403	\$ 52,330

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

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

	May 31,	
	2019	2018
<b>LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 964	\$ 1,342
Accrued salaries and employee benefits	1,741	2,177
Accounts payable	3,030	2,977
Accrued expenses	3,278	3,131
Total current liabilities	9,013	9,627
LONG-TERM DEBT, LESS CURRENT PORTION	16,617	15,243
<b>OTHER LONG-TERM LIABILITIES</b>		
Deferred income taxes	2,821	2,867
Pension, postretirement healthcare and other benefit obligations	5,095	2,187
Self-insurance accruals	1,899	1,784
Deferred lease obligations	531	551
Deferred gains, principally related to aircraft transactions	99	121
Other liabilities	571	534
Total other long-term liabilities	11,016	8,044
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>COMMON STOCKHOLDERS' INVESTMENT</b>		
Common stock, \$0.10 par value; 800 million shares authorized; 318 million shares issued as of May 31, 2019 and 2018	32	32
Additional paid-in capital	3,231	3,117
Retained earnings	24,648	24,823
Accumulated other comprehensive loss	(865)	(578)
Treasury stock, at cost	(9,289)	(7,978)
Total common stockholders' investment	17,757	19,416
	<u>\$ 54,403</u>	<u>\$ 52,330</u>

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,		
	2019	2018	2017
REVENUES	\$ 69,693	\$ 65,450	\$ 60,319
OPERATING EXPENSES:			
Salaries and employee benefits	24,776	23,795	21,989
Purchased transportation	16,654	15,101	13,630
Rentals and landing fees	3,360	3,361	3,240
Depreciation and amortization	3,353	3,095	2,995
Fuel	3,889	3,374	2,773
Maintenance and repairs	2,834	2,622	2,374
Business realignment costs	320	—	—
Goodwill and other asset impairment charges	—	380	—
Other	10,041	9,450	8,752
	<u>65,227</u>	<u>61,178</u>	<u>55,753</u>
OPERATING INCOME	4,466	4,272	4,566
OTHER (EXPENSE) INCOME:			
Interest expense	(588)	(558)	(512)
Interest income	59	48	33
Other retirement plans (expense) income	(3,251)	598	471
Other, net	(31)	(7)	21
	<u>(3,811)</u>	<u>81</u>	<u>13</u>
INCOME BEFORE INCOME TAXES	655	4,353	4,579
PROVISION FOR INCOME TAXES (BENEFIT)	115	(219)	1,582
NET INCOME	<u>\$ 540</u>	<u>\$ 4,572</u>	<u>\$ 2,997</u>
BASIC EARNINGS PER COMMON SHARE	<u>\$ 2.06</u>	<u>\$ 17.08</u>	<u>\$ 11.24</u>
DILUTED EARNINGS PER COMMON SHARE	<u>\$ 2.03</u>	<u>\$ 16.79</u>	<u>\$ 11.07</u>

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,		
	2019	2018	2017
NET INCOME	\$ 540	\$ 4,572	\$ 2,997
OTHER COMPREHENSIVE LOSS:			
Foreign currency translation adjustments, net of tax benefit of \$29 in 2019, tax expense of \$16 in 2018 and tax expense of \$52 in 2017	(195)	(74)	(171)
Amortization of prior service credit and other, net of tax benefits of \$28 in 2019, \$37 in 2018 and \$43 in 2017	(92)	(89)	(75)
	(287)	(163)	(246)
COMPREHENSIVE INCOME	\$ 253	\$ 4,409	\$ 2,751

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,		
	2019	2018	2017
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 540	\$ 4,572	\$ 2,997
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	3,353	3,095	2,995
Provision for uncollectible accounts	295	246	136
Deferred income taxes and other noncash items	(233)	(231)	909
Stock-based compensation	174	167	154
Retirement plans mark-to-market adjustment	3,882	(10)	(24)
Gain from sale of business	(8)	(85)	—
Gain from sale of investment	—	—	(35)
Business realignment costs	101	—	—
Goodwill and other asset impairment charges	—	380	—
Changes in assets and liabilities:			
Receivables	(873)	(1,049)	(556)
Other current assets	(25)	(135)	78
Pension and postretirement healthcare assets and liabilities, net	(909)	(2,345)	(1,688)
Accounts payable and other liabilities	(571)	141	103
Other, net	(113)	(72)	(139)
Cash provided by operating activities	5,613	4,674	4,930
<b>INVESTING ACTIVITIES</b>			
Capital expenditures	(5,490)	(5,663)	(5,116)
Business acquisitions, net of cash acquired	(66)	(179)	—
Proceeds from sale of business	—	123	—
Proceeds from asset dispositions and other	83	42	135
Cash used in investing activities	(5,473)	(5,677)	(4,981)
<b>FINANCING ACTIVITIES</b>			
Principal payments on debt	(1,436)	(38)	(82)
Proceeds from debt issuances	2,463	1,480	1,190
Proceeds from stock issuances	101	327	337
Dividends paid	(683)	(535)	(426)
Purchase of treasury stock	(1,480)	(1,017)	(509)
Other, net	(4)	10	18
Cash (used in) provided by financing activities	(1,039)	227	528
Effect of exchange rate changes on cash	(47)	72	(42)
Net (decrease) increase in cash and cash equivalents	(946)	(704)	435
Cash and cash equivalents at beginning of period	3,265	3,969	3,534
Cash and cash equivalents at end of period	<u>\$ 2,319</u>	<u>\$ 3,265</u>	<u>\$ 3,969</u>

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

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
<b>Balance at May 31, 2016</b>	\$ 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
<b>Balance at May 31, 2017</b>	<b>32</b>	<b>3,005</b>	<b>20,833</b>	<b>(415)</b>	<b>(7,382)</b>	<b>16,073</b>
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
<b>Balance at May 31, 2018</b>	<b>32</b>	<b>3,117</b>	<b>24,823</b>	<b>(578)</b>	<b>(7,978)</b>	<b>19,416</b>
Net income	—	—	540	—	—	540
Other comprehensive loss, net of tax of \$57	—	—	—	(287)	—	(287)
Purchase of treasury stock (6.6 million shares)	—	—	—	—	(1,480)	(1,480)
Cash dividends declared (\$2.60 per share)	—	—	(683)	—	—	(683)
Employee incentive plans and other (1.3 million shares issued)	—	114	(32)	—	169	251
<b>Balance at May 31, 2019</b>	<b>\$ 32</b>	<b>\$ 3,231</b>	<b>\$ 24,648</b>	<b>\$ (865)</b>	<b>\$ (9,289)</b>	<b>\$ 17,757</b>

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

**FEDEX CORPORATION**  
**NOTES TO 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 North American 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) and other business units. 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, 2019 or ended May 31 of the year referenced.

*RECLASSIFICATIONS.* Certain reclassifications have been made to the prior years’ consolidated financial statements to conform to the current year’s presentation.

*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.*

*Satisfaction of Performance Obligation*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the basis of revenue recognition in accordance with U.S. generally accepted accounting principles (“GAAP”). To determine the proper revenue recognition method for contracts, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. For most of our contracts, the customer contracts with us to provide distinct services within a single contract, such as transportation services. The majority of our contracts with customers for transportation services include only one performance obligation, the transportation services themselves. However, if a contract is separated into more than one performance obligation, we allocate the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. We frequently sell standard transportation services with observable standalone sales prices. In these instances, the observable standalone sales are used to determine the standalone selling price.

For transportation services, revenue is recognized over time as we perform the services in the contract because of the continuous transfer of control to the customer. Our customers receive the benefit of our services as the goods are transported from one location to another. If we were unable to complete delivery to the final location, another entity would not need to reperform the transportation service already performed. As control transfers over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We use the cost-to-cost measure of progress for our package delivery contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including ancillary or accessorial fees and reductions for estimated customer incentives, are recorded proportionally as costs are incurred. Costs to fulfill include labor and other direct costs and an allocation of indirect costs. For our freight and freight forwarding contracts, an output method of progress based on time-in-transit is utilized as the timing of costs incurred does not best depict the transfer of control to the customer.

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We also provide customized customer-specific solutions, such as supply chain management solutions and inventory and service parts logistics, through which we provide the service of integrating a complex set of tasks and components into a single capability. For these arrangements, the majority of which are conducted by our FedEx Logistics, Inc. ("FedEx Logistics" (formerly FedEx Trade Networks, Inc.)) operating segment, the entire contract is accounted for as one performance obligation. For these performance obligations, we typically have a right to consideration from customers in an amount that corresponds directly with the value to the customers of our performance completed to date, and as such we recognize revenue in the amount to which we have a right to invoice the customer.

*Contract Modification*

Contracts are often modified to account for changes in the rates we charge our customers or to add additional distinct services. We consider contract modifications to exist when the modification either creates new enforceable rights and obligations or alters the existing arrangement. Contract modifications that add distinct goods or services are treated as separate performance obligations. Contract modifications that do not add distinct goods or services typically change the price of existing services. These contract modifications are accounted for prospectively as the remaining performance obligations are executed.

*Variable Consideration*

Certain contracts contain customer incentives, guaranteed service refunds and other provisions that can either increase or decrease the transaction price. These incentives are generally awarded based upon achieving certain performance metrics. We estimate variable consideration as the most likely amount to which we expect to be entitled. We include estimated amounts of revenue, which may be reduced by incentives or other contract provisions, in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based on an assessment of anticipated customer spending and all information (historical, current and forecasted) that is reasonably available to us.

*Principal vs. Agent Considerations*

Transportation services are provided with the use of employees and independent businesses that contract with FedEx. GAAP requires us to evaluate whether our businesses themselves promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. Based on our evaluation of the control model, we determined that FedEx is the principal to the transaction for most of these services and revenue is recognized on a gross basis based on the transfer of control to the customer. Costs associated with independent businesses providing transportation services are recognized as incurred and included in the caption "Purchased transportation" in the consolidated statements of income.

Our contract logistics, global trade services and certain transportation businesses engage in certain 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.

*Contract Assets and Liabilities*

Contract assets include billed and unbilled amounts resulting from in-transit packages, as we have an unconditional right to payment only once all performance obligations have been completed (e.g., packages have been delivered). Contract assets are generally classified as current and the full balance is converted each quarter based on the short-term nature of the transactions. Our contract liabilities consist of advance payments and billings in excess of revenue. The full balance of deferred revenue is converted each quarter based on the short-term nature of the transactions.

Gross contract assets related to in-transit packages totaled \$533 million and \$542 million at May 31, 2019 and May 31, 2018, respectively. Contract assets net of deferred unearned revenue were \$364 million and \$363 million at May 31, 2019 and May 31, 2018, respectively. Contract assets are included within current assets in the accompanying consolidated balance sheets. Contract liabilities related to advance payments from customers were \$11 million and \$13 million at May 31, 2019 and May 31, 2018, respectively. Contract liabilities are included within current liabilities in the accompanying consolidated balance sheets.

*Payment terms*

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. Under the typical payment terms of our customer contracts, the customer pays at periodic intervals (e.g., every 15 days, 30 days, 45 days, etc.) for shipments included on invoices received. It is not customary business practice to extend payment terms past 90 days, and as such, we do not have a practice of including a significant financing component within our revenue contracts with customers.

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*Disaggregation of Revenue*

See Note 14 for disclosure of disaggregated revenues for the periods ended May 31. This presentation is consistent with how we organize our segments internally for making operating decisions and measuring performance.

**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 conditions. 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 \$468 million in 2019, \$442 million in 2018 and \$458 million in 2017.

**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):

	Range	Net Book Value at May 31,	
		2019	2018
Wide-body aircraft and related equipment	15 to 30 years	\$ 11,975	\$ 10,463
Narrow-body and feeder aircraft and related equipment	5 to 18 years	2,696	2,908
Package handling and ground support equipment	3 to 30 years	4,157	4,028
Information technology	2 to 10 years	1,553	1,277
Vehicles and trailers	3 to 15 years	4,042	3,747
Facilities and other	2 to 40 years	6,006	5,731

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 \$3.4 billion in 2019, \$3.1 billion in 2018 and \$2.9 billion in 2017. Depreciation and amortization expense includes amortization of assets under capital lease.

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*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 \$64 million in 2019, \$61 million in 2018 and \$41 million in 2017.

*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, 2019, we had seven aircraft temporarily idled. These aircraft have been idled for an average of 23 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 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.

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*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 sheets 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 and trailers 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. 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.

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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 for any period presented. 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 each period presented. 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”) 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, and a union has been certified to represent owner-drivers at a FedEx Freight Canada, Corp. facility.

*STOCK-BASED COMPENSATION.* The accounting guidance related to share-based payments requires recognition of compensation expense for stock-based awards using a fair value method. 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. 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 stock repurchase program of up to 25 million shares. During 2019, we repurchased 6.6 million shares of FedEx common stock at an average price of \$222.94 per share for a total of \$1.5 billion. As of May 31, 2019, 5.1 million shares remained under the stock 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 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. 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.

*DIVIDENDS DECLARED PER COMMON SHARE.* On June 10, 2019, our Board of Directors declared a quarterly dividend of \$0.65 per share of common stock. The dividend was paid on July 8, 2019 to stockholders of record as of the close of business on June 24, 2019. 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. 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.



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*BUSINESS REALIGNMENT COSTS* . In December 2018, we announced cost-reduction programs primarily through initiatives at FedEx Services and FedEx Express in response to current business and economic conditions that include d the following:

- A U.S.-based voluntary employee buyout program for eligible employees;
- Limited hiring in staff functions; and
- Reductions in discretionary spending.

During 2019, we conducted a program to offer voluntary cash buyouts to eligible U.S.-based employees in certain staff functions. The U.S.-based voluntary employee buyout program includes voluntary severance payments and funding to healthcare reimbursement accounts, with the voluntary severance payment calculated based on four weeks of gross base salary for every year of continuous service up to a maximum payment of two years of pay. This program was completed in the fourth quarter of 2019, and approximately 1,500 employees have left or will be leaving during 2020. Costs of the benefits provided under the U.S.-based voluntary employee buyout program were recognized as special termination benefits in the period that eligible employees accepted their offers.

We incurred costs of \$320 million (\$243 million, net of tax, or \$0.91 per diluted share) during 2019 associated with our business realignment activities. These costs related primarily to severance for employees who accepted voluntary buyouts in the third and fourth quarters of 2019. Payments are made at the time of departure. Approximately \$220 million was paid under this program during 2019. The cost of the U.S.-based voluntary employee buyout program is included in the caption “Business realignment costs” in our consolidated statements of income. Also included in that caption are other incremental, external costs directly attributable to our business realignment activities, such as professional fees.

*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.

*Recently Adopted Accounting Standards*

In 2014, the Financial Accounting Standards Board (“FASB”) and International Accounting Standards Board issued a new accounting standard that supersedes virtually all existing revenue recognition guidance under GAAP. 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 adopted this standard as of June 1, 2018 (fiscal 2019) using the modified retrospective method of adoption as permitted by the standard. The new guidance did not have an impact on our revenue recognition policies, practices or systems; therefore, there was no cumulative-effect adjustment to retained earnings as of June 1, 2018.

In March 2017, the FASB issued an Accounting Standards Update (ASU 2017-07) 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 impacts our operating income but has no impact on our net income or earnings per share. We adopted this standard effective June 1, 2018 (fiscal 2019) and applied these changes retrospectively. As such, prior year financial results are recast to conform to these new rules.

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The following table presents our results under our historical method of accounting and as adjusted to reflect our adoption of ASU 2017-07 (in millions):

	May 31, 2018			May 31, 2017		
	Reported	Effect of Adoption of ASU 2017-07	As Adjusted	Reported	Effect of Adoption of ASU 2017-07	As Adjusted
Revenue	\$ 65,450	\$ —	\$ 65,450	\$ 60,319	\$ —	\$ 60,319
Operating income	4,870	(598)	4,272	5,037	(471)	4,566
Other income (expense), net	(517)	598	81	(458)	471	13
Net income	<u>4,572</u>	<u>—</u>	<u>4,572</u>	<u>2,997</u>	<u>—</u>	<u>2,997</u>

In August 2018, the FASB issued an Accounting Standards Update (ASU 2018-14) that modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement benefit plans. The guidance removes disclosures that are no longer considered cost beneficial, clarifies the specific requirements of disclosures and adds disclosure requirements identified as relevant. This new guidance had a minimal impact on our financial reporting. We adopted these new rules in the fourth quarter of 2019 and applied them retrospectively.

*New Accounting Standards and Accounting Standards Not Yet Adopted*

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. The new standard will also require disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements as well as additional information about the amounts recorded in the financial statements.

We are adopting the new leasing standard using a modified retrospective transition method as of the beginning of the period of adoption; therefore, we will not adjust the comparative periods presented but will record a cumulative effect adjustment to retained earnings effective as of June 1, 2019. We will elect the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical accounting relating to lease identification and classification for existing leases upon adoption and to not separate lease and non-lease components for certain classes of assets. We will make an accounting policy election not to recognize leases with an initial term of 12 months or less on the consolidated balance sheets.

Based on our lease portfolio, we anticipate recognizing a lease liability and related right-of-use asset on our balance sheet of approximately \$14 billion, with an immaterial impact on our income statement compared to the current lease accounting model. In addition, we expect to de-recognize existing deferred gains on sale leasebacks of aircraft of approximately \$56 million as a cumulative-effect adjustment to retained earnings effective as of June 1, 2019. The majority of our existing lease arrangements are classified as operating leases, which will continue to be classified as operating under the new standard. In connection with the adoption of these new rules, we implemented changes to our policies, processes, information systems and internal controls to ensure we meet the standard's reporting and disclosure requirements.

In June 2016, the FASB issued an Accounting Standards Update (ASU 2016-13) that changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. These changes will be effective June 1, 2020 (fiscal 2021). We are assessing the impact of this new standard on our consolidated financial statements and related disclosures.

In February 2018, the FASB issued an Accounting Standards Update (ASU 2018-02) that will permit companies to reclassify the income tax effect of the Tax Cuts and Jobs Act ("TCJA") on items within AOCI to retained earnings. We are adopting this standard as of June 1, 2019 (fiscal 2020) and are electing to reclassify these tax effects, which are immaterial to our financial statements.

In August 2018, the FASB issued an Accounting Standards Update (ASU 2018-15) that reduces the complexity for accounting for costs of implementing a cloud computing service arrangement and aligns the accounting for capitalizing implementation costs of hosting arrangements, regardless of whether they convey a license to the hosted software. These changes will be effective June 1, 2020 (fiscal 2021). We are assessing the impact of this new standard on our consolidated financial statements and related disclosures.

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**NOTE 3: BUSINESS COMBINATIONS**

On May 1, 2019, we acquired the international express division of FC (Flying Cargo) Express Ltd. (“Flying Cargo”) for \$67 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 Express 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 1, 2018, we acquired the controlling interest in an existing joint venture with Swiss Post, which operates a Swiss-wide transport system with connections to TNT Express’s global network. The controlling interest was acquired through the noncash contribution of a complementary Swiss business into the venture, resulting in the recognition of an immaterial gain. The majority of the purchase price was allocated to goodwill and other intangibles. The financial results of this acquired business are included in the FedEx Express 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 March 23, 2018, we acquired P2P Mailing Limited (“P2P”), 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 Logistics 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. (“Northwest Research”), 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.

**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, 2017	\$ 4,953	\$ 827	\$ 764	\$ 1,525	\$ 395	\$ 8,464
Accumulated impairment charges	—	—	(133)	(1,177)	—	(1,310)
<b>Balance as of May 31, 2017</b>	<b>4,953</b>	<b>827</b>	<b>631</b>	<b>348</b>	<b>395</b>	<b>7,154</b>
Goodwill acquired (1)	76	14	3	—	32	125
Purchase adjustments and other (2)	71	(1)	—	—	(2)	68
Impairment charges (3)	—	—	—	—	(374)	(374)
<b>Balance as of May 31, 2018</b>	<b>5,100</b>	<b>840</b>	<b>634</b>	<b>348</b>	<b>51</b>	<b>6,973</b>
Goodwill acquired (4)	126	—	—	—	—	126
Purchase adjustments and other (2)	(210)	—	—	—	(5)	(215)
<b>Balance as of May 31, 2019</b>	<b>\$ 5,016</b>	<b>\$ 840</b>	<b>\$ 634</b>	<b>\$ 348</b>	<b>\$ 46</b>	<b>\$ 6,884</b>
<b>Accumulated goodwill impairment charges as of May 31, 2019</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (133)</b>	<b>\$ (1,177)</b>	<b>\$ (374)</b>	<b>\$ (1,684)</b>

- (1) Goodwill acquired relates to the acquisitions of Northwest Research and P2P. See Note 3 for more information.
- (2) Primarily purchase price allocation-related adjustments, currency translation adjustments and acquired goodwill related to immaterial acquisitions.
- (3) Impairment charges related to the goodwill impairment of FedEx Supply Chain described below.
- (4) Goodwill acquired relates to the acquisitions of Flying Cargo and the controlling interest in an existing joint venture with Swiss Post. See Note 3 for more information.

Our 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 quarter of 2019. The estimated fair value of each of these reporting units exceeded their carrying values in 2019, and we do not believe that any of these reporting units were impaired as of May 31, 2019.

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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 2019, 2018 or 2017.

*OTHER INTANGIBLE ASSETS.* The summary of our intangible assets and related accumulated amortization at May 31, 2019 and 2018 is as follows (in millions):

	2019			2018		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	\$ 685	\$ (293)	\$ 392	\$ 676	\$ (250)	\$ 426
Technology	66	(51)	15	68	(39)	29
Trademarks and other	137	(128)	9	141	(116)	25
Total	\$ 888	\$ (472)	\$ 416	\$ 885	\$ (405)	\$ 480

Amortization expense for intangible assets was \$82 million in 2019, \$87 million in 2018 and \$91 million in 2017.

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

2020	\$ 64
2021	52
2022	45
2023	43
2024	42

**NOTE 5: SELECTED CURRENT LIABILITIES**

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

	2019	2018
Accrued Salaries and Employee Benefits		
Salaries	\$ 425	\$ 498
Employee benefits, including variable compensation	552	933
Compensated absences	764	746
	\$ 1,741	\$ 2,177
Accrued Expenses		
Self-insurance accruals	\$ 1,104	\$ 957
Taxes other than income taxes	304	334
Other	1,870	1,840
	\$ 3,278	\$ 3,131

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**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, 2019, are as follows (in millions):

	Interest Rate%	Maturity	May 31,	
			2019	2018
Senior unsecured debt:	8.00	2019	\$ —	\$ 750
	2.30	2020	400	399
	3.40	2022	497	—
	2.625-2.70	2023	747	746
	4.00	2024	746	746
	3.20	2025	696	695
	3.25	2026	745	744
	3.30	2027	446	445
	3.40	2028	495	495
	4.20	2029	396	—
	4.90	2034	495	495
	3.90	2035	494	493
	3.875-4.10	2043	984	983
	5.10	2044	742	742
	4.10	2045	641	640
	4.55-4.75	2046	2,460	2,459
	4.40	2047	735	735
	4.05	2048	986	986
	4.95	2049	835	—
	4.50	2065	246	246
	7.60	2098	237	237
Euro senior unsecured debt:	floating-rate	2019	—	582
	0.50	2020	559	581
	0.70	2022	713	—
	1.00	2023	836	869
	1.625	2027	1,387	1,442
<b>Total senior unsecured debt</b>			<b>17,518</b>	<b>16,510</b>
Other debt			1	4
Capital lease obligations			62	71
			<b>17,581</b>	<b>16,585</b>
Less current portion			964	1,342
			<b>\$ 16,617</b>	<b>\$ 15,243</b>

Interest on our U.S. dollar fixed-rate notes is paid semi-annually. Interest on our euro fixed-rate notes is paid annually. The weighted average interest rate on long-term debt was 3.5% as of May 31, 2019. Long-term debt, including current maturities and exclusive of capital leases, had estimated fair values of \$17.8 billion at May 31, 2019 and \$16.6 billion at May 31, 2018. 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 Securities and Exchange Commission (“SEC”) that allows us to sell, in one or more future offerings, any combination of our unsecured debt securities and common stock.

During January 2019, we issued \$1.2 billion of senior unsecured debt under our current shelf registration statement, comprised of €640 million of 0.7% fixed-rate notes due in May 2022 and \$500 million of 3.4% fixed-rate notes due in January 2022. We used the net proceeds to pay the €500 million aggregate principal amount of floating-rate notes that matured on April 11, 2019, and for general corporate purposes.

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During October 2018, we issued \$1.25 billion of senior unsecured debt under our current shelf registration statement, comprised of \$400 million of 4.20% fixed-rate notes due in October 2028 and \$850 million of 4.95% fixed-rate notes due in October 2048. We used the net proceeds to redeem the \$750 million aggregate principal amount of 8.00% notes due January 15, 2019, and for general corporate purposes.

During the fourth quarter of 2019, we replaced our \$2.0 billion five-year revolving credit facility with a \$2.0 billion five-year credit agreement (the “Five-Year Credit Agreement”) and a \$1.5 billion 364-day credit agreement (the “364-Day Credit Agreement”) and, together with the Five-Year Credit Agreement, the “New Credit Agreements”). The Five-Year Credit Agreement expires in March 2024 and includes a \$250 million letter of credit sublimit. The 364-Day Credit Agreement expires in March 2020. The New Credit Agreements are available to finance our operations and other cash flow needs. The New Credit Agreements contain a financial covenant requiring us to maintain a ratio of debt to consolidated earnings (excluding noncash retirement plans MTM adjustments and noncash 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 2.25 to 1.0 at May 31, 2019. We believe this covenant is the only significant restrictive covenant in our New Credit Agreements. Our New Credit Agreements contain 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 in our New Credit Agreements 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 in our New Credit Agreements, our access to financing could become limited. We had a total of \$53 million in letters of credit outstanding at May 31, 2019, with \$197 million of the letter of credit sublimit unused under our revolving credit facility.

As of May 31, 2019, no commercial paper was outstanding.

**NOTE 7: LEASES**

We utilize certain aircraft, land, facilities, retail locations and equipment under capital and operating leases that expire at various dates through 2051. We leased 6% of our total aircraft fleet under operating leases as of May 31, 2019 and 7% as of May 31, 2018. 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):

	2019	2018	2017
Minimum rentals	\$ 2,875	\$ 2,913	\$ 2,814
Contingent rentals (1)	222	194	178
	<u>\$ 3,097</u>	<u>\$ 3,107</u>	<u>\$ 2,992</u>

(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, 2019 is as follows (in millions):

	Operating Leases		
	Aircraft and Related Equipment	Facilities and Other	Total Operating Leases
2020	\$ 288	\$ 2,209	\$ 2,497
2021	230	2,033	2,263
2022	212	1,816	2,028
2023	154	1,625	1,779
2024	58	1,428	1,486
Thereafter	85	7,977	8,062
Total	<u>\$ 1,027</u>	<u>\$ 17,088</u>	<u>\$ 18,115</u>

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, 2019 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.

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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, 2019, 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):

	2019	2018	2017
<b>Foreign currency translation loss:</b>			
Balance at beginning of period	\$ (759)	\$ (685)	\$ (514)
Translation adjustments	(195)	(74)	(171)
Balance at end of period	<u>(954)</u>	<u>(759)</u>	<u>(685)</u>
<b>Retirement plans adjustments:</b>			
Balance at beginning of period	181	270	345
Prior service credit and other arising during period	—	(4)	1
Reclassifications from AOCI	(92)	(85)	(76)
Balance at end of period	<u>89</u>	<u>181</u>	<u>270</u>
Accumulated other comprehensive loss at end of period	<u>\$ (865)</u>	<u>\$ (578)</u>	<u>\$ (415)</u>

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
	2019	2018	2017	
Amortization of retirement plans prior service credits, before tax	\$ 120	\$ 121	\$ 120	Salaries and employee benefits
Income tax benefit	(28)	(36)	(44)	Provision for income taxes
AOCI reclassifications, net of tax	<u>\$ 92</u>	<u>\$ 85</u>	<u>\$ 76</u>	Net income

**NOTE 10: STOCK-BASED COMPENSATION**

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

	2019	2018	2017
Stock-based compensation expense	\$ 174	\$ 167	\$ 154

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.

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*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 requisite service period or the stated vesting period.

*ASSUMPTIONS.* 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 table includes 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, followed by a discussion of our methodology for developing each of the assumptions used in the valuation model:

	2019	2018	2017
Weighted-average Black-Scholes value	\$ 61.42	\$ 55.72	\$ 43.99
Intrinsic value of options exercised	\$ 122	\$ 359	\$ 274
<b>Black-Scholes Assumptions:</b>			
Expected lives	6.4 years	6.5 years	6.5 years
Expected volatility	21%	23%	25%
Risk-free interest rate	2.94%	2.07%	1.64%
Dividend yield	0.935%	0.796%	0.719%

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 regarding stock option activity for the year ended May 31, 2019:

	Stock Options			
	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions) <sup>(1)</sup>
Outstanding at June 1, 2018	12,984,917	\$ 147.98		
Granted	2,383,158	244.16		
Exercised	(1,112,160)	91.01		
Forfeited	(633,400)	212.85		
Outstanding at May 31, 2019	13,622,515	\$ 166.89	6.1	\$ 260
Exercisable	8,344,344	\$ 134.70	4.8	\$ 260
Expected to vest	4,950,924	\$ 217.78	8.3	\$ —
Available for future grants	13,894,509			

<sup>(1)</sup> Only presented for options with market value at May 31, 2019 in excess of the exercise price of the option.

The options granted during 2019 are primarily related to our principal annual stock option grant in June 2018.



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The following table summarizes information regarding vested and unvested restricted stock for the year ended May 31, 2019:

	<b>Restricted Stock</b>	
	<b>Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>
Unvested at June 1, 2018	337,590	\$ 185.16
Granted	149,579	253.28
Vested	(153,734)	180.65
Forfeited	(8,957)	218.08
Unvested at May 31, 2019	324,478	\$ 217.76

During the year ended May 31, 2018, there were 155,624 shares of restricted stock granted with a weighted-average fair value of \$212.60 per share. 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.

Stock option vesting during the years ended May 31 was as follows:

	<b>Stock Options</b>	
	<b>Vested during the year</b>	<b>Fair value (in millions)</b>
2019	2,249,301	\$ 115
2018	2,465,493	112
2017	2,427,837	104

As of May 31, 2019, there was \$221 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, 2019 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):

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Basic earnings per common share:</b>			
Net earnings allocable to common shares (1)	\$ 539	\$ 4,566	\$ 2,993
Weighted-average common shares	262	267	266
<b>Basic earnings per common share</b>	<b>\$ 2.06</b>	<b>\$ 17.08</b>	<b>\$ 11.24</b>
<b>Diluted earnings per common share:</b>			
Net earnings allocable to common shares (1)	\$ 539	\$ 4,566	\$ 2,993
Weighted-average common shares	262	267	266
<b>Dilutive effect of share-based awards</b>	<b>3</b>	<b>5</b>	<b>4</b>
Weighted-average diluted shares	265	272	270
<b>Diluted earnings per common share</b>	<b>\$ 2.03</b>	<b>\$ 16.79</b>	<b>\$ 11.07</b>
Anti-dilutive options excluded from diluted earnings per common share	5.4	2.5	4.5

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

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**NOTE 12: INCOME TAXES**

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

	2019	2018	2017
Current provision (benefit)			
Domestic:			
Federal	\$ (107)	\$ (540)	\$ 269
State and local	64	43	88
Foreign	243	461	285
	<u>200</u>	<u>(36)</u>	<u>642</u>
Deferred provision (benefit)			
Domestic:			
Federal	(61)	271	989
State and local	(7)	125	59
Foreign	(17)	(579)	(108)
	<u>(85)</u>	<u>(183)</u>	<u>940</u>
	<u>\$ 115</u>	<u>\$ (219)</u>	<u>\$ 1,582</u>

Pre-tax earnings of foreign operations for 2019, 2018 and 2017 were \$929 million, \$958 million and \$919 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 (21% in 2019, 29.2% in 2018 and 35% in 2017) to income before taxes for the years ended May 31 is as follows (in millions):

	2019	2018	2017
Taxes computed at federal statutory rate	\$ 138	\$ 1,271	\$ 1,603
Increases (decreases) in income tax from:			
Non-deductible expenses	79	81	76
Valuation allowance	(79)	31	44
TCJA (1)	(71)	(1,354)	—
Foreign tax rate enactments	50	6	—
State and local income taxes, net of federal benefit	44	119	99
Benefits from share-based payments	(18)	(60)	(55)
Uncertain tax positions	8	86	—
Foreign tax credits from distributions	(8)	(225)	—
Foreign operations	(1)	25	(5)
Corporate structuring transactions (2)	—	(255)	(68)
Goodwill impairment charge	—	109	—
Other, net	(27)	(53)	(112)
Provision for income taxes (benefit)	<u>\$ 115</u>	<u>\$ (219)</u>	<u>\$ 1,582</u>
Effective Tax Rate	<u>17.6%</u>	<u>(5.0)%</u>	<u>34.6%</u>

(1) Primary components in 2018 were 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 tax-qualified U.S. domestic pension plans ("U.S. Pension Plans") in 2018.

(2) 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.

The 2019 tax rate includes a benefit of \$90 million from the reduction of a valuation allowance on tax loss carryforwards due to certain business operational changes from the integration of FedEx Express and TNT Express in a local jurisdiction, which impacted our determination of the realizability of the deferred tax asset in that jurisdiction and an expense of \$50 million from the impact on our deferred taxes attributable to a lower tax rate in the Netherlands. The 2019 tax rate was also favorably impacted by the TCJA, which resulted in benefits of approximately \$75 million from accelerated deductions claimed on our 2018 U.S. income tax return filed in 2019 and approximately \$40 million from the lower statutory tax rate on fiscal 2019 earnings.

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The 2018 tax rate was favorably impacted by the TCJA, which resulted in a provisional benefit of \$1.15 billion from the remeasurement of our net U.S. deferred tax liability. In addition, we recognized a benefit of approximately \$265 million related to the lower statutory income tax rate and a one-time benefit of \$204 million from a \$1.5 billion contribution to our U.S. Pension Plans in 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 new U.S. foreign currency tax regulations.

The TCJA, enacted on December 22, 2017, significantly changed the U.S. corporate income tax system in multiple ways such as (1) reducing our U.S. statutory federal income tax rate from 35% to 21% (due to our May 31 fiscal year-end, the lower rate was phased in, resulting in a U.S. statutory federal rate of 29.2% for 2018 and a statutory federal rate of 21% for 2019 and subsequent years); (2) requiring us to calculate a one-time U.S. tax on earnings which have not previously been repatriated to the U.S. (transition tax); and (3) introducing new provisions that took effect in 2019, including but not limited to, a tax on global intangible low-taxed income (GILTI), a tax deduction for foreign-derived intangible income, additional limitations on tax deductions for executive compensation and a minimum base erosion and anti-abuse tax based on certain payments from a U.S. company to foreign related parties. We included the impact of the above provisions in the computation of our effective tax rates, as applicable.

As provided for in the TCJA, our historical earnings were subject to the one-time transition tax and can be repatriated to the U.S. with a de minimis tax cost. We continue to assert that both our historical and current earnings in our foreign subsidiaries are permanently reinvested and therefore no deferred taxes or withholding taxes have been provided, including deferred taxes on any additional outside basis difference (e.g., stock basis differences attributable to acquisition or other permanent differences).

During 2019, the U.S. Treasury Department issued final regulations covering the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the TCJA. Certain guidance included in these final regulations is inconsistent with our interpretation that led to the recognition of a \$225 million benefit in 2018 and an additional \$8 million benefit in 2019. Notwithstanding this inconsistency, we remain confident in our interpretation of the TCJA and intend to defend this position through litigation, if necessary. However, if we are ultimately unsuccessful in defending our position, we may be required to reverse the \$233 million benefit previously recorded.

In December 2017, the SEC staff issued Staff Accounting Bulletin (“SAB”) 118 to provide guidance to registrants in accounting for income taxes under the TCJA. In accordance with SAB 118, we made reasonable estimates and recorded provisional amounts for the TCJA during 2018. Under the transitional provisions of SAB 118, we had a one-year measurement period to complete the accounting for the initial tax effects of the TCJA. Our accounting is complete for the tax effects of the TCJA, including the following elements initially recorded on a provisional basis:

- In 2018, we recognized a provisional benefit related to the revaluation of U.S. deferred tax assets and liabilities. During 2019, we revised the provisional benefit associated with the remeasurement of our net U.S. deferred tax liability. As a result, we recognized a \$4 million tax expense, which decreased the \$1.15 billion provisional benefit recorded in 2018.
- In 2018, we previously recognized an immaterial provisional benefit from foreign tax credits exceeding the one-time transition tax on previously deferred foreign earnings. No adjustments were made to the provisional estimate during the remeasurement period.
- We have determined to record the taxes for GILTI as a period cost.

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

	2019		2018	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Property, equipment, leases and intangibles	\$ 592	\$ 4,633	\$ 752	\$ 3,663
Employee benefits	1,256	—	595	31
Self-insurance accruals	585	—	494	—
Other	510	340	416	602
Net operating loss/credit carryforwards	1,139	—	1,146	—
Valuation allowances	(590)	—	(711)	—
	<u>\$ 3,492</u>	<u>\$ 4,973</u>	<u>\$ 2,692</u>	<u>\$ 4,296</u>

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

	2019	2018
Noncurrent deferred tax assets (1)	\$ 1,340	\$ 1,263
Noncurrent deferred tax liabilities	(2,821)	(2,867)
	<u>\$ (1,481)</u>	<u>\$ (1,604)</u>

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

We have approximately \$3.4 billion of net operating loss carryovers in various foreign jurisdictions and \$780 million of state operating loss carryovers. The valuation allowances primarily represent amounts reserved for operating loss carryforwards, which expire over varying periods starting in 2020. 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 sheets. 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 2016 and 2017 tax returns. We will also be commencing an appeals proceeding in September 2019 with respect to our 2014 and 2015 U.S. federal income 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):

	2019	2018	2017
Balance at beginning of year	\$ 161	\$ 67	\$ 49
Increases for tax positions taken in the current year	—	3	—
Increases for tax positions taken in prior years	31	103	8
Increase for business acquisition	—	—	17
Decreases for tax positions taken in prior years	(4)	(10)	(1)
Settlements	(21)	(2)	(4)
Decreases from lapse of statute of limitations	—	—	(2)
Changes due to currency translation	(3)	—	—
Balance at end of year	<u>\$ 164</u>	<u>\$ 161</u>	<u>\$ 67</u>

Our liabilities recorded for uncertain tax positions include \$141 million at May 31, 2019 and \$142 million at May 31, 2018 associated with positions that, if favorably resolved, would provide a benefit to our income tax expense. 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 \$38 million on May 31, 2019 and \$35 million on May 31, 2018. 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.

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

	2019	2018	2017
Defined benefit pension plans	\$ 111	\$ 150	\$ 234
Defined contribution plans	561	527	480
Postretirement healthcare plans	75	74	76
Retirement plans mark-to-market loss (gain)	3,882	(10)	(24)
	<u>\$ 4,629</u>	<u>\$ 741</u>	<u>\$ 766</u>

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

	2019	2018	2017
Discount rate change	\$ 1,780	\$ (613)	\$ 266
Demographic experience:			
Current year actuarial loss	739	419	268
Change in future assumptions	887	(37)	182
Actual versus expected return on assets	476	11	(740)
Annuity contract purchase	—	210	—
Total mark-to-market loss (gain)	<u>\$ 3,882</u>	<u>\$ (10)</u>	<u>\$ (24)</u>

2019

The weighted-average discount rate for all our pension and postretirement healthcare plans decreased from 4.11% at May 31, 2018 to 3.69% at May 31, 2019. The demographic experience in 2019 reflects updates to several forward-looking assumptions, including retirement rates, disability incidence rates and salary increase assumptions and a current-year actuarial loss due to unfavorable experience compared to various demographic assumptions. The actual rate of return, which is net of all fees and expenses, on our U.S. Pension Plan assets of 4.05% was lower than our expected return of 6.75%, as lower than expected equity returns negatively impacted return-seeking assets while fixed-income assets performed as expected due to declining interest rates.

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 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 experience in 2017 reflects an update in mortality tables 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 (“PPA”). Under the PPA, 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 PPA 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.

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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 satisfied certain conditions and were receiving a monthly benefit from participating U.S. Pension Plans. There was no change to the pension benefits for any plan participants as a result of this transaction. The purchase of the group annuity contract was funded directly by assets of the U.S. Pension Plans. We recognized a \$210 million one-time settlement loss in connection with this transaction, which was included in our 2018 year-end MTM retirement plans accounting adjustment.

*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		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Discount rate used to determine benefit obligation	3.85%	4.27%	4.08%	1.92%	2.37%	2.43%	3.70%	4.33%	4.32%
Discount rate used to determine net periodic benefit cost	4.27	4.08	4.13	2.34	2.43	2.46	4.33	4.32	4.43
Rate of increase in future compensation levels used to determine benefit obligation	5.10	4.43	4.47	2.27	2.26	2.42	—	—	—
Rate of increase in future compensation levels used to determine net periodic benefit cost	4.43	4.47	4.46	2.22	2.42	2.82	—	—	—
Expected long-term rate of return on assets	6.75	6.50	6.50	3.12	3.09	3.18	—	—	—
Interest crediting rate used to determine net periodic benefit cost	4.00	4.00	4.00	2.20	2.20	2.30	—	—	—
Interest crediting rate used to determine benefit obligation	4.00	4.00	4.00	2.20	2.20	2.30	—	—	—

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.

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

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

For consolidated pension expense, we assumed a 6.75% expected long-term rate of return on our U.S. Pension Plan assets in 2019, and 6.50% in 2018 and 2017. We increased our EROA assumption in 2019 to 6.75% as the decrease in the number of retirees in payment status due to the purchase of a group annuity contract in May 2018 (discussed above) is expected to reduce our short-term future 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 Pension Benefit Guaranty Corporation fixed- and variable-rate premiums should increase the net return on assets. For the 15-year period ended May 31, 2019, our actual return was 7.5%, 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 and 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.
- *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.

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

Asset Class (U.S. Plans)	Plan Assets at Measurement Date					
	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	\$ 570	2%	0 - 5%	\$ 50	\$ 520	
Equities			30 - 50			
U.S. large cap equity (2)	2,546	11		875		
International equities (2)	3,306	14		2,700		
Global equities (2)	1,451	6				
U.S. SMID cap equity	731	3		730	1	
Fixed income securities			50 - 70			
Corporate	6,794	29			6,794	
Government (2)	5,384	23			3,742	
Mortgage-backed and other (2)	622	3			175	
Alternative investments (2)	1,963	9	0 - 15			\$ 302
Other	(47)	—		(45)	(2)	
<b>Total U.S. plan assets</b>	<b>\$ 23,320</b>	<b>100%</b>		<b>\$ 4,310</b>	<b>\$ 11,230</b>	<b>\$ 302</b>
<b>Asset Class (International Plans)</b>						
Cash and cash equivalents	\$ 57	4		\$ 57		
Equities						
International equities (2)	72	5				
Global equities (2)	206	15				
Fixed income securities						
Corporate (2)	322	24				
Government (2)	438	32		290		
Mortgage-backed and other (2)	167	12				
Other (2)	112	8		10	17	
<b>Total international plan assets</b>	<b>\$ 1,374</b>	<b>100%</b>		<b>\$ 357</b>	<b>\$ 17</b>	

(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.



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Asset Class (U.S. Plans)	Plan Assets at Measurement Date					
	2018					
	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)	
<b>Total U.S. plan assets</b>	<b>\$ 22,057</b>	<b>100%</b>		<b>\$ 4,258</b>	<b>\$ 10,164</b>	<b>\$ 209</b>
<b>Asset Class (International Plans)</b>						
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)	
<b>Total international plan assets</b>	<b>\$ 1,320</b>	<b>100%</b>		<b>\$ 104</b>	<b>\$ 418</b>	

(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	
	2019	2018
Balance at beginning of year	\$ 209	\$ 129
Actual return on plan assets:		
Assets held during current year	11	8
Assets sold during the year	13	4
Purchases, sales and settlements	69	68
<b>Balance at end of year</b>	<b>\$ 302</b>	<b>\$ 209</b>

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The following tables provide 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, 2019 and a statement of the funded status as of May 31, 2019 and 2018 (in millions):

	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	2019	2018	2019	2018	2019	2018
<b>Accumulated Benefit Obligation ("ABO")</b>	\$ 25,915	\$ 22,029	\$ 2,084	\$ 1,956		
<b>Changes in Projected Benefit Obligation ("PBO") and Accumulated Postretirement Benefit Obligation ("APBO")</b>						
PBO/APBO at the beginning of year	\$ 22,653	\$ 27,870	\$ 2,167	\$ 2,043	\$ 955	\$ 927
Service cost	689	679	94	97	35	36
Interest cost	951	1,115	49	49	40	39
Actuarial loss	3,016	21	127	(34)	266	(9)
Benefits paid	(755)	(854)	(38)	(46)	(123)	(80)
Settlements	—	(6,178)	(13)	(5)	—	—
Other	—	—	(85)	63	48	42
PBO/APBO at the end of year	\$ 26,554	\$ 22,653	\$ 2,301	\$ 2,167	\$ 1,221	\$ 955
<b>Change in Plan Assets</b>						
Fair value of plan assets at the beginning of year	\$ 22,057	\$ 24,933	\$ 1,509	\$ 1,379	\$ —	\$ —
Actual return on plan assets	984	1,609	94	49	—	—
Company contributions	1,034	2,547	91	84	73	42
Benefits paid	(755)	(854)	(38)	(46)	(123)	(80)
Settlements	—	(6,178)	(13)	(5)	—	—
Other	—	—	(65)	48	50	38
Fair value of plan assets at the end of year	\$ 23,320	\$ 22,057	\$ 1,578	\$ 1,509	\$ —	\$ —
<b>Funded Status of the Plans</b>	\$ (3,234)	\$ (596)	\$ (723)	\$ (658)	\$ (1,221)	\$ (955)
<b>Amount Recognized in the Balance Sheet at May 31:</b>						
Noncurrent asset	\$ —	\$ —	\$ 82	\$ 73	\$ —	\$ —
Current pension, postretirement healthcare and other benefit obligations	(70)	(22)	(16)	(16)	(87)	(62)
Noncurrent pension, postretirement healthcare and other benefit obligations	(3,164)	(574)	(789)	(715)	(1,134)	(893)
Net amount recognized	\$ (3,234)	\$ (596)	\$ (723)	\$ (658)	\$ (1,221)	\$ (955)
<b>Amounts Recognized in AOCI and not yet reflected in Net Periodic Benefit Cost:</b>						
Prior service (credit) cost and other	\$ (173)	\$ (292)	\$ (6)	\$ (10)	\$ 1	\$ 2

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

	PBO	Fair Value of Plan Assets	Funded Status
<b>2019</b>			
Qualified	\$ 26,300	\$ 23,320	\$ (2,980)
Nonqualified	254	—	(254)
International Plans	2,301	1,578	(723)
Total	\$ 28,855	\$ 24,898	\$ (3,957)
<b>2018</b>			
Qualified	\$ 22,413	\$ 22,057	\$ (356)
Nonqualified	240	—	(240)
International Plans	2,167	1,509	(658)
Total	\$ 24,820	\$ 23,566	\$ (1,254)

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The table above provides the PBO, fair value of plan assets and funded status of our pension plans on an aggregated basis. The following tables present 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):

	<b>PBO Exceeds the Fair Value of Plan Assets</b>	
	<b>2019</b>	<b>2018</b>
<b>U.S. Pension Benefits</b>		
Fair value of plan assets	\$ 23,320	\$ 22,057
PBO	(26,554)	(22,653)
Net funded status	<u>\$ (3,234)</u>	<u>\$ (596)</u>
<b>International Pension Benefits</b>		
Fair value of plan assets	\$ 1,125	\$ 1,060
PBO	(1,929)	(1,791)
Net funded status	<u>\$ (804)</u>	<u>\$ (731)</u>

	<b>ABO Exceeds the Fair Value of Plan Assets</b>	
	<b>2019</b>	<b>2018</b>
<b>U.S. Pension Benefits</b>		
ABO <sup>(1)</sup>	\$ (25,915)	\$ (1,134)
Fair value of plan assets	23,320	859
PBO	(26,554)	(1,214)
Net funded status	<u>\$ (3,234)</u>	<u>\$ (355)</u>
<b>International Pension Benefits</b>		
ABO <sup>(1)</sup>	\$ (1,709)	\$ (1,581)
Fair value of plan assets	1,120	1,060
PBO	(1,925)	(1,791)
Net funded status	<u>\$ (805)</u>	<u>\$ (731)</u>

<sup>(1)</sup> 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):

	<b>2019</b>	<b>2018</b>
Required	\$ —	\$ 22
Voluntary	1,000	2,478
	<u>\$ 1,000</u>	<u>\$ 2,500</u>

For 2020, no pension contributions are required for our U.S. Pension Plans as they are fully funded under the Employee Retirement Income Security Act. However, we expect to make voluntary contributions of \$1.0 billion to these plans in 2020.

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

	<b>U.S. Pension Plans</b>			<b>International Pension Plans</b>			<b>Postretirement Healthcare Plans</b>		
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Service cost	\$ 689	\$ 679	\$ 638	\$ 94	\$ 97	\$ 83	\$ 35	\$ 36	\$ 36
Interest cost	951	1,115	1,128	49	49	43	40	39	39
Expected return on plan assets	(1,505)	(1,624)	(1,501)	(47)	(46)	(38)	—	—	—
Amortization of prior service credit	(118)	(118)	(118)	(2)	(2)	(2)	—	(1)	—
Actuarial losses (gains) and other	3,537	37	(95)	80	(38)	87	265	(9)	(14)
Net periodic benefit cost	<u>\$ 3,554</u>	<u>\$ 89</u>	<u>\$ 52</u>	<u>\$ 174</u>	<u>\$ 60</u>	<u>\$ 173</u>	<u>\$ 340</u>	<u>\$ 65</u>	<u>\$ 61</u>

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Amounts recognized in other comprehensive income were primarily related to amortization of prior service cost in our U.S. Pension Plans of \$118 million in 2019 and 2018 (\$91 million, net of tax, in 2019 and \$83 million, net of tax, in 2018).

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

	<b>U.S. Pension Plans</b>	<b>International Pension Plans</b>	<b>Postretirement Healthcare Plans</b>
2020	\$ 1,027	\$ 45	\$ 87
2021	971	46	98
2022	1,051	47	109
2023	1,138	55	117
2024	1,230	61	121
2025-2029	7,515	396	473

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 6.00% during 2020, decreasing to an annual growth rate of 4.50% in 2037 and thereafter.

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 14: BUSINESS SEGMENTS AND DISAGGREGATED REVENUE**

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

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

*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 FedEx Express 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 Logistics operating segment, which provides customs brokerage and global ocean and air freight forwarding through FedEx Trade Networks Transport & Brokerage, Inc.; cross-border enablement and technology solutions and e-commerce transportation solutions through FedEx Cross Border Technologies, Inc., including its subsidiary P2P; integrated supply chain management solutions through FedEx Supply Chain; time-critical shipment services through FedEx Custom Critical, Inc.; and, effective September 1, 2018, critical inventory and service parts logistics, 3-D printing and technology repair through FedEx Forward Depots, Inc.

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 CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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	Consolidated Total
<b>Revenues</b>						
2019	\$ 37,331	\$ 20,522	\$ 7,582	\$ 1,691	\$ 2,567	\$ 69,693
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
<b>Depreciation and amortization</b>						
2019	\$ 1,801	\$ 728	\$ 332	\$ 424	\$ 68	\$ 3,353
2018	1,679	681	296	382	57	3,095
2017	1,662	627	265	371	70	2,995
<b>Operating income (loss)</b>						
2019 (1)	\$ 2,123	\$ 2,640	\$ 615	\$ —	\$ (912)	\$ 4,466
2018 (2)	2,105	2,529	490	—	(852)	4,272
2017 (3)	2,380	2,243	371	—	(428)	4,566
<b>Segment assets (4)</b>						
2019	\$ 33,247	\$ 17,561	\$ 4,736	\$ 6,972	\$ (8,113)	\$ 54,403
2018	31,753	15,458	4,251 (5)	6,377	(5,509) (5)	52,330
2017	31,307	12,969	3,740 (5)	5,682	(5,146) (5)	48,552

(1) Includes TNT Express integration expenses and restructuring charges of \$388 million. These expenses are included in “Corporate, other and eliminations” and the FedEx Express segment. Also includes business realignment costs of \$320 million and costs incurred in connection with the settlement of a legal matter involving FedEx Ground of \$46 million.

(2) Includes TNT Express integration expenses and restructuring charges of \$477 million. 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. 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 U.S. Customs and Border Protection (“CBP”) matters involving FedEx Logistics and \$22 million of charges in connection with the settlement of and certain expected losses relating to independent contractor litigation matters at FedEx Ground.

(4) Segment assets include intercompany receivables.

(5) Amounts revised for reclassification of eliminations.

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
2019	\$ 3,550	\$ 808	\$ 544	\$ 528	\$ 60	\$ 5,490
2018	3,461	1,178	490	477	57	5,663
2017	2,725	1,490	431	416	54	5,116

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

	2019	2018 <sup>(1)</sup>	2017 <sup>(1)</sup>
<b>REVENUE BY SERVICE TYPE</b>			
FedEx Express segment:			
Package:			
U.S. overnight box	\$ 7,663	\$ 7,273	\$ 6,955
U.S. overnight envelope	1,829	1,788	1,750
U.S. deferred	4,225	3,738	3,526
Total U.S. domestic package revenue	13,717	12,799	12,231
International priority	7,405	7,461	7,045
International economy	3,446	3,255	2,876
Total international export package revenue	10,851	10,716	9,921
International domestic <sup>(2)</sup>	4,540	4,637	4,277
Total package revenue	29,108	28,152	26,429
Freight:			
U.S.	3,025	2,797	2,527
International priority	2,070	2,105	1,836
International economy	2,123	1,916	1,738
International airfreight	314	368	356
Total freight revenue	7,532	7,186	6,457
Other	691	834	938
Total FedEx Express segment	37,331	36,172	33,824
FedEx Ground segment	20,522	18,395	16,503
FedEx Freight segment	7,582	6,812	6,070
FedEx Services segment	1,691	1,650	1,621
Other and eliminations <sup>(3)</sup>	2,567	2,421	2,301
	<u>\$ 69,693</u>	<u>\$ 65,450</u>	<u>\$ 60,319</u>
<b>GEOGRAPHICAL INFORMATION <sup>(4)</sup></b>			
Revenues:			
U.S.	\$ 47,584	\$ 43,581	\$ 40,269
International:			
FedEx Express segment	20,424	20,417	18,817
FedEx Ground segment	467	407	331
FedEx Freight segment	207	181	149
FedEx Services segment	1	3	10
Other	1,010	861	743
Total international revenue	22,109	21,869	20,050
	<u>\$ 69,693</u>	<u>\$ 65,450</u>	<u>\$ 60,319</u>
Noncurrent assets:			
U.S.	\$ 33,189	\$ 30,362	\$ 28,141
International	8,128	8,627	7,783
	<u>\$ 41,317</u>	<u>\$ 38,989</u>	<u>\$ 35,924</u>

<sup>(1)</sup> Prior year amounts have been revised to conform to the current year presentation .

<sup>(2)</sup> International domestic revenues relate to our intra-country operations.

<sup>(3)</sup> Includes the FedEx Logistics operating segment.

<sup>(4)</sup> 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.

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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):

	2019	2018	2017
Cash payments for:			
Interest (net of capitalized interest)	\$ 617	\$ 524	\$ 484
Income taxes	\$ 407	\$ 760	\$ 397
Income tax refunds received	(36)	(571)	(20)
Cash tax payments, net	\$ 371	\$ 189	\$ 377

**NOTE 16: GUARANTEES AND INDEMNIFICATIONS**

In conjunction with certain transactions, primarily the lease, sale or purchase of real estate, 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 intellectual property 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, 2019 were as follows (in millions):

	Aircraft and Aircraft Related	Other <sup>(1)</sup>	Total
2020	\$ 1,518	\$ 898	\$ 2,416
2021	2,455	587	3,042
2022	1,862	383	2,245
2023	1,569	263	1,832
2024	492	140	632
Thereafter	2,456	400	2,856
Total	\$ 10,352	\$ 2,671	\$ 13,023

<sup>(1)</sup> 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, 2019, our obligation to purchase five 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 (“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 2019, 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 CORPORATION**  
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As of May 31, 2019, we had \$1.1 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, 2019, with the year of expected delivery:

	Cessna SkyCourier 408	ATR 72-600F	B767F	B777F	Total
2020	—	—	17	5	22
2021	12	5	18	2	37
2022	12	6	12	3	33
2023	12	6	6	4	28
2024	14	6	—	4	24
Thereafter	—	7	—	2	9
<b>Total</b>	<b>50</b>	<b>30</b>	<b>53</b>	<b>20</b>	<b>153</b>

On June 24, 2019, FedEx Express exercised options to purchase an additional six B767F aircraft for delivery in 2022.

FedEx Express now has a total of 20 firm orders for B777F aircraft scheduled for delivery during 2020 through 2025 (one of which was delivered in June 2019) and a total of 59 firm orders for B767F aircraft for delivery during 2020 through 2023 (one of which was delivered in June 2019 and one in July 2019). 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 to be covered by the RLA.

During 2019, FedEx Express also acquired options to purchase an additional 14 B777F aircraft and an additional six B767F aircraft, and the delivery dates of 11 existing B777F option aircraft were rescheduled.

FedEx Express now has options to purchase a total of 25 B777F aircraft for delivery through 2028 and a total of 50 B767F aircraft for delivery through 2026.

**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 service providers 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 or service providers engaged by FedEx Ground could, among other things, entitle former owner-operators to the reimbursement of certain expenses, and service providers’ drivers to certain wage payments from the service providers and FedEx Ground, and result in employment and withholding tax and benefit liability for FedEx Ground. We continue to believe that owner-operators engaged by FedEx Ground were properly classified as independent contractors and that FedEx Ground is not an employer or joint employer of the service providers’ drivers.

*Federal Securities Litigation.* On June 26, 2019 and July 2, 2019, FedEx and certain present and former officers were named as defendants in two putative class action securities lawsuits filed in the U.S. District Court for the Southern District of New York. The complaints allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder relating to alleged misstatements or omissions in FedEx’s public filings with the SEC and other public statements during the period from September 19, 2017 to December 18, 2018. We are not currently able to estimate the probability of loss or the amount or range of potential loss, if any, at this stage of the litigation.

*Other Matters.* 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.

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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."

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 20: SUMMARY OF QUARTERLY OPERATING RESULTS (UNAUDITED)**

(in millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>2019 (1)</b>				
Revenues	\$ 17,052	\$ 17,824	\$ 17,010	\$ 17,807
Operating income	1,071	1,168	911	1,316
Net income (loss) (2)	835	935	739	(1,969)
Basic earnings (loss) per common share (3)	3.15	3.56	2.83	(7.56)
Diluted earnings (loss) per common share (3)	3.10	3.51	2.80	(7.56)
<b>2018 (4)</b>				
Revenues	\$ 15,297	\$ 16,313	\$ 16,526	\$ 17,314
Operating income	971	1,115	858	1,328
Net income (5)	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

- (1) The fourth quarter, third quarter, second quarter and first quarter of 2019 include \$84 million, \$69 million, \$114 million and \$121 million, respectively, of TNT Express integration expenses (including any restructuring charges). The fourth quarter and third quarter of 2019 include business realignment costs of \$316 million and \$4 million, respectively. The fourth quarter includes a net loss of \$3.9 billion related to the annual MTM retirement plans accounting adjustment. The second quarter of 2019 includes costs incurred in connection with the settlement of a legal matter involving FedEx Ground of \$46 million.
- (2) The income tax benefit for the fourth quarter of 2019 was unfavorably impacted by \$200 million due to the lower statutory tax rate under the TCJA on fiscal 2019 earnings and the annual retirement plans accounting MTM adjustment. The third quarter, second quarter and first quarter of 2019 include \$60 million, \$150 million and \$135 million, respectively, of tax benefits primarily from the lower statutory tax rate under the TCJA on fiscal 2019 earnings. The third quarter of 2019 includes a tax benefit of \$90 million from the reduction of a valuation allowance on certain tax loss carryforwards and a tax expense of \$50 million related to a lower tax rate in the Netherlands applied to our deferred tax balances. The second quarter of 2019 includes a tax benefit of approximately \$60 million from accelerated deductions claimed on our 2018 U.S. income tax return. In addition, we recognized a tax expense of \$4 million in the second quarter of 2019 as a revision of the provisional benefit associated with the remeasurement of our net U.S. deferred tax liability upon completion of the accounting for the tax effects of the TCJA.
- (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 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 net gain of \$10 million related to the annual MTM retirement plans accounting adjustment. The fourth quarter and first quarter of 2018 include charges for legal reserves related to certain CBP matters involving FedEx Logistics of \$1 million and \$7 million, respectively.
- (5) 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.

**FEDEX CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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 \$17.5 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, 2019

	Parent	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 826	\$ 158	\$ 1,381	\$ (46)	\$ 2,319
Receivables, less allowances	56	5,603	3,684	(227)	9,116
Spare parts, supplies, fuel, prepaid expenses and other, less allowances	366	953	332	—	1,651
Total current assets	1,248	6,714	5,397	(273)	13,086
<b>PROPERTY AND EQUIPMENT, AT COST</b>					
Less accumulated depreciation and amortization	25	55,341	4,145	—	59,511
Net property and equipment	17	27,066	1,999	—	29,082
INTERCOMPANY RECEIVABLE	8	28,275	2,146	—	30,429
GOODWILL	2,877	(405)	—	(2,472)	—
INVESTMENT IN SUBSIDIARIES	—	1,589	5,295	—	6,884
OTHER ASSETS	33,725	5,449	—	(39,174)	—
	995	1,811	1,789	(591)	4,004
	<u>\$ 38,853</u>	<u>\$ 43,433</u>	<u>\$ 14,627</u>	<u>\$ (42,510)</u>	<u>\$ 54,403</u>
<b>LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT</b>					
<b>CURRENT LIABILITIES</b>					
Current portion of long-term debt	\$ 959	\$ 2	\$ 3	\$ —	\$ 964
Accrued salaries and employee benefits	143	1,100	498	—	1,741
Accounts payable	16	1,469	1,808	(263)	3,030
Accrued expenses	521	1,853	914	(10)	3,278
Total current liabilities	1,639	4,424	3,223	(273)	9,013
LONG-TERM DEBT, LESS CURRENT PORTION	16,322	287	8	—	16,617
INTERCOMPANY PAYABLE	—	—	2,472	(2,472)	—
<b>OTHER LONG-TERM LIABILITIES</b>					
Deferred income taxes	—	2,832	580	(591)	2,821
Other liabilities	3,135	3,965	1,095	—	8,195
Total other long-term liabilities	3,135	6,797	1,675	(591)	11,016
COMMON STOCKHOLDERS' INVESTMENT	17,757	31,925	7,249	(39,174)	17,757
	<u>\$ 38,853</u>	<u>\$ 43,433</u>	<u>\$ 14,627</u>	<u>\$ (42,510)</u>	<u>\$ 54,403</u>

CONDENSED CONSOLIDATING BALANCE SHEETS  
May 31, 2018

	Parent	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
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
<b>PROPERTY AND EQUIPMENT, AT COST</b>	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
	<u>\$ 36,849</u>	<u>\$ 40,795</u>	<u>\$ 14,538</u>	<u>\$ (39,852)</u>	<u>\$ 52,330</u>
<b>LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT</b>					
<b>CURRENT LIABILITIES</b>					
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)	—
<b>OTHER LONG-TERM LIABILITIES</b>					
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
COMMON STOCKHOLDERS' INVESTMENT	19,415	29,832	7,621	(37,452)	19,416
	<u>\$ 36,849</u>	<u>\$ 40,795</u>	<u>\$ 14,538</u>	<u>\$ (39,852)</u>	<u>\$ 52,330</u>

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME  
Year Ended May 31, 2019

	Parent	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	\$ —	\$ 50,431	\$ 19,643	\$ (381)	\$ 69,693
OPERATING EXPENSES:					
Salaries and employee benefits	138	19,055	5,583	—	24,776
Purchased transportation	—	10,344	6,494	(184)	16,654
Rentals and landing fees	6	2,582	779	(7)	3,360
Depreciation and amortization	1	2,877	475	—	3,353
Fuel	—	3,587	302	—	3,889
Maintenance and repairs	1	2,475	360	(2)	2,834
Business realignment costs	320	—	—	—	320
Intercompany charges, net	(765)	(861)	1,626	—	—
Other	299	6,674	3,256	(188)	10,041
	<u>—</u>	<u>46,733</u>	<u>18,875</u>	<u>(381)</u>	<u>65,227</u>
OPERATING INCOME	—	3,698	768	—	4,466
OTHER (EXPENSE) INCOME:					
Equity in earnings of subsidiaries	540	174	—	(714)	—
Interest, net	(586)	54	3	—	(529)
Other retirement plans expense	—	(2,675)	(576)	—	(3,251)
Intercompany charges, net	606	(442)	(164)	—	—
Other, net	(20)	53	(64)	—	(31)
INCOME (LOSS) BEFORE INCOME TAXES	540	862	(33)	(714)	655
Provision for income taxes	—	77	38	—	115
NET INCOME (LOSS)	<u>\$ 540</u>	<u>\$ 785</u>	<u>\$ (71)</u>	<u>\$ (714)</u>	<u>\$ 540</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 453</u>	<u>\$ 838</u>	<u>\$ (324)</u>	<u>\$ (714)</u>	<u>\$ 253</u>

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	18,380	5,266	—	23,795
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
Intercompany charges, net	(437)	(125)	562	—	—
Other	281	6,227	3,118	(176)	9,450
	—	44,218	17,367	(407)	61,178
OPERATING INCOME (LOSS)	—	4,383	(111)	—	4,272
OTHER (EXPENSE) INCOME:					
Equity in earnings of subsidiaries	4,572	62	—	(4,634)	—
Interest, net	(541)	46	(15)	—	(510)
Other retirements plans income	—	547	51	—	598
Intercompany charges, net	544	(296)	(248)	—	—
Other, net	(3)	(120)	116	—	(7)
INCOME (LOSS) BEFORE INCOME TAXES	4,572	4,622	(207)	(4,634)	4,353
Provision for income taxes (benefit)	—	309	(528)	—	(219)
NET INCOME (LOSS)	\$ 4,572	\$ 4,313	\$ 321	\$ (4,634)	\$ 4,572
COMPREHENSIVE INCOME (LOSS)	\$ 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	17,137	4,729	—	21,989
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
Intercompany charges, net	(434)	179	255	—	—
Other	304	5,734	2,885	(171)	8,752
	<u>—</u>	<u>40,927</u>	<u>15,128</u>	<u>(302)</u>	<u>55,753</u>
OPERATING INCOME	—	3,896	670	—	4,566
OTHER (EXPENSE) INCOME:					
Equity in earnings of subsidiaries	2,997	68	—	(3,065)	—
Interest, net	(507)	27	1	—	(479)
Other retirements plans (expense) income	—	516	(45)	—	471
Intercompany charges, net	508	(299)	(209)	—	—
Other, net	(1)	(134)	156	—	21
INCOME (LOSS) BEFORE INCOME TAXES	<u>2,997</u>	<u>4,074</u>	<u>573</u>	<u>(3,065)</u>	<u>4,579</u>
Provision for income taxes	—	1,439	143	—	1,582
NET INCOME (LOSS)	<u>\$ 2,997</u>	<u>\$ 2,635</u>	<u>\$ 430</u>	<u>\$ (3,065)</u>	<u>\$ 2,997</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 2,922</u>	<u>\$ 2,580</u>	<u>\$ 314</u>	<u>\$ (3,065)</u>	<u>\$ 2,751</u>

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS  
Year Ended May 31, 2019

	Parent	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 66	\$ 4,885	\$ 693	\$ (31)	\$ 5,613
<b>INVESTING ACTIVITIES</b>					
Capital expenditures	(6)	(4,920)	(564)	—	(5,490)
Business acquisitions, net of cash acquired	—	(9)	(57)	—	(66)
Proceeds from asset dispositions and other	(45)	101	27	—	83
<b>CASH USED IN INVESTING ACTIVITIES</b>	(51)	(4,828)	(594)	—	(5,473)
<b>FINANCING ACTIVITIES</b>					
Net transfers from (to) Parent	193	(259)	66	—	—
Payment on loan between subsidiaries	51	—	(51)	—	—
Intercompany dividends	—	106	(106)	—	—
Principal payments on debt	(1,310)	(117)	(9)	—	(1,436)
Proceeds from debt issuances	2,463	—	—	—	2,463
Proceeds from stock issuances	101	—	—	—	101
Dividends paid	(683)	—	—	—	(683)
Purchase of treasury stock	(1,480)	—	—	—	(1,480)
Other, net	(9)	127	(122)	—	(4)
<b>CASH USED IN FINANCING ACTIVITIES</b>	(674)	(143)	(222)	—	(1,039)
Effect of exchange rate changes on cash	—	(13)	(34)	—	(47)
Net decrease in cash and cash equivalents	(659)	(99)	(157)	(31)	(946)
Cash and cash equivalents at beginning of period	1,485	257	1,538	(15)	3,265
Cash and cash equivalents at end of period	<u>\$ 826</u>	<u>\$ 158</u>	<u>\$ 1,381</u>	<u>\$ (46)</u>	<u>\$ 2,319</u>

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

	Parent	Guarantor Subsidiaries	Non- guarantor Subsidiaries	Eliminations	Consolidated
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ (2,837)	\$ 6,767	\$ 712	\$ 32	\$ 4,674
<b>INVESTING ACTIVITIES</b>					
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
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(7)</b>	<b>(5,310)</b>	<b>(360)</b>	<b>—</b>	<b>(5,677)</b>
<b>FINANCING ACTIVITIES</b>					
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
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>2,450</b>	<b>(1,529)</b>	<b>(694)</b>	<b>—</b>	<b>227</b>
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	<u>\$ 1,485</u>	<u>\$ 257</u>	<u>\$ 1,538</u>	<u>\$ (15)</u>	<u>\$ 3,265</u>

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

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non- guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
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 PROVIDED BY (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 increase (decrease) 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	<u>\$ 1,884</u>	<u>\$ 325</u>	<u>\$ 1,807</u>	<u>\$ (47)</u>	<u>\$ 3,969</u>

## QUANTITATIVE AND QUALITATIVE DISCLOSURES 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 long-term debt. As disclosed in Note 6 to the accompanying consolidated financial statements, we had outstanding fixed-rate long-term debt (exclusive of capital leases) with an estimated fair value of \$17.8 billion at May 31, 2019 and 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. Market risk for long-term debt is estimated as the potential decrease in fair value resulting from a hypothetical 10% increase in interest rates and amounts to approximately \$390 million as of May 31, 2019 and approximately \$430 million as of May 31, 2018. 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, Australian dollar 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 positive impact on operating income in 2019 and a slightly negative impact on operating income in 2018. 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, 2019, 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 \$63 million for 2020. 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 2019 and 2018.

**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, 2019. This information should be read in conjunction with the Consolidated Financial Statements, MD&A and other financial data appearing elsewhere in this Annual Report.

	2019 (1)(2)(3)	2018 (2)(3)(4)	2017 (2)(3)(5)	2016 (3)(6)	2015 (3)(7)
<b>Operating Results</b>					
Revenues	\$ 69,693	\$ 65,450	\$ 60,319	\$ 50,365	\$ 47,453
Operating income (8)	4,466	4,272	4,566	4,168	3,407
Income before income taxes	655	4,353	4,579	2,740	1,627
Net income	540	4,572	2,997	1,820	1,050
<b>Per Share Data</b>					
Earnings per share:					
Basic	\$ 2.06	\$ 17.08	\$ 11.24	\$ 6.59	\$ 3.70
Diluted	\$ 2.03	\$ 16.79	\$ 11.07	\$ 6.51	\$ 3.65
Average shares of common stock outstanding	262	267	266	276	283
Average common and common equivalent shares outstanding	265	272	270	279	287
Cash dividends declared	\$ 2.60	\$ 2.00	\$ 1.60	\$ 1.00	\$ 0.80
<b>Financial Position</b>					
Property and equipment, net	\$ 30,429	\$ 28,154	\$ 25,981	\$ 24,284	\$ 20,875
Total assets (9)	54,403	52,330	48,552	45,959	36,469
Long-term debt, less current portion (9)	16,617	15,243	14,909	13,733	7,187
Common stockholders' investment	17,757	19,416	16,073	13,784	14,993
<b>Other Operating Data</b>					
FedEx Express aircraft fleet	681	670	657	643	647

- (1) Results for 2019 include business realignment charges of \$320 million (\$243 million, net of tax, or \$0.91 per diluted share), costs incurred in connection with the settlement of a legal matter involving FedEx Ground of \$46 million (\$43 million, net of tax, or \$0.16 per diluted share) and a net U.S. deferred tax liability remeasurement of \$4 million (\$0.02 per diluted share) for lower tax rates.
- (2) Results include TNT Express integration expenses and restructuring charges of \$388 million (\$314 million, net of tax, or \$1.18 per diluted share) in 2019, \$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 plans accounting adjustments: net loss of \$3.9 billion (\$3.0 billion, net of tax, or \$11.22 per diluted share) in 2019; net 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 net losses of \$1.5 billion (\$946 million, net of tax, or \$3.39 per diluted share) in 2016 and \$2.2 billion (\$1.4 billion, net of tax, or \$4.81 per diluted share) in 2015. See Note 1 and Note 13 to the accompanying consolidated financial statements for additional information.
- (4) 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 charges of \$8 million (\$6 million, net of tax, or \$0.02 per diluted share) for legal reserves related to certain CBP matters involving FedEx Logistics.
- (5) Results for 2017 include charges for legal reserves related to certain CBP matters involving FedEx Logistics for \$39 million (\$24 million, net of tax, or \$0.09 per diluted share) and charges in connection with 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).

- (6) 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 Logistics 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.
- (7) 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.
- (8) Includes reclassifications to conform to the current year presentation of newly adopted pension guidance which requires us to report only the service cost component in the "Salaries and employee benefits" line item. The other components of net benefit cost are required to be presented in the income statement in other income, outside of income from operations.
- (9) Includes adjustments in 2015 and 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, 2019 and 2018, and for each of the three years in the period ended May 31, 2019, and have issued our report thereon dated July 16, 2019 included elsewhere in this Form 10-K. Our audits of the consolidated financial statements included the financial statement schedule listed in Item 15(a) of this 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, 2019



**FEDEX CORPORATION**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017**  
**(IN MILLIONS)**

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS		DEDUCTIONS	BALANCE AT END OF YEAR
		CHARGED TO EXPENSES	CHARGED TO OTHER ACCOUNTS		
<b>Accounts Receivable Reserves:</b>					
<i>Allowance for Doubtful Accounts</i>					
2019	\$ 199	\$ 295	\$ —	\$ 373	(a) \$ 121
2018	115	246	—	162	(a) 199
2017	73	136	—	94	(a) 115
<i>Allowance for Revenue Adjustments</i>					
2019	\$ 202	\$ —	\$ 1,192	(b) \$ 1,215	(c) \$ 179
2018	137	—	1,173	(b) 1,108	(c) 202
2017	105	—	941	(b) 909	(c) 137
<b>Inventory Valuation Allowance:</b>					
2019	\$ 268	\$ 28	\$ 75	\$ 36	\$ 335
2018	237	27	6	2	268
2017	218	26	—	7	237

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

(b) Principally charged against revenue.

(c) Service failures, rebills and other.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

As of July 16, 2019, FedEx Corporation (“FedEx,” the “Company,” “we,” “us,” and “our”) had five classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our Common Stock; our 0.500% Notes due 2020; our 0.700% Notes due 2022; our 1.000% Notes due 2023; and our 1.625% Notes due 2027.

**DESCRIPTION OF COMMON STOCK**

The following description of our Common Stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Third Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) and our Amended and Restated Bylaws (the “Bylaws”), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read our Certificate of Incorporation, our Bylaws and the applicable provisions of the General Corporation Law of the State of Delaware (“DGCL”) for additional information.

**Authorized Shares of Capital Stock**

Our authorized capital stock consists of 800,000,000 shares of common stock, \$0.10 par value per share, and 4,000,000 shares of series preferred stock, without par value. On July 12, 2019, there were outstanding (a) 260,808,410 shares of common stock and (b) stock options to purchase an aggregate of 16,629,648 shares of common stock, of which options to purchase an aggregate of 9,839,337 shares of common stock were exercisable. As of July 16, 2019, no shares of our preferred stock were issued or outstanding.

**Voting Rights**

Holders of common stock are entitled to one vote per share on all matters voted on generally by the stockholders, including the election of directors, and possess all voting power (except as may, in the future, be provided by Delaware law, our Certificate of Incorporation or a resolution of our board of directors authorizing a series of our preferred stock). Our common stock does not have cumulative voting rights.

**Dividends**

Holders of our common stock are entitled to receive dividends when, as and if declared by the board of directors out of funds legally available for payment of dividends, subject to the rights of the holders of any outstanding shares of preferred stock. The holders of common stock will share equally, share for share, in such dividends, whether payable in cash, in property or in shares of our stock.

**Liquidation Rights**

Subject to any preferential rights of outstanding shares of preferred stock, holders of common stock will share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up.

**Absence of Other Rights**

Our common stock has no preemptive, subscription, preferential, conversion or exchange rights.

**Listing**

Our common stock is listed on the New York Stock Exchange under the symbol “FDX.”

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**Miscellaneous**

The outstanding shares of our common stock are, and any shares of common stock offered by a prospectus supplement upon issuance and payment therefor will be, fully paid and nonassessable.

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A., P.O. Box 505000, Louisville, Kentucky 40233-5000.

**Certain Anti-Takeover Effects**

*General* . Certain provisions of our Certificate of Incorporation, our Bylaws and Delaware law may have the effect of impeding the acquisition of control of us. These provisions are designed to reduce, or have the effect of reducing, our vulnerability to unsolicited takeover attempts.

*Delaware Takeover Statute* . We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to specified exceptions, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation’s voting stock.

*Stockholder Action by Written Consent* . Our Certificate of Incorporation and Bylaws require that all stockholder action be taken at a duly called meeting of the stockholders and prohibit taking action by written consent of stockholders.

*Additional Authorized Shares of Capital Stock* . The additional shares of authorized common stock and preferred stock available for issuance under our Certificate of Incorporation could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

## DESCRIPTION OF THE NOTES

The following description of our 0.500% Notes due 2020 (the “2020 Notes”), our 0.700% Notes due 2022 (the “2022 Notes”), our 1.000% Notes due 2023 (the “2023 Notes”), and our 1.625% Notes due 2027 (the “2027 Notes,” and together with the 2020 Notes, 2022 Notes and 2023 Notes, the “Notes”) is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the indenture, dated as of October 23, 2015, among FedEx, the subsidiary guarantors named below and Wells Fargo Bank, National Association, as trustee (the “Base Indenture”), as supplemented, in the case of the 2020 Notes, the 2023 Notes, the 2027 Notes, by supplemental indenture no. 3, dated as of April 11, 2016, among FedEx, the subsidiary guarantors named below, the trustee and the paying agent named below and as supplemented, in the case of the 2022 Notes, by supplemental indenture no. 8, dated as of January 18, 2019, among FedEx, the subsidiary guarantors named below, the trustee and the paying agent named below (collectively, the “Indenture”), which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. We encourage you to read the Indenture for additional information. References in this section to the “Company,” “us,” “we” and “our” are solely to FedEx and not to any of its subsidiaries, unless the context requires otherwise.

### The Base Indenture

#### *Merger, Consolidation and Sale of Assets*

The Base Indenture provides that we may not consolidate with or merge into any other person, or convey, transfer or lease our properties and assets as, or substantially as, an entirety to any person, unless:

- our successor is a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia;
- our successor shall expressly assume, by a supplemental indenture, the due and punctual payment of the principal of and any premium and interest on the Notes and the performance of every covenant in the Base Indenture that we would otherwise have to perform;
- immediately after giving effect to such transaction, there will not be any defaults under the Base Indenture; and
- we shall have delivered to the trustee an officers’ certificate and an opinion of counsel, each stating that the transaction and the supplemental indenture comply with the Base Indenture.

Upon the sale or disposition (by merger or otherwise) of any subsidiary guarantor by FedEx or any subsidiary of FedEx to any person that is not an affiliate of FedEx, each such subsidiary guarantor will automatically be released from all obligations under its guarantee.

We have agreed that we will not sell or dispose of any subsidiary guarantor whose assets exceed 10% of our consolidated total assets (determined as of the date of our most recent interim or fiscal year-end balance sheet filed with the Securities and Exchange Commission (“SEC”) prior to the date such guarantee is released) (each, a “10% subsidiary guarantor”) unless at least 75% of the net proceeds of such sale or disposition will consist of any combination of:

- cash (including assumption by the acquiror of any indebtedness of FedEx or its subsidiaries) or readily marketable securities;
- property or assets (other than current assets) of a nature or type similar or related to the nature or type of the property or assets of FedEx and its subsidiaries existing on the date of such sale or disposition; or
- interests in companies or businesses having property or assets or engaged in businesses similar or related to the nature or type of the property or assets or businesses of FedEx and its subsidiaries on the date of such sale or disposition.

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*Application of Proceeds Upon Release of a 10% Subsidiary Guarantor*

In the event that the net proceeds from the sale or disposition of a 10% subsidiary guarantor consist of cash or readily marketable securities, we will apply, within 12 months of such sale or disposition, an amount equal to 100% of the fair market value, as determined in good faith by our board of directors, of such net proceeds to:

- repay unsubordinated indebtedness of FedEx or any subsidiary guarantor, in each case owing to a person other than an affiliate of FedEx (such repayment is not required to be made pro rata among all our unsubordinated indebtedness);
- invest in property or assets (other than current assets) of a nature or type similar or related to the nature or type of the property or assets of FedEx and its subsidiaries existing on the date of such investment; or
- invest in a company or business having property or assets or engaged in a business similar or related to the nature or type of the property or assets or businesses of FedEx and its subsidiaries on the date of such investment.

*Modification, Amendment and Waiver*

We and the trustee may modify and amend the Base Indenture with the consent of the holders of a majority in principal amount of each series of Notes to be affected (voting as a single class). However, no modification or amendment may, without the consent of the holder of such Notes affected thereby:

- change the stated maturity of the principal of, or any premium or installment of interest on, such Notes;
- reduce the principal amount of, rate of interest on, or premium payable upon the redemption of, such Notes;
- change any place of payment where, or the currency in which, any principal of, or interest or premium on, such Notes is payable;
- impair the right to institute suit for the enforcement of any payment on such Notes on or after the stated maturity, or, in the case of redemption, on or after the redemption date; or
- reduce the percentage in principal amount of such Notes the consent of whose holders is required for modification or amendment of the Base Indenture, for waiver of compliance with certain provisions of the Base Indenture or for waiver of certain defaults.

The holders of a majority in principal amount of the Notes of any series may on behalf of the holders of Notes of that series waive any past default under the Base Indenture and its consequences, except a default in the payment of the principal of or any premium or interest on such Notes or in respect of a covenant or provision that under the Base Indenture cannot be modified or amended without the consent of the holder of such Notes affected.

In addition, we and the trustee can modify and amend the Base Indenture without the consent of any holders in order to, among other things:

- allow a successor to FedEx or a subsidiary guarantor to assume our or its obligations under the Base Indenture;
- add additional events of default or additional covenants of FedEx or a subsidiary guarantor for the benefit of the holders of all or any series of Notes, or to surrender any of our rights or powers;
- establish the form or terms of any series of Notes;
- secure the Notes of any series;
- correct any ambiguity, defect or inconsistency under the Base Indenture, or to make other provisions with respect to matters or questions arising under the Base Indenture, provided that

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such action does not adversely affect the interests of the holders of any debt securities in any material respect;

- add to, change or eliminate any provision of the Base Indenture applying to one or more series of Notes, provided that if such action adversely affects in any material respect the interests of holders such series of Notes, such addition, change or elimination will become effective with respect to such series only when no such Notes of that series remain outstanding;
- add additional subsidiary guarantors of the Notes;
- evidence and provide for the appointment of a successor trustee or to add to or change any provisions to the extent necessary to appoint a separate trustee for a specific series of Notes; or
- make any other amendment or supplement to the Base Indenture as long as that amendment or supplement does not materially adversely affect the interests of any holders of Notes.

#### *Events of Default*

Unless otherwise provided in a supplemental indenture with respect to a series of Notes, an event of default with respect to a series of Notes will occur if:

- we fail to pay interest when due on any Notes of that series for 30 days;
- we fail to pay the principal of or any premium on any Notes of that series when due;
- we fail to perform any covenant in the Base Indenture and this failure continues for 90 days after we receive written notice as provided in the Base Indenture;
- we fail to deposit any sinking fund payment when and as due by the terms of the Notes of that series;
- we or a court takes certain actions relating to our bankruptcy, insolvency or reorganization for the benefit of our creditors; or
- any subsidiary guarantor whose consolidated total assets constitute 60% or more of our consolidated total assets (determined as of the date of our most recent interim or fiscal year-end balance sheet filed with the SEC prior to such determination date) or a court takes certain actions relating to the bankruptcy, insolvency or reorganization of such subsidiary guarantor for the benefit of its creditors.

If an event of default with respect to the Notes of any series occurs and continues, the trustee or the holders of a majority in principal amount of the outstanding Notes of that series may require us to repay immediately the principal amount of the Notes of that series. The holders of a majority in principal amount of the outstanding Notes of that series may rescind and annul such acceleration if all events of default with respect to Notes of that series, other than the nonpayment of accelerated principal, have been cured or waived as provided in the Base Indenture. For information as to waiver of defaults, see “— Modification, Amendment and Waiver” above.

Other than its duties in case of a default, the trustee will not be obligated to exercise any of its rights or powers under the Base Indenture at the request or direction of any of the holders, unless the holders offer to the trustee reasonable indemnity. If the holders provide this reasonable indemnity, the holders of a majority in principal amount of the outstanding Notes of such series will have the right, subject to certain limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to any series of Notes.

No holder of any Notes of any series will have any right to institute any proceeding with respect to the Base Indenture or for any remedy under the Base Indenture unless:

- the holder has previously given to the trustee written notice of a continuing event of default;
- the holders of a majority in principal amount of the outstanding Notes of that series have made a written request, and offered reasonable indemnity, to the trustee to institute a proceeding as trustee; and

- the trustee has not received from the holders of a majority in principal amount of the outstanding Notes of that series a direction inconsistent with the request, and the trustee has failed to institute such proceeding within 60 days.

However, the holder of any Notes will have an absolute right to receive payment of the principal of and any premium and interest on such Notes as expressed in the Notes, or, in the case of redemption, on the redemption date, and to institute suit for the enforcement of any payment.

We will be required to furnish to the trustee annually a statement as to the absence of certain defaults under the Base Indenture. The trustee may withhold notice to the holders of Notes of any default, except as to payment of principal of (or premium, if any) or interest with respect to the Notes, if the trustee considers such withholding to be in the interest of the holders of the Notes.

#### *Discharge and Defeasance*

We may satisfy and discharge obligations with respect to the Notes of a particular series by either delivering to the trustee for cancellation all outstanding Notes of that series, or depositing with the trustee, after the outstanding Notes of that series have become due and payable, or will become due and payable within one year, at maturity or by redemption, sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or redemption date of the Notes of that series.

In addition, the Base Indenture provides that at our option we may:

- be discharged from our obligations with respect to Notes of a particular series (“defeasance and discharge”), or
- cease to comply with certain restrictive covenants under the Base Indenture, including those described under “—Merger, Consolidation and Sale of Assets,” and certain events of default will no longer apply to us (“covenant defeasance”),

if we deposit with the trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or redemption date of the Notes of that series. Upon defeasance and discharge, the holders of the Notes of the affected series will not be entitled to the benefits of the Base Indenture, except for registration of transfer and exchange of Notes and replacement of lost, stolen or mutilated Notes. Such holders may look only to such deposited funds or obligations for payment.

The defeasance and discharge and covenant defeasance described above are effective only if, among other things, we deliver to the trustee an opinion of counsel to the effect that (i) the holders of such Notes will not recognize income, gain or loss for federal income tax purposes as result of such defeasance and discharge or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same time as would have been the case if such defeasance and discharge or covenant defeasance had not occurred, and (ii) in the case of defeasance and discharge, the opinion as to tax consequences is based upon an Internal Revenue Service ruling or a change in applicable federal income tax law.

With respect to the Notes, “government securities” shall include (1) securities that are direct obligations of the Federal Republic of Germany for the payment of which its full faith and credit is pledged or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the Federal Republic of Germany, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the Federal Republic of Germany, which, in either case under clauses (1) or (2) are not callable or redeemable at the option of the issuer thereof.

#### **General**

We issued €500,000,000 aggregate principal amount of our 2020 Notes, €750,000,000 aggregate principal amount of our 2023 Notes and €1,250,000,000 aggregate principal amount of our 2027 Notes on April 11,

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2016 and €640,000,000 aggregate principal amount of our 2022 Notes on January 18, 2019. The 2020 Notes, the 2022 Notes, the 2023 Notes, the 2027 Notes will mature on April 9, 2020, May 13, 2022, January 11, 2023 and January 11, 2027, respectively.

The Notes are our general unsecured obligations and rank equally with all our other unsecured and unsubordinated indebtedness. The Notes are fully and unconditionally guaranteed by Federal Express Corporation, FedEx Ground Package System, Inc., FedEx Freight Corporation, FedEx Freight, Inc., FedEx Office and Print Services, Inc., FedEx Corporate Services, Inc., Federal Express Europe, Inc., Federal Express Holdings S.A., LLC and Federal Express International, Inc. These subsidiaries guarantee our obligations under our outstanding unsecured debt securities and revolving credit facility. If we sell, transfer or otherwise dispose of all of the capital stock or all or substantially all of the assets of a subsidiary guarantor to any person that is not an affiliate of FedEx, the guarantee of that subsidiary will automatically terminate and holders of the Notes will no longer have a claim against such subsidiary under the guarantee.

We may redeem the Notes in whole or in part at any time at the redemption price described under “—Optional Redemption” below. In addition, we may redeem any series of the Notes in whole but not in part at any time, if certain events occur involving changes in United States taxation, at the applicable redemption price described under “—Redemption for Tax Reasons” below. We may issue additional notes of each series from time to time at any time. The Notes of each series and any additional new notes of such series subsequently issued under the Indenture would be treated as a single series for all purposes under the Indenture, including, without limitation, waivers, amendments and redemptions. If the additional notes of a series, if any, are not fungible with the notes of that series previously offered for U.S. federal income tax purposes, the additional notes will have separate CUSIP, Common Code and ISIN numbers. The Notes do not have the benefit of a sinking fund. If a Change of Control Repurchase Event (as defined below) with respect to the Notes occurs, except to the extent we have exercised our right to redeem the Notes, we will be required to offer to repurchase the Notes, as described under “—Change of Control Repurchase Event” below.

The Indenture does not limit the aggregate amount of debt securities which may be issued under the Indenture. Other than the provisions relating to a Change of Control Repurchase Event, the Indenture does not contain any debt covenants or provisions which would afford the holders of the Notes protection in the event of a highly leveraged transaction. The trustee will not be liable for special, indirect, exemplary, incidental, punitive or consequential or other similar loss or damage of any kind under the Indenture. We and the trustee, and each holder of a note by its acceptance thereof, irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Indenture, the notes or any transaction contemplated thereby.

The Notes were issued in fully registered form without coupons in denominations of €100,000 and integral multiples of €1,000 in excess of €100,000. The Notes of each series are represented by one or more permanent global notes that have been deposited with a common depository and registered in the name of the nominee of the common depository for the accounts of Clearstream and Euroclear.

## **Interest**

The 2020 Notes bear interest at the rate of 0.500% per year. The 2022 Notes bear interest at the rate of 0.700% per year. The 2023 Notes bear interest at the rate of 1.000% per year. The 2027 Notes bear interest at the rate of 1.625% per year. Interest on the 2020 Notes, the 2023 Notes, and the 2027 Notes accrued from April 11, 2016, or from the most recent date to which interest on the 2020 Notes, the 2023 Notes, and the 2027 Notes has been paid. Interest on the 2022 Notes accrued from January 18, 2019, or from the most recent date to which interest on the Notes has been paid. Interest is payable annually in arrears on April 9 of each year, commencing on April 9, 2017 in the case of the 2020 Notes, on January 11 of each year, commencing on January 11, 2017 in the case of the 2023 Notes and the 2027 Notes and on May 13 of each year, commencing on May 13, 2019 in the case of the 2022 Notes, to the persons in whose names the Notes are registered at the close of business on the preceding March 25 in the case of the 2020 Notes, December 25 in the case of the 2023 Notes and the 2027 Notes and April 28 in the case of the 2022 Notes, or, if the Notes are represented by one or more global notes, the close of business on the business day (for this



purpose a day on which Clearstream and Euroclear are open for business) immediately preceding March 25 in the case of the 2020 Notes, December 25 in the case of the 2023 Notes and the 2027 Notes, and April 28 in the case of the 2022 Notes. Interest on the Notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes (or April 11, 2016, if no interest has been paid in the case of the 2020 Notes, the 2023 Notes, and the 2027 Notes, or January 18, 2019, if no interest has been paid in the case of the 2022 Notes) to, but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

If the maturity date or any redemption date of the Notes of a series falls on a day that is not a business day, the related payment of principal, premium and additional amounts, if any, and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day. If any interest payment date would otherwise be a day that is not a business day, that interest payment date will be postponed to the next date that is a business day.

### **Optional Redemption**

At our option, we may redeem the 2020 Notes, the 2023 Notes or the 2027 Notes, in whole or in part, at any time prior to the applicable Par Call Date (as defined below), on at least 30 days' but no more than 60 days' prior written notice mailed (or otherwise delivered in accordance with the applicable clearing system's procedures) to the registered holders of the series of Notes to be redeemed.

At our option, we may redeem the 2022 Notes, in whole or in part, at any time, on at least 10 days' but no more than 60 days' prior written notice mailed (or otherwise delivered in accordance with the applicable clearing system's procedures) to the registered holders of the 2022 Notes to be redeemed.

Upon redemption of the Notes, we will pay a redemption price equal to the greater of:

- (1) 100% of the principal amount of the Notes to be redeemed; and
- (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) of principal and interest on the 2020 Notes, 2023 Notes, and 2027 Notes to be redeemed that would be due if such Notes matured on the applicable Par Call Date, or on the 2022 Notes to be redeemed on the maturity date (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on an ACTUAL/ACTUAL (ICMA) day count basis, at the applicable Comparable Government Bond Rate (as defined below) plus 15 basis points in the case of the 2020 Notes, 20 basis points in the case of the 2022 Notes and the 2023 Notes, and 25 basis points in the case of the 2027 Notes;

in each case, plus accrued and unpaid interest to the date of redemption on the principal amount of the Notes being redeemed.

In the case of the 2020 Notes, the 2023 Notes or the 2027 Notes, at any time on or after the applicable Par Call Date, we may redeem such notes in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to the date of redemption on the principal amount of the Notes being redeemed.

“Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a bond that is a direct obligation of the Federal Republic of Germany (“German government bond”), whose maturity is closest to the maturity of the Notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable Government Bond Rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the Comparable Government Bond (as defined above) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.

“Par Call Date” means March 9, 2020 in the case of the 2020 Notes (the date that is one month prior to the maturity date of the 2020 Notes), October 11, 2022 in the case of the 2023 Notes (the date that is three months prior to the maturity date of the 2023 Notes) and October 11, 2026 in the case of the 2027 Notes (the date that is three months prior to the maturity date of the 2027 Notes).

“Remaining Scheduled Payments” means with respect to each Notes to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be deemed to be reduced (solely for the purposes of this calculation) by the amount of interest accrued thereon to such redemption date. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

If less than all of a series of the Notes are to be redeemed, the Notes to be redeemed shall be selected by the trustee by such method as the trustee deems to be fair and appropriate in accordance with the applicable clearing system’s procedures.

### **Redemption for Tax Reasons**

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority in the United States), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of the initial sale of any series of Notes, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described herein under the heading “— Payment of Additional Amounts” with respect to that series of the Notes, then we may at any time at our option redeem, in whole, but not in part, the outstanding Notes of such series on not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest on those Notes to, but not including, the date fixed for redemption.

### **Payment of Additional Amounts**

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary in order that the net payment by us of the principal of and interest on the Notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment or other governmental charge imposed by the United States or a taxing authority in the United States (including any withholding or deduction with respect to the payment of such additional amounts), will not be less than the amount provided in the Notes to be then due and payable; *provided, however*, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or other governmental charge that is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder or beneficial owner if the holder or beneficial owner is an estate, trust, partnership, corporation or other entity, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

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- (b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes, the receipt of any payment thereon or the enforcement of any rights thereunder), including being or having been a citizen or resident of the United States;
- (c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States federal income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;
- (d) being or having been a “10-percent shareholder” of FedEx as defined in Section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”), or any successor provision; or
- (e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;
- (2) to any holder that is not the sole beneficial owner of the Notes, or a portion of the Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of such additional amounts had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- (3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of such holder or other person, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from, or reduction in, such tax, assessment or other governmental charge;
- (4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from payments on the Notes;
- (5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;
- (6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;
- (7) in the case of the 2020 Notes, 2023 Notes, and 2027 Notes, to any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any Directive amending, supplementing or replacing such Directive, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives;
- (8) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by presenting such note (where presentation is required) to at least one other paying agent;
- (9) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (10) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the Notes in the ordinary course of its lending business or (ii) that is neither (A) buying the Notes for investment purposes only nor (B) buying the Notes for resale to a third-party that either is not a bank or holding the Notes for investment purposes only;

(11) to any tax, assessment or other governmental charge imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or

(12) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11).

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Notes. Except as specifically provided under this heading “—Payment of Additional Amounts,” we will not be required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Redemption for Tax Reasons,” the term “United States” means the United States of America (including the states of the United States and the District of Columbia and any political subdivision thereof) and the term “United States person” means any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Any reference to amounts payable in respect of the Notes herein or in the Indenture shall be deemed to include any additional amounts which may be payable as described above.

### **Change of Control Repurchase Event**

If a Change of Control Repurchase Event with respect to the Notes occurs, except to the extent we have exercised our right to redeem the Notes as described above, we will make an offer to each holder of the Notes of each series to repurchase all or any part (in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof) of that holder’s Notes at a repurchase price (the “repurchase price”) in cash equal to 101% of the aggregate principal amount of such Notes repurchased plus any accrued and unpaid interest on such Notes repurchased to, but not including, the repurchase date. Within 30 days following a Change of Control Repurchase Event or, at our option, prior to a Change of Control, but after the public announcement of such Change of Control, we will mail, or cause to be mailed, or otherwise deliver in accordance with the applicable clearing system’s procedures, a notice to each holder of the Notes of each series, with a copy to the trustee and the paying agent, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase the Notes on the payment date specified in the notice (such offer the “repurchase offer” and such date the “repurchase date”), which repurchase date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures described in such notice. The notice shall, if mailed or delivered prior to the date of consummation of the Change of Control, state that the repurchase offer is conditioned on a Change of Control Repurchase Event occurring on or prior to the repurchase date.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and any other securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes of each series as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event, we will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the repurchase offer;

(2) deposit with the paying agent an amount equal to the aggregate repurchase price for all Notes or portions of Notes properly tendered; and

(3) deliver, or cause to be delivered, to the trustee the Notes properly accepted for payment by us, together with an officers' certificate stating the aggregate principal amount of Notes being repurchased by us pursuant to the repurchase offer and, to the extent applicable, an executed new note or notes evidencing any unreurchased portion of any note or notes surrendered for which the trustee shall be required to authenticate and deliver a new note or notes as provided below.

The trustee will promptly mail, or cause the paying agent to promptly mail, or otherwise deliver in accordance with the applicable clearing system's procedures, to each holder of Notes, or portions of Notes, properly tendered and accepted for payment by us the repurchase price for such Notes, or portions of Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note duly executed by us equal in principal amount to any unreurchased portion of any notes surrendered, as applicable; *provided* that each new note will be in a principal amount equal to €100,000 or any integral multiple of €1,000 in excess thereof.

We will not be required to make a repurchase offer upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by FedEx and such third party purchases all Notes or portions of Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

"Below Investment Grade Ratings Event" means, with respect to the Notes, on any day within the 60-day period (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any Rating Agency) after the earlier of (1) the occurrence of a Change of Control, or (2) public announcement of the occurrence of a Change of Control or our intention to effect a Change of Control, the Notes are rated below Investment Grade by each and every Rating Agency. Notwithstanding the foregoing, a Below Investment Grade Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Ratings Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not publicly announce or publicly confirm or inform the trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Ratings Event).

"Change of Control" means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act), other than (1) FedEx or any of its subsidiaries, (2) any employee benefit plan (or a trust forming a part thereof) maintained by FedEx or any of its subsidiaries, or (3) any underwriter temporarily holding Voting Stock of FedEx pursuant to an offering of such Voting Stock, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the combined voting power of FedEx's Voting Stock or other Voting Stock into which FedEx's Voting Stock is reclassified, consolidated, exchanged or changed measured by voting power rather than number of shares.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Below Investment Grade Ratings Event with respect to the Notes.

"Investment Grade" means, with respect to Moody's, a rating of Baa3 or better (or its equivalent under any successor rating categories of Moody's); with respect to S&P, a rating of BBB- or better (or its equivalent)

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under any successor rating categories of S&P); and, with respect to any additional Rating Agency or Rating Agencies selected by FedEx, the equivalent investment grade credit rating.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Rating Agency” means (1) each of Moody’s and S&P, and (2) if either of Moody’s or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of FedEx’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act, selected by FedEx (as certified by a board resolution) as a replacement agency for Moody’s or S&P, or both of them, as the case may be.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., and its successors.

“Voting Stock” of any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The Change of Control Repurchase Event provisions of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of FedEx and, thus, the removal of incumbent management. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Repurchase Event under the Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings on the Notes.

If we experience a Change of Control Repurchase Event, we may not have sufficient financial resources available to satisfy our obligations to repurchase all Notes or portions of Notes properly tendered. Furthermore, debt agreements to which we may become a party in the future may contain restrictions and provisions limiting our ability to repurchase the Notes. Our failure to repurchase the Notes as required under the Indenture would result in a default under the Indenture, which could have material adverse consequences for us and the holders of the Notes.

### **Issuance in Euro**

If we are unable to obtain euro in amounts sufficient to make a required payment under the Notes due to the imposition of exchange controls or other circumstances beyond our control (including the dissolution of the European Monetary Union) or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in U.S. dollars until the euro is again available to us or so used. In such circumstances, the amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then most recent U.S. dollar/euro exchange rate available on or prior to the second business day prior to the relevant payment date as determined by us in our sole discretion. Any payment in respect of the Notes so made in U.S. dollars will not constitute an Event of Default under the Notes or the Base Indenture governing the Notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Investors are subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See “Risk Factors.”

### **Global Clearance and Settlement**

The Notes are issued in the form of one or more global notes (the “Euro Global Notes”) in fully registered form, without coupons, and are deposited with, or on behalf of, a common depository, and registered in the

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name of the nominee of the common depositary, for, and in respect of interests held through, Euroclear and Clearstream. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Euro Global Notes.

Except as set forth below, the Euro Global Notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees.

Beneficial interests in the Euro Global Notes are represented, and transfers of such beneficial interests are effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream. Those beneficial interests will be in denominations of €100,000 and integral multiples of € 1,000 in excess thereof. Investors may hold Notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. It is possible that the clearing systems may process trades that could result in amounts being held in denominations smaller than the minimum denominations. If definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the relevant Euro Global Notes, a holder who does not have the minimum denomination or a multiple of €1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of definitive Notes unless and until such time as its holding satisfies the minimum denomination requirement.

So long as Euroclear or Clearstream or their nominee or their common depositary is the registered holder of the Euro Global Notes, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Euro Global Notes for all purposes under the Indenture and the Notes. Payments of principal, interest and premium and additional amounts, if any, in respect of the Euro Global Notes will be made to Euroclear, Clearstream or such nominee, as the case may be, as registered holder thereof.

### **Certificated Notes**

Subject to certain conditions, the Notes represented by the Euro Global Notes are exchangeable for certificated Notes in definitive form of like tenor in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof if:

- (1) the common depositary provides notification that it is unwilling, unable or no longer qualified to continue as depositary for the Euro Global Notes and a successor is not appointed within 90 days;
- (2) we in our discretion at any time determine not to have all of the Notes represented by the Euro Global Notes; or
- (3) default entitling the holders of the applicable Notes to accelerate the maturity thereof has occurred and is continuing.

Any note that is exchangeable as above is exchangeable for certificated Notes issuable in authorized denominations and registered in such names as the common depositary shall direct. Subject to the foregoing, a Euro Global Note is not exchangeable, except for a global note of the same aggregate denomination to be registered in the name of the common depositary (or its nominee).

### **Same-day Payment**

Payments (including principal, premium and additional amounts, if any, and interest) and transfers with respect to Notes in certificated form may be executed at the office or agency maintained for such purpose in London (initially the corporate trust office of the paying agent) or, at our option, by check mailed to the holders thereof at the respective addresses set forth in the register of holders of the Notes (maintained by the registrar), *provided* that all payments (including principal, premium and additional amounts, if any, and interest) on Notes in certificated form, for which the holders thereof have given wire transfer instructions, will be required to be made by wire transfer of immediately available funds to the accounts specified by the

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holders thereof. No service charge will be made for any registration of transfer, but payment of a sum sufficient to cover any tax or governmental charge payable in connection with that registration may be required.

The paying agent for the Notes is Elavon Financial Services DAC, UK Branch.





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**TWELFTH AMENDMENT**

**to the**

**COMPOSITE LEASE AGREEMENT**

**By and Between**

**MEMPHIS-SHELBY COUNTY AIRPORT AUTHORITY**

**and**

**FEDERAL EXPRESS CORPORATION**

**Effective as of April 1, 2019**

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**TWELFTH AMENDMENT  
TO THE COMPOSITE LEASE AGREEMENT**

This **TWELFTH** Amendment is made and entered into as of the 9<sup>th</sup> day of April 2019, 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 a “Composite Lease Agreement”, effective January 1, 2007 which was modified by First Amendment effective September 1, 2008; a Second Amendment effective June 1, 2009; a Third Amendment effective July 1, 2009; a Fourth Amendment effective 15, 2011; a Fifth Amendment effective January 1, 2013; a Sixth Amendment effective July 1, 2014; a Seventh Amendment effective April 1, 2016; an Eighth Amendment effective April 1, 2017; a Ninth Amendment effective September 1, 2017; a Tenth Amendment effective May 1, 2018; an Eleventh Amendment effective December 1, 2018; collectively referred to herein as the “Composite Lease Agreement”; and,

WHEREAS, a schedule identifying each parcel of real property the Authority leases to Tenant is attached to the Composite Lease Agreement as EXHIBIT “A”, and the schedule states a portion of the Term (identified in the Composite Lease Agreement) during which the lease of each parcel will be in effect, and the rent that Tenant is subject to pay Authority for each parcel; and,

WHEREAS, the parties wish to amend the Composite Lease Agreement to add a total of 18,276 square feet of unimproved land owned by Authority to be used for glycol tank storage, more particularly identified as Parcel 35 and named in EXHIBIT “B”, which is attached hereto and incorporated by reference, thereby creating an annual increase of \$4,145.00 for the rental cost of this unimproved land (Parcel 35), effective October 1, 2019.

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 TWELFTH Amendment shall have the respective meanings give to them in the Composite Lease Agreement for all purposes of this TWELFTH Amendment.

SECTION 2. **Modification of Composite Lease Agreement and Applicable Rent.**

The parties amend the Composite Lease Agreement to reflect the addition of Parcel 35. As of the Effective Date, the parties incorporate the attached survey and legal description of Parcel 35 to be part of EXHIBIT “B” to the Composite Lease Agreement, and the parties substitute the revised itemized Composite Spreadsheet effective April 1, 2019, attached hereto and incorporated herein as EXHIBIT “A” to this Amendment, for the schedule included as part of EXHIBIT “A” to the Composite Lease Agreement. The substitution of the attached EXHIBIT “A”, the revised itemized Composite Spreadsheet effective April 1, 2019, will accomplish the following:

(a) Contingent upon receipt of all necessary approvals for installation of glycol tank storage (including FAA) effective October 1, 2019, Tenant’s annual rent will be increased by \$4,145.00, achieved by multiplying the area of Parcel 35 by \$0.2268 per square foot, as follows:

<u>Location</u>	<u>Unimproved Rate</u>	<u>Sq. Ft.</u>	<u>Annual Rent</u>
Glycol Tank Storage	\$0.2268	18,276	\$ 4,145.00

(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.

SECTION 3. **Improvements by Tenant.**

- (a) Effective April 1, 2019, Authority granted to Tenant all necessary or appropriate rights of reasonable access, ingress and egress to and from Parcel 35, for Tenant, its servants, agents, employees or independent contractors, to make such alterations and improvements on Parcel 35 as to make it suitable for Tenant's use, hereinafter described as "Tenant's Work", and the right to do all such other things as may be incidental to Tenant's Work.
- (b) Tenant shall obtain, at Tenant's sole expense, all certificates and approvals relating to Tenant's Work. As part of Tenant's Work on Parcel 35, Tenant shall make, at least, all improvements on Parcel 35, as shown on EXHIBIT "B", at no cost to Authority.
- (c) The terms and conditions of the Composite Lease Agreement, 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 (a) above.
- (d) Tenant's obligation to provide for builder's risk coverage covering the premises and any and all improvements on Parcel 35 commenced on April 1, 2019 and shall be required to remain effective until all improvements are complete.
- (e) As part of its work on Parcel 35, Tenant shall (i) remain in compliance with all applicable Environmental Laws and (ii) remain in compliance with the provisions of Section 8.02 of the Composite Lease Agreement.

SECTION 4. **Remainder of Composite Lease in Effect.** All other terms, provisions, conditions, covenants and agreements of the Composite Lease Agreement shall continue in full force and effect .

SECTION 5. **Effective Date of this TWELFTH Amendment.** This TWELFTH Amendment shall become effective as of April 1, 2019.

EXHIBIT "A" and EXHIBIT "B", attached hereto, shall be incorporated herein by reference.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this TWELFTH 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/ Wiley Johnson, Jr.  
Title: Managing Director  
Date: April 9, 2019

**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 Shipman  
Janet Shipman  
Associate Airport Counsel

**Reviewed and Approved:**

/s/ Angela Washington  
Director of Properties

Composite Lease Agreement – Twelfth Amendment  
Federal Express Corporation

Omitted Exhibits

Exhibit A and Exhibit B to this exhibit, which are described under “Witnesseth” and in Sections 2 and 3 above, have been omitted pursuant to Item 601(a) (5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of Exhibit A and Exhibit B to the Securities and Exchange Commission or its staff upon request.

Composite Lease Agreement – Twelfth Amendment  
Federal Express Corporation

INFORMATION IN THIS EXHIBIT IDENTIFIED BY BRACKETS IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10)(IV) OF REGULATION S-K BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO FEDEX IF PUBLICLY DISCLOSED.



The Boeing Company  
P.O. Box 3707  
Seattle, WA 98124-2207

FED-PA-3712-LA-1903482

Federal Express Corporation  
3131 Democrat Road  
Memphis, TN 38118

Attention: Mr. Guy See  
Managing Director – Aircraft Acquisitions & Sales

Subject: [\*]

Reference: Purchase Agreement 3712 between The Boeing Company ( **Boeing** ) and Federal Express Corporation ( **Customer** ) dated December 14, 2011 relating to Model 767-3S2F Aircraft ( **767 Purchase Agreement** )

This letter agreement (**Letter Agreement**) amends and supplements the 767 Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the referenced 767 Purchase Agreement.

1. Background.

1.1 [\*]

1.2 [\*]

2. Agreement.

[\*]

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 Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

FED-PA-3712-LA-1903482

[\*]

Page 1

**BOEING PROPRIETARY**

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.



Very truly yours,

THE BOEING COMPANY

By /s/ Laura Ford

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 10, 2019

FEDERAL EXPRESS CORPORATION

By /s/ Kevin Burkhart

Its Vice President

FED-PA-3712-LA-1903492

[\*]

Page 2

**BOEING PROPRIETARY**

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The Boeing Company  
P.O. Box 3707  
Seattle, WA 98124-2207

FED-PA-3712-MISC-1903302

Federal Express Corporation  
3610 Hacks Cross  
Memphis, TN 38125

Attention: Mr. Guy See  
Managing Director – Aircraft Acquisitions & Sales

Subject: [\*]

Reference: Purchase Agreement No. 3712 ( **Purchase Agreement** ) between The Boeing Company ( **Boeing** ) and Federal Express Corporation ( **Customer** ) relating to Model 767-3S2F aircraft ( **Aircraft** )

This letter agreement ( **Letter Agreement** ) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement will have the same meaning as in the Purchase Agreement.

[\*]

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will 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 Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

FED-PA-3712-MISC-1903302

[\*]

Page 1

**BOEING PROPRIETARY**

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Very truly yours,

THE BOEING COMPANY

By: /s/ Laura Ford

Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 29, 2019

FEDERAL EXPRESS CORPORATION

By: /s/ Kevin Burkhart

Its: Vice President

FED-PA-3712-MISC-1903302

[\*]

Page 2

**BOEING PROPRIETARY**

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The Boeing Company  
P.O. Box 3707  
Seattle, WA 98124-2207

FED-PA-3712-MISC-1902431

Federal Express Corporation  
3610 Hacks Cross  
Memphis, TN 38125

Attention: Mr. Guy See  
Managing Director – Aircraft Acquisitions & Sales

Subject: Special Considerations related to [\*]

Reference: (a) Purchase Agreement 3712 between The Boeing Company ( **Boeing** ) and Federal Express Corporation ( **Customer** ) dated December 14, 2011 relating to Model 767-3S2F Aircraft ( **767 Purchase Agreement** )  
(b) Purchase Agreement 3715 between The Boeing Company ( **Boeing** ) and Federal Express Corporation ( **Customer** ) dated November 7, 2006 relating to Model 777- Freighter Aircraft

All terms used but not defined in this letter ( **Letter Agreement** ) shall have the same meaning as in the referenced 767 Purchase Agreement.

1. Background.

1.1 [\*]

1.2 [\*]

1.2.1 [\*]

2. Agreement.

[\*]

2.1 [\*]

[\*]

2.1.1 [\*]

2.1.2 Customer will take delivery of the [\*] 767 Aircraft and the [\*] 767 Aircraft, and ferry the aircraft from Everett, Washington on the dates tendered in accordance with the 767 Purchase Agreement;

2.1.3 [\*]

2.1.4 [\*]

FED-PA-3712-MISC-1902431

Special Considerations related to [\*]

**BOEING PROPRIETARY**

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2.1.5 [\*]

2.1.6 [\*]

2.1.7 [\*]

2.2 [\*]

[\*]

2.2.1 [\*]

2.2.1.1 [\*]

2.2.1.2 [\*]

2.2.1.3 [\*]

2.2.1.4 [\*]

2.2.2 [\*]

### 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 Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

FED-PA-3712-MISC-1902431

Special Considerations related to [\*]

Page 2

#### **BOEING PROPRIETARY**

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Very truly yours,

THE BOEING COMPANY

By /s/ Laura Ford

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 29, 2019

FEDERAL EXPRESS CORPORATION

By /s/ Kevin Burkhart

Its Vice President

FED-PA-3712-MISC-1902431  
Special Considerations related to [\*]

**BOEING PROPRIETARY**

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**INFORMATION IN THIS EXHIBIT IDENTIFIED BY BRACKETS IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B) (10)(IV) OF REGULATION S-K BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO FEDEX IF PUBLICLY DISCLOSED.**

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE 1	OF 3
2. AMENDMENT/MODIFICATION NO. 149	3. EFFECTIVE DATE 01/28/2019	4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. <i>(If applicable)</i>
6. ISSUED BY 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	CODE 5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		CODE 5ACAAQ
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
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>				

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			
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>			
(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.		
<input type="checkbox"/>	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.		
<input type="checkbox"/>	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.		
<input checked="" type="checkbox"/>	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:  
  
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 January 28, 2019 to March 03, 2019 (Operating Period 65) 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 <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED 4-11-19	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED 4/16/19

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

CONTINUATION SHEET

REQUISITION NO.

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CONTRACT/ORDER NO. ACN-13-FX/149	AWARD/ EFFECTIVE DATE 01/28/2019	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE
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ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
1	<p>To: [*] per cubic foot This is a decrease of [*].</p> <p>TIERS: 6 - 8 TIER 6: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*].</p> <p>TIER 7: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*].</p> <p>TIER 8: From: [*] per cubic foot To: [*] per cubic foot This is a decrease of [*].</p> <p>[*]</p> <p>— 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</p> <p>Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 1 to read as follows:</p> <p>Day Network Account Number: 53503 Continued...</p>				[*]

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

CONTINUATION SHEET

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CONTRACT/ORDER NO.

AWARD/  
EFFECTIVE DATE

MASTER/AGENCY CONTRACT NO.

SOLICITATION NO.

SOLICITATION  
ISSUE DATE

ACN-13-FX/149

01/28/2019

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>This is for estimation purposes only and is not a guarantee of contract value.</p> <p><u>Omitted Attachment</u>                      An attachment to this exhibit containing certain volume information has been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the Securities and Exchange Commission or its staff upon request.</p>				



**INFORMATION IN THIS EXHIBIT IDENTIFIED BY BRACKETS IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B) (10)(IV) OF REGULATION S-K BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO FEDEX IF PUBLICLY DISCLOSED.**

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE	OF
			1	2
2. AMENDMENT/MODIFICATION NO. 150	3. EFFECTIVE DATE 12/31/2018	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. <i>(If applicable)</i>	
6. ISSUED BY 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	CODE 5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		CODE 5ACAAQ
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
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>				

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. ) See Schedule		Net Increase: [*]
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>		
(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.	
<input type="checkbox"/>	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.	
<input type="checkbox"/>	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.	
<input checked="" type="checkbox"/>	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 64 (January 2019) 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 ) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER ( Type or print ) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED 4-16-19	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED 4/16/19

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

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CONTRACT/ORDER NO.

AWARD/  
EFFECTIVE DATE

MASTER/AGENCY CONTRACT NO.

SOLICITATION NO.

SOLICITATION  
ISSUE DATE

ACN-13-FX/150

12/31/2018

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
9	<p>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.</p> <p>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</p> <p>Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows: Ad Hoc Charter Option Account Number: 53703</p> <p>This value is for estimation purposes only.</p> <p><u>Omitted Attachment</u> An attachment to this exhibit regarding certain charter services to be provided by FedEx for the U.S. Postal Service has been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the Securities and Exchange Commission or its staff upon request.</p>				[*]

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

**INFORMATION IN THIS EXHIBIT IDENTIFIED BY BRACKETS IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B) (10)(IV) OF REGULATION S-K BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO FEDEX IF PUBLICLY DISCLOSED.**

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE 1	OF 3
2. AMENDMENT/MODIFICATION NO. 151	3. EFFECTIVE DATE 03/04/2019	4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. <i>(If applicable)</i>
6. ISSUED BY 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	CODE 5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) 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 ( <i>No., Street, County, State, and Zip Code</i> )  FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800		(x)	9A. AMENDMENT OF SOLICITATION NO.	
			9B. DATED ( <i>SEE ITEM 11</i> )	
		x	10A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
SUPPLIER CODE: 000389122			10B. DATED ( <i>SEE ITEM 13</i> ) 04/23/2013	
FACILITY CODE		<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>		

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 ( <i>If required.</i> )		Net Increase: [*]
See Schedule		
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>		
(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.	
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES ( <i>such as changes in paying office, appropriation date, etc.</i> ) SET FORTH IN ITEM 14.	
<input type="checkbox"/>	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.	
<input checked="" type="checkbox"/>	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:  
  
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 March 04, 2019 to March 31, 2019 (Operating Period 66) 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 ( <i>Type or print</i> ) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER ( <i>Type or print</i> ) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED 5-14-19	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED 5/14/19

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

CONTINUATION SHEET

REQUISITION NO.

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CONTRACT/ORDER NO. ACN-13-FX/151	AWARD/ EFFECTIVE DATE 03/04/2019	MASTER/AGENCY CONTRACT NO.	SOLICITATION NO.	SOLICITATION ISSUE DATE
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ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
1	<p>To: [*] per cubic foot This is an increase of [*].</p> <p>TIERS: 6 - 8 TIER 6: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*].</p> <p>TIER 7: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*].</p> <p>TIER 8: From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*].</p> <p>[*]</p> <p>— 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</p> <p>Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 1 to read as follows:</p> <p>Day Network Account Number: 53503</p> <p>Continued...</p>				[*]

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

CONTINUATION SHEET

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CONTRACT/ORDER NO.

AWARD/  
EFFECTIVE DATE

MASTER/AGENCY CONTRACT NO.

SOLICITATION NO.

SOLICITATION  
ISSUE DATE

ACN-13-FX/151

03/04/2019

ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>This is for estimation purposes only and is not a guarantee of contract value.</p> <p><u>Omitted Attachment</u> An attachment to this exhibit containing certain volume information has been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the Securities and Exchange Commission or its staff upon request.</p>				

**INFORMATION IN THIS EXHIBIT IDENTIFIED BY BRACKETS IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B) (10)(IV) OF REGULATION S-K BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO FEDEX IF PUBLICLY DISCLOSED.**

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE	OF
			1	2
2. AMENDMENT/MODIFICATION NO. 152	3. EFFECTIVE DATE 01/28/2019	4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. <i>(If applicable)</i>
6. ISSUED BY JESSICA J. STRINGER Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650 (202) 268-5527	CODE 5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		CODE 5ACAAQ
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
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>				

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. ) See Schedule		Net Increase: [*]
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>		
(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.	
<input type="checkbox"/>	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.	
<input type="checkbox"/>	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.	
<input checked="" type="checkbox"/>	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 65 (February 2019) 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 ) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER ( Type or print ) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED 5-14-19	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED 5/14/19

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

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ACN-13-FX/152		01/28/2019					SOLICITATION ISSUE DATE
ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT		
9	<p>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.</p> <p>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</p> <p>Accounting Info: BFN: 670167 FOB: Destination Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows: Ad Hoc Charter Option Account Number: 53703</p> <p>This value is for estimation purposes only.</p> <p>The individual identified in Block 6 has changed with this modification.</p> <p><u>Omitted Attachment</u> An attachment to this exhibit regarding certain charter services to be provided by FedEx for the U.S. Postal Service has been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally a copy of the attachment to the Securities and Exchange Commission or its staff upon request.</p>				[*]		

\* Blank spaces contained confidential information that has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to FedEx if publicly disclosed.

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\$2,000,000,000

FIVE-YEAR CREDIT AGREEMENT

Dated as of

March 22, 2019

Among

FEDEX CORPORATION,  
as Borrower,

BANK OF AMERICA, N.A.,  
as Syndication Agent,

CITIBANK, N.A.,  
THE BANK OF NOVA SCOTIA  
and  
WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Documentation Agents,

The Several Lenders Party Hereto,

And

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

---

JPMORGAN CHASE BANK, N.A., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
CITIBANK, N.A., THE BANK OF NOVA SCOTIA, and  
WELLS FARGO SECURITIES, LLC,  
as Joint Lead Arrangers and Joint Bookrunners

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FIVE-YEAR CREDIT AGREEMENT, dated as of March 22, 2019, among FEDEX CORPORATION, the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, BANK OF AMERICA, N.A., as Syndication Agent, and CITIBANK, N.A., THE BANK OF NOVA SCOTIA and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Documentation Agents.

The parties hereto agree as follows:

**ARTICLE I**

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“364-Day Credit Agreement” means the 364-Day Credit Agreement, dated as of March 22, 2019, among the Borrower, the lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent.

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Additional Lender” has the meaning assigned to such term in Section 2.19.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., together with its Affiliates, as the administrative agent for the Lenders hereunder, together with any of its successors.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agents” means, collectively, the Syndication Agent, the Documentation Agents and the Administrative Agent.

“Aggregate Exposure” means, with respect to any Lender at any time, an amount equal to (a) until the Effective Date, the amount of such Lender’s Commitments at such time and (b) thereafter, such Lender’s Commitment then in effect or, if the Commitments have been terminated, the amount of such Lender’s Loans and L/C Exposure (and, in the case of Foreign Currency Loans and Foreign Currency Letters of Credit, the Dollar Equivalent of such Lender’s Foreign Currency Loans and L/C Exposure with respect to Foreign Currency Letters of Credit) then outstanding; provided that, in the case of Section 2.16, when a Defaulting Lender shall exist, any such Defaulting Lender’s Commitment shall be disregarded in the calculation.

“Aggregate Exposure Percentage” means, with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender’s Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

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“Agreement” means this Five-Year Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Alternate Base Rate” means, for any day, a rate per annum (rounded, if necessary, to the next 1/16 of 1%) equal to the highest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1% or (c) the Adjusted LIBO Rate for an Interest Period of one (1) month’s duration on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that the Adjusted LIBO Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m., London time on such day (without any rounding). Any change in the Alternate Base Rate due to a change in the Prime Rate, the New York Fed Bank Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the New York Fed Bank Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.11, then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

“Alternative Currency” means Pounds Sterling and Euros.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, and the UK Bribery Act 2010, as amended.

“Applicable Rate” means, for any day with respect to (a) any Eurodollar Loan denominated in any currency, a rate per annum equal to the applicable rate per annum set forth in the Pricing Grid under the caption “Applicable Rate (Eurodollar Loan)” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt, (b) any ABR Loan, a rate per annum equal to the applicable rate per annum set forth in the Pricing Grid under the caption “Applicable Rate (ABR Loan)” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt, or (c) commitment fees payable hereunder, the applicable rate per annum set forth in the Pricing Grid under the caption “Commitment Fee Rate” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt.

“Application” means an application requesting the relevant Issuing Bank to open a Letter of Credit.

“Assignee” has the meaning assigned to such term in Section 10.06(c).

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Assignee (with the consent of any party whose consent is required by Section 10.06), and accepted by the Administrative Agent, in the form of Exhibit E.

“Assignor” has the meaning assigned to such term in Section 10.06(c).

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

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“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code, or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan.”

“Benefitted Lender” has the meaning assigned to such term in Section 10.07(a).

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means FedEx Corporation, a Delaware corporation.

“Borrowing” means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, (a) when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in the relevant currency in the interbank eurocurrency market and (b) when used in connection with a Eurodollar Loan denominated in Euros, the term “Business Day” shall also exclude any day on which (x) commercial banks in Brussels, Belgium are authorized or required by law to remain closed or (y) the TARGET2 payment system is not open for the settlement of payments in Euros.

“Calculation Date” means the last Business Day of each calendar quarter; provided that (a) the second Business Day preceding the date of any borrowing or continuation of any Loans denominated in Euros or Pounds Sterling, (b) the date any borrowing or continuation of any Loans denominated in Dollars and (c) the date of issuance, amendment, renewal or extension of a Letter of Credit shall, in each case, also be a Calculation Date.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.12(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement. Notwithstanding anything herein to the contrary (solely for the purposes of Sections 2.12(a), 2.12(b) and Section 2.12(g)), (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted, issued or implemented.

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“Change of Control” means any of the following: (a) any “person” (as such term is used in Sections 13(d) and 14 of the Securities Exchange Act of 1934, as amended), other than (1) the Borrower, (2) any Subsidiary, (3) any employee benefit plan (or a trust forming a part thereof) maintained by the Borrower or any Subsidiary, or (4) any underwriter temporarily holding securities of the Borrower pursuant to an offering of such securities becoming the “beneficial owner” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of securities of the Borrower representing 30% or more of the Borrower’s then outstanding Voting Stock; or (b) directors who, as of the date of this Agreement, constitute the Board of Directors of the Borrower (the “Incumbent Board”) ceasing to constitute at least a majority of the Board of Directors of the Borrower (or, in the event of any merger, consolidation or reorganization the principal purpose of which is to change the Borrower’s state of incorporation, form a holding company or effect a similar reorganization as to form, the board of directors of such surviving company or its ultimate parent company), provided, however, that any individual becoming a member of the Board of Directors of the Borrower subsequent to the date of this Agreement whose election, or nomination for election by the Borrower’s stockholders, was approved by a vote of a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to any Lender, the obligation of such Lender, if any, to make Loans and participate in Letters of Credit hereunder, in an amount not to exceed the amount set forth under the heading “Commitment” opposite such Lender’s name on Schedule 2.01(a) (as may be increased pursuant to Section 2.18) or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate original amount of the Commitments on the Effective Date is \$2,000,000,000.

“Conduit Lender” means any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.12, 2.13, 2.14, 2.15 or 10.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender, or (b) be deemed to have any Commitment.

“Consolidated Adjusted Total Assets” means, at any date as of which the amount thereof is to be determined, (a) the aggregate amount set forth as the assets of the Borrower and the consolidated Subsidiaries on a consolidated balance sheet of the Borrower and the consolidated Subsidiaries prepared as of such date in accordance with GAAP, minus (b) the aggregate book value as of such date of determination of all assets of the Borrower or any consolidated Subsidiary subject on such date of determination to a Lien permitted by Section 7.01(j).

“Consolidated EBITDA” means, for any period, Consolidated Operating Income for such period plus, without duplication and to the extent reducing such Consolidated Operating Income for such period, the sum of (a) depreciation and amortization expense, (b) amortization of intangibles (including, but not limited to, goodwill), (c) non-cash expenses or losses related to periodic mark-to-

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market charges related to pension losses, and (d) non-cash asset impairment charges related to long-lived assets (including intangible asset impairment charges), and minus, without duplication, to the extent included in such Consolidated Operating Income for such period, non-cash periodic mark-to-market credits related to pension gains, all as determined on a consolidated basis.

“Consolidated Operating Income” means, for any period, the consolidated operating income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions.

“Consolidated Total Debt” means, as of any date with respect to the Borrower and its Subsidiaries, all liabilities of the Borrower and its Subsidiaries outstanding on such date which would in accordance with GAAP be classified as short-term or long-term debt (including the current portion of long-term debt) of the Borrower and its Subsidiaries (including, without limitation, finance lease obligations) on a consolidated balance sheet of the Borrower and its Subsidiaries as of such date.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses (other than endorsements for collection or deposit in the ordinary course of business), contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the payment obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter or take-or-pay contract.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Loans and L/C Exposure (and, in the case of Foreign Currency Loans and Foreign Currency Letters of Credit, the Dollar Equivalent of such Lender’s Foreign Currency Loans and L/C Exposure with respect to Foreign Currency Letters of Credit) at such time.

“Current Maturities” means, as of any date with respect to the Long Term Debt of any Person, any portion of such Long Term Debt that would in accordance with GAAP be classified as a current liability of such Person.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that has (a) failed to within three (3) Business Days of the date required hereunder (i) fund any portion of its Loans or (ii) fund any portion of its participations in Letters of Credit, unless, in the case of clause (i) above, such Lender, acting in good faith, notifies the Administrative Agent and the Borrower in writing within three (3) Business Days of the date such Lender was required to fund such portion of its Loans that such failure to fund is the result of such Lender’s reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) notified the Borrower or the Administrative Agent in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement



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to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement (i) relates to such Lender's obligation to fund a Loan hereunder, (ii) states, in good faith, that such position is based on such Lender's reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied and (iii) is issued within three (3) Business Days of the date such Lender was required to fund a portion of its Loans hereunder) or generally under similar agreements in which it has committed to extend credit, (c) failed, within three (3) Business Days after written request by the Administrative Agent (whether acting on its own behalf or at the reasonable request of the Borrower (it being understood that the Administrative Agent shall comply with any such reasonable request)), to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit; provided that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject of a good faith dispute, (e) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has a parent company that has become other than via an Undisclosed Administration the subject of a bankruptcy or insolvency proceeding or a Bail-In Action, or has had a receiver, conservator, trustee or custodian appointed for it, or (f) has become the subject of a Bail-In Action. No Lender shall be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in such Lender or a parent company thereof by a Governmental Authority or an instrumentality thereof so long as such ownership does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality thereof) to reject, repudiate, disavow or disaffirm any contracts or agreements with or of such Lender.

“Disclosed Matters” means the actions, suits and proceedings and the environmental matters disclosed in (i) the Borrower's most recent annual report on Form 10-K or most recent quarterly report on Form 10-Q filed, in each case, prior to the date of this Agreement and only as and to the extent disclosed therein (but excluding any risk factor disclosures contained under the heading “Risk Factors,” any disclosure of risks included in any “forward-looking statements” disclaimer or any other statements that are similarly predictive or forward-looking in nature) or (ii) as otherwise disclosed in Schedule 4.06.

“Dividing Person” has the meaning assigned to it in the definition of “Division”.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“Dollar Equivalent” means at any time as to any amount denominated in Euro or Pounds Sterling, the equivalent amount in Dollars as determined by the Administrative Agent at such time on the basis of the Exchange Rate for the purchase of Dollars with such Euro or Pounds Sterling, as applicable, on the most recent Calculation Date for such currency.

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“Dollar Revolving Loans” has the meaning assigned to such term in Section 2.01.

“Dollars” or “\$” refers to lawful money of the United States of America.

“EEA Financial Institution” means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions specified in Section 5.01 are satisfied (or waived in accordance with Section 10.01).

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority that are in each case relating to pollution or the protection of the environment, the preservation or reclamation of natural resources, the management, storage or release of any Hazardous Material, or to health and safety matters as they relate to Hazardous Materials or natural resources.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) the violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any consent order or consent agreement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means (i) any entity (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Sections 414(b) or (c) of the Code or, solely for purposes of Sections 302 and 303 of ERISA and Sections 412 and 430 of the Code, is treated as a single employer under Sections 414(m) or (o) of the Code and (ii) any entity (whether or not incorporated) that, together with the Borrower, is under common control within the meaning of Section 4001(a)(14) of ERISA.

“ERISA Event” means (a) a Reportable Event with respect to a Plan; (b) the failure to meet the minimum funding standard of Sections 412 or 430 of the Code or Sections 302 or 303 of ERISA with respect to any Single Employer Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA with respect to any Single Employer Plan or the failure to make any required contribution to a Multiemployer Plan; (c) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA, other than for PBGC premiums; (d) a determination that any

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Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Title IV of ERISA); (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan or the commencement of proceedings by the PBGC to terminate a Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is insolvent (within the meaning of Section 4245 of ERISA), in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“EURIBOR Screen Rate” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Euro” means the single currency of Participating Member States introduced in accordance with the provisions of Article 109(1)4 of the Treaty and, in respect of all payments to be made under this Agreement in Euro, means immediately available, freely transferable funds.

“Euro Revolving Loans” has the meaning assigned to such term in Section 2.01.

“Eurodollar” means when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Eurodollar Tranche” means the collective reference to Eurodollar Loans denominated in the same currency the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Event of Default” has the meaning assigned to such term in Article VIII.

“Exchange Rate” means on any day, with respect to any currency, the rate at which such currency may be exchanged into any other currency, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or, in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., Local Time, on such date for the purchase of the relevant currency for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

“Excluded Taxes” shall mean (i) net income taxes and franchise taxes (imposed on or measured by net income) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the

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Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), (ii) Taxes that are attributable to a Lender's failure to comply with the requirements of Section 2.14(f), (iii) in the case of a Lender, United States federal withholding taxes resulting from any Requirement of Law in effect on the date such Lender becomes a party to this Agreement (other than pursuant to an assignment request by the Borrower under Section 2.17(b)), except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts with respect to such Taxes pursuant to Section 2.14 or (iv) any U.S. federal withholding Taxes imposed under FATCA.

“Existing Letters of Credit” means the letters of credit set forth in Schedule 3.01.

“Existing Maturity Date” has the meaning assigned to such term in Section 2.19.

“Existing Revolving Credit Facility” means the Five-Year Credit Agreement, dated as of November 13, 2015, as amended, pursuant to the First Amendment thereto dated as of January 26, 2018, among the Borrower and JPMorgan Chase Bank, N.A., individually and as agent, and certain lenders.

“Extending Lender” has the meaning assigned to such term in Section 2.19.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any regulations or official interpretations thereof.

“Federal Aviation Act” means the Federal Aviation Act of 1958, as amended from time to time.

“Federal Funds Effective Rate” means, for any day, an interest rate per annum equal to the rate calculated by the New York Fed based on such day's federal funds transactions by depository institutions (as determined in such manner as the New York Fed shall set forth on its public website from time to time) and published on the next succeeding Business Day by the New York Fed as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Payment Date” means (a) the last day of March, June, September and December of each year and (b) the date on which the Commitments terminate.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer, staff vice president and assistant treasurer or controller of the Borrower.

“Flight Equipment” means, individually and collectively, aircraft, aircraft engines, appliances and spare parts, all as defined in the Federal Aviation Act, and related parts.

“Foreign Currency Letter of Credit” means a Letter of Credit denominated in Euros or Pounds Sterling.

“Foreign Currency Loans” has the meaning assigned to such term in Section 2.01.

“Foreign Subsidiary” means any Subsidiary of the Borrower that is organized and existing under the laws of any jurisdiction outside of the United States of America or that is a Foreign Subsidiary Holding Company.

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“Foreign Subsidiary Holding Company” means any Subsidiary of the Borrower or its domestic Subsidiaries that has no material assets other than (a) securities of one (1) or more Foreign Subsidiaries, and other assets relating to an ownership interest in any such securities or Subsidiaries, (b) intercompany accounts or loans receivables with Borrower or another Subsidiary of Borrower, and (c) goodwill.

“GAAP” means generally accepted principles of accounting as in effect from time to time in the United States of America. In the event that any “Accounting Change” (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then upon delivery of notice of such Accounting Change from either the Borrower or the Administrative Agent, each of the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower’s financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as notice of such Accounting Change has been delivered pursuant to the preceding sentence and an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. “Accounting Changes” refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee Agreement” means, collectively, those certain Guarantee Agreements, substantially in the form of Exhibit C attached hereto, to be executed by certain Subsidiaries in accordance with the terms of this Agreement.

“Guarantor” means each Subsidiary that is a party to the Guarantee Agreement.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas, and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant (or terms of similar meaning), under any Requirement of Law.

“Hedge Agreement” means any interest rate swap, exchange or cap agreement.

“Impacted Interest Period” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Increased Facility Activation Notice” means a notice substantially in the form of Exhibit G-1.

“Increased Facility Closing Date” means any Business Day designated as such in an Increased Facility Activation Notice.

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“Indebtedness” of a Person means, without duplication, (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable), (iii) Indebtedness of others, whether or not assumed, secured by Liens on any Property now or hereafter owned or acquired by such Person, (iv) obligations of such Person which are evidenced by notes, bonds, debentures, or other similar instruments, (v) net liabilities of such Person under Hedge Agreements, (vi) Contingent Obligations of such Person, and (vii) obligations of such Person created through asset securitization financing programs.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Index Debt” means senior, unsecured, non-credit enhanced long-term debt issued by the Borrower.

“Individual L/C Sublimit” has the meaning assigned to such term in the definition of “L/C Sublimit”.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three (3) months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months’ duration after the first day of such Interest Period.

“Interest Period” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one (1), two (2), three (3) or six (6) months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Interpolated Rate” means at any time and with respect to any currency, the rate per annum (rounded to the same number of decimal places as the Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the applicable Screen Rate (for the longest period for which the applicable Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period and (b) the applicable Screen Rate (for the shortest period for which the applicable Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

“IRS” means the Internal Revenue Service.

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“Issuing Bank” means each of JPMorgan Chase Bank, N.A., Bank of America, N.A., The Bank of Nova Scotia, Citibank, N.A., Wells Fargo Bank, National Association and any other Lender approved by the Administrative Agent and the Borrower that has agreed in its sole discretion to act as an “Issuing Bank” hereunder, or any of their respective affiliates, in each case in its capacity as issuer of any Letter of Credit. Each reference herein to “the Issuing Bank” shall be deemed to be a reference to the relevant Issuing Bank.

“Judgment Currency” has the meaning assigned to such term in Section 10.20(a).

“Judgment Currency Conversion Date” has the meaning assigned to such term in Section 10.20(a).

“L/C Exposure” means, at any time, the total L/C Obligations. The L/C Exposure of any Lender at any time shall be an amount equal to its Aggregate Exposure Percentage of the total L/C Exposure at such time; provided that in the case of Section 2.16 when a Defaulting Lender shall exist, the L/C Exposure of any Lender shall be adjusted to give effect to any reallocation effected pursuant to Section 2.16.

“L/C Obligations” means at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.05.

“L/C Participants” means the collective reference to all the Lenders other than the Issuing Banks.

“L/C Sublimit” means an amount equal to the lesser of (a) \$250,000,000 and (b) the remaining outstanding Commitments; provided that, with respect to each Person acting as an Issuing Bank as of the Effective Date, there shall be an individual L/C Sublimit (the “Individual L/C Sublimit”) in an amount not to exceed the amount set forth under the heading “L/C Sublimit” opposite such Issuing Bank’s name on Schedule 2.01(b). The L/C Sublimit is part of, and not in addition to, the Commitments and each Issuing Bank’s Individual L/C Sublimit is part of, and not in addition to such Issuing Bank’s (or its Affiliate’s) Commitments.

“Lender Affiliate” means (a) any Affiliate of any Lender, (b) any Person that is administered or managed by any Lender or any Affiliate of any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, or (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such Lender or investment advisor.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

“Letters of Credit” has the meaning assigned to such term in Section 3.01(a).

“LIBO Rate” means, (a) with respect to any Eurodollar Borrowing (other than a Eurodollar Borrowing denominated in Euros) for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other

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Person that takes over the administration of such rate) for the applicable currency for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters Screen that displays such rate (or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the “LIBO Screen Rate”) and (b) with respect to any such Eurodollar Borrowing denominated in Euros, the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as of 11:00 a.m. Brussels time two Business Days prior to the commencement of such Interest Period (or, in the event such rate does not appear on such Reuters page, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the “EURIBOR Screen Rate”); provided that if the applicable Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if the Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) with respect to the relevant currency, then the LIBO Rate shall be the Interpolated Rate at such time ( provided that if the Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement).

“LIBO Screen Rate” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, encumbrance or other security interest of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, capital lease or other title retention agreement).

“LLC” means any Person that is a limited liability company under the laws of its jurisdiction of formation.

“Loan Documents” means this Agreement, the Guarantee Agreement and the Notes, if any.

“Loan Parties” means the collective reference to the Borrower and each Guarantor.

“Loans” means the Dollar Revolving Loans, Euro Revolving Loans and Sterling Revolving Loans made by the Lenders to the Borrower pursuant to this Agreement.

“Local Time” means (a) with respect to a Loan or Letter of Credit denominated in Dollars, New York City time and (b) with respect to a Loan or Letter of Credit denominated in Euros or Pounds Sterling, London time.

“Long Term Debt” means, as of any date with respect to any Person, all liabilities of such Person outstanding on such date which would in accordance with GAAP be classified as long term debt of such Person (including, without limitation, finance lease obligations of such Person).

“Margin Stock” has the meaning assigned to such term in Regulation U.



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“Material Adverse Effect” means a material adverse effect on (i) the business, Property, financial condition or results of operations of the Borrower and its consolidated Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents to which Borrower or any of the Significant Subsidiaries is a party or the rights or remedies of the Administrative Agent or the Lenders thereunder.

“Material Indebtedness” means Indebtedness (other than the Loans or other Obligations) of any one (1) or more of the Borrower and its consolidated Subsidiaries in an aggregate principal amount exceeding \$200,000,000 (or the equivalent thereof in any other currency).

“Maturity Date” means March 22, 2024, or if such date is not a Business Day, the next succeeding Business Day.

“Moody’s” means Moody’s Investors Service, Inc., or, if Moody’s shall cease rating Index Debt of the Borrower and its ratings business with respect to Index Debt of the Borrower shall have been transferred to a successor Person, such successor Person; provided, however, that if Moody’s ceases rating securities similar to Index Debt of the Borrower and its ratings business with respect to such securities shall not have been transferred to any successor Person, then “Moody’s” shall mean any other nationally recognized rating agency (other than S&P) selected by the Borrower and reasonably satisfactory to the Administrative Agent that rates any Indebtedness of the Borrower.

“Multiemployer Plan” means a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New Lenders” has the meaning assigned to such term in Section 2.18(b).

“New York Fed” means the Federal Reserve Bank of New York.

“New York Fed Bank Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if both such rates are not so published for any day that is a Business Day, the term “New York Fed Bank Rate” means the rate quoted for such day for a federal funds transaction at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Non -U.S. Lender” has the meaning assigned to such term in Section 2.14(f).

“Notes” means any promissory notes executed by the Borrower in favor of a Lender Party hereto pursuant to Section 2.07(e).

“Obligations” means the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans, the Reimbursement Obligations and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs or expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto).

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“Other Taxes” means any and all present or future stamp, court or documentary, intangible, recording, filing or similar taxes arising from any payment made hereunder or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the New York Fed as set forth on its public website from time to time) and published on the next succeeding Business Day by the New York Fed as an overnight bank funding rate (from and after such date as the New York Fed shall commence to publish such composite rate).

“Owner’s Equity” means, as of any date, the amount set forth as “total common stockholders’ investment” on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries prepared as of such date in accordance with GAAP.

“Participant” has the meaning assigned to such term in Section 10.06(b).

“Participant Register” has the meaning assigned to such term in Section 10.06(b).

“Participating Member State” means each state so described in any EMU legislation.

“Patriot Act” means the USA Patriot Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means at a particular time, any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Single Employer Plan), maintained for employees of the Borrower or any ERISA Affiliate or any such Plan to which Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Pounds Sterling” means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

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“Pricing Grid” means as follows:

<u>Level</u>	<u>Index Debt Ratings</u>	<u>Applicable Rate (Eurodollar Loan)</u>	<u>Applicable Rate (ABR Loan)</u>	<u>Commitment Fee Rate</u>
Level 1	≥ A- from S&P or ≥ A3 from Moody’s	0.875%	0.00%	0.09%
Level 2	BBB+ from S&P or Baa1 from Moody’s	1.00%	0.00%	0.10%
Level 3	BBB from S&P or Baa2 from Moody’s	1.25%	0.25%	0.125%
Level 4	BBB- from S&P or Baa3 from Moody’s	1.375%	0.375%	0.175%
Level 5	≤ BBB- from S&P and ≤ Baa3 from Moody’s	1.625%	0.625%	0.225%

For purposes of the foregoing, (i) if the ratings established or deemed to have been established by Moody’s and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency; (ii) if the ratings established or deemed to have been established by Moody’s and S&P for the Index Debt shall fall within different Levels, the Applicable Rate shall be based on the higher of the two (2) ratings unless one (1) of the two (2) ratings is two (2) or more Levels lower than the other, in which case the Applicable Rate shall be determined by reference to the Level next below that of the higher of the two (2) ratings; and (iii) if either Moody’s or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Level 5. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change.

“Prime Rate” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent); each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Property” of a Person means any and all property of such Person, whether real, personal, tangible, intangible, or mixed, and other assets owned or leased by such Person, including cash, securities, accounts, and contract rights.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Register” has the meaning assigned to such term in Section 10.06(d).

“Regulation U” means Regulation U of the Board as from time to time in effect and any successor or other regulation or official interpretation of the Board relating to the extension of credit by banks and/or nonbank lenders other than brokers or dealers that is (i) for the purpose of purchasing or carrying Margin Stock or (ii) secured by Margin Stock, and that is applicable to member banks of the Federal Reserve System and/or nonbank lenders other than brokers or dealers.

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“Regulation X” means Regulation X of the Board as from time to time in effect.

“Reimbursement Obligation” means the obligation of the Borrower to reimburse the Issuing Banks pursuant to Section 3.05 for amounts drawn under Letters of Credit.

“Relevant Anniversary Date” has the meaning assigned to such term in Section 2.19.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events for which the thirty (30) day notice period has been waived under the applicable regulations.

“Required Lenders” means, at any time, Lenders having Credit Exposures and unused Commitments representing more than fifty percent (50%) of the sum of the total Credit Exposures and unused Commitments at such time.

“Requirement of Law” means, as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

“Reset Date” has the meaning assigned to such term in Section 1.05(c).

“Restricted Margin Stock” means Margin Stock owned by the Borrower or any Subsidiary which represents not more than twenty-five percent (25%) of the aggregate value (determined in accordance with Regulation U), on a consolidated basis, of the Property and assets of the Borrower and the Subsidiaries (other than Margin Stock) that is subject to the provisions of Article VII (including Section 7.01).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw Hill Companies, Inc., or, if S&P shall cease rating Index Debt of the Borrower and its ratings business with respect to Index Debt of the Borrower shall have been transferred to a successor Person, such successor Person; provided, however, that if S&P ceases rating securities similar to Index Debt of the Borrower and its ratings business with respect to such securities shall not have been transferred to any successor Person, then “S&P” shall mean any other nationally recognized rating agency (other than Moody’s) selected by the Borrower and reasonably satisfactory to the Administrative Agent that rates any Indebtedness of the Borrower.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the European Union, Her Majesty’s Treasury of the United Kingdom, the United Nations Security Council or the Government of Canada or any of its agencies or departments, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means all international economic sanctions administered or enforced by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the European Union or Her Majesty’s Treasury of the United Kingdom, (c) the United Nations Security Council or (d) the Government of Canada or any of its agencies or departments.

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“Screen Rate” means the EURIBOR Screen Rate and the LIBO Screen Rate, collectively and individually, as the context may require.

“SEC” means the Securities and Exchange Commission or any successor thereto.

“Significant Subsidiary” means any Subsidiary that would meet the definition of “significant subsidiary” contained as of the date hereof in Regulation S-X of the SEC, excluding, however, any Foreign Subsidiary Holding Company.

“Single Employer Plan” means any Plan that is covered by Title IV of ERISA or Sections 412 or 430 of the Code or Sections 302 or 303 of ERISA, but that is not a Multiemployer Plan.

“Specified Guarantors” means Federal Express Corporation, FedEx Ground Package System, Inc., FedEx Freight Corporation, FedEx Freight, Inc., FedEx Corporate Services, Inc., and FedEx Office and Print Services, Inc., and, in each case, any other Person to which any such Specified Guarantor sells, transfers or otherwise disposes of all or substantially all of its assets or into which such Specified Guarantor is merged or consolidated.

“Specified Time” means (i) in the case of Dollar Revolving Loans, 11:00 a.m. New York City time, (ii) in the case of Euro Revolving Loans, 11:00 a.m. Brussels time and (iii) in the case of Sterling Revolving Loans, 11:00 a.m. London time.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). Such reserve percentage shall include those imposed pursuant to Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Sterling Revolving Loans” has the meaning assigned to such term in Section 2.01.

“subsidiary” of a Person means (i) any corporation more than fifty percent (50%) of the outstanding Voting Stock of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one (1) or more of its subsidiaries or by such Person and one (1) or more of its subsidiaries, or (ii) any partnership, association, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having power to direct the ordinary affairs thereof of which shall at the time be so owned or controlled.

“Subsidiary” means any subsidiary of the Borrower.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in Euros.

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“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges, fees, withholdings (including backup withholdings), assessments or similar charges imposed by any Governmental Authority.

“Transactions” means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party and the borrowing of Loans by the Borrower.

“Transferee” means any Assignee or Participant.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“Undisclosed Administration” means in relation to a Lender or a Person that directly or indirectly controls such Lender, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or Person, as the case may be, is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

“Unrestricted Margin Stock” means any Margin Stock owned by the Borrower or any Subsidiary which is not Restricted Margin Stock.

“Voting Stock” means all outstanding shares of capital stock of a Person entitled to vote generally in the election of directors.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type ( e.g., a “Eurodollar Loan”) and Borrowings also may be classified and referred to by Type ( e.g., a “Eurodollar Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision

hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect.

SECTION 1.04. Accounting Terms: GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.05. Currency Conversion and Fluctuations.

(a) If more than one currency or currency unit are at the same time recognized by the central bank of any country as the lawful currency of that country, then (i) any reference in the Loan Documents to, and any obligations arising under the Loan Documents in, the currency of that country shall be translated into or paid in the currency or currency unit of that country designated by the Administrative Agent and (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognized by the central bank for conversion of that currency or currency unit into the other, rounded up or down (to the next 1/16 of 1%) by the Administrative Agent as it deems appropriate.

(b) If a change in any currency of a country occurs, this Agreement shall be amended (and each party hereto agrees to enter into any supplemental agreement necessary to effect any such amendment) to the extent that the Administrative Agent determines such amendment to be necessary to reflect the change in currency and to put the Lenders in the same position, so far as possible, that they would have been in if no change in currency had occurred.

(c) No later than 11:00 a.m. London time on each Calculation Date, the Administrative Agent shall determine the Exchange Rate as of such Calculation Date with respect to each applicable currency, provided that, upon receipt of a borrowing notice pursuant to Section 2.03, the Administrative Agent shall determine the Exchange Rate with respect to the relevant currency on the related Calculation Date (it being acknowledged and agreed that the Administrative Agent shall use such Exchange Rate for the purposes of determining compliance with Section 2.03 with respect to such borrowing notice). The Exchange Rates so determined shall become effective on the relevant Calculation Date (a “Reset Date”), shall remain effective until the next succeeding Reset Date and shall for all purposes of this Agreement (other than Section 10.20 and any other provision expressly requiring the use of a current Exchange Rate) be the Exchange Rates employed in converting any amounts between Dollars and any other currency.

(d) No later than 11:00 a.m. London time on each Reset Date, the Administrative Agent shall determine the aggregate amount of the Dollar Equivalents of (i) the principal amounts of the Foreign Currency Loans then outstanding (after giving effect to any Foreign Currency Loans to be made or repaid on such date) and (ii) the L/C Obligations then outstanding in a currency other than Dollars.

(e) The Administrative Agent shall promptly notify the Borrower of each determination of an Exchange Rate hereunder.

SECTION 1.06. Interest Rates: LIBOR Notification. The interest rate on Eurodollar Loans is determined by reference to the LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.11(b) of this Agreement, such Section 2.11(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower, pursuant to Section 2.11 in advance of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of “LIBO Rate” or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.11(b), will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.

## ARTICLE II

### THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to (i) make revolving credit loans denominated in Dollars (the “Dollar Revolving Loans”), (ii) make revolving credit loans denominated in Euros (the “Euro Revolving Loans”) and (iii) make revolving credit loans denominated in Pounds Sterling (the “Sterling Revolving Loans”, together with the Euro Revolving Loans, the “Foreign Currency Loans”) from time to time during the Availability Period in an aggregate principal amount (based on, in the case of Foreign Currency Loans, the Dollar Equivalent of such Foreign Currency Loans) that will not result in (a) such Lender’s Credit Exposure exceeding such Lender’s Commitment, or (b) the sum of the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay, and reborrow Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required.

(b) Subject to Section 2.11, each Borrowing of (i) Dollar Revolving Loans shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, (ii) Euro Revolving Loans shall be comprised entirely of Eurodollar Loans as the Borrower may request in accordance herewith and (iii) Sterling Revolving Loans shall be comprised entirely of Eurodollar Loans as the Borrower may request in accordance herewith. Notwithstanding anything to the contrary contained herein, each Lender at its option may make any Loan by causing any domestic or foreign branch or Lender Affiliate to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of (i) in the case of Borrowings denominated in Dollars, \$1,000,000 and not less than \$5,000,000, (ii) in the case of Borrowings denominated in Pounds Sterling, £1,000,000 and not less than £5,000,000 and (iii) in the case



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of Borrowings denominated in Euros, €1,000,000 and not less than €5,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one (1) Type may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by delivering an irrevocable written Borrowing Request in the form of Exhibit A (a) in the case of a Eurodollar Borrowing which is a Dollar Revolving Loan, not later than 11:00 a.m., New York City time, at least three (3) Business Days before the date of the proposed Borrowing, (b) in the case of a Eurodollar Borrowing which is a Euro Revolving Loan or Sterling Revolving Loan, not later than 11:00 a.m., Local Time, at least three (3) Business Days before the date of the proposed Borrowing or (c) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing; provided that each ABR Borrowing shall consist solely of Dollar Revolving Loans. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) the currency of such Borrowing (which shall be Dollars, Euro or Pounds Sterling);
- (iv) in the case of a Borrowing to be denominated in Dollars, whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings. (a) Each Lender shall make (i) each Dollar Revolving Loan to be made by it hereunder on the proposed date thereof in Dollars by wire transfer of immediately available funds by 12:00 noon, New York City time and (ii) each Euro Revolving Loan or Sterling Revolving Loan to be made by it hereunder on the proposed date thereof in Euro or Pounds Sterling, as applicable, by wire transfer of immediately available funds by 12:00 noon, London time, in each case, to the account of the Administrative Agent most recently designated by it for such purpose by

notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Unless, prior to the proposed time of any advance of any Borrowing, the Administrative Agent shall have received notice from a Lender that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, or unless the Administrative Agent has knowledge that a Lender is a Defaulting Lender, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, at a rate equal to the greater of (x) the Federal Funds Effective Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans; provided that, to the extent that the Borrower makes any such payment and the applicable Lender subsequently makes a corresponding payment, then the Borrower shall be entitled (without prejudice to any other rights that the Borrower may have against the applicable Lender) to receive any such payment (with interest) made by such Lender. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section; provided that only Eurodollar Borrowings which are Dollar Revolving Loans may be converted into an ABR Borrowing. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by delivering an irrevocable written Interest Election Request in the form of Exhibit B by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) in the case of a Borrowing to be denominated in Dollars, whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to (i) a Eurodollar Borrowing which is a Dollar Revolving Loan prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing or (ii) any other Eurodollar Borrowing, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a Eurodollar Borrowing with an Interest Period of one (1) month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, (A) each Eurodollar Borrowing that is a Dollar Revolving Loan shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (B) each other Eurodollar Borrowing shall be converted to a Eurodollar Borrowing with an Interest Period of one (1) month's duration.

SECTION 2.06. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$20,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.08, the aggregate Credit Exposures of the Lenders would exceed the total Commitments; provided further that if, after giving effect to any reduction of the Commitments, (i) the L/C Sublimit exceeds the amount of Commitments, the L/C Sublimit shall be automatically reduced by the amount of such excess and (ii) if the Individual L/C Sublimit of any Issuing Bank exceeds the Commitments of such Issuing Bank, such Issuing Bank's Individual L/C Sublimit shall be automatically reduced by the amount of such excess. Except as provided above, the amount of any such Commitment reduction shall not be applied to the L/C Sublimit unless otherwise specified by the Borrower.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be

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revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan in the same currency as the applicable Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.06) be represented by one (1) or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without incurring a prepayment penalty, fee, or other cost (except as otherwise expressly set forth in this Agreement), subject to prior notice in accordance with paragraph (c) of this Section.

(b) If, on any Calculation Date, the total Credit Exposures (based on the Dollar Equivalent thereof, in the case of Foreign Currency Loans and Foreign Currency Letters of Credit) exceeds 105% of the Commitments, the Borrower shall, on such day, prepay the Loans in an amount equal to the lesser of (x) the amount of such excess and (y) the amount of such Loans.

(c) The Borrower shall notify the Administrative Agent in writing of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Local Time, one (1) Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the Type, currency and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments

as contemplated by Section 2.06, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10 and any amounts due under Section 2.13.

SECTION 2.09. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the daily undrawn amount of the Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears in Dollars on each Fee Payment Date, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing for the relevant currency plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan, Reimbursement Obligation or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, two percent (2%) plus the rate otherwise applicable to such Loan as provided above, or (ii) in the case of any other amount, two percent (2%) plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears in the currency of the applicable Loan on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) all accrued interest shall be payable upon termination of the Commitments.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that (i) interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a

leap year) and (ii) interest computed by reference to the Eurodollar Rate with respect to Sterling Revolving Loans shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest.

(a) If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate (including because the Screen Rate is not available or published on a current basis), as applicable, for such Interest Period;

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for the applicable currency and such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for the applicable currency and such Interest Period; or

(iii) the Administrative Agent determines (which determination shall be conclusive and binding upon the Borrowers) that deposits in the applicable currency are not generally available, or cannot be obtained by the Lenders, in the applicable market (any Foreign Currency affected by the circumstances described in Section 2.11(a) or (b) is referred to as an “Affected Foreign Currency”),

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or electronic mail as promptly as practicable thereafter (if such notice is given by telephone, the Administrative Agent shall promptly thereafter provide written confirmation of such notice to the Borrower and the Lenders) and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing in Dollars. Until such relevant notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans in an Affected Foreign Currency shall be made or continued as such, nor shall the relevant Borrower have the right to convert ABR Loans to Eurodollar Loans (to the extent Euro such Eurodollar Loan is denominated in an Affected Foreign Currency).

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a) (i) have not arisen but either (w) the supervisor for the administrator of the Screen Rate has made a public statement that the administrator of the Screen Rate is insolvent (and there is no successor administrator that will continue publication of the Screen Rate), (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the

Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Rate); provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 10.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date that a draft of such amendment is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii)(w), clause (ii)(x) or clause (ii)(y) of the first sentence of this Section 2.11(b), only to the extent the Screen Rate for the applicable currency and such Interest Period is not available or published at such time on a current basis), (x) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (y) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing in Dollars.

SECTION 2.12. Increased Costs ; Illegality. (a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);
- (ii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Loans made by such Lender; or
- (iii) subject any Lender to any Tax (except for (1) Indemnified Taxes, (2) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (3) Taxes imposed, as a result of a present or former connection between the Lender and the jurisdiction imposing such Taxes (other than a connection arising from such Lender having executed, delivered or performed its obligations under, or enforced, this Agreement or any other Loan Document), on gross or net income, profits or revenue (including value-added or similar Taxes)) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or, in the case of (iii), any Loans) or of making, converting into, continuing or maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Lender (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Loans made by such Lender or the Letters of Credit issued by the Issuing Banks to a level below that which such Lender or such Lender's holding company could have achieved but for such

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Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity ratios), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) If by reason of any change in a Requirement of Law subsequent to the Effective Date, disruption of currency or foreign exchange markets, war or civil disturbance or similar event, the funding of any Foreign Currency Loan in any currency or the funding of any Foreign Currency Loan in any currency to an office located other than in New York shall be impossible or such currency is no longer available or readily convertible to Dollars, or the Dollar Equivalent of such currency is no longer readily calculable, then, at the election of the Administrative Agent, no Foreign Currency Loans in the relevant currency shall be made or any Foreign Currency Loan in the relevant currency shall be made to an office of the Administrative Agent located in New York, as the case may be.

(d) (i) If payment in respect of any Foreign Currency Loan shall be due in a currency other than Dollars and/or at a place of payment other than New York and if, by reason of any change in a Requirement of Law subsequent to the Effective Date, disruption of currency or foreign exchange markets, war or civil disturbance or similar event, payment of such Obligations in such currency or such place of payment shall be impossible or, in the reasonable judgment of the Administrative Agent, such currency is no longer available or readily convertible to Dollars, or the Dollar Equivalent of such currency is no longer readily calculable, then, at the election of any affected Lender, the Borrower shall make payment of such Loan in Dollars (based upon the Exchange Rate in effect for the day on which such payment occurs, as determined by the Administrative Agent in accordance with the terms hereof) and/or in New York or (ii) if any Foreign Currency in which Loans are outstanding is redenominated then, at the election of any affected Lender, such affected Loan and all obligations of the applicable Borrower in respect thereof shall be converted into obligations in Dollars (based upon the Exchange Rate in effect on such date, as determined by the Administrative Agent in accordance with the terms hereof), and, in each case, the Borrower shall indemnify the Lenders, against any currency exchange losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

(e) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section, setting forth in reasonable detail the calculations upon which such Lender determined such amount and the effective date of the relevant Change in Law, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within fifteen (15) days after receipt thereof.

(f) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three (3) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three (3) month period referred to above shall be extended to include the period of retroactive effect thereof.

(g) If any Change in Law shall make it unlawful for any Lender to make or maintain Eurodollar Loans, (i) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert ABR Loans to Eurodollar Loans shall forthwith be suspended until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Loans and (ii) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to



ABR Loans in Dollars on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.13.

SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of any prepayment under Section 2.08 hereof or an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.08(c) and is revoked in accordance herewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an Affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower, setting forth in reasonable detail the calculations upon which such Lender determined such amount, and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within fifteen (15) days after receipt thereof.

SECTION 2.14. Taxes. (a) All payments made by the Loan Parties under this Agreement shall (except as required by applicable law) be made free and clear of, and without deduction or withholding for or on account of, any Taxes imposed, levied, collected, withheld or assessed by any Governmental Authority. If any Taxes are required to be deducted or withheld from any amounts payable to the Administrative Agent or any Lender, as determined in good faith by the applicable Withholding Agent, (i) such amounts shall be paid to the relevant Governmental Authority in accordance with applicable law and (ii) if such deducted or withheld Taxes are Indemnified Taxes, the amounts so payable by the applicable Loan Party to the Administrative Agent or such Lender, as the case may be, shall be increased to the extent necessary to yield to the Administrative Agent or such Lender, as the case may be, (after payment of all Indemnified Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement as if such withholding or deduction had not been made.

(b) The Loan Parties shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Indemnified Taxes are payable by the Loan Parties pursuant to paragraph (a) of this Section, as promptly as possible thereafter the applicable Loan Party shall pay such Indemnified Taxes and shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt, to the extent reasonably available, received by the applicable Loan Party showing payment thereof. If (i) the applicable Loan Party fails to pay any Indemnified Taxes when due to the appropriate taxing authority,

(ii) the applicable Loan Party fails to remit to the Administrative Agent the required receipts or other required documentary evidence, or (iii) any Indemnified Taxes are imposed directly upon the Administrative Agent or any Lender, the applicable Loan Party shall indemnify the Administrative Agent and the Lenders for such amounts and any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result (whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority). A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent within 10 days after demand therefor, for the full amount of any Taxes attributable to such Lender that are payable or paid by the Administrative Agent, and reasonable expenses arising therefrom or with respect thereto, but only to the extent that the applicable Loan Party has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Loan Parties under this Section 2.14 to do so, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by a Loan Party to a Governmental Authority pursuant to this Section 2.14, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent (or, if earlier, the date such Lender becomes a party to this Agreement), such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.14(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment (A) the failure to complete, execute or submit such documentation would not render the terms of this Agreement unenforceable by law and (B) such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) Each Lender that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or before the date on which it becomes a party to this Agreement two (2) properly completed and duly signed copies of U.S. Internal Revenue Service Form W-9 (or any successor form) certifying that such Lender is exempt from U.S. federal withholding tax.

(B) Each Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code (a “Non-U.S. Lender”) shall deliver to the Borrower and the Administrative Agent whichever of the following is applicable:

(2) in the case of a Non-U.S. Lender claiming benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(3) executed copies of IRS Form W-8ECI;

(4) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 881(c) of the Code with respect to payments of “portfolio interest,” (x) a statement substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Loan Party within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”), and (y) executed copies of IRS Form W-8BEN or W-8BEN-E;

(5) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) executed copies of any other form prescribed by applicable requirements of U.S. federal income tax law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable requirements of law to permit the Borrower and the Administrative Agent to determine the withholding or deduction required to be made.

(D) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations

under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.14(f)(ii)(D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

All forms described in this Section 2.14(f) shall be delivered by each Lender on or before the date it becomes a party to this Agreement and from time to time thereafter upon the request of the Borrower or the Administrative Agent. In addition, each Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Lender. Each Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section 2.14(f), a Lender shall not be required to deliver any form pursuant to this Section that such Lender is not legally able to deliver.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Sections 2.12, 2.13 or 2.14, or otherwise) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York (or such other address designated by the Administrative Agent to Borrower pursuant to Section 10.02) and except that payments pursuant to Sections 2.12, 2.13, 2.14 and 10.05 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in the currencies specified hereunder.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such

recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph (c) shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the New York Fed Bank Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.15(d) or 3.04(a), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender or the relevant Issuing Bank to satisfy such Lender's or Issuing Bank's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.16. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, the Administrative Agent shall deliver written notice to such effect, upon the Administrative Agent's obtaining knowledge of such event, to the Borrower and such Defaulting Lender, and the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the undrawn portion of the Commitment of such Defaulting Lender pursuant to Section 2.09(a).

(b) the Commitment and Aggregate Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 10.01), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which would increase or extend the term of the Commitment of a Defaulting Lender, extend the date fixed for payment of principal or interest owing to a Defaulting Lender, reduce the amount of or the rate or amount of interest on any amount owing to a Defaulting Lender or of any fee payable to a Defaulting Lender (except as otherwise provided in this Section 2.16) or alter the terms and conditions of this sentence or affect such Defaulting Lender differently than other affected Lenders shall, in each case, require the consent of such Defaulting Lender.

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.15(c) but excluding Section 2.17(b)) shall, in lieu of being distributed to such Defaulting Lender, subject to any applicable requirements of law, be applied (i) first,

to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, and (iii) third, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction.

(d) if any L/C Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Aggregate Exposure Percentages but only to the extent (i) the sum of all non-Defaulting Lenders' Loans and L/C Exposure then outstanding plus such Defaulting Lender's L/C Exposure does not exceed the total of all non-Defaulting Lenders' Commitments and (ii) that after giving effect to such reallocation, no non-Defaulting Lender's Loans and L/C Exposure exceeds its Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one Business Day following notice by the Administrative Agent cash collateralize in Dollars (or, at the option of the Administrative Agent, in the applicable currency) for the benefit of the Issuing Banks only the Borrower's obligations corresponding to such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) (assuming for such calculation, in the case of cash collateralization in Dollars, that the Dollar Equivalent of such Defaulting Lender's L/C Exposure with respect to Foreign Currency Letters of Credit is 115% of such amount) in accordance with the procedures set forth in Section 8 for so long as such L/C Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.03(a) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 3.03(a) shall be adjusted in accordance with such non-Defaulting Lenders' Aggregate Exposure Percentages; and

(v) if all or any portion of such Defaulting Lender's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Banks or any other Lender hereunder, all fees payable under Section 3.03(a) with respect to such Defaulting Lender's L/C Exposure shall be payable to the Issuing Banks until and to the extent that such L/C Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, the Issuing Banks shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding L/C Exposure will be 100% covered by the Commitments

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of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.16(d), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.16(d)(i) (and such Defaulting Lender shall not participate therein).

In the event that the Administrative Agent and the Borrower each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender or upon receipt by the Administrative Agent of the confirmation referred to in clause (c) of the definition of “Defaulting Lender”, as applicable, then on such date such Lender shall purchase at par such portion of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans ratably in accordance with its respective Commitment.

For purposes of this Section 2.16, the term “Lender” includes the Issuing Banks.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.12 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed costs or expenses and would not otherwise be disadvantageous to such Lender. To the extent reasonably possible, each Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment would avoid the unavailability of Eurodollar Loans under Section 2.11, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) The Borrower shall, at its sole expense and effort, have the right, by giving at least fifteen (15) Business Days’ prior written notice (or, in the case of a Defaulting Lender, at least three (3) Business Days’ prior written notice) to the affected Lender and the Administrative Agent, at any time when no Default or Event of Default has occurred and is continuing, to require any Lender to assign all of its rights and obligations under the Loan Documents to one (1) or more Lenders (other than any Conduit Lender), or, with the approval of the Administrative Agent (which approval will not unreasonably be withheld, delayed or conditioned), to one (1) or more banks, financial institutions or other entities selected by the Borrower. Such assignment shall be substantially in the form of Exhibit E hereto or in such other form as may be agreed to by the parties thereto but, except in the case of an assignment by a Defaulting Lender (in which case such form shall be as reasonably specified by the Administrative Agent) shall be on terms and conditions reasonably satisfactory to the affected Lender; provided that, no such assignment shall, unless otherwise specified, transfer any liability of a Defaulting Lender hereunder or release any such liability. The Borrower shall remain liable to the affected Lender for any indemnification provided under Section 2.13 with respect to Loans of such Lender outstanding on the effective date of an assignment required under this Section 2.17(b), as well as for all other Obligations owed to such Lender under this Agreement as of such effective date.

SECTION 2.18. Commitment Increases. (a) The Borrower and any one or more Lenders (including New Lenders) may from time to time agree that such Lenders shall make, obtain or increase the amount of their Commitments, as applicable, by executing and delivering to the Administrative Agent an Increased Facility Activation Notice substantially in the form of Exhibit G-1

specifying (i) the amount of such increase, and (ii) the applicable Increased Facility Closing Date. Notwithstanding the foregoing, (i) without the consent of the Required Lenders, the aggregate amount of incremental Commitments obtained after the Closing Date pursuant to this paragraph shall not exceed \$500,000,000 and (ii) without the consent of the Administrative Agent, each increase effected pursuant to this paragraph shall be in a minimum amount of at least \$25,000,000. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion. The Administrative Agent shall have received (i) a certificate, dated as such Increased Facility Closing Date and signed by the President, Chief Executive Officer, or a Financial Officer of the Borrower, stating that (a) the representations and warranties contained in Article IV hereof are true and correct on and as of such Increased Facility Closing Date, and (b) as of such Increased Facility Closing Date, no Default has occurred and is continuing, (ii) if reasonably requested by the Administrative Agent, duly executed resolutions of the Borrower authorizing the request for and the incurrence of such increase in the Commitments (to the extent not already authorized in a prior resolution which authorization remains in full force and effect) and (iii) if reasonably requested by the Administrative Agent, an opinion of counsel to the Borrower, dated as of the Increased Facility Closing Date, substantially in the form of the opinion delivered by the Borrower on the Closing Date.

(b) Any existing Lender increasing its Commitments shall execute an Increasing Lender Supplement (each, an “Increasing Lender Supplement”), substantially in the form of Exhibit G-2, whereupon such Lender’s Commitments shall be increased by the amount specified therein and any additional bank, financial institution or other entity which, with the consent of the Borrower, the Issuing Banks and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a “Lender” under this Agreement in connection with any transaction described in Section 2.18(a) shall execute a New Lender Supplement (each, a “New Lender Supplement”), substantially in the form of Exhibit G-2, whereupon such bank, financial institution or other entity (a “New Lender”) shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(c) Unless otherwise agreed by the Administrative Agent, on each Increased Facility Closing Date the Borrower shall prepay all then outstanding Loans made to it, which prepayment shall be accompanied by payment of all accrued interest on the amount prepaid and any amounts payable pursuant to Section 2.12 or Section 2.13 in connection therewith, and, to the extent it determines to do so, reborrow Loans from all the Lenders (after giving effect to the new and/or increased Commitments becoming effective on such date). Any prepayment and reborrowing pursuant to the preceding sentence shall be effected, to the maximum extent practicable, through the netting of amounts payable between the Borrower and the respective Lenders.

(d) Notwithstanding anything to the contrary in this Agreement, each of the parties hereto hereby agrees that, on each Increased Facility Closing Date, this Agreement (and the Schedules and Exhibits hereto) shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the increased Commitments evidenced thereby. Any such deemed amendment may be effected in writing by the Administrative Agent with the Borrower’s consent (not to be unreasonably withheld) and furnished to the other parties hereto.

#### SECTION 2.19. Extension of Maturity Date .

(a) The Borrower may, by notice to the Administrative Agent (who shall promptly notify the Lenders) not less than 30 Business Days prior to the Maturity Date or the initial Extended Maturity Date (the “Initial Extended Maturity Date”), request that each Lender extend such Lender’s Maturity Date for additional one year periods (each, an Extended Maturity Date” and the maturity date in effect prior to such extension, the “Existing Maturity Date”); provided that (i) no more than two such requests shall be made and (ii) in no event, after giving effect to such extension, shall the tenor exceed seven (7) years.



(b) Each Lender, in its sole discretion, shall advise the Administrative Agent whether or not such Lender agrees to such extension. If a Lender agrees to such extension (an “Extending Lender”), it shall notify the Administrative Agent, in writing, of its decision to do so within 15 Business Days of such notice. A Lender that determines not to so extend its Commitment shall so notify the Administrative Agent promptly after making such determination and is herein called a “Non-Extending Lender”. If a Lender does not give timely notice within such 15 Business Day period to the Administrative Agent of whether or not such Lender agrees to such extension, it shall be deemed to be a Non-Extending Lender; provided that any Non-Extending Lender may, with the consent of the Borrower and the Administrative Agent (such consent of the Administrative Agent not to be unreasonably withheld, conditioned or delayed), subsequently become an Extending Lender by notice to the Administrative Agent and the Borrower.

(c) The Administrative Agent shall notify the Borrower promptly of each Lender’s determination.

(d) The Borrower shall have the right on or before the applicable Extended Maturity Date, at its own expense, to require any Non-Extending Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.06) all its interests, rights and obligations under this Agreement to one or more banks or other financial institutions identified to the Non-Extending Lender, which may include any Lender (each an “Additional Lender”), provided that (x) if such Additional Lender is not already a Lender hereunder, such Additional Lender shall be subject to the approval of the Administrative Agent and the Borrower (such approvals not to be unreasonably withheld); (y) such assignment shall become effective as of a date specified by the Borrower; and (z) the Additional Lender shall pay to such Non-Extending Lender in immediately available funds on the effective date of such assignment the principal of, and interest accrued to the date of payment on, the Loans made by it hereunder and all other amounts accrued for its account or owed to the Non-Extending Lender hereunder.

(e) If (and only if) the total of the Commitments of the Lenders that have agreed so to extend their Maturity Date or their Initial Extended Maturity Date, as applicable, and the additional Commitments of the Additional Lenders shall be more than 50% of the aggregate amount of the Commitments in effect immediately prior to the applicable Extended Maturity Date, then, upon the Borrower’s election and prompt notification to the Administrative Agent, the Maturity Date or the Initial Extended Maturity Date, as applicable, of each Extending Lender and of each Additional Lender shall be extended to the date falling 364 days after the Existing Maturity Date (except that, if such date is not a Business Day, such Maturity Date as so extended shall be the immediately preceding Business Day) and each Additional Lender shall thereupon become a “Lender” for all purposes of this Agreement. In the event of any such extension, the Commitment of each Non-Extending Lender that has not been replaced as provided in Section 2.19(d) shall terminate on the Maturity Date in effect prior to any such extension and the outstanding principal balance of all Loans and other amounts payable hereunder to such Non-Extending Lender shall become due and payable on such Maturity Date and the total Commitments of the Lenders hereunder shall be reduced by the Commitments of the Non-Extending Lenders so terminated on such Maturity Date.

(f) Notwithstanding the foregoing, the extension of the Maturity Date or the Initial Extended Maturity Date, as applicable, pursuant to this Section shall not be effective with respect to any Lender unless (i) no Default or Event of Default has occurred and is continuing on the applicable Extended Maturity Date after giving effect to such extension; and (ii) the representations and warranties

of the Borrower set forth in Article IV shall be true and correct in all material respects on and as of the applicable Extended Maturity Date as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, true and correct in all material respects as of such specific date and, for purposes of this Section 2.19, the representations and warranties contained in Section 4.04 shall be deemed to refer to the most recent statements delivered pursuant to clauses (a) and (b), respectively, of Section 6.01) (provided, that such materiality qualifier shall not be applicable to any representation or warranty that already is qualified or modified by materiality in the text thereof). As a condition precedent to each such extension, the Borrower shall deliver to the Administrative Agent a certificate of the Borrower dated as of the date of such extension and signed by a Financial Officer of the Borrower certifying as to compliance with this Section 2.19(f).

### ARTICLE III

#### LETTERS OF CREDIT

SECTION 3.01. L/C Commitment. (a) Subject to the terms and conditions hereof, the Issuing Banks, in reliance on the agreements of the other Lenders set forth in Section 3.04(a), agrees to issue standby letters of credit (“Letters of Credit”) for the account of the Borrower or any of its Subsidiaries on any Business Day during the Availability Period; provided that the Issuing Banks shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations (including the Dollar Equivalent of such Lender’s Foreign Currency Letters of Credit) owing to the relevant Issuing Bank would exceed such Issuing Bank’s Individual L/C Sublimit, (ii) the sum of the L/C Obligations owing to the Issuing Banks would exceed the L/C Sublimit or (iii) the sum of the total Credit Exposures would exceed the total Commitments. Each Letter of Credit shall (i) be denominated in Dollars, Euro or Pounds Sterling and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to the Maturity Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above); provided, further, that any Letter of Credit may, upon the request of the Borrower and without the consent of any other Issuing Bank or Lender, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of one year or less (but not beyond the date that is five Business Days prior to the Maturity Date) unless and until the applicable Issuing Bank notifies the beneficiary thereof in writing within the time period specified in such Letter of Credit or, if no such time period is specified, at least 30 days prior to the then-applicable expiration date, that such Letter of Credit will not be renewed.

(b) No Issuing Bank shall at any time be obligated to issue any Letter of Credit if such issuance would violate, or cause such Issuing Bank or any relevant L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

SECTION 3.02. Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that an Issuing Bank issue a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit) by delivering to such Issuing Bank and the Administrative Agent at their respective addresses for notices specified herein an Application therefor, completed to the satisfaction of such Issuing Bank, and such other certificates, documents and other papers and information as such Issuing Bank may request. Upon receipt of any Application, such Issuing Bank will process such Application and shall promptly issue the Letter of Credit requested thereby (but in no event shall such Issuing Bank be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by such Issuing Bank and the Borrower. Such Issuing Bank shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. Such Issuing Bank shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

SECTION 3.03. Fees and Other Charges. (a) The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Rate then in effect with respect to Eurodollar Loans hereunder, shared ratably among the Lenders and payable quarterly in arrears in the currency such Letter of Credit was issued in on each Fee Payment Date after the issuance date. In addition, the Borrower shall pay to the relevant Issuing Bank for its own account a fronting fee of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears in Dollars on each Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay the Issuing Bank's standard fees with respect to the issuing, amendment, renewal or extension of any Letter of Credit.

SECTION 3.04. L/C Participations. (a) The Issuing Banks irrevocably agree to grant and hereby grant to each L/C Participant, and, to induce the Issuing Banks to issue Letters of Credit, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Banks, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Aggregate Exposure Percentage in the Issuing Banks' obligations and rights under and in respect of each Letter of Credit and the amount of each draft paid by an Issuing Bank thereunder. Each L/C Participant agrees with the Issuing Banks that, if a draft is paid under any Letter of Credit for which an Issuing Bank is not reimbursed in full by the Borrower in accordance with the terms of this Agreement (or in the event that any reimbursement received by an Issuing Bank shall be required to be returned by it at any time), such L/C Participant shall pay to the relevant Issuing Bank upon demand at the relevant Issuing Bank's address for notices specified herein an amount equal to such L/C Participant's Aggregate Exposure Percentage of the amount that is not so reimbursed (or is so returned). Each L/C Participant's obligation to pay such amount shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant may have against the Issuing Banks, the Borrower or any other Person for any reason whatsoever, (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Article 5, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other L/C Participant or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If any amount required to be paid by any L/C Participant to the Issuing Banks pursuant to Section 3.04(a) in respect of any unreimbursed portion of any payment made by the Issuing Banks under any Letter of Credit is paid to the Issuing Banks within three Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Banks on demand an amount equal to the product of (i) such amount, times (ii) the New York Fed Bank Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Banks, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.04(a) is not made available to the relevant Issuing Bank by such L/C Participant within three Business Days after the date such payment is due, the relevant Issuing Bank shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans hereunder. A certificate of the relevant Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the relevant Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.04(a), the relevant Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the relevant Issuing Bank), or any payment of interest on account thereof, the relevant Issuing Bank will distribute to such L/C Participant its pro rata share thereof (it being understood that any such distribution shall be in Dollars and the Issuing Bank shall convert any amounts received by it in a currency other than Dollars into the Dollar Equivalent thereof for purposes of such distribution); provided, however, that in the event that any such payment received by the relevant Issuing Bank shall be required to be returned by the relevant Issuing Bank, such L/C Participant shall return to the relevant Issuing Bank the portion thereof previously distributed by the relevant Issuing Bank to it.

SECTION 3.05. Reimbursement Obligation of the Borrower. If any draft is paid under any Letter of Credit, the Borrower shall reimburse the Issuing Banks by way of payment to the Administrative Agent for the amount of the draft so paid not later than the Business Day immediately following the day that the Borrower receives such notice. Each such payment shall be made to the Issuing Banks at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (x) until the Business Day next succeeding the date of the relevant notice, Section 2.10(a) and (y) thereafter, Section 2.10(c).

SECTION 3.06. Obligations Absolute. The Borrower's obligations to repay amounts paid under any Letter of Credit shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the Issuing Banks, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with the Issuing Banks that the Issuing Banks shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.05 shall not be affected by, among other things, (a) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (b) any draft or other document presented under a Letter of Credit proving to be invalid, fraudulent or forged in any respect or any statement therein being untrue or inaccurate in any respect, (c) payment by the Issuing Banks under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. The Issuing Banks shall not have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or message or advice, however transmitted, in connection with any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Banks; provided that the foregoing shall not be construed to excuse the Issuing Banks from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Banks' failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make

payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

SECTION 3.07. Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Bank shall promptly notify the Borrower of the date and amount thereof. The responsibility of the relevant Issuing Bank to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

SECTION 3.08. Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Article 3, the provisions of this Article 3 shall apply.

SECTION 3.09. Cash Collateralization. If on any date the L/C Obligations (including the Dollar Equivalent of any L/C Obligations with respect to a Foreign Currency Letter of Credit) exceed the L/C Sublimit or the L/C Obligations (including the Dollar Equivalent of such Lender's Foreign Currency Letters of Credit) owing to the relevant Issuing Bank would exceed such Issuing Bank's Individual L/C Sublimit, then, in either case, the Borrower shall within three Business Days after notice thereof from the Administrative Agent deposit in a cash collateral account opened by the Administrative Agent an amount in Dollars (or, at the option of the Administrative Agent, in the applicable currency) equal to such excess (in the case of cash collateralization in Dollars of L/C Obligations with respect to any Foreign Currency Letter of Credit, 115% of such excess) plus accrued and unpaid interest thereon. Any cash collateral delivered by the Borrower to the Administrative Agent pursuant to this Section 3.09 shall be maintained by the Administrative Agent in an interest bearing account in the name of the Borrower.

SECTION 3.10. Currency Adjustments.

(a) Notwithstanding anything to the contrary contained in this Agreement, for purposes of calculating any fee in respect of any Letter of Credit in respect of any Business Day, the Administrative Agent shall convert the amount available to be drawn under any Letter of Credit denominated in a currency other than Dollars into an amount of Dollars based upon the Exchange Rate.

(b) Notwithstanding anything to the contrary contained in this Article III, prior to demanding any reimbursement from the L/C Participants pursuant to Section 3.04 in respect of any Letter of Credit denominated in a currency other than Dollars, the relevant Issuing Bank shall convert the Borrower's obligations under Section 3.04 to reimburse the Issuing Lender in such currency into an obligation to reimburse the relevant Issuing Bank in Dollars. The Dollar amount of the reimbursement obligation of the Borrower and the L/C Participants shall be computed by the relevant Issuing Bank based upon the Exchange Rate in effect for the day on which such conversion occurs, as determined by the Administrative Agent in accordance with the terms hereof.

SECTION 3.11. Existing Letters of Credit. The Administrative Agent, the Lenders (including any Lender that issued any Existing Letter of Credit) and the Borrower agrees that, notwithstanding the provisions specified in the Existing Letters of Credit, effective as of the Effective Date, the Existing Letters of Credit shall be deemed to have been issued as of the Effective Date and deemed to be maintained under, and to be governed by the terms and conditions of, this Agreement as Letters of Credit as obligations of the Borrower.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

SECTION 4.01. Organization; Powers. The Borrower and each of the Significant Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 4.02. Authorization; Enforceability. The Transactions are within each Loan Party's corporate or organizational powers and authority and have been duly authorized by all necessary corporate or organizational action. The Loan Documents (i) have been duly executed and delivered by each Loan Party that is a party thereto, and (ii) constitute legal, valid and binding obligations of each Loan Party that is a party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 4.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, and except to the extent that the failure to obtain such consent or approval, or register, file, or take such action, would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower, any Guarantor or any of the Significant Subsidiaries or any order of any Governmental Authority, except such violations of any law, regulation, or order, individually or in the aggregate, that would not reasonably be expected to result in a Material Adverse Effect, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower, any Guarantor or any of the Significant Subsidiaries or their assets, or give rise to a right thereunder to require any payment to be made by the Borrower, any Guarantor or any of the Significant Subsidiaries, in each case (except in the case of any indenture or other agreement governing Material Indebtedness) which would, individually or in the aggregate with such other instances, reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of the Significant Subsidiaries, other than any Liens permitted by Section 7.01.

SECTION 4.04. Financial Statements. The Borrower has heretofore furnished to the Lenders its consolidated balance sheet, and related consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in stockholders' investment and comprehensive income, and the accompanying notes to such consolidated financial statements, as of and for the fiscal year ended May 31, 2018, reported on by Ernst & Young LLP, independent public accountants. Such financial statements, together with the accompanying notes to such financial statements, present fairly, in all material respects, the consolidated financial condition of the Borrower and its consolidated Subsidiaries as of such date and the results of operation and cash flows of the Borrower and its consolidated Subsidiaries for the year then ended, all in accordance with GAAP.

SECTION 4.05. Taxes. The Borrower and each of its Significant Subsidiaries has filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to

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be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Significant Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.06. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Financial Officer, threatened against the Borrower or any of its Significant Subsidiaries (i) that would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters), or (ii) that purport to affect the legality, validity, or enforceability of this Agreement or the other Loan Documents or the transactions contemplated thereby.

(b) Except for the Disclosed Matters and except for any such matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, each of the Borrower and its Significant Subsidiaries (i) is in compliance with all applicable Environmental Laws and has obtained and maintained any permit, license, or other approval currently required under any applicable Environmental Law, (ii) is not subject to any Environmental Liability, and (iii) has not, to its knowledge, received notice of any claim with respect to any Environmental Liability or has knowledge of any event or circumstance that would reasonably be expected to give rise to such a claim.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in a Material Adverse Effect.

SECTION 4.07. Subsidiaries. Schedule 4.07 hereto contains an accurate list of all of the Significant Subsidiaries of the Borrower as of the Effective Date, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Significant Subsidiaries have been duly authorized and issued and are fully paid and non-assessable.

SECTION 4.08. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, either individually or when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of the aggregate benefit liabilities under each Single Employer Plan sponsored, maintained or contributed to by Borrower, or its ERISA Affiliates (determined as of the end of the most recent plan year on the basis of the actuarial assumptions specified for funding purposes in the most recent actuarial valuation for such Single Employer Plan), did not exceed the aggregate current value of the assets of such Single Employer Plan in an amount that could reasonably be likely to result in a Material Adverse Effect.

SECTION 4.09. Compliance with Laws and Agreements. Each of the Borrower and its Significant Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its Property and all indentures, agreements and other instruments binding upon it or its Property, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

SECTION 4.10. Properties ; Liens. The Borrower and each of the Significant Subsidiaries has good title to, or valid leasehold interests in, all its real and personal Property material to its business, except for any such defects that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and none of such Property is subject to any Lien except as permitted by Section 7.01.

SECTION 4.11. Investment Company Status. Neither the Borrower nor any of its Significant Subsidiaries is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 4.12. Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to achieve compliance in all material respects by the Borrower, its Subsidiaries and their respective directors, officers, employees and, to the extent acting on behalf of Borrower or its Subsidiaries, agents with applicable Anti-Corruption Laws and applicable Sanctions. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, or use of proceeds from either will be used, directly, or to the knowledge of the Borrower, indirectly, to (a) make any offer, payment or give anything else of value to any person in violation of applicable Anti-Corruption Laws or (b) finance or facilitate any activity which violates applicable Sanctions.

SECTION 4.13. Patriot Act Compliance. Each of the Borrower and its Significant Subsidiaries is in compliance with applicable provisions of the Patriot Act, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.14. EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

## ARTICLE V

### CONDITIONS

SECTION 5.01. Effective Date. The obligations of the Lenders to make Loans and issue or participate in Letters of Credit shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.01):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either a counterpart of this Agreement signed on behalf of such party or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission or electronic mail of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement, and (ii) the Guarantee Agreement, executed and delivered by each Subsidiary set forth on Schedule 10.14 hereto.

(b) The Administrative Agent shall have received satisfactory evidence that the Existing Revolving Credit Facility has been terminated and all amounts payable by the Borrower thereunder have been paid in full (other than with respect to the obligations related to the Existing Letters of Credit which shall be rolled and deemed issued hereunder).

(c) The Lenders shall have received a written opinion from counsel to the Borrower, substantially in the form of Exhibit D.

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower and the domestic Significant Subsidiaries and the authorization of the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.



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(e) The Administrative Agent shall have received a certificate, dated as of the Effective Date and signed by the President, Chief Executive Officer, or a Financial Officer of the Borrower, stating that (a) the representations and warranties contained in Article IV hereof are true and correct on and as of the Effective Date, and (b) as of the Effective Date, no Default has occurred and is continuing.

(f) Since May 31, 2018, there has been no change in the business, Property, financial condition or results of operations of the Borrower and its consolidated Subsidiaries taken as a whole which would reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received a certificate to that effect, dated as of the Effective Date and signed by the President, Chief Executive Officer, or a Financial Officer of the Borrower.

(g) The Administrative Agent shall have received all fees required to be paid hereunder on or prior to the Effective Date and all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder for which invoices have been presented to Borrower.

(h) The Administrative Agent shall have received one Business Day prior to the Effective Date all documentation and other information with respect to the Borrower and the Guarantors as required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

(i) The Administrative Agent shall have received evidence satisfactory to it that the 364-Day Credit Agreement shall have been executed and delivered by all parties thereto and that all conditions precedent to the effectiveness thereof shall have been satisfied or waived.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.01) at or prior to 5:00 p.m., New York City time, on April 5, 2019 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 5.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing and issue or participate in Letters of Credit is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in Article IV hereof shall be true and correct on and as of the date of such Borrowing (except to the extent that any such representation or warranty expressly relates to a specified earlier date, in which case such representation or warranty shall be true and correct as of such earlier date).

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing.

Each Borrowing by and issuance of a Letter of Credit on behalf of the Borrower shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 5.02.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated, the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and no Letter of Credit remains outstanding (unless such Letters of Credit have been cash collateralized pursuant to the terms hereof) the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within fifteen (15) days after the same are required to be filed with the SEC (or, to the extent no longer required to be filed with the SEC, within ninety (90) days after the end of each fiscal year of the Borrower), its audited consolidated balance sheet and related consolidated statements of income, cash flows and changes in stockholders' investment and comprehensive income as of the end of and for each fiscal year of the Borrower, setting forth in each case the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) (it being understood that the filing of such financial statements with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender);

(b) within fifteen (15) days after the same are required to be filed with the SEC (or, to the extent no longer required to be filed with the SEC, within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower), an unaudited condensed consolidated balance sheet and related condensed consolidated statements of income and cash flows as of the end of and for each of the first three (3) fiscal quarters of each fiscal year of the Borrower and the then elapsed portion of the fiscal year, setting forth in each case the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, and, solely in the event such financial statements are no longer required to be filed with the SEC, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis as of, and for, such periods in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes (it being understood that the filing of such financial statements with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender);

(c) concurrently with, or within ten (10) days after, any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default or Event of Default has occurred and, if a Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.09, which certificate shall be substantially in the form of Exhibit H hereto;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and prospectuses filed by the Borrower, any Guarantor or any Significant Subsidiary with the SEC (it being understood that the filing of such documents with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender); and

(e) as promptly as reasonably practicable following any request therefor, such other information (including relevant non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

SECTION 6.02. Use of Proceeds. The proceeds of the Loans and Letters of Credit will be used only for general corporate purposes, including acquisitions. No part of the proceeds of any Loan or Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations U, to the extent applicable. If requested by any Lender or the Administrative Agent in connection with or immediately following a drawing, the Borrower will furnish to the Administrative Agent and each such requesting Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

SECTION 6.03. Notice of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the occurrence of any Default or Event of Default or any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect. Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 6.04. Existence; Conduct of Business. Except as permitted by Section 7.02, the Borrower will, and will cause each Significant Subsidiary to do all things necessary to preserve and maintain its legal existence and the rights, licenses, permits, privileges, and franchises material to the conduct of its business, except where the failure to maintain any such rights, licenses, permits, privileges, and franchises would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 6.05. Payment of Taxes. The Borrower will, and will cause each Subsidiary to, pay and discharge all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits, or upon any Property belonging to it, except where failure to do any of the foregoing would not have a Material Adverse Effect and provided that neither the Borrower nor a Subsidiary shall be required to pay any such tax, assessment, charge, or levy the payment of which is being contested in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with GAAP.

SECTION 6.06. Compliance with Laws. The Borrower will, and will cause each of its Significant Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures reasonably designed to achieve compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents acting on behalf of the Borrower or its Subsidiaries, with applicable Anti-Corruption Laws and applicable Sanctions.

SECTION 6.07. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Significant Subsidiaries to, (a) keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where failure to do so would not reasonably be expected to have a Material Adverse Effect, and (b) maintain, with financially sound and reputable insurance companies, insurance on its Property in such amounts and against such risks as are consistent with prudent business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

SECTION 6.08. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Significant Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Significant Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, but no more than once a year unless an Event of Default has occurred and is continuing, to visit and inspect its Properties (subject to such limitations as the Borrower may reasonably impose to ensure safety or compliance with any applicable legal or contractual restrictions or obligations), to examine and make extracts from its books of accounts and other financial records (to the extent reasonable), and to discuss its affairs, finances and condition with its officers and independent accountants (to the extent reasonable), all at such reasonable times and intervals as the Lenders may designate.

SECTION 6.09. Leverage. The Borrower will maintain, on the last day of each fiscal quarter of Borrower, a ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA as at the last day of any period of four consecutive fiscal quarters of the Borrower of not more than 3.50 to 1.00.

## ARTICLE VII

### NEGATIVE COVENANTS

Until the Commitments have expired or been terminated, the principal of and interest on each Loan and all fees payable hereunder has been paid in full and no Letter of Credit remains outstanding (unless such Letters of Credit have been cash collateralized pursuant to the terms hereof) the Borrower covenants and agrees with the Lenders that:

SECTION 7.01. Liens. The Borrower will not, nor will it permit any consolidated Subsidiary to, create, incur, assume or suffer to exist, any Lien on any of its Property or assets now owned or hereafter acquired (other than Unrestricted Margin Stock), except:

- (a) Liens which may be hereafter created to secure payment of the Obligations;
- (b) Liens incurred or deposits or pledges, made in the ordinary course of business, to secure payment of workers' compensation, unemployment insurance, old age pensions, or other social security obligations;
- (c) Liens incurred or deposits or pledges, made in the ordinary course of business, to secure performance of bids, tenders, contracts (other than contracts for Indebtedness), leases, public, or statutory obligations, surety bonds, appeal bonds, or other Liens or deposits or pledges for purposes of like general nature made in the ordinary course of business;
- (d) Deposits or pledges for the purpose of securing an appeal, stay or discharge in the course of legal proceedings, or Liens for judgments or awards which were not incurred in connection with Indebtedness or the obtaining of advances or credits; provided such deposits, pledges and Liens do not, in the aggregate for the Borrower and the consolidated Subsidiaries, materially detract from the value of their assets or Properties or materially impair the use thereof in the ordinary course of business and such appeal, judgment or award, as the case may be, is being diligently contested or litigated in good faith by appropriate proceedings; provided further, there has been set aside on the books of the Borrower or the consolidated Subsidiaries, as the case may be, reserves in accordance with GAAP with respect thereto; and provided further execution is not levied upon any such judgment or award;

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(e) Liens for taxes, fees, assessments and governmental charges not delinquent or which are being contested in good faith by appropriate proceedings, provided there has been set aside on the books of the Borrower or the consolidated Subsidiaries, as the case may be, adequate reserves in accordance with GAAP with respect thereto; and provided further, execution is not levied upon any such Lien;

(f) Mechanics', carriers', workers', repairmen's or other like Liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than ninety (90) calendar days, or which are being contested in good faith by appropriate proceedings; provided there has been set aside on the books of the Borrower and the consolidated Subsidiaries, as the case may be, adequate reserves in accordance with GAAP with respect thereto; and provided further, execution is not levied upon any such Lien;

(g) Lessors' interests under capital leases;

(h) Liens on Property acquired or constructed with the proceeds of any tax-exempt bond financing to secure such financing;

(i) Liens securing Indebtedness of a consolidated Subsidiary to the Borrower or any Guarantor or, in the case of Indebtedness of a consolidated Subsidiary which is not a Guarantor, to any consolidated Subsidiary which is not a Guarantor;

(j) Liens existing on the Property of a corporation or other business entity immediately prior to its being consolidated with or merged into the Borrower or a consolidated Subsidiary or its becoming a consolidated Subsidiary, or Liens existing on any Property acquired by the Borrower or a consolidated Subsidiary at the time such is so acquired (whether or not the Indebtedness secured thereby shall have been assumed), provided that (i) no such Lien was created or assumed in contemplation of such consolidation or merger or such entity's becoming a consolidated Subsidiary or such acquisition of Property, and (ii) each such Lien shall only cover the acquired Property and, if required by the terms of the instrument originally creating such Lien, Property which is an improvement to or is acquired for specific use in connection with such acquired Property;

(k) Liens on Flight Equipment acquired on or after the date of this Agreement which (i) secure the payment of all or any part of the purchase price of such Flight Equipment or improvements thereon or modifications thereto, (ii) are limited to the Flight Equipment so acquired and improvements thereon or modifications thereto, and (iii) attach to such Flight Equipment within one (1) year after the acquisition, improvement, or modification of such Flight Equipment;

(l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(m) Zoning, building or other restrictions, variances, covenants, rights of way, encumbrances, easements, and other minor irregularities in title, none of which, individually or in the aggregate, (i) interfere in any material respect with the present use or occupancy of the affected parcel by the Borrower or any Subsidiary, (ii) have no more than an immaterial effect on the value thereof or its use, or (iii) would impair the ability of such parcel to be sold for its present use;

(n) Liens arising solely by virtue of (i) any law or regulation relating to banker's liens, or (ii) rights of set-off or similar rights and remedies, in each case as to deposit accounts or other funds maintained with a creditor depository institution;

(o) Liens to secure Indebtedness for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the Property subject to such Lien; provided, however, that (i) the principal amount of any Indebtedness secured by such Lien does not exceed one hundred percent (100%) of such purchase price or cost, and (ii) such Lien does not extend to or cover any other Property other than such item of Property so acquired, constructed, or improved;

(p) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by clauses (h), (j), (k), and (o) of this Section 7.01; provided that such Indebtedness is not increased and is not secured by any additional assets;

(q) Liens incurred or deposits or pledges made for the purpose of complying with any cash collateralization requirements resulting from defaults by lenders under any syndicated letter of credit facility the Borrower may have in place from time to time;

(r) Liens not otherwise permitted by Sections 7.01(a) through (q); provided that, as of the date any Lien is incurred and as of the end of each fiscal quarter of the Borrower ending after November 30, 2018, the sum of (i) the aggregate principal amount of all outstanding Long Term Debt of the consolidated Subsidiaries which are not Guarantors (excluding the Current Maturities of any such Long Term Debt and any Long Term Debt of a consolidated Subsidiary owing to the Borrower or another consolidated Subsidiary that is a Guarantor), plus (ii) the aggregate principal amount of all outstanding Long Term Debt of the Borrower or any Guarantor (excluding the Current Maturities of any such Long Term Debt and any Long Term Debt of a consolidated Subsidiary owing to the Borrower or another consolidated Subsidiary that is a Guarantor) which is secured as permitted by this Section 7.01(r), does not exceed eight percent (8%) of Consolidated Adjusted Total Assets.

SECTION 7.02. Merger and Consolidation. The Borrower will not, nor will it permit any consolidated Subsidiary to, merge with or into, or consolidate, or consummate a Division as the Dividing Person, or enter into any analogous transaction with, any other Person, or sell all or substantially all of the assets of the Borrower and its consolidated Subsidiaries taken as a whole, except:

(a) Any consolidated Subsidiary or other corporation or entity may merge with or into, or consolidate or enter into any analogous transaction with, the Borrower, provided that, immediately after giving effect to any such merger or consolidation, (i) the Borrower shall be the continuing or surviving corporation, and (ii) no Default or Event of Default shall exist;

(b) Any consolidated Subsidiary may merge with or into, or consolidate or enter into any analogous transaction with, any consolidated Subsidiary so long as, immediately after giving effect thereto, no Default or Event of Default shall exist;

(c) The Borrower or any consolidated Subsidiary may transfer its assets to the Borrower or any consolidated Subsidiary, so long as immediately after giving effect thereto, no Default or Event of Default shall exist;

(d) Any corporation or other entity may merge with or into, or consolidate or enter into any analogous transaction with, any consolidated Subsidiary, so long as immediately after giving effect to any such merger or consolidation, (i) the continuing or surviving entity shall be a consolidated Subsidiary, and (ii) no Default or Event of Default shall exist;

(e) Any consolidated Subsidiary that is not a Significant Subsidiary may merge with or into, or consolidate, or enter into any analogous transaction with, any Person if the primary purpose of such transaction is to discontinue the existence of such consolidated Subsidiary or dispose of such consolidated Subsidiary, so long as immediately after giving effect thereto, no Default or Event of Default shall exist; and

(f) Any Specified Guarantor, other Guarantor, Significant Subsidiary or other Subsidiary that is an LLC may consummate a Division as the Dividing Person if, immediately upon the consummation of such Division, the assets of the applicable Dividing Person are held by (i) in the case of a Dividing Person that was a Specified Guarantor immediately prior to the consummation of such Division, one or more Specified Guarantors immediately upon the consummation of the such Division (ii) in the case of a Dividing Person that was such other Guarantor immediately prior to the consummation of such Division, one or more Guarantors immediately upon the consummation of the such Division, (iii) in the case of a Dividing Person that was a Significant Subsidiary immediately prior to the consummation of such Division, one or more Significant Subsidiaries immediately upon the consummation of the such Division or (iv) in the case of a Dividing Person that was such other Subsidiary immediately prior to the consummation of such Division, one or more Subsidiaries immediately prior to the consummation of such Division, or, with respect to assets not so held by one or more Specified Guarantors, other Guarantors, Significant Subsidiaries or other Subsidiaries, respectively the sale, transfer or other disposition of such assets would otherwise be permitted under this Agreement.

SECTION 7.03. Clauses Restricting Significant Subsidiary Distributions. The Borrower will not permit any of its Significant Subsidiaries to enter into any agreement, instrument, or indenture that, directly or indirectly, prohibits or restricts such Significant Subsidiary from any of the following if such prohibition or restriction would materially and adversely affect the ability of any Loan Party to comply with its obligations under any Loan Document to which it is a party:

- (a) incurring or paying any Indebtedness owed to the Borrower or any other Significant Subsidiary;
- (b) granting any Liens;
- (c) declaring or paying dividends; and
- (d) making loans, advances or other investments to or in the Borrower or any other Significant Subsidiary;

provided that nothing in this Section 7.03 shall prohibit (i) restrictions and conditions imposed by law or by this Agreement; (ii) restrictions and conditions existing on the date hereof (but not any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary, provided such restrictions and conditions apply only to the Subsidiary that is to be sold, (iv) restrictions or conditions applicable to Property or assets securing Indebtedness permitted by this Agreement, and (v) customary provisions in leases and other contracts restricting the assignment thereof and customary transfer restrictions and rights of first refusal in shareholders' agreements, to the extent such provisions, restrictions, or rights are in existence on the date hereof or consistent with past practice.

SECTION 7.04. Subsidiary Indebtedness. The Borrower will not permit any of its Subsidiaries to create and issue any unsecured notes or debentures (other than to the Borrower or a consolidated Subsidiary).

SECTION 7.05. Use of Proceeds. The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not directly, or knowingly, indirectly, use, and shall procure that its Subsidiaries and its or their respective directors, officers and employees and agents acting on behalf of

Borrower or its Subsidiaries in connection with this Agreement shall not use the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable Anti-Corruption Laws, or (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state.

## ARTICLE VIII

### EVENTS OF DEFAULT

If any of the following events (“Events of Default”) shall occur:

- (a) the Borrower fails to pay any principal of any Loan or Reimbursement Obligation when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) the Borrower fails to pay any interest on any Loan, Reimbursement Obligation or any fee or any other amount (other than an amount referred to in paragraph (a) of this Article VIII) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any amendment or modification hereof, or in any certificate furnished pursuant to or in connection with this Agreement or any amendment or modification hereof, prove to have been incorrect in any material respect when made or deemed made;
- (d) the Borrower fails to observe or perform any covenant, condition, or agreement contained in Sections 6.02, 6.03, 6.09, 7.01 or 7.02;
- (e) the Borrower fails to observe or perform any covenant, condition, or agreement contained in this Agreement (other than those specified in paragraphs (a), (b), (c), or (d) of this Article VIII), and such failure shall continue unremedied for a period of thirty (30) days after written notice thereof to the Borrower from the Administrative Agent or any Lender;
- (f) the Borrower or any Significant Subsidiary fails to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, after giving effect to any applicable grace period;
- (g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time, or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption, or defeasance thereof, prior to its scheduled maturity; provided that this paragraph (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the Property or assets securing such Indebtedness and (ii) secured Indebtedness that becomes due in accordance with its terms as a result of the voluntary or involuntary sale, transfer, or disposition of the Property or assets securing such Indebtedness;



(h) an involuntary proceeding is commenced or an involuntary petition is filed seeking (i) liquidation, reorganization, or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state, or foreign bankruptcy, insolvency, receivership, or similar law now or hereafter in effect, or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Significant Subsidiary (i) voluntarily commences any proceeding or files any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consents to the institution of, or fails to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article VIII, (iii) applies for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) makes a general assignment for the benefit of creditors, or (vi) takes any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Significant Subsidiary fails to pay, or admits in writing its inability to pay, its debts generally as they become due;

(k) the guarantee of any Significant Subsidiary contained in its respective Guarantee Agreement ceases, for any reason, to be in full force and effect or the Borrower or such Significant Subsidiary so asserts;

(l) the Borrower or any Significant Subsidiary fails within forty-five (45) days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$200,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith;

(m) an ERISA Event has occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; or

(n) a Change of Control occurs;

then, and in every such event (other than an event with respect to the Borrower described in paragraphs (h) or (i) of this Article VIII), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required

thereunder), shall become due and payable immediately, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in paragraphs (h) or (i) of this Article VIII, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder), shall automatically become due and payable, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the Borrower. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount in Dollars (or, at the option of the Administrative Agent, in the applicable currency) equal to the aggregate then undrawn and unexpired amount of such Letters of Credit (in the case of cash collateralization in Dollars of any Foreign Currency Letters of Credit, 115% of such amount). Amounts held in such cash collateral account shall be maintained by the Administrative Agent in an interest bearing account in the name of the Borrower and shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

If, within fourteen (14) days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in paragraphs (h) or (i) of this Article VIII) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination, provided that the Borrower certifies to the Lenders to their satisfaction that, upon giving effect to such rescission, no other Indebtedness of the Borrower shall be accelerated by virtue of a cross-default or cross-acceleration to Indebtedness under this Agreement.

## ARTICLE IX

### THE AGENTS

SECTION 9.01. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

SECTION 9.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

SECTION 9.03. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact, or Affiliates shall be (i) liable to any Lender for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations, or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement, or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party that is a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the Properties, books or records of any Loan Party.

SECTION 9.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex, or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

SECTION 9.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 9.06. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact, or Affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any Affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, Property, financial, and other condition and creditworthiness of the Loan Parties and their Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, financial, and other condition and creditworthiness of the Loan Parties and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, Property, condition (financial or otherwise), prospects, or creditworthiness of any Loan Party or any Affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact, or Affiliates.

SECTION 9.07. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section 9.07 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section 9.07 shall survive the payment of the Loans and all other amounts payable hereunder. The respective obligations of the Lenders under this Agreement are several and not joint, and no Lender shall be responsible for the failure of any other Lender to satisfy its obligations hereunder.

SECTION 9.08. Agent in Its Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

SECTION 9.09. Successor Administrative Agent. (a) The Administrative Agent may resign as Administrative Agent upon ten (10) days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under paragraph (a) of Article VIII or paragraph (i) of Article VIII with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers, and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers, and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

(b) The Administrative Agent agrees that in the event it shall fail to fund its portion of any Borrowing within three (3) Business Days of the date on which it shall have been required to fund same, it shall cooperate in good faith with efforts by the Borrower to replace it with a successor administrative agent that is satisfactory to the Required Lenders and the Borrower (including resigning in connection with such replacement).

SECTION 9.10. Documentation Agents and Syndication Agent. None of the Documentation Agents or the Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 9.11. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments, or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

## ARTICLE X

### MISCELLANEOUS

SECTION 10.01. Amendments and Waivers. (a) None of this Agreement, any other Loan Document, or any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.01. The Required Lenders and each Loan Party that is party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party that is party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding, deleting or modifying any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder, or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders), and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of

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any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.01 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, or release the Guarantee Agreement or any Guarantor that is guaranteeing any public debt securities issued by the Borrower from its obligations under the Guarantee Agreement, in each case without the written consent of all Lenders (except for releases of Guarantors (other than any Specified Guarantor) in connection with any transaction otherwise expressly permitted to be consummated pursuant to this Agreement which releases, notwithstanding anything herein to the contrary, shall be governed by Section 10.14(d)); (iv) amend, modify or waive any provision of Section 2.15 without the written consent of the Lenders adversely affected thereby; (v) amend, modify or waive any provision of Article IX without the written consent of the Administrative Agent or (vi) amend, modify or waive any provision of Article III without the written consent of the Issuing Banks. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

(b) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, and the Borrower (i) to add one (1) or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and extensions of credit and the accrued interest and fees in respect thereof, and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

(c) Notwithstanding anything to the contrary in the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrower and the Administrative Agent to cure any ambiguity, omission, mistake, defect or inconsistency, it being agreed that the Administrative Agent shall provide the Lenders at least five Business Days' prior written notice of such amendment, and any such amendment shall be deemed approved by the Lenders unless the Administrative Agent shall have received, within five Business Days of the date that a draft of such amendment is provided to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

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SECTION 10.02. Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by electronic mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of electronic mail notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified in writing by the respective parties hereto:

Borrower: FedEx Corporation  
942 S. Shady Grove Road  
Memphis, Tennessee 38120  
Attention: Treasurer

with a copy to: FedEx Corporation  
942 S. Shady Grove Road  
Memphis, Tennessee 38120  
Attention: General Counsel



Administrative Agent: With respect to Revolving Loans :

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Matthew Reed / Jane Dreisback

With respect to each Borrowing  
Request or Compliance Certificate  
delivered pursuant to Section 6.01(c),  
a copy to :

JPMorgan Chase Bank, N.A.  
389 Park Avenue, 24<sup>th</sup> Floor  
New York, New York 10179  
Attention: Robert Kellas

Issuing Banks: If to JPMorgan Chase Bank as Issuing Bank :

JPMorgan Chase Bank, N.A.  
10420 Highland Manor Drive, Floor 4  
Tampa, Florida 33610  
Attention of Standby LC Dept.

If to Bank of America, N.A. as Issuing Bank :

Bank of America, N.A.  
Standby Letters of Credit  
1 Fleet Way  
PA6-580-02-30  
Scranton, PA 18507  
Attention: Scranton Standby

with a copy to:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Dina Scarfo

If to The Bank of Nova Scotia as Issuing Bank :

The Bank of Nova Scotia  
Global Banking and Markets  
720 King Street West, 2nd Floor  
Toronto, Ontario, Canada M5V 2T3  
Attention: Varghese Thomas

with a copy to:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Dina Scarfo

If to Citibank, N.A. as Issuing Bank :

Citibank, N.A.  
3800 Citibank Center, Building B, 3rd Floor  
Tampa, Florida 33610  
Attention: U.S. Standby Unit

with a copy to:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Dina Scarfo

If to Wells Fargo Bank, National Association as Issuing Bank :

Wells Fargo Bank, National Association  
90 South 7th street-15th floor  
N9305-077  
Minneapolis, MN 55402  
Attention: Heather Redmann

with a copy to:

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Dina Scarfo

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 10.03. No Waiver: Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, Borrower, or any Lender, any right, remedy, power, or privilege hereunder or under the other Loan Documents shall operate 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. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

SECTION 10.04. Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

SECTION 10.05. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent as separately agreed by the Administrative Agent and the Borrower, and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender, the Issuing Banks and the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the reasonable fees and disbursements of counsel to each Lender, the Issuing Banks and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender, the Issuing Banks and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to stamp, excise, and other taxes, if any, that are payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement, or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender, the Issuing Banks and the Administrative Agent and their respective officers, directors, employees, affiliates, and agents (each, an “Indemnitee”) harmless from and against any and all other liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance, and administration of this Agreement and the other Loan Documents, including any of the foregoing relating to the use of proceeds of the Loans or Letters of Credit (including any refusal by the Issuing Banks to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any Guarantor or any Subsidiary or any of their respective Properties, any Environmental Liability, and the reasonable fees and expenses of legal counsel actually incurred in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this paragraph (d), collectively, the “Indemnified Liabilities”), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs, and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.05 shall be payable not later than thirty (30) days after written demand

therefor, which shall set forth in reasonable detail the nature, basis and description of such Indemnified Liability. Statements payable by the Borrower pursuant to this Section 10.05 shall be submitted to FedEx Corporation, Attn: Treasurer (Telephone No. (901) 818-7805; Telecopy No. (901) 818-7248), at the address of the Borrower set forth in Section 10.02, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.05 shall survive repayment of the Loans and all other amounts payable hereunder.

SECTION 10.06. Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Issuing Banks (including any affiliate of an Issuing Bank that issues any Letter of Credit), the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one (1) or more banks, financial institutions or other entities (each, a “Participant”) participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender’s obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.07(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; provided that, in the case of Sections 2.13 and 2.14, such Participant shall have complied with the requirements of said Sections as if it were a Lender (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender); and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower (but without giving rise to any fiduciary obligation of any kind to the Borrower), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement (the “Participant Register”); provided, however, that no Lender shall have any obligation to disclose all or any portion of the

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Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender and the Issuing Banks shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for purposes of this Agreement notwithstanding any notice to the contrary.

(c) Any Lender other than any Conduit Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender (other than any Defaulting Lender) or any Lender Affiliate or, with the consent of the Borrower and the Administrative Agent (which, in each case, shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register (as defined below); provided that, unless otherwise agreed by the Borrower and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than \$5,000,000 and after giving effect to such assignment, such assigning Lender shall have Commitments and Loans in an aggregate amount of at least \$5,000,000 as described in this sentence except in the case of an assignment of all of a Lender's interests under this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. The Assignee shall purchase, at par, all Loans and pay all accrued interest and other amounts owing to such Assignor under this Agreement on or prior to the date of assignment for any assignment pursuant to Section 2.17. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.13, 2.14, and 10.05 to the extent any claim thereunder relates to an event arising prior to the effective date of such assignment) and be released from its obligations (other than its obligations under Section 9.07 with respect to matters arising prior to the effective date of such assignment) under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section 10.06, (i) the consent of the Borrower shall not be required for any assignment that occurs after the occurrence and during the continuance of an Event of Default, and (ii) no assignment shall be made to the Borrower or any Affiliate of the Borrower. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Borrower or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 10.06(c).

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.02 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans and any Notes evidencing the Loans recorded therein for all

purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new Notes shall be issued to the designated Assignee.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.06(c), together with payment to the Administrative Agent of a registration and processing fee of \$4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance, (ii) record the information contained therein in the Register on the effective date determined pursuant thereto, and (iii) promptly notify Borrower of its receipt of such Assignment and Acceptance.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.06 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to any Federal Reserve Bank or central bank in accordance with applicable law.

(g) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (f) above.

(h) Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under any state bankruptcy or similar law, for one (1) year and one (1) day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party to this Agreement for any loss, cost, damage, or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

SECTION 10.07. Adjustments; Set -off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders, if any Lender (a “Benefitted Lender”) shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Article VIII, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in paragraph (i) of Article VIII, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders and the Lender Affiliates provided by law, if an Event of Default shall have occurred and be continuing, each Lender and Lender Affiliate shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and

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payable by the Borrower hereunder (whether at the stated maturity, by acceleration, or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured, or unmatured, at any time held or owing by such Lender or Lender Affiliate or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender and Lender Affiliate agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender or Lender Affiliate, provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10.08. Counterparts. This Agreement may be executed by one (1) or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one (1) and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 10.09. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.10. Integration. This Agreement, the other Loan Documents, and any commitment letters or similar documents related to the Transactions, represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations, or warranties by the Borrower, Administrative Agent, or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

SECTION 10.11. GOVERNING LAW.

(a) THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each of the Lenders and the Administrative Agent hereby irrevocably and unconditionally agrees that, notwithstanding the governing law provisions of any applicable Loan Document, any claims brought against the Administrative Agent by any Lender relating to this Agreement, any other Loan Document or the consummation or administration of the transactions contemplated hereby or thereby shall be construed in accordance with and governed by the law of the State of New York.

SECTION 10.12. Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its Property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in New York City, Borough of Manhattan), and appellate courts from any thereof;



(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 10.02 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive, or consequential damages.

SECTION 10.13. Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution, and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor;

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders; and

(d) the Loan Parties have been advised that the Administrative Agent and Lenders are engaged in a broad range of transactions that may involve interests that differ from the Loan Parties' interests and that the Administrative Agent and Lenders have no obligation to disclose such interests and transactions to the Loan Parties.

SECTION 10.14. Guarantors. (a) The Guarantors as of the date hereof are set forth on Schedule 10.14 hereto.

(b) Upon any Subsidiary guaranteeing any public debt securities issued or guaranteed by the Borrower or any other Material Indebtedness of the Borrower, within thirty (30) days thereafter, the Borrower shall cause such Subsidiary to execute the Guarantee Agreement pursuant to an Addendum thereto in the form of Annex I to the Guarantee Agreement, and in the case of a Significant Subsidiary, to deliver documentation, to the extent requested by the Administrative Agent, similar to that described in Section 5.01(c) and (d) relating to the authorization for, execution and delivery of, and validity of such Significant Subsidiary's obligations as a Guarantor, such documentation to be in form and substance reasonably satisfactory to the Administrative Agent.

(c) The Borrower covenants and agrees with the Lenders that each Specified Guarantor is, and shall remain, an entity organized under the laws of any jurisdiction within the United States. For the avoidance of doubt, this Section 10.14(c) shall not prohibit any merger or consolidation of a Specified Guarantor; provided, that, in accordance with the definition of “Specified Guarantor”, any Person into which such Specified Guarantor is merged or consolidated, or to which all or substantially all of its assets are sold, transferred or disposed, shall become a Specified Guarantor and be subject to the provisions of this Section 10.14(c).

(d) Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon the release of any Guarantor (other than any Specified Guarantor) from its guarantee of any and all public debt securities issued or guaranteed by the Borrower, such Guarantor shall be deemed to be automatically and unconditionally released and discharged from all its obligations under the Guarantee Agreement without any further action required on the part of the Administrative Agent or any Lender. At the request and sole expense of the Borrower following any such release and discharge, the Administrative Agent shall execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release and discharge. For the avoidance of doubt, it is agreed and understood that any release of any Specified Guarantor from its obligations under the Guarantee Agreement shall be subject to Section 10.01.

SECTION 10.15. Confidentiality. Each of the Administrative Agent, each Issuing Bank and each Lender agrees to keep confidential all non-public information provided to its or its Affiliates by any Loan Party or its Affiliates pursuant to this Agreement; provided that nothing herein shall prevent the Administrative Agent, any Issuing Bank or any Lender from disclosing any such information (a) to the Administrative Agent, any Issuing Bank or any other Lender, (b) subject to an agreement by such Person to comply with the provisions of this Section, to any actual or prospective Transferee or any actual or prospective direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees or directors, or those of its Affiliates, agents, attorneys, accountants, and other professional advisors, or any Lender Affiliates, who are made aware of the confidential requirements of this Section 10.15 and who are instructed to keep such information confidential in accordance therewith, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender’s investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document or (j) with the written consent of the Borrower. The provisions of this Section 10.15 shall survive any expiration or termination of this Agreement for a period of one (1) year.

SECTION 10.16. **WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT, AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

SECTION 10.17. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received, or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect

thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 10.18. Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 10.19. USA Patriot Act ; Beneficial Ownership Regulation.

(a) Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower and its subsidiaries, which information includes the name and business address of the Borrower, its subsidiaries and other required information that will allow such Lender to identify the Borrower and its subsidiaries in accordance with the Act, such as tax identification numbers and legal organizational documents. The Borrower and its subsidiaries shall promptly provide such information upon request by any Lender.

(b) Promptly following any request therefor, the Borrower shall provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with the Beneficial Ownership Regulation.

In connection therewith, each Lender hereby agrees that such information shall be covered by the confidentiality provisions set forth in Section 10.15 hereof.

SECTION 10.20. Judgment Currency.

(a) The Loan Parties' obligations hereunder and under the other Loan Documents to make payments in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than Dollars, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent, the respective Lender or Issuing Bank of the full amount of Dollars expressed to be payable to the Administrative Agent or such Lender or Issuing Bank under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than Dollars (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in Dollars, the conversion shall be made at the Dollar Equivalent determined as of the Business Day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Loan Parties shall pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining the Dollar Equivalent or any other rate of exchange for this Section 10.20, such amounts shall include any premium and costs payable in connection with the purchase of Dollars.

SECTION 10.21. Waiver. Each Lender party hereto which is also party to the Existing Revolving Credit Facility hereby waives compliance by the Borrower with the requirement of three (3) Business Days' (as defined therein) notice thereunder for the termination of the Commitments (as defined therein) pursuant to Section 2.06(b) thereto.

SECTION 10.22. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

FEDEX CORPORATION, as Borrower

By: /s/ Michael C. Lenz

Name: Michael C. Lenz

Title: Corporate Vice President & Treasurer

[FedEx Credit Agreement]

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent, a Lender and Issuing Bank

By: /s/ Robert P. Kellas

Name: Robert P. Kellas

Title: Executive Director

[FedEx Credit Agreement]

BANK OF AMERICA, N.A.,  
as a Lender and Issuing Bank

By: /s/ Kerianne Cottle

Name: Kerianne Cottle

Title: Associate

[FedEx Credit Agreement]

CITIBANK, N.A.,  
as a Lender and Issuing Bank

By: /s/ Richard Rivera

Name: Richard Rivera

Title: Vice President

[FedEx Credit Agreement]



THE BANK OF NOVA SCOTIA,  
as a Lender and Issuing Bank

By: /s/ Michael Grad

Name: Michael Grad

Title: Director

[FedEx Credit Agreement]

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Lender and Issuing Bank

By: /s/ Boaz Slomowitz

Name: Boaz Slomowitz

Title: Vice President

[FedEx Credit Agreement]

BNP Paribas,  
as a Lender

By: /s/ Todd Grossnickle

Name: Todd Grossnickle

Title: Director

By: /s/ Tony Baratta

Name: Tony Baratta

Title: Managing Director

[FedEx Credit Agreement]

DEUTSCHE BANK AG NEW YORK BRANCH,  
as a Lender

By: /s/ Ming K. Chu

Name: Ming K. Chu

Title: Director

By: /s/ Virginia Cosenza

Name: Virginia Cosenza

Title: Vice President

[FedEx Credit Agreement]

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Rebecca Kratz

Name: Rebecca Kratz

Title: Authorized Signatory

[FedEx Credit Agreement]

HSBC Bank USA, National Association,  
as a Lender

By: /s/ Patrick Mueller

Name: Patrick Mueller

Title: Managing Director

INTERNAL - [FedEx Credit Agreement]

ING Bank N.V., Dublin Branch,  
as a Lender

By: /s/ Ciaran Dunne

Name: Ciaran Dunne

Title: Director

By: /s/ Sean Hassett

Name: Sean Hassett

Title: Director

[FedEx Credit Agreement]

Mizuho Bank (USA),  
as a Lender

By: /s/ Tracy Rahn

Name: Tracy Rahn

Title: Executive Director

[FedEx Credit Agreement]



MORGAN STANLEY BANK, N.A.,  
as a Lender

By: /s/ Michael King

Name: Michael King

Title: Authorized Signatory

[FedEx Credit Agreement]

MUFG Bank, Ltd.,  
as a Lender

By: /s/ John Margetanski  
Name: John Margetanski  
Title: Director

[FedEx Credit Agreement]

REGIONS BANK,  
as a Lender

By: /s/ Jon-Paul Hickey  
Name: Jon-Paul Hickey  
Title: Director

[FedEx Credit Agreement]

SunTrust Bank,  
as a Lender

By: /s/ Mary K. Lundin  
Name: Mary K. Lundin  
Title: Director

[FedEx Credit Agreement]

KBC BANK N.V., NEW YORK BRANCH,  
as a Lender

By: /s/ Nicholas Fiore

Name: Nicholas Fiore

Title: Director

By: /s/ Jana Sevcikova

Name: Jana Sevcikova

Title: Director

[FedEx Credit Agreement]

PNC Bank National Association,  
as a Lender

By: /s/ Shelly Stephenson

Name: Shelly Stephenson

Title: Senior Vice President

[FedEx Credit Agreement]

Standard Chartered Bank,  
as a Lender

By: /s/ Guilherme Domingos

Name: Guilherme Domingos – A3553

Title: Director

Standard Chartered Bank

[FedEx Credit Agreement]

Sumitomo Mitsui Banking Corporation,  
as a Lender

By: /s/ James D. Weinstein

Name: James D. Weinstein

Title: Managing Director

[FedEx Credit Agreement]



U.S. BANK NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Andrew Beckman

Name: Andrew Beckman

Title: Senior Vice President

[FedEx Credit Agreement]

First Tennessee Bank National Association,  
as a Lender

By: /s/ Sharon Shipley

Name: Sharon Shipley

Title: Vice President

[FedEx Credit Agreement]

State Street Bank and Trust Company,  
as a Lender

By: /s/ Adebisola Laguda

Name: Adebisola Laguda

Title: Vice President

[FedEx Credit Agreement]

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Omitted Attachments

Schedule 3.01 and all exhibits listed on page iii of this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of these exhibits to the Securities and Exchange Commission or its staff upon request.

**SCHEDULE 2.01****LENDERS AND COMMITMENTS****SCHEDULE 2.01(a)**

<b>Lender</b>	<b>Commitment</b>
JPMorgan Chase Bank, N.A.	\$151,428,571.43
Bank of America, N.A.	\$151,428,571.43
Citibank, N.A.	\$151,428,571.43
The Bank of Nova Scotia	\$151,428,571.43
Wells Fargo Bank, National Association	\$151,428,571.43
BNP Paribas	\$100,000,000.00
Deutsche Bank AG New York Branch	\$100,000,000.00
Goldman Sachs Bank USA	\$100,000,000.00
HSBC Bank USA, National Association	\$100,000,000.00
ING Bank N.V. Dublin Branch	\$100,000,000.00
Mizuho Bank (USA)	\$100,000,000.00
Morgan Stanley Bank, N.A.	\$55,000,000.00
MUFG Bank, Ltd.	\$45,000,000.00
Regions Bank	\$100,000,000.00
SunTrust Bank	\$100,000,000.00
KBC Bank NV	\$57,142,857.14
PNC Bank, National Association	\$57,142,857.14
Standard Chartered Bank	\$57,142,857.14
Sumitomo Mitsui Banking Corporation	\$57,142,857.14
U.S. Bank National Association	\$57,142,857.14
First Tennessee Bank National Association	\$28,571,428.57
State Street Bank and Trust Company	\$28,571,428.57
	<b>Total: \$2,000,000,000</b>

**SCHEDULE 2.01(b)**

<b>Issuing Bank</b>	<b>Individual L/C Sublimit</b>
JPMorgan Chase Bank, N.A.	\$50,000,000
Bank of America, N.A.	\$50,000,000
Citibank, N.A.	\$50,000,000
The Bank of Nova Scotia	\$50,000,000
Wells Fargo Bank, National Association	\$50,000,000
	<b>Total: \$250,000,000</b>

**SCHEDULE 4.06**

**DISCLOSED MATTERS**

None.

**SCHEDULE 4.07**

**SIGNIFICANT SUBSIDIARIES  
AND THEIR JURISDICTIONS**

<b><u>Significant Subsidiary</u></b>	<b><u>Percent Ownership</u></b>	<b><u>Jurisdiction of Organization</u></b>
Federal Express Corporation	100%	DELAWARE
Federal Express International, Inc. <sup>1</sup>	100%	DELAWARE
FedEx Corporate Services, Inc.	100%	DELAWARE
FedEx Ground Package System, Inc.	100%	DELAWARE
FedEx Freight Corporation	100%	DELAWARE
FedEx Freight, Inc. <sup>2</sup>	100%	ARKANSAS
Federal Express Europe, Inc. <sup>3</sup>	100%	DELAWARE

<sup>1</sup> Federal Express International, Inc. is a direct wholly-owned subsidiary of Federal Express Corporation.

<sup>2</sup> FedEx Freight, Inc. is a direct wholly-owned subsidiary of FedEx Freight Corporation.

<sup>3</sup> Federal Express Europe, Inc. is a direct wholly-owned subsidiary of Federal Express International, Inc.



**SCHEDULE 10.14**

**INITIAL SUBSIDIARY GUARANTORS**

Federal Express Corporation  
Federal Express Europe, Inc.  
Federal Express Holdings S.A., LLC  
Federal Express International, Inc.  
FedEx Corporate Services, Inc.  
FedEx Freight Corporation  
FedEx Freight, Inc.  
FedEx Ground Package System, Inc.  
FedEx Office and Print Services, Inc.

\$1,500,000,000

364-DAY CREDIT AGREEMENT

Dated as of

March 22, 2019

Among

FEDEX CORPORATION,  
as Borrower,

BANK OF AMERICA, N.A.,  
as Syndication Agent,

CITIBANK, N.A.,  
THE BANK OF NOVA SCOTIA  
and  
WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Documentation Agents,

The Several Lenders Party Hereto,

And

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent

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JPMORGAN CHASE BANK, N.A., MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED, CITIBANK, N.A., THE BANK OF NOVA SCOTIA, and  
WELLS FARGO SECURITIES, LLC,  
as Joint Lead Arrangers and Joint Bookrunners

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364-DAY CREDIT AGREEMENT, dated as of March 22, 2019, among FEDEX CORPORATION, the LENDERS party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, BANK OF AMERICA, N.A., as Syndication Agent, and CITIBANK, N.A., THE BANK OF NOVA SCOTIA and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Documentation Agents.

The parties hereto agree as follows:

**ARTICLE I**

DEFINITIONS

Section 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Adjusted LIBO Rate” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan Chase Bank, N.A., together with its Affiliates, as the administrative agent for the Lenders hereunder, together with any of its successors.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agents” means, collectively, the Syndication Agent, the Documentation Agents and the Administrative Agent.

“Aggregate Exposure” means, with respect to any Lender at any time, an amount equal to (a) until the Effective Date, the amount of such Lender’s Commitments at such time and (b) thereafter, such Lender’s Commitment then in effect or, if the Commitments have been terminated, the amount of such Lender’s Loans (and, in the case of Foreign Currency Loans, the Dollar Equivalent of such Lender’s Foreign Currency Loans) then outstanding; provided that, in the case of Section 2.16, when a Defaulting Lender shall exist, any such Defaulting Lender’s Commitment shall be disregarded in the calculation.

“Aggregate Exposure Percentage” means, with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender’s Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

“Agreement” means this Five-Year Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Alternate Base Rate” means, for any day, a rate per annum (rounded, if necessary, to the next 1/16 of 1%) equal to the highest of (a) the Prime Rate in effect on such day, (b) the New York Fed Bank Rate in effect on such day plus 1/2 of 1% or (c) the Adjusted LIBO Rate for an Interest Period of one (1) month’s duration on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that the Adjusted LIBO Rate for any day shall be based on the LIBO

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Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m., London time on such day (without any rounding). Any change in the Alternate Base Rate due to a change in the Prime Rate, the New York Fed Bank Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the New York Fed Bank Rate or the Adjusted LIBO Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.11, then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

“Alternative Currency” means Pounds Sterling and Euros.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, and the UK Bribery Act 2010, as amended.

“Applicable Rate” means, for any day with respect to (a) any Eurodollar Loan denominated in any currency, a rate per annum equal to the applicable rate per annum set forth in the Pricing Grid under the caption “Applicable Rate (Eurodollar Loan)” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt, (b) any ABR Loan, a rate per annum equal to the applicable rate per annum set forth in the Pricing Grid under the caption “Applicable Rate (ABR Loan)” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt, or (c) commitment fees payable hereunder, the applicable rate per annum set forth in the Pricing Grid under the caption “Commitment Fee Rate” based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt.

“Assignee” has the meaning assigned to such term in Section 10.06(c).

“Assignment and Acceptance” means an assignment and acceptance entered into by a Lender and an Assignee (with the consent of any party whose consent is required by Section 10.06), and accepted by the Administrative Agent, in the form of Exhibit E.

“Assignor” has the meaning assigned to such term in Section 10.06(c).

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in and subject to Section 4975 of the Code, or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan.”

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“Benefitted Lender” has the meaning assigned to such term in Section 10.07(a).

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means FedEx Corporation, a Delaware corporation.

“Borrowing” means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, (a) when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in the relevant currency in the interbank eurocurrency market and (b) when used in connection with a Eurodollar Loan denominated in Euros, the term “Business Day” shall also exclude any day on which (x) commercial banks in Brussels, Belgium are authorized or required by law to remain closed or (y) the TARGET2 payment system is not open for the settlement of payments in Euros.

“Calculation Date” means the last Business Day of each calendar quarter; provided that (a) the second Business Day preceding the date of any borrowing or continuation of any Loans denominated in Euros or Pounds Sterling and (b) the date any borrowing or continuation of any Loans denominated in Dollars shall, in each case, also be a Calculation Date.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.12(b), by any lending office of such Lender or by such Lender’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement. Notwithstanding anything herein to the contrary (solely for the purposes of Sections 2.12(a), 2.12(b) and Section 2.12(g)), (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law, regardless of the date enacted, adopted, issued or implemented.

“Change of Control” means any of the following: (a) any “person” (as such term is used in Sections 13(d) and 14 of the Securities Exchange Act of 1934, as amended), other than (1) the Borrower, (2) any Subsidiary, (3) any employee benefit plan (or a trust forming a part thereof) maintained by the Borrower or any Subsidiary, or (4) any underwriter temporarily holding securities of the Borrower pursuant to an offering of such securities becoming the “beneficial owner” (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of securities of the Borrower representing 30% or more of the Borrower’s then outstanding Voting Stock; or (b) directors who, as of the date of this Agreement, constitute the Board of Directors of the Borrower (the “Incumbent Board”) ceasing to constitute at least a majority of the Board of Directors of the Borrower (or, in the event of any merger, consolidation or reorganization the principal purpose of which is to change the Borrower’s state of



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incorporation, form a holding company or effect a similar reorganization as to form, the board of directors of such surviving company or its ultimate parent company), provided, however, that any individual becoming a member of the Board of Directors of the Borrower subsequent to the date of this Agreement whose election, or nomination for election by the Borrower's stockholders, was approved by a vote of a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commitment” means, with respect to any Lender, the obligation of such Lender, if any, to make Loans hereunder, in an amount not to exceed the amount set forth under the heading “Commitment” opposite such Lender's name on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate original amount of the Commitments on the Effective Date is \$1,500,000,000.

“Conduit Lender” means any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.12, 2.13, 2.14, 2.15 or 10.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender, or (b) be deemed to have any Commitment.

“Consolidated Adjusted Total Assets” means, at any date as of which the amount thereof is to be determined, (a) the aggregate amount set forth as the assets of the Borrower and the consolidated Subsidiaries on a consolidated balance sheet of the Borrower and the consolidated Subsidiaries prepared as of such date in accordance with GAAP, minus (b) the aggregate book value as of such date of determination of all assets of the Borrower or any consolidated Subsidiary subject on such date of determination to a Lien permitted by Section 7.01(j).

“Consolidated EBITDA” means, for any period, Consolidated Operating Income for such period plus, without duplication and to the extent reducing such Consolidated Operating Income for such period, the sum of (a) depreciation and amortization expense, (b) amortization of intangibles (including, but not limited to, goodwill), (c) non-cash expenses or losses related to periodic mark-to-market charges related to pension losses, and (d) non-cash asset impairment charges related to long-lived assets (including intangible asset impairment charges), and minus, without duplication, to the extent included in such Consolidated Operating Income for such period, non-cash periodic mark-to-market credits related to pension gains, all as determined on a consolidated basis.

“Consolidated Operating Income” means, for any period, the consolidated operating income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions.

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“Consolidated Total Debt” means, as of any date with respect to the Borrower and its Subsidiaries, all liabilities of the Borrower and its Subsidiaries outstanding on such date which would in accordance with GAAP be classified as short-term or long-term debt (including the current portion of long-term debt) of the Borrower and its Subsidiaries (including, without limitation, finance lease obligations) on a consolidated balance sheet of the Borrower and its Subsidiaries as of such date.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses (other than endorsements for collection or deposit in the ordinary course of business), contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the payment obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter or take-or-pay contract.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Loans (and, in the case of Foreign Currency Loans, the Dollar Equivalent of such Lender’s Foreign Currency Loans) at such time.

“Current Maturities” means, as of any date with respect to the Long Term Debt of any Person, any portion of such Long Term Debt that would in accordance with GAAP be classified as a current liability of such Person.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that has (a) failed to within three (3) Business Days of the date required hereunder fund any portion of its Loans unless such Lender, acting in good faith, notifies the Administrative Agent and the Borrower in writing within three (3) Business Days of the date such Lender was required to fund such portion of its Loans that such failure to fund is the result of such Lender’s reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) notified the Borrower or the Administrative Agent in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement (i) relates to such Lender’s obligation to fund a Loan hereunder, (ii) states, in good faith, that such position is based on such Lender’s reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied and (iii) is issued within three (3) Business Days of the date such Lender was required to fund a portion of its Loans hereunder) or generally under similar agreements in which it has committed to extend credit, (c) failed, within three (3) Business Days after written request by the Administrative Agent (whether acting on its own behalf or at the reasonable request of the Borrower (it being understood that the Administrative Agent shall comply with any such reasonable request)), to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans; provided that any such Lender shall cease to be a Defaulting Lender under this clause (c) upon receipt of such confirmation by the Administrative Agent, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three (3) Business Days of the date when due, unless the subject

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of a good faith dispute, (e) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has a parent company that has become other than via an Undisclosed Administration the subject of a bankruptcy or insolvency proceeding or a Bail-In Action, or has had a receiver, conservator, trustee or custodian appointed for it, or (f) has become the subject of a Bail-In Action. No Lender shall be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in such Lender or a parent company thereof by a Governmental Authority or an instrumentality thereof so long as such ownership does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality thereof) to reject, repudiate, disavow or disaffirm any contracts or agreements with or of such Lender.

“Disclosed Matters” means the actions, suits and proceedings and the environmental matters disclosed in (i) the Borrower’s most recent annual report on Form 10-K or most recent quarterly report on Form 10-Q filed, in each case, prior to the date of this Agreement and only as and to the extent disclosed therein (but excluding any risk factor disclosures contained under the heading “Risk Factors,” any disclosure of risks included in any “forward-looking statements” disclaimer or any other statements that are similarly predictive or forward-looking in nature) or (ii) as otherwise disclosed in Schedule 4.06.

“Dividing Person” has the meaning assigned to it in the definition of “Division”.

“Division” means the division of the assets, liabilities and/or obligations of a Person (the “Dividing Person”) among two or more Persons (whether pursuant to a “plan of division” or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

“Division Successor” means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

“Dollar Equivalent” means at any time as to any amount denominated in Euro or Pounds Sterling, the equivalent amount in Dollars as determined by the Administrative Agent at such time on the basis of the Exchange Rate for the purchase of Dollars with such Euro or Pounds Sterling, as applicable, on the most recent Calculation Date for such currency.

“Dollar Revolving Loans” has the meaning assigned to such term in Section 2.01.

“Dollars” or “\$” refers to lawful money of the United States of America.

“EEA Financial Institution” means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

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“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which the conditions specified in Section 5.01 are satisfied (or waived in accordance with Section 10.01).

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority that are in each case relating to pollution or the protection of the environment, the preservation or reclamation of natural resources, the management, storage or release of any Hazardous Material, or to health and safety matters as they relate to Hazardous Materials or natural resources.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) the violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any consent order or consent agreement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means (i) any entity (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Sections 414(b) or (c) of the Code or, solely for purposes of Sections 302 and 303 of ERISA and Sections 412 and 430 of the Code, is treated as a single employer under Sections 414(m) or (o) of the Code and (ii) any entity (whether or not incorporated) that, together with the Borrower, is under common control within the meaning of Section 4001(a)(14) of ERISA.

“ERISA Event” means (a) a Reportable Event with respect to a Plan; (b) the failure to meet the minimum funding standard of Sections 412 or 430 of the Code or Sections 302 or 303 of ERISA with respect to any Single Employer Plan (whether or not waived in accordance with Section 412(c) of the Code) or the failure to make by its due date a required installment under Section 430(j) of the Code or Section 303(j) of ERISA with respect to any Single Employer Plan or the failure to make any required contribution to a Multiemployer Plan; (c) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA, other than for PBGC premiums; (d) a determination that any Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Title IV of ERISA); (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan or the commencement of proceedings by the PBGC to terminate a Plan; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is insolvent (within the meaning of Section 4245 of ERISA), in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

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“EURIBOR Screen Rate” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Euro” means the single currency of Participating Member States introduced in accordance with the provisions of Article 109(1)4 of the Treaty and, in respect of all payments to be made under this Agreement in Euro, means immediately available, freely transferable funds.

“Euro Revolving Loans” has the meaning assigned to such term in Section 2.01.

“Eurodollar” means when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

“Eurodollar Tranche” means the collective reference to Eurodollar Loans denominated in the same currency the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

“Event of Default” has the meaning assigned to such term in Article VIII.

“Exchange Rate” means on any day, with respect to any currency, the rate at which such currency may be exchanged into any other currency, as set forth at approximately 11:00 a.m., London time, on such date on the Reuters World Currency Page for such currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be selected by the Administrative Agent, or, in the event no such service is selected, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., Local Time, on such date for the purchase of the relevant currency for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

“Excluded Taxes” shall mean (i) net income taxes and franchise taxes (imposed on or measured by net income) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), (ii) Taxes that are attributable to a Lender’s failure to comply with the requirements of Section 2.14(f), (iii) in the case of a Lender, United States federal withholding taxes resulting from any Requirement of Law in effect on the date such Lender becomes a party to this Agreement (other than pursuant to an assignment request by the Borrower under Section 2.17(b)), except to the extent that such Lender’s assignor (if any) was entitled, at the time of assignment, to receive additional amounts with respect to such Taxes pursuant to Section 2.14 or (iv) any U.S. federal withholding Taxes imposed under FATCA.

“Existing Revolving Credit Facility” means the Five-Year Credit Agreement, dated as of November 13, 2015, as amended, pursuant to the First Amendment thereto dated as of January 26, 2018, among the Borrower and JPMorgan Chase Bank, N.A., individually and as agent, and certain lenders.

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“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement, and any regulations or official interpretations thereof.

“Federal Aviation Act” means the Federal Aviation Act of 1958, as amended from time to time.

“Federal Funds Effective Rate” means, for any day, an interest rate per annum equal to the rate calculated by the New York Fed based on such day’s federal funds transactions by depository institutions (as determined in such manner as the New York Fed shall set forth on its public website from time to time) and published on the next succeeding Business Day by the New York Fed as the effective federal funds rate; provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Payment Date” means (a) the last day of March, June, September and December of each year and (b) the date on which the Commitments terminate.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer, staff vice president and assistant treasurer or controller of the Borrower.

“Five-Year Credit Agreement” means the Five-Year Credit Agreement, dated as of March 22, 2019, among the Borrower, the lenders from time to time parties thereto and JPMorgan Chase Bank, N.A., as administrative agent.

“Flight Equipment” means, individually and collectively, aircraft, aircraft engines, appliances and spare parts, all as defined in the Federal Aviation Act, and related parts.

“Foreign Currency Loans” has the meaning assigned to such term in Section 2.01.

“Foreign Subsidiary” means any Subsidiary of the Borrower that is organized and existing under the laws of any jurisdiction outside of the United States of America or that is a Foreign Subsidiary Holding Company.

“Foreign Subsidiary Holding Company” means any Subsidiary of the Borrower or its domestic Subsidiaries that has no material assets other than (a) securities of one (1) or more Foreign Subsidiaries, and other assets relating to an ownership interest in any such securities or Subsidiaries, (b) intercompany accounts or loans receivables with Borrower or another Subsidiary of Borrower, and (c) goodwill.

“GAAP” means generally accepted principles of accounting as in effect from time to time in the United States of America. In the event that any “Accounting Change” (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then upon delivery of notice of such Accounting Change from either the Borrower or the Administrative Agent, each of the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower’s financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as notice of such Accounting Change has been delivered pursuant to the preceding sentence and an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. “Accounting Changes” refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

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“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee Agreement” means, collectively, those certain Guarantee Agreements, substantially in the form of Exhibit C attached hereto, to be executed by certain Subsidiaries in accordance with the terms of this Agreement.

“Guarantor” means each Subsidiary that is a party to the Guarantee Agreement.

“Hazardous Materials” means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas, and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant (or terms of similar meaning), under any Requirement of Law.

“Hedge Agreement” means any interest rate swap, exchange or cap agreement.

“Impacted Interest Period” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Indebtedness” of a Person means, without duplication, (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable), (iii) Indebtedness of others, whether or not assumed, secured by Liens on any Property now or hereafter owned or acquired by such Person, (iv) obligations of such Person which are evidenced by notes, bonds, debentures, or other similar instruments, (v) net liabilities of such Person under Hedge Agreements, (vi) Contingent Obligations of such Person, and (vii) obligations of such Person created through asset securitization financing programs.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“Index Debt” means senior, unsecured, non-credit enhanced long-term debt issued by the Borrower.

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three (3) months’ duration, each day prior to the last day of such Interest Period that occurs at intervals of three (3) months’ duration after the first day of such Interest Period.

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“Interest Period” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one (1), two (2), three (3) or six (6) months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Interpolated Rate” means at any time and with respect to any currency, the rate per annum (rounded to the same number of decimal places as the Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the applicable Screen Rate (for the longest period for which the applicable Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period and (b) the applicable Screen Rate (for the shortest period for which the applicable Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

“IRS” means the Internal Revenue Service.

“Judgment Currency” has the meaning assigned to such term in Section 10.20(a).

“Judgment Currency Conversion Date” has the meaning assigned to such term in Section 10.20(a).

“Lender Affiliate” means (a) any Affiliate of any Lender, (b) any Person that is administered or managed by any Lender or any Affiliate of any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, or (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such Lender or investment advisor.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Acceptance, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

“LIBO Rate” means, (a) with respect to any Eurodollar Borrowing (other than a Eurodollar Borrowing denominated in Euros) for any Interest Period, a rate per annum equal to the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for the applicable currency for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters Screen that displays such rate (or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the “LIBO Screen Rate”) and (b) with respect to any such Eurodollar Borrowing denominated in Euros, the euro interbank offered rate administered by the



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European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters as of 11:00 a.m. Brussels time two Business Days prior to the commencement of such Interest Period (or, in the event such rate does not appear on such Reuters page, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; in each case, the “EURIBOR Screen Rate”); provided that if the applicable Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if the Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) with respect to the relevant currency, then the LIBO Rate shall be the Interpolated Rate at such time ( provided that if the Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement).

“LIBO Screen Rate” has the meaning assigned to such term in the definition of “LIBO Rate”.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, encumbrance or other security interest of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, capital lease or other title retention agreement).

“LLC” means any Person that is a limited liability company under the laws of its jurisdiction of formation.

“Loan Documents” means this Agreement, the Guarantee Agreement and the Notes, if any.

“Loan Parties” means the collective reference to the Borrower and each Guarantor.

“Loans” means the Dollar Revolving Loans, Euro Revolving Loans and Sterling Revolving Loans made by the Lenders to the Borrower pursuant to this Agreement.

“Local Time” means (a) with respect to a Loan denominated in Dollars, New York City time and (b) with respect to a Loan denominated in Euros or Pounds Sterling, London time.

“Long Term Debt” means, as of any date with respect to any Person, all liabilities of such Person outstanding on such date which would in accordance with GAAP be classified as long term debt of such Person (including, without limitation, finance lease obligations of such Person).

“Margin Stock” has the meaning assigned to such term in Regulation U.

“Material Adverse Effect” means a material adverse effect on (i) the business, Property, financial condition or results of operations of the Borrower and its consolidated Subsidiaries taken as a whole, (ii) the ability of the Borrower to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents to which Borrower or any of the Significant Subsidiaries is a party or the rights or remedies of the Administrative Agent or the Lenders thereunder.

“Material Indebtedness” means Indebtedness (other than the Loans or other Obligations) of any one (1) or more of the Borrower and its consolidated Subsidiaries in an aggregate principal amount exceeding \$200,000,000 (or the equivalent thereof in any other currency).

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“Maturity Date” means March 20, 2020, or if such date is not a Business Day, the next preceding Business Day.

“Moody’s” means Moody’s Investors Service, Inc., or, if Moody’s shall cease rating Index Debt of the Borrower and its ratings business with respect to Index Debt of the Borrower shall have been transferred to a successor Person, such successor Person; provided, however, that if Moody’s ceases rating securities similar to Index Debt of the Borrower and its ratings business with respect to such securities shall not have been transferred to any successor Person, then “Moody’s” shall mean any other nationally recognized rating agency (other than S&P) selected by the Borrower and reasonably satisfactory to the Administrative Agent that rates any Indebtedness of the Borrower.

“Multiemployer Plan” means a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“New York Fed” means the Federal Reserve Bank of New York.

“New York Fed Bank Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if both such rates are not so published for any day that is a Business Day, the term “New York Fed Bank Rate” means the rate quoted for such day for a federal funds transaction at 11:00 a.m. on such day received by the Administrative Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Non -U.S. Lender” has the meaning assigned to such term in Section 2.14(f).

“Notes” means any promissory notes executed by the Borrower in favor of a Lender Party hereto pursuant to Section 2.07(e).

“Obligations” means the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs or expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto).

“Other Taxes” means any and all present or future stamp, court or documentary, intangible, recording, filing or similar taxes arising from any payment made hereunder or from the execution, delivery, performance, registration or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S.–managed banking offices of depository institutions (as such composite rate shall be determined by the New York Fed as set forth on its public website from time to time) and published on the next succeeding Business Day by the New York Fed as an overnight bank funding rate (from and after such date as the New York Fed shall commence to publish such composite rate).

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“Owner’s Equity” means, as of any date, the amount set forth as “total common stockholders’ investment” on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries prepared as of such date in accordance with GAAP.

“Participant” has the meaning assigned to such term in Section 10.06(b).

“Participant Register” has the meaning assigned to such term in Section 10.06(b).

“Participating Member State” means each state so described in any EMU legislation.

“Patriot Act” means the USA Patriot Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means at a particular time, any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Single Employer Plan), maintained for employees of the Borrower or any ERISA Affiliate or any such Plan to which Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Pounds Sterling” means the lawful currency of the United Kingdom of Great Britain and Northern Ireland.

“Pricing Grid” means as follows:

<u>Level</u>	<u>Index Debt Ratings</u>	<u>Applicable Rate (Eurodollar Loan)</u>	<u>Applicable Rate (ABR Loan)</u>	<u>Commitment Fee Rate</u>
Level 1	≥ A- from S&P or ≥ A3 from Moody’s	0.875%	0.00%	0.06%
Level 2	BBB+ from S&P or Baa1 from Moody’s	1.00%	0.00%	0.08%
Level 3	BBB from S&P or Baa2 from Moody’s	1.25%	0.25%	0.10%
Level 4	BBB- from S&P or Baa3 from Moody’s	1.375%	0.375%	0.125%
Level 5	≤ BBB- from S&P and ≤ Baa3 from Moody’s	1.625%	0.625%	0.175%

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For purposes of the foregoing, (i) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Levels, the Applicable Rate shall be based on the higher of the two (2) ratings unless one (1) of the two (2) ratings is two (2) or more Levels lower than the other, in which case the Applicable Rate shall be determined by reference to the Level next below that of the higher of the two (2) ratings; and (iii) if either Moody's or S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then such rating agency shall be deemed to have established a rating in Level 5. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, the Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change.

“Prime Rate” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent); each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“Property” of a Person means any and all property of such Person, whether real, personal, tangible, intangible, or mixed, and other assets owned or leased by such Person, including cash, securities, accounts, and contract rights.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Register” has the meaning assigned to such term in Section 10.06(d).

“Regulation U” means Regulation U of the Board as from time to time in effect and any successor or other regulation or official interpretation of the Board relating to the extension of credit by banks and/or nonbank lenders other than brokers or dealers that is (i) for the purpose of purchasing or carrying Margin Stock or (ii) secured by Margin Stock, and that is applicable to member banks of the Federal Reserve System and/or nonbank lenders other than brokers or dealers.

“Regulation X” means Regulation X of the Board as from time to time in effect.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than those events for which the thirty (30) day notice period has been waived under the applicable regulations.

“Required Lenders” means, at any time, Lenders having Credit Exposures and unused Commitments representing more than fifty percent (50%) of the sum of the total Credit Exposures and unused Commitments at such time.

“Requirement of Law” means, as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

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“Reset Date” has the meaning assigned to such term in Section 1.05(c).

“Restricted Margin Stock” means Margin Stock owned by the Borrower or any Subsidiary which represents not more than twenty-five percent (25%) of the aggregate value (determined in accordance with Regulation U), on a consolidated basis, of the Property and assets of the Borrower and the Subsidiaries (other than Margin Stock) that is subject to the provisions of Article VII (including Section 7.01).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw Hill Companies, Inc., or, if S&P shall cease rating Index Debt of the Borrower and its ratings business with respect to Index Debt of the Borrower shall have been transferred to a successor Person, such successor Person; provided, however, that if S&P ceases rating securities similar to Index Debt of the Borrower and its ratings business with respect to such securities shall not have been transferred to any successor Person, then “S&P” shall mean any other nationally recognized rating agency (other than Moody’s) selected by the Borrower and reasonably satisfactory to the Administrative Agent that rates any Indebtedness of the Borrower.

“Sanctioned Country” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the European Union, Her Majesty’s Treasury of the United Kingdom, the United Nations Security Council or the Government of Canada or any of its agencies or departments, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Sanctions” means all international economic sanctions administered or enforced by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the European Union or Her Majesty’s Treasury of the United Kingdom, (c) the United Nations Security Council or (d) the Government of Canada or any of its agencies or departments.

“Screen Rate” means the EURIBOR Screen Rate and the LIBO Screen Rate, collectively and individually, as the context may require.

“SEC” means the Securities and Exchange Commission or any successor thereto.

“Significant Subsidiary” means any Subsidiary that would meet the definition of “significant subsidiary” contained as of the date hereof in Regulation S-X of the SEC, excluding, however, any Foreign Subsidiary Holding Company.

“Single Employer Plan” means any Plan that is covered by Title IV of ERISA or Sections 412 or 430 of the Code or Sections 302 or 303 of ERISA, but that is not a Multiemployer Plan.

“Specified Guarantors” means Federal Express Corporation, FedEx Ground Package System, Inc., FedEx Freight Corporation, FedEx Freight, Inc., FedEx Corporate Services, Inc., and FedEx Office and Print Services, Inc., and, in each case, any other Person to which any such Specified Guarantor sells, transfers or otherwise disposes of all or substantially all of its assets or into which such Specified Guarantor is merged or consolidated.

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“Specified Time” means (i) in the case of Dollar Revolving Loans, 11:00 a.m. New York City time, (ii) in the case of Euro Revolving Loans, 11:00 a.m. Brussels time and (iii) in the case of Sterling Revolving Loans, 11:00 a.m. London time.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D). Such reserve percentage shall include those imposed pursuant to Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Sterling Revolving Loans” has the meaning assigned to such term in Section 2.01.

“subsidiary” of a Person means (i) any corporation more than fifty percent (50%) of the outstanding Voting Stock of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one (1) or more of its subsidiaries or by such Person and one (1) or more of its subsidiaries, or (ii) any partnership, association, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having power to direct the ordinary affairs thereof of which shall at the time be so owned or controlled.

“Subsidiary” means any subsidiary of the Borrower.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in Euros.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges, fees, withholdings (including backup withholdings), assessments or similar charges imposed by any Governmental Authority.

“Transactions” means the execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party and the borrowing of Loans by the Borrower.

“Transferee” means any Assignee or Participant.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“Undisclosed Administration” means in relation to a Lender or a Person that directly or indirectly controls such Lender, the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or Person, as the case may be, is subject to home jurisdiction supervision if applicable law requires that such appointment is not to be publicly disclosed.

“Unrestricted Margin Stock” means any Margin Stock owned by the Borrower or any Subsidiary which is not Restricted Margin Stock.

“Voting Stock” means all outstanding shares of capital stock of a Person entitled to vote generally in the election of directors.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Withholding Agent” means the Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “Eurodollar Loan”) and Borrowings also may be classified and referred to by Type (e.g., a “Eurodollar Borrowing”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION 1.05. Currency Conversion and Fluctuations.

(a) If more than one currency or currency unit are at the same time recognized by the central bank of any country as the lawful currency of that country, then (i) any reference in the Loan

Documents to, and any obligations arising under the Loan Documents in, the currency of that country shall be translated into or paid in the currency or currency unit of that country designated by the Administrative Agent and (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognized by the central bank for conversion of that currency or currency unit into the other, rounded up or down (to the next 1/16 of 1%) by the Administrative Agent as it deems appropriate.

(b) If a change in any currency of a country occurs, this Agreement shall be amended (and each party hereto agrees to enter into any supplemental agreement necessary to effect any such amendment) to the extent that the Administrative Agent determines such amendment to be necessary to reflect the change in currency and to put the Lenders in the same position, so far as possible, that they would have been in if no change in currency had occurred.

(c) No later than 11:00 a.m. London time on each Calculation Date, the Administrative Agent shall determine the Exchange Rate as of such Calculation Date with respect to each applicable currency, provided that, upon receipt of a borrowing notice pursuant to Section 2.03, the Administrative Agent shall determine the Exchange Rate with respect to the relevant currency on the related Calculation Date (it being acknowledged and agreed that the Administrative Agent shall use such Exchange Rate for the purposes of determining compliance with Section 2.03 with respect to such borrowing notice). The Exchange Rates so determined shall become effective on the relevant Calculation Date (a “Reset Date”), shall remain effective until the next succeeding Reset Date and shall for all purposes of this Agreement (other than Section 10.20 and any other provision expressly requiring the use of a current Exchange Rate) be the Exchange Rates employed in converting any amounts between Dollars and any other currency.

(d) No later than 11:00 a.m. London time on each Reset Date, the Administrative Agent shall determine the aggregate amount of the Dollar Equivalents of the principal amounts of the Foreign Currency Loans then outstanding (after giving effect to any Foreign Currency Loans to be made or repaid on such date).

(e) The Administrative Agent shall promptly notify the Borrower of each determination of an Exchange Rate hereunder.

SECTION 1.06. Interest Rates; LIBOR Notification. The interest rate on Eurodollar Loans is determined by reference to the LIBO Rate, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. In the event that the London interbank offered rate is no longer available or in certain other circumstances as set forth in Section 2.11(b) of this Agreement, such Section 2.11(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower, pursuant to Section 2.11 in advance of any change to the reference rate upon which the interest rate on Eurodollar Loans is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of “LIBO Rate” or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate, as it may or may not be adjusted pursuant to Section 2.11(b), will be similar to, or produce the same value or economic equivalence of, the LIBO Rate or have the same volume or liquidity as did the London interbank offered rate prior to its discontinuance or unavailability.



## ARTICLE II

### THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to (i) make revolving credit loans denominated in Dollars (the “Dollar Revolving Loans”), (ii) make revolving credit loans denominated in Euros (the “Euro Revolving Loans”) and (iii) make revolving credit loans denominated in Pounds Sterling (the “Sterling Revolving Loans”, together with the Euro Revolving Loans, the “Foreign Currency Loans”) from time to time during the Availability Period in an aggregate principal amount (based on, in the case of Foreign Currency Loans, the Dollar Equivalent of such Foreign Currency Loans) that will not result in (a) such Lender’s Credit Exposure exceeding such Lender’s Commitment, or (b) the sum of the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay, and reborrow Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender’s failure to make Loans as required.

(b) Subject to Section 2.11, each Borrowing of (i) Dollar Revolving Loans shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith, (ii) Euro Revolving Loans shall be comprised entirely of Eurodollar Loans as the Borrower may request in accordance herewith and (iii) Sterling Revolving Loans shall be comprised entirely of Eurodollar Loans as the Borrower may request in accordance herewith. Notwithstanding anything to the contrary contained herein, each Lender at its option may make any Loan by causing any domestic or foreign branch or Lender Affiliate to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of (i) in the case of Borrowings denominated in Dollars, \$1,000,000 and not less than \$5,000,000, (ii) in the case of Borrowings denominated in Pounds Sterling, £1,000,000 and not less than £5,000,000 and (iii) in the case of Borrowings denominated in Euros, €1,000,000 and not less than €5,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments. Borrowings of more than one (1) Type may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by delivering an irrevocable written Borrowing Request in the form of Exhibit A (a) in the case of a Eurodollar Borrowing which is a Dollar Revolving Loan, not later than 11:00 a.m., New York City time, at least three (3) Business Days before the date of the proposed Borrowing, (b) in the case of a Eurodollar Borrowing which is a Euro Revolving Loan or Sterling Revolving Loan, not later than 11:00 a.m., Local Time, at least three (3) Business Days before

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the date of the proposed Borrowing or (c) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing; provided that each ABR Borrowing shall consist solely of Dollar Revolving Loans. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) the currency of such Borrowing (which shall be Dollars, Euro or Pounds Sterling);
- (iv) in the case of a Borrowing to be denominated in Dollars, whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;
- (v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (vi) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings. (a) Each Lender shall make (i) each Dollar Revolving Loan to be made by it hereunder on the proposed date thereof in Dollars by wire transfer of immediately available funds by 12:00 noon, New York City time and (ii) each Euro Revolving Loan or Sterling Revolving Loan to be made by it hereunder on the proposed date thereof in Euro or Pounds Sterling, as applicable, by wire transfer of immediately available funds by 12:00 noon, London time, in each case, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request.

(b) Unless, prior to the proposed time of any advance of any Borrowing, the Administrative Agent shall have received notice from a Lender that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, or unless the Administrative Agent has knowledge that a Lender is a Defaulting Lender, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, at a rate equal to the greater of (x) the Federal Funds Effective Rate and (y) a rate determined by the Administrative Agent in accordance

with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans; provided that, to the extent that the Borrower makes any such payment and the applicable Lender subsequently makes a corresponding payment, then the Borrower shall be entitled (without prejudice to any other rights that the Borrower may have against the applicable Lender) to receive any such payment (with interest) made by such Lender. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.05. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section; provided that only Eurodollar Borrowings which are Dollar Revolving Loans may be converted into an ABR Borrowing. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by delivering an irrevocable written Interest Election Request in the form of Exhibit B by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) in the case of a Borrowing to be denominated in Dollars, whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one (1) month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to (i) a Eurodollar Borrowing which is a Dollar Revolving Loan prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing or (ii) any other Eurodollar Borrowing, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a Eurodollar Borrowing with an Interest Period of one (1) month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, (A) each Eurodollar Borrowing that is a Dollar Revolving Loan shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (B) each other Eurodollar Borrowing shall be converted to a Eurodollar Borrowing with an Interest Period of one (1) month's duration.

SECTION 2.06. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$10,000,000 and not less than \$20,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.08, the aggregate Credit Exposures of the Lenders would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.07. Repayment of Loans; Evidence of Debt; Term-Out Option. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan in the same currency as the applicable Loan on the Maturity Date; provided that, the Borrower may elect, by giving written notice to the Administrative Agent on or prior to the Maturity Date, that the aggregate principal amount of all Loans outstanding on the Maturity Date shall be payable on the date which is the first anniversary of the Maturity Date, subject to satisfaction of the conditions set forth in Section 5.02(a) and (b) on the Maturity Date (and for the avoidance of doubt, such loans shall be "term loans", and to extent repaid, may not be reborrowed) and the payment of the fee set forth in Section 2.09(b). The Borrower hereby further agrees to pay interest in immediately available funds at the office of the Administrative Agent on the unpaid principal amount of the Loans from time to time from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.10. In the event the Borrower exercises the term-out option and extends the Maturity Date, the Commitments shall terminate and the commitment fee shall cease to accrue as of the then existing Maturity Date.

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(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.06) be represented by one (1) or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.08. Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without incurring a prepayment penalty, fee, or other cost (except as otherwise expressly set forth in this Agreement), subject to prior notice in accordance with paragraph (b) of this Section.

(b) If, on any Calculation Date, the total Credit Exposures (based on the Dollar Equivalent thereof, in the case of Foreign Currency Loans) exceeds 105% of the Commitments, the Borrower shall, on such day, prepay the Loans in an amount equal to the lesser of (x) the amount of such excess and (y) the amount of such Loans.

(c) The Borrower shall notify the Administrative Agent in writing of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., Local Time, three (3) Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., Local Time, one (1) Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the Type, currency and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.06, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10 and any amounts due under Section 2.13.

SECTION 2.09. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the daily undrawn amount of the Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable in arrears in Dollars on each Fee Payment Date, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a term-out fee in an amount equal to 1.00% of the aggregate principal amount of the Loans of such Lender to remain outstanding on and after the Maturity Date to the extent the Borrower elects to extend the Maturity Date in accordance with Section 2.07(a), payable on the Maturity Date (as in effect prior to such extension).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing for the relevant currency plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, two percent (2%) plus the rate otherwise applicable to such Loan as provided above, or (ii) in the case of any other amount, two percent (2%) plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan (including Loans outstanding during the term-out period referred to in Section 2.07) shall be payable in arrears in the currency of the applicable Loan on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion, and (iv) all accrued interest shall be payable upon termination of the Commitments.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that (i) interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and (ii) interest computed by reference to the Eurodollar Rate with respect to Sterling Revolving Loans shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest

(a) If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(i) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate (including because the Screen Rate is not available or published on a current basis), as applicable, for such Interest Period;

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for the applicable currency and such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for the applicable currency and such Interest Period; or

(iii) the Administrative Agent determines (which determination shall be conclusive and binding upon the Borrowers) that deposits in the applicable currency are not generally available, or cannot be obtained by the Lenders, in the applicable market (any Foreign Currency affected by the circumstances described in Section 2.11(a) or (b) is referred to as an “Affected Foreign Currency”),

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or electronic mail as promptly as practicable thereafter (if such notice is given by telephone, the Administrative Agent shall promptly thereafter provide written confirmation of such notice to the Borrower and the Lenders) and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing in Dollars. Until such relevant notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans in an Affected Foreign Currency shall be made or continued as such, nor shall the relevant Borrower have the right to convert ABR Loans to Eurodollar Loans (to the extent Euro such Eurodollar Loan is denominated in an Affected Foreign Currency).

(b) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but either (w) the supervisor for the administrator of the Screen Rate has made a public statement that the administrator of the Screen Rate is insolvent (and there is no successor administrator that will continue publication of the Screen Rate), (x) the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the Screen Rate), (y) the supervisor for the administrator of the Screen Rate has made a public statement identifying a specific date after which the Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the Screen Rate may no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated

loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Rate); provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 10.01, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date that a draft of such amendment is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii)(w), clause (ii)(x) or clause (ii)(y) of the first sentence of this Section 2.11(b), only to the extent the Screen Rate for the applicable currency and such Interest Period is not available or published at such time on a current basis), (x) any Interest Election Request that requests the conversion of any Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (y) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing in Dollars.

SECTION 2.12. Increased Costs ; Illegality. (a) If any Change in Law shall:

- (i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);
- (ii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Loans made by such Lender; or
- (iii) subject any Lender to any Tax (except for (1) Indemnified Taxes, (2) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (3) Taxes imposed, as a result of a present or former connection between the Lender and the jurisdiction imposing such Taxes (other than a connection arising from such Lender having executed, delivered or performed its obligations under, or enforced, this Agreement or any other Loan Document), on gross or net income, profits or revenue (including value-added or similar Taxes)) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or, in the case of (iii), any Loans) or of making, converting into, continuing or maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Lender (whether of principal, interest or otherwise), then the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy or liquidity ratios), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.



(c) If by reason of any change in a Requirement of Law subsequent to the Effective Date, disruption of currency or foreign exchange markets, war or civil disturbance or similar event, the funding of any Foreign Currency Loan in any currency or the funding of any Foreign Currency Loan in any currency to an office located other than in New York shall be impossible or such currency is no longer available or readily convertible to Dollars, or the Dollar Equivalent of such currency is no longer readily calculable, then, at the election of the Administrative Agent, no Foreign Currency Loans in the relevant currency shall be made or any Foreign Currency Loan in the relevant currency shall be made to an office of the Administrative Agent located in New York, as the case may be.

(d) (i) If payment in respect of any Foreign Currency Loan shall be due in a currency other than Dollars and/or at a place of payment other than New York and if, by reason of any change in a Requirement of Law subsequent to the Effective Date, disruption of currency or foreign exchange markets, war or civil disturbance or similar event, payment of such Obligations in such currency or such place of payment shall be impossible or, in the reasonable judgment of the Administrative Agent, such currency is no longer available or readily convertible to Dollars, or the Dollar Equivalent of such currency is no longer readily calculable, then, at the election of any affected Lender, the Borrower shall make payment of such Loan in Dollars (based upon the Exchange Rate in effect for the day on which such payment occurs, as determined by the Administrative Agent in accordance with the terms hereof) and/or in New York or (ii) if any Foreign Currency in which Loans are outstanding is redenominated then, at the election of any affected Lender, such affected Loan and all obligations of the applicable Borrower in respect thereof shall be converted into obligations in Dollars (based upon the Exchange Rate in effect on such date, as determined by the Administrative Agent in accordance with the terms hereof), and, in each case, the Borrower shall indemnify the Lenders, against any currency exchange losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

(e) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section, setting forth in reasonable detail the calculations upon which such Lender determined such amount and the effective date of the relevant Change in Law, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within fifteen (15) days after receipt thereof.

(f) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than three (3) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the three (3) month period referred to above shall be extended to include the period of retroactive effect thereof.

(g) If any Change in Law shall make it unlawful for any Lender to make or maintain Eurodollar Loans, (i) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert ABR Loans to Eurodollar Loans shall forthwith be suspended until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Loans and (ii) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to ABR Loans in Dollars on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 2.13.

SECTION 2.13. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of any prepayment under Section 2.08 hereof or an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.08(b) and is revoked in accordance herewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount determined by such Lender to be equal to the excess, if any, of (i) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the Adjusted LIBO Rate for such Interest Period, over (ii) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an Affiliate of such Lender) for dollar deposits from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower, setting forth in reasonable detail the calculations upon which such Lender determined such amount, and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within fifteen (15) days after receipt thereof.

SECTION 2.14. Taxes. (a) All payments made by the Loan Parties under this Agreement shall (except as required by applicable law) be made free and clear of, and without deduction or withholding for or on account of, any Taxes imposed, levied, collected, withheld or assessed by any Governmental Authority. If any Taxes are required to be deducted or withheld from any amounts payable to the Administrative Agent or any Lender, as determined in good faith by the applicable Withholding Agent, (i) such amounts shall be paid to the relevant Governmental Authority in accordance with applicable law and (ii) if such deducted or withheld Taxes are Indemnified Taxes, the amounts so payable by the applicable Loan Party to the Administrative Agent or such Lender, as the case may be, shall be increased to the extent necessary to yield to the Administrative Agent or such Lender, as the case may be, (after payment of all Indemnified Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement as if such withholding or deduction had not been made.

(b) The Loan Parties shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Indemnified Taxes are payable by the Loan Parties pursuant to paragraph (a) of this Section, as promptly as possible thereafter the applicable Loan Party shall pay such Indemnified Taxes and shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt, to the extent reasonably available, received by the applicable Loan Party showing payment thereof. If (i) the applicable Loan Party fails to pay any Indemnified Taxes when due to the appropriate taxing authority, (ii) the applicable Loan Party fails to remit to the Administrative Agent the required receipts or other required documentary evidence, or (iii) any Indemnified Taxes are imposed directly upon the Administrative Agent or any Lender, the applicable Loan Party shall indemnify the Administrative Agent and the Lenders for such amounts and any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result (whether or not such Indemnified Taxes

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were correctly or legally imposed or asserted by the relevant Governmental Authority). A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) Each Lender shall severally indemnify the Administrative Agent within 10 days after demand therefor, for the full amount of any Taxes attributable to such Lender that are payable or paid by the Administrative Agent, and reasonable expenses arising therefrom or with respect thereto, but only to the extent that the applicable Loan Party has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Loan Parties under this Section 2.14 to do so, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(e) As soon as practicable after any payment of Taxes by a Loan Party to a Governmental Authority pursuant to this Section 2.14, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding tax with respect to payments made under any Loan Document shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent (or, if earlier, the date such Lender becomes a party to this Agreement), such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.14(f)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment (A) the failure to complete, execute or submit such documentation would not render the terms of this Agreement unenforceable by law and (B) such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) Each Lender that is a "United States person" as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or before the date on which it becomes a party to this Agreement two (2) properly completed and duly signed copies of U.S. Internal Revenue Service Form W-9 (or any successor form) certifying that such Lender is exempt from U.S. federal withholding tax.

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(B) Each Lender that is not a “United States person” as defined in Section 7701(a)(30) of the Code (a “Non-U.S. Lender”) shall deliver to the Borrower and the Administrative Agent whichever of the following is applicable:

(2) in the case of a Non-U.S. Lender claiming benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(3) executed copies of IRS Form W-8ECI;

(4) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 881(c) of the Code with respect to payments of “portfolio interest,” (x) a statement substantially in the form of Exhibit F-1 to the effect that such Non-U.S. Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Loan Party within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”), and (y) executed copies of IRS Form W-8BEN or W-8BEN-E;

(5) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) executed copies of any other form prescribed by applicable requirements of U.S. federal income tax law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable requirements of law to permit the Borrower and the Administrative Agent to determine the withholding or deduction required to be made.

(D) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA, to determine that such Lender has or has not complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.14(f)(ii)(D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

All forms described in this Section 2.14(f) shall be delivered by each Lender on or before the date it becomes a party to this Agreement and from time to time thereafter upon the request of the Borrower or the Administrative Agent. In addition, each Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Lender. Each Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section 2.14(f), a Lender shall not be required to deliver any form pursuant to this Section that such Lender is not legally able to deliver.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

SECTION 2.15. Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Sections 2.12, 2.13 or 2.14, or otherwise) prior to 12:00 noon, Local Time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York (or such other address designated by the Administrative Agent to Borrower pursuant to Section 10.01(c)) and except that payments pursuant to Sections 2.12, 2.13, 2.14 and 10.05 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in the currencies specified hereunder.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this

Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph (c) shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the New York Fed Bank Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b) or 2.15(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.16. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, the Administrative Agent shall deliver written notice to such effect, upon the Administrative Agent's obtaining knowledge of such event, to the Borrower and such Defaulting Lender, and the following provisions shall apply for so long as such Lender is a Defaulting Lender: (a) fees shall cease to accrue on the undrawn portion of the Commitment of such Defaulting Lender pursuant to Section 2.09(a).

(b) the Commitment and Aggregate Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 10.01), provided that any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender which would increase or extend the term of the Commitment of a Defaulting Lender, extend the date fixed for payment of principal or interest owing to a Defaulting Lender, reduce the amount of or the rate or amount of interest on any amount owing to a Defaulting Lender or of any fee payable to a Defaulting Lender (except as otherwise provided in this Section 2.16) or alter the terms and conditions of this sentence or affect such Defaulting Lender differently than other affected Lenders shall, in each case, require the consent of such Defaulting Lender.

(c) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 2.15(c) but excluding Section 2.17(b)) shall, in lieu of being distributed to such Defaulting Lender, subject to any applicable requirements of law, be applied (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, and (iii) third, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction.

(d) [reserved].

(e) [reserved].

In the event that the Administrative Agent and the Borrower each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender or upon receipt by the Administrative Agent of the confirmation referred to in clause (c) of the definition of “Defaulting Lender”, as applicable, then on such date such Lender shall purchase at par such portion of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans ratably in accordance with its respective Commitment.

SECTION 2.17. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.12, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.12 or 2.14, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed costs or expenses and would not otherwise be disadvantageous to such Lender. To the extent reasonably possible, each Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment would avoid the unavailability of Eurodollar Loans under Section 2.11, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) The Borrower shall, at its sole expense and effort, have the right, by giving at least fifteen (15) Business Days’ prior written notice (or, in the case of a Defaulting Lender, at least three (3) Business Days’ prior written notice) to the affected Lender and the Administrative Agent, at any time when no Default or Event of Default has occurred and is continuing, to require any Lender to assign all of its rights and obligations under the Loan Documents to one (1) or more Lenders (other than any Conduit Lender), or, with the approval of the Administrative Agent (which approval will not unreasonably be withheld, delayed or conditioned), to one (1) or more banks, financial institutions or other entities selected by the Borrower. Such assignment shall be substantially in the form of Exhibit E hereto or in such other form as may be agreed to by the parties thereto but, except in the case of an assignment by a Defaulting Lender (in which case such form shall be as reasonably specified by the Administrative Agent) shall be on terms and conditions reasonably satisfactory to the affected Lender; provided that, no such assignment shall, unless otherwise specified, transfer any liability of a Defaulting Lender hereunder or release any such liability. The Borrower shall remain liable to the affected Lender for any indemnification provided under Section 2.13 with respect to Loans of such Lender outstanding on the effective date of an assignment required under this Section 2.17(b), as well as for all other Obligations owed to such Lender under this Agreement as of such effective date.

SECTION 2.18. [Reserved].

ARTICLE III

[RESERVED]

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lenders that:

SECTION 4.01. Organization; Powers. The Borrower and each of the Significant Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 4.02. Authorization; Enforceability. The Transactions are within each Loan Party's corporate or organizational powers and authority and have been duly authorized by all necessary corporate or organizational action. The Loan Documents (i) have been duly executed and delivered by each Loan Party that is a party thereto, and (ii) constitute legal, valid and binding obligations of each Loan Party that is a party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 4.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, and except to the extent that the failure to obtain such consent or approval, or register, file, or take such action, would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower, any Guarantor or any of the Significant Subsidiaries or any order of any Governmental Authority, except such violations of any law, regulation, or order, individually or in the aggregate, that would not reasonably be expected to result in a Material Adverse Effect, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower, any Guarantor or any of the Significant Subsidiaries or their assets, or give rise to a right thereunder to require any payment to be made by the Borrower, any Guarantor or any of the Significant Subsidiaries, in each case (except in the case of any indenture or other agreement governing Material Indebtedness) which would, individually or in the aggregate with such other instances, reasonably be expected to result in a Material Adverse Effect, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of the Significant Subsidiaries, other than any Liens permitted by Section 7.01.

SECTION 4.04. Financial Statements. The Borrower has heretofore furnished to the Lenders its consolidated balance sheet, and related consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in stockholders' investment and comprehensive income, and the accompanying notes to such consolidated financial statements, as of and for the fiscal year ended May 31, 2018, reported on by Ernst & Young LLP, independent public accountants. Such financial statements, together with the accompanying notes to such financial statements, present fairly, in all material respects, the consolidated financial condition of the Borrower and its consolidated Subsidiaries as of such date and the results of operation and cash flows of the Borrower and its consolidated Subsidiaries for the year then ended, all in accordance with GAAP.



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SECTION 4.05. Taxes. The Borrower and each of its Significant Subsidiaries has filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Significant Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.06. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Financial Officer, threatened against the Borrower or any of its Significant Subsidiaries (i) that would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters), or (ii) that purport to affect the legality, validity, or enforceability of this Agreement or the other Loan Documents or the transactions contemplated thereby.

(b) Except for the Disclosed Matters and except for any such matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, each of the Borrower and its Significant Subsidiaries (i) is in compliance with all applicable Environmental Laws and has obtained and maintained any permit, license, or other approval currently required under any applicable Environmental Law, (ii) is not subject to any Environmental Liability, and (iii) has not, to its knowledge, received notice of any claim with respect to any Environmental Liability or has knowledge of any event or circumstance that would reasonably be expected to give rise to such a claim.

(c) Since the date of this Agreement, there has been no change in the status of the Disclosed Matters that, individually or in the aggregate, has resulted in a Material Adverse Effect.

SECTION 4.07. Subsidiaries. Schedule 4.07 hereto contains an accurate list of all of the Significant Subsidiaries of the Borrower as of the Effective Date, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock of such Significant Subsidiaries have been duly authorized and issued and are fully paid and non-assessable.

SECTION 4.08. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, either individually or when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of the aggregate benefit liabilities under each Single Employer Plan sponsored, maintained or contributed to by Borrower, or its ERISA Affiliates (determined as of the end of the most recent plan year on the basis of the actuarial assumptions specified for funding purposes in the most recent actuarial valuation for such Single Employer Plan), did not exceed the aggregate current value of the assets of such Single Employer Plan in an amount that could reasonably be likely to result in a Material Adverse Effect.

SECTION 4.09. Compliance with Laws and Agreements. Each of the Borrower and its Significant Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its Property and all indentures, agreements and other instruments binding upon it or its Property, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

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SECTION 4.10. Properties ; Liens. The Borrower and each of the Significant Subsidiaries has good title to, or valid leasehold interests in, all its real and personal Property material to its business, except for any such defects that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, and none of such Property is subject to any Lien except as permitted by Section 7.01.

SECTION 4.11. Investment Company Status. Neither the Borrower nor any of its Significant Subsidiaries is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 4.12. Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures reasonably designed to achieve compliance in all material respects by the Borrower, its Subsidiaries and their respective directors, officers, employees and, to the extent acting on behalf of Borrower or its Subsidiaries, agents with applicable Anti-Corruption Laws and applicable Sanctions. None of (a) the Borrower, any Subsidiary or to the knowledge of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing, or use of proceeds will be used, directly, or to the knowledge of the Borrower, indirectly, to (a) make any offer, payment or give anything else of value to any person in violation of applicable Anti-Corruption Laws or (b) finance or facilitate any activity which violates applicable Sanctions.

SECTION 4.13. Patriot Act Compliance. Each of the Borrower and its Significant Subsidiaries is in compliance with applicable provisions of the Patriot Act, except where the failure to so comply, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 4.14. EEA Financial Institutions. No Loan Party is an EEA Financial Institution.

## ARTICLE V

### CONDITIONS

SECTION 5.01. Effective Date. The obligations of the Lenders to make Loans shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.01):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either a counterpart of this Agreement signed on behalf of such party or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission or electronic mail of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement, and (ii) the Guarantee Agreement, executed and delivered by each Subsidiary set forth on Schedule 10.14 hereto.

(b) The Administrative Agent shall have received satisfactory evidence that the Existing Revolving Credit Facility has been terminated and all amounts payable by the Borrower thereunder have been paid in full (other than with respect to the obligations related to the existing letters of credit which shall be rolled and deemed issued under the Five-Year Credit Agreement).

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(c) The Lenders shall have received a written opinion from counsel to the Borrower, substantially in the form of Exhibit D.

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower and the domestic Significant Subsidiaries and the authorization of the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(e) The Administrative Agent shall have received a certificate, dated as of the Effective Date and signed by the President, Chief Executive Officer, or a Financial Officer of the Borrower, stating that (a) the representations and warranties contained in Article IV hereof are true and correct on and as of the Effective Date, and (b) as of the Effective Date, no Default has occurred and is continuing.

(f) Since May 31, 2018, there has been no change in the business, Property, financial condition or results of operations of the Borrower and its consolidated Subsidiaries taken as a whole which would reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received a certificate to that effect, dated as of the Effective Date and signed by the President, Chief Executive Officer, or a Financial Officer of the Borrower.

(g) The Administrative Agent shall have received all fees required to be paid hereunder on or prior to the Effective Date and all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder for which invoices have been presented to Borrower.

(h) The Administrative Agent shall have received one Business Day prior to the Effective Date all documentation and other information with respect to the Borrower and the Guarantors as required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

(i) The Administrative Agent shall have received evidence satisfactory to it that the Five-Year Credit Agreement shall have been executed and delivered by all parties thereto and that all conditions precedent to the effectiveness thereof shall have been satisfied or waived.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.01) at or prior to 5:00 p.m., New York City time, on April 5, 2019 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 5.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in Article IV hereof shall be true and correct on and as of the date of such Borrowing (except to the extent that any such representation or warranty expressly relates to a specified earlier date, in which case such representation or warranty shall be true and correct as of such earlier date).

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing.

Each Borrowing by the Borrower shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 5.02.

## ARTICLE VI

### AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated, the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within fifteen (15) days after the same are required to be filed with the SEC (or, to the extent no longer required to be filed with the SEC, within ninety (90) days after the end of each fiscal year of the Borrower), its audited consolidated balance sheet and related consolidated statements of income, cash flows and changes in stockholders' investment and comprehensive income as of the end of and for each fiscal year of the Borrower, setting forth in each case the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) (it being understood that the filing of such financial statements with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender);

(b) within fifteen (15) days after the same are required to be filed with the SEC (or, to the extent no longer required to be filed with the SEC, within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower), an unaudited condensed consolidated balance sheet and related condensed consolidated statements of income and cash flows as of the end of and for each of the first three (3) fiscal quarters of each fiscal year of the Borrower and the then elapsed portion of the fiscal year, setting forth in each case the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, and, solely in the event such financial statements are no longer required to be filed with the SEC, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis as of, and for, such periods in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes (it being understood that the filing of such financial statements with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender);

(c) concurrently with, or within ten (10) days after, any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying as to whether a Default or Event of Default has occurred and, if a Default or Event of Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, and (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.09, which certificate shall be substantially in the form of Exhibit H hereto;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and prospectuses filed by the Borrower, any Guarantor or any Significant Subsidiary with the SEC (it being understood that the filing of such documents with the SEC shall constitute delivery thereof to the Administrative Agent and each Lender); and

(e) as promptly as reasonably practicable following any request therefor, such other information (including relevant non-financial information) as the Administrative Agent or any Lender may from time to time reasonably request.

SECTION 6.02. Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes, including acquisitions. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations U, to the extent applicable. If requested by any Lender or the Administrative Agent in connection with or immediately following a drawing, the Borrower will furnish to the Administrative Agent and each such requesting Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

SECTION 6.03. Notice of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the occurrence of any Default or Event of Default or any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect. Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 6.04. Existence; Conduct of Business. Except as permitted by Section 7.02, the Borrower will, and will cause each Significant Subsidiary to do all things necessary to preserve and maintain its legal existence and the rights, licenses, permits, privileges, and franchises material to the conduct of its business, except where the failure to maintain any such rights, licenses, permits, privileges, and franchises would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 6.05. Payment of Taxes. The Borrower will, and will cause each Subsidiary to, pay and discharge all taxes, assessments, and governmental charges or levies imposed upon it or upon its income or profits, or upon any Property belonging to it, except where failure to do any of the foregoing would not have a Material Adverse Effect and provided that neither the Borrower nor a Subsidiary shall be required to pay any such tax, assessment, charge, or levy the payment of which is being contested in good faith and by appropriate proceedings and as to which appropriate reserves are being maintained in accordance with GAAP.

SECTION 6.06. Compliance with Laws. The Borrower will, and will cause each of its Significant Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures reasonably designed to achieve compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents acting on behalf of the Borrower or its Subsidiaries, with applicable Anti-Corruption Laws and applicable Sanctions.

SECTION 6.07. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Significant Subsidiaries to, (a) keep and maintain all Property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where failure to do so would not reasonably be expected to have a Material Adverse Effect, and (b) maintain, with financially sound and reputable insurance companies, insurance on its Property in such amounts and against such risks as are consistent with prudent business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

SECTION 6.08. Books and Records; Inspection Rights. The Borrower will, and will cause each of its Significant Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Significant Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, but no more than once a year unless an Event of Default has occurred and is continuing, to visit and inspect its Properties (subject to such limitations as the Borrower may reasonably impose to ensure safety or compliance with any applicable legal or contractual restrictions or obligations), to examine and make extracts from its books of accounts and other financial records (to the extent reasonable), and to discuss its affairs, finances and condition with its officers and independent accountants (to the extent reasonable), all at such reasonable times and intervals as the Lenders may designate.

SECTION 6.09. Leverage. The Borrower will maintain, on the last day of each fiscal quarter of Borrower, a ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA as at the last day of any period of four consecutive fiscal quarters of the Borrower of not more than 3.50 to 1.00.

## ARTICLE VII

### NEGATIVE COVENANTS

Until the Commitments have expired or been terminated, the principal of and interest on each Loan and all fees payable hereunder has been paid in full the Borrower covenants and agrees with the Lenders that:

SECTION 7.01. Liens. The Borrower will not, nor will it permit any consolidated Subsidiary to, create, incur, assume or suffer to exist, any Lien on any of its Property or assets now owned or hereafter acquired (other than Unrestricted Margin Stock), except:

- (a) Liens which may be hereafter created to secure payment of the Obligations;
- (b) Liens incurred or deposits or pledges, made in the ordinary course of business, to secure payment of workers' compensation, unemployment insurance, old age pensions, or other social security obligations;
- (c) Liens incurred or deposits or pledges, made in the ordinary course of business, to secure performance of bids, tenders, contracts (other than contracts for Indebtedness), leases, public, or statutory obligations, surety bonds, appeal bonds, or other Liens or deposits or pledges for purposes of like general nature made in the ordinary course of business;
- (d) Deposits or pledges for the purpose of securing an appeal, stay or discharge in the course of legal proceedings, or Liens for judgments or awards which were not incurred in connection with Indebtedness or the obtaining of advances or credits; provided such deposits, pledges and Liens do not, in the aggregate for the Borrower and the consolidated Subsidiaries, materially detract from the value of their assets or Properties or materially impair the use thereof in the ordinary course of business and such appeal, judgment or award, as the case may be, is being diligently contested or litigated in good faith by appropriate proceedings; provided further, there has been set aside on the books of the Borrower or the consolidated Subsidiaries, as the case may be, reserves in accordance with GAAP with respect thereto; and provided further execution is not levied upon any such judgment or award;

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(e) Liens for taxes, fees, assessments and governmental charges not delinquent or which are being contested in good faith by appropriate proceedings, provided there has been set aside on the books of the Borrower or the consolidated Subsidiaries, as the case may be, adequate reserves in accordance with GAAP with respect thereto; and provided further, execution is not levied upon any such Lien;

(f) Mechanics', carriers', workers', repairmen's or other like Liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than ninety (90) calendar days, or which are being contested in good faith by appropriate proceedings; provided there has been set aside on the books of the Borrower and the consolidated Subsidiaries, as the case may be, adequate reserves in accordance with GAAP with respect thereto; and provided further, execution is not levied upon any such Lien;

(g) Lessors' interests under capital leases;

(h) Liens on Property acquired or constructed with the proceeds of any tax-exempt bond financing to secure such financing;

(i) Liens securing Indebtedness of a consolidated Subsidiary to the Borrower or any Guarantor or, in the case of Indebtedness of a consolidated Subsidiary which is not a Guarantor, to any consolidated Subsidiary which is not a Guarantor;

(j) Liens existing on the Property of a corporation or other business entity immediately prior to its being consolidated with or merged into the Borrower or a consolidated Subsidiary or its becoming a consolidated Subsidiary, or Liens existing on any Property acquired by the Borrower or a consolidated Subsidiary at the time such is so acquired (whether or not the Indebtedness secured thereby shall have been assumed), provided that (i) no such Lien was created or assumed in contemplation of such consolidation or merger or such entity's becoming a consolidated Subsidiary or such acquisition of Property, and (ii) each such Lien shall only cover the acquired Property and, if required by the terms of the instrument originally creating such Lien, Property which is an improvement to or is acquired for specific use in connection with such acquired Property;

(k) Liens on Flight Equipment acquired on or after the date of this Agreement which (i) secure the payment of all or any part of the purchase price of such Flight Equipment or improvements thereon or modifications thereto, (ii) are limited to the Flight Equipment so acquired and improvements thereon or modifications thereto, and (iii) attach to such Flight Equipment within one (1) year after the acquisition, improvement, or modification of such Flight Equipment;

(l) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(m) Zoning, building or other restrictions, variances, covenants, rights of way, encumbrances, easements, and other minor irregularities in title, none of which, individually or in the aggregate, (i) interfere in any material respect with the present use or occupancy of the affected parcel by the Borrower or any Subsidiary, (ii) have no more than an immaterial effect on the value thereof or its use, or (iii) would impair the ability of such parcel to be sold for its present use;

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(n) Liens arising solely by virtue of (i) any law or regulation relating to banker's liens, or (ii) rights of set-off or similar rights and remedies, in each case as to deposit accounts or other funds maintained with a creditor depository institution;

(o) Liens to secure Indebtedness for the purpose of financing all or any part of the purchase price or the cost of construction or improvement of the Property subject to such Lien; provided, however, that (i) the principal amount of any Indebtedness secured by such Lien does not exceed one hundred percent (100%) of such purchase price or cost, and (ii) such Lien does not extend to or cover any other Property other than such item of Property so acquired, constructed, or improved;

(p) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by clauses (h), (j), (k), and (o) of this Section 7.01; provided that such Indebtedness is not increased and is not secured by any additional assets;

(q) Liens incurred or deposits or pledges made for the purpose of complying with any cash collateralization requirements resulting from defaults by lenders under any syndicated letter of credit facility the Borrower may have in place from time to time;

(r) Liens not otherwise permitted by Sections 7.01(a) through (q); provided that, as of the date any Lien is incurred and as of the end of each fiscal quarter of the Borrower ending after November 30, 2018, the sum of (i) the aggregate principal amount of all outstanding Long Term Debt of the consolidated Subsidiaries which are not Guarantors (excluding the Current Maturities of any such Long Term Debt and any Long Term Debt of a consolidated Subsidiary owing to the Borrower or another consolidated Subsidiary that is a Guarantor), plus (ii) the aggregate principal amount of all outstanding Long Term Debt of the Borrower or any Guarantor (excluding the Current Maturities of any such Long Term Debt and any Long Term Debt of a consolidated Subsidiary owing to the Borrower or another consolidated Subsidiary that is a Guarantor) which is secured as permitted by this Section 7.01(r), does not exceed eight percent (8%) of Consolidated Adjusted Total Assets.

SECTION 7.02. Merger and Consolidation. The Borrower will not, nor will it permit any consolidated Subsidiary to, merge with or into, or consolidate, or consummate a Division as the Dividing Person, or enter into any analogous transaction with, any other Person, or sell all or substantially all of the assets of the Borrower and its consolidated Subsidiaries taken as a whole, except:

(a) Any consolidated Subsidiary or other corporation or entity may merge with or into, or consolidate or enter into any analogous transaction with, the Borrower, provided that, immediately after giving effect to any such merger or consolidation, (i) the Borrower shall be the continuing or surviving corporation, and (ii) no Default or Event of Default shall exist;

(b) Any consolidated Subsidiary may merge with or into, or consolidate or enter into any analogous transaction with, any consolidated Subsidiary so long as, immediately after giving effect thereto, no Default or Event of Default shall exist;

(c) The Borrower or any consolidated Subsidiary may transfer its assets to the Borrower or any consolidated Subsidiary, so long as immediately after giving effect thereto, no Default or Event of Default shall exist;

(d) Any corporation or other entity may merge with or into, or consolidate or enter into any analogous transaction with, any consolidated Subsidiary, so long as immediately after giving effect to any such merger or consolidation, (i) the continuing or surviving entity shall be a consolidated Subsidiary, and (ii) no Default or Event of Default shall exist;



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(e) Any consolidated Subsidiary that is not a Significant Subsidiary may merge with or into, or consolidate, or enter into any analogous transaction with, any Person if the primary purpose of such transaction is to discontinue the existence of such consolidated Subsidiary or dispose of such consolidated Subsidiary, so long as immediately after giving effect thereto, no Default or Event of Default shall exist; and

(f) Any Specified Guarantor, other Guarantor, Significant Subsidiary or other Subsidiary that is an LLC may consummate a Division as the Dividing Person if, immediately upon the consummation of such Division, the assets of the applicable Dividing Person are held by (i) in the case of a Dividing Person that was a Specified Guarantor immediately prior to the consummation of such Division, one or more Specified Guarantors immediately upon the consummation of the such Division (ii) in the case of a Dividing Person that was such other Guarantor immediately prior to the consummation of such Division, one or more Guarantors immediately upon the consummation of the such Division, (iii) in the case of a Dividing Person that was a Significant Subsidiary immediately prior to the consummation of such Division, one or more Significant Subsidiaries immediately upon the consummation of the such Division or (iv) in the case of a Dividing Person that was such other Subsidiary immediately prior to the consummation of such Division, one or more Subsidiaries immediately prior to the consummation of such Division, or, with respect to assets not so held by one or more Specified Guarantors, other Guarantors, Significant Subsidiaries or other Subsidiaries, respectively the sale, transfer or other disposition of such assets would otherwise be permitted under this Agreement.

SECTION 7.03. Clauses Restricting Significant Subsidiary Distributions. The Borrower will not permit any of its Significant Subsidiaries to enter into any agreement, instrument, or indenture that, directly or indirectly, prohibits or restricts such Significant Subsidiary from any of the following if such prohibition or restriction would materially and adversely affect the ability of any Loan Party to comply with its obligations under any Loan Document to which it is a party:

- (a) incurring or paying any Indebtedness owed to the Borrower or any other Significant Subsidiary;
- (b) granting any Liens;
- (c) declaring or paying dividends; and
- (d) making loans, advances or other investments to or in the Borrower or any other Significant Subsidiary;

provided that nothing in this SECTION 7.03 shall prohibit (i) restrictions and conditions imposed by law or by this Agreement; (ii) restrictions and conditions existing on the date hereof (but not any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary, provided such restrictions and conditions apply only to the Subsidiary that is to be sold, (iv) restrictions or conditions applicable to Property or assets securing Indebtedness permitted by this Agreement, and (v) customary provisions in leases and other contracts restricting the assignment thereof and customary transfer restrictions and rights of first refusal in shareholders' agreements, to the extent such provisions, restrictions, or rights are in existence on the date hereof or consistent with past practice.

SECTION 7.04. Subsidiary Indebtedness. The Borrower will not permit any of its Subsidiaries to create and issue any unsecured notes or debentures (other than to the Borrower or a consolidated Subsidiary).

SECTION 7.05. Use of Proceeds. The Borrower will not request any Borrowing, and the Borrower shall not directly, or knowingly, indirectly, use, and shall procure that its Subsidiaries and its or their respective directors, officers and employees and agents acting on behalf of Borrower or its Subsidiaries in connection with this Agreement shall not use the proceeds of any Borrowing (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable Anti-Corruption Laws, or (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state.

## ARTICLE VIII

### EVENTS OF DEFAULT

If any of the following events (“Events of Default”) shall occur:

- (a) the Borrower fails to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) the Borrower fails to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in paragraph (a) of this Article VIII) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;
- (c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any amendment or modification hereof, or in any certificate furnished pursuant to or in connection with this Agreement or any amendment or modification hereof, prove to have been incorrect in any material respect when made or deemed made;
- (d) the Borrower fails to observe or perform any covenant, condition, or agreement contained in Sections 6.02, 6.03, 6.09, 7.01 or 7.02;
- (e) the Borrower fails to observe or perform any covenant, condition, or agreement contained in this Agreement (other than those specified in paragraphs (a), (b), (c), or (d) of this Article VIII), and such failure shall continue unremedied for a period of thirty (30) days after written notice thereof to the Borrower from the Administrative Agent or any Lender;
- (f) the Borrower or any Significant Subsidiary fails to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable, after giving effect to any applicable grace period;
- (g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time, or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption, or defeasance thereof, prior to its scheduled maturity; provided that this paragraph (g) shall not apply to (i) secured Indebtedness that becomes due as a

result of the voluntary sale or transfer of the Property or assets securing such Indebtedness and (ii) secured Indebtedness that becomes due in accordance with its terms as a result of the voluntary or involuntary sale, transfer, or disposition of the Property or assets securing such Indebtedness;

(h) an involuntary proceeding is commenced or an involuntary petition is filed seeking (i) liquidation, reorganization, or other relief in respect of the Borrower or any Significant Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state, or foreign bankruptcy, insolvency, receivership, or similar law now or hereafter in effect, or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Significant Subsidiary (i) voluntarily commences any proceeding or files any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consents to the institution of, or fails to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article VIII, (iii) applies for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Significant Subsidiary or for a substantial part of its assets, (iv) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) makes a general assignment for the benefit of creditors, or (vi) takes any action for the purpose of effecting any of the foregoing;

(j) the Borrower or any Significant Subsidiary fails to pay, or admits in writing its inability to pay, its debts generally as they become due;

(k) the guarantee of any Significant Subsidiary contained in its respective Guarantee Agreement ceases, for any reason, to be in full force and effect or the Borrower or such Significant Subsidiary so asserts;

(l) the Borrower or any Significant Subsidiary fails within forty-five (45) days to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$200,000,000, which is not stayed on appeal or otherwise being appropriately contested in good faith;

(m) an ERISA Event has occurred that, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; or

(n) a Change of Control occurs;

then, and in every such event (other than an event with respect to the Borrower described in paragraphs (h) or (i) of this Article VIII), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other

obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in paragraphs (h) or (i) of this Article VIII, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by the Borrower. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

If, within fourteen (14) days after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans hereunder as a result of any Default (other than any Default as described in paragraphs (h) or (i) of this Article VIII) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination, provided that the Borrower certifies to the Lenders to their satisfaction that, upon giving effect to such rescission, no other Indebtedness of the Borrower shall be accelerated by virtue of a cross-default or cross-acceleration to Indebtedness under this Agreement.

## ARTICLE IX

### THE AGENTS

SECTION 9.01. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

SECTION 9.02. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

SECTION 9.03. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact, or Affiliates shall be (i) liable to any Lender for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations, or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement, or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness,

enforceability, or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party that is a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the Properties, books or records of any Loan Party.

SECTION 9.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex, or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

SECTION 9.05. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

SECTION 9.06. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact, or Affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any Affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, Property, financial, and other condition and creditworthiness of the Loan Parties and their Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, Property, financial, and other condition and creditworthiness of the Loan Parties and their Affiliates. Except for notices, reports

and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, Property, condition (financial or otherwise), prospects, or creditworthiness of any Loan Party or any Affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact, or Affiliates.

SECTION 9.07. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section 9.07 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section 9.07 shall survive the payment of the Loans and all other amounts payable hereunder. The respective obligations of the Lenders under this Agreement are several and not joint, and no Lender shall be responsible for the failure of any other Lender to satisfy its obligations hereunder.

SECTION 9.08. Agent in Its Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

SECTION 9.09. Successor Administrative Agent. (a) The Administrative Agent may resign as Administrative Agent upon ten (10) days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under paragraph (a) of Article VIII or paragraph (i) of Article VIII with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers, and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers, and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

(b) The Administrative Agent agrees that in the event it shall fail to fund its portion of any Borrowing within three (3) Business Days of the date on which it shall have been required to fund same, it shall cooperate in good faith with efforts by the Borrower to replace it with a successor administrative agent that is satisfactory to the Required Lenders and the Borrower (including resigning in connection with such replacement).

SECTION 9.10. Documentation Agents and Syndication Agent. None of the Documentation Agents or the Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 9.11. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments, or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

## ARTICLE X

### MISCELLANEOUS

SECTION 10.01. Amendments and Waivers. (a) None of this Agreement, any other Loan Document, or any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.01. The Required Lenders and each Loan Party that is party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party that is party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding, deleting or modifying any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder, or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders), and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.01 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, or release the Guarantee Agreement or any Guarantor that is guaranteeing any public debt securities issued by the Borrower from its obligations under the Guarantee Agreement, in each case without the written consent of all Lenders (except for releases of Guarantors (other than any Specified Guarantor) in connection with any transaction otherwise expressly permitted to be consummated pursuant to this Agreement which releases, notwithstanding anything herein to the contrary, shall be governed by Section 10.14(d)); (iv) amend, modify or waive any provision of Section 2.15 without the written consent of the Lenders adversely affected thereby or (v) amend, modify or waive any provision of Article IX without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.



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(b) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, and the Borrower (i) to add one (1) or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and extensions of credit and the accrued interest and fees in respect thereof, and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

(c) Notwithstanding anything to the contrary in the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrowers and the Administrative Agent to cure any ambiguity, omission, mistake, defect or inconsistency, it being agreed that the Administrative Agent shall provide the Lenders at least five Business Days' prior written notice of such amendment, and any such amendment shall be deemed approved by the Lenders unless the Administrative Agent shall have received, within five Business Days of the date that a draft of such amendment is provided to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

SECTION 10.02. Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by electronic mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of or electronic mail notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified in writing by the respective parties hereto:

Borrower: FedEx Corporation  
942 S. Shady Grove Road  
Memphis, Tennessee 38120  
Attention: Treasurer

with a copy to: FedEx Corporation  
942 S. Shady Grove Road  
Memphis, Tennessee 38120  
Attention: General Counsel

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Administrative Agent:                    With respect to Revolving Loans :

JPMorgan Chase Bank, N.A.  
500 Stanton Christiana Road  
Newark, DE 19713,  
Attention: Matthew Reed / Jane Dreisback

With respect to each Borrowing  
Request or Compliance Certificate  
delivered pursuant to Section 6.01(c), a  
copy to:

JPMorgan Chase Bank, N.A.  
389 Park Avenue, 24<sup>th</sup> Floor  
New York, New York 10179  
Attention: Robert Kellas

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 10.03. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, Borrower, or any Lender, any right, remedy, power, or privilege hereunder or under the other Loan Documents shall operate 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. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

SECTION 10.04. Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

SECTION 10.05. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in

connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent as separately agreed by the Administrative Agent and the Borrower, and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the reasonable fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to stamp, excise, and other taxes, if any, that are payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement, or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, and agents (each, an “Indemnitee”) harmless from and against any and all other liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance, and administration of this Agreement and the other Loan Documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any Guarantor or any Subsidiary or any of their respective Properties, any Environmental Liability, and the reasonable fees and expenses of legal counsel actually incurred in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this paragraph (d), collectively, the “Indemnified Liabilities”), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs, and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.05 shall be payable not later than thirty (30) days after written demand therefor, which shall set forth in reasonable detail the nature, basis and description of such Indemnified Liability. Statements payable by the Borrower pursuant to this Section 10.05 shall be submitted to FedEx Corporation, Attn: Treasurer (Telephone No. (901) 818-7805; Telecopy No. (901) 818-7248), at the address of the Borrower set forth in Section 10.01(c), or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.05 shall survive repayment of the Loans and all other amounts payable hereunder.

SECTION 10.06. Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one (1) or more banks, financial institutions or other entities (each, a “Participant”) participating interests in any Loan owing to such

Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.07(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.12, 2.13 and 2.14 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it were a Lender; provided that, in the case of Sections 2.13 and 2.14, such Participant shall have complied with the requirements of said Sections as if it were a Lender (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender); and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower (but without giving rise to any fiduciary obligation of any kind to the Borrower), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided, however, that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for purposes of this Agreement notwithstanding any notice to the contrary.

(c) Any Lender other than any Conduit Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender (other than any Defaulting Lender) or any Lender Affiliate or, with the consent of the Borrower and the Administrative Agent (which, in each case, shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register (as defined below); provided that, unless otherwise agreed by the Borrower and the Administrative Agent, no such

assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than \$5,000,000 and after giving effect to such assignment, such assigning Lender shall have Commitments and Loans in an aggregate amount of at least \$5,000,000 as described in this sentence except in the case of an assignment of all of a Lender's interests under this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. The Assignee shall purchase, at par, all Loans and pay all accrued interest and other amounts owing to such Assignor under this Agreement on or prior to the date of assignment for any assignment pursuant to Section 2.17. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.13, 2.14, and 10.05 to the extent any claim thereunder relates to an event arising prior to the effective date of such assignment) and be released from its obligations (other than its obligations under Section 9.07 with respect to matters arising prior to the effective date of such assignment) under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section 10.06, (i) the consent of the Borrower shall not be required for any assignment that occurs after the occurrence and during the continuance of an Event of Default, and (ii) no assignment shall be made to the Borrower or any Affiliate of the Borrower. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Borrower or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 10.06(c).

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.01(c) a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans and any Notes evidencing the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new Notes shall be issued to the designated Assignee.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.06(c), together with payment to the Administrative Agent of a registration and processing fee of \$4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance, (ii) record the information contained therein in the Register on the effective date determined pursuant thereto, and (iii) promptly notify Borrower of its receipt of such Assignment and Acceptance.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.06 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to any Federal Reserve Bank or central bank in accordance with applicable law.

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(g) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (f) above.

(h) Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency, or liquidation proceeding under any state bankruptcy or similar law, for one (1) year and one (1) day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party to this Agreement for any loss, cost, damage, or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

SECTION 10.07. Adjustments: Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders, if any Lender (a “Benefitted Lender”) shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Article VIII, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in paragraph (i) of Article VIII, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders and the Lender Affiliates provided by law, if an Event of Default shall have occurred and be continuing, each Lender and Lender Affiliate shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration, or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured, or unmatured, at any time held or owing by such Lender or Lender Affiliate or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender and Lender Affiliate agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender or Lender Affiliate, provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 10.08. Counterparts. This Agreement may be executed by one (1) or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one (1) and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 10.09. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.10. Integration. This Agreement, the other Loan Documents, and any commitment letters or similar documents related to the Transactions, represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations, or warranties by the Borrower, Administrative Agent, or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

SECTION 10.11. GOVERNING LAW.

(a) THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each of the Lenders and the Administrative Agent hereby irrevocably and unconditionally agrees that, notwithstanding the governing law provisions of any applicable Loan Document, any claims brought against the Administrative Agent by any Lender relating to this Agreement, any other Loan Document or the consummation or administration of the transactions contemplated hereby or thereby shall be construed in accordance with and governed by the law of the State of New York.

SECTION 10.12. Submission To Jurisdiction; Waivers.

The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its Property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in New York City, Borough of Manhattan), and appellate courts from any thereof;

(b) consents that any such action or proceeding shall be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 10.01(c) or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive, or consequential damages.

SECTION 10.13. Acknowledgements. The Borrower hereby acknowledges that:

- (a) it has been advised by counsel in the negotiation, execution, and delivery of this Agreement and the other Loan Documents;
- (b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor;
- (c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders; and
- (d) the Loan Parties have been advised that the Administrative Agent and Lenders are engaged in a broad range of transactions that may involve interests that differ from the Loan Parties' interests and that the Administrative Agent and Lenders have no obligation to disclose such interests and transactions to the Loan Parties.

SECTION 10.14. Guarantors. (a) The Guarantors as of the date hereof are set forth on Schedule 10.14 hereto.

(b) Upon any Subsidiary guaranteeing any public debt securities issued or guaranteed by the Borrower or any other Material Indebtedness of the Borrower, within thirty (30) days thereafter, the Borrower shall cause such Subsidiary to execute the Guarantee Agreement pursuant to an Addendum thereto in the form of Annex I to the Guarantee Agreement, and in the case of a Significant Subsidiary, to deliver documentation, to the extent requested by the Administrative Agent, similar to that described in Section 5.01(c) and (d) relating to the authorization for, execution and delivery of, and validity of such Significant Subsidiary's obligations as a Guarantor, such documentation to be in form and substance reasonably satisfactory to the Administrative Agent.

(c) The Borrower covenants and agrees with the Lenders that each Specified Guarantor is, and shall remain, an entity organized under the laws of any jurisdiction within the United States. For the avoidance of doubt, this Section 10.14(c) shall not prohibit any merger or consolidation of a Specified Guarantor; provided, that, in accordance with the definition of "Specified Guarantor", any Person into which such Specified Guarantor is merged or consolidated, or to which all or substantially all of its assets are sold, transferred or disposed, shall become a Specified Guarantor and be subject to the provisions of this Section 10.14(c).

(d) Notwithstanding anything to the contrary contained herein or in any other Loan Document, upon the release of any Guarantor (other than any Specified Guarantor) from its guarantee of any and all public debt securities issued or guaranteed by the Borrower, such Guarantor shall be deemed to be automatically and unconditionally released and discharged from all its obligations under the Guarantee Agreement without any further action required on the part of the Administrative Agent or any Lender. At the request and sole expense of the Borrower following any such release and discharge, the Administrative Agent shall execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such release and discharge. For the avoidance of doubt, it is agreed and understood that any release of any Specified Guarantor from its obligations under the Guarantee Agreement shall be subject to Section 10.01.



SECTION 10.15. Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to its or its Affiliates by any Loan Party or its Affiliates pursuant to this Agreement; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent or any other Lender, (b) subject to an agreement by such Person to comply with the provisions of this Section, to any actual or prospective Transferee or any actual or prospective direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees or directors, or those of its Affiliates, agents, attorneys, accountants, and other professional advisors, or any Lender Affiliates, who are made aware of the confidential requirements of this Section 10.15 and who are instructed to keep such information confidential in accordance therewith, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document or (j) with the written consent of the Borrower. The provisions of this Section 10.15 shall survive any expiration or termination of this Agreement for a period of one (1) year.

**SECTION 10.16. WAIVERS OF JURY TRIAL . THE BORROWER, THE ADMINISTRATIVE AGENT, AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

SECTION 10.17. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received, or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 10.18. Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 10.19. USA Patriot Act ; Beneficial Ownership Regulation .

(a) Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower and its subsidiaries, which information includes the name and business address of the Borrower, its subsidiaries and other required

information that will allow such Lender to identify the Borrower and its subsidiaries in accordance with the Act, such as tax identification numbers and legal organizational documents. The Borrower and its subsidiaries shall promptly provide such information upon request by any Lender.

(a) Promptly following any request therefor, the Borrower shall provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with the Beneficial Ownership Regulation.

In connection therewith, each Lender hereby agrees that such information shall be covered by the confidentiality provisions set forth in Section 10.15 hereof.

SECTION 10.20. Judgment Currency.

(a) The Loan Parties' obligations hereunder and under the other Loan Documents to make payments in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than Dollars, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent, the respective Lender of the full amount of Dollars expressed to be payable to the Administrative Agent or such Lender under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than Dollars (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in Dollars, the conversion shall be made at the Dollar Equivalent determined as of the Business Day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Loan Parties shall pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining the Dollar Equivalent or any other rate of exchange for this Section 10.20, such amounts shall include any premium and costs payable in connection with the purchase of Dollars.

SECTION 10.21. Waiver. Each Lender party hereto which is also party to the Existing Revolving Credit Facility hereby waives compliance by the Borrower with the requirement of three (3) Business Days' (as defined therein) notice thereunder for the termination of the Commitments (as defined therein) pursuant to Section 2.06(b) thereto.

SECTION 10.22. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

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(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

FEDEX CORPORATION, as Borrower

By: /s/ Michael C. Lenz

Name: Michael C. Lenz

Title: Corporate Vice President & Treasurer

[364-Day Credit Agreement]

JPMORGAN CHASE BANK, N.A.,  
as Administrative Agent and a Lender

By: /s/ Robert P. Kellas

Name: Robert P. Kellas

Title: Executive Director

[364-Day Credit Agreement]

BANK OF AMERICA, N.A.,  
as a Lender

By: /s/ Kerianne Cottle  
Name: Kerianne Cottle  
Title: Associate

[364-Day Credit Agreement]

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CITIBANK, N.A.,  
as a Lender

By: /s/ Richard Rivera  
Name: Richard Rivera  
Title: Vice President

[364-Day Credit Agreement]

THE BANK OF NOVA SCOTIA,  
as a Lender

By: /s/ Michael Grad  
Name: Michael Grad  
Title: Director

[364-Day Credit Agreement]



WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Boaz Slomowitz  
Name: Boaz Slomowitz  
Title: Vice President

[364-Day Credit Agreement]

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BNP Paribas,  
as a Lender

By: /s/ Todd Grossnickle  
Name: Todd Grossnickle  
Title: Director

By: /s/ Tony Baratta  
Name: Tony Baratta  
Title: Managing Director

[364-Day Credit Agreement]

DEUTSCHE BANK AG NEW YORK BRANCH,  
as a Lender

By: /s/ Ming K. Chu

Name: Ming K. Chu

Title: Director

By: /s/ Virginia Cosenza

Name: Virginia Cosenza

Title: Vice President

[364-Day Credit Agreement]

GOLDMAN SACHS BANK USA,  
as a Lender

By: /s/ Rebecca Kratz

Name: Rebecca Kratz

Title: Authorized Signatory

[364-Day Credit Agreement]

HSBC Bank USA, National Association,  
as a Lender

By: /s/ Patrick Mueller  
Name: Patrick Mueller  
Title: Managing Director

INTERNAL - [364-Day Credit Agreement]

ING Bank N.V., Dublin Branch,  
as a Lender

By: /s/ Ciaran Dunne  
Name: Ciaran Dunne  
Title: Director

By: /s/ Sean Hassett  
Name: Sean Hassett  
Title: Director

[364-Day Credit Agreement]

Mizuho Bank, Ltd.,  
as a Lender

By: /s/ Tracy Rahn  
Name: Tracy Rahn  
Title: Authorized Signatory

[364-Day Credit Agreement]

MORGAN STANLEY BANK, N.A.,  
as a Lender

By: /s/ Michael King

Name: Michael King

Title: Authorized Signatory

[364-Day Credit Agreement]



MUFG Bank, Ltd.,  
as a Lender

By: /s/ John Margetanski  
Name: John Margetanski  
Title: Director

[364-Day Credit Agreement]

REGIONS BANK,  
as a Lender

By: /s/ Jon-Paul Hickey  
Name: Jon-Paul Hickey  
Title: Director

[364-Day Credit Agreement]

SunTrust Bank,  
as a Lender

By: /s/ Mary K. Lundin  
Name: Mary K. Lundin  
Title: Director

[364-Day Credit Agreement]

KBC BANK N.V., NEW YORK BRANCH,  
as a Lender

By: /s/ Nicholas Fiore

Name: Nicholas Fiore

Title: Director

By: /s/ Jana Sevcikova

Name: Jana Sevcikova

Title: Director

[364-Day Credit Agreement]

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PNC Bank National Association,  
as a Lender

By: /s/ Shelly Stephenson  
Name: Shelly Stephenson  
Title: Senior Vice President

[364-Day Credit Agreement]

Standard Chartered Bank,  
as a Lender

By: /s/ Guilherme Domingos  
Name: Guilherme Domingos – A3553  
Title: Director Standard Chartered Bank

[364-Day Credit Agreement]

Sumitomo Mitsui Banking Corporation,  
as a Lender

By: /s/ James D. Weinstein  
Name: James D. Weinstein  
Title: Managing Director

[364-Day Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION,  
as a Lender

By: /s/ Andrew Beckman

Name: Andrew Beckman

Title: Senior Vice President

[364-Day Credit Agreement]



First Tennessee Bank National Association,  
as a Lender

By: /s/ Sharon Shipley  
Name: Sharon Shipley  
Title: Vice President

[364-Day Credit Agreement]

State Street Bank and Trust Company,  
as a Lender

By: /s/ Adebisola Laguda  
Name: Adebisola Laguda  
Title: Vice President

[364-Day Credit Agreement]

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Omitted Attachments

All exhibits listed on page iii of this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of these exhibits to the Securities and Exchange Commission or its staff upon request.

**SCHEDULE 2.01****LENDERS AND COMMITMENTS**

<b>Lender</b>	<b>Commitment</b>
JPMorgan Chase Bank, N.A.	\$113,571,428.57
Bank of America, N.A.	\$113,571,428.57
Citibank, N.A.	\$113,571,428.57
The Bank of Nova Scotia	\$113,571,428.57
Wells Fargo Bank, National Association	\$113,571,428.57
BNP Paribas	\$75,000,000.00
Deutsche Bank AG New York Branch	\$75,000,000.00
Goldman Sachs Bank USA	\$75,000,000.00
HSBC Bank USA, National Association	\$75,000,000.00
ING Bank N.V. Dublin Branch	\$75,000,000.00
Mizuho Bank, Ltd.	\$75,000,000.00
Morgan Stanley Bank, N.A.	\$41,250,000.00
MUFG Bank, Ltd.	\$33,750,000.00
Regions Bank	\$75,000,000.00
SunTrust Bank	\$75,000,000.00
KBC Bank N.V., New York Branch	\$42,857,142.86
PNC Bank, National Association	\$42,857,142.86
Standard Chartered Bank	\$42,857,142.86
Sumitomo Mitsui Banking Corporation	\$42,857,142.86
U.S. Bank National Association	\$42,857,142.86
First Tennessee Bank National Association	\$21,428,571.43
State Street Bank and Trust Company	\$21,428,571.43
	<b>Total: \$1,500,000,000</b>

**SCHEDULE 4.06**

**DISCLOSED MATTERS**

None.

**SCHEDULE 4.07**

**SIGNIFICANT SUBSIDIARIES  
AND THEIR JURISDICTIONS**

<b><u>Significant Subsidiary</u></b>	<b><u>Percent Ownership</u></b>	<b><u>Jurisdiction of Organization</u></b>
Federal Express Corporation	100%	DELAWARE
Federal Express International, Inc. <sup>1</sup>	100%	DELAWARE
FedEx Corporate Services, Inc.	100%	DELAWARE
FedEx Ground Package System, Inc.	100%	DELAWARE
FedEx Freight Corporation	100%	DELAWARE
FedEx Freight, Inc. <sup>2</sup>	100%	ARKANSAS
Federal Express Europe, Inc. <sup>3</sup>	100%	DELAWARE

<sup>1</sup> Federal Express International, Inc. is a direct wholly-owned subsidiary of Federal Express Corporation.

<sup>2</sup> FedEx Freight, Inc. is a direct wholly-owned subsidiary of FedEx Freight Corporation.

<sup>3</sup> Federal Express Europe, Inc. is a direct wholly-owned subsidiary of Federal Express International, Inc.

**SCHEDULE 10.14**

**INITIAL SUBSIDIARY GUARANTORS**

Federal Express Corporation  
Federal Express Europe, Inc.  
Federal Express Holdings S.A., LLC  
Federal Express International, Inc.  
FedEx Corporate Services, Inc.  
FedEx Freight Corporation  
FedEx Freight, Inc.  
FedEx Ground Package System, Inc.  
FedEx Office and Print Services, Inc.

## SUBSIDIARIES OF FEDEX CORPORATION

The following is a list of subsidiaries of FedEx Corporation as of May 31, 2019. 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, 2019 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.

<u>NAME OF SUBSIDIARY</u>	<u>JURISDICTION OF INCORPORATION OR ORGANIZATION</u>
Capital Returns, Inc.	Wisconsin
Controlled Opportunity and Risk Insurance Company	Tennessee
Easymall B.V.	The Netherlands
FCJI, Inc.	Ohio
Federal Express (Australia) Pty Ltd	Australia
Federal Express Canada Corporation	Nova Scotia
Federal Express Canada Holding L.P.	The Netherlands
Federal Express (China) Company Limited	The Netherlands
Federal Express Corporation	Delaware
Federal Express Europe, Inc.	Delaware
Federal Express Holdings (Mexico) y Compania S.N.C. de C.V.	Mexico
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 (Hong Kong) Holding C.V.	The Netherlands
Federal Express (Hong Kong) Limited	Hong Kong
Federal Express International Financing (Netherlands) C.V.	The Netherlands
Federal Express International (France) SNC	France
Federal Express International, Inc.	Delaware
Federal Express International (Netherlands) C.V.	The Netherlands
Federal Express Japan G.K.	Japan
Federal Express Korea LLC	Korea
Federal Express Leasing Corporation	Delaware
Federal Express Netherlands I C.V.	The Netherlands
Federal Express Netherlands II C.V.	The Netherlands
Federal Express Pacific, LLC	Delaware
Federal Express (Singapore) Pte. Ltd.	Singapore
FedEx Acquisition B.V.	The Netherlands
Fedex Brasil Logistica e Transporte Ltda.	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 International BVBA	Belgium
FedEx Express Belgium SPRL	Belgium
FedEx Express Chile SpA	Chile
FedEx Express FR SAS	France
FedEx Express Germany GmbH	Germany



<u>NAME OF SUBSIDIARY</u>	<u>JURISDICTION OF INCORPORATION OR ORGANIZATION</u>
FedEx Express Global Holdings C.V.	The Netherlands
FedEx Express Hungary Kft.	Hungary
FedEx Express International B.V.	The Netherlands
FedEx Express Italy S.r.l.	Italy
FedEx Express Netherlands B.V.	The Netherlands
FedEx Express New Zealand	New Zealand
FedEx Express Servicios de Capital Humano S. de R.L. de C.V.	Mexico
FedEx Express South Africa (Pty) Ltd	South Africa
FedEx Express Switzerland Sarl	Switzerland
FedEx Express Transportation & Supply Chain Services (India) Pvt. Ltd.	India
FedEx Freight Canada, Corp.	Nova Scotia
FedEx Freight Corporation	Delaware
FedEx Freight, Inc.	Arkansas
FedEx Ground Package System, Inc.	Delaware
FedEx Ground Package System, Ltd.	Wyoming
FedEx Logistics, Inc.	Delaware
FedEx Luxembourg S.à r.l.	Luxembourg
FedEx Office and Print Services, Inc.	Texas
FedEx Office Canada Corporation	Nova Scotia
FedEx Supply Chain Distribution System, Inc.	Pennsylvania
FedEx Supply Chain Holdings, Inc.	Nevada
FedEx Trade Networks Trade Services, LLC	Delaware
FedEx Trade Networks Transport & Brokerage (Canada), Inc.	Canada
FedEx Trade Networks Transport & Brokerage (Hong Kong) Limited	Hong Kong
FedEx Trade Networks Transport & Brokerage, Inc.	New York
FedEx Trade Networks Transport & Brokerage Private Limited	India
FedEx Transport System GmbH	Germany
FedEx UK Holdings Limited	England and Wales
FedEx UK Limited	England and Wales
GD Insurance Company DAC	Ireland
GENCO Infrastructure Solutions, Inc.	Delaware
GENCO Marketplace, Inc.	Pennsylvania
TNT Australia Pty. Limited	Australia
TNT Danmark ApS	Denmark
TNT Express (Belgium) BVBA	Belgium
TNT Express Beteiligungsgesellschaft mbH	Germany
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 (Ireland) Limited	Ireland
TNT Express Nederland B.V.	The Netherlands
TNT Express Road Network B.V.	The Netherlands
TNT Express Worldwide B.V.	The Netherlands
TNT Express Worldwide (China) Limited	China
TNT Express Worldwide (Euro Hub) SPRL	Belgium
TNT Express Worldwide (HK) Limited	Hong Kong
TNT Express Worldwide Investments Limited	United Kingdom
TNT Express Worldwide (Japan) G.K.	Japan
TNT Express Worldwide (M) Sdn Bhd	Malaysia
TNT Express Worldwide (Poland) Sp. z.o.o.	Poland
TNT Express Worldwide (Portugal) Transitarios, Transportes e Servicos Complementares, Unipessoal, Lda	Portugal

**NAME OF SUBSIDIARY**

TNT Express Worldwide (Singapore) Private Limited  
TNT Express Worldwide (Spain), S.L.  
TNT Express Worldwide, spol s.r.o  
TNT Finance B.V.  
TNT Global Express S.R.L.  
TNT GRS 2008 Limited  
TNT Grundstücksgesellschaft mbH & Co. KG  
TNT (H.K.) Limited  
TNT Holdings B.V.  
TNT Holdings (Deutschland) GmbH  
TNT Holdings Luxembourg S.a.r.l.  
TNT Holdings (UK) Limited  
TNT India Private Limited  
TNT International Express Tasimacilik Ticaret Limited Sirketi  
TNT Mercurio Cargas e Encomendas Expressas Ltda.  
TNT Nederland B.V.  
TNT Skypack Finance B.V.  
TNT Skypak (Hellas) Limited  
TNT Suomi Oy  
TNT Sverige Aktiebolag  
TNT Swiss Post GmbH  
TNT Transport International B.V.  
TNT Transport Limited  
TNT (UAE) LLC  
TNT UK Limited  
TNT USA, LLC  
World Tariff, Limited

**JURISDICTION OF  
INCORPORATION OR  
ORGANIZATION**

Singapore  
Spain  
Czech Republic  
The Netherlands  
Italy  
United Kingdom  
Germany  
Hong Kong  
The Netherlands  
Germany  
Luxembourg  
United Kingdom  
India  
Turkey  
Brazil  
The Netherlands  
The Netherlands  
Greece  
Finland  
Sweden  
Switzerland  
The Netherlands  
United Kingdom  
United Arab Emirates  
United Kingdom  
Delaware  
California

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements of FedEx Corporation:

- (1) Registration Statement (Form S-8 No. 333-222198) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-192957) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (3) Registration Statement (Form S-8 No. 333-171232) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (4) Registration Statement (Form S-8 No. 333-45037) pertaining to the Adjustment Program,
- (5) Registration Statement (Form S-8 No. 333-100572) pertaining to the 2002 Stock Incentive Plan,
- (6) Registration Statement (Form S-8 No. 333-111399) pertaining to the Incentive Stock Plan,
- (7) Registration Statement (Form S-8 No. 333-121418) pertaining to the Incentive Stock Plan,
- (8) Registration Statement (Form S-8 No. 333-130619) pertaining to the Incentive Stock Plan,
- (9) Registration Statement (Form S-8 No. 333-156333) pertaining to the Incentive Stock Plan, and
- (10) Registration Statement (Form S-3 No. 333-226426);

of our reports dated July 16, 2019, 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) of FedEx Corporation for the year ended May 31, 2019.

/s/ Ernst & Young LLP

Memphis, Tennessee

July 16, 2019

**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, 2019

/s/ Frederick W. Smith

Frederick W. Smith

Chairman and

Chief Executive Officer

**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, 2019

/s/ Alan B. Graf, Jr.

Alan B. Graf, Jr.

Executive Vice President and  
Chief Financial Officer

**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, 2019 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, 2019

/s/ Frederick W. Smith

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Frederick W. Smith

Chairman and

Chief Executive Officer

**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, 2019 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, 2019

/s/ Alan B. Graf, Jr.

Alan B. Graf, Jr.  
Executive Vice President and  
Chief Financial Officer