

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED **November 30, 2020**

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
0.700% Notes due 2022	FDX 22B	New York Stock Exchange
1.000% Notes due 2023	FDX 23A	New York Stock Exchange
0.450% Notes due 2025	FDX 25A	New York Stock Exchange
1.625% Notes due 2027	FDX 27	New York Stock Exchange
1.300% Notes due 2031	FDX 31	New York Stock Exchange

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock
Common Stock, par value \$0.10 per share

Outstanding Shares at December 15, 2020
265,070,592

FEDEX CORPORATION

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FEDEX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	November 30, 2020 (Unaudited)	May 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,339	\$ 4,881
Receivables, less allowances of \$617 and \$390	11,417	10,102
Spare parts, supplies and fuel, less allowances of \$341 and \$335	587	572
Prepaid expenses and other	922	828
Total current assets	21,265	16,383
PROPERTY AND EQUIPMENT, AT COST		
Less accumulated depreciation and amortization	67,514	65,024
Net property and equipment	32,904	31,416
OTHER LONG-TERM ASSETS		
Operating lease right-of-use assets, net	34,610	33,608
Goodwill	14,845	13,917
Other assets	6,702	6,372
Total other long-term assets	3,734	3,257
	<u>\$ 81,156</u>	<u>\$ 73,537</u>

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

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

	November 30, 2020 (Unaudited)	May 31, 2020
LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 97	\$ 51
Accrued salaries and employee benefits	2,159	1,569
Accounts payable	3,733	3,269
Operating lease liabilities	2,123	1,923
Accrued expenses	4,003	3,532
Total current liabilities	12,115	10,344
LONG-TERM DEBT, LESS CURRENT PORTION	23,221	21,952
OTHER LONG-TERM LIABILITIES		
Deferred income taxes	3,471	3,162
Pension, postretirement healthcare and other benefit obligations	5,088	5,019
Self-insurance accruals	2,250	2,104
Operating lease liabilities	13,009	12,195
Other liabilities	963	466
Total other long-term liabilities	24,781	22,946
COMMITMENTS AND CONTINGENCIES		
COMMON STOCKHOLDERS' INVESTMENT		
Common stock, \$0.10 par value; 800 million shares authorized; 318 million shares issued as of November 30, 2020 and May 31, 2020	32	32
Additional paid-in capital	3,400	3,356
Retained earnings	27,208	25,216
Accumulated other comprehensive loss	(898)	(1,147)
Treasury stock, at cost	(8,703)	(9,162)
Total common stockholders' investment	21,039	18,295
	\$ 81,156	\$ 73,537

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

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	2020	2019	2020	2019
REVENUE	\$ 20,563	\$ 17,324	\$ 39,884	\$ 34,372
OPERATING EXPENSES:				
Salaries and employee benefits	7,443	6,235	14,295	12,322
Purchased transportation	5,407	4,328	10,384	8,356
Rentals and landing fees	1,006	924	1,942	1,844
Depreciation and amortization	936	901	1,862	1,780
Fuel	625	890	1,190	1,760
Maintenance and repairs	815	774	1,621	1,542
Asset impairment charges	—	66	—	66
Other	2,866	2,652	5,535	5,171
	<u>19,098</u>	<u>16,770</u>	<u>36,829</u>	<u>32,841</u>
OPERATING INCOME	1,465	554	3,055	1,531
OTHER (EXPENSE) INCOME:				
Interest, net	(184)	(151)	(368)	(288)
Other retirement plans income	150	168	351	336
Other, net	(25)	1	(26)	(11)
	<u>(59)</u>	<u>18</u>	<u>(43)</u>	<u>37</u>
INCOME BEFORE INCOME TAXES	1,406	572	3,012	1,568
PROVISION FOR INCOME TAXES	180	12	541	263
NET INCOME	<u>\$ 1,226</u>	<u>\$ 560</u>	<u>\$ 2,471</u>	<u>\$ 1,305</u>
EARNINGS PER COMMON SHARE:				
Basic	<u>\$ 4.64</u>	<u>\$ 2.15</u>	<u>\$ 9.40</u>	<u>\$ 5.00</u>
Diluted	<u>\$ 4.55</u>	<u>\$ 2.13</u>	<u>\$ 9.26</u>	<u>\$ 4.97</u>
DIVIDENDS DECLARED PER COMMON SHARE	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 1.95</u>	<u>\$ 1.95</u>

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

FEDEX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(IN MILLIONS)

	Three Months Ended November 30,		Six Months Ended November 30,	
	2020	2019	2020	2019
NET INCOME	\$ 1,226	\$ 560	\$ 2,471	\$ 1,305
OTHER COMPREHENSIVE INCOME (LOSS):				
Foreign currency translation adjustments, net of tax expense of \$6 and \$4 in 2020 and \$7 and \$4 in 2019	124	72	253	(11)
Amortization of prior service credit, net of tax benefit of \$0 and \$1 in 2020 and \$6 and \$12 in 2019	(2)	(20)	(4)	(41)
	<u>122</u>	<u>52</u>	<u>249</u>	<u>(52)</u>
COMPREHENSIVE INCOME	<u>\$ 1,348</u>	<u>\$ 612</u>	<u>\$ 2,720</u>	<u>\$ 1,253</u>

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

FEDEX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN MILLIONS)

	Six Months Ended November 30,	
	2020	2019
Operating Activities:		
Net income	\$ 2,471	\$ 1,305
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,862	1,780
Asset impairment charges	—	66
Provision for uncollectible accounts	291	208
Stock-based compensation	121	104
Retirement plan mark-to-market adjustment	52	—
Other noncash items and deferred income taxes	1,482	1,164
Changes in assets and liabilities:		
Receivables	(1,100)	(684)
Other assets	(56)	(162)
Accounts payable and other liabilities	241	(1,691)
Other, net	(134)	(16)
Cash provided by operating activities	5,230	2,074
Investing Activities:		
Capital expenditures	(2,826)	(3,266)
Proceeds from asset dispositions and other	14	4
Cash used in investing activities	(2,812)	(3,262)
Financing Activities:		
Proceeds from short-term borrowings, net	—	150
Principal payments on debt	(75)	(1,021)
Proceeds from debt issuances	970	2,093
Proceeds from stock issuances	431	26
Dividends paid	(341)	(339)
Purchase of treasury stock	—	(3)
Other, net	(12)	(5)
Cash provided by financing activities	973	901
Effect of exchange rate changes on cash	67	(1)
Net increase (decrease) in cash and cash equivalents	3,458	(288)
Cash and cash equivalents at beginning of period	4,881	2,319
Cash and cash equivalents at end of period	\$ 8,339	\$ 2,031

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

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

	Three Months Ended November 30,		Six Months Ended November 30,	
	2020	2019	2020	2019
Common Stock				
Beginning Balance	\$ 32	\$ 32	\$ 32	\$ 32
Ending Balance	32	32	32	32
Additional Paid-in Capital				
Beginning Balance	3,375	3,257	3,356	3,231
Employee incentive plans and other	25	30	44	56
Ending Balance	3,400	3,287	3,400	3,287
Retained Earnings				
Beginning Balance	26,108	25,048	25,216	24,648
Net Income	1,226	560	2,471	1,305
Cash dividends declared (\$0.65, \$0.65, \$1.95 and \$1.95 per share)	(172)	(170)	(513)	(509)
Employee incentive plans and other	46	(7)	34	(9)
Adoption of new accounting standards on June 1, 2019 ⁽¹⁾	—	—	—	(4)
Ending Balance	27,208	25,431	27,208	25,431
Accumulated Other Comprehensive Income				
Beginning Balance	(1,020)	(918)	(1,147)	(865)
Other comprehensive income, net of tax (expense)/benefit of (\$6), (\$1), (\$3) and \$8	122	52	249	(52)
Reclassification to retained earnings due to the adoption of a new accounting standard on June 1, 2019 ⁽²⁾	—	—	—	51
Ending Balance	(898)	(866)	(898)	(866)
Treasury Stock				
Beginning Balance	(9,033)	(9,253)	(9,162)	(9,289)
Purchase of treasury stock (0.02 million shares)	—	—	—	(3)
Employee incentive plans and other (2.4, 0.2, 3.4 and 0.5 million shares)	330	28	459	67
Ending Balance	(8,703)	(9,225)	(8,703)	(9,225)
Total Common Stockholders' Investment Balance	\$ 21,039	\$ 18,659	\$ 21,039	\$ 18,659

(1) Relates to the adoption of Accounting Standards Update ("ASU") 2016-02 and ASU 2018-02.

(2) Relates to the adoption of ASU 2018-02.

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

FEDEX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) General

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. These interim financial statements of FedEx Corporation (“FedEx”) have been prepared in accordance with accounting principles generally accepted in the United States and Securities and Exchange Commission (“SEC”) instructions for interim financial information, and should be read in conjunction with our Annual Report on Form 10-K for the year ended May 31, 2020 (“Annual Report”). Significant accounting policies and other disclosures normally provided have been omitted since such items are disclosed in our Annual Report.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (including normal recurring adjustments) necessary to present fairly our financial position as of November 30, 2020, and the results of our operations for the three- and six-month periods ended November 30, 2020 and 2019, cash flows for the six-month periods ended November 30, 2020 and 2019, and changes in common stockholders’ investment for the three- and six-month periods ended November 30, 2020 and 2019. Operating results for the three- and six-month periods ended November 30, 2020 are not necessarily indicative of the results that may be expected for the year ending May 31, 2021.

Except as otherwise specified, references to years indicate our fiscal year ending May 31, 2021 or ended May 31 of the year referenced and comparisons are to the corresponding period of the prior year.

REVENUE RECOGNITION.

Contract Assets and Liabilities

Contract assets include billed and unbilled amounts resulting from in-transit shipments, 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 shipments totaled \$701 million and \$563 million at November 30, 2020 and May 31, 2020, respectively. Contract assets net of deferred unearned revenue were \$499 million and \$456 million at November 30, 2020 and May 31, 2020, respectively. Contract assets are included within current assets in the accompanying unaudited condensed consolidated balance sheets. Contract liabilities related to advance payments from customers were \$9 million and \$10 million at November 30, 2020 and May 31, 2020, respectively. Contract liabilities are included within current liabilities in the accompanying unaudited condensed consolidated balance sheets.

Disaggregation of Revenue

The following table provides revenue by service type (in millions) for the periods ended November 30. This presentation is consistent with how we organize our segments internally for making operating decisions and measuring performance.

REVENUE BY SERVICE TYPE	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
FedEx Express segment:				
Package:				
U.S. overnight box	\$ 2,012	\$ 1,864	\$ 3,873	\$ 3,730
U.S. overnight envelope	435	457	861	936
U.S. deferred	1,204	980	2,300	1,936
Total U.S. domestic package revenue	3,651	3,301	7,034	6,602
International priority	2,510	1,817	4,827	3,634
International economy	658	873	1,274	1,728
Total international export package revenue	3,168	2,690	6,101	5,362
International domestic ⁽¹⁾	1,206	1,165	2,294	2,241
Total package revenue	8,025	7,156	15,429	14,205
Freight:				
U.S.	799	698	1,632	1,393
International priority	737	473	1,390	937
International economy	408	541	779	1,057
International airfreight	65	70	140	136
Total freight revenue	2,009	1,782	3,941	3,523
Other ⁽²⁾	334	146	645	301
Total FedEx Express segment	10,368	9,084	20,015	18,029
FedEx Ground segment	7,344	5,315	14,384	10,494
FedEx Freight segment	1,936	1,844	3,762	3,749
FedEx Services segment	8	5	16	9
Other and eliminations ⁽³⁾	907	1,076	1,707	2,091
	<u>\$ 20,563</u>	<u>\$ 17,324</u>	<u>\$ 39,884</u>	<u>\$ 34,372</u>

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

(2) Includes the operations of FedEx Custom Critical, Inc. ("FedEx Custom Critical") and FedEx Cross Border Holdings, Inc. ("FedEx Cross Border") for the periods ended November 30, 2020. Effective March 1, 2020 and June 1, 2020, respectively, the results of FedEx Custom Critical and FedEx Cross Border are included in the Federal Express Corporation ("FedEx Express") segment prospectively.

(3) Includes the FedEx Logistics, Inc. ("FedEx Logistics") and FedEx Office and Print Services, Inc. ("FedEx Office") operating segments.

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 are 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.

During the second quarter of 2020, we made the decision to permanently retire from service 10 Airbus A310-300 aircraft and 12 related engines at FedEx Express to align with the needs of the U.S. domestic network and modernize its aircraft fleet. As a consequence of this decision, noncash impairment charges of \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) were recorded in the FedEx Express segment in the second quarter of 2020.

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, a small number of our employees are members of unions.

BUSINESS ACQUISITION. On December 2, 2020, we agreed to acquire ShopRunner, Inc. (“ShopRunner”), an e-commerce platform that directly connects brands and merchants with online shoppers. The cost of the acquisition will not be material and will be funded with cash from operations. This acquisition is expected to be completed in December 2020, subject to customary conditions, including regulatory approval. The financial results of ShopRunner will be included in “Corporate, other and eliminations” from the date of acquisition and are not expected to be material to our results of operations in 2021.

STOCK-BASED COMPENSATION. We have two types of equity-based compensation: stock options and restricted stock. The key terms of the stock option and restricted stock awards granted under our outstanding incentive stock plans and all financial disclosures about these programs are set forth in our Annual Report.

Our stock-based compensation expense was \$46 million for the three-month period ended November 30, 2020 and \$121 million for the six-month period ended November 30, 2020. Our stock-based compensation expense was \$37 million for the three-month period ended November 30, 2019 and \$104 million for the six-month period ended November 30, 2019. Due to its immateriality, additional disclosures related to stock-based compensation have been excluded from this quarterly report.

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

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

If a derivative is designated as a cash flow hedge, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in other comprehensive income. For net investment hedges, the entire change in the fair value is recorded in other comprehensive 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 hedge for any period presented. We have €640 million of debt designated as a net investment hedge to reduce the volatility of the U.S. dollar value of a portion of our net investment in a euro-denominated subsidiary. As of November 30, 2020, the hedge remains effective.

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 June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13 that amends the impairment model for most financial assets and certain other instruments that are not measured at fair value through net income, including trade receivables, to utilize an expected loss methodology in place of the incurred loss methodology. We adopted this standard effective June 1, 2020. We updated our process for estimating the expected credit loss to include a review of forecast information that may impact expected collectability over the lifetime of the asset. See Note 2 for additional information. The adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15 that reduces the complexity of 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. We adopted this standard effective June 1, 2020 and applied these changes prospectively. The adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU 2019-12, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. We early adopted this standard effective June 1, 2020. The adoption of this standard did not have a material impact on our consolidated financial statements and related disclosures.

TREASURY SHARES. In January 2016, our Board of Directors approved a stock repurchase program of up to 25 million shares. We did not repurchase any shares of FedEx common stock during the first half of 2021. As of November 30, 2020, 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.

During 2020, we amended our amended and restated \$2.0 billion five-year credit agreement (the “Five-Year Credit Agreement”) and our \$1.5 billion 364-day credit agreement (the “364-Day Credit Agreement” and together with the Five-Year Credit Agreement, the “Credit Agreements”). The amendments to the Credit Agreements, among other things, temporarily restrict us from repurchasing any shares of our common stock between May 27, 2020 and May 31, 2021.

See Note 4 for more information on the amendments to the Credit Agreements.

DIVIDENDS DECLARED PER COMMON SHARE. On November 20, 2020, our Board of Directors declared a quarterly dividend of \$0.65 per share of common stock. The dividend will be paid on December 28, 2020 to stockholders of record as of the close of business on December 14, 2020. Each quarterly dividend payment is subject to review and approval by our Board of Directors, and we evaluate our dividend payment amount on an annual basis. The amendments to the Credit Agreements discussed above under “Treasury Shares” temporarily restrict us from increasing the amount of our quarterly dividend payable per share of common stock from \$0.65 per share between May 27, 2020 and May 31, 2021. There are no other 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.

(2) Credit Losses

We are exposed to credit losses primarily through our trade receivables. We assess ability to pay for certain customers by conducting a credit review, which considers the customer’s established credit rating and our assessment of creditworthiness. We determine the allowance for credit losses on accounts receivable using a combination of specific reserves for accounts that are deemed to exhibit credit loss indicators and general reserves that are determined using loss rates based on historical write-offs by geography and recent forecast information, including underlying economic expectations. We update our estimate of credit loss reserves quarterly, considering recent write-offs, collections information and underlying economic expectations.

Credit losses were \$148 million for the three-month period ended November 30, 2020 and \$291 million for the six-month period ended November 30, 2020. Credit losses were \$102 million for the three-month period ended November 30, 2019 and \$208 million for the six-month period ended November 30, 2019. Our allowance for credit losses was \$296 million as of November 30, 2020 and \$175 million at May 31, 2020.

(3) Accumulated Other Comprehensive Income

The following table provides changes in accumulated other comprehensive income (“AOCI”), net of tax, reported in our unaudited condensed consolidated financial statements for the periods ended November 30 (in millions; amounts in parentheses indicate debits to AOCI):

	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Foreign currency translation loss:				
Balance at beginning of period	\$ (1,078)	\$ (1,036)	\$ (1,207)	\$ (954)
Translation adjustments	124	72	253	(11)
Reclassification to retained earnings due to the adoption of ASU 2018-02	—	—	—	1
Balance at end of period	(954)	(964)	(954)	(964)
Retirement plans adjustments:				
Balance at beginning of period	58	118	60	89
Reclassifications from AOCI	(2)	(20)	(4)	(41)
Reclassification to retained earnings due to the adoption of ASU 2018-02	—	—	—	50
Balance at end of period	56	98	56	98
Accumulated other comprehensive (loss) at end of period	\$ (898)	\$ (866)	\$ (898)	\$ (866)

The following table presents details of the reclassifications from AOCI for the periods ended November 30 (in millions; amounts in parentheses indicate debits to earnings):

	Amount Reclassified from AOCI				Affected Line Item in the Income Statement
	Three Months Ended		Six Months Ended		
	2020	2019	2020	2019	
Amortization of retirement plans prior service credits, before tax	\$ 2	\$ 26	\$ 5	\$ 53	Other retirement plans income
Income tax benefit	—	(6)	(1)	(12)	Provision for income taxes
AOCI reclassifications, net of tax	\$ 2	\$ 20	\$ 4	\$ 41	Net income

(4) Financing Arrangements

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

During August 2020, FedEx Express issued \$970 million of Pass Through Certificates, Series 2020-1AA (the “Certificates”) with a fixed interest rate of 1.875% due in February 2034 utilizing pass through trusts (the “Trusts”). The Certificates are secured by 19 Boeing aircraft with a net book value of \$1.9 billion at November 30, 2020. The payment obligations of FedEx Express in respect of the Certificates are fully and unconditionally guaranteed by FedEx. FedEx Express is using the proceeds from the issuance for general corporate purposes.

Each Trust meets the definition of a variable interest entity, or VIE, as defined in the *Consolidations* topic of the Codification (ASC 810), and must be considered for consolidation in our financial statements. Our assessment of the Trusts considers both quantitative and qualitative factors, including the purpose for which the Trust was established and the nature of the risks related to the Trusts. Neither FedEx nor FedEx Express invests in or possesses a financial interest in the Trusts. Rather, FedEx Express has an obligation to make interest and principal payments, which are fully and unconditionally guaranteed by FedEx, and is not the primary beneficiary of the Trusts. Based on this analysis, we determined that we are not required to consolidate the Trusts.

We have a \$2.0 billion Five-Year Credit Agreement and a \$1.5 billion 364-Day Credit Agreement. The Five-Year Credit Agreement expires in March 2025 and includes a \$250 million letter of credit sublimit. The 364-Day Credit Agreement expires in March 2021. The Credit Agreements are available to finance our operations and other cash flow needs. The Credit Agreements contain a financial covenant requiring us to maintain a ratio of debt to consolidated earnings (excluding noncash retirement plans mark-to-market adjustments, noncash pension service costs and noncash asset impairment charges) before interest, taxes, depreciation and amortization (“adjusted EBITDA”) of not more than 4.9 to 1.0, calculated as of November 30, 2020 on a rolling four-quarters basis. The ratio of our debt to adjusted EBITDA was 2.6 to 1.0 at November 30, 2020. The Credit Agreements also contain the temporary covenants discussed in Note 1. We believe these covenants are the only significant restrictive covenants in the Credit Agreements. The 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 the 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 the Credit Agreements, our access to financing could become limited.

Information regarding changes to the ratio of debt to adjusted EBITDA required to be maintained under the Credit Agreements through the fourth quarter of 2021 is provided in our Annual Report.

Outstanding commercial paper reduces the amount available to borrow under the Credit Agreements. As of November 30, 2020, no commercial paper was outstanding and \$0.3 million in letters of credit were outstanding, leaving \$3.5 billion available under the Credit Agreements for future borrowings.

Long-term debt, including current maturities and exclusive of finance leases, had carrying values of \$22.8 billion at November 30, 2020 and \$21.5 billion at May 31, 2020, compared with estimated fair values of \$27.2 billion at November 30, 2020 and \$22.8 billion at May 31, 2020. The annualized weighted-average interest rate on long-term debt was 3.5% at November 30, 2020. 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.

(5) Computation of Earnings Per Share

The calculation of basic and diluted earnings per common share for the periods ended November 30 was as follows (in millions, except per share amounts):

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Basic earnings per common share:				
Net earnings allocable to common shares ⁽¹⁾	\$ 1,224	\$ 559	\$ 2,466	\$ 1,303
Weighted-average common shares	264	261	263	261
Basic earnings per common share	\$ 4.64	\$ 2.15	\$ 9.40	\$ 5.00
Diluted earnings per common share:				
Net earnings allocable to common shares ⁽¹⁾	\$ 1,224	\$ 559	\$ 2,466	\$ 1,303
Weighted-average common shares	264	261	263	261
Dilutive effect of share-based awards	5	1	3	1
Weighted-average diluted shares	269	262	266	262
Diluted earnings per common share	\$ 4.55	\$ 2.13	\$ 9.26	\$ 4.97
Anti-dilutive options excluded from diluted earnings per common share	1.3	11.2	5.1	11.0

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

(6) Income Taxes

Our effective tax rate was 12.8% for the second quarter and 18.0% for the first half of 2021, compared to 2.1% for the second quarter and 16.8% for the first half of 2020. The 2021 tax rates include a benefit of \$191 million from an increase in our 2020 tax loss that the Coronavirus Aid, Relief, and Economic Security Act will allow to be carried back to 2015, when the U.S. federal income tax rate was 35%. The increase in our estimated 2020 tax loss is attributable to our Application for Change in Accounting Method filed with the Internal Revenue Service (“IRS”) during the fourth quarter of 2020 discussed below and other accelerated deductions to be claimed on the 2020 tax return. The 2020 tax rates included a \$133 million benefit from a valuation allowance reduction which, when combined with substantially lower consolidated earnings, produced a significantly lower rate for the second quarter of 2020 compared to the second quarter of 2021.

We filed an application with the IRS in 2020 requesting approval to change our accounting method for depreciation to allow retroactive application of tax regulations issued during 2020 on certain assets placed in service during 2018 and 2019. During the second quarter of 2021, the IRS issued guidance granting automatic approval to change the method of accounting for these assets resulting in an income tax benefit of \$130 million for the second quarter.

During the second quarter of 2021, we filed suit in U.S. District Court for the Western District of Tennessee challenging the validity of a tax regulation related to the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the Tax Cuts and Jobs Act (“TCJA”). Our lawsuit seeks to have the court declare this regulation invalid and order the refund of overpayments of U.S. federal income taxes for 2018 and 2019 attributable to the denial of foreign tax credits under the regulation. We have recorded a cumulative benefit of \$233 million through 2019 attributable to our interpretation of the TCJA and the Internal Revenue Code. If we are ultimately unsuccessful in defending our position, we may be required to reverse the benefit previously recorded.

(7) 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. Key terms of our retirement plans are provided in our Annual Report.

Our retirement plans costs for the periods ended November 30 were as follows (in millions):

	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Defined benefit pension plans, net	\$ 27	\$ 37	\$ 52	\$ 74
Defined contribution plans	153	136	311	278
Postretirement healthcare plans	20	21	41	43
Retirement plan mark-to-market (“MTM”) net loss	52	—	52	—
	<u>\$ 252</u>	<u>\$ 194</u>	<u>\$ 456</u>	<u>\$ 395</u>

Net periodic benefit cost of the pension and postretirement healthcare plans for the periods ended November 30 included the following components (in millions):

	Three Months Ended					
	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 212	\$ 192	\$ 26	\$ 24	\$ 11	\$ 10
Other retirement plans (income) expense:						
Interest cost	239	250	11	11	9	11
Expected return on plan assets	(446)	(401)	(13)	(13)	—	—
Amortization of prior service credit and other	(2)	(25)	—	(1)	—	—
MTM net loss	—	—	52	—	—	—
	<u>(209)</u>	<u>(176)</u>	<u>50</u>	<u>(3)</u>	<u>9</u>	<u>11</u>
	<u>\$ 3</u>	<u>\$ 16</u>	<u>\$ 76</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 21</u>

	Six Months Ended					
	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	2020	2019	2020	2019	2020	2019
Service cost	\$ 425	\$ 384	\$ 49	\$ 48	\$ 22	\$ 21
Other retirement plans (income) expense:						
Interest cost	479	500	21	22	19	22
Expected return on plan assets	(892)	(801)	(25)	(26)	—	—
Amortization of prior service credit and other	(4)	(52)	(1)	(1)	—	—
MTM net loss	—	—	52	—	—	—
	<u>(417)</u>	<u>(353)</u>	<u>47</u>	<u>(5)</u>	<u>19</u>	<u>22</u>
	<u>\$ 8</u>	<u>\$ 31</u>	<u>\$ 96</u>	<u>\$ 43</u>	<u>\$ 41</u>	<u>\$ 43</u>

For 2021, no pension contributions are required for our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”) as they are fully funded under the Employee Retirement Income Security Act. We made voluntary contributions to our U.S. Pension Plans of \$1.0 billion during the first half of 2020.

We incurred a pre-tax, noncash MTM net loss of \$52 million in the second quarter of 2021 related to amendments to the TNT Express Netherlands Pension Plan. Benefits for approximately 2,100 employees will be frozen effective December 31, 2020. Effective January 1, 2021, these employees will begin earning pension benefits under a separate, multi-employer pension plan. This \$52 million net loss consists of a \$106 million MTM loss due to a lower discount rate and a \$54 million curtailment gain.

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

(8) Business Segment Information

We provide a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating collaboratively and innovating digitally, under the respected FedEx brand. Our primary operating companies are 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 services. These companies represent our major service lines and, along with FedEx Corporate Services, Inc. (“FedEx Services”), constitute our reportable segments.

Our reportable segments include the following businesses:

FedEx Express Segment	FedEx Express (express transportation, small-package ground delivery and freight transportation) FedEx Custom Critical (time-critical transportation) FedEx Cross Border (cross-border e-commerce technology and e-commerce transportation solutions)
FedEx Ground Segment	FedEx Ground (small-package ground delivery)
FedEx Freight Segment	FedEx Freight (LTL freight transportation)
FedEx Services Segment	FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions)

References to our transportation segments include, collectively, the FedEx Express segment, the FedEx Ground segment and the FedEx Freight segment.

FedEx Services Segment

The FedEx Services segment operates combined sales, marketing, administrative and information-technology functions in shared services operations for U.S. customers of our major business units and certain back-office support to our operating segments which allows 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 provides direct and indirect support to our operating segments, and we allocate all of the net operating costs of the FedEx Services segment to reflect the full cost of operating our businesses in the results of those segments. We review and evaluate the performance of our transportation segments based on operating income (inclusive of FedEx Services segment allocations). For the FedEx Services segment, performance is evaluated based on the impact of its total allocated net operating costs on our operating segments.

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 revenue 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.

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

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

The following table provides a reconciliation of reportable segment revenue and operating income (loss) to our unaudited condensed consolidated financial statement totals for the periods ended November 30 (in millions):

	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Revenue:				
FedEx Express segment	\$ 10,368	\$ 9,084	\$ 20,015	\$ 18,029
FedEx Ground segment	7,344	5,315	14,384	10,494
FedEx Freight segment	1,936	1,844	3,762	3,749
FedEx Services segment	8	5	16	9
Other and eliminations	907	1,076	1,707	2,091
	<u>\$ 20,563</u>	<u>\$ 17,324</u>	<u>\$ 39,884</u>	<u>\$ 34,372</u>
Operating income (loss):				
FedEx Express segment	\$ 900	\$ 236	\$ 1,610	\$ 521
FedEx Ground segment	552	342	1,386	986
FedEx Freight segment	252	141	526	335
Corporate, other and eliminations	(239)	(165)	(467)	(311)
	<u>\$ 1,465</u>	<u>\$ 554</u>	<u>\$ 3,055</u>	<u>\$ 1,531</u>

(9) Commitments

As of November 30, 2020, our purchase commitments under various contracts for the remainder of 2021 and annually thereafter were as follows (in millions):

	Aircraft and Related	Other ⁽¹⁾	Total
2021 (remainder)	\$ 771	\$ 550	\$ 1,321
2022	2,203	678	2,881
2023	2,389	461	2,850
2024	1,000	302	1,302
2025	602	226	828
Thereafter	2,679	397	3,076
Total	<u>\$ 9,644</u>	<u>\$ 2,614</u>	<u>\$ 12,258</u>

(1) Primarily equipment and advertising contracts.

The amounts reflected in the table above for purchase commitments represent noncancelable agreements to purchase goods or services. As of November 30, 2020, our obligation to purchase six Boeing 777 Freighter ("B777F") aircraft is conditioned upon there being no event that causes FedEx Express or its employees not to be covered by the Railway Labor Act of 1926, as amended. Open purchase orders that are cancelable are not considered unconditional purchase obligations for financial reporting purposes and are not included in the table above.

During the first quarter of 2021, FedEx Express executed a contract amendment rescheduling Boeing 767-300 Freighter (“B767F”) aircraft deliveries as follows: 2021 – 18 aircraft; 2022 – 11 aircraft; 2023 – 13 aircraft; and 2024 – 4 aircraft.

As of November 30, 2020, we had \$830 million 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 accompanying unaudited condensed consolidated balance sheets. Aircraft and related contracts are subject to price escalations. The following table is a summary of the key aircraft we are committed to purchase as of November 30, 2020 with the year of expected delivery:

	Cessna SkyCourier 408	ATR 72- 600F	B767F	B777F	Total
2021 (remainder)	—	3	11	—	14
2022	9	8	11	5	33
2023	12	6	13	2	33
2024	12	6	4	4	26
2025	12	6	—	2	20
Thereafter	5	1	—	—	6
Total	50	30	39	13	132

A summary of future minimum lease payments under noncancelable operating and finance leases with an initial or remaining term in excess of one year at November 30, 2020 is as follows (in millions):

	Aircraft and Related Equipment	Facilities and Other	Total Operating Leases	Finance Leases	Total Leases
2021 (remainder)	\$ 177	\$ 1,111	\$ 1,288	\$ 17	\$ 1,305
2022	234	2,275	2,509	60	2,569
2023	198	2,014	2,212	25	2,237
2024	102	1,758	1,860	24	1,884
2025	69	1,539	1,608	24	1,632
Thereafter	245	7,785	8,030	707	8,737
Total lease payments	1,025	16,482	17,507	857	18,364
Less imputed interest	(77)	(2,298)	(2,375)	(377)	(2,752)
Present value of lease liability	\$ 948	\$ 14,184	\$ 15,132	\$ 480	\$ 15,612

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.

As of November 30, 2020, FedEx has entered into additional leases which have not yet commenced and are therefore not part of the right-of-use asset and liability. These leases are generally for build-to-suit facilities and have undiscounted future payments of approximately \$1.6 billion, and will commence when FedEx gains beneficial access to the leased asset. Commencement dates are expected to be from 2021 to 2022.

(10) Contingencies

Service Provider Lawsuits. FedEx Ground is defending lawsuits in which it is alleged that FedEx Ground should be treated as a joint employer of 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 these matters could, among other things, entitle 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 FedEx Ground is not an employer or joint employer of the drivers of these independent businesses.

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, which have been consolidated, 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.

Derivative Lawsuit Related to New York Cigarette Litigation. On October 3, 2019, FedEx and certain present and former FedEx directors and officers were named as defendants in a stockholder derivative lawsuit filed in the Delaware Court of Chancery. The complaint alleges the defendants breached their fiduciary duties in connection with the activities alleged in lawsuits filed by the City of New York and the State of New York against FedEx Ground in December 2013 and November 2014 and against FedEx Ground and FedEx Freight in July 2017. The underlying lawsuits related to the alleged shipment of cigarettes to New York residents in contravention of several statutes, as well as common law nuisance claims, and were dismissed by the court in December 2018 following entry into a final settlement agreement for approximately \$35 million. The settlement did not include any admission of liability by FedEx Ground or FedEx Freight. In addition to the settlement amount, we recognized approximately \$10 million for certain attorney’s fees in connection with the underlying lawsuits. 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 lawsuit.

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, as well as lawsuits containing allegations that FedEx and its subsidiaries are responsible for third-party losses related to vehicle accidents that could exceed our insurance coverage for such losses. 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.

Environmental Matters. SEC regulations require us to disclose certain information about proceedings arising under federal, state, or local environmental provisions if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to the SEC regulations, FedEx uses a threshold of \$1 million or more for purposes of determining whether disclosure of any such proceedings is required. Applying this threshold, there are no environmental matters required to be disclosed for this period.

(11) Supplemental Cash Flow Information

Cash paid for interest expense and income taxes for the six-month periods ended November 30 was as follows (in millions):

	<u>2020</u>	<u>2019</u>
Cash payments for:		
Interest (net of capitalized interest)	\$ 377	\$ 279
Income taxes	\$ 526	\$ 162
Income tax refunds received	(22)	(23)
Cash tax payments, net	<u>\$ 504</u>	<u>\$ 139</u>

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

FedEx Corporation

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of FedEx Corporation (the Company) as of November 30, 2020, the related condensed consolidated statements of income, comprehensive income and changes in common stockholders' investment for the three- and six-month periods ended November 30, 2020 and 2019, the condensed consolidated statements of cash flows for the six-month periods ended November 30, 2020 and 2019, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of May 31, 2020, the related consolidated statements of income, comprehensive income, cash flows and changes in common stockholders' investment for the year then ended, and the related notes (not presented herein); and in our report dated July 20, 2020, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of May 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. 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 SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Memphis, Tennessee

December 17, 2020

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

GENERAL

The following Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") describes the principal factors affecting the results of operations, liquidity, capital resources, contractual cash obligations and critical accounting estimates of FedEx Corporation ("FedEx"). This discussion should be read in conjunction with the accompanying quarterly unaudited condensed consolidated financial statements and our Annual Report on Form 10-K for the year ended May 31, 2020 ("Annual Report"). Our Annual Report includes additional information about our significant accounting policies, practices and the transactions that underlie our financial results, as well as a detailed discussion of the most significant risks and uncertainties associated with our financial condition and operating results.

We provide a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating collaboratively and innovating digitally, 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 services. These companies represent our major service lines and, along with FedEx Corporate Services, Inc. ("FedEx Services"), constitute our reportable segments.

Our FedEx Services segment provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our operating segments. See the "Reportable Segments" section of this MD&A for further discussion. Additional information on our businesses can be found in our Annual Report.

The key indicators necessary to understand our operating results include:

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

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

Except as otherwise specified, references to years indicate our fiscal year ending May 31, 2021 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

CONSOLIDATED RESULTS

The following tables compare summary operating results and changes in revenue and operating income (loss) (dollars in millions, except per share amounts) for the periods ended November 30:

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	2020	2019		2020	2019	
Revenue	\$ 20,563	\$ 17,324	19	\$ 39,884	\$ 34,372	16
Operating income (loss):						
FedEx Express segment	900	236	281	1,610	521	209
FedEx Ground segment	552	342	61	1,386	986	41
FedEx Freight segment	252	141	79	526	335	57
Corporate, other and eliminations	(239)	(165)	(45)	(467)	(311)	(50)
Consolidated operating income	1,465	554	164	3,055	1,531	100
Operating margin:						
FedEx Express segment	8.7%	2.6%	610 bp	8.0%	2.9%	510 bp
FedEx Ground segment	7.5%	6.4%	110 bp	9.6%	9.4%	20 bp
FedEx Freight segment	13.0%	7.6%	540 bp	14.0%	8.9%	510 bp
Consolidated operating margin	7.1%	3.2%	390 bp	7.7%	4.5%	320 bp
Consolidated net income	\$ 1,226	\$ 560	119	\$ 2,471	\$ 1,305	89
Diluted earnings per share	\$ 4.55	\$ 2.13	114	\$ 9.26	\$ 4.97	86

	Change in Revenue		Change in Operating Income (Loss)	
	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
FedEx Express segment	\$ 1,284	\$ 1,986	\$ 664	\$ 1,089
FedEx Ground segment	2,029	3,890	210	400
FedEx Freight segment	92	13	111	191
FedEx Services segment	3	7	—	—
Corporate, other and eliminations	(169)	(384)	(74)	(156)
	\$ 3,239	\$ 5,512	\$ 911	\$ 1,524

Overview

Elevated demand for our residential delivery services, resulting from the ongoing impact of the coronavirus (“COVID-19”) pandemic, continued during the second quarter of 2021. In addition, demand for our business-to-business delivery services strengthened relative to the first quarter of 2021 as COVID-19-related restrictions moderated globally during the second quarter. As a result, our revenue and operating income improved during the second quarter and first half of 2021. We continued to incur increased operating expenses to support elevated levels of demand for our services in the COVID-19 pandemic environment, including additional labor expenses, costs of operating our seven-day network at FedEx Ground and costs of operating our air network to support higher demand in key international supply chains impacted by constrained commercial air capacity. We also incurred increased operating expenses related to personal protective equipment and medical/safety supplies, as well as additional security and cleaning services, in order to protect our team members and customers during the COVID-19 pandemic, of approximately \$50 million in the second quarter and \$150 million in the first half of 2021. In addition, we incurred costs associated with network contingencies, including additional personnel to support operations through the peak season during the pandemic.

Our consolidated operating income improved during both the second quarter and first half of 2021 due to international export and U.S. domestic package volume growth at FedEx Express, residential volume growth at FedEx Ground and pricing initiatives across all of our transportation segments. Higher purchased transportation expenses at FedEx Ground are also driven by increased residential product mix in both the second quarter and first half of 2021. Additionally, higher variable incentive compensation expense negatively impacted year-over-year second quarter comparisons by approximately \$215 million and first half comparisons by approximately \$410 million.

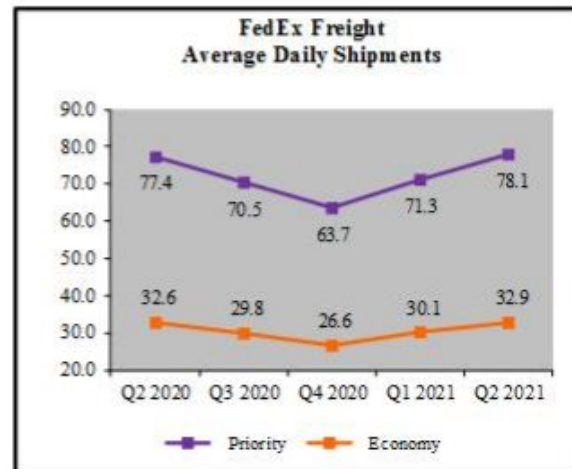
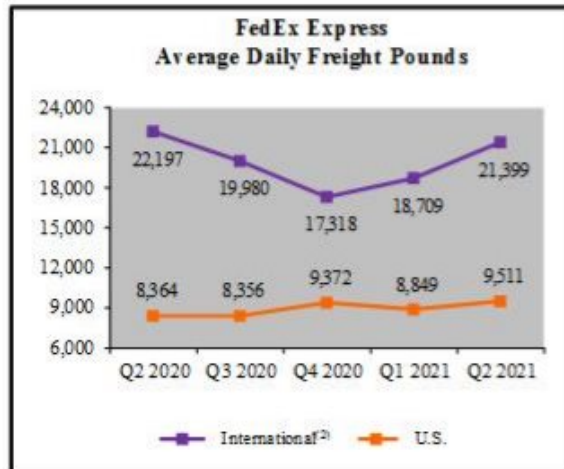
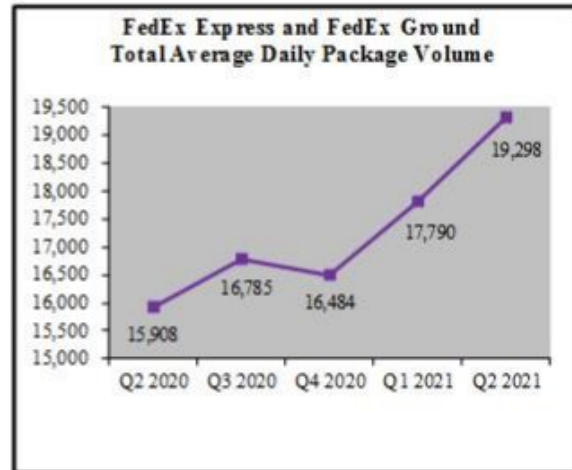
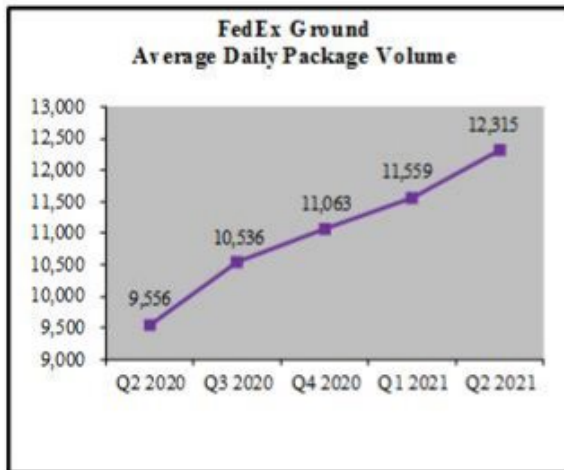
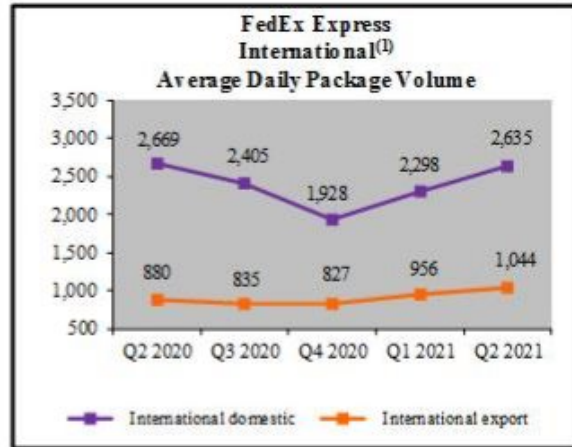
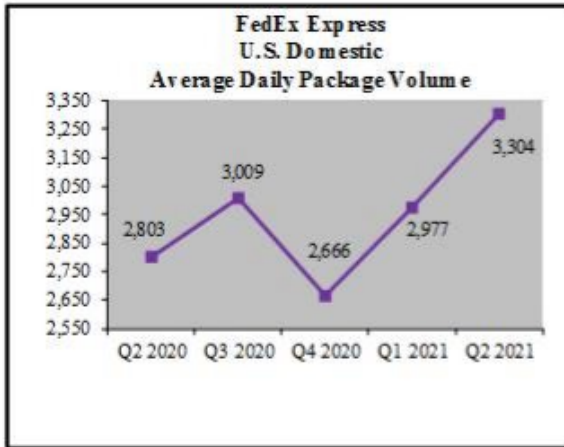
The loss of business from a large customer negatively impacted earnings in 2020. In addition, during the second quarter of 2020, we recorded asset impairment charges of \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) associated with the decision to permanently retire certain aircraft and related engines at FedEx Express. See Note 1 of the accompanying unaudited condensed consolidated financial statements for additional information.

We incurred integration expenses totaling \$48 million (\$36 million, net of tax, or \$0.13 per diluted share) in the second quarter and \$97 million (\$74 million, net of tax, or \$0.28 per diluted share) in the first half of 2021, a \$16 million decrease from the second quarter and a \$38 million decrease from the first half of 2020. The integration expenses are predominantly incremental costs directly associated with the integration of TNT Express, including professional and legal fees, salaries and employee benefits, travel and advertising expenses. Internal salaries and employee benefits are included only to the extent the individuals are assigned full-time to integration activities. These costs were incurred at FedEx Express and FedEx Corporate. The identification of these costs as integration-related expenditures is subject to our disclosure controls and procedures.

Consolidated net income in the second quarter and first half of 2021 includes a pre-tax, noncash mark-to-market (“MTM”) net loss of \$52 million (\$41 million, net of tax, or \$0.15 per diluted share) associated with freezing our TNT Express Netherlands Pension Plan. See the “Retirement Plan MTM Adjustment” section of this MD&A and Note 7 of the accompanying unaudited condensed consolidated financial statements for additional information.

The comparison of net income between 2021 and 2020 is affected by a tax benefit of \$191 million (\$0.71 per diluted share) recognized during the second quarter of 2021, primarily attributable to guidance issued by the Internal Revenue Service (“IRS”) during the quarter, and a tax benefit of \$133 million (\$0.51 per diluted share) from the reduction of a valuation allowance recognized during the second quarter and first half of 2020. See the “Income Taxes” section of this MD&A for further information.

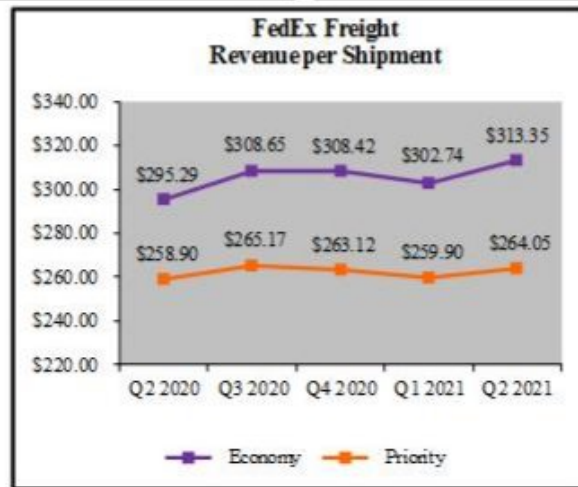
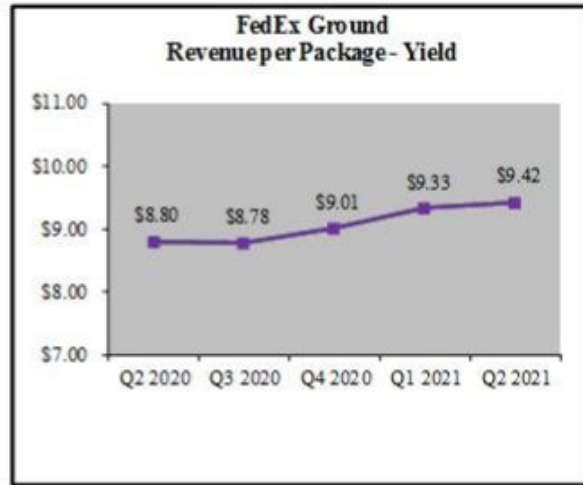
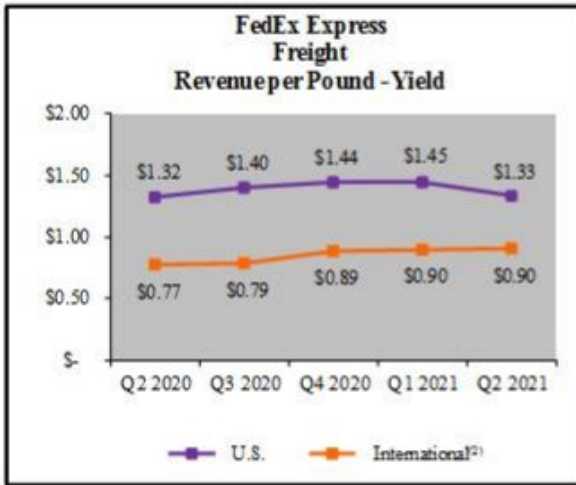
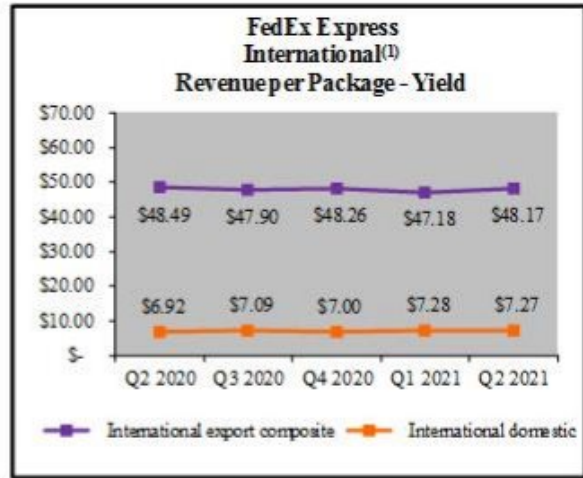
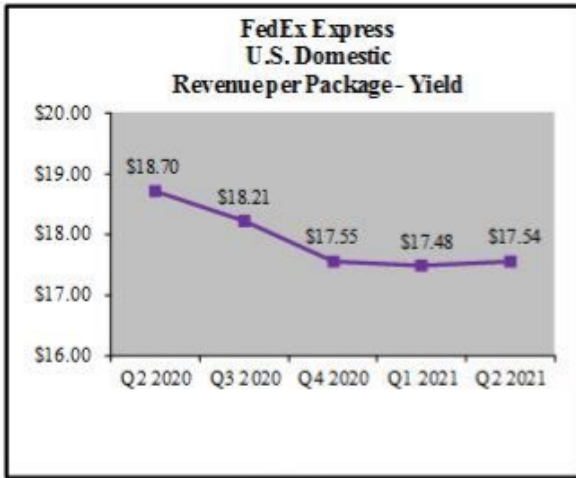
The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected volume trends (in thousands) over the five most recent quarters:



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

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

The following graphs for FedEx Express, FedEx Ground and FedEx Freight show selected yield trends over the five most recent quarters:



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

(2) International revenue per pound relates to our international priority, economy and airfreight services.

Revenue

Revenue increased 19% in the second quarter and 16% in the first half of 2021 primarily due to volume growth in residential delivery services at FedEx Ground and U.S. domestic package volume growth at FedEx Express, both reflecting increased e-commerce demand resulting from the ongoing impact of the COVID-19 pandemic. In addition, demand for our business-to-business delivery services strengthened relative to the first quarter of 2021 as COVID-19-related restrictions moderated globally during the second quarter. International export package volume growth at FedEx Express and pricing initiatives across all of our transportation segments also contributed to the increase in revenue during the second quarter and first half of 2021. Additionally, one additional operating day at all of our transportation segments positively impacted revenue in the first half of 2021. These positive factors were partially offset by lower fuel surcharges at all of our transportation segments during both the second quarter and first half of 2021.

At FedEx Ground, revenue increased 38% in the second quarter and 37% in the first half of 2021 primarily due to residential delivery volume growth. This sharp increase in demand is the result of a shift in consumer shopping patterns accelerated by the COVID-19 pandemic. Revenue at FedEx Express increased 14% in the second quarter and 11% in the first half of 2021 due to international export and U.S. domestic package volume growth. FedEx Freight revenue increased 5% in the second quarter of 2021 primarily due to higher revenue per shipment. Revenue at FedEx Freight remained flat in the first half of 2021 due to higher revenue per shipment, partially offset by decreased average daily shipments.

Operating Expenses

The following tables compare operating expenses expressed as dollar amounts (in millions) and as a percent of revenue for the periods ended November 30:

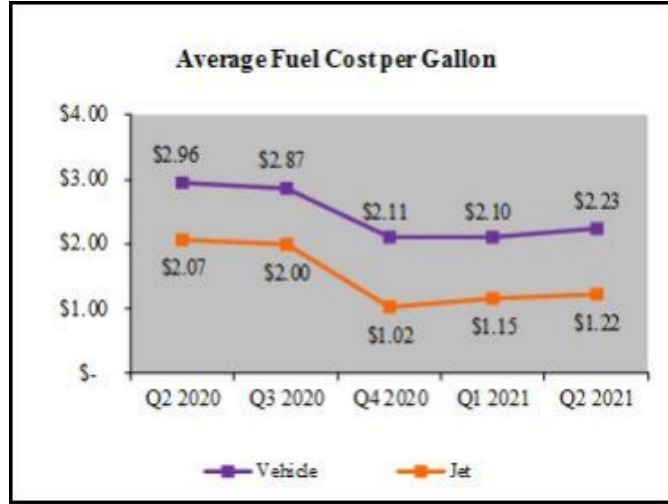
	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	2020	2019		2020	2019	
Operating expenses:						
Salaries and employee benefits	\$ 7,443	\$ 6,235	19	\$ 14,295	\$ 12,322	16
Purchased transportation	5,407	4,328	25	10,384	8,356	24
Rentals and landing fees	1,006	924	9	1,942	1,844	5
Depreciation and amortization	936	901	4	1,862	1,780	5
Fuel	625	890	(30)	1,190	1,760	(32)
Maintenance and repairs	815	774	5	1,621	1,542	5
Asset impairment charges	—	66	NM	—	66	NM
Other	2,866	2,652	8	5,535	5,171	7
Total operating expenses	19,098	16,770	14	36,829	32,841	12
Operating income	\$ 1,465	\$ 554	164	\$ 3,055	\$ 1,531	100

	Percent of Revenue			
	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Operating expenses:				
Salaries and employee benefits	36.2 %	36.0 %	35.8 %	35.8 %
Purchased transportation	26.3	25.0	26.0	24.3
Rentals and landing fees	4.9	5.3	4.9	5.4
Depreciation and amortization	4.6	5.2	4.7	5.2
Fuel	3.0	5.1	3.0	5.1
Maintenance and repairs	4.0	4.5	4.0	4.5
Asset impairment charges	—	0.4	—	0.2
Other	13.9	15.3	13.9	15.0
Total operating expenses	92.9	96.8	92.3	95.5
Operating margin	7.1 %	3.2 %	7.7 %	4.5 %

Volume growth, as discussed in the “Revenue” section of this MD&A, contributed to a 25% increase in purchased transportation costs in the second quarter and a 24% increase in the first half of 2021, as well as an increase in salaries and employee benefits expense of 19% in the second quarter and 16% in the first half of 2021. Purchased transportation costs were also higher in both the second quarter and first half of 2021 driven by increased residential product mix at FedEx Ground. In addition, salaries and employee benefits expense increased in both the second quarter and first half of 2021 due to higher variable incentive compensation expense and merit increases.

Fuel

The following graph for our transportation segments shows our average cost of jet and vehicle fuel per gallon for the five most recent quarters:



Fuel expense decreased 30% in the second quarter and 32% in the first half of 2021 due to lower fuel prices. Fuel prices represent only one component of the factors we consider meaningful in understanding the impact of fuel on our business. Consideration must also be given to the fuel surcharge revenue we collect. Accordingly, we believe discussion of the net impact of fuel on our results, which is a comparison of the year-over-year change in these two factors, is important to understand the impact of fuel on our business. In order to provide information about the impact of fuel surcharges on the trend in revenue and yield growth, we have included the comparative weighted-average fuel surcharge percentages in effect for the second quarters of 2021 and 2020 in the accompanying discussion of each of our transportation segments.

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. The net impact of fuel on operating income described below and for each segment below excludes the impact from these table changes.

The net impact of fuel had a slight benefit to operating income in the second quarter and first half of 2021 as decreased fuel prices outpaced lower fuel surcharges.

Asset Impairment Charges

During the second quarter of 2020, we made the decision to permanently retire from service 10 Airbus A310-300 aircraft and 12 related engines at FedEx Express to align with the needs of the U.S. domestic network and modernize its aircraft fleet. As a consequence of this decision, noncash impairment charges of \$66 million (\$50 million, net of tax, or \$0.19 per diluted share) were recorded in the FedEx Express segment in the second quarter of 2020.

Retirement Plan MTM Adjustment

We incurred a pre-tax, noncash MTM net loss of \$52 million (\$41 million, net of tax, or \$0.15 per diluted share) in the second quarter of 2021 related to amendments to the TNT Express Netherlands Pension Plan. Benefits for approximately 2,100 employees will be frozen effective December 31, 2020. Effective January 1, 2021, these employees will begin earning pension benefits under a separate, multi-employer pension plan. See Note 7 of the accompanying unaudited condensed consolidated financial statements for additional information.

Income Taxes

Our effective tax rate was 12.8% for the second quarter and 18.0% for the first half of 2021, compared to 2.1% for the second quarter and 16.8% for the first half of 2020. The 2021 tax rates include a benefit of \$191 million from an increase in our 2020 tax loss that the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) will allow to be carried back to 2015, when the U.S. federal income tax rate was 35%. The increase in our estimated 2020 tax loss is attributable to our Application for Change in Accounting Method filed with the IRS during the fourth quarter of 2020 discussed below and other accelerated deductions to be claimed on the 2020 tax return. The 2020 tax rates included a \$133 million benefit from a valuation allowance reduction which, when combined with substantially lower consolidated earnings, produced a significantly lower rate for the second quarter of 2020 compared to the second quarter of 2021.

We filed an application with the IRS in 2020 requesting approval to change our accounting method for depreciation to allow retroactive application of tax regulations issued during 2020 on certain assets placed in service during 2018 and 2019. During the second quarter of 2021, the IRS issued guidance granting automatic approval to change the method of accounting for these assets resulting in an income tax benefit of \$130 million for the second quarter.

We are subject to taxation in the United States and various U.S. state, local and foreign jurisdictions. We are currently under examination by the IRS for the 2016 and 2017 tax years. It is reasonably possible that certain income tax return proceedings will be completed during the next twelve months and could result in a change in our balance of unrecognized tax benefits. The impact of any changes is not expected to be material to our consolidated financial statements.

During the second quarter of 2021, we filed suit in U.S. District Court for the Western District of Tennessee challenging the validity of a tax regulation related to the one-time transition tax on unrepatriated foreign earnings, which was enacted as part of the Tax Cuts and Jobs Act (“TCJA”). Our lawsuit seeks to have the court declare this regulation invalid and order the refund of overpayments of U.S. federal income taxes for 2018 and 2019 attributable to the denial of foreign tax credits under the regulation. We have recorded a cumulative benefit of \$233 million through 2019 attributable to our interpretation of the TCJA and the Internal Revenue Code. If we are ultimately unsuccessful in defending our position, we may be required to reverse the benefit previously recorded.

Business Acquisitions

On December 2, 2020, we agreed to acquire ShopRunner, Inc. (“ShopRunner”), an e-commerce platform that directly connects brands and merchants with online shoppers. The cost of the acquisition will not be material and will be funded with cash from operations. This acquisition is expected to be completed in December 2020, subject to customary conditions, including regulatory approval. The financial results of ShopRunner will be included in “Corporate, other and eliminations” from the date of acquisition and are not expected to be material to our results of operations in 2021.

Outlook

We anticipate the continuing impacts of the COVID-19 pandemic will drive increased demand for our FedEx Ground and FedEx Express services in the second half of the fiscal year resulting in improved year-over-year revenue and operating income at those two segments for the remainder of 2021. In addition, yield management and improved productivity is anticipated to contribute to revenue and operating income growth at the FedEx Freight segment in 2021. However, the uncertainty concerning the COVID-19 pandemic, as well as the potential for additional government-related restrictions, continues to make any expectations for the second half of 2021 inherently less certain. If our current trends continue, we expect certain expenses, including higher variable incentive compensation accruals, rising labor costs and increased supply and other costs related to the COVID-19 pandemic, to continue to be incurred during the remainder of 2021. We also expect headwinds related to the December 31, 2020 expiration of the aviation excise tax holiday created by the CARES Act and a higher effective income tax rate for the second half of 2021.

Government travel warnings as well as existing restrictions related to the COVID-19 pandemic are expected to continue to impact the demand for commercial air travel, thereby reducing available air freight capacity. As a result of these ongoing capacity constraints, we expect continued strong demand for international priority shipments for the remainder of 2021 to necessitate increased usage of our assets to support demand in key international supply chains. In addition, we anticipate a modest increase in volumes from the delivery of COVID-19 vaccines. We will continue managing network capacity, flexing our network and making adjustments as needed to align with volumes and operating conditions.

In response to current business conditions, we are extending certain surcharges beyond the peak shipping period, although at a reduced rate. These surcharges will begin on January 18, 2021 and may be adjusted in future periods as business or market conditions evolve.

We have expanded FedEx Ground seven-day residential delivery coverage to nearly 95 percent of the U.S. population and will continue to optimize our network capacity to meet evolving customer needs. During the remainder of 2021, we will focus on last-mile residential delivery optimization, including by directing certain U.S. day-definite residential FedEx Express shipments into the FedEx Ground network to increase efficiency and lower our cost-to-serve. We also are focused on improving revenue quality and lowering costs through advanced technology aimed at improving productivity and safety.

We are continuing to execute our TNT Express integration plans and are scheduled to complete the integration of the FedEx Express and TNT Express linehaul and pickup-and-delivery operations and begin offering an enhanced portfolio of international services in 2021. We will leverage the capabilities that TNT Express adds to our portfolio, which are expected to improve our European revenue and profitability, which continue to underperform our expectations for that market. We expect to complete the final phase of international air network interoperability in early calendar 2022.

We expect to incur approximately \$80 million of integration expenses in the remainder of 2021 in the form of professional fees, outside service contracts, salaries and wages and other operating expenses. We expect the aggregate integration program expenses to be \$1.7 billion through the completion of the physical network integration of TNT Express into FedEx Express in 2022.

As we approach the completion of the physical network integration of TNT Express in 2022, we are evaluating opportunities and pursuing initiatives in addition to the integration to continue to transform and optimize the FedEx Express international business, particularly in Europe. These actions are focused on reducing the complexity and fragmentation of our international business, improving efficiency to meet changing customer expectations and business dynamics, lowering costs, increasing profitability and improving service levels. We expect to incur additional costs, over multiple years, which may be material, including transformation costs and capital investments related to these actions.

Our expectations for the remainder of 2021 are dependent on key external factors, including no further weakening of global economic conditions or additional shut-downs related to the COVID-19 pandemic, current fuel price expectations, and no additional adverse developments in international trade policies and relations.

Other Outlook Matters. For details on key 2021 capital projects, refer to the “Liquidity Outlook” section of this MD&A.

See “Forward-Looking Statements” and Part II, Item 1A “Risk Factors” for a discussion of these and other potential risks and uncertainties that could materially affect our future performance.

RECENT ACCOUNTING GUIDANCE

See Note 1 of the accompanying unaudited condensed consolidated financial statements for a discussion of recent accounting guidance.

REPORTABLE SEGMENTS

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

FedEx Express Segment	FedEx Express (express transportation, small-package ground delivery and freight transportation) FedEx Custom Critical, Inc. (“FedEx Custom Critical”) (time-critical transportation) FedEx Cross Border Holdings, Inc. (“FedEx Cross Border”) (cross-border e-commerce technology and e-commerce transportation solutions)
FedEx Ground Segment	FedEx Ground (small-package ground delivery)
FedEx Freight Segment	FedEx Freight (LTL freight transportation)
FedEx Services Segment	FedEx Services (sales, marketing, information technology, communications, customer service, technical support, billing and collection services and back-office functions)

FEDEX SERVICES SEGMENT

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

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

CORPORATE, OTHER AND ELIMINATIONS

Corporate and other includes corporate headquarters costs for executive officers and certain legal and finance functions, as well as certain other costs and credits not attributed to our core business. These costs are not allocated to the other business segments. Also, the results of the FedEx Logistics, Inc. (“FedEx Logistics”) and FedEx Office and Print Services, Inc. (“FedEx Office”) operating segments are included in corporate and other. FedEx Office provides an array of document and business services and retail access to our customers for our package transportation businesses. FedEx Logistics provides integrated supply chain management solutions, specialty transportation, customs brokerage and global ocean and air freight forwarding.

In the second quarter and first half of 2021, the decrease in revenue in “Corporate, other and eliminations” was due to a significant decline in non-shipping revenue at FedEx Office resulting from the COVID-19 pandemic. The transfer of FedEx Custom Critical and FedEx Cross Border into the FedEx Express segment contributed to the decrease in revenue in the second quarter and first half of 2021.

Certain FedEx operating companies provide transportation and related services for other FedEx companies outside their reportable segment in order to optimize our resources. For example, during the second quarter and first half of 2021, FedEx Freight provided road and intermodal support for both FedEx Ground and FedEx Express and FedEx Ground provided delivery support for certain FedEx Express packages as part of our last-mile optimization efforts. Billings for such services are based on negotiated rates, which we believe approximate fair value, and are reflected as revenue of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenue and expenses are eliminated in our consolidated results and are not separately identified in the following segment information because the amounts are not material.

FEDEX EXPRESS SEGMENT

FedEx Express offers a wide range of U.S. domestic and international shipping services for delivery of packages and freight including priority, deferred and economy services, which provide delivery on a time-definite or day-definite basis. The following tables compare revenue, operating expenses, operating income (dollars in millions), operating margin and operating expenses as a percent of revenue for the periods ended November 30:

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	2020	2019		2020	2019	
Revenue:						
Package:						
U.S. overnight box	\$ 2,012	\$ 1,864	8	\$ 3,873	\$ 3,730	4
U.S. overnight envelope	435	457	(5)	861	936	(8)
U.S. deferred	1,204	980	23	2,300	1,936	19
Total U.S. domestic package revenue	3,651	3,301	11	7,034	6,602	7
International priority	2,510	1,817	38	4,827	3,634	33
International economy	658	873	(25)	1,274	1,728	(26)
Total international export package revenue	3,168	2,690	18	6,101	5,362	14
International domestic(1)	1,206	1,165	4	2,294	2,241	2
Total package revenue	8,025	7,156	12	15,429	14,205	9
Freight:						
U.S.	799	698	14	1,632	1,393	17
International priority	737	473	56	1,390	937	48
International economy	408	541	(25)	779	1,057	(26)
International airfreight	65	70	(7)	140	136	3
Total freight revenue	2,009	1,782	13	3,941	3,523	12
Other(2)	334	146	129	645	301	114
Total revenue	10,368	9,084	14	20,015	18,029	11
Operating expenses:						
Salaries and employee benefits	3,922	3,405	15	7,664	6,777	13
Purchased transportation	1,449	1,267	14	2,753	2,499	10
Rentals and landing fees	542	505	7	1,046	1,018	3
Depreciation and amortization	482	469	3	959	931	3
Fuel	529	754	(30)	1,025	1,497	(32)
Maintenance and repairs	542	514	5	1,093	1,031	6
Asset impairment charges	—	66	NM	—	66	NM
Intercompany charges	486	500	(3)	947	969	(2)
Other	1,516	1,368	11	2,918	2,720	7
Total operating expenses	9,468	8,848	7	18,405	17,508	5
Operating income	\$ 900	\$ 236	281	\$ 1,610	\$ 521	209
Operating margin	8.7%	2.6%	610 bp	8.0%	2.9%	510 bp

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

(2) Includes the operations of FedEx Custom Critical and FedEx Cross Border for the periods ended November 30, 2020.

	Percent of Revenue			
	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Operating expenses:				
Salaries and employee benefits	37.8 %	37.5 %	38.3 %	37.6 %
Purchased transportation	14.0	13.9	13.8	13.9
Rentals and landing fees	5.2	5.6	5.2	5.6
Depreciation and amortization	4.7	5.2	4.8	5.1
Fuel	5.1	8.3	5.1	8.3
Maintenance and repairs	5.2	5.6	5.5	5.7
Asset impairment charges	—	0.7	—	0.4
Intercompany charges	4.7	5.5	4.7	5.4
Other	14.6	15.1	14.6	15.1
Total operating expenses	91.3	97.4	92.0	97.1
Operating margin	8.7 %	2.6 %	8.0 %	2.9 %

The following table compares selected statistics (in thousands, except yield amounts) for the periods ended November 30:

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	2020	2019		2020	2019	
Package Statistics						
Average daily package volume (ADV):						
U.S. overnight box	1,453	1,244	17	1,369	1,231	11
U.S. overnight envelope	512	547	(6)	497	554	(10)
U.S. deferred	1,339	1,012	32	1,272	994	28
Total U.S. domestic ADV	3,304	2,803	18	3,138	2,779	13
International priority	748	565	32	722	548	32
International economy	296	315	(6)	277	304	(9)
Total international export ADV	1,044	880	19	999	852	17
International domestic ⁽¹⁾	2,635	2,669	(1)	2,464	2,509	(2)
Total ADV	6,983	6,352	10	6,601	6,140	8
Revenue per package (yield):						
U.S. overnight box	\$ 21.98	\$ 23.78	(8)	\$ 22.10	\$ 23.86	(7)
U.S. overnight envelope	13.50	13.26	2	13.53	13.29	2
U.S. deferred	14.27	15.39	(7)	14.12	15.34	(8)
U.S. domestic composite	17.54	18.70	(6)	17.51	18.71	(6)
International priority	53.26	51.03	4	52.24	52.25	—
International economy	35.29	43.94	(20)	35.84	44.71	(20)
International export composite	48.17	48.49	(1)	47.69	49.55	(4)
International domestic ⁽¹⁾	7.27	6.92	5	7.27	7.03	3
Composite package yield	\$ 18.24	\$ 17.88	2	\$ 18.26	\$ 18.21	—
Freight Statistics						
Average daily freight pounds:						
U.S.	9,511	8,364	14	9,175	8,188	12
International priority	6,234	5,230	19	5,862	5,010	17
International economy	13,560	15,241	(11)	12,581	14,473	(13)
International airfreight	1,605	1,726	(7)	1,590	1,640	(3)
Total average daily freight pounds	30,910	30,561	1	29,208	29,311	—
Revenue per pound (yield):						
U.S.	\$ 1.33	\$ 1.32	1	\$ 1.39	\$ 1.34	4
International priority	1.88	1.43	31	1.85	1.47	26
International economy	0.48	0.56	(14)	0.48	0.57	(16)
International airfreight	0.64	0.65	(2)	0.69	0.65	6
Composite freight yield	\$ 1.03	\$ 0.93	11	\$ 1.05	\$ 0.95	11

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

FedEx Express Segment Revenue

FedEx Express segment revenue increased 14% in the second quarter and 11% in the first half of 2021 due to international export and U.S. domestic package volume growth, partially offset by lower fuel surcharges. The demand for our U.S. domestic residential service offerings continued to accelerate during the second quarter of 2021 due to the COVID-19 pandemic. Revenue was also positively impacted by pricing initiatives resulting from global air freight capacity constraints in the second quarter and first half of 2021 and one additional operating day in the first half of 2021. FedEx Express segment revenue includes a benefit from a reduction in aviation excise taxes on cargo provided by the CARES Act in the second quarter and first half of 2021.

International export package average daily volumes increased 19% in the second quarter and 17% in the first half of 2021 led by volume growth from Asia-Pacific and Europe. International export package yields decreased 4% in the first half of 2021 primarily due to lower fuel surcharges and base yield declines driven by lower weight per package, partially offset by favorable exchange rates and pricing initiatives resulting from global air freight capacity constraints. U.S. domestic package average daily volumes increased 18% in the second quarter and 13% in the first half of 2021 driven by growth in deferred service offerings, reflecting increased e-commerce demand resulting from the COVID-19 pandemic. U.S. domestic package yields decreased 6% in both the second quarter and first half of 2021 due to decreased base yields driven by lower weight per package, as well as lower fuel surcharges. Composite freight yields increased 11% in both the second quarter and first half of 2021 primarily due to improved base yields, partially offset by lower fuel surcharges. Other revenue increased 129% in the second quarter and 114% in the first half of 2021 due to the transfer of FedEx Custom Critical and FedEx Cross Border into the FedEx Express segment.

FedEx Express's U.S. domestic and outbound fuel surcharge and international fuel surcharge ranged as follows for the periods ended November 30:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
U.S. Domestic and Outbound Fuel Surcharge:				
Low	3.50%	7.21%	2.73%	7.21%
High	3.83	8.45	4.12	8.45
Weighted-average	3.64	7.53	3.54	7.54
International Export and Freight Fuel Surcharge:				
Low	1.17	6.74	0.28	6.74
High	16.52	18.56	17.00	18.56
Weighted-average	10.67	15.64	10.49	15.59
International Domestic Fuel Surcharge:				
Low	2.62	3.20	2.62	3.20
High	19.21	19.40	20.33	19.47
Weighted-average	5.91	7.29	5.92	7.39

FedEx Express Segment Operating Income

FedEx Express segment operating income increased 281% in the second quarter and 209% in the first half of 2021 due to international export and U.S. domestic package volume growth. FedEx Express segment operating results include approximately \$70 million in the second quarter and \$135 million in the first half of 2021 related to a benefit from a reduction in aviation excise taxes provided by the CARES Act. Results for the second quarter and first half of 2020 were negatively impacted by \$66 million of asset impairment charges associated with the decision to permanently retire certain aircraft and related engines at FedEx Express. These factors were partially offset by higher variable incentive compensation expense of approximately \$120 million in the second quarter and \$230 million in the first half of 2021. In addition, we continued to incur increased operating expenses to support elevated levels of demand for our services in the COVID-19 pandemic environment in the second quarter and first half of 2021, including costs of operating our global network to support higher demand, which is partially impacted by constrained commercial air capacity.

FedEx Express segment results included \$43 million of integration expenses in the second quarter and \$80 million of such expenses in the first half of 2021, a \$6 million decrease from the second quarter and a \$26 million decrease from the first half of 2020.

Salaries and employee benefits expense increased 15% in the second quarter and 13% in the first half of 2021 primarily due to staffing to support volume growth and higher variable incentive compensation expense. In addition, increased costs associated with network contingencies as a result of the COVID-19 pandemic contributed to the increase in salaries and employee benefits expense in both the second quarter and first half of 2021. Purchased transportation expense increased 14% in the second quarter and 10% in the first half of 2021 primarily due to the transfer of FedEx Custom Critical and FedEx Cross Border into the FedEx Express segment. Other operating expense increased 11% in the second quarter and 7% in the first half of 2021 primarily due to higher outside service contract expense and bad debt expense. Additionally, higher operating supplies, partially offset by decreased travel, both driven by the COVID-19 pandemic, negatively impacted other operating expense in both the second quarter and first half of 2021.

Fuel expense decreased 30% in the second quarter and 32% in the first half of 2021 due to lower fuel prices. The net impact of fuel had a slightly negative impact to operating income in the second quarter and first half of 2021 as lower fuel surcharges outpaced decreased fuel prices. See the “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

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 revenue, operating expenses, operating income (dollars in millions), operating margin, selected package statistics (in thousands, except yield amounts) and operating expenses as a percent of revenue for the periods ended November 30:

	Three Months Ended		Percent Change	Six Months Ended		Percent Change
	2020	2019		2020	2019	
Revenue	\$ 7,344	\$ 5,315	38	\$ 14,384	\$ 10,494	37
Operating expenses:						
Salaries and employee benefits	1,557	971	60	2,831	1,842	54
Purchased transportation	3,488	2,561	36	6,779	4,864	39
Rentals	289	249	16	553	488	13
Depreciation and amortization	205	195	5	409	388	5
Fuel	5	4	25	9	7	29
Maintenance and repairs	124	98	27	231	185	25
Intercompany charges	446	394	13	878	769	14
Other	678	501	35	1,308	965	36
Total operating expenses	6,792	4,973	37	12,998	9,508	37
Operating income	\$ 552	\$ 342	61	\$ 1,386	\$ 986	41
Operating margin	7.5%	6.4%	110 bp	9.6%	9.4%	20 bp
Average daily package volume	12,315	9,556	29	11,931	9,192	30
Revenue per package (yield)	\$ 9.42	\$ 8.80	7	\$ 9.38	\$ 8.96	5

	Percent of Revenue			
	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Operating expenses:				
Salaries and employee benefits	21.2 %	18.3 %	19.7 %	17.6 %
Purchased transportation	47.5	48.2	47.1	46.3
Rentals	3.9	4.7	3.9	4.6
Depreciation and amortization	2.8	3.7	2.8	3.7
Fuel	0.1	0.1	0.1	0.1
Maintenance and repairs	1.7	1.8	1.6	1.8
Intercompany charges	6.1	7.4	6.1	7.3
Other	9.2	9.4	9.1	9.2
Total operating expenses	92.5	93.6	90.4	90.6
Operating margin	7.5 %	6.4 %	9.6 %	9.4 %

FedEx Ground Segment Revenue

FedEx Ground segment revenue increased 38% in the second quarter and 37% in the first half of 2021 primarily due to residential delivery volume growth. This sharp increase in demand resulted from a shift in consumer shopping patterns accelerated by the COVID-19 pandemic. In addition, we experienced increased demand for our business-to-business delivery services relative to the first quarter of 2021 as COVID-19-related restrictions moderated during the second quarter. Additionally, revenue was positively impacted by yield management in the second quarter and first half of 2021 and one additional operating day in the first half of 2021.

Average daily volume increased 29% in the second quarter and 30% in the first half of 2021 primarily due to continued growth in residential services driven by e-commerce. FedEx Ground yields increased 7% in the second quarter and 5% in the first half of 2021 primarily due to yield improvement actions, partially offset by lower fuel surcharges.

The FedEx Ground fuel surcharge is based on a rounded average of the national U.S. on-highway price for a gallon of diesel fuel, as published by the Department of Energy. The fuel surcharge ranged as follows for the periods ended November 30:

	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Low	5.50%	6.75%	5.50%	6.75%
High	5.75	7.00	5.75	7.25
Weighted-average	5.73	6.92	5.74	6.98

FedEx Ground Segment Operating Income

FedEx Ground segment operating income increased 61% in the second quarter and 41% in the first half of 2021 primarily due to residential delivery volume growth and yield improvement. These factors were partially offset by higher purchased transportation contractor settlement rates resulting from residential product mix, as well as additional labor expenses and higher self-insurance accruals in the second quarter and first half of 2021.

Purchased transportation expense increased 36% in the second quarter and 39% in the first half of 2021 due to higher volume and increased residential product mix. Salaries and employee benefits expense increased 60% in the second quarter and 54% in the first half of 2021 due to additional staffing to support volume growth, including costs associated with operating our seven-day network, merit increases and higher variable incentive compensation expense. In addition, increased costs associated with network contingencies as a result of the COVID-19 pandemic contributed to the increase in salaries and employee benefits expense in both the second quarter and first half of 2021. Other operating expense increased 35% in the second quarter and 36% in the first half of 2021 primarily due to higher self-insurance accruals and higher operating supplies driven by the COVID-19 pandemic.

The net impact of fuel had a moderate benefit to operating income in the second quarter and first half of 2021 as decreased fuel prices outpaced lower fuel surcharges. See the “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

FedEx Freight LTL service offerings include priority services when speed is critical and economy services when time can be traded for savings. The following tables compare revenue, operating expenses, operating income (dollars in millions), operating margin, selected statistics and operating expenses as a percent of revenue for the periods ended November 30:

	<u>Three Months Ended</u>		<u>Percent Change</u>	<u>Six Months Ended</u>		<u>Percent Change</u>
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Revenue	\$ 1,936	\$ 1,844	5	\$ 3,762	\$ 3,749	—
Operating expenses:						
Salaries and employee benefits	915	900	2	1,773	1,819	(3)
Purchased transportation	209	187	12	379	374	1
Rentals	59	52	13	115	104	11
Depreciation and amortization	105	97	8	211	191	10
Fuel	90	132	(32)	155	255	(39)
Maintenance and repairs	57	68	(16)	110	133	(17)
Intercompany charges	122	130	(6)	241	256	(6)
Other	127	137	(7)	252	282	(11)
Total operating expenses	1,684	1,703	(1)	3,236	3,414	(5)
Operating income	\$ 252	\$ 141	79	\$ 526	\$ 335	57
Operating margin	13.0%	7.6%	540 bp	14.0%	8.9%	510 bp
Average daily shipments (in thousands):						
Priority	78.1	77.4	1	74.6	78.0	(4)
Economy	32.9	32.6	1	31.5	32.7	(4)
Total average daily shipments	111.0	110.0	1	106.1	110.7	(4)
Weight per shipment (lbs):						
Priority	1,106	1,139	(3)	1,101	1,147	(4)
Economy	1,015	983	3	1,006	971	4
Composite weight per shipment	1,079	1,092	(1)	1,073	1,095	(2)
Revenue per shipment:						
Priority	\$ 264.05	\$ 258.90	2	\$ 262.02	\$ 257.14	2
Economy	313.35	295.29	6	308.15	295.53	4
Composite revenue per shipment	\$ 278.66	\$ 270.38	3	\$ 275.71	\$ 268.83	3
Revenue per hundredweight:						
Priority	\$ 23.86	\$ 22.74	5	\$ 23.79	\$ 22.41	6
Economy	30.88	30.05	3	30.62	30.43	1
Composite revenue per hundredweight	\$ 25.82	\$ 24.75	4	\$ 25.69	\$ 24.54	5

	<u>Percent of Revenue</u>			
	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating expenses:				
Salaries and employee benefits	47.3 %	48.8 %	47.1 %	48.5 %
Purchased transportation	10.8	10.1	10.1	10.0
Rentals	3.0	2.8	3.1	2.8
Depreciation and amortization	5.4	5.3	5.6	5.1
Fuel	4.7	7.2	4.1	6.8
Maintenance and repairs	2.9	3.7	2.9	3.6
Intercompany charges	6.3	7.1	6.4	6.8
Other	6.6	7.4	6.7	7.5
Total operating expenses	87.0	92.4	86.0	91.1
Operating margin	13.0 %	7.6 %	14.0 %	8.9 %

FedEx Freight Segment Revenue

FedEx Freight segment revenue increased 5% in the second quarter of 2021 primarily due to higher revenue per shipment. FedEx Freight segment revenue remained flat in the first half of 2021 due to higher revenue per shipment, partially offset by decreased average daily shipments.

Revenue per shipment increased 3% in both the second quarter and first half of 2021 primarily due to higher base rates reflecting our ongoing revenue quality initiatives, partially offset by lower fuel surcharges and lower weight per shipment. Average daily shipments increased 1% in the second quarter of 2021 due to volumes returning to pre-COVID-19 levels. Despite the increased demand in the second quarter of 2021, demand for our service offerings in the first half of 2021 was negatively impacted by the COVID-19 pandemic and related supply chain disruptions, resulting in a 4% decrease in average daily shipments.

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 periods ended November 30:

	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Low	21.00%	23.50%	21.00%	23.50%
High	21.40	24.00	21.40	24.40
Weighted-average	21.10	23.80	21.20	23.80

FedEx Freight Segment Operating Income

FedEx Freight segment operating income increased 79% in the second quarter and 57% in the first half of 2021 driven by continued focus on revenue quality initiatives, aligning our cost structure with current business levels and improving operational efficiencies. These positive factors more than offset the negative impact on volumes from the COVID-19 pandemic and weaker economic conditions for the first half of 2021.

Salaries and employee benefits expense increased only 2% in the second quarter of 2021 primarily due to improved operational productivity, in spite of higher variable incentive compensation expense, merit increases and higher volumes. Salaries and employee benefits expense decreased 3% in the first half of 2021 primarily due to improved operational productivity and lower volumes, partially offset by higher variable incentive compensation expense and merit increases. Purchased transportation expense increased 12% in the second quarter of 2021 primarily due to higher utilization of third-party rail providers and increased rates from third-party motor providers.

Fuel expense decreased 32% in the second quarter and 39% in the first half of 2021 primarily due to lower fuel prices. The net impact of fuel had a slightly negative impact to operating income in the second quarter and first half of 2021 as lower fuel surcharges outpaced decreased fuel prices. See the "Fuel" section of this MD&A for a description and additional discussion of the net impact of fuel on our operating results.

FINANCIAL CONDITION

LIQUIDITY

Cash and cash equivalents totaled \$8.3 billion at November 30, 2020, compared to \$4.9 billion at May 31, 2020. The following table provides a summary of our cash flows for the six-month periods ended November 30 (in millions):

	2020	2019
Operating activities:		
Net income	\$ 2,471	\$ 1,305
Noncash charges and credits	3,808	3,322
Changes in assets and liabilities	(1,049)	(2,553)
Cash provided by operating activities	<u>5,230</u>	<u>2,074</u>
Investing activities:		
Capital expenditures	(2,826)	(3,266)
Proceeds from asset dispositions and other	14	4
Cash used in investing activities	<u>(2,812)</u>	<u>(3,262)</u>
Financing activities:		
Proceeds from short-term borrowings, net	—	150
Principal payments on debt	(75)	(1,021)
Proceeds from debt issuances	970	2,093
Proceeds from stock issuances	431	26
Dividends paid	(341)	(339)
Purchase of treasury stock	—	(3)
Other, net	(12)	(5)
Cash provided by financing activities	<u>973</u>	<u>901</u>
Effect of exchange rate changes on cash	67	(1)
Net increase (decrease) in cash and cash equivalents	<u>\$ 3,458</u>	<u>\$ (288)</u>
Cash and cash equivalents at the end of period	<u>\$ 8,339</u>	<u>\$ 2,031</u>

Cash flows from operating activities increased \$3.2 billion in the first half of 2021 primarily due to higher net income and lower pension contributions. Capital expenditures decreased during the first half of 2021 primarily due to lower spending related to vehicles and facilities across all of our transportation segments. See the “Capital Resources” section of this MD&A for a discussion of capital expenditures during 2021 and 2020.

During August 2020, FedEx Express issued \$970 million of Pass Through Certificates, Series 2020-1AA (the “Certificates”) with a fixed interest rate of 1.875% due in February 2034 utilizing pass through trusts. The Certificates are secured by 19 Boeing aircraft. The payment obligations of FedEx Express in respect of the Certificates are fully and unconditionally guaranteed by FedEx. FedEx Express is using the proceeds from the issuance for general corporate purposes. See Note 4 of the accompanying consolidated financial statements for additional information regarding the terms of the Certificates.

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 periods ended November 30 (in millions):

	Three Months Ended		Six Months Ended		Percent Change 2020/2019	
	2020	2019	2020	2019	Three Months Ended	Six Months Ended
	Aircraft and related equipment	\$ 500	\$ 587	\$ 1,273	\$ 1,128	(15)
Package handling and ground support equipment	344	267	561	408	29	38
Vehicles and trailers	104	399	141	660	(74)	(79)
Information technology	177	243	371	465	(27)	(20)
Facilities and other	277	352	480	605	(21)	(21)
Total capital expenditures	<u>\$ 1,402</u>	<u>\$ 1,848</u>	<u>\$ 2,826</u>	<u>\$ 3,266</u>	(24)	(13)
FedEx Express segment	\$ 804	\$ 1,061	\$ 1,832	\$ 2,012	(24)	(9)
FedEx Ground segment	387	447	591	543	(13)	9
FedEx Freight segment	59	131	98	317	(55)	(69)
FedEx Services segment	129	154	247	305	(16)	(19)
Other	23	55	58	89	(58)	(35)
Total capital expenditures	<u>\$ 1,402</u>	<u>\$ 1,848</u>	<u>\$ 2,826</u>	<u>\$ 3,266</u>	(24)	(13)

Capital expenditures decreased during the first half of 2021 primarily due to lower spending related to vehicles and facilities across all of our transportation segments, as well as decreased spending on information technology at FedEx Services and FedEx Freight, partially offset by increased spending on package handling equipment at FedEx Ground and higher spending related to aircraft at FedEx Express.

GUARANTOR FINANCIAL INFORMATION

We are providing the following information in compliance with Rule 13-01 of Regulation S-X, "Financial Disclosures about Guarantors and Issuers of Guaranteed Securities" with respect to our senior unsecured debt securities and the Certificates. As of November 30, 2020, we had outstanding \$21.9 billion of senior unsecured debt securities and \$970 million of Certificates.

Substantially all of the senior unsecured notes were issued by FedEx under a shelf registration statement and are guaranteed by certain direct and indirect subsidiaries of FedEx ("Guarantor Subsidiaries"). FedEx owns, directly or indirectly, 100% of each Guarantor Subsidiary. The guarantees are (1) unsecured obligations of the respective Guarantor Subsidiary, (2) rank equally with all of their other unsecured and unsubordinated indebtedness, and (3) are full and unconditional and joint and several. If we sell, transfer or otherwise dispose of all of the capital stock or all or substantially all of the assets of a Guarantor Subsidiary to any person that is not an affiliate of FedEx, the guarantee of that Guarantor Subsidiary will terminate and holders of debt securities will no longer have a direct claim against such subsidiary under the guarantee.

Additionally, FedEx fully and unconditionally guarantees the payment obligations of FedEx Express in respect of the Certificates. See Note 6 to the financial statements included in our Annual Report for additional information regarding the terms of the senior unsecured debt securities and Note 4 of the accompanying consolidated financial statements for additional information regarding the terms of the Certificates.

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

Parent and Guarantor Subsidiaries

The following table presents the summarized balance sheet information as of November 30, 2020 and May 31, 2020 (in millions):

	November 30, 2020	May 31, 2020
Current Assets	\$ 14,448	\$ 11,014
Intercompany Receivable	3,866	3,985
Total Assets	81,975	62,089
Current Liabilities	8,392	7,030
Intercompany Payable	—	519
Total Liabilities	53,505	49,844

The following table presents the summarized statement of income information for the six-month period ended November 30, 2020 (in millions):

Revenue	\$ 29,141
Intercompany Charges, net	(1,434)
Operating Income	2,206
Intercompany Charges, net	71
Income Before Income Taxes	2,354
Net Income	\$ 2,028

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

Parent Guarantor and Subsidiary Issuer

The following table presents the summarized balance sheet information as of November 30, 2020 and May 31, 2020 (in millions):

	November 30, 2020	May 31, 2020
Current Assets	\$ 7,065	\$ 4,444
Intercompany Receivable	1,220	3,918
Total Assets	62,730	57,375
Current Liabilities	4,205	3,546
Intercompany Payable	6,233	7,853
Total Liabilities	46,161	45,140

The following table presents the summarized statement of income information for the six-month period ended November 30, 2020 (in millions):

Revenue	\$ 10,988
Intercompany Charges, net	(575)
Operating Income	667
Intercompany Charges, net	274
Income Before Income Taxes	1,773
Net Income	\$ 1,727

LIQUIDITY OUTLOOK

In response to current business and economic conditions as referenced above in the “Outlook” section of this MD&A, we have and will continue to actively manage our cash flow, defer certain expenditures and seek to protect capital for unforeseen challenges from the ongoing pandemic. With over \$8.3 billion in cash and \$3.5 billion in available liquidity under our \$2.0 billion five-year credit agreement (the “Five-Year Credit Agreement”) and \$1.5 billion 364-day credit agreement (“the 364-Day Credit Agreement” and together with the Five-Year Credit Agreement, the “Credit Agreements”), we believe that our cash and cash equivalents, cash flow from operations and available financing sources will be adequate to meet internal and external liquidity needs. As business and economic conditions improve, we will be evaluating our capital allocation strategy with a priority on strengthening our balance sheet.

Our cash and cash equivalents balance at November 30, 2020 includes \$1.9 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 \$5.1 billion in 2021, a \$0.8 billion decrease from 2020. The slight increase in our expected capital expenditures from the estimate in our Annual Report is due to capital investment for additional capacity initiatives in support of increased volumes. Total capital expenditures will include aircraft modernization at FedEx Express and strategic investments to improve productivity and safety. We invested \$1.3 billion in aircraft and related equipment in the first half of 2021 and expect to invest an additional \$450 million for aircraft and related equipment during the remainder of 2021. In addition, we are making investments over multiple years of approximately \$1.5 billion to significantly expand the FedEx Express Indianapolis hub and approximately \$1.5 billion to modernize the FedEx Express Memphis World Hub. We expect these investments in hubs will provide productivity gains. We anticipate that our cash flow from operations will be sufficient to fund our capital expenditures for the remainder of 2021. Historically, we have been successful in obtaining unsecured financing from both domestic and international sources, although the marketplace for such investment capital can become restricted depending on a variety of economic factors.

During the first quarter of 2021, FedEx Express executed a contract amendment rescheduling Boeing 767-300 Freighter aircraft deliveries as follows: 2021 – 18 aircraft; 2022 – 11 aircraft; 2023 – 13 aircraft; and 2024 – 4 aircraft.

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

The Five-Year Credit Agreement expires in March 2025 and includes a \$250 million letter of credit sublimit. The 364-Day Credit Agreement expires in March 2021. The Credit Agreements are available to finance our operations and other cash flow needs. See Note 1 and Note 4 of the accompanying unaudited condensed consolidated financial statements for a description of the terms and significant covenants of the Credit Agreements.

Contributions to our tax-qualified U.S. domestic pension plans (“U.S. Pension Plans”) are not required during 2021; however, we may make voluntary contributions in the second half of 2021. Our U.S. Pension Plans have ample funds to meet expected benefit payments.

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

CONTRACTUAL CASH OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

There have been no material changes to the contractual commitments described in Part II, Item 7 in our Annual Report.

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

See Note 9 of the accompanying unaudited condensed consolidated financial statements for additional information on our purchase commitments.

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 (the “DOC”) from enforcing prohibitions contained in the Export Administration Regulations against FedEx. On September 11, 2020, the court granted the DOC’s motion to dismiss the lawsuit. On November 5, 2020, we appealed this decision.

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.

GOODWILL. Goodwill is tested for impairment between annual tests whenever events or circumstances make it more likely than not that the fair value of a reporting unit has fallen below its carrying value. We do not believe there has been any other change of events or circumstances that would indicate that a reevaluation of the goodwill of our reporting units is required as of November 30, 2020, nor do we believe the goodwill of our reporting units is at risk of failing impairment testing. For additional details on goodwill impairment testing, refer to Note 1 to the financial statements included in our Annual Report.

Information regarding our critical accounting estimates can be found in our Annual Report, including Note 1 to the financial statements therein. 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.

FORWARD-LOOKING STATEMENTS

Certain statements in this report, including (but not limited to) those contained in “Income Taxes,” “Business Acquisitions,” “Outlook” and “Liquidity Outlook” and the “General,” “Financing Arrangements,” “Income Taxes,” “Retirement Plans,” “Commitments” and “Contingencies” notes to our unaudited condensed 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 and the assumptions underlying such statements. 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, potential risks and uncertainties, such as:

- the negative impacts of the COVID-19 pandemic;
- economic conditions in the global markets in which we operate;
- significant changes in the volumes of shipments transported through our networks, customer demand for our various services or the prices we obtain for our services;
- anti-trade measures and additional changes in international trade policies and relations;
- a significant data breach or other disruption to our technology infrastructure;
- our ability to successfully integrate the businesses and operations of FedEx Express and TNT Express in the expected time frame and at the expected cost and to achieve the expected benefits from the combined businesses;
- our ability to continue to transform and optimize the FedEx Express international business, particularly in Europe;
- our ability to successfully implement our business strategy, effectively respond to changes in market dynamics and achieve the anticipated benefits and associated cost savings of such strategies and actions;
- damage to our reputation or loss of brand equity;
- our ability to retain and attract employee talent and maintain our company culture;

- the impact of the United Kingdom’s withdrawal from the European Union and the terms of their future trading relationship beyond December 31, 2020;
- the price and availability of jet and vehicle fuel;
- our ability to manage our network capacity and cost structure for capital expenditures and operating expenses, and match it to shifting and future customer volume levels;
- the impact of intense competition on our ability to maintain or increase our prices (including our fuel surcharges in response to rising fuel costs) or to maintain or grow our revenue and market share;
- any impacts on our businesses resulting from evolving or new U.S. domestic or international government regulations, laws, policies and actions, which could be unfavorable to our business, including regulatory or other actions affecting data privacy and sovereignty, global aviation or other transportation rights, increased air cargo, pilot flight and duty time and other security or safety requirements, export controls, the use of new technology and accounting, trade (such as protectionist measures or restrictions on free trade), foreign exchange intervention in response to currency volatility, labor (such as joint employment standards, changes to the Railway Labor Act of 1926, as amended, affecting FedEx Express employees or increased minimum wage requirements), environmental (such as global climate change legislation) or postal rules;
- future changes in tax laws and regulations, interpretations, challenges or judicial decisions related to our tax positions;
- our ability to successfully complete the acquisition of ShopRunner;
- our ability to execute and effectively operate, integrate, leverage and grow acquired businesses and to continue to support the value we allocate to these acquired businesses, including their goodwill and other intangible assets, as well as additional costs incurred in connection with the integration of acquired businesses;
- our ability to maintain good relationships with our employees and avoid attempts by labor organizations to organize groups of our employees, which could significantly increase our operating costs and reduce our operational flexibility;
- the impact of costs related to lawsuits in which it is alleged that FedEx Ground should be treated as an employer of drivers employed by service providers engaged by FedEx Ground;
- increased insurance and claims expenses related to vehicle accidents, workers’ compensation claims and general business liabilities;
- any impact on our business from disruptions or modifications in service by, or changes in the business or financial soundness of, the U.S. Postal Service, which is a vendor and significant customer of FedEx;
- the impact of any international conflicts or terrorist activities on the United States and global economies in general, the transportation industry or us in particular, and what effects these events will have on our costs or the demand for our services;
- increasing costs, the volatility of costs and funding requirements and other legal mandates for employee benefits, especially pension and healthcare benefits;
- our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography;
- our ability to successfully mitigate unique technological, operational and regulatory risks related to our autonomous delivery strategy;
- constraints, volatility or disruption in the capital markets and our ability to maintain our current credit ratings, commercial paper ratings, senior unsecured debt credit ratings and Credit Agreement financial covenants;
- widespread outbreak of an illness or any other communicable disease, or any other public health crisis;
- human capital management risks, including changes in our ability to attract and retain drivers, package and freight handlers, commercial pilots and other employees, as well as health and safety issues;

- 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;
- any liability resulting from and the costs of defending against class-action, derivative 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 10 of the accompanying unaudited condensed 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) and with the union elected in 2015 to represent drivers at a FedEx Freight, Inc. facility in the U.S.;
- 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;
- 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; and
- other risks and uncertainties you can find in our press releases and SEC filings, including the risk factors identified under the heading “Risk Factors” in “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in our Annual Report, as updated by our quarterly reports on Form 10-Q.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of November 30, 2020, there were no material changes in our market risk sensitive instruments and positions since our disclosures in our Annual Report.

The principal foreign currency exchange rate risks to which we are exposed relate to 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 revenue than our expenses, as a significant portion of our expenses are denominated in U.S. dollars, such as aircraft and fuel expenses. During the first half of 2021, the U.S. dollar weakened relative to the currencies of the foreign countries in which we operate, as compared to the first six months of 2020, and this weakening had a slightly positive impact on our results.

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 “Fuel” section of “Management’s Discussion and Analysis of Results of Operations and Financial Condition.”

Item 4. 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 November 30, 2020 (the end of the period covered by this Quarterly Report on Form 10-Q).

During our fiscal quarter ended November 30, 2020, 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. Due to the COVID-19 pandemic, the majority of our accounting, finance and legal employees continued working remotely. We continue to monitor the COVID-19 pandemic and its effects on the design and operating effectiveness of our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of all material pending legal proceedings, see Note 10 of the accompanying unaudited condensed consolidated financial statements.

Item 1A. Risk Factors

Other than the risk factors set forth below, there have been no material changes from the risk factors disclosed in our Annual Report (under the heading “Risk Factors” in “Management’s Discussion and Analysis of Results of Operations and Financial Condition”) in response to Part I, Item 1A of Form 10-K.

The COVID-19 pandemic has had certain adverse effects on our business, results of operations and financial condition, and we expect such adverse effects will continue. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. Due to the crucial role we play in moving supply chains and delivering critical relief, we are considered an essential business and we continue to operate under and respond to evolving governmental and other restrictions issued in the U.S. and globally. The disruption of global supply chains and the global economy has materially affected our business, results of operations and financial condition. We expect the full impact of the COVID-19 pandemic, including the extent of its effect on our financial condition and results of operations, to be dictated by future developments which remain uncertain and cannot be predicted, such as its duration and spread, the success of efforts to contain it and treat its impact, the possibility of additional subsequent widespread outbreaks, and the impact of actions taken in response. The COVID-19 pandemic has had, and we expect will continue to have, certain negative impacts on our business, including, but not limited to, the following:

- The COVID-19 pandemic has had a rapid and significant negative impact on the global economy. The disruption of global supply chains, interruption in economic activity, preventative measures taken to alleviate the pandemic (such as governmental and other restrictions and other responsive measures), and increased economic uncertainty caused by the pandemic have resulted in increased global economic weakness of an unknown duration. Although certain of the responsive measures and COVID-19-related restrictions moderated globally during the second quarter of 2021, the ongoing pandemic, including large outbreaks in various regions, has resulted, and may continue to result, in their reinstitution. Continued weak global economic conditions reduced business-to-business demand for certain of our services in the first half of 2021. The various governmental and other restrictions and slow down of commercial activities in major markets around the world has also led to unprecedented demand for residential delivery services, rivaling our peak holiday season traffic. During 2020, we incurred increased costs associated with this demand and lower composite yields than our typical service mix, and we continued to incur increased costs associated with this demand in the first half of 2021. Prolonged economic weakness, including an extended period of elevated levels of unemployment in the U.S. and other regions, could further reduce discretionary consumer spending and consumer confidence, which could have a further adverse effect on our results of operations.
- We have made significant operational adjustments to align our services with shipping volumes and operating conditions and to comply with evolving governmental orders, rules and regulations. As a result, we are incurring costs associated with network contingencies, including additional personnel to support operations through the peak season during the pandemic. We may continue to incur similar expenses in the future. If we are unable to remain agile and continue to flex our networks to align with shipping volumes, customer needs, market demands and operating conditions, or are unable to continuously respond to evolving governmental policies for the duration of a prolonged period of economic recovery, our business operations could be negatively impacted, which could have a further adverse effect on our results of operations.

- We rely on a global workforce and our business demands we take measures to protect the health and safety of our team members, customers and others with whom we do business, while continuing to effectively manage our employees and maintain business operations. We have taken additional measures and are incurring increased operating expenses related to personal protective equipment and medical/safety supplies, as well as additional security and cleaning services in order to protect our team members and customers during the COVID-19 pandemic, and continue to work with customers to accommodate special requests around modified store hours, closings, and delivery alternatives to comply with applicable government restrictions and safety guidance. Due to the size, scope and geographically dispersed nature of our operations, the expenses we incur to protect the health and safety of certain of our employees may be higher than similar expenses incurred by companies in other industries. Additionally, our business operations may be disrupted if a significant portion of our workforce is unable to work safely and effectively due to illness, quarantines, government actions, or other restrictions or measures responsive to the pandemic, or if members of senior management or our Board of Directors (the “Board”) are unable to perform their duties for an extended period of time. Measures taken across our business operations to address health and safety may not be sufficient to prevent the spread of COVID-19 among our team members, customers and others. Therefore, we could face operational disruptions and incur additional expenses, including devoting additional resources to assisting employees diagnosed with COVID-19 and further changing health and safety protocols and processes, that could adversely affect our business and results of operations.
- A significant number of our employees as well as customers and others with whom we do business continue to work remotely in response to the COVID-19 pandemic. Our business operations may be disrupted, and we may experience increased risk of adverse effects to our business, if a significant portion of our workforce or certain business operations are negatively impacted as a result of remote work arrangements, including due to cyber risks or other disruption to our technology infrastructure. Further, if our FedEx Express Memphis World Hub or another key operating facility experiences closures or worker shortages as a result of COVID-19, whether temporary or sustained, our business operations would be significantly disrupted.
- Cost management and various cost-containment actions implemented across our business in response to the COVID-19 pandemic could hinder execution of our business strategy, including deferral of certain planned capital projects. Planned 2021 capital expenditures are below 2020 levels, as we have decreased planned spending on vehicles and trailers, delayed certain facility expansions and postponed certain information technology initiatives. The COVID-19 pandemic has also delayed completion of capital improvements and certain other initiatives in Europe related to the integration of TNT Express. These actions could result in increased costs to successfully implement our business strategy and effectively respond to changes in market dynamics, and could adversely affect our business and results of operations. For additional discussion, see Part I, Item 1 of our Annual Report under the caption “Strategy.”
- We cannot be certain that loss or delay in the collection of accounts receivable will not have a material adverse effect on our results of operations and financial condition. For additional discussion, see Part II, Item 7 of our Annual Report under the caption “Liquidity Outlook.”

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many other risks described under the heading “Risk Factors” in our Annual Report, any of which could materially and adversely affect our business, results of operations and financial condition. Such risks include, but are not limited to, additional changes in international trade policies and relations; our ability to successfully integrate the businesses and operations of FedEx Express and TNT Express in the expected time frame and at the expected cost; our strong reputation and the value of the FedEx brand; our ability to manage our capital intensive businesses; changes to the business and financial soundness of the U.S. Postal Service; workforce availability; employee healthcare benefit costs; constraints, volatility or disruption in the capital markets and our ability to access sources of financing and liquidity; and the impact of litigation or claims from customers, team members, suppliers, regulators or other third parties relating to the COVID-19 pandemic or our actions in response to the pandemic.

The United Kingdom’s withdrawal from the European Union (“EU”) could adversely impact our business, results of operations and financial condition. On January 31, 2020, the United Kingdom left the EU (“Brexit”). The United Kingdom and EU are now in a transitional period during which the United Kingdom will maintain access to the EU single market and to the global trade deals negotiated by the EU on behalf of its members, and remain subject to EU law, until December 31, 2020.

The uncertainty regarding the status of Brexit has negatively impacted the United Kingdom’s and the EU’s economies. This negative impact will likely continue until the United Kingdom and EU reach and implement a definitive resolution on their future trading relationship. Any additional impact of Brexit will depend on the terms of such resolution, if one is ultimately reached. Even if the United Kingdom maintains access to the EU single market and trade deals following the transition period, Brexit could result in further economic downturn globally. If the United Kingdom ultimately loses access to the EU single market and trade deals, significant market and economic disruption would likely occur, our customer experience, service quality and international operations would likely be negatively impacted, and the demand for our services could be depressed. As of December 17, 2020, the United Kingdom and EU have not reached a resolution regarding their future trading relationship beyond December 31, 2020.

Additionally, we may face new regulations regarding trade, aviation, tax, 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not repurchase any shares of FedEx common stock during the second quarter of 2021.

On January 26, 2016, we announced a stock repurchase program approved by our Board, 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 December 15, 2020, 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. See Note 1 of the accompanying unaudited condensed consolidated financial statements for further discussion.

Item 5. Other Information

Compensatory Arrangements of Certain Officers

In June 2020, we announced that given then-current economic and business uncertainty resulting from the COVID-19 pandemic, there would not be an annual incentive compensation plan for executive officers for fiscal 2021. In September 2020, based on strong financial results for the first quarter of fiscal 2021, FedEx's Board, upon the recommendation of its Compensation Committee, approved an annual incentive plan for FedEx's employees, excluding executive officers (the "fiscal 2021 AIC Plan"). On December 14, 2020, the Board, upon the recommendation of its Compensation Committee, approved including FedEx's executive officers in the fiscal 2021 AIC Plan. The decision to include executive officers in the plan was based on FedEx's strong financial results for the first half of fiscal 2021 due in part to the leadership provided by the executive officers and successful execution of FedEx's strategies during the COVID-19 pandemic.

In order to continue motivating management to improve FedEx's overall financial performance, the performance measure selected for the fiscal 2021 AIC Plan is consolidated operating income. The consolidated operating income threshold, target, and maximum objectives under the fiscal 2021 AIC plan are specified levels of fiscal 2021 consolidated operating income. Actual consolidated operating income performance that exceeds the fiscal 2021 target objective for consolidated operating income under the fiscal 2021 AIC plan will result in an above-target payout opportunity, up to the maximum payout amount.

The maximum payout opportunity under the plan for each executive officer is 150% of the target amount. However, the actual payout for plan participants, including all executive officers other than FedEx's Chairman of the Board and Chief Executive Officer ("Chairman and CEO"), may be adjusted downward depending on the achievement level of their respective individual performance objectives, as determined by the Chairman and CEO or President and Chief Operating Officer, as applicable. The AIC payout amount for the Chairman and CEO may be adjusted upward or downward by the independent Board members based on their annual evaluation of his performance, which will consider factors including (but not limited to) FedEx's stock price performance, market share, analyst ratings, and performance versus competitors. In addition, the independent directors will consider the achievement of the Chairman and CEO's individual objectives for fiscal 2021.

The fiscal 2021 AIC target payouts for FedEx's named executive officers, as a percentage of their respective base salary actually paid during fiscal 2021, are as follows:

Name	Target Payout (as a percentage of base salary)
Frederick W. Smith Chairman of the Board and Chief Executive Officer	165%
Michael C. Lenz Executive Vice President and Chief Financial Officer	120%
Rajesh Subramaniam President and Chief Operating Officer	140%
Donald F. Collieran President and Chief Executive Officer Federal Express Corporation	120%
Robert B. Carter Executive Vice President, FedEx Information Services and Chief Information Officer	120%
Alan B. Graf, Jr.* Former Chief Financial Officer	120%

* Mr. Graf served as FedEx's Executive Vice President and Chief Financial Officer until September 21, 2020 and will retire effective December 31, 2020. He is eligible to receive a pro rata payout under the fiscal 2021 AIC plan based on the portion of the plan period during which he is employed.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
*^10.1	Amendment dated September 4, 2020 (but effective as of January 6, 2020), amending the Transportation Agreement dated April 23, 2013 between the United States Postal Service and FedEx Express (the “USPS Transportation Agreement”).
*^10.2	Amendment dated September 4, 2020 (but effective as of February 3, 2020), amending the USPS Transportation Agreement.
*^10.3	Amendment dated September 30, 2020 (but effective as of March 2, 2020), amending the USPS Transportation Agreement.
*^10.4	Amendment dated October 22, 2020 (but effective as of June 29, 2020), amending the USPS Transportation Agreement.
*^10.5	Amendment dated October 22, 2020 (but effective as of August 3, 2020), amending the USPS Transportation Agreement.
*^10.6	Amendment dated October 22, 2020 (but effective as of August 31, 2020), amending the USPS Transportation Agreement.
*^10.7	Amendment dated October 22, 2020 (but effective as of March 30, 2020), amending the USPS Transportation Agreement.
10.8	Amendment dated October 30, 2020 (but effective as of October 23, 2020), amending the USPS Transportation Agreement.
*^10.9	Amendment dated November 5, 2020 (but effective as of May 4, 2020), amending the USPS Transportation Agreement.
15.1	Letter re: Unaudited Interim Financial Statements.
22	List of Guarantor Subsidiaries and Subsidiary Issuers of Guaranteed Securities.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language (“Inline XBRL”).
104.1	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101.1).

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

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

SIGNATURE

Pursuant to the requirements 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.

Date: December 17, 2020

FEDEX CORPORATION

/s/ JOHN L. MERINO

JOHN L. MERINO

CORPORATE VICE PRESIDENT AND
PRINCIPAL ACCOUNTING OFFICER

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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE	OF
				1	2
2. AMENDMENT/MODIFICATION NO. 180	3. EFFECTIVE DATE 01/06/2020	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)		
6. ISSUED BY CODE 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	5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		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		
			10B. DATED (SEE ITEM 13) 04/23/2013		
SUPPLIER CODE: 000389122	FACILITY CODE				

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered Solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers 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:	[*]
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
(x)	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A		
<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 76 (January 2020) 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 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.

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 Continued...

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS (Signature of person authorized to sign)	15C. DATE SIGNED 9-3-20	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN (Signature of Contracting Officer)	16C. DATE SIGNED 9-4-20

* 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.		PAGE	OF
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER/AGENCY CONTRACT NO		SOLICITATION NO.	
ACN-13-FX/180		01/06/2020				
ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
9	<p>paid as part of the Operating Period reconciliation.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms:</p> <p style="text-align: center;">See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows:</p> <p>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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE	OF
				1	2
2. AMENDMENT/MODIFICATION NO. 181	3. EFFECTIVE DATE 02/03/2020	4. REQUISITION/PURCHASE REQ. NO.		5. PROJECT NO. (If applicable)	
6. ISSUED BY CODE 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	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		
			10B. DATED (SEE ITEM 13) 04/23/2013		
SUPPLIER CODE: 000389122	FACILITY CODE				

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered Solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers 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:	[*]
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
(x)	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A		
<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 77 (February 2020) 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 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.

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 Continued...

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS (Signature of person authorized to sign)	15C. DATE SIGNED 9-3-20	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN (Signature of Contracting Officer)	16C. DATE SIGNED 9-4-20

* 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.		PAGE	OF
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER/AGENCY CONTRACT NO		SOLICITATION NO.	
ACN-13-FX/181		02/03/2020			SOLICITATION ISSUE DATE	
ITEM NO	SCHEDULE OF SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
9	<p>paid as part of the Operating Period reconciliation.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms:</p> <p style="text-align: center;">See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows:</p> <p>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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE	OF
				1	2
2. AMENDMENT/MODIFICATION NO. 182	3. EFFECTIVE DATE 03/02/2020	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)		
6. ISSUED BY CODE 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	5ACAAQ	7. ADMINISTERED BY (IF OTHER THAN ITEM 6) CODE Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650		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		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered Solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers 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:	[*]
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.			
(x)	A. THIS CHANGE BY CLAUSE IS ISSUED PURSUANT TO: (Specify clause) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A		
<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 78 (March 2020) 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 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.

FedEx will notify the Postal Service if the tender requirement is different than what is Continued...

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Ron D. Stevens, Vice President		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Brian Mckain	
15B. CONTRACTOR/OFFEROR /s/ RON D. STEVENS (Signature of person authorized to sign)	15C. DATE SIGNED 9-30-20	16B. CONTRACT AUTHORITY /s/ BRIAN MCKAIN (Signature of Contracting Officer)	16C. DATE SIGNED 9-30-20

* 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.		PAGE	OF				
CONTRACT/ORDER NO. ACN-13-FX/182			AWARD/ EFFECTIVE DATE 03/02/2020		MASTER/AGENCY CONTRACT NO		SOLICITATION NO.		SOLICITATION ISSUE DATE	
ITEM NO	SCHEDULE OF SUPPLIES/SERVICES			QUANTITY	UNIT	UNIT PRICE	AMOUNT			
9	<p>currently in the contract. Delivery does not change. Payments for said charters will be paid as part of the Operating Period reconciliation.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms:</p> <p style="text-align: center;">See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows:</p> <p>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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 183	2. EFFECTIVE DATE 06/29/2020	3. REQUISITION NO.	PAGE OF 1 2
4. 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	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	CODE 5ACAAQ
TELEPHONE EMAIL	FAX		
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	
TELEPHONE EMAIL	FAX	7B. DATED (SEE ITEM 9)	
		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
		8B. DATED (SEE ITEM 10) 04/23/2013	
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors 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 6 and 13, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.	
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties

E. IMPORTANT: Supplier is not, is required to sign this document and return 1 copies to the issuing office.

<p>11. DESCRIPTION OF AMENDMENT/MODIFICATION</p> <p>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 June 29, 2020 to August 2, 2020 (Operating Period 82) as follows:</p> <p>TIERS: Base – Tier 5 From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. Continued...</p> <p>Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remain unchanged and in full force and effect.</p>
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12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL: 10-22-20	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov 10-22-20	

* 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.

PAGE OF
2 2

CONTRACT/ORDER NO.

AWARD/
EFFECTIVE DATE
06/29/2020

MASTER CONTRACT NO

SOLICITATION NO.

SOLICITATION
ISSUE DATE

ACN-13-FX/183

ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
1	<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>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms: See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 1 to read as follows:</p> <p>Day Network</p> <p>Account Number: 53503</p> <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 regarding 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>				[*]

* 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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 184	2. EFFECTIVE DATE 08/03/2020	3. REQUISITION NO.	PAGE OF 1 2
4. 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	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	CODE 5ACAAQ
TELEPHONE	FAX		
EMAIL			
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	
TELEPHONE	FAX	7B. DATED (SEE ITEM 9)	
EMAIL		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
		8B. DATED (SEE ITEM 10) 04/23/2013	
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors 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 6 and 13, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.	
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties

E. IMPORTANT: Supplier is not, is required to sign this document and return 1 copies to the issuing office.

11. DESCRIPTION OF AMENDMENT/MODIFICATION 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 August 3, 2020 to August 30, 2020 (Operating Period 83) as follows: TIERS: Base – Tier 5 From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. Continued... Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remains unchanged and in full force and effect.
--

12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL: 10-22-20	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov 10-22-20	

* 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.		PAGE OF	
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER CONTRACT NO		SOLICITATION NO.	
ACN-13-FX/184		08/03/2020			SOLICITATION ISSUE DATE	
ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
1	<p>TIERS: 6 - 8</p> <p>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>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms: See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 1 to read as follows:</p> <p>Day Network</p> <p>Account Number: 53503</p> <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 regarding 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>				[*]	

* 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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 185	2. EFFECTIVE DATE 08/31/2020	3. REQUISITION NO.	PAGE OF 1 2
4. 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	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	CODE 5ACAAQ
TELEPHONE	FAX		
EMAIL			
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	
TELEPHONE	FAX	7B. DATED (SEE ITEM 9)	
EMAIL		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
		8B. DATED (SEE ITEM 10) 04/23/2013	
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors 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 6 and 13 and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment and is received prior to the opening hour and date specified.

10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.	
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties

E. IMPORTANT: Supplier is not, is required to sign this document and return 1 copies to the issuing office.

11. DESCRIPTION OF AMENDMENT/MODIFICATION 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 August 31, 2020 to September 27, 2020 (Operating Period 84) as follows: TIERS: Base – Tier 5 From: [*] per cubic foot To: [*] per cubic foot This is an increase of [*]. Continued... Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remains unchanged and in full force and effect.
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12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL: 10-22-20	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov 10-22-20	

* 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.		PAGE OF	
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER/CONTRACT NO.		SOLICITATION NO.	
ACN-13-FX/185		08/31/2020				
ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
1	<p>TIERS: 6 - 8</p> <p>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>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms: See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 1 to read as follows:</p> <p>Day Network</p> <p>Account Number: 53503</p> <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 regarding 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>				[*]	

* 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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 186	2. EFFECTIVE DATE 03/30/2020	3. REQUISITION NO.	PAGE OF 1 2
4. 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	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	CODE 5ACAAQ
TELEPHONE EMAIL	FAX		
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	
TELEPHONE EMAIL	FAX	7B. DATED (SEE ITEM 9)	
		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
		8B. DATED (SEE ITEM 10) 04/23/2013	
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors 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 6 and 13, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.	
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties

E. IMPORTANT: Supplier is not, is required to sign this document and return 1 copies to the issuing office.

<p>11. DESCRIPTION OF AMENDMENT/MODIFICATION</p> <p>The purpose of this modification is to incorporate Operating Period 79 (April 2020) Charters into the ACN-13-FX contract, with the following conditions:</p> <p>A) Once the Charters are scheduled they cannot be canceled. B) All Service and Scan 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.</p> <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 Continued...</p> <p>Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remains unchanged and in full force and effect.</p>

12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL:	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov	
10-21-20		10-22-20

CONTINUATION SHEET			REQUISITION NO.		PAGE OF	
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER CONTRACT NO.		SOLICITATION NO.	
ACN-13-FX/186		03/30/2020				
ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
9	<p>paid as part of the Operating Period reconciliation.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms:</p> <p style="text-align: center;">See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows:</p> <p>Ad Hoc Charter Option</p> <p>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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 187	2. EFFECTIVE DATE 10/23/2020	3. REQUISITION NO.	PAGE OF 1 4
4. 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 TELEPHONE FAX EMAIL	CODE 5ACAAQ	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	CODE 5ACAAQ
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800 TELEPHONE FAX EMAIL	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	7B. DATED (SEE ITEM 9)
		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	8B. DATED (SEE ITEM 10) 04/23/2013
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			
<input type="checkbox"/> The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended.			
Offerors 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 6 and 13, and returning <u>1</u> copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.			
10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.			
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)		
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.		
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.		
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties		
E. IMPORTANT: Supplier <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office.			
11. DESCRIPTION OF AMENDMENT/MODIFICATION This modification changes the Personnel Screening requirements in the Statement of Work and Terms and Conditions. In Section b. Criminal History, the language changes: FROM i. Has not been convicted of a felony criminal violation in the past five (5) years; ii. Has not been convicted of serious criminal charges (e.g. murder, rape, robbery, Continued... Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remain unchanged and in full force and effect.			
12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE	
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL: 10-30-2020	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov 10-30-2020		

CONTINUATION SHEET

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CONTRACT/ORDER NO.

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EFFECTIVE DATE
10/23/2020

MASTER CONTRACT NO.

SOLICITATION NO.

SOLICITATION
ISSUE DATE

ACN-13-FX/187

ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>burglary, physical assaults, weapons violations, or drug charges (felony or misdemeanor));</p> <p>iii. Does not have any pending felony or serious criminal charges; and</p> <p>iv. Is not on parole for or probation for any felony or serious criminal charges.</p> <p>TO</p> <p>i. Has not been convicted, in the past (5) years, of a criminal violation which would result in imprisonment of greater than one year;</p> <p>ii. Has not been convicted of serious criminal charges (e.g. murder, rape, robbery, burglary, physical assaults, weapons violations, or drug charges (excluding marijuana, within the past five (5) years;</p> <p>iii. Does not have any pending felony or serious criminal charges;</p> <p>iv. Is not on parole for or probation for any felony or serious criminal charges; and</p> <p>v. Has not failed to register as a sex offender if required by the state of residency.</p> <p>In Section 4. Denial, the language changes:</p> <p>FROM</p> <p>a. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has not received a security screening in accordance with the criteria listed above under Personnel Screening.</p> <p>b. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has been convicted of, or is on probation or parole for, or under suspended sentence for assault, theft, or weapons charges or for the</p> <p>Continued...</p>				

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CONTRACT/ORDER NO.

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MASTER CONTRACT NO.

SOLICITATION NO.

SOLICITATION
ISSUE DATE

ACN-13-FX/187

ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>illegal use, possession, sale, or transfer of controlled substances during the past five (5) years.</p> <p>c. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has been convicted of any criminal felony violation during the past five (5) years, who is on parole, probation, or suspended sentence for commission of a criminal felony during the past five (5) years.</p> <p>d. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has ever been convicted of theft of mail or other Postal offense.</p> <p>e. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has an active warrant or is on probation or is on parole.</p> <p>f. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has any pending felony or serious criminal charges.</p> <p>g. Any other circumstances that in the determination of the Postal Service makes the individual unfit to provide services under this contract.</p> <p>TO</p> <p>a. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has not received a security screening in accordance with the criteria listed above under Personnel Screening.</p> <p>b. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has been convicted of, or is on probation or parole for, or under suspended sentence for a serious criminal offense (excluding convictions involving marijuana) during the past five (5) years. Continued...</p>				

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CONTRACT/ORDER NO.

AWARD/
EFFECTIVE DATE
10/23/2020

MASTER CONTRACT NO.

SOLICITATION NO.

SOLICITATION
ISSUE DATE

ACN-13-FX/187

ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
	<p>c. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has been convicted of any criminal felony violation during the past five (5) years, or is on parole, probation, or suspended sentence for commission of a criminal felony during the past five (5) years.</p> <p>d. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has ever been convicted of or identified in the records of the Postal Inspection Service or the USPS Office of Inspector General for theft of mail or other postal related criminal violation (state and federal).</p> <p>e. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has an active warrant.</p> <p>f. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has any pending felony or serious criminal charges.</p> <p>g. An aviation supplier, subcontractor, or employee of an aviation supplier or subcontractor who has failed to register as a sex offender if required by the state of residency.</p> <p>h. Any other circumstances that in the determination of the Postal Service makes the individual unfit to provide services under this contract.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Period of Performance: 09/30/2013 to 09/29/2024</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.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			
1. AMENDMENT/MODIFICATION NO. 188	2. EFFECTIVE DATE 05/04/2020	3. REQUISITION NO.	PAGE OF 1 2
4. 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	5. ADMINISTERED BY (if other than item 4) Cargo Air Acquisitions Air Transportation CMC United States Postal Service 475 L'Enfant Plaza SW, Room 1P650 Washington DC 20260-0650	
TELEPHONE EMAIL	FAX		
6. SUPPLIER NAME AND ADDRESS FEDERAL EXPRESS CORPORATION 3610 HACKS CROSS ROAD MEMPHIS TN 38125-8800	CODE 000389122	7A. AMENDMENT OF SOLICITATION NO.	
TELEPHONE EMAIL	FAX	7B. DATED (SEE ITEM 9)	
		x 8A. MODIFICATION OF CONTRACT/ORDER NO. ACN-13-FX	
		8B. DATED (SEE ITEM 10) 04/23/2013	
9. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS			

The above numbered Solicitation is amended as set forth in Items 7A and 11. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors 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 6 and 13, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or email which includes a reference to the solicitation and amendment number. YOUR OFFER MAY BE REJECTED IF ACKNOWLEDGEMENT OF THIS AMENDMENT IS NOT RECEIVED AT THE PLACE DESIGNATED AND PRIOR TO THE HOUR AND DATE SPECIFIED. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or email, provided each letter or email makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10. THIS ITEM APPLIES ONLY TO MODIFICATION OF CONTRACT / ORDER IN ITEM 8A. IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 11.	
<input type="checkbox"/>	A. THIS CHANGE IS ISSUED PURSUANT TO CLAUSE: (Specify clause by number and name)
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES.
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF MUTUAL AGREEMENT.
<input checked="" type="checkbox"/>	D. OTHER: (Specify type of modification and authority) Mutual Agreement of the Contracting Parties

E. IMPORTANT: Supplier is not, is required to sign this document and return 1 copies to the issuing office.

11. DESCRIPTION OF AMENDMENT/MODIFICATION
<p>The purpose of this modification is to incorporate Operating Period 80 (May 2020) Charters into the ACN-13-FX contract, with the following conditions:</p> <p>A) Once the Charters are scheduled they cannot be canceled. B) All Service and Scan 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.</p> <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 Continued...</p> <p>Except as provided herein, all terms and conditions of the document referenced in Item 7A or 8A, as heretofore changed, remain unchanged and in full force and effect.</p>

12. ACCOUNTING DATA	A. AWARD PAYMENT TERMS	B. NET CHANGE
13. SUPPLIER (Name, Date, Signature) Ron D. Stevens /s/ RON D. STEVENS TITLE: Vice President TELEPHONE: EMAIL: 11-4-2020	14. UNITED STATES POSTAL SERVICE (CO's Name, Date, Signature) Brian Mckain /s/ BRIAN MCKAIN TITLE: Contracting Officer TELEPHONE: EMAIL: brian.m.mckain@usps.gov 11-5-2020	

CONTINUATION SHEET			REQUISITION NO.		PAGE OF	
CONTRACT/ORDER NO.		AWARD/ EFFECTIVE DATE	MASTER CONTRACT NO.		SOLICITATION NO.	
ACN-13-FX/188		05/04/2020				
ITEM NO	DESCRIPTION OF GOODS/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
9	<p>paid as part of the Operating Period reconciliation.</p> <p>—</p> <p>Sub Rept Req'd: Y Carrier Code: FX Route Termini S: Various Route Termini End: Various Payment Terms: SEE CONTRACT Discount Terms:</p> <p style="text-align: center;">See Schedule</p> <p>Accounting Info: BFN: 670167 Period of Performance: 09/30/2013 to 09/29/2024</p> <p>Change Item 9 to read as follows:</p> <p>Ad Hoc Charter Option</p> <p>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.

To the Stockholders and Board of Directors

FedEx Corporation

We are aware of the incorporation by reference in the following Registration Statements of FedEx Corporation:

- (1) Registration Statement (Form S-8 No. 333-234010) pertaining to the 2019 Omnibus Stock Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-222198) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (3) Registration Statement (Form S-8 No. 333-192957) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (4) Registration Statement (Form S-8 No. 333-171232) pertaining to the 2010 Omnibus Stock Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-45037) pertaining to the Adjustment Program,
- (6) Registration Statement (Form S-8 No. 333-100572) pertaining to the 2002 Stock Incentive Plan,
- (7) Registration Statement (Form S-8 No. 333-111399) pertaining to the Incentive Stock Plan,
- (8) Registration Statement (Form S-8 No. 333-121418) pertaining to the Incentive Stock Plan,
- (9) Registration Statement (Form S-8 No. 333-130619) pertaining to the Incentive Stock Plan,
- (10) Registration Statement (Form S-8 No. 333-156333) pertaining to the Incentive Stock Plan, and
- (11) Registration Statement (Form S-3 No. 333-240157);

of our report dated December 17, 2020, relating to the unaudited condensed consolidated interim financial statements of FedEx Corporation that are included in its Form 10-Q for the quarter ended November 30, 2020.

/s/ Ernst & Young LLP

Memphis, Tennessee

December 17, 2020

LIST OF SUBSIDIARY GUARANTORS

As of November 30, 2020, each of the following subsidiaries of FedEx Corporation (“FedEx”) has guaranteed each of the senior unsecured debt securities issued by FedEx listed below. FedEx owns, directly or indirectly, 100% of each guarantor subsidiary. The guarantees are (1) unsecured obligations of the respective guarantor subsidiary, (2) rank equally with all of their other unsecured and unsubordinated indebtedness, and (3) are full and unconditional and joint and several.

NAME OF GUARANTOR SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
Federal Express Corporation	Delaware
FedEx Ground Package System, Inc.	Delaware
FedEx Freight Corporation	Delaware
FedEx Freight, Inc.	Arkansas
FedEx Corporate Services, Inc.	Delaware
FedEx Office and Print Services, Inc.	Texas
Federal Express Europe, Inc.	Delaware
Federal Express Holdings S.A., LLC	Delaware
Federal Express International, Inc.	Delaware

SENIOR UNSECURED DEBT SECURITIES OF FEDEX GUARANTEED BY THE GUARANTOR SUBSIDIARIES (1)

0.700% Note due 2022
 2.625% Note due 2022
 3.400% Note due 2022
 1.000% Note due 2023
 2.70% Note due 2023
 4.000% Note due 2024
 0.450% Note due 2025
 3.200% Note due 2025
 3.800% Note due 2025
 3.250% Note due 2026
 1.625% Note due 2027
 3.300% Note due 2027
 3.400% Note due 2028
 4.200% Note due 2028
 3.100% Note due 2029
 4.250% Note due 2030
 1.300% Note due 2031
 4.900% Note due 2034
 3.900% Note due 2035
 3.875% Note due 2042
 4.10% Note due 2043
 5.100% Note due 2044
 4.100% Note due 2045
 4.750% Note due 2045
 4.550% Note due 2046
 4.400% Note due 2047
 4.050% Note due 2048
 4.950% Note due 2048
 5.250% Note due 2050
 4.500% Note due 2065

(1) References are to calendar years.

SUBSIDIARY ISSUERS OF GUARANTEED SECURITIES

Pass through trusts formed by FedEx offer for sale pass through certificates of Federal Express Corporation (“FedEx Express”), a Delaware corporation and wholly-owned subsidiary of FedEx. Each pass through certificate represents an interest in a pass through trust. The property of the pass through trust includes equipment notes issued by FedEx Express. FedEx fully and unconditionally guarantees the payment obligations due on the equipment notes underlying the pass through certificates offered for sale by FedEx Express.

FedEx Express issued Pass Through Certificates, Series 2020-1AA with a fixed interest rate of 1.875% due February 2034 utilizing pass through trusts.

**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 quarterly report on Form 10-Q 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: December 17, 2020

/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, Michael C. Lenz, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: December 17, 2020

/s/ Michael C. Lenz

Michael C. Lenz

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 Quarterly Report of FedEx Corporation (“FedEx”) on Form 10-Q for the period ended November 30, 2020 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: December 17, 2020

/s/ Frederick W. Smith

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 Quarterly Report of FedEx Corporation (“FedEx”) on Form 10-Q for the period ended November 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael C. Lenz, 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: December 17, 2020

/s/ Michael C. Lenz

Michael C. Lenz

Executive Vice President and
Chief Financial Officer