

**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 August 31, 2024
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 1-15829

FedEx Corporation

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

942 South Shady Grove Road, Memphis, Tennessee

(Address of principal executive offices)

62-1721435

*(I.R.S. Employer
Identification No.)*

38120

(ZIP Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	FDX	New York Stock Exchange
0.450% Notes due 2025	FDX 25A	New York Stock Exchange
1.625% Notes due 2027	FDX 27	New York Stock Exchange
0.450% Notes due 2029	FDX 29A	New York Stock Exchange
1.300% Notes due 2031	FDX 31	New York Stock Exchange
0.950% Notes due 2033	FDX 33	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 September 17, 2024
244,323,464

FEDEX CORPORATION

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FEDEX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	August 31, 2024 (Unaudited)	May 31, 2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,943	\$ 6,501
Receivables, less allowances of \$702 and \$775	10,312	10,087
Spare parts, supplies, and fuel, less allowances of \$290 and \$288	611	614
Prepaid expenses and other	1,228	1,005
Total current assets	18,094	18,207
PROPERTY AND EQUIPMENT, AT COST		
Less accumulated depreciation and amortization	85,158	84,391
Net property and equipment	43,903	42,900
Net property and equipment	41,255	41,491
OTHER LONG-TERM ASSETS		
Operating lease right-of-use assets, net	17,094	17,115
Goodwill	6,512	6,423
Other assets	3,756	3,771
Total other long-term assets	27,362	27,309
	\$ 86,711	\$ 87,007

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

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

	August 31, 2024 (Unaudited)	May 31, 2024
LIABILITIES AND COMMON STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 622	\$ 68
Accrued salaries and employee benefits	2,336	2,673
Accounts payable	3,738	3,189
Operating lease liabilities	2,510	2,463
Accrued expenses	4,905	4,962
Total current liabilities	14,111	13,355
LONG-TERM DEBT, LESS CURRENT PORTION	19,664	20,135
OTHER LONG-TERM LIABILITIES		
Deferred income taxes	4,485	4,482
Pension, postretirement healthcare, and other benefit obligations	1,780	2,010
Self-insurance accruals	3,833	3,701
Operating lease liabilities	14,969	15,053
Other liabilities	693	689
Total other long-term liabilities	25,760	25,935
COMMITMENTS AND CONTINGENCIES		
COMMON STOCKHOLDERS' INVESTMENT		
Common stock, \$0.10 par value; 800 million shares authorized; 318 million shares issued as of August 31, 2024 and May 31, 2024	32	32
Additional paid-in capital	4,134	3,988
Retained earnings	38,767	38,649
Accumulated other comprehensive loss	(1,332)	(1,359)
Treasury stock, at cost	(14,425)	(13,728)
Total common stockholders' investment	27,176	27,582
	\$ 86,711	\$ 87,007

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	
	August 31, 2024	August 31, 2023
REVENUE	\$ 21,579	\$ 21,681
OPERATING EXPENSES:		
Salaries and employee benefits	7,785	7,785
Purchased transportation	5,275	5,036
Rentals and landing fees	1,161	1,151
Depreciation and amortization	1,078	1,071
Fuel	1,075	1,101
Maintenance and repairs	829	824
Business optimization costs	128	105
Other	3,168	3,123
	<u>20,499</u>	<u>20,196</u>
OPERATING INCOME	1,080	1,485
OTHER (EXPENSE) INCOME:		
Interest, net	(84)	(91)
Other retirement plans, net	49	39
Other, net	11	(10)
	<u>(24)</u>	<u>(62)</u>
INCOME BEFORE INCOME TAXES	1,056	1,423
PROVISION FOR INCOME TAXES	262	345
NET INCOME	<u>\$ 794</u>	<u>\$ 1,078</u>
EARNINGS PER COMMON SHARE:		
Basic	<u>\$ 3.24</u>	<u>\$ 4.28</u>
Diluted	<u>\$ 3.21</u>	<u>\$ 4.23</u>
DIVIDENDS DECLARED PER COMMON SHARE	<u>\$ 2.76</u>	<u>\$ 1.26</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	
	August 31, 2024	August 31, 2023
NET INCOME	\$ 794	\$ 1,078
OTHER COMPREHENSIVE INCOME (LOSS):		
Foreign currency translation adjustments, net of tax (expense)/benefit of (\$4) in 2024 and \$4 in 2023	29	(28)
Amortization of prior service credit, net of tax benefit of \$1 in 2024 and \$0 in 2023	(2)	(1)
	27	(29)
COMPREHENSIVE INCOME	\$ 821	\$ 1,049

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

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

	Three Months Ended	
	August 31, 2024	August 31, 2023
Operating Activities:		
Net income	\$ 794	\$ 1,078
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,078	1,071
Provision for uncollectible accounts	129	103
Other noncash items including leases and deferred income taxes	817	728
Stock-based compensation	48	56
Business optimization costs, net of payments	(69)	(73)
Changes in assets and liabilities:		
Receivables	(305)	(126)
Other assets	(223)	(131)
Accounts payable and other liabilities	(1,105)	(470)
Other, net	23	(6)
Cash provided by operating activities	<u>1,187</u>	<u>2,230</u>
Investing Activities:		
Capital expenditures	(767)	(1,290)
Purchase of investments	(61)	(2)
Proceeds from sale of investments	13	—
Proceeds from asset dispositions and other	13	12
Cash used in investing activities	<u>(802)</u>	<u>(1,280)</u>
Financing Activities:		
Principal payments on debt	(34)	(66)
Proceeds from stock issuances	404	157
Dividends paid	(339)	(318)
Purchase of treasury stock	(1,000)	(500)
Cash used in financing activities	<u>(969)</u>	<u>(727)</u>
Effect of exchange rate changes on cash	26	(24)
Net (decrease) increase in cash and cash equivalents	(558)	199
Cash and cash equivalents at beginning of period	6,501	6,856
Cash and cash equivalents at end of period	<u>\$ 5,943</u>	<u>\$ 7,055</u>

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	
	August 31, 2024	August 31, 2023
Common Stock		
Beginning Balance	\$ 32	\$ 32
Ending Balance	32	32
Additional Paid-in Capital		
Beginning Balance	3,988	3,769
Purchase of treasury stock	(9)	(36)
Employee incentive plans and other	155	67
Ending Balance	4,134	3,800
Retained Earnings		
Beginning Balance	38,649	35,259
Net Income	794	1,078
Cash dividends declared (\$2.76 and \$1.26 per share)	(676)	(316)
Ending Balance	38,767	36,021
Accumulated Other Comprehensive Loss		
Beginning Balance	(1,359)	(1,327)
Other comprehensive income/(loss), net of tax (expense)/benefit of (\$3) and \$4	27	(29)
Ending Balance	(1,332)	(1,356)
Treasury Stock		
Beginning Balance	(13,728)	(11,645)
Purchase of treasury stock (3.4 and 2.0 million shares)	(994)	(464)
Employee incentive plans and other (2.2 and 1.1 million shares)	297	146
Ending Balance	(14,425)	(11,963)
Total Common Stockholders' Investment Balance	\$ 27,176	\$ 26,534

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

FEDEX CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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

DESCRIPTION OF BUSINESS SEGMENTS. FedEx Corporation (“FedEx”) provides a broad portfolio of transportation, e-commerce, and business services, offering integrated business solutions utilizing our flexible, efficient, and intelligent global network. Our primary operating companies are Federal Express Corporation (“Federal Express”), the world’s largest express transportation company and a leading North American provider of small-package ground delivery services, and FedEx Freight, Inc. (“FedEx Freight”), a leading North American provider of less-than-truckload (“LTL”) freight transportation services.

In connection with our one FedEx consolidation plan, on June 1, 2024, FedEx Ground Package System, Inc. (“FedEx Ground”) and FedEx Corporate Services, Inc. (“FedEx Services”) were merged into Federal Express, becoming a single company operating a unified, fully integrated air-ground express network under the respected FedEx brand. FedEx Freight continues to provide LTL freight transportation services as a separate subsidiary. Beginning in the first quarter of 2025, Federal Express and FedEx Freight represent our major service lines and constitute our reportable segments. Additionally, the results of FedEx Custom Critical, Inc. (“FedEx Custom Critical”) are included in the FedEx Freight segment instead of the Federal Express segment in 2025. Prior-year amounts were revised to reflect this presentation.

We evaluated our reporting units with significant recorded goodwill during the fourth quarter of 2024, and the estimated fair value of each reporting unit exceeded its carrying value as of the end of 2024 immediately before our one FedEx consolidation. We reevaluated the conclusion of our 2024 goodwill impairment tests as of June 1, 2024 immediately after our one FedEx consolidation and concluded that the estimated fair values of our reporting units with significant goodwill continued to exceed their respective carrying values.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. These interim financial statements of 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 fiscal year ended May 31, 2024 (“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 August 31, 2024, and the results of our operations for the three-month periods ended August 31, 2024 and 2023, cash flows for the three-month periods ended August 31, 2024 and 2023, and changes in common stockholders’ investment for the three-month periods ended August 31, 2024 and 2023. Operating results for the three-month period ended August 31, 2024 are not necessarily indicative of the results that may be expected for the year ending May 31, 2025.

Except as otherwise specified, references to years indicate our fiscal year ending May 31, 2025 or ended May 31 of the year referenced and comparisons are to the corresponding period of the prior year.

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 \$614 million and \$672 million at August 31, 2024 and May 31, 2024, respectively. Contract assets net of deferred unearned revenue were \$459 million and \$463 million at August 31, 2024 and May 31, 2024, 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 \$20 million and \$23 million at August 31, 2024 and May 31, 2024, 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 three-month periods ended August 31. This presentation is consistent with how we organize our segments internally for making operating decisions and measuring performance.

	2024	2023
REVENUE BY SERVICE TYPE		
Federal Express segment:		
Package:		
U.S. priority	\$ 2,591	\$ 2,673
U.S. deferred	1,151	1,187
U.S. ground	8,056	8,133
Total U.S. domestic package revenue	11,798	11,993
International priority	2,206	2,327
International economy	1,360	1,117
Total international export package revenue	3,566	3,444
International domestic ⁽¹⁾	1,112	1,140
Total package revenue	16,476	16,577
Freight:		
U.S.	569	577
International priority	526	553
International economy	463	472
Total freight revenue	1,558	1,602
Other	271	247
Total Federal Express segment	18,305	18,426
FedEx Freight segment	2,329	2,385
Other and eliminations ⁽²⁾	945	870
	<u>\$ 21,579</u>	<u>\$ 21,681</u>

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

(2) Includes the FedEx Dataworks, Inc. (“FedEx Dataworks”), FedEx Office and Print Services, Inc. (“FedEx Office”), and FedEx Logistics, Inc. (“FedEx Logistics”) operating segments.

EMPLOYEES UNDER COLLECTIVE BARGAINING ARRANGEMENTS. The pilots of Federal Express, who are a small number of its total employees, are represented by the Air Line Pilots Association, International (“ALPA”) and are employed under a collective bargaining agreement that took effect on November 2, 2015. The agreement became amendable in November 2021. Bargaining for a successor agreement began in May 2021, and in November 2022 the National Mediation Board (“NMB”), which is the U.S. governmental agency that oversees labor agreements for entities covered by the Railway Labor Act of 1926, as amended, began actively mediating the negotiations. In July 2023, Federal Express’s pilots failed to ratify the tentative successor agreement that was approved by ALPA’s FedEx Master Executive Council the prior month. Bargaining for a successor agreement continues. In April 2024, the NMB rejected ALPA’s request for a proffer of arbitration. The conduct of mediated negotiations has no effect on our operations. A small number of our other employees are members of unions.

STOCK-BASED COMPENSATION. We have three types of equity-based compensation: stock options, restricted stock, and, for outside directors, restricted stock units. The key terms of our equity-based compensation plans and financial disclosures about these programs are set forth in our Annual Report. Our stock-based compensation expense was \$48 million for the three-month period ended August 31, 2024 and \$56 million for the three-month period ended August 31, 2023. Due to its immateriality, additional disclosures related to stock-based compensation have been excluded from this quarterly report.

BUSINESS OPTIMIZATION COSTS. In the second quarter of 2023, we announced DRIVE, a comprehensive program to improve long-term profitability. This program includes a business optimization plan to drive efficiency within and among our transportation segments, lower our overhead and support costs, and transform our digital capabilities. We have commenced our plan to consolidate our sortation facilities and equipment, reduce pickup-and-delivery routes, and optimize our enterprise linehaul network by moving beyond discrete collaboration to an end-to-end optimized network through Network 2.0, the multi-year effort to improve the efficiency with which we pick up, transport, and deliver packages in the U.S. and Canada.

We have implemented Network 2.0 optimization in more than 150 locations in the U.S. and Canada. Contracted service providers will handle the pickup and delivery of packages in some locations while employee couriers will handle others.

We incurred costs associated with our business optimization activities of \$128 million (\$98 million, net of tax, or \$0.39 per diluted share) in the three-month period ended August 31, 2024 and \$105 million (\$81 million, net of tax, or \$0.32 per diluted share) in the

three-month period ended August 31, 2023. These costs were primarily related to professional services and severance and are included in Corporate, other, and eliminations and Federal Express.

In June 2024, Federal Express announced a workforce reduction plan in Europe as part of its ongoing measures to reduce structural costs. The plan will impact between 1,700 and 2,000 employees in Europe across back-office and commercial functions. The execution of the plan is subject to a consultation process that is expected to occur over an 18-month period in accordance with local country processes and regulations. We expect the pre-tax cost of the severance benefits and legal and professional fees to be provided under and related to the plan to range from \$250 million to \$375 million in cash expenditures. These charges are expected to be incurred through fiscal 2026 and will be classified as business optimization expenses.

DERIVATIVE FINANCIAL INSTRUMENTS. We enter into derivative financial instruments to reduce the effects of volatility in foreign currency exchange exposure on operating results and cash flows. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of cash receipts and cash payments principally related to our investments. We use debt denominated in foreign currency and fixed-to-fixed cross-currency swaps to hedge our exposure to changes in foreign exchange rates on certain of our foreign investments.

As of August 31, 2024, we had €176 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 consolidated subsidiary.

As of August 31, 2024, we had four cross-currency swaps outstanding, and the fair value of the swaps classified as assets and liabilities was \$7 million and \$23 million, respectively. As of May 31, 2024, the fair value of the swaps classified as assets and liabilities was \$8 million and \$14 million, respectively. We record all derivatives on the balance sheet at fair value within either “Prepaid expenses and other” or “Other liabilities” in the accompanying unaudited condensed consolidated balance sheets. The estimated fair values were determined using pricing models that rely on market-based inputs such as foreign currency exchange rates and yield curves, and are 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 derivative financial instruments, either directly or indirectly.

As of August 31, 2024, our net investment hedges remain effective.

SUPPLIER FINANCE PROGRAM. We offer voluntary Supply Chain Finance (“SCF”) programs through financial institutions to certain of our suppliers. We agree to commercial terms with our suppliers, including prices, quantities, and payment terms, and they issue invoices to us based on the agreed-upon contractual terms. If our suppliers choose to participate in the SCF programs, they determine which invoices, if any, to sell to the financial institutions to receive an early discounted payment, while we settle the net payment amount with the financial institutions on the payment due dates. We guarantee these payments with the financial institutions.

Amounts due to our suppliers that participate in the SCF programs are included in “Accounts payable” in the accompanying unaudited condensed consolidated balance sheets. We have been informed by the participating financial institutions that as of August 31, 2024 and May 31, 2024, suppliers have been approved to sell to them \$75 million and \$94 million, respectively, of our outstanding payment obligations. A rollforward of obligations confirmed and paid during the three-month period ended August 31, 2024 is presented below (in millions):

	2024
Confirmed obligations outstanding at beginning of period	\$ 94
Invoices confirmed during the quarter	164
Confirmed invoices paid during the quarter	(185)
Currency translation adjustments	2
Confirmed obligations outstanding at end of period	\$ 75

RECENT ACCOUNTING GUIDANCE. New accounting rules and disclosure requirements can significantly affect 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.

Accounting Standards Not Yet Adopted

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-04, Reference Rate Reform (Topic 848), and in December 2022 subsequently issued ASU 2022-06, to temporarily ease the potential burden in accounting for reference rate reform. The standards provide optional expedients and exceptions for applying accounting principles generally accepted in the United States to existing contracts, hedging relationships, and other transactions affected by reference rate reform. The standards apply only to contracts and hedging relationships that reference the London Interbank Offered

Rate (“LIBOR”) or another reference rate to be discontinued because of reference rate reform. The standards were effective upon issuance and can generally be applied through December 31, 2024. While there has been no material effect to our financial condition, results of operations, or cash flows from reference rate reform as of August 31, 2024, we continue to monitor our contracts and transactions for potential application of these ASUs.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which expands disclosures about a public entity’s reportable segments and requires more enhanced information about a reportable segment’s expenses, interim segment profit or loss, and how a public entity’s chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The update will be effective for annual periods beginning after December 15, 2023 (fiscal 2025), and interim periods within annual periods beginning after December 15, 2024 (fiscal 2026). We are assessing the effect of this update on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which expands disclosures in an entity’s income tax rate reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2024 (fiscal 2026). We are assessing the effect of this update on our consolidated financial statements and related disclosures.

In March 2024, the SEC adopted final rules requiring public entities to provide certain climate-related information in their registration statements and annual reports. As part of the disclosures, entities will be required to quantify certain effects of severe weather events and other natural conditions in a note to their audited financial statements. The rules were originally scheduled to be effective for annual periods beginning in calendar 2025 (fiscal 2026). In April 2024, the SEC voluntarily stayed implementation of the final rules pending certain legal challenges. We are assessing the effect of the new rules on our consolidated financial statements and related disclosures.

INVESTMENTS IN EQUITY AND DEBT SECURITIES. Investments in equity securities with a readily determinable fair value are carried at fair value and are classified as Level 1 investments in the fair value hierarchy. For equity securities without readily determinable fair values that qualify for the net asset value (“NAV”) practical expedient, we have elected to apply the NAV practical expedient to estimate fair value. Changes in fair value are recognized in “Other (expense) income” in the accompanying unaudited condensed consolidated statements of income.

We apply the measurement alternative to all other investments in equity securities without a readily determinable fair value. Under the measurement alternative these equity securities are accounted for at cost, with adjustments for observable changes in prices and impairments recognized in “Other (expense) income” on our accompanying unaudited condensed consolidated statements of income. We perform a qualitative assessment each reporting period to evaluate whether these equity securities are impaired. Our assessment includes a review of recent operating results and trends and other publicly available data. If an investment is impaired, we write it down to its estimated fair value.

Equity securities totaled \$414 million and \$360 million at August 31, 2024 and May 31, 2024, respectively. Equity securities are recorded within “Other assets” in the accompanying unaudited condensed consolidated balance sheets.

Debt securities, which are considered short-term investments, are classified as “available-for-sale” and are carried at fair value. Debt securities are Level 2 within the fair value hierarchy. Realized gains and losses on available-for-sale debt securities are included in net income, while unrealized gains and losses, net of tax, are included in “Accumulated other comprehensive loss” (“AOCL”) in the accompanying unaudited condensed consolidated balance sheets.

Debt securities totaled \$76 million and \$77 million at August 31, 2024 and May 31, 2024, respectively. Debt securities are recorded within “Prepaid expenses and other” in the accompanying unaudited condensed consolidated balance sheets.

TREASURY SHARES. In December 2021, our Board of Directors authorized a stock repurchase program of up to \$5 billion of FedEx common stock. In March 2024, our Board of Directors authorized a new stock repurchase program for additional repurchases of up to \$5 billion of FedEx common stock. As of May 31, 2024, \$64 million remained available to be used for repurchases under the 2021 program.

During the three-month period ended August 31, 2024, 3.4 million shares were repurchased under accelerated share repurchase (“ASR”) agreements as part of the 2021 and 2024 repurchase programs with two banks at an average price of \$295.99 per share for a total of \$1 billion. The final number of shares delivered upon settlement of the ASR agreements was determined based on a discount to the volume-weighted average price of our stock during the term of the transaction. The repurchased shares were accounted for as a reduction to common stockholders’ investment in the accompanying unaudited condensed consolidated balance sheet and resulted in a reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share.

During the three-month period ended August 31, 2023, 2.0 million shares were repurchased at an average price of \$256.41 per share for a total of \$500 million.

As of August 31, 2024, \$4.1 billion remained available to use for repurchases under the 2024 stock repurchase program. Shares under the 2024 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 limits were set for the completion of the program; however, we may decide to suspend or discontinue the program.

DIVIDENDS DECLARED PER COMMON SHARE. On August 16, 2024, our Board of Directors declared a quarterly cash dividend of \$1.38 per share of common stock. The dividend will be paid on October 1, 2024 to stockholders of record as of the close of business on September 9, 2024. On June 10, 2024, our Board of Directors declared a quarterly cash dividend of \$1.38 per share of common stock. The dividend was paid on July 9, 2024 to stockholders of record as of the close of business on June 24, 2024. 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. There are no material restrictions on our ability to declare dividends, nor are there any material restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans, or advances.

NOTE 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.

Credit losses were \$129 million for the three-month period ended August 31, 2024 and \$103 million for the three-month period ended August 31, 2023. Our allowance for credit losses was \$408 million at August 31, 2024 and \$436 million at May 31, 2024.

NOTE 3: ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table provides changes in AOCL, net of tax, reported in our unaudited condensed consolidated financial statements for the three-month periods ended August 31 (in millions; amounts in parentheses indicate debits to AOCL):

	2024	2023
Foreign currency translation loss:		
Balance at beginning of period	\$ (1,422)	\$ (1,362)
Translation adjustments	29	(28)
Balance at end of period	(1,393)	(1,390)
Retirement plans adjustments:		
Balance at beginning of period	63	35
Reclassifications from AOCL	(2)	(1)
Balance at end of period	61	34
AOCL at end of period	<u>\$ (1,332)</u>	<u>\$ (1,356)</u>

NOTE 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 Federal Express to sell, in one or more future offerings, pass-through certificates.

Federal Express has 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 with a net book value of \$1.6 billion at August 31, 2024. The payment obligations of Federal Express in respect of the Certificates are fully and unconditionally guaranteed by FedEx.

We have a \$1.75 billion three-year credit agreement (the "Three-Year Credit Agreement") and a \$1.75 billion five-year credit agreement (the "Five-Year Credit Agreement" and together with the Three-Year Credit Agreement, the "Credit Agreements"). The Three-Year Credit Agreement and the Five-Year Credit Agreement expire in March 2027 and March 2029, respectively, and each has a \$125 million letter of credit sublimit. The Credit Agreements are available to finance our operations and other cash flow needs. As of August 31, 2024, no amounts were outstanding under the Credit Agreements, no commercial paper was outstanding, and we had

\$250 million of the letter of credit sublimit unused under the Credit Agreements. Outstanding commercial paper reduces the amount available to borrow under the Credit Agreements.

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, noncash asset impairment charges, business optimization and restructuring expenses, and pro forma cost savings and synergies associated with an acquisition) before interest, taxes, depreciation, and amortization (“adjusted EBITDA”) of not more than 3.5 to 1.0, calculated as of the last day of each fiscal quarter on a rolling four-quarters basis. The ratio of our debt to adjusted EBITDA was 1.8 at August 31, 2024. Additional information on the financial covenant can be found in our Annual Report.

The financial covenant discussed above is the only significant restrictive covenant 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. Our commercial paper program is backed by unused commitments under the Credit Agreements, and borrowings under the program reduce the amount available under the Credit Agreements.

Long-term debt, including current maturities and exclusive of finance leases, had carrying values of \$19.9 billion at August 31, 2024 and \$19.8 billion at May 31, 2024, compared with estimated fair values of \$18.2 billion at August 31, 2024 and \$17.5 billion at May 31, 2024. The annualized weighted-average interest rate on long-term debt was 3.5% at August 31, 2024. 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 derivative financial instruments, either directly or indirectly.

NOTE 5: COMPUTATION OF EARNINGS PER SHARE

The calculation of basic and diluted earnings per common share for the three-month periods ended August 31 was as follows (in millions, except per share amounts):

	2024	2023
Basic earnings per common share:		
Net earnings allocable to common shares ⁽¹⁾	\$ 793	\$ 1,077
Weighted-average common shares	244	251
Basic earnings per common share	<u>\$ 3.24</u>	<u>\$ 4.28</u>
Diluted earnings per common share:		
Net earnings allocable to common shares ⁽¹⁾	\$ 793	\$ 1,077
Weighted-average common shares	244	251
Dilutive effect of share-based awards	3	3
Weighted-average diluted shares	247	254
Diluted earnings per common share	<u>\$ 3.21</u>	<u>\$ 4.23</u>
Anti-dilutive options excluded from diluted earnings per common share	<u>4.3</u>	<u>6.2</u>

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

NOTE 6: 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 three-month periods ended August 31 were as follows (in millions):

	2024	2023
Defined benefit pension plans	\$ 70	\$ 91
Defined contribution plans	287	240
Postretirement healthcare plans	22	23
	<u>\$ 379</u>	<u>\$ 354</u>

Net periodic benefit cost of the pension and postretirement healthcare plans for the three-month periods ended August 31 included the following components (in millions):

	U.S. Pension Plans		International Pension Plans		Postretirement Healthcare Plans	
	2024	2023	2024	2023	2024	2023
Service cost	\$ 125	\$ 136	\$ 9	\$ 10	\$ 7	\$ 7
Interest cost	361	341	12	10	16	16
Expected return on plan assets	(430)	(400)	(5)	(4)	—	—
Amortization of prior service credit and other	(2)	(2)	—	—	(1)	—
Net periodic benefit cost	<u>\$ 54</u>	<u>\$ 75</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 22</u>	<u>\$ 23</u>

For 2025, no pension contributions are required for our tax-qualified U.S. domestic pension plan (“U.S. Pension Plan”) as it is fully funded under the Employee Retirement Income Security Act. We made voluntary contributions of \$300 million to our U.S. Pension Plan during the three-month period ended August 31, 2024.

NOTE 7: BUSINESS SEGMENT INFORMATION

We provide a broad portfolio of transportation, e-commerce, and business services, offering integrated business solutions utilizing our flexible, efficient, and intelligent global network. Our primary operating companies are Federal Express, the world’s largest express transportation company and a leading North American provider of small-package ground delivery services, and FedEx Freight, a leading North American provider of LTL freight transportation services. These companies represent our major service lines and constitute our reportable segments. Our reportable segments include the following businesses:

Federal Express Segment Federal Express (express transportation, small-package ground delivery, and freight transportation)

FedEx Freight Segment FedEx Freight (LTL freight transportation)
FedEx Custom Critical (time-critical transportation)

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

The Federal Express segment operates combined sales, marketing, administrative, and information-technology functions in shared service operations for U.S. customers of our major business units and certain back-office support to FedEx Freight and our other operating segments which allows us to obtain synergies from the combination of these functions. We allocate the net operating costs of these services to reflect the full cost of operating our businesses in the results of those segments. We review and evaluate the performance of FedEx Freight and our other operating segments based on operating income inclusive of these allocations.

Operating expenses for our FedEx Freight segment include allocations of these services from the Federal Express segment. 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, certain other costs and credits not attributed to our core business, and certain costs associated with developing integrated business solutions through our FedEx Dataworks operating segment. FedEx Dataworks is focused on creating solutions to transform the digital and physical experiences of our customers and team members.

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.

The results of Corporate, other, and eliminations are not allocated to the other business segments.

Certain FedEx operating companies provide transportation and related services for other FedEx companies outside their reportable segment in order to optimize our resources. Billings for such services are based on negotiated rates, 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 three-month periods ended August 31 (in millions):

	2024	2023
Revenue:		
Federal Express segment	\$ 18,305	\$ 18,426
FedEx Freight segment	2,329	2,385
Other and eliminations	945	870
	<u>\$ 21,579</u>	<u>\$ 21,681</u>
Operating income (loss):		
Federal Express segment	\$ 953	\$ 1,306
FedEx Freight segment	439	482
Corporate, other, and eliminations	(312)	(303)
	<u>\$ 1,080</u>	<u>\$ 1,485</u>

The following table provides a reconciliation of reportable segment assets to our unaudited condensed consolidated financial statement totals as of the periods presented (in millions):

	August 31, 2024 (Unaudited)	May 31, 2024
Total assets:		
Federal Express segment	\$ 73,207	\$ 73,259
FedEx Freight segment	11,815	11,615
Corporate, other, and eliminations	1,689	2,133
	<u>\$ 86,711</u>	<u>\$ 87,007</u>

NOTE 8: COMMITMENTS

As of August 31, 2024, our purchase commitments under various contracts for the remainder of 2025 and annually thereafter were as follows (in millions):

	Aircraft and Aircraft Related	Other ⁽¹⁾	Total
2025 (remainder)	\$ 1,195	\$ 572	\$ 1,767
2026	686	766	1,452
2027	283	540	823
2028	348	383	731
2029	316	318	634
Thereafter	1,332	101	1,433
Total	<u>\$ 4,160</u>	<u>\$ 2,680</u>	<u>\$ 6,840</u>

⁽¹⁾ Primarily software and advertising.

The amounts reflected in the table above for purchase commitments represent noncancelable agreements to purchase goods or services. Open purchase orders that are cancelable are not considered unconditional purchase obligations for financial reporting purposes and are not included in the table above.

As of August 31, 2024, we had \$535 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 August 31, 2024 with the year of expected delivery:

	Cessna SkyCourier 408	ATR 72-600F	B767F	B777F	Total
2025 (remainder)	17	4	9	2	32
2026	14	4	3	—	21
2027	—	—	—	—	—
2028	—	—	—	—	—

2029	—	—	—	—	—
Thereafter	—	—	—	—	—
Total	31	8	12	2	53

A summary of future minimum lease payments under noncancelable operating and finance leases with an initial or remaining term in excess of one year as of August 31, 2024 is as follows (in millions):

	Aircraft and Related Equipment	Facilities and Other	Total Operating Leases	Finance Leases	Total Leases
2025 (remainder)	\$ 96	\$ 2,207	\$ 2,303	\$ 22	\$ 2,325
2026	122	2,861	2,983	30	3,013
2027	122	2,553	2,675	22	2,697
2028	122	2,217	2,339	21	2,360
2029	115	1,850	1,965	19	1,984
Thereafter	137	8,747	8,884	630	9,514
Total lease payments	714	20,435	21,149	744	21,893
Less imputed interest	(84)	(3,586)	(3,670)	(320)	(3,990)
Present value of lease liability	\$ 630	\$ 16,849	\$ 17,479	\$ 424	\$ 17,903

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 August 31, 2024, 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 \$1.1 billion that will commence when FedEx gains beneficial access to the leased asset. Commencement dates are expected to be from 2025 to 2027.

NOTE 9: CONTINGENCIES

Service Provider Lawsuits. Federal Express, as successor to FedEx Ground, is defending against lawsuits in which it is alleged that Federal Express should be treated as an employer or joint employer of drivers employed by service providers engaged by Federal Express. 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 payments, including wages and penalties, from the service providers and Federal Express and result in employment and withholding tax and benefit liability for Federal Express. We continue to believe that Federal Express is not an employer or joint employer of the drivers of these independent businesses.

FedEx Services Employment Lawsuit. In May 2021, FedEx Services was named as a defendant in a lawsuit filed in the U.S. District Court for the Southern District of Texas related to the termination of a former FedEx Services employee. The complaint alleged race discrimination and retaliation for complaints of discrimination under Section 1981 of the Civil Rights Act of 1866 and Title VII of the Civil Rights Act of 1964. After trial, in October 2022, the jury found in favor of FedEx Services on the race discrimination claims but awarded the plaintiff compensatory damages of approximately \$1.0 million for emotional distress and punitive damages of \$365 million for the retaliation claims. The court entered final judgment in the amount of approximately \$366 million. FedEx Services appealed the verdict to the U.S. Court of Appeals for the Fifth Circuit. FedEx Services argued on appeal that FedEx Services is entitled to judgment as a matter of law on the retaliation claims, plaintiff's claims were not timely filed, punitive damages are not available as a matter of law and, if allowed, must be reduced to no greater than a single-digit multiple of the award for compensatory damages based on the United States Supreme Court's ruling in *State Farm v. Campbell*, and the compensatory damages award must be reduced to conform with the evidence and the Fifth Circuit's maximum recovery rule. FedEx Services argued in the alternative that a new trial should be granted.

In February 2024, a three-judge panel of the U.S. Court of Appeals for the Fifth Circuit reduced the jury's emotional distress award of approximately \$1.0 million to approximately \$250,000 and vacated the jury's \$365 million award for punitive damages based on its finding that FedEx Services made good faith efforts to comply with the law. In March 2024, the full Fifth Circuit unanimously denied plaintiff's petition for rehearing. In June 2024, plaintiff petitioned the U.S. Supreme Court for review of the Fifth Circuit's reduction of the emotional distress award and determination that FedEx Services's employment agreement provides a reasonable time for filing Section 1981 claims. The petition does not challenge the Fifth's Circuit's decision to vacate the punitive damages award. An immaterial loss accrual has been recorded in FedEx's consolidated financial statements.

FedEx Ground Negligence Lawsuit. In December 2022, FedEx Ground was named as a defendant in a lawsuit filed in Texas state court related to the alleged kidnapping and first-degree murder of a minor by a driver employed by a service provider engaged by FedEx Ground. The complaint alleges compensatory and punitive damages against FedEx Ground for negligent and gross negligent hiring and retention, as well as negligent entrustment. The service provider and driver are also named as defendants in the lawsuit. An immaterial loss accrual has been recorded in FedEx’s consolidated financial statements. It is reasonably possible that an additional material loss could be incurred. At this stage of the litigation, we cannot estimate the amount or range of such additional loss, if any.

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 other 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.

NOTE 10: SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest expense and income taxes for the three-month periods ended August 31 was as follows (in millions):

	2024	2023
Cash payments for:		
Interest (net of capitalized interest)	\$ 158	\$ 167
Income taxes	\$ 75	\$ 70
Income tax refunds received	(12)	(77)
Cash tax payments/(refunds), net	\$ 63	\$ (7)

REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
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 August 31, 2024, the related condensed consolidated statements of income, comprehensive income, cash flows, and changes in common stockholders' investment for the three-month periods ended August 31, 2024 and 2023, 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, 2024, 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 15, 2024, 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, 2024, 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
September 19, 2024

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, 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, 2024 ("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, offering integrated business solutions utilizing our flexible, efficient, and intelligent global network. Our primary operating companies are Federal Express Corporation ("Federal Express"), the world's largest express transportation company and a leading North American provider of small-package ground delivery services, and FedEx Freight, Inc. ("FedEx Freight"), a leading North American provider of less-than-truckload ("LTL") freight transportation services. See "Reportable Segments" for further discussion. Additional information on our businesses can be found in our Annual Report.

In connection with our one FedEx consolidation plan, on June 1, 2024, FedEx Ground Package System, Inc. ("FedEx Ground") and FedEx Corporate Services, Inc. ("FedEx Services") were merged into Federal Express, becoming a single company operating a unified, fully integrated air-ground express network under the respected FedEx brand. FedEx Freight continues to provide LTL freight transportation services as a separate subsidiary. Beginning in the first quarter of 2025, Federal Express and FedEx Freight represent our major service lines and constitute our reportable segments. Additionally, the results of FedEx Custom Critical, Inc. ("FedEx Custom Critical") are included in the FedEx Freight segment instead of the Federal Express segment in 2025. Prior-year amounts were revised to reflect this presentation.

Except as otherwise specified, references to years indicate our fiscal year ending May 31, 2025 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 Federal Express segment and the FedEx Freight segment.

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.

Trends Affecting Our Business

The following trends significantly affect the indicators discussed above, as well as our business and operating results. See the risk factors identified under Part I, Item 1A. "Risk Factors" in our Annual Report, as updated by our quarterly reports on Form 10-Q, for more information. Additionally, see "Results of Operations – Consolidated Results – Business Optimization Costs and – Outlook" and "Financial Condition – Liquidity Outlook" below for additional information on efforts we are taking to mitigate adverse trends.

Macroeconomic Conditions

While macroeconomic risks apply to most companies, we are particularly vulnerable. The transportation industry is highly cyclical and especially susceptible to trends in economic activity. Our primary business is to transport goods, so our business levels are directly tied to the purchase and production of goods and the rate of global trade growth. The decline in U.S. imports of consumer goods that started in late 2022, along with slowed global industrial production, has contributed to weakened economic conditions for the transportation industry. Consequently, this environment has led to lower shipments at FedEx Freight and pressured package and freight volumes and yields at Federal Express, negatively affecting our results in the first quarter of 2025.

Inflation and Interest Rates

During the first quarter 2025, global inflation decelerated year-over-year but continues to be above historical levels. Additionally, global interest rates remained elevated in an effort to curb inflation. We are experiencing pressure on demand for our transportation services, particularly our priority services, as elevated inflation and interest rates are negatively affecting consumer and business spending. We expect inflation and high interest rates to continue to negatively affect our results of operations for the remainder of 2025.

Fuel

We must purchase large quantities of fuel to operate our aircraft and vehicles, and the price and availability of fuel is beyond our control and can be highly volatile. The timing and amount of fluctuations in fuel prices and our ability to recover incremental fuel costs through our fuel surcharges can significantly affect our operating results either positively or negatively in the short-term. During the first quarter of 2025, lower fuel prices negatively affected yields through fuel surcharges at our FedEx Freight segment and reduced fuel expense at both of our transportation segments. However, fuel surcharges had a positive effect at Federal Express in the first quarter of 2025.

Geopolitical Conflicts

Given the nature of our business and global operations, geopolitical conflicts may adversely affect our business and results of operations. While we do not expect ongoing geopolitical conflicts between Russia and Ukraine and in the Middle East to have a direct material effect on our business or results of operations, the broader consequences are adversely affecting the global economy and may also have the effect of heightening other risks disclosed in our Annual Report.

RESULTS OF OPERATIONS

Many of our operating expenses are directly affected 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 affecting expenses other than those factors strictly related to changes in revenue and volumes. The line item “Other” includes costs associated with outside service contracts (such as information technology services, temporary labor, security, and facilities services), insurance, professional fees, and operational supplies.

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 three-month periods ended August 31:

	2024	2023	Percent Change
Revenue	\$ 21,579	\$ 21,681	—
Operating income (loss):			
Federal Express segment	953	1,306	(27)
FedEx Freight segment	439	482	(9)
Corporate, other, and eliminations	(312)	(303)	(3)
Consolidated operating income	1,080	1,485	(27)
Operating margin:			
Federal Express segment	5.2%	7.1%	(190) bp
FedEx Freight segment	18.8%	20.2%	(140) bp
Consolidated operating margin	5.0%	6.8%	(180) bp
Consolidated net income	\$ 794	\$ 1,078	(26)
Diluted earnings per share	\$ 3.21	\$ 4.23	(24)
		Year-over-Year Changes	
		Revenue	Operating Income (Loss)
Federal Express segment		\$ (121)	\$ (353)
FedEx Freight segment		(56)	(43)
Corporate, other, and eliminations		75	(9)
		\$ (102)	\$ (405)

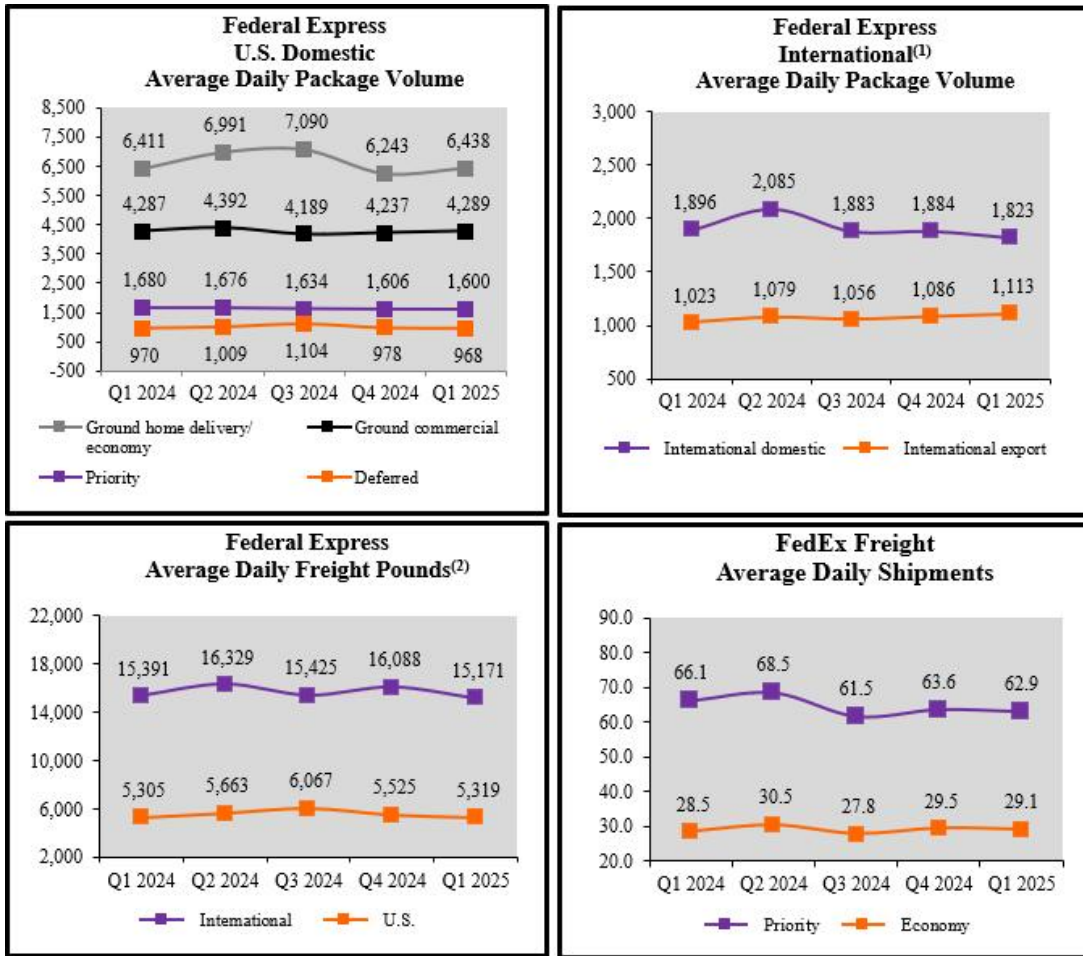
Overview

First quarter 2025 results were negatively affected by a mix shift toward deferred services, which reduced demand for U.S. domestic priority services and constrained yield growth. In addition, higher operating expenses driven by higher wage and purchased transportation rates, as well as one fewer operating day, negatively affected the quarter's results, partially offset by lower structural costs from our DRIVE initiatives. These initiatives included transforming our structural network, optimizing station processes in Europe, and improving the efficiency of our linehaul network and information technology function.

Operating income in the first quarter of 2025 includes expenses of \$128 million (\$98 million, net of tax, or \$0.39 per diluted share) associated with our business optimization strategy to drive efficiency and lower our overhead and support costs. We recognized \$105 million (\$81 million, net of tax, or \$0.32 per diluted share) of expenses in the first quarter of 2024 under this program. See the "Business Optimization Costs" section of this MD&A for more information.

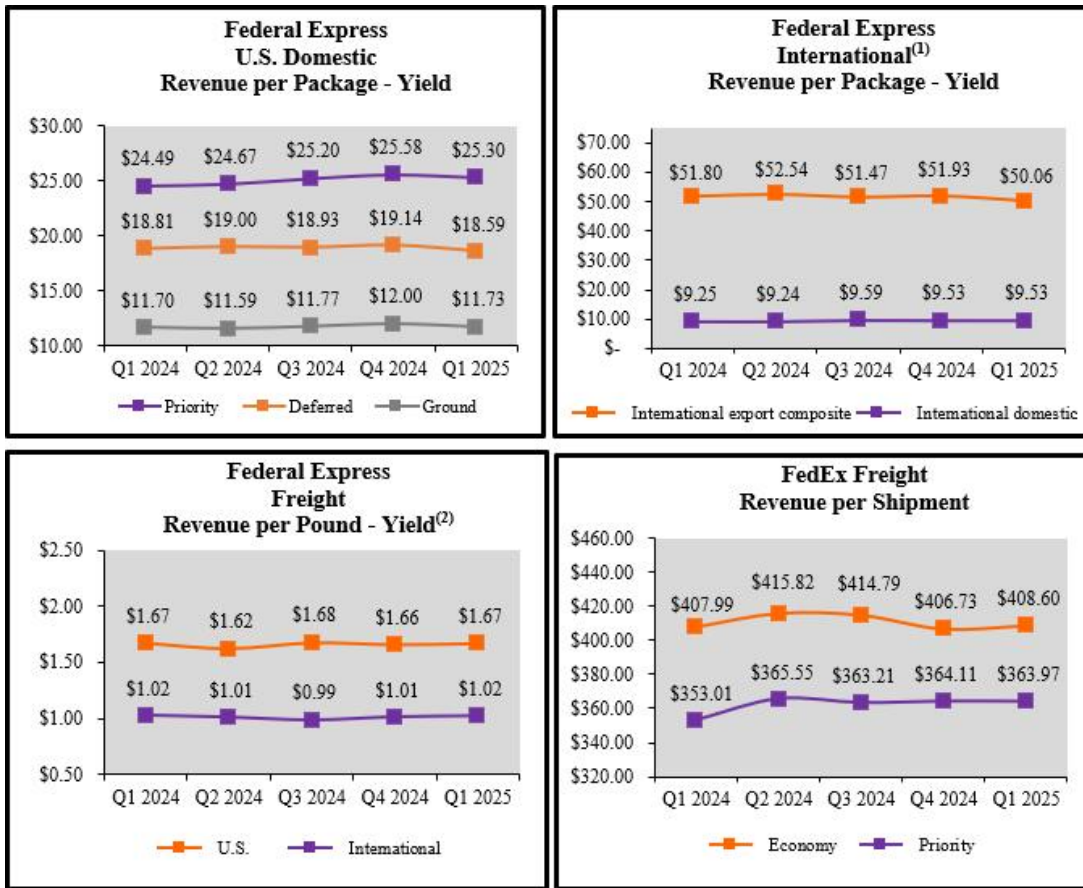
We completed accelerated share repurchase ("ASR") transactions with two banks during the first quarter of 2025 to repurchase an aggregate of \$1 billion of FedEx common stock. Share repurchases had a benefit of \$0.03 per diluted share for the first quarter of 2025. As of August 31, 2024, \$4.1 billion remained available to be used for repurchases under the 2024 stock repurchase program. See Note 1 of the accompanying unaudited condensed consolidated financial statements, "Financial Condition – Liquidity and – Liquidity Outlook" below, and Part II, Item 2. "Unregistered Sales of Equity Securities and Use of Proceeds" of this Form 10-Q for additional information.

Prior year statistical information has been revised to conform to the current year presentation. The following graphs for Federal Express and FedEx Freight show selected volume trends (in thousands) calculated on a 5-day-per-week basis 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 and economy services.

Prior year statistical information has been revised to conform to the current year presentation. The following graphs for Federal Express 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 freight revenue per pound relates to our international priority and economy services.

Revenue

Revenue decreased slightly in the first quarter primarily due to one fewer operating day at both of our transportation segments and reduced demand surcharges at Federal Express, partially offset by base yield improvement at both our transportation segments and higher fuel surcharges at Federal Express.

Federal Express revenue decreased 1% in the first quarter primarily due to one fewer operating day, lower priority package volume, and reduced demand surcharges, partially offset by increased deferred package volume, base yields, and fuel surcharges. FedEx Freight revenue decreased 2% in the first quarter primarily due to lower shipments and one fewer operating day, partially offset by yield improvement. Revenue at Corporate, other, and eliminations increased in the first quarter primarily due to higher yields and volume at FedEx Logistics, Inc. ("FedEx Logistics").

Operating Expenses

The following table compares operating expenses expressed as dollar amounts (in millions) and as a percent of revenue for the three-month periods ended August 31:

	2024	2023	Percent Change
Operating expenses:			
Salaries and employee benefits	\$ 7,785	\$ 7,785	—
Purchased transportation	5,275	5,036	5
Rentals and landing fees	1,161	1,151	1
Depreciation and amortization	1,078	1,071	1
Fuel	1,075	1,101	(2)
Maintenance and repairs	829	824	1
Business optimization costs	128	105	22
Other	3,168	3,123	1
Total operating expenses	20,499	20,196	2
Operating income	\$ 1,080	\$ 1,485	(27)

	Percent of Revenue	
	2024	2023
Operating expenses:		
Salaries and employee benefits	36.1%	35.9%
Purchased transportation	24.4	23.2
Rentals and landing fees	5.4	5.3
Depreciation and amortization	5.0	5.0
Fuel	5.0	5.1
Maintenance and repairs	3.8	3.8
Business optimization costs	0.6	0.5
Other	14.7	14.4
Total operating expenses	95.0	93.2
Operating margin	5.0%	6.8%

Operating income declined 27% in the first quarter and was negatively affected by a mix shift toward deferred services, which reduced demand for U.S. domestic priority services and constrained yield growth. In addition, higher operating expenses and one fewer operating day negatively affected the quarter's results, partially offset by lower structural costs from our DRIVE initiatives.

Purchased transportation expense increased 5% in the first quarter primarily due to higher rates and an increase in commercial linehaul to support network changes and international economy volume growth. Salaries and employee benefits expense was flat primarily due to savings from our DRIVE initiatives and lower variable incentive compensation, partially offset by an increase in wage rates as well as an increase in retirement benefits due to changes in our defined contribution plan that increased the number of eligible employees at Federal Express.

Business Optimization Costs

In the second quarter of 2023, we announced DRIVE, a comprehensive program to improve long-term profitability. This program includes a business optimization plan to drive efficiency within and among our transportation segments, lower our overhead and support costs, and transform our digital capabilities. We have commenced our plan to consolidate our sortation facilities and equipment, reduce pickup-and-delivery routes, and optimize our enterprise linehaul network by moving beyond discrete collaboration

to an end-to-end optimized network through Network 2.0, the multi-year effort to improve the efficiency with which FedEx picks up, transports, and delivers packages in the U.S. and Canada.

We have implemented Network 2.0 optimization in more than 150 locations in the U.S. and Canada. Contracted service providers will handle the pickup and delivery of Federal Express packages in some locations while employee couriers will handle others.

In June 2024, Federal Express announced a workforce reduction plan in Europe as part of its ongoing measures to reduce structural costs. The plan will impact between 1,700 and 2,000 employees in Europe across back-office and commercial functions. The execution of the plan is subject to a consultation process that is expected to occur over an 18-month period in accordance with local country processes and regulations. We expect savings from the plan to be between \$125 million and \$175 million on an annualized basis beginning in 2027.

We incurred business optimization costs of \$128 million (\$98 million, net of tax, or \$0.39 per diluted share) in the first quarter of 2025. These costs were primarily related to professional services and severance and are included in Corporate, other, and eliminations and Federal Express. We incurred business optimization costs of \$105 million (\$81 million, net of tax, or \$0.32 per diluted share) in the first quarter of 2024. These costs were primarily related to professional services and severance and are included in Corporate, other, and eliminations and Federal Express.

We expect the pre-tax cost of the severance benefits and legal and professional fees to be provided under and related to our workforce reduction plan in Europe to range from \$250 million to \$375 million in cash expenditures through 2026. We expect the aggregate pre-tax cost of our other business optimization activities to be approximately \$1.5 billion through 2025. The timing and amount of our business optimization expenses and the related cost savings from the workforce reduction plan may change as we revise and implement our plans. The identification of costs as business optimization-related expenditures is subject to our disclosure controls and procedures.

Income Taxes

Our effective tax rate was 24.8% for the first quarter of 2025 and 24.2% for the first quarter of 2024. The 2025 tax rate was unfavorably impacted by an increase in uncertain tax positions.

We are subject to taxation in the U.S. and various U.S. state, local, and foreign jurisdictions. We are currently under examination by the Internal Revenue Service for the 2016 through 2021 tax years. It is reasonably possible that certain income tax return proceedings will be completed during the next 12 months and could result in a change in our balance of unrecognized tax benefits. However, we believe we have recorded adequate amounts of tax, including interest and penalties, for any adjustments expected to occur.

During 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 foreign earnings not repatriated, 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 \$226 million attributable to our interpretation of the TCJA and the Internal Revenue Code. In March 2023, the District Court ruled that the regulation is invalid and contradicts the plain terms of the tax code. We continue to work towards obtaining a final judgment for the applicable refund amounts due to the regulation being invalid. Once the District Court enters a final judgment, the U.S. government could file an appeal with the U.S. Court of Appeals for the Sixth Circuit. If we are ultimately unsuccessful in defending our position, we may be required to reverse the benefit previously recorded.

Outlook

During 2025, we expect revenue to modestly increase driven primarily by deferred service offerings, as the macroeconomic environment remains challenging and customer demand remains constrained. We will continue to execute on our DRIVE program initiatives focused on reducing our permanent cost structure, aligning our cost base with demand, and increasing the flexibility of our network. We will also continue to execute on our revenue quality strategy to mitigate the impact of the service mix shift on our yield as well as base yield pressures through surcharge management and optimizing our customer mix. We expect the benefits from DRIVE and revenue quality initiatives to be partially offset by expense headwinds related to higher global inflation, the unfavorable effect of the expiration in September 2024 of the contract for Federal Express to provide the U.S. Postal Service (“USPS”) U.S. domestic transportation services, and two fewer operating days.

See the “Business Optimization Costs” section of this MD&A for additional information on our DRIVE program, workforce reduction plan in Europe, and other cost savings initiatives.

Our capital expenditures for 2025 are expected to be approximately \$5.2 billion, in line with 2024, as we continue to reduce our capital intensity relative to revenue. Aircraft spend is expected to decline, partially offset by increased investments in network optimization and modernization of our facilities.

We will continue to evaluate our investments in critical long-term strategic projects to ensure our capital expenditures are expected to generate high returns on investment and are balanced with our outlook for global economic conditions. For additional details on key 2025 capital projects, refer to the “Financial Condition – Capital Resources” and “Financial Condition – Liquidity Outlook” sections of this MD&A.

In June 2024, we announced that FedEx’s management and Board of Directors are conducting an assessment of the role of FedEx Freight in the company’s portfolio structure.

The uncertainty of a slowdown in the global economy, global inflation, geopolitical challenges, and the effects these factors will have on the rate of growth of global trade, supply chains, fuel prices, and our business in particular, make any expectations for the remainder of 2025 inherently less certain. See “Item 1A. Risk Factors” for more information.

See the “Trends Affecting Our Business,” “Critical Accounting Estimates,” and “Forward-Looking Statements” sections of this MD&A for additional information.

RECENT ACCOUNTING GUIDANCE

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

REPORTABLE SEGMENTS

Federal Express and FedEx Freight represent our major service lines and constitute our reportable segments. Our reportable segments include the following businesses:

Federal Express Segment	Federal Express (express transportation, small-package ground delivery, and freight transportation)
FedEx Freight Segment	FedEx Freight (LTL freight transportation) FedEx Custom Critical (time-critical transportation)

The Federal Express segment operates combined sales, marketing, administrative, and information-technology functions in shared service operations for U.S. customers of our major business units and certain back-office support to FedEx Freight and our other operating segments which allows us to obtain synergies from the combination of these functions. We allocate the net operating costs of these services to reflect the full cost of operating our businesses in the results of those segments. We review and evaluate the performance of FedEx Freight and our other operating segments based on operating income inclusive of these allocations.

Operating expenses for our FedEx Freight segment include allocations of these services from the Federal Express segment. 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, certain other costs and credits not attributed to our core business, and certain costs associated with developing integrated business solutions through our FedEx Dataworks, Inc. (“FedEx Dataworks”) operating segment. FedEx Dataworks is focused on creating solutions to transform the digital and physical experiences of our customers and team members.

Also included in Corporate and other are the FedEx Office and Print Services, Inc. (“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.

The results of Corporate, other, and eliminations are not allocated to the other business segments.

Operating results in Corporate, other, and eliminations declined in the first quarter of 2025 primarily due to a decrease in operating results at FedEx Dataworks, partially offset by improved operating results at FedEx Office. The decline in operating results at FedEx Dataworks was primarily due to increased business optimization costs and salaries and employee benefits expense. The improved

operating results at FedEx Office were primarily due to a decline in volume-related operating expenses, partially offset by reduced revenue.

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 first quarter of 2025 FedEx Freight provided road and intermodal support for Federal Express. In addition, Federal Express works with FedEx Logistics to secure air charters and other cargo space for U.S. customers. Billings for such services are based on negotiated rates 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.

FEDERAL EXPRESS SEGMENT

Federal 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 table compares revenue, operating expenses, operating income (dollars in millions), operating margin, and operating expenses as a percent of revenue for the three-month periods ended August 31:

	2024	2023	Percent Change		
Revenue:					
Package:					
U.S. priority	\$ 2,591	\$ 2,673	(3)		
U.S. deferred	1,151	1,187	(3)		
U.S. ground	8,056	8,133	(1)		
Total U.S. domestic package revenue	<u>11,798</u>	<u>11,993</u>	(2)		
International priority	2,206	2,327	(5)		
International economy	1,360	1,117	22		
Total international export package revenue	<u>3,566</u>	<u>3,444</u>	4		
International domestic ⁽¹⁾	1,112	1,140	(2)		
Total package revenue	<u>16,476</u>	<u>16,577</u>	(1)		
Freight:					
U.S.	569	577	(1)		
International priority	526	553	(5)		
International economy	463	472	(2)		
Total freight revenue	<u>1,558</u>	<u>1,602</u>	(3)		
Other	271	247	10	Percent of Revenue	
Total revenue	<u>18,305</u>	<u>18,426</u>	(1)	<u>2024</u>	<u>2023</u>
				100.0 %	100.0 %
Operating expenses:					
Salaries and employee benefits	6,201	6,171	—	33.9	33.5
Purchased transportation	4,801	4,677	3	26.2	25.4
Rentals and landing fees	986	975	1	5.4	5.3
Depreciation and amortization	935	929	1	5.1	5.0
Fuel	954	961	(1)	5.2	5.2
Maintenance and repairs	719	722	—	3.9	3.9
Business optimization costs	43	27	59	0.2	0.1
Intercompany allocations	(187)	(175)	7	(1.0)	(0.9)
Other	2,900	2,833	2	15.9	15.4
Total operating expenses	<u>17,352</u>	<u>17,120</u>	1	<u>94.8 %</u>	<u>92.9 %</u>
Operating income	<u>\$ 953</u>	<u>\$ 1,306</u>	(27)		
Operating margin	5.2%	7.1%	(190) bp		

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

Prior year statistical information has been revised to conform to the current year presentation. The following table compares selected statistics (in thousands, except yield amounts) for the three-month periods ended August 31:

	2024	2023	Percent Change
Package Statistics			
Average daily package volume (ADV)⁽¹⁾:			
U.S. priority	1,600	1,680	(5)
U.S. deferred	968	970	—
U.S. ground commercial	4,289	4,287	—
U.S. ground home delivery/economy	6,438	6,411	—
Total U.S. domestic ADV	<u>13,295</u>	<u>13,348</u>	—
International priority	622	658	(5)
International economy	491	365	35
Total international export ADV	<u>1,113</u>	<u>1,023</u>	9
International domestic ⁽²⁾	<u>1,823</u>	<u>1,896</u>	(4)
Total ADV	<u><u>16,231</u></u>	<u><u>16,267</u></u>	—
Revenue per package (yield):			
U.S. priority	\$ 25.30	\$ 24.49	3
U.S. deferred	18.59	18.81	(1)
U.S. ground	11.73	11.70	—
U.S. domestic composite	13.87	13.82	—
International priority	55.37	54.37	2
International economy	43.33	47.15	(8)
International export composite	50.06	51.80	(3)
International domestic ⁽²⁾	9.53	9.25	3
Composite package yield	15.86	15.68	1
Freight Statistics			
Average daily freight pounds:			
U.S.	5,319	5,305	—
International priority	4,465	4,390	2
International economy	10,706	11,001	(3)
Total average daily freight pounds	<u>20,490</u>	<u>20,696</u>	(1)
Revenue per pound (yield):			
U.S.	\$ 1.67	\$ 1.67	—
International priority	1.84	1.94	(5)
International economy	0.68	0.66	3
Composite freight yield	1.19	1.19	—

(1) ADV is calculated on a 5-day-per-week basis.

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

Federal Express Segment Revenue

Federal Express segment revenue decreased 1% in the first quarter primarily due to one fewer operating day, lower priority package volume, and reduced demand surcharges, partially offset by increased deferred package volume, base yields, and fuel surcharges.

Volume:

U.S. priority package volume decreased 5% in the first quarter primarily due to economic softness and lower consumer spending. International priority package volume decreased 5% in the first quarter primarily due to a continued shift toward our deferred service offerings. These declines were partially offset by a 35% increase in international economy package volume in the first quarter driven by a continued shift toward our deferred service offerings as a result of global macroeconomic conditions.

Yield:

Higher fuel surcharges had a significant positive effect on yields across all package and freight services in the first quarter. U.S. priority package yield increased 3% in the first quarter primarily due to modest rate increases and higher weight per package, partially offset by a decline in revenue quality. These improvements were partially offset by a 3% decrease in international export package yield in the first quarter primarily due to reduced demand surcharges and unfavorable service mix.

Federal Express Segment Operating Income

Federal Express segment operating income decreased 27% in the first quarter due to higher operating expenses and reduced revenue. The increase in operating expenses in the first quarter of 2025 was driven by increased wage and purchased transportation rates, partially offset by continued benefits from DRIVE initiatives that drove a reduction in our permanent cost structure. These initiatives included transforming our structural network, optimizing station processes in Europe, and improving the efficiency of our linehaul network and information technology function. Currency exchange rates had a negative effect on revenue and a positive effect on expenses and operating income in the first quarter. Operating income was negatively affected by one fewer operating day in the first quarter of 2025 compared to the first quarter of 2024.

Purchased transportation expense increased 3% in the first quarter primarily due to higher rates as well as an increase in commercial linehaul to support network changes and international economy volume growth, partially offset by one fewer operating day. Other operating expenses increased 2% primarily due to higher outside service contracts expense resulting from increased information technology spending and higher self-insurance accruals. Salaries and employee benefits expense increased slightly in the first quarter primarily due to an increase in wage rates as well as an increase in retirement benefits due to changes to our defined contribution plan which increased the number of eligible employees, partially offset by savings from our DRIVE initiatives and lower variable incentive compensation.

Federal Express segment results include business optimization costs of \$43 million and \$27 million in the first quarters of 2025 and 2024, respectively. See the “Business Optimization Costs” section of this MD&A for more information.

In July 2023, Federal Express’s pilots failed to ratify the tentative successor agreement that was approved by the Air Line Pilots Association, International’s FedEx Master Executive Council in the prior month. The ongoing bargaining process has no effect on our operations. See Note 1 of the accompanying unaudited condensed consolidated financial statements for additional information.

FEDEX FREIGHT SEGMENT

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

			Percent Change	Percent of Revenue	
	2024	2023		2024	2023
Revenue	\$ 2,329	\$ 2,385	(2)	100.0 %	100.0 %
Operating expenses:					
Salaries and employee benefits	984	985	—	42.3	41.3
Purchased transportation	203	219	(7)	8.7	9.2
Rentals	71	69	3	3.1	2.9
Depreciation and amortization	110	108	2	4.7	4.5
Fuel	121	139	(13)	5.2	5.8
Maintenance and repairs	82	75	9	3.5	3.2
Intercompany charges	148	139	6	6.4	5.8
Other	171	169	1	7.3	7.1
Total operating expenses	1,890	1,903	(1)	81.2 %	79.8 %
Operating income	\$ 439	\$ 482	(9)		
Operating margin	18.8 %	20.2 %	(140) bp		
Average daily shipments (in thousands):					
Priority	62.9	66.1	(5)		
Economy	29.1	28.5	2		
Total average daily shipments	92.0	94.6	(3)		
Weight per shipment (lbs):					
Priority	956	989	(3)		
Economy	868	876	(1)		
Composite weight per shipment	928	955	(3)		
Revenue per shipment:					
Priority	\$ 363.97	\$ 353.01	3		
Economy	408.60	407.99	—		
Composite revenue per shipment	\$ 378.09	\$ 369.56	2		
Revenue per hundredweight:					
Priority	\$ 38.06	\$ 35.71	7		
Economy	47.09	46.59	1		
Composite revenue per hundredweight	\$ 40.73	\$ 38.71	5		

FedEx Freight Segment Revenue

FedEx Freight segment revenue decreased 2% in the first quarter primarily due to lower shipments and one fewer operating day, partially offset by yield improvement.

Average daily shipments decreased 3% in the first quarter due to reduced demand for our priority services, partially offset by an increase in demand for our economy services, primarily resulting from macroeconomic conditions. Revenue per shipment increased 2% in the first quarter primarily due to base yield improvement resulting from our continued focus on revenue quality, partially offset by lower weight per shipment and fuel surcharges.

FedEx Freight Segment Operating Income

FedEx Freight segment operating income decreased 9% in the first quarter primarily due to decreased revenue, including one fewer operating day in the first quarter of 2025.

Maintenance and repairs expense increased 9% in the first quarter due to higher costs associated with outside vendor labor and vehicle parts. Fuel expense decreased 13% in the first quarter due to decreased shipments and lower fuel prices. Purchased transportation expense decreased 7% in the first quarter primarily due to decreased shipments.

FINANCIAL CONDITION

LIQUIDITY

Cash and cash equivalents totaled \$5.9 billion at August 31, 2024, compared to \$6.5 billion at August 31, 2023. The following table provides a summary of our cash flows for the three-month periods ended August 31, 2024 and August 31, 2023 (in millions):

	2024	2023
Operating activities:		
Net income	\$ 794	\$ 1,078
Business optimization costs, net of payments	(69)	(73)
Other noncash charges and credits	2,072	1,958
Changes in assets and liabilities	(1,610)	(733)
Cash provided by operating activities	1,187	2,230
Investing activities:		
Capital expenditures	(767)	(1,290)
Purchase of investments	(61)	(2)
Proceeds from sale of investments	13	—
Proceeds from asset dispositions and other	13	12
Cash used in investing activities	(802)	(1,280)
Financing activities:		
Principal payments on debt	(34)	(66)
Proceeds from stock issuances	404	157
Dividends paid	(339)	(318)
Purchase of treasury stock	(1,000)	(500)
Cash used in financing activities	(969)	(727)
Effect of exchange rate changes on cash	26	(24)
Net (decrease) increase in cash and cash equivalents	\$ (558)	\$ 199
Cash and cash equivalents at the end of period	\$ 5,943	\$ 7,055

Cash Provided by Operating Activities. Cash flows from operating activities decreased \$1.0 billion in the first quarter of 2025 primarily due to working capital changes driven by a decrease in accrued incentive compensation and other liabilities and an increase in accounts receivable, partially offset by an increase in accounts payable from the first quarter of 2024.

Cash Used in Investing Activities. Capital expenditures decreased during the first quarter of 2025 primarily due to decreased spending on aircraft and related equipment and vehicles and trailers. See “Capital Resources” for a discussion of capital expenditures during 2025.

Financing Activities. We completed ASR transactions during the first quarter of 2025 with two banks to repurchase an aggregate of \$1 billion of our common stock. See Note 1 of the accompanying unaudited condensed consolidated financial statements, “Liquidity Outlook” below, and Part II, Item 2. “Unregistered Sales of Equity Securities and Use of Proceeds” for additional information.

CAPITAL RESOURCES

Our operations are capital intensive, characterized by significant investments in aircraft, package handling and sort equipment, vehicles and trailers, technology, and facilities. The amount and timing of capital investments 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 three-month periods ended August 31 (in millions):

	2024	2023	Percent Change
Aircraft and related equipment	\$ 181	\$ 554	(67)
Package handling and ground support equipment	197	218	(10)
Vehicles and trailers	90	167	(46)
Information technology	153	153	—
Facilities and other	146	198	(26)
Total capital expenditures	<u>\$ 767</u>	<u>\$ 1,290</u>	(41)
Federal Express segment	\$ 703	\$ 1,172	(40)
FedEx Freight segment	35	91	(62)
Other	29	27	7
Total capital expenditures	<u>\$ 767</u>	<u>\$ 1,290</u>	(41)

Capital expenditures decreased in the first quarter primarily due to decreased spending on aircraft and related equipment at Federal Express and decreased spending on vehicles and trailers at FedEx Freight and Federal 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 Pass-Through Certificates, Series 2020-1AA (the “Certificates”).

The \$19.3 billion principal amount 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 obligation of Federal Express in respect of the \$763 million principal amount of the Certificates. See Note 4 of the accompanying unaudited condensed consolidated financial statements and Note 6 to the financial statements included in our Annual Report 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 August 31, 2024 and May 31, 2024 (in millions):

	August 31, 2024	May 31, 2024
Current Assets	\$ 10,652	\$ 10,618
Intercompany Receivable	4,381	4,625
Total Assets	83,693	83,880
Current Liabilities	10,446	9,658
Intercompany Payable	—	—
Total Liabilities	52,552	52,551

The following table presents the summarized statement of income information for the three-month period ended August 31, 2024 (in millions):

Revenue	\$ 15,960
Intercompany Charges, net	(1,007)
Operating Income	1,006
Intercompany Charges, net	57
Income Before Income Taxes	830
Net Income	\$ 580

The following tables present summarized financial information for FedEx (as Parent Guarantor) and Federal 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 August 31, 2024 and May 31, 2024 (in millions):

	August 31, 2024	May 31, 2024
Current Assets	\$ 10,614	\$ 4,473
Intercompany Receivable	1,181	7,399
Total Assets	72,815	62,900
Current Liabilities	9,695	5,958
Intercompany Payable	—	—
Total Liabilities	49,357	38,962

The following table presents the summarized statement of income information for the three-month period ended August 31, 2024 (in millions):

Revenue	\$ 13,575
Intercompany Charges, net	(1,201)
Operating Income	654
Intercompany Charges, net	(14)
Income Before Income Taxes	839
Net Income	\$ 641

LIQUIDITY OUTLOOK

In response to current business and economic conditions as referenced above in the “Outlook” section of this MD&A, we are continuing to actively manage and optimize our capital allocation in response to the slowdown in the economy, inflationary pressures, changing fuel prices, and geopolitical conflicts. We held \$5.9 billion in cash and cash equivalents at August 31, 2024 and \$3.5 billion in available liquidity under our \$1.75 billion three-year credit agreement (the “Three-Year Credit Agreement”) and \$1.75 billion five-year credit agreement (the “Five-Year Credit Agreement” and together with the Three-Year Credit Agreement, the “Credit Agreements”), and we believe that our cash and cash equivalents, cash from operations, and available financing sources will be adequate to meet our liquidity needs, which include operational requirements, expected capital expenditures, voluntary pension contributions, dividend payments, and stock repurchases.

We executed ASR agreements with two banks in June 2024 to repurchase an aggregate of \$1 billion of our common stock that were completed in August 2024. We expect to repurchase an additional \$1.5 billion of our common stock in 2025. See Note 1 of the accompanying unaudited condensed consolidated financial statements and “Item 2. Unregistered Sales of Equity Securities and Use of Proceeds” for more information.

Our cash and cash equivalents balance at August 31, 2024 includes \$2.3 billion of cash in foreign jurisdictions associated with our permanent reinvestment strategy. We are able to access the majority of this cash without a material tax cost and 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 for 2025 are expected to be approximately \$5.2 billion, in line with 2024, as we continue to reduce our capital intensity relative to revenue. Aircraft spend is expected to decline, partially offset by increased investments in network optimization and modernization of our facilities.

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 effect on our financial condition or liquidity.

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

The Three-Year Credit Agreement and the Five-Year Credit Agreement expire in March 2027 and March 2029, respectively. Each of the Credit Agreements has a \$125 million letter of credit sublimit. The Credit Agreements are available to finance our operations and other cash flow needs. See Note 4 of the accompanying unaudited condensed consolidated financial statements for more information.

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 Federal Express to sell, in one or more future offerings, pass-through certificates.

During the first quarter of 2025, we made voluntary contributions of \$300 million to our tax-qualified U.S. domestic pension plan (“U.S. Pension Plan”). We anticipate making \$500 million of additional voluntary contributions during the remainder of 2025. There are currently no required minimum contributions to our U.S. Pension Plan, and we maintain a credit balance related to our cumulative excess voluntary pension contributions over those required that exceeds \$3.0 billion. The credit balance is subtracted from plan assets to determine the minimum funding requirements. Therefore, we have the flexibility to eliminate all required contributions to our principal U.S. Pension Plan for several years. Our U.S. Pension Plan has ample funds to meet expected benefit payments.

On August 16, 2024, our Board of Directors declared a quarterly cash dividend of \$1.38 per share of common stock. The dividend will be paid on October 1, 2024 to stockholders of record as of the close of business on September 9, 2024. 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.

Standard & Poor’s has assigned us a senior unsecured debt credit rating of BBB, a Certificates rating of AA-, a commercial paper rating of A-2, and a ratings outlook of “stable.” Moody’s Investors Service has assigned us an unsecured debt credit rating of Baa2, a Certificates rating of Aa3, a commercial paper rating of P-2, and a ratings outlook of “stable.” Our interest expense may increase in the event of a reduction in our credit rating. If our unsecured debt or commercial paper ratings are reduced to below investment grade, our access to the capital markets may become limited.

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. In connection with our one FedEx consolidation plan, we reevaluated the conclusion of our 2024 goodwill impairment tests as of June 1, 2024, and concluded that the estimated fair values of our reporting units with significant goodwill continued to exceed their carrying values. We do not believe there has been any additional change of events or circumstances that would indicate that additional reevaluation of the goodwill of our reporting units is required as of August 31, 2024, 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 and Finance 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 “Trends Affecting Our Business,” “Business Optimization Costs,” “Income Taxes,” “Outlook,” “Liquidity Outlook,” “Critical Accounting Estimates,” “Legal Proceedings,” and “Risk Factors” and the “Description of Business Segments and Summary of Significant Accounting Policies,” “Financing Arrangements,” “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,” “forecasts,” “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:

- 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;
- geopolitical developments and additional changes in international trade policies and relations;
- the price and availability of jet and vehicle fuel;
- failure to successfully implement our business strategy and effectively respond to changes in market dynamics and customer preferences;
- our ability to execute our DRIVE transformation, including Network 2.0 and the redesign of the Federal Express international air network, in the expected time frame and at the expected cost and achieve the expected operational efficiencies and network flexibility, alignment of our cost base with demand, cost savings and reductions to our permanent cost structure, and other benefits while managing the potential risks;
- the timing and amount of any costs or benefits or any specific outcome, transaction, or change (of which there can be no assurance), or the terms, timing, and structure thereof, related to our global transformation program and other ongoing reviews and initiatives, including the assessment of the role of FedEx Freight in our portfolio structure;
- our ability to successfully implement our workforce reduction in Europe;
- a significant data breach or other disruption to our technology infrastructure, and our ability to mitigate the technological, operational, legal and regulatory, and reputational risks related to emerging technologies such as autonomous technology and artificial intelligence;
- failure to adjust our air network to remove costs related to services provided to the USPS under the contract for Federal Express to provide the USPS domestic transportation services, which expires September 29, 2024;

- the future rate of e-commerce growth and our ability to successfully expand our e-commerce services portfolio;
- increased insurance and claims expenses related to vehicle accidents, workers' compensation claims, property and cargo loss, general business liabilities, and benefits paid under employee disability programs;
- failure to receive or collect expected insurance coverage;
- the effect of any international conflicts or terrorist activities on the United States and global economies in general, the transportation industry, or FedEx in particular;
- failure of third-party service providers to perform as expected, or disruptions in our relationships with those providers or their provision of services to FedEx;
- widespread outbreak of an illness or any other communicable disease or public health crisis;
- damage to our reputation or loss of brand equity;
- the effect of intense competition on our ability to maintain or increase our prices (including our fuel surcharges) or to maintain or grow our revenue and market share;
- 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;
- 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;
- noncash impairment charges related to our goodwill and certain deferred tax assets;
- failure to attract and retain employee talent and our ability to meet our labor and purchased transportation needs while controlling related costs and maintain our company culture;
- 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, as well as the outcome of negotiations to reach new collective bargaining agreements (including with the pilots of Federal Express);
- the effect of costs related to lawsuits in which it is alleged that Federal Express should be treated as an employer or joint employer of drivers employed by service providers engaged by Federal Express;
- increasing costs, the volatility of costs and funding requirements, and other legal mandates for employee benefits, especially pension and healthcare benefits;
- the effects of global climate change;
- our ability to achieve or demonstrate progress on our goal of carbon neutrality for our global operations by calendar 2040;
- our ability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography;
- any effects 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 labor (such as joint employment standards or changes to the Railway Labor Act of 1926, as amended, affecting Federal Express employees); regulatory or other actions affecting data protection; global aviation or other transportation rights; increased air cargo, pilot flight and duty time, and other security or safety requirements; import and 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; environmental (such as global climate change legislation); or postal rules;
- adverse changes in tax laws, regulations, and interpretations or challenges to our tax positions;
- increasing costs related to changing and heightened regulations and enforcement related to data protection;
- 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, Mexican peso, Hong Kong dollar, and Japanese yen, which can affect our sales levels and foreign currency sales prices;

- loss or delay in the collection of accounts receivable;
- any liability resulting from and the costs of defending against class-action, derivative, and other litigation, such as wage-and-hour, joint employment, securities, vehicle accident, and discrimination and retaliation claims, claims related to our reporting and disclosure of climate change and other environmental, social, and governance topics, and any other legal or governmental proceedings, including the matters discussed in Note 9 of the accompanying unaudited condensed consolidated financial statements;
- adverse rulings on appeals and in other future judicial decisions, subsequent adverse jury findings, and changes in judicial precedent;
- the sufficiency of insurance coverage we purchase;
- the effect of technology developments (including artificial intelligence and machine learning) 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;
- disruptions in global supply chains, which can limit the access of FedEx and our service providers to vehicles and other key capital resources and increase our costs;
- difficulties experienced by the companies with which we contract to fly smaller regional “feeder” aircraft in attracting and retaining pilots, which could cause a reduction of service offered to certain locations, service disruptions, increased costs of operations, and other difficulties;
- governmental underinvestment in transportation infrastructure, which could increase our costs and adversely affect our service levels due to traffic congestion, prolonged closure of key thoroughfares, or sub-optimal routing of our vehicles and aircraft;
- successful completion of our planned stock repurchases;
- constraints, volatility, or disruption in the capital markets, our ability to maintain our current credit ratings, commercial paper ratings, and senior unsecured debt and pass-through certificate credit ratings, and our ability to meet credit agreement financial covenants; and
- other risks and uncertainties you can find in our press releases and SEC filings, including the risk factors identified under Part I, Item IA. “Risk Factors” in our Annual Report, as updated by our quarterly reports on Form 10-Q and current reports on Form 8-K.

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 August 31, 2024, 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, Mexican peso, Hong Kong dollar, and Japanese yen. 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 quarter of 2025, the U.S. dollar weakened relative to the currencies of the foreign countries in which we operate, and this weakening had a slightly positive effect on our results.

While we have market risk for changes in the price of vehicle and jet fuel, this risk is largely mitigated by our indexed fuel surcharges. For additional discussion of our indexed fuel surcharges, see the “Results of Operations and Outlook — Consolidated Results — Fuel” section of “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” included in our Annual Report.

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 August 31, 2024 (the end of the period covered by this Quarterly Report on Form 10-Q).

During our fiscal quarter ended August 31, 2024, 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of all material pending legal proceedings, see Note 9 of the accompanying unaudited condensed consolidated financial statements, which is incorporated by reference herein. In connection with the one FedEx consolidation, effective June 1, 2024, Federal Express assumed liability for all pending litigation to which FedEx Ground and FedEx Services were previously party.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in our Annual Report in response to Part I, Item 1A of Form 10-K. Additional risks not currently known to us or that we currently deem to be immaterial also may materially affect our business, results of operations, financial condition, and the price of our common stock.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information on FedEx’s repurchases of our common stock during the first quarter of 2025:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (\$ in millions)
Jun. 1-30, 2024	—	—	—	\$ 4,064
Jul. 1-31, 2024	2,707,550	\$ 295.99	2,707,550	\$ 4,064
Aug. 1-31, 2024	670,975	\$ 295.99	670,975	\$ 4,064
Total	3,378,525		3,378,525	\$ 4,064

In December 2021, our Board of Directors approved a stock repurchase program of up to \$5 billion of FedEx common stock. In March 2024, our Board of Directors authorized a new stock repurchase program for additional repurchases of up to \$5 billion of FedEx common stock. As of May 31, 2024, \$64 million remained available to be used for repurchases under the 2021 program.

As part of the 2021 and 2024 repurchase programs, we entered into accelerated share repurchase (“ASR”) transactions with two banks in June 2024 to repurchase an aggregate of \$1 billion of our common stock. During the first quarter of 2025, the ASR transactions were completed, and 3.4 million shares were delivered under the ASR agreements. The shares delivered under the ASR agreements were the only shares of FedEx common stock we repurchased during the first quarter of 2025.

As of September 19, 2024, approximately \$4.1 billion remained available to be used for repurchases under the 2024 stock repurchase program (no shares remain available to be used for repurchases under the 2021 stock repurchase program). Shares under the program may be repurchased from time to time in the open market or in privately negotiated transactions. No time limits were set for completion of the program; however, we may decide to suspend or discontinue the program.

See Note 1 of the accompanying unaudited condensed consolidated financial statements for additional information regarding the ASR transactions and “Item 2. Management’s Discussion and Analysis of Results of Operations and Financial Condition – Financial Condition – Liquidity Outlook” for information regarding our expected stock repurchases during the remainder of 2025.

ITEM 5. OTHER INFORMATION

During the quarter ended August 31, 2024, no director or officer of FedEx adopted, modified, or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as such terms are defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
*^10.1	Aircraft Dry Lease Agreement, dated August 1, 2024, between Aircraft Owner and Federal Express.
*^10.2	Aircraft Flight Support and Flight Crew Services Agreement, dated August 1, 2024, between Frederick W. Smith and Federal Express.
†10.3	Amended and Restated FedEx Retirement Parity Pension Plan, effective June 1, 2024. (Filed as Exhibit 10.60 to FedEx's FY24 Annual Report on Form 10-K, and incorporated herein by reference).
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).

* 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 copies of such attachments to the SEC or its staff upon request.

^ Certain information in this document has been redacted pursuant to Item 606(a)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

† Management contracts/compensatory plans or arrangements.

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: September 19, 2024

FedEx Corporation

/s/ Guy M. Erwin II

Guy M. Erwin II

Corporate Vice President and
Chief Accounting Officer

CERTAIN INFORMATION IN THIS DOCUMENT DENOTED AS [#] HAS BEEN REDACTED PURSUANT TO ITEM 606(A)(6) OF REGULATION S-K BECAUSE THE DISCLOSURE OF SUCH INFORMATION WOULD CONSTITUTE A CLEARLY UNWARRANTED INVASION OF PERSONAL PRIVACY.

AIRCRAFT DRY LEASE AGREEMENT

(Part 91 Operations)

Dated as of the 1st day of August, 2024

by and between

[#], LLC,
as Lessor,

and

FEDERAL EXPRESS CORPORATION,
as Lessee,

concerning one (1) 2018 Bombardier Inc. model CL-600-2B16 (Challenger 650) aircraft,

bearing

U.S. registration number [#] (pending change to [#]),
and
manufacturer’s serial number [#]

**INSTRUCTIONS FOR COMPLIANCE WITH
“TRUTH IN LEASING” REQUIREMENTS UNDER FAR § 91.23**

Within 24 hours after execution of this Aircraft Dry Lease Agreement:

mail a copy of the executed document, without Appendix I, to the following address via certified mail, return receipt requested, or submit by hand delivery:

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P.O. Box 25724
Oklahoma City, Oklahoma 73125

***At least 48 hours prior to the first flight to be conducted under
this Aircraft Dry Lease Agreement:***

deliver a completed Appendix II containing the departure airport and proposed time of departure of said first flight by facsimile to the Flight Standards District Office located nearest the departure airport.

Appendix I contains only economic rental data and is intentionally omitted for FAA submission purposes.

Carry a copy of this Aircraft Dry Lease Agreement in the aircraft at all times.

* * *

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

AIRCRAFT DRY LEASE AGREEMENT

This **AIRCRAFT DRY LEASE AGREEMENT** (this “**Lease**”) is made effective as of August 1, 2024 (the “**Effective Date**”), by and between [#], LLC, a Delaware limited liability company (“**Lessor**”), and FEDERAL EXPRESS CORPORATION, a Delaware corporation (“**Lessee**”).

W I T N E S S E T H:

WHEREAS, Lessor is, or will be as of the Effective Date, the legal owner of one (1) 2018 Bombardier Inc. model CL-600-2B16 (Challenger 650) aircraft bearing manufacturer’s serial number [#] and United States nationality and registration marks [#] (pending change to [#]), equipped with two (2) General Electric model CF34-3B aircraft engines with manufacturer’s serial numbers [#] and [#], and one Honeywell model GTCP36-150 auxiliary power unit with manufacturer’s serial number [#] (the “**APU**”) together with any and all aircraft engines, equipment, furnishings, appurtenances, landing gear, instruments, components and parts installed on, or otherwise appurtenant to, such aircraft (collectively, the “**Aircraft**”); and

WHEREAS, Lessor has agreed to dry lease the Aircraft to Lessee, and Lessee has agreed to dry lease the Aircraft from Lessor, upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Lessor and Lessee agree as follows:

1. **Lease; Term.**

- 1.1. Lessor hereby agrees to dry lease on a non-exclusive basis from time to time during the Term (as defined below) the Aircraft to Lessee, without crew, and Lessee hereby agrees to dry lease the Aircraft from Lessor, without crew, for use by Lessee to operate specific trips (each, a “**Lessee Trip**”), upon the terms and conditions set forth herein.
- 1.2. The term of this Lease is one (1) year commencing on the Effective Date and ending on July 31, 2025 (the “**Initial Term**”), unless earlier terminated. Upon the expiration of the Initial Term, the provisions of this Lease shall be automatically renewed for additional one-year periods (each, a “**Renewal Term**,” and together with the Initial Term, the “**Term**”). Either party may terminate this Lease with or without cause at any time during the Term upon at least thirty (30) days written notice to the other party, provided that, on or before the effective date of any such termination, Lessee shall have paid to Lessor all Rent (as defined below) and Lessor shall have paid to Lessee all Cost Reimbursements (as defined below) accrued and owing under this Lease through such date. Notwithstanding anything contained herein to the contrary, upon the sale or transfer of the Aircraft from Lessor to a third-party, the parties acknowledge and agree that this Lease shall automatically terminate without any further action by either party on the date such sale or transfer is consummated as evidenced by the filing of a bill of sale for the Aircraft with the FAA (as defined below), provided that, on or before the effective date of any such termination, Lessee shall have paid to Lessor all amounts accrued and owing under this Lease through such date.

2. **Delivery and Acceptance; Third Party Leases.**

- 2.1. Upon the Effective Date, the Aircraft will be delivered to Lessee at [#] (the “**Home Base**”). Upon termination of this Lease, the Aircraft will be returned to Lessor, at Lessee’s expense, at [#]. The Aircraft will be returned in the same condition as when received, except for normal and reasonable wear and tear from ordinary use. Subject to Section 8.2 below, Lessee shall keep the Aircraft safe and secure when at the Lessee’s Home Base during the Term.
- 2.2. The execution of this Lease by Lessee shall evidence that the Aircraft is leased under, and is subject to all of the terms, provisions and conditions of, this Lease, and shall constitute Lessee’s unconditional and irrevocable acceptance of the Aircraft for all purposes of this Lease.

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

- 2.3. Notwithstanding any terms of this Lease, at such times when the Aircraft is not needed for use by Lessee, Lessor may enter into a dry lease arrangement with Lessor's member (the "**Permitted Lessee**"), who may wish to use and operate the Aircraft; provided, that, Lessor may not enter into any other dry lease arrangements other than with the Permitted Lessee. Subject to Section 8.8 below, the Permitted Lessee's right to use the Aircraft under its dry lease arrangement shall have priority over the Lessee's use of the Aircraft under this Lease.

3. Use and Operation of the Aircraft.

- 3.1. LESSEE AND LESSOR HEREBY SPECIFICALLY AGREE AND ACKNOWLEDGE THAT LESSEE SHALL EXERCISE OPERATIONAL CONTROL OF THE AIRCRAFT DURING ALL FLIGHT OPERATIONS CONDUCTED BY LESSEE. FURTHER, AT ALL TIMES WHILE THE AIRCRAFT IS IN THE POSSESSION AND USE OF LESSEE FOR A LESSEE TRIP, LESSEE SHALL HAVE EXCLUSIVE POSSESSION, COMMAND AND CONTROL OF THE AIRCRAFT, AND THE PILOTS AND CREW OF ANY FLIGHT OPERATED BY LESSEE SHALL BE UNDER THE EXCLUSIVE COMMAND OF LESSEE.
- 3.2. Notwithstanding that Lessee shall have operational control of the Aircraft during any flight conducted by Lessee, the parties acknowledge that, pursuant to § 91.3 of the Federal Aviation Regulations ("**FARs**"), the pilot(s) of such flight is/are responsible for, and is/are obligated and entitled to exercise final authority over, the safe operation of the flight, and the parties agree that the pilot(s) may, in the exercise of such authority, refuse to commence such flight, terminate such flight or take any other flight-related action that, in the judgment of the pilot(s), is required to ensure the safety of the Aircraft, the flight crew, the passengers and any other persons and/or property.
- 3.3. Lessee will utilize the Aircraft only for carriage of officials, employees, guests and property of Lessee and its affiliates. Lessee agrees not to operate or locate the Aircraft, and not to allow the Aircraft to be operated or located, (i) in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft; (ii) in any area to which travel or flights are restricted or prohibited by law; (iii) in areas that are war zones or recognized as threatened or actual areas of hostilities; or (iv) in any area that, for whatever reason, to a prudent operator of similar aircraft would present an unreasonable risk of harm to the Aircraft or to passengers or property on the Aircraft.
- 3.4. Lessee further covenants and agrees that, at all times during Lessee's use of the Aircraft, Lessee will furnish or directly procure the services of, and the Aircraft will be operated under the command of, a flight crew duly licensed and rated by the Federal Aviation Administration (the "**FAA**") of the United States with appropriate currency and medical certification.
- 3.5. Lessee will operate the Aircraft hereunder in compliance with (i) all laws of governmental bodies having jurisdiction over Lessee or the Aircraft, including but not limited to, the FARs (and specifically, but without limitation, Part 91 thereof); (ii) the manufacturer's approved maintenance program for the Aircraft; (iii) the airworthiness certificate for the Aircraft; (iv) any license or registration relating to the Aircraft; and (v) any insurance policy relating to the Aircraft. Lessee shall be solely responsible for any fines, penalties, or forfeitures relating in any manner to the operation or use of the Aircraft by Lessee under this Lease.
- 3.6. LESSEE ACKNOWLEDGES AND AGREES THAT IT IS LESSEE'S RESPONSIBILITY TO OBTAIN AND PROVIDE COPIES OF ALL PERMITS AND OTHER AUTHORIZATIONS NECESSARY FOR LESSEE TO CONDUCT ITS PLANNED FLIGHTS AND USE OF THE AIRCRAFT PRIOR TO OPERATING THE AIRCRAFT. LESSEE SHALL SUBMIT A COPY OF SUCH PERMITS OR OTHER AUTHORIZATIONS TO LESSOR PRIOR TO OPERATING THE AIRCRAFT.

4. **Flight Crew.** If needed to support Lessee's use and operation of the Aircraft, Lessee shall enter into its own aircraft operations support services agreement with a qualified and reputable aircraft operations support services company, selected by Lessee in its sole discretion. Lessee shall employ or otherwise obtain at its sole cost and expense the services of a fully qualified and properly certified and trained flight crew, selected by Lessee in its sole discretion (and who may or may not be the same flight crew used by Lessor or any other lessee), as applicable, to operate the Aircraft when in Lessee's possession and control. Lessee's flight crew shall be covered under applicable and effective insurance coverage for the Aircraft, to operate the Aircraft during Lessee's possession, use and operation of the Aircraft for each Lessee Trip. The pilots operating the Aircraft for Lessee hereunder will, at all times, be duly qualified and will hold any certificate, rating, type rating or endorsement appropriate for the Aircraft, purpose of flight, condition of flight or as otherwise required by the FARs and shall meet all currency of flight and other requirements specified by the insurance policies required under this Lease and by the FAA.
5. **Maintenance.**
- 5.1. Lessee shall at all times during Lessee's possession, use and operation of the Aircraft be responsible for keeping the Aircraft in good and efficient working order, condition and repair, ordinary wear and tear excepted, and shall make all inspections and repairs required by applicable laws, regulations and insurance policies as required to meet the standards of the FAA and to keep the Aircraft currently registered, certificated and airworthy under and in accordance with the requirements of the FAA. All inspection, repair and maintenance expenses incurred by Lessee shall be paid directly by Lessor, unless required to be paid by Lessee, in which case such expenses shall be reimbursed by Lessor. Lessor, and Lessee during Lessee's possession, use and operation of the Aircraft, shall comply with all applicable service, maintenance, repair and overhaul regulations, airworthiness directives and instructions of the FAA and all appropriate maintenance, service, repair and overhaul manuals and mandatory service bulletins published by the manufacturers of the airframe, engines, APU, propellers, accessories, and parts installed on the Aircraft. All flight records, logs, flight manuals and other materials maintained by Lessee with respect to its operation of the Aircraft shall be made available by Lessee to Lessor for inspection at such times and places as Lessor may reasonably request upon reasonable prior written notice and shall be maintained with all records relating to the Aircraft. Lessor shall be responsible for making, or causing to be made, at its sole expense, any alterations, improvements or additions to the Aircraft that are required by law or regulation, except to the extent required during Lessee's possession, use and operation of the Aircraft, in which event Lessee shall make the required alterations, improvements or additions, but shall be entitled to reimbursement from Lessor for the cost thereof. Any such alterations, improvements, or additions thereto shall constitute accessions to the Aircraft, and title thereto shall vest and remain in Lessor, unless otherwise specifically agreed to in writing between the parties. Amounts due from Lessor to Lessee under this section (collectively, "**Maintenance and Repair Costs**") shall be included in the Cost Reimbursements from time to time due from Lessor to Lessee under Section 9 below.
- 5.2. Without limiting the foregoing, and subject to Lessee's right to reimbursement from Lessor, Lessee shall perform: (i) all repairs, inspections and maintenance required by the manufacturer's recommended maintenance program delineated in the applicable maintenance manual per FARs Part 91.409(f)(3); (ii) all other repairs and maintenance as may be necessary to enable the airworthiness certification of the Aircraft to be maintained in good standing at all times under the applicable rules and regulations of the FAA or other governmental airworthiness authority having jurisdiction over the Aircraft; and (iii) any other repairs, inspections or maintenance, as may be required to maintain the Aircraft and its engines in the same condition as when received from Lessor, normal and reasonable wear and tear excepted.
- 5.3. So long as no Event of Default (as defined below) shall have occurred and be continuing, Lessor hereby authorizes Lessee to assert for Lessor's account all of its right, title and interest in, under and to any warranties in respect of the Aircraft issued by the manufacturer or vendor of the Aircraft or any part or component thereof and agrees to execute and deliver such further instruments as may be reasonably necessary to enable Lessee to enforce such warranties.

6. **Rent.** In consideration of this Lease of the Aircraft, Lessee agrees to pay Lessor the hourly rental payments shown on Appendix I attached hereto for each Lessee Trip (“**Rent**”). Rent for each Lessee Trip shall be calculated from the time of takeoff to the time of landing for each flight segment during such Lessee Trip. The amount of Rent owed by Lessee shall be calculated and billed by Lessor to Lessee within thirty (30) days after the end of each calendar month in which any Lessee Trips occur (the “**Rent Deadline**”). Lessee shall pay all Rent owed by Lessee to Lessor pursuant to this Lease within fifteen (15) days of the Rent Deadline.
7. **Expenses.** Lessee shall pay directly to the third-party providers thereof any and all support services and flight crew costs, fuel, and other direct operating expenses, charges, fees or assessments payable by reason of the possession, use and operation of the Aircraft by Lessee for Lessee flights. If Lessor pays any such charges, Lessee shall reimburse Lessor upon demand as supplemental Rent. In addition, if Lessee fails to perform or comply with any of the terms contained herein, Lessor may perform or comply with such terms and Lessee shall reimburse Lessor the cost of such performance and compliance upon demand as supplemental Rent.
8. **Support Services.** During the Term, Lessee shall provide to Lessor the following advice, consultation and aircraft support services associated with the Aircraft and Lessor’s ownership and management thereof (collectively, the “**Services**”):
- 8.1. **General.** Lessee shall provide advice and assistance to Lessor on matters regarding (i) the storage, management and maintenance of the Aircraft with all reasonable care and in accordance with applicable insurance coverage and within the standards and guidelines established by the FAA; (ii) compliance with all applicable laws or regulations, including, without limitation, FARs; (iii) the administration and enforcement of warranty claims; (iv) the administration and enforcement of insurance matters; and (v) parts replacement, service and maintenance arrangements.
- 8.2. **Home Base Hangar.** Lessee shall provide a hangar for the Aircraft to be properly and regularly stored at the Home Base, or at such other location as shall be acceptable to Lessor. Lessee shall keep the Aircraft safe and secure at all times when the Aircraft is hangared at the Home Base in accordance with Lessee’s normal operating procedures for its own aircraft and industry standards for such care.
- 8.3. **Insurance.** Lessee shall arrange for and procure on behalf of Lessor (i) all-risk aircraft hull insurance in amount not less than the fair market value of the Aircraft as from time to time designated by Lessor in writing, which amount may be changed by Lessor upon written request to Lessee and subject to acceptance by the applicable insurance provider, with respect to the Aircraft, against any loss, theft or damage to the Aircraft (including any engines or parts while removed from the Aircraft), including provisions that Lessor and any lien holder of record will be provided with breach of warranty protection under such hull insurance coverage; (ii) liability insurance for bodily injury and property damage arising from operations of the Aircraft by any of Lessor, Lessee or third-party lessees identified in writing by Lessor in an amount not less than a commercially reasonable limit suitable for the circumstances of all flight operations to be conducted as mutually agreed by Lessor and Lessee, and Lessor and any other lien holders or third-party lessees identified in writing by Lessor shall be included as named insureds; and (iii) if requested by Lessor, war risk hull coverage in an amount not less than the fair market value of the Aircraft and liability coverage in an amount not less than a commercially reasonable limit suitable for the circumstances of all flight operations to be conducted as mutually agreed by Lessor and Lessee, provided that if the Aircraft is intended to fly to European Union countries, additional war risk coverages may be required and, if requested by Lessor, Lessee will use commercially reasonable efforts to obtain such additional coverages at Lessor’s expense. The insurance required hereunder shall be subject to Lessor’s approval and maintained in full force and effect throughout the Term. All such insurance shall (a) waive any right of the insurer to any subrogation, setoff, recoupment, counterclaim or any other deduction in respect of any liability of Lessor, Lessee and any third-party lessee; and (b) provide for at least thirty (30) day notice of cancellation to Lessor and Lessee.

- 8.4. Maintenance, Repairs and Inspections Services. Lessee shall advise and assist Lessor with compliance with (i) all applicable service, maintenance, repair and overhaul regulations and airworthiness directives of the FAA; and (ii) all appropriate maintenance, service, repair and overhaul manuals and mandatory service bulletins published by the manufacturers of the airframe, engines, propellers, accessories and parts installed on the Aircraft. Without limitation, Lessee shall assist Lessor by: (a) coordinating Aircraft inspections, maintenance, services, repairs, overhauls and test by FAA-certified personnel, in accordance with the Aircraft manufacturer's inspection and maintenance program, or with another inspection and maintenance program approved by the FAA, and in accordance with all applicable FARs, so as to keep the Aircraft in good operating condition, ordinary wear and tear excepted, and in such condition as may be necessary to obtain and hold a certificate of airworthiness for the Aircraft; (b) keeping and maintaining the Aircraft in good operating condition, ordinary wear and tear excepted, and in such condition as may be necessary to maintain in good standing the airworthiness certification of the Aircraft; and (c) maintaining all records, logs and other materials required by the FAA to be maintained in respect of the maintenance, use and inspections of the Aircraft. Any contracts for such maintenance, repairs and inspections services shall be executed by Lessor, and Lessee shall have no authority to enter into any such agreement for or on behalf of Lessor, unless expressly permitted by Lessor in writing.
- 8.5. Manufacturer and Other Service Plans. Lessee shall advise and assist Lessor in arranging such manufacturer approved airframe, engines, APU, maintenance tracking and other support services arrangements as shall be entered in to from time to time by Lessor. Any contracts for such support services shall be executed by Lessor, and Lessee shall have no authority to enter into any such agreement for or on behalf of Lessor unless expressly authorized by Lessor in writing.
- 8.6. Records and Administration. Without limiting the foregoing, Lessee shall create and maintain all records, logs and other materials, including without limitation, all logbooks, manuals and operations, maintenance and repairs, inspections, administrative and accounting records, relating to the Aircraft, flights by Lessor, Lessee and any third-party lessees identified in writing by Lessor, and the Services provided under this Lease, all in compliance with the FARs (as the same may be amended, modified or supplemented from time to time, the "Aircraft Records"). The Aircraft Records shall be stored and maintained at the Home Base unless otherwise agreed by Lessee. Lessor may, upon reasonable notice to Lessee, inspect and copy such Aircraft Records at such times during Lessee's business hours as shall not unreasonably interfere with the performance by Lessee of its business.
- 8.7. FAA Liaison. Lessee shall advise and assist Lessor in communicating with the FAA about the Aircraft and in complying with any applicable requirements the FARs impose on Lessor.
- 8.8. Scheduling. Lessee shall maintain and manage a scheduling log for itself, Lessor and any third-party lessees, on behalf of Lessor, for the Aircraft and shall coordinate all repairs and maintenance of the Aircraft so as to minimize interference with any scheduled operations of the Aircraft. Lessee shall request authorization to use the Aircraft from Lessor reasonably in advance of any planned Lessee Trip. Lessor may determine, in its sole discretion, the Aircraft's availability for any requested Lessee Trips, provided that nothing contained herein shall in any way provide Lessee priority use of the Aircraft. Lessee shall cooperate to deliver possession of the Aircraft to Lessor or to any third-party lessee designated by Lessor for purposes of any Lessor or third-party lessee flight operations. During a third-party lessee's possession and use of the Aircraft, Lessee shall have no responsibility under this Lease for the maintenance, use or operation of the Aircraft.
9. **Cost Reimbursements.** In consideration of the Services provided to Lessor by Lessee pursuant to this Lease, Lessor shall pay Lessee (i) the actual amount of all Maintenance and Repair Costs incurred by Lessee at the request, or for the benefit, of Lessor; (ii) an arms-length rental value of that portion of the hangar located at the Home Base that the Aircraft occupies; (iii) an arms-length fee for monthly overhead and other costs incurred by Lessee to provide the Services for the benefit of Lessor; and (iv) the total out-of-pocket cost of any insurance premiums for the insurance policies required under Section 8.3 above (collectively, "Cost Reimbursements"). Lessee shall bill Lessor for all Cost Reimbursements within thirty (30) days after the

end of the month in which such Cost Reimbursements were incurred (the “**Reimbursements Deadline**”); provided, that in the event any charges permitted under this Section 9 as Cost Reimbursements have not yet been billed to Lessee by the Reimbursements Deadline, Lessee shall bill Lessor as soon as reasonably practicable after the receipt thereof. Lessor shall pay all such invoices within fifteen (15) days after Lessor’s receipt thereof.

10. Taxes; State and Local Registration.

- 10.1. As used in this Lease, the term “**Taxes**” shall mean any and all fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, gross receipts, sales, rental, use, turnover, value added, property (tangible or intangible), excise, business and stamp taxes), licenses, levies, imposts, duties or withholding of any nature, together with any assessments, penalties, fines, additions to tax and/or interest thereon.
- 10.2. Lessee shall pay, assume liability for, and indemnify Lessor from and against only such Taxes that may from time to time be imposed or asserted against Lessor, the Aircraft or Rent by any federal, state or local government or any other taxing authority where such Taxes are imposed or asserted in connection with this Lease or Lessee’s dry lease use of the Aircraft pursuant thereto, exclusive of any Taxes imposed upon or measured with respect to the revenue or income derived by Lessor under this Lease or otherwise which shall be the sole responsibility of Lessor.
- 10.3. Lessor shall pay, assume liability for, and indemnify Lessee from and against only such Taxes that may from time to time be imposed or asserted against Lessee or the Cost Reimbursements by any federal, state or local government or any other taxing authority where such Taxes are imposed or asserted in connection with the Services performed by, and the Cost Reimbursements paid to, Lessee pursuant to this Lease, exclusive of any Taxes imposed upon or measured with respect to the revenue or income derived by Lessee under this Lease or otherwise which shall be the sole responsibility of Lessee.
- 10.4. With the advice and assistance of Lessee, Lessor shall file and be responsible for all required ad valorem property tax reports and returns with respect to the Aircraft for all periods, with all appropriate government agencies, and pay any and all such Taxes prior to the last date on which such Taxes can be paid without incurring penalty.
- 10.5. Neither party shall be obligated to pay or reimburse any amount under this section so long as it shall in good faith and by appropriate proceedings be contesting the validity or the amount thereof in any reasonable manner and so long as the other party shall have determined in its reasonable judgment that the action to be taken will not result in the sale, forfeiture or loss of, or the creation of a lien on, the Aircraft other than property tax liens which relate to Taxes which are not yet payable and which will be removed by proper and timely payment thereof. The contesting party agrees to indemnify the non-contesting party against any loss, claim, demand or expense, including reasonable legal expense, resulting from such contest. The non-contesting party agrees to cooperate reasonably with and support the contesting party, at the contesting party’s sole cost and expense, in the contesting party’s contest of any Taxes required to be paid or indemnified against by it. If state or local law requires that a tax contest be conducted in the name of the non-contesting party, then the non-contesting party shall cooperate reasonably with contesting party, at the contesting party’s expense, to conduct such contest.
- 10.6. The obligations and liabilities under this section which arise during the Term of this Lease shall continue in full force and effect notwithstanding the termination of this Lease, whether by expiration of time, by operation of law or otherwise. The party owing Taxes hereunder shall bear the burden of any penalties and interest incurred with respect to the foregoing Taxes for which it is responsible as a direct result of its acts or omissions and the other party shall bear the burden of any penalties and interest incurred with respect to the foregoing as a direct result of its acts or omissions.

10.7. Neither party shall be responsible for any franchise, doing business, license or similar Taxes imposed or asserted by any federal, state or local government or any other taxing authority or any Taxes imposed or asserted by any federal, state or local government or any other taxing authority on the income, capital or net worth of the other party.

11. Insurance.

11.1. Lessee shall bear the risk of any, loss, damage, theft or destruction, partial or complete, of the Aircraft during Lessee's possession, use or operation of the Aircraft from whatsoever source arising.

11.2. Nevertheless, in consideration of Rent paid by Lessee to Lessor, and in accordance with Section 8.3 above, Lessor shall maintain reasonable and customary insurance (including war risk insurance) at all times on the Aircraft, including, but not limited to, insurance against loss theft or damage, public liability and third-party property damage insurance, and all such other coverage reasonably necessary to cover the interests of Lessor, Lessee and all other operators, crew members or passengers on the Aircraft. Such insurance shall name Lessee as an additional "named insured" and shall expressly cover operation of the Aircraft under Lessee's possession and operational control. Further, such insurance must be in amounts and on terms sufficient to cover the fair market value of the Aircraft. All liability limits shall be in amounts and with limits reasonable for the intended uses of Aircraft, and otherwise in compliance with the requirements of Lessor's lender (if any).

11.3. In the event of loss of or damage to the Aircraft, Lessee shall immediately report such loss or damage to Lessor, to the insurance companies underwriting such risk, and to any and all applicable governmental agencies, both federal and state, and shall furnish such information and execute such documents as may be required and necessary to collect the proceeds from the insurance policies.

11.4. Notwithstanding the foregoing, Lessee may, but shall not be required to, obtain supplemental insurance in such amounts and on such terms as desired by Lessee to further cover such liabilities as may be borne by Lessee as a result of its operations of the Aircraft.

12. Registration. The Aircraft shall be duly registered in the name of Lessor under the Federal Aviation Act at all times during the Term. Lessee acknowledges and agrees that legal title to the Aircraft shall be vested in Lessor, it being expressly understood that this Lease is an agreement of lease only. During the Term, Lessee shall keep the Aircraft free from any markings or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or its assigns. During the Term, Lessee shall ensure that no liens, attachments, levies or executions are created or placed against the Aircraft by third parties as a result of Lessee's (or any permitted sublessee's) acts or omissions. Lessee shall notify Lessor promptly upon learning of any liens or attachments against the Aircraft and will promptly satisfy or discharge any such liens caused by Lessee's (or any permitted sublessee's) acts or omissions.

13. Inspection. At all reasonable times during the Term, Lessor or its authorized representatives may inspect the Aircraft (including during any maintenance) and the books and records of Lessee relating to the operation and maintenance of the Aircraft upon reasonable prior written notice to Lessee, provided that such inspections do not interfere with the operations of Lessee. Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

14. Indemnification.

14.1. Lessee assumes liability for, and shall indemnify, protect, save and keep harmless Lessor and its members, officers, employees, agents, servants, successors and assigns (each, "**Indemnitee**") from and against all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses (including reasonable legal expenses) incurred by or asserted by third parties against any Indemnitee, in any way relating to or arising, directly or indirectly, from or in connection with the possession, use, operation, condition or return of the Aircraft or any part thereof by Lessee. Lessee shall not be required to indemnify any Indemnitee for loss or liability arising from acts or events which occur after the expiration or early termination of this Lease, or for loss or liability resulting solely from the operation of the Aircraft by Lessor or any third-party lessee of from the willful misconduct or gross negligence of such Indemnitee.

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- 14.2. The provisions of this section shall survive the termination of this Lease, whether by expiration of time, by operation of law or otherwise. Indemnitee shall give Lessee reasonably prompt notice of any claim of liability hereby indemnified against. Upon Lessor's consent, Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such matter.

15. Default.

- 15.1. Any one or more of the following shall constitute an event of default hereunder (each, "**Event of Default**"):
- 15.1.1. Lessee shall fail to pay any Rent, any expenses or Taxes as provided in Sections 6 through 10 above, or any other payment hereunder, within ten (10) days after it is due;
 - 15.1.2. without limiting Section 15.1.1 above, Lessee shall fail to timely pay to any third-party provider such amounts when and as may be due for Aircraft operations, support services, flight crew costs or other direct operating expenses, charges, fees or assessments payable by reason of this Lease or the possession, use and operation of the Aircraft by Lessee during the Term;
 - 15.1.3. Lessor shall fail to pay any Cost Reimbursements, including any Taxes paid by Lessee but for which Lessor is responsible, within ten (10) days after it is due;
 - 15.1.4. violation or default of any term, obligation or condition of a non-monetary nature set forth in this Lease, together with a failure to cure within twenty (20) days after receipt of written notice of such violation or default from the non-defaulting party;
 - 15.1.5. Lessee operates the Aircraft in violation of any law, regulation, directive or order of any governmental authority or in violation of any provision of any insurance policy contemplated by this Lease;
 - 15.1.6. any warranty or representation made by Lessee or Lessor herein shall prove to be false in any material respect;
 - 15.1.7. lapse of insurance coverage required to be kept in force hereunder;
 - 15.1.8. Lessee or Lessor shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or a substantial part of its assets; (ii) be unable, or admit in writing its inability to pay its debts as they become due; (iii) make a general assignment for the benefit of creditors; (iv) be adjudicated, bankrupt or insolvent; (v) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; or (vi) take corporate action for the purpose of effecting any of the foregoing; or
 - 15.1.9. an order, judgment or decree shall be entered without the application, approval or consent of Lessee or Lessor, by any court of competent jurisdiction, approving a petition seeking reorganization of Lessee or Lessor or appointing a receiver, trustee or liquidator of Lessee or Lessor, of all or a substantial part of the assets of Lessee or Lessor, and such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) consecutive days and subject to the limitations set forth therein.

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- 15.2. Upon the occurrence and during the continuation of any such Event of Default by or with respect to Lessee, Lessor, as its option, may exercise any one (1) or more of the following remedies:
- 15.2.1. by written notice, terminate this Lease; whereupon all rights of Lessee to the use of the Aircraft shall absolutely cease and terminate but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may cause Lessee at Lessee's expense promptly to return the Aircraft to the possession of Lessor, or Lessor at its option may, subject to Lessee's safety and security regulations and during normal business hours, enter upon the premises where the Aircraft is located and take immediate possession of and remove such Aircraft;
 - 15.2.2. proceed by appropriate court action to enforce performance by Lessee of the applicable covenants and terms of this Lease or to recover damages for the breach thereof; or
 - 15.2.3. exercise any other right or remedy that may be available to it under applicable law or in equity. A termination hereunder shall occur only upon notice by Lessor.
- 15.3. Upon the occurrence and during the continuation of any such Event of Default by or with respect to Lessor, Lessee, at its option, may exercise any one (1) or more of the following remedies:
- 15.3.1. by written notice, terminate this Lease and surrender possession, custody and control of the Aircraft to Lessor at the soonest possible time and place, wherever that may be without compromising the safety of the Aircraft or any of its passengers or crew;
 - 15.3.2. proceed by appropriate court action to enforce performance by Lessor of the applicable covenants and terms of this Lease or to recover damages for the breach thereof; or
 - 15.3.3. exercise any other right or remedy that may be available to it under applicable law or in equity. A termination hereunder shall occur only upon notice by Lessee.
- 15.4. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the non-defaulting party at law or in equity. No express or implied waiver by the non-defaulting party of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. No delay by the non-defaulting party in exercising or failure by the non-defaulting party to exercise any right, power or remedy under this Lease shall constitute a waiver, and any waiver by the non-defaulting party on any one occasion shall not be construed as a waiver on any future occasion or for any other purpose. Any single or partial exercise of any particular right by the non-defaulting party shall not exhaust the same or constitute a waiver of any other right provided herein.
16. **Surrender.** At the expiration or termination of this Lease, Lessee shall at its expense, return the Aircraft to Lessor to the location designated in Section 2.1, or as the parties may otherwise agree in writing, free and clear of all liens and encumbrances created by the acts or omissions of Lessee (or any permitted sublessee), in the same operating order, repair, condition and appearance as when accepted, reasonable wear and tear excepted.
17. **Disclaimer of Warranties.** THE AIRCRAFT SHALL BE DELIVERED TO LESSEE IN AN "AS IS" CONDITION. LESSOR MAKES NO REPRESENTATION OR WARRANTY EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE AIRCRAFT, THE AIRFRAME OR ANY ENGINE, THEIR MERCHANTABILITY, DURABILITY, AIRWORTHINESS, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE AIRCRAFT, AIRFRAME OR ANY ENGINE. LESSOR HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY, WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES. WITHOUT LIMITING THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSOR

OR LESSEE), IN THE AIRCRAFT, THE AIRFRAME OR ANY ENGINE, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF THE AIRCRAFT, AIRFRAME OR ANY ENGINE OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE THE AIRCRAFT, AIRFRAME OR ANY ENGINE FOR ANY REASON WHATSOEVER.

18. Subordination. If applicable, as of the Effective Date and at all times in the future during the Term of this Lease, this Lease is and at all times shall remain subordinate in all respects to any lien, mortgage, security interest, lease or other charge or encumbrance or claim or right of others, including, without limitation, rights of others under any airframe or engine interchange or pooling agreement, except for mechanics liens to be discharged in the ordinary course of business granted to any lender or financing company pursuant to any mortgage granted by Lessor encumbering the Aircraft. If applicable, the lender shall have the right at all times notwithstanding this Lease to enforce the terms and provisions of the mortgage, including, without limitation, repossession of the Aircraft.

19. Assignment.

19.1. No assignment, transfer, mortgage or other charge or lien may be made by Lessee of any of its rights or interest with respect to the Aircraft or any part of this Lease. Lessee shall not, without the prior written consent of Lessor, assign this Lease, sublease the Aircraft at any time, or allow any other person to have operational control of the Aircraft. Any permitted sublease shall not relieve Lessee of any obligations hereunder.

19.2. Lessor may, at any time with or without the prior written consent of Lessee, transfer, assign or grant a security interest in Lessor's rights in this Lease, the Aircraft and/or Rent and other sums at any time due and to become due, or at any time owing or payable by Lessee to Lessor under any of the provisions of this Lease.

20. Notices. All notices and other communications required or permitted to be given under this Lease shall be delivered by hand, Federal Express (or other overnight delivery service), or certified or registered mail (return receipt requested), addressed as follows:

If to Lessor: [#], LLC
 942 S. Shady Grove Road
 Memphis, TN 38120
 Attn: Frederick W. Smith
 Phone: [#]

With copy to: [#]

If to Lessee: Federal Express Corporation
 2461 Democrat Road Hangar 20,
 Memphis, TN 38118
 Attn: Managing Director, FedEx Corporate Aviation
 Phone: [#]

With copy to: Federal Express Corporation
 3620 Hacks Cross Road, Building B, 3rd Floor,
 Memphis, TN 38125
 Attn: Managing Director, Aircraft and Transportation Transactions, Legal
 Phone: [#]

provided, however, that either party may change its address for notices by so notifying the other party in the manner set forth in this Section 20.

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

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21. **Legal and Other Fees.** In the event of any dispute, litigation or arbitration between the parties with respect to the subject matter of this Lease, the unsuccessful party shall pay to the successful party all costs and expenses, including without limitation, reasonable attorneys' fees, incurred in connection therewith by the successful party, all of which shall be included in and as a part of the judgment or award rendered in such dispute, litigation or arbitration. For purposes of this Lease, "**successful party**" shall mean the party which achieves substantially the relief sought, whether by judgment, order, settlement or otherwise.
22. **Amendment.** The terms of this Lease may not be modified, waived or amended other than by an instrument in writing executed by Lessor and Lessee.
23. **Severability.** If any provision of this Lease is held to be invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the extent permitted by applicable law, all other provisions hereof shall remain in full force and effect in such jurisdiction, and such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.
24. **Entire Agreement; Governing Law.** This Lease constitutes the entire agreement between Lessor and Lessee with respect to this Lease of the Aircraft and supersedes any prior or contemporaneous agreements and/or understandings, whether oral or written, with respect to this Lease of the Aircraft. This Lease and the rights and obligations of the parties hereunder, shall be governed by, and construed and enforced in accordance with the laws of the State of Tennessee, including all matters of construction, validity and performance, without giving effect to its conflict of laws provisions.
25. **Successors and Assigns.** This Lease shall be binding upon the parties hereto, and their respective heirs, executors, administrators, or other legal representatives, successor and assigns, and shall inure to the benefit of the parties hereto and, except as otherwise provided herein, to their respective heirs, executors, administrators, other legal representatives, successors and permitted assigns.
26. **Counterparts.** This Lease may be executed in any number of separate counterparts, each of which shall, for all purposes, be deemed an original and all such counterparts, taken together, shall constitute one and the same agreement. Such counterparts may be exchanged via facsimile or other electronic transmission.
27. **Truth In Leasing.**
- 27.1. EACH OF LESSEE AND LESSOR HEREBY ACKNOWLEDGES AND CERTIFIES THAT THE AIRCRAFT HAS BEEN MAINTAINED AND INSPECTED UNDER PART 91 OF THE FEDERAL AVIATION REGULATIONS ("FAR") DURING THE TWELVE (12) MONTH PERIOD PRECEDING THE EXECUTION OF THIS LEASE, OR SO MUCH THEREOF AS THE AIRCRAFT HAS BEEN OWNED BY LESSOR, AND ALL APPLICABLE REQUIREMENTS FOR THE MAINTENANCE AND INSPECTION OF THE AIRCRAFT THEREUNDER HAVE BEEN MET. THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN COMPLIANCE WITH THE APPLICABLE MAINTENANCE AND INSPECTION REQUIREMENT OF FAR PART 91 FOR ALL OPERATIONS TO BE CONDUCTED DURING THE TERM.
- 27.2. LESSEE CERTIFIES THAT IT SHALL BE SOLELY RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT DURING THE LESSEE TRIPS.
- 27.3. EACH OF LESSOR AND LESSEE CERTIFIES THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.
- 27.4. EACH OF LESSOR AND LESSEE UNDERSTANDS THAT AN EXPLANATION OF THE FACTORS BEARING ON OPERATIONAL CONTROL OF THE AIRCRAFT AND THE PERTINENT FEDERAL REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

27.5. LESSEE AGREES TO KEEP A COPY OF THE LEASE IN THE AIRCRAFT AT ALL TIMES DURING THE TERM OF THE LEASE.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned parties have caused this Aircraft Dry Lease Agreement to be duly executed, delivered and effective as of the Effective Date.

LESSOR:

[#], LLC

By: /s/ Frederick W. Smith

Name: Frederick W. Smith

Title: President

LESSEE:

FEDERAL EXPRESS CORPORATION

By: /s/ Clement E. Klank III

Name: Clement E. Klank III

Title: Secretary

Omitted Attachments

Appendix I and Appendix II to this agreement, which are described on the cover page and page 4 above, have been omitted pursuant to Item 601(a)(5) of Regulation S-K because the information contained therein is not material and is not otherwise publicly disclosed. FedEx will furnish supplementally copies of Appendix I and Appendix II to the Securities and Exchange Commission or its staff upon request.

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

*Signature Page to Aircraft Dry Lease Agreement
[#], LLC – Federal Express Corporation*

CERTAIN INFORMATION IN THIS DOCUMENT DENOTED AS [#] HAS BEEN REDACTED PURSUANT TO ITEM 606(A)(6) OF REGULATION S-K BECAUSE THE DISCLOSURE OF SUCH INFORMATION WOULD CONSTITUTE A CLEARLY UNWARRANTED INVASION OF PERSONAL PRIVACY.

**AIRCRAFT FLIGHT SUPPORT AND FLIGHT CREW
SERVICES AGREEMENT**

This AIRCRAFT FLIGHT SUPPORT AND FLIGHT CREW SERVICES AGREEMENT (this “**Agreement**”) is made effective as of August 1, 2024 (the “**Effective Date**”), by and between FREDERICK W. SMITH, an individual (“**Operator**”), and FEDERAL EXPRESS CORPORATION, a Delaware corporation (“**Service Provider**”).

W I T N E S S E T H:

WHEREAS, [#], LLC, a Delaware limited liability company (“**Owner**”), owns that certain (1) 2018 Bombardier Inc. model CL-600-2B16 (Challenger 650) aircraft bearing manufacturer’s serial number [#] and United States nationality and registration marks [#] (pending change to [#]), equipped with two (2) General Electric model CF34-3B aircraft engines with manufacturer’s serial numbers [#] and [#], and one (1) Honeywell model GTCP36-150 auxiliary power unit with manufacturer’s serial number [#], together with any and all equipment, furnishings, appurtenances, landing gear, instruments, components and parts from time to time installed on, or otherwise appurtenant to, such aircraft (collectively, the “**Aircraft**”);

WHEREAS, concurrently with the execution of this Agreement, Owner, as lessor, and Operator, as lessee, are entering into that certain Aircraft Dry Lease Agreement (the “**Operator Lease**”), pursuant to which Operator may dry lease the Aircraft from the Owner from time to time on a non-exclusive, non-continuous basis, as more particularly described therein;

WHEREAS, Owner and Service Provider are parties to that certain non-exclusive Aircraft Dry Lease Agreement, pursuant to which Service Provider agreed, among other things, to provide certain aircraft maintenance, management, fueling, hangar and insurance services for the benefit of Owner, Service Provider and other lessees of the Aircraft, as more particularly described therein;

WHEREAS, Service Provider is experienced in the management, maintenance and flight support of aircraft similar to the Aircraft; and

WHEREAS, Operator desires to engage Service Provider to provide specific flight support management, flight crew and other consultative and support services to Operator during each flight trip under Operator’s use and operational control of the Aircraft pursuant to the Operator Lease (each, an “**Operator Trip**”).

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. **General Support Services.** Service Provider agrees to provide to Operator for each Operator Trip during the Term (as defined below), consultation and support services associated with the Aircraft and Operator’s use and operation thereof (the “**General Support Services**”), including the following services:
 - 1.1. **General.** Service Provider agrees for the benefit and at the direction of Operator that it shall advise and assist with the scheduling, planning, management and maintenance of the Aircraft for Operator Trips with all reasonable care and in accordance with the requirements of the Operator Lease, applicable insurance coverage and within the standards and guidelines established by the Federal Aviation Administration (“**FAA**”), and Service Provider shall advise and assist Operator with Operator’s compliance with all applicable laws or regulations, including, without limitation, the Federal Aviation Regulations (“**FARS**”), relating to the operation and maintenance of the Aircraft during such Operator Trips.

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

- 1.2. Away from Home Base Hangar/Tie Down. Service Provider shall use commercially reasonable efforts to arrange for the Aircraft to be properly secured and stored at all times when the Aircraft is located away from its Home Base (as defined in the Operator Lease) in accordance with Service Provider's normal operating procedures for its own aircraft and industry standards for such care.
 - 1.3. Maintenance and Repairs Services. During each Operator Trip, Service Provider shall advise and assist Operator with compliance with all applicable service, maintenance, repair and overhaul regulations, and airworthiness directives of the FAA and all appropriate maintenance, service, repair and overhaul manuals and mandatory service bulletins published by the manufacturers of the airframe, engines, propellers, accessories, and parts installed on the Aircraft, all as required of Operator pursuant to the Operator Lease.
 - 1.4. Insurance. Pursuant to the terms of the Operator Lease, and for purposes of all Operator Trips, Service Provider shall advise and assist Operator with procuring and maintaining in effect at all times during the Term such policies of insurance as more particularly described in the Operator Lease.
 - 1.5. Records and Administration. Without limiting the foregoing, and for all Operator Trips, Service Provider shall assist and advise Operator in creating and maintaining flight logs and other operations, maintenance and repairs, inspections, administrative, and accounting records with respect to the Aircraft, including all flight operations of the Aircraft, and with respect to the Services (as defined below) provided under this Agreement. Service Provider shall assist in maintaining required manuals and records at all times in compliance with the FARs. Service Provider shall assist Operator in performing review of the Aircraft's operations and maintenance records pertinent to Operator Trips during the Term of this Agreement.
 - 1.6. FAA Liaison. Service Provider shall assist Operator in communicating with the FAA about the Operator Trips and the Aircraft and in complying with any applicable requirements the FARs impose on Operator.
 - 1.7. Additional Services. Service Provider shall assist and advise Operator and/or assist with other services as may be reasonably required or appropriate with respect to the inspections, operation and/or management of the Aircraft during an Operator Trip, including, without limitation, assisting Operator in scheduling the Aircraft and coordinating flight schedules with Owner and Service Provider, as lessee of the Aircraft.
2. **Operator's Operation of the Aircraft; Operational Control**. Service Provider agrees to provide to Operator for each Operator Trip during the Term advice, consultation, assistance and flight operations support services associated with the Aircraft and Operator's Part 91 operations thereof (the "**Flight Support Services**," and, together with the General Support Services, collectively, the "**Services**"), including the following services, and subject to the following limitations and qualifications:
- 2.1. Flight Crew Personnel. In connection with all Operator Trips, Service Provider agrees to assist Operator in engaging all necessary pilots and any other required flight crew personnel (the "**Flight Crew**") for conducting flights on behalf of Operator. The Flight Crew pilots shall consist only of pilots who are certificated and fully trained and qualified to fly the Aircraft, who meet the pilot warranty requirements of the insurance policies maintained with respect to the Aircraft and, for any particular flight during the Term, in accordance with Service Provider's normal operating procedures and applicable crew duty time requirements.
 - 2.2. Employment by Service Provider. Each member of the Flight Crew will be employed by and paid by Service Provider during the Term. Operator may request that Service Provider terminate the Flight Crew assignment of any particular person to Operator's flights for any reason at any time, and Service Provider shall promptly comply with such request. Service Provider shall keep Operator informed of Flight Crew member qualifications and performance, and the advisability of continued assignment to Operator.

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- 2.3. Letters of Authorization. In connection with all Operator Trips, Service Provider shall assist Operator in obtaining any permits and authorizations necessary for Operator to conduct any planned flights and use of the Aircraft prior to operating the Aircraft.
- 2.4. Flight Support and Planning; Fuel and Lubricants. In connection with all Operator Trips, Service Provider shall advise and assist Operator with all aspects of flight planning and operations and related matters, including, without limitation, (i) arranging for landing permits, clearances and ground handling; (ii) maintaining appropriate navigation maps and charts; and (iii) maintaining and utilizing appropriate sources for weather and flight planning to plan flights safely and efficiently. Service Provider shall assist in arranging for fueling, lubricant services and all other consumables of the Aircraft at the Home Base and, if required, at other locations. Further, Operator acknowledges that all of Operator's flights are classified as "non-commercial" (as defined under Part 91 of the FARs), and are therefore subject to the appropriate federal tax on aviation fuels.
- 2.5. Operational Control. OPERATOR AND SERVICE PROVIDER HEREBY SPECIFICALLY AGREE AND ACKNOWLEDGE THAT DURING ALL PHASES OF FLIGHTS CONDUCTED BY OPERATOR, OPERATOR SHALL EXERCISE OPERATIONAL CONTROL OF THE AIRCRAFT. FURTHER, AT ALL TIMES WHILE THE AIRCRAFT IS IN THE POSSESSION OF OPERATOR, OPERATOR SHALL HAVE AND RETAIN EXCLUSIVE POSSESSION, COMMAND AND CONTROL OF THE AIRCRAFT. In addition, Operator further acknowledges operational control by exercising Operator's authority over initiating, conducting or terminating a flight. Operator chooses not to hire his own pilots but contract for the pilot services of Service Provider and its employee or independent contractor pilots. Although the Flight Crew is supplied by Service Provider for Operator's flights, the Flight Crew is under the exclusive command and control of Operator in all phases of those flights and at all times, and Service Provider shall cause the Flight Crew personnel assigned to Operator's flights to acknowledge Operator's operational control authority.
- 2.6. Pilot Safety Decisions. Notwithstanding that Operator shall have operational control of the Aircraft during any flight conducted by Operator, Operator and Service Provider expressly acknowledge and agree that, pursuant to Section 91.3 of the FARs, the Pilot in Command (as defined in Section 1.1 of the FARs), is responsible for, and obligated and entitled to exercise final authority over, in his or her sole discretion, the safe operation of the flight and as such may terminate any flight, refuse to commence any flight or take any other flight-related action which, in the judgment of the Pilot in Command, is required to ensure the safety of the Aircraft, the flight crew, the passengers and any other persons and/or property. No such action of the Pilot in Command shall create or support any liability for loss, injury, damage or delay between Operator and Service Provider.
3. **Compensation and Reimbursement of Costs**. In general, Operator shall be responsible for any and all support services and flight crew costs, fuel, and other direct operating expenses, charges, fees or assessments payable by reason of the possession, use and operation of the Aircraft by Operator for Operator Trips. In consideration of the Services provided by Service Provider, Operator shall pay to Service Provider the following amounts: (i) the monthly overhead (excluding Flight Crew Expenses) incurred by Service Provider to provide the Services for the benefit of Operator (the "**Non-Flight Crew Overhead**"), such amounts not to be less than a comparable arms-length transaction; (ii) such commercially reasonable hourly or day rates, training costs and similar qualification expenses relating to the operation of the Aircraft as shall be from time to time mutually agreed and documented by Service Provider and Operator for the Flight Crew assigned to Operator's flights, such amounts not to be less than a comparable arms-length transaction (collectively, the "**Flight Crew Expenses**"); and (iii) reimbursement for the fuel and other direct operating costs of and the actual, reasonable, third-party expenses provided on Exhibit A attached hereto, if and to the extent incurred by Service Provider for the benefit of Operator, that are directly related to Operator Trips (the "**Operating Expenses**"). Service Provider shall bill Operator for the Non-Flight Crew Overhead, for the Flight Crew Expenses and the Operating Expenses associated with an Operator Trip within thirty (30) days after the end of the calendar month in which such Operator Trip occurred (the "**Invoice Deadline**"); provided, that in the event any charges for an Operator Trip have not yet been billed to Service Provider by the Invoice Deadline, Service Provider shall bill Operator as soon as reasonably practicable after the receipt thereof. Operator shall pay all such invoices within fifteen (15) days after Operator's receipt thereof.

4. Term and Termination.

- 4.1. The term of this Agreement is one (1) year commencing on the Effective Date and ending on July 31, 2025 (the “**Initial Term**”), unless earlier terminated in accordance with this Agreement. Upon the expiration of the Initial Term, the provisions of this Agreement shall be automatically renewed for additional one-year periods (each, a “**Renewal Term**,” and together with the Initial Term, the “**Term**”).
- 4.2. Either party may terminate this Agreement with or without cause at any time during the Term upon at least thirty days (30) days written notice to the other party. On or before the effective date of any such termination, Operator shall have paid to Service Provider all amounts accrued and owing under this Agreement through such date.

5. Service Provider’s Representations and Warranties. Service Provider represents and warrants as follows:

- 5.1. Service Provider is a corporation validly formed and existing under the laws of the State of Delaware, and the person executing on behalf of Service Provider has full power and authority to execute this Agreement on behalf of Service Provider and by such execution shall bind Service Provider under this Agreement;
- 5.2. no action, suit, or proceeding is currently pending or threatened against Service Provider which shall in any material way impair the execution, delivery, or performance by Service Provider of this Agreement;
- 5.3. the execution and delivery of this Agreement by Service Provider and the performance of its obligations thereunder have been duly authorized by all necessary limited liability company action, and do not conflict with any provision of Service Provider’s certificate of incorporation, bylaws, any governmental regulations, or any other agreements that Service Provider may now have with other parties; and
- 5.4. Service Provider is not subject to any restriction, which with or without the giving of notice, the passage of time, or both, prohibits or would be violated by or be in conflict with this Agreement.

6. Operator’s Representations and Warranties. Operator represents and warrants as follows:

- 6.1. Operator has full power and authority to execute this Agreement and by such execution shall bind himself under this Agreement;
- 6.2. no action, suit, or proceeding is currently pending or threatened against Operator which shall in any material way impair the execution, delivery, or performance by Operator of this Agreement;
- 6.3. the execution and delivery of this Agreement by Operator and the performance of his obligations thereunder do not conflict with any governmental regulations, or any other agreements that Operator may now have with other parties; and
- 6.4. Operator is not subject to any restriction, which with or without the giving of notice, the passage of time, or both, prohibits or would be violated by or be in conflict with this Agreement.

7. Liens. Service Provider shall ensure that no liens are created or placed against the Aircraft by Service Provider or third parties as a result of Service Provider’s actions. Service Provider shall notify Operator promptly upon learning of any liens not permitted by these terms. Service Provider shall, at its own cost and expense, take all such actions as may be necessary to discharge and satisfy in full any such lien or encumbrance promptly after the same becomes known to it.

8. Event of Default.

- 8.1. Any one or more of the following shall constitute an event of default hereunder (each, “**Event of Default**”):
 - 8.1.1. Operator shall fail to pay any amount due hereunder within ten (10) days after it is due; or
 - 8.1.2. Operator shall violate or default of any term, obligation or condition of a non-monetary nature set forth in this Agreement, together with a failure to cure within twenty (20) days after receipt of written notice of such violation or default from Service Provider.
- 8.2. Upon the occurrence and during the continuation of any such Event of Default by or with respect to Operator, Service Provider, as its option, may exercise any one (1) or more of the following remedies:
 - 8.2.1. by written notice, terminate this Agreement;
 - 8.2.2. proceed by appropriate court action to enforce performance by Operator of the applicable covenants and terms of this Agreement or to recover damages for the breach thereof; or
 - 8.2.3. exercise any other right or remedy that may be available to it under applicable law or in equity. A termination hereunder shall occur only upon notice by Service Provider.
- 8.3. No remedy referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Service Provider at law or in equity. No express or implied waiver by Service Provider of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. No delay by Service Provider in exercising or failure by Service Provider to exercise any right, power or remedy under this Agreement shall constitute a waiver, and any waiver by Service Provider on any one occasion shall not be construed as a waiver on any future occasion or for any other purpose. Any single or partial exercise of any particular right by Service Provider shall not exhaust the same or constitute a waiver of any other right provided herein.

9. Standard of Care; Release and Indemnity. Service Provider shall exercise all due care in the provision of the Services contemplated in this Agreement.

10. Choice of Law. THIS AGREEMENT HAS BEEN NEGOTIATED AND DELIVERED IN THE STATE OF TENNESSEE AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TENNESSEE, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PROVISIONS.

11. **Notices.** All communications, declarations, demands, consents, directions, approvals, instructions, requests and notices required or permitted by this Agreement shall be in writing and shall be deemed to have been duly given or made when delivered by hand, or five (5) business days after being sent by registered mail, return receipt requested, postage prepaid, or on the next business day when sent by overnight courier in each case at the address set forth below:

If to Operator: Frederick W. Smith
942 S. Shady Grove Road
Memphis, TN 38120
Phone: [#]

With copy to: [#]

If to Service Provider: Federal Express Corporation
2461 Democrat Road Hangar 20,
Memphis, TN 38118
Attn: Managing Director, FedEx Corporate Aviation
Phone: [#]

With copy to: Federal Express Corporation
3620 Hacks Cross Road, Building B, 3rd Floor,
Memphis, TN 38125
Attn: Managing Director, Aircraft and Transportation Transactions, Legal
Phone: [#]

12. **Miscellaneous.**

- 12.1. This Agreement constitutes the entire agreement of the parties as of the Effective Date and supersedes all prior or independent, oral or written agreements, understandings, statements, representations, commitments, promises, and warranties made with respect to the subject matter of this Agreement.
- 12.2. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibitions or unenforceability in any jurisdiction. To the extent permitted by applicable law, each of Operator and Service Provider hereby waives any provision of applicable law which renders any provision hereof prohibited or unenforceable in any respect.
- 12.3. This Agreement shall constitute an independent contractor agreement, and nothing in this Agreement shall be deemed, construed, or interpreted as (i) conveying to Service Provider any right, title, or interest in the Aircraft; (ii) conveying to Service Provider any ability to bind Operator or act as its agent (except to the limited extent expressly stated herein); or (iii) creating in any way any association, partnership, joint venture, or principal and agent relationship between the parties. Service Provider shall be free to devote to its business such portion of its time, energy and skills as it sees fit. Service Provider's Flight Crew shall not be treated as employees of Operator with respect to the Services performed hereunder for federal or state taxes purposes. Service Provider's Flight Crew shall not, at any time, represent themselves to be employees of Operator, and Service Provider shall cause such Flight Crew to acknowledge and agree that they are not entitled to any benefits provided by Operator to its employees or provided by law, including workers compensation and unemployment benefits.
- 12.4. This Agreement, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by Operator, Service Provider, and each of their agents, servants and personal representatives.
- 12.5. The section and subsection headings in this Agreement are for convenience of reference only and shall not modify, define, expand, or limit any of the terms or provisions hereof.

Information denoted as [#] has been redacted pursuant to Item 606(A)(6) of Regulation S-K because the disclosure of such information would constitute a clearly unwarranted invasion of personal privacy.

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- 12.6. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
- 12.7. No term or provision of this Agreement may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought.
- 12.8. No delay or omission in the exercise or enforcement or any right or remedy hereunder by either party shall be construed as a waiver of such right or remedy. All remedies, rights, undertakings, obligations, and agreements contained herein shall be cumulative and not mutually exclusive, and in addition to all other rights and remedies which either party possesses at law or in equity.

[Remainder of page intentionally left blank.]

IN WITNESS HEREOF, the undersigned parties have caused this Aircraft Flight Support and Flight Crew Services Agreement to be duly executed, delivered and effective as of the Effective Date.

OPERATOR:

/s/ Frederick W. Smith
Frederick W. Smith, an individual

SERVICE PROVIDER:

FEDERAL EXPRESS CORPORATION

By: /s/ Clement E. Klank III
Name: Clement E. Klank III
Title: Secretary

Omitted Attachments

Exhibit A to this agreement, which is described on page 3 above, 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 Exhibit A to the Securities and Exchange Commission or its staff upon request.

To the Stockholders and Board of Directors of
FedEx Corporation

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

- (1) Registration Statement (Form S-8 No. 333-267559) pertaining to the FedEx Corporation 2019 Omnibus Stock Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-234010) pertaining to the FedEx Corporation 2019 Omnibus Stock Incentive Plan,
- (3) Registration Statement (Form S-8 No. 333-222198) pertaining to the FedEx Corporation 2010 Omnibus Stock Incentive Plan, as amended, and the FedEx Corporation 2019 Omnibus Stock Incentive Plan,
- (4) Registration Statement (Form S-8 No. 333-192957) pertaining to the FedEx Corporation 2010 Omnibus Stock Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-171232) pertaining to the FedEx Corporation 2010 Omnibus Stock Incentive Plan,
- (6) Registration Statement (Form S-8 No. 333-45037) pertaining to the FDX Corporation Adjustment Program,
- (7) Registration Statement (Form S-8 No. 333-111399) pertaining to the FedEx Corporation Incentive Stock Plan,
- (8) Registration Statement (Form S-8 No. 333-121418) pertaining to the FedEx Corporation Incentive Stock Plan,
- (9) Registration Statement (Form S-8 No. 333-130619) pertaining to the FedEx Corporation Incentive Stock Plan,
- (10) Registration Statement (Form S-8 No. 333-156333) pertaining to the FedEx Corporation Incentive Stock Plan, and
- (11) Registration Statement (Form S-3 No. 333-273320) of FedEx Corporation and Federal Express Corporation;

of our report dated September 19, 2024, relating to the unaudited condensed consolidated interim financial statements of FedEx Corporation that are included in its Form 10-Q for the quarter ended August 31, 2024.

/s/ Ernst & Young LLP

Memphis, Tennessee

September 19, 2024

LIST OF SUBSIDIARY GUARANTORS

As of August 31, 2024, 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 Freight, Inc.	Arkansas
FedEx Office and Print Services, Inc.	Texas
Federal Express Europe, Inc.	Delaware
Federal Express Holdings S.A., LLC	Delaware
Federal Express International, Inc.	Delaware

*Pursuant to the one FedEx consolidation, on June 1, 2024 FedEx Ground Package System, Inc. and FedEx Corporate Services, Inc. were merged into Federal Express Corporation, and FedEx Freight Corporation was merged into FedEx Freight, Inc.

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

0.450% Notes due 2025
 3.250% Notes due 2026
 1.625% Notes due 2027
 3.400% Notes due 2028
 4.200% Notes due 2028
 0.450% Notes due 2029
 3.100% Notes due 2029
 4.250% Notes due 2030
 1.300% Notes due 2031
 2.400% Notes due 2031
 0.950% Notes due 2033
 4.900% Notes due 2034
 3.900% Notes due 2035
 3.250% Notes due 2041
 3.875% Notes due 2042
 4.100% Notes due 2043
 5.100% Notes due 2044
 4.100% Notes due 2045
 4.750% Notes due 2045
 4.550% Notes due 2046
 4.400% Notes due 2047
 4.050% Notes due 2048
 4.950% Notes due 2048
 5.250% Notes due 2050
 4.500% Notes due 2065

(1) References are to calendar years.

SUBSIDIARY ISSUERS OF GUARANTEED SECURITIES

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

Federal 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, Rajesh Subramaniam, 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: September 19, 2024

/s/ Rajesh Subramaniam

Rajesh Subramaniam

President 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, John W. Dietrich, 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: September 19, 2024

/s/ John W. Dietrich

John W. Dietrich
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 August 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rajesh Subramaniam, 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: September 19, 2024

/s/ Rajesh Subramaniam

Rajesh Subramaniam

President 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 August 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John W. Dietrich, 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: September 19, 2024

/s/ John W. Dietrich

John W. Dietrich

Executive Vice President and
Chief Financial Officer
