

## Risk Factors Comparison 2024-07-15 to 2023-07-17 Form: 10-K

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In addition to the other information set forth in this Annual Report, you should carefully consider the following factors, which could materially affect our business, results of operations, financial condition, and the price of our common stock. 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. **Macroeconomic and Market Risks** We are directly affected by the state of the global economy and geopolitical developments. 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 ~~growth of~~ global trade **growth** — key macroeconomic measurements influenced by, among other things, inflation and deflation, supply chain disruptions, interest rates and currency exchange rates, labor costs and unemployment levels, fuel and energy prices, **inventory levels, spending patterns (including shifts from goods to services and vice versa), disposable income, debt levels, credit availability, and** public health crises, ~~inventory levels, buying patterns and disposable income, debt levels, and credit availability~~. When individuals and companies purchase and produce fewer goods, we transport fewer goods, and as companies move manufacturing closer to consumer markets and expand the number of distribution centers, we transport goods shorter distances, which adversely affects our yields and ~~profitability~~ **results of operations**. Certain manufacturers and retailers are making investments to produce and ~~house~~ **store** goods in closer proximity to supply chains and consumers in connection with recent macroeconomic, geopolitical, and public health developments. Additionally, ~~consumer spending has shifted from goods to services, and in 2023~~ **2024 we saw a continued to see** customer preference for slower, less costly shipping services **and experienced lower fuel surcharges at all of our transportation segments and reduced demand surcharges at FedEx Express**. We expect ~~these trends~~ **service mix** to ~~continue~~ **shift further toward deferred service offerings in 2025**. Further, the scale of our operations and our relatively high fixed- cost structure, particularly ~~at FedEx Express~~ **with respect to our air network**, make it difficult to quickly adjust to match shifting volume levels, ~~which negatively affected our results of operations in 2023~~. For more information, see “ Our businesses are capital intensive, and we must make capital decisions based upon projected volume levels. ” below. ~~Our results~~ **The decline in U. S. imports of consumer goods that started in late 2022 2022 , along with slowed** were adversely impacted by lower global volumes due ~~to~~ **industrial production, has contributed** to ~~weak~~ **weakened** economic conditions **for the transportation industry. Consequently, this environment has led to lower freight and package volumes at FedEx Express and FedEx Freight, negatively affecting our results in 2024**. We are experiencing a decline in demand for our transportation services as inflation and **high** interest ~~rate~~ **rates** ~~increases~~ are negatively affecting consumer and business spending. **We expect inflation and** Additionally, we are experiencing higher ~~high~~ **high interest** costs to serve through higher fuel prices, wage rates, ~~purchased transportation costs, and other direct operating expenses such as operational supplies~~. During 2024, we expect macroeconomic conditions to continue to negatively affect ~~customer demand for our services~~ **results in 2025**. See Item 7. “ Management’ s Discussion and Analysis of Results of Operations and Financial Condition ” of this Annual Report for additional information. Moreover, given the nature of our business and our global operations, political, economic, and other conditions in foreign countries and regions, including international taxes, government-to- government relations, the typically more volatile economies of emerging markets, and geopolitical risks such as the ongoing ~~conflict~~ **conflicts** between Russia and Ukraine **and in the Middle East**, may adversely affect our business and results of operations. We have suspended all services in Ukraine and Belarus. We also temporarily idled our operations in Russia and reduced our presence to the minimum required for purposes of maintaining a legal presence with active transport licenses. While **these conflicts have not had, and** we do not expect ~~this~~ **these** ~~conflict~~ **conflicts** to have, a direct material effect on our business or results of operations, the broader consequences of ~~this~~ **these** ~~conflict~~ **conflicts**, which may include further sanctions, embargoes, regional instability, and geopolitical shifts; airspace bans relating to certain routes, or strategic decisions to alter certain routes; potential retaliatory action by ~~foreign~~ **the Russian government governments and other groups** against us ~~as a result of our idling of operations in Russia, including nationalization of foreign businesses in Russia~~; increased tensions between the United States and countries in which we operate; and the extent of the conflict’ s effect on our business and results of operations as well as the global economy, cannot be predicted. **Geopolitical uncertainty negatively affected our results of operations in recent years.** To the extent the ~~current~~ **continued** ~~conflict~~ **conflicts** between Russia and Ukraine **and in the Middle East**, or subsequent similar conflicts ~~between or among other nations~~, adversely ~~affects~~ **affect** our business, ~~it they~~ may also have the effect of heightening many other risks disclosed in this Annual Report, any of which could materially and adversely affect our business and results of operations. Such risks include, but are not limited to, disruptions to our global technology infrastructure, including through cyberattack or cyber- intrusion, ransomware attack, or malware attack; adverse changes in international trade policies; ~~our ability to maintain or increase~~ **increased costs and unavailability of our prices, including our fuel surcharges in response to rising fuel costs**; our ability to implement and execute our business strategy, particularly with regard to our ~~FedEx Express~~ international business; 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 and could affect our ability to achieve our goal of carbon neutrality for our global operations by calendar 2040; our ability to maintain our strong reputation and the value of the FedEx brand; terrorist activities targeting transportation infrastructure; our exposure to foreign currency fluctuations; and constraints, volatility, or disruption in the capital markets. **Geopolitical uncertainty negatively affected operations at FedEx Express in recent years.** 25—Additional changes in international trade policies and relations could

significantly reduce the volume of goods transported globally and adversely affect our business and results of operations. The U. S. government has taken certain actions that have negatively affected U. S. trade, including imposing tariffs on certain goods imported into the U. S. Additionally, several foreign **24** governments have imposed tariffs on certain goods imported from the U. S. These actions contributed to weakness in the global economy that adversely affected our results of operations in recent years. Any further changes in U. S. or international trade policy, including tariffs, export controls, quotas, embargoes, or sanctions, could trigger additional retaliatory actions by affected countries, resulting in “trade wars” and further increased costs for goods transported globally, which may reduce customer demand for these products if the parties having to pay tariffs or other anti- trade measures increase their prices, or in trading partners limiting their trade with countries that impose such measures. Political uncertainty surrounding international trade and other disputes could also have a negative effect on business and consumer confidence and spending. Such conditions could have an adverse effect on our business, results of operations, and financial condition, as well as on the price of our common stock. Additionally, the U. S. government has taken action to limit the ability of domestic companies to engage in commerce with certain foreign entities under certain circumstances, and foreign governments may investigate our compliance with these restrictions. Furthermore, given the nature of our business and our global recognizability, foreign governments may target FedEx by limiting the ability of foreign entities to do business with us in certain instances, imposing monetary or other penalties or taking other retaliatory action, which could have an adverse effect on our business, results of operations, and financial condition, as well as on the price of our common stock. Our transportation businesses are affected by the price and availability of jet and vehicle fuel. We must purchase large quantities of fuel to operate our aircraft and vehicles, and the price and availability of fuel is beyond our control and can be highly volatile. In addition, our purchased transportation expense is affected by fuel costs. To date, we have been mostly successful in mitigating over time the expense effect of higher fuel costs through our indexed fuel surcharges, as the amount of the surcharges is closely linked to the market prices for fuel. If we are unable to maintain or increase our fuel surcharges because of competitive pricing pressures or some other reason, fuel costs could adversely affect our operating results. **Lower fuel prices negatively affected yields through lower fuel surcharges at all of our transportation segments during 2024.** See “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Annual Report for more information. As of May 31, **2023-2024**, we had no derivative financial instruments to reduce our exposure to fuel price fluctuations. Even if we are able to offset the cost of fuel with our surcharges, high fuel surcharges could move our customers away from our higher- yielding express services to our lower- yielding deferred or ground services or even reduce customer demand for our services altogether. In addition, disruptions in the supply of fuel could have a negative effect on our ability to operate our transportation networks. The following factors may affect fuel supply and could result in shortages and price increases in the future: weather- related events; natural disasters; political disruptions or wars involving oil- producing countries; economic sanctions imposed against oil- producing countries or specific industry participants; changes in governmental policy concerning fuel production, transportation, taxes, or marketing; changes in refining capacity; environmental concerns; cyberattacks; and public and investor sentiment. ~~Several of these factors combined to constrain fuel supply in 2023, and we expect such conditions to continue to be present in 2024.~~ Operating Risks The failure to successfully execute our DRIVE transformation program, including Network 2. 0, ~~and our one FedEx consolidation plan~~ in the expected time frame and at the expected cost may adversely affect our future results. In the first quarter of ~~fiscal~~ 2023, FedEx announced our DRIVE transformation program to improve long- term profitability, including 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. In the fourth quarter of 2023, ~~FedEx we~~ announced one FedEx, a consolidation plan to ~~ultimately bring FedEx Express, FedEx Ground, and FedEx Services, and other FedEx operating companies~~ into Federal Express Corporation. **Additionally, in 2024 we announced Tricolor, the redesign of the Federal Express international air network as part of the DRIVE program to improve efficiency and asset utilization. While the new legal structure was completed in June 2024, network integration and optimization are ongoing.** See “Item 1. Business” and “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Annual Report for more information. These entities ~~currently~~ **historically** operate ~~operated~~ as separate and independent businesses and networks. There can be no assurances that these businesses and networks can successfully be ~~consolidated and~~ fully integrated as planned. It is possible that the ~~consolidation and~~ integration process could result in higher than currently expected costs, less- than- expected savings, the loss of customers, the disruption of ongoing businesses, union organizing, litigation, **government agency challenges**, the loss of key FedEx employees or service providers, or other unexpected issues. It is also possible that the overall process will take longer than currently anticipated. Additionally, the following issues, among others, must be addressed in order to realize the anticipated timing and projected benefits of our DRIVE transformation ~~and one FedEx consolidation plan~~: • **combining the physical networks and operations of FedEx Express and FedEx Ground, including consolidating the companies’ linehaul and pickup- and- delivery operations, and corporate functions;** • our ability to maintain coverage of U. S. employees at FedEx **Federal** Express under the RLA and manage challenges to the employment status of drivers employed by service providers **engaged by FedEx Ground utilized in certain linehaul and pickup- and- delivery operations**, in addition to other labor- related risks; • **combining the Federal Express and legacy FedEx Ground physical networks and operations, including consolidating or optimizing pickup- 26- and- delivery and linehaul operations;- 25** • integrating, consolidating, and implementing new administrative and back- office support functions, information- technology infrastructure, and computer systems of the respective companies; • integrating and ~~restructuring the corporate entities;~~ • **integrating and unifying the offerings and services available to historical FedEx Express and FedEx Ground customers;** • harmonizing **certain the companies’** operating practices ~~;~~; **human resource management practices such as** employee **recruitment**, development, and compensation programs ~~;~~; internal controls ~~;~~; and other policies, procedures, and processes; • maintaining existing agreements with customers and service providers and avoiding delays in entering into new agreements with prospective customers and service providers; • legal challenges by ~~FedEx Ground~~ service providers or government agencies seeking to slow or stop plans

related to Network 2.0 ~~or our one FedEx consolidation~~; • addressing possible differences in business backgrounds, corporate cultures, and management philosophies; • addressing employee issues so as to promote retention and maintain efficient and effective labor and employee relations; • maintaining access to ports of call and railroads for intermodal support; • managing the movement of certain positions to different locations; • obtaining any required regulatory licenses, operating authority, or contractual consents; and • managing unforeseen increased expenses or delays associated with the ~~consolidation and~~ integration process. We may ~~not be able~~ **unable** to 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 from our DRIVE transformation ~~and one FedEx consolidation plan~~. The actual amount and timing of costs to be incurred and related cost savings and reductions to our permanent cost structure resulting from these initiatives and enhancements may differ from our current expectations and estimates. These initiatives and enhancements could also result in asset impairment charges and changes to our tax liabilities and deferred tax balances **and subject us to litigation**. If we are not able to successfully implement our DRIVE transformation ~~and one FedEx consolidation plan~~, our future financial results will suffer and we may not be able to achieve our financial performance goals. All of these factors could adversely affect FedEx' s results of operations and negatively affect the price of our common stock. In addition, at times the attention of certain members of our management may be focused on the DRIVE transformation and ~~one FedEx consolidation plan and~~ diverted from day- to- day business operations, which may disrupt our business. A significant data breach or other disruption to our technology infrastructure could disrupt our operations and result in the loss of critical **sensitive or** confidential information, adversely affecting our reputation, business, or results of operations. Our ability to attract and retain customers, efficiently operate our businesses, execute our DRIVE transformation ~~and one FedEx consolidation plan~~, and compete effectively **increasingly depends** ~~depend~~ in part upon the sophistication, security, and reliability of our technology network, including our ability to provide features of service that are important to our customers, to protect our confidential business information and the information provided by our customers, and to maintain customer confidence in our ability to protect our systems and to provide services consistent with their expectations. For example, we rely on information technology to receive **shipment package-level** information in advance of physical receipt of packages, to track items that move through our delivery systems, to efficiently plan deliveries, to clear shipments through customs, to execute billing processes, and to track and report financial and operational data. We are subject to risks imposed by data breaches and operational disruptions, **both random and targeted**, including through cyberattack or cyber- intrusion, ransomware attack, ~~or~~ malware **attack, or denial of service** attack by computer hackers, foreign governments and state- sponsored actors, cyber terrorists and **activists-hacktivists**, cyber criminals, malicious employees or other insiders of FedEx or third- party service providers, and other groups and individuals. Data breaches and other technology disruptions of companies and governments continue to increase as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased and we, our customers, and third parties increasingly store and transmit data by means of connected information technology systems. Additionally, risks such as code anomalies, " Acts of God, " transitional challenges in migrating operating company functionality to our FedEx enterprise automation platforms, data leakage, cyber- fraud, and human error pose a direct threat to our products, services, systems, and data and could result in unauthorized or block legitimate access to sensitive or confidential data regarding our operations, customers, employees, and suppliers, including personal information. ~~-27-~~ The technology infrastructure of acquired businesses, as well as their practices related to the use and maintenance of data, could also present issues that we were not able to identify prior to the acquisition. For example, ShopRunner, which we acquired in 2021, collects ~~- 26-~~ and stores certain personal data of its merchants and their buyers, its partners, consumers with whom it has a direct relationship, and users of its applications. Additionally, it uses third- party service providers and subprocessors to help deliver services to merchants and their buyers. These service providers and subprocessors may store or access personal data ~~, including payment information~~ and / or other confidential information. The foregoing factors increase the risk of data incidents and the amount of potential exposure in the event of a data breach. We also depend on and interact with the technology and systems of third parties, including our customers and third- party service providers such as cloud service providers and delivery services. Such third parties may host, process, or have access to information we maintain about our company, customers, employees, and vendors or operate systems that are critical to our business operations and services. Like us, these third parties are subject to risks imposed by data breaches, cyberattacks, and other events or actions that could damage, disrupt, or close down their networks or systems. We have security processes, protocols, and standards in place, including contractual provisions requiring such security measures, that are applicable to such third parties and are designed to protect information that is held by them, or to which they have access, as a result of their engagements with us. Nevertheless, a cyberattack could defeat one or more of such third parties' security measures, allowing an attacker to obtain information about our company, customers, employees, and vendors or disrupt our operations. These third parties may also experience operational disruptions or human error that could result in unauthorized access to sensitive or confidential data regarding our operations, customers, employees, and suppliers, including personal information. **A See " Failure of third- party service providers to perform as expected, or disruption disruptions in our relationships with those providers or their provision of services to FedEx, could have a material adverse effect on our business and results of operations " below for more information. From time to time we experience disruptions** to our complex, global technology infrastructure, including ~~those affecting~~ our computer systems and websites ~~;~~ **Such events** could result in the loss of confidential business or customer information ~~;~~ require substantial repairs or replacements, resulting in significant costs ~~;~~ and lead to the temporary or permanent transfer by customers of some or all of their business to our competitors. The foregoing could harm our reputation and adversely affect our ~~operations~~ **business**, customer service, and results of operations. Additionally, a security breach could require us to devote significant management resources to address the problems created. These types of adverse effects could also occur in the event the confidentiality, integrity, or availability of company and customer information was compromised due to a data loss by FedEx or a trusted third party. We or the third parties with which we share information may not discover any security breach and loss of information for

a significant period of time after the security breach occurs. **Even if we detect a cybersecurity incident, the nature and extent of the incident may not be immediately clear. It may also not be clear how best to contain and remediate any harm caused by the cybersecurity incident, and certain errors or actions could be repeated or compounded before they are discovered and remediated. Based on the sophistication of threat actors and the size and complexity of our information systems and network environment, among other factors, an investigation into a cybersecurity incident could take a significant amount of time to complete. In addition, while the investigation of a cybersecurity incident is ongoing, we may not know the full extent of the harm caused by a threat actor, and such harm may spread both internally and to certain customers, vendors, or other third parties. Additionally, our logging capabilities and the logging capabilities of third parties are not always complete or sufficiently detailed, which could affect our ability to fully investigate and understand the scope of security events. Given the age, size, and complexity of our computer systems and network environment, patches for certain vulnerabilities may not exist and, even where patches or other risk- mitigating activities are available, the development of patches or execution of risk- mitigating actions may not occur before an underlying vulnerability is exploited or results in the compromise of our information systems or data. A significant number of our employees as well as customers and others with whom we do business continue to work remotely or in hybrid models, which may heighten these risks. These risks may also be heightened by our DRIVE transformation, including Network 2. 0 and our recently completed one FedEx consolidation. Furthermore, we are subject to an increasing number of cybersecurity reporting obligations in different jurisdictions that vary in their scope and application, creating conflicting reporting requirements. These factors and the time spent to comply may inhibit our ability to quickly provide complete and reliable information about the cybersecurity incident to customers, counterparties, and regulators, as well as the public. Any or all of these factors could further increase the costs and consequences of a cybersecurity incident on our business and results of operations. See “ Our business is subject to complex and evolving U. S. and foreign laws and regulations regarding data protection. ” below for additional information on risks related to legal and regulatory developments with respect to data protection.** We have invested and continue to invest in technology security initiatives, information- technology risk management, business continuity, and disaster recovery plans, including investments to retire and replace end- of- life systems. The development and maintenance of these measures is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly more frequent, intense, and sophisticated. Despite our efforts, we are not fully insulated from data breaches, technology disruptions, data loss, and cyber- fraud, which could adversely affect our competitiveness and results of operations. See “ Item 1A. Risk Factors ” of our Annual Report on Form 10- K for the year ended May 31, 2021 for information regarding the 2017 NotPetya cyberattack at TNT Express and immaterial cyber incidents we experienced in 2017 and 2018. Additionally, we **and our third- party service providers, vendors, and suppliers** have experienced **continual- repeated** attempts by cyber **- 27-** criminals, some of which have been successful, to gain access to customer accounts for the purposes of fraudulently diverting and misappropriating items being transported in our network **, fraudulently charging shipment fees to customer or franchisee accounts, and fraudulently sending e- mails to recipients purporting to be from FedEx.** None of these fraudulent cyber activities **have** caused a material disruption to our systems or resulted in any material costs to FedEx. **Our** ~~While we have significant~~ security processes and initiatives in place, we may be unable to detect or prevent a breach or disruption in the future. Additionally, **the rapid ongoing evolution and increased adoption of emerging technologies such as artificial intelligence and machine learning may make it more difficult to anticipate and implement protective measures to recognize, detect, and prevent the occurrence of any of the cyber events described above.** ~~while~~ **While** we have insurance coverage designed to address certain aspects of cyber risks in place, we cannot be certain that **such coverage will be sufficient to cover claims, that** we will continue to be able to obtain **such** excess insurance coverage in amounts we deem sufficient, **that** our insurance carriers will pay on our insurance claims, or **that** we will not experience a claim for which coverage is not provided. **Failure** See “ Our business is subject to complex and evolving U adjust our air network to remove costs related to services currently provided to the USPS could adversely affect our profitability . The contract ~~S. and foreign laws and regulations regarding data protection.~~ ” below for additional information **Federal Express to provide the USPS transportation services within the United States will expire by its terms** on risks **September 29, 2024. Federal Express will continue to provide air transportation services domestically and to Puerto Rico through the contract’ s expiration. If we are unable to adjust our air network to remove costs related to the services currently provided** legal and regulatory developments with respect to **the USPS following expiration** data protection. A significant number of **the contract,** our employees as well as customers and others with whom we do business continue to work remotely or **our profitability could** in hybrid models, which may heighten these risks. These risks may also be **negatively affected** heightened by our DRIVE transformation, including Network 2. 0, and one FedEx consolidation plan. ~~–28–~~ We are self- insured for certain costs associated with our operations, and insurance and claims expenses could have a material adverse effect on us. We are self- insured up to certain limits **that vary by operating company and type of risk** for costs associated with workers’ compensation claims, vehicle accidents, property and cargo loss, general business liabilities, and benefits paid under employee disability programs. Our self- insurance accruals are primarily based on estimated costs determined by actuarial methods. Estimated costs include consideration of a variety of factors and related assumptions such as the severity of claims, frequency and volume of claims, healthcare inflation, seasonality, and plan designs, which may be subject to a high degree of variability. However, the use of any estimation technique in this area is inherently sensitive given the magnitude of claims involved and the length of time until the ultimate cost is known, which may be several years. Material increases in the magnitude of claims, changes to healthcare costs, accident frequency and severity, insurance retention levels, judgment and settlement amounts, associated legal expenses, and other factors could result in unfavorable differences between actual self- insurance costs and our reserve estimates. As a result, our insurance and claims costs could **continue to increase materially in the future,** which could adversely affect our results of operations and financial condition . ~~During 2023, higher self- insurance~~

accruals negatively affected our results of operations. See “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Annual Report for more information. As a supplement to our self-insurance program, we maintain coverage with excess insurance carriers for potential losses that exceed the amounts we self-insure. Periodically, we evaluate the level of insurance coverage and adjust insurance levels based on risk tolerance, risk volatility, and premium expense. Although we believe our aggregate insurance limits should be sufficient to cover our historic claims amounts, the commercial trucking industry has experienced a wave of blockbuster or so-called “nuclear” verdicts, including some instances in which juries have awarded hundreds of millions of dollars to those injured in accidents and their families. See Note 9 of the unaudited condensed consolidated financial statements included in “Item 1. Financial Statements” of our Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2022 for information regarding the 2015 jury award of approximately \$ 160 million in compensatory damages in a lawsuit related to a vehicle accident involving a driver employed by a service provider engaged by FedEx Ground, subsequent court affirmation of the award in 2018 and 2022, and our pursuit of reimbursement from insurers of our payment of approximately \$ 210 million of pre- and post-judgment interest. Given this recent trend, it is possible that additional claims could exceed our aggregate coverage limits. If another claim were to exceed our aggregate insurance coverage, we would bear the excess in addition to our ~~other self-~~ **exposure not covered by excess insured-** **insurance amounts carriers**. Given the current claims environment, the amount of coverage available from excess insurance carriers is decreasing, the premiums for this excess coverage are increasing significantly, and excess insurance carriers are challenging insurance claims more frequently. Accordingly, our excess insurance and claims expenses may continue to increase, or we could further increase our ~~self-~~ **exposure not covered by excess insured-** **insurance retention carriers** as policies are renewed or replaced. Our results of operations and financial condition could continue to be adversely affected if our costs or losses significantly exceed our aggregate coverage limits, we are unable to obtain excess insurance coverage in amounts we deem sufficient, our insurance carriers fail to pay on our insurance claims, or we experience a claim for which coverage is not provided. **The effects of a widespread outbreak..... results of operations, and financial condition**. The transportation infrastructure continues to be a target of terrorist activities. Because transportation assets continue to be a target of terrorist activities, governments around the world are adopting or are considering adopting stricter security requirements that will increase operating costs and potentially slow service for businesses, including those in the transportation industry. These security requirements are not static, but change periodically as the result of regulatory and legislative requirements, imposing additional security costs and creating a level of uncertainty for our operations. For example, the TSA requires FedEx Express to comply with a Full All-Cargo Aircraft Operator Standard Security Plan, which contains evolving and strict security requirements. ~~Additionally, the ICAO’s standard that previously allowed a member state to permit carriers and other entities to determine, without government oversight, which shippers and shipments are secure for purposes of putting those shipments on all-cargo aircraft was modified effective July 1, 2021. As a result, we are now required to undertake additional security measures for international outbound shipments.~~ It is reasonably possible that these rules or other future security requirements could impose material costs on us or slow our service to our customers. The **- 28-** effects on our operations of avoiding areas of the world, including airspace, in which there are geopolitical conflicts and the targeting of aircraft by parties to those conflicts can also be significant. Moreover, a terrorist attack directed at FedEx or other aspects of the transportation infrastructure could disrupt our operations and adversely affect demand for our services. ~~to perform certain functions that are integral to our business, including the provision of information technology infrastructure, application development, maintenance and support, and end-user support services. There can be no assurance that our third-party service providers will adhere to contractual service performance or compliance requirements, and such service providers may suffer disruptions to their systems, labor groups, or supply chains that could adversely affect their services. We may also have disagreements with such service providers, and related contracts may be terminated or may not be extended or renewed. Additionally, from time to time such service providers have engaged in fraudulent activities in the course of their business relationships with FedEx. Any of the foregoing could disrupt our operations and result in a material adverse effect on our reputation, business, or results of operations.~~ The effects of a widespread outbreak of an illness or any other communicable disease or public health crisis on our business, results of operations, and financial condition are highly unpredictable. A widespread outbreak of an illness or any other communicable disease or public health crisis, **including new variants of COVID- 19,** could have varying effects on the demand for our services, our business operations, and the global economy and supply chains. The extent of the effect of such an event on our business, results of operations, and financial condition, as well as the global economy, will be dictated by developments that cannot be predicted, such as its duration and spread; the success of efforts to contain it and treat its effects, such as travel bans and restrictions, quarantines, shelter-in-place orders, business and government shutdowns, and other restrictions; the possibility of additional subsequent widespread outbreaks and variant strains and the effect of actions taken in response; and the resulting effects on the economic conditions in the global markets in which we operate. **We have now shifted to operating in a more stable post- COVID- 19 environment with less restrictions, which resulted in consumers returning to near pre- pandemic shopping patterns during 2023**. Our business is labor and capital intensive in nature, which may require us to incur higher costs to operate our networks during such an event. If we are unable to remain agile and flex our networks to align with shipping volumes, customer needs, disrupted global supply chains and other network inefficiencies, market demands, and operating conditions, or are unable to continuously respond to evolving governmental policies, our business operations could be negatively affected, which could have a further adverse effect on our results of operations. Further, due to the size, scope, and geographically dispersed nature of our operations, the expenses we incur to protect the health and safety of our team members and customers may be higher than similar expenses incurred by companies in other industries. **- 29-** To the extent a widespread outbreak of an illness or any other communicable disease or public health crisis adversely affects our business and financial results, it may also have the effect of heightening many other risks described in this section, any of which could materially and adversely affect our business, results of operations, and financial condition. Such risks include, but are not limited to, additional changes in the state of

the global economy and international trade policies and relations; our ability to execute our DRIVE transformation **and one FedEx consolidation plan**, implement our business strategy, and effectively respond to changes in market dynamics and customer preferences; our strong reputation and the value of the FedEx brand; our ability to meet our labor and purchased transportation needs while controlling related costs; **changes in the business and financial soundness of the USPS**; our ability to achieve our goal of carbon neutrality for our global operations by calendar 2040; and the effect of litigation or claims from customers, team members, suppliers, regulators, or other third parties relating to the crisis or our actions in response. See “**Item 1A. Risk Factors—Description of Business Segments — Trends Affecting Our Business**” and under “**Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition**” of this Annual Report, as well as “**Item 1A. Risk Factors**” and “**Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition**” of our Annual Reports on Form 10-K for the years ended May 31, 2020, May 31, 2021, and May 31, 2022, for information regarding the COVID-19 pandemic and its effects on our business, results of operations, and financial condition. Strategic Risks Failure to successfully implement our business strategy and effectively respond to changes in market dynamics and customer preferences will cause our future financial results to suffer. We are making significant investments and other decisions in connection with our long-term business strategy, such as those related to our DRIVE transformation, including Network 2.0; **and one FedEx consolidation plan**. See “The failure to successfully execute our DRIVE transformation, including Network 2.0, **and one FedEx consolidation plan** in the expected time frame and at the expected cost may adversely affect our future results.” above and “**Item 1. Business**” and “**Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition**” of this Annual Report for additional information. Such initiatives and enhancements may require us to make significant capital expenditures or incur significant expenses. We have also incurred, and may continue to incur, increased operating expenses in connection with certain changes to our business strategy. We may not be able to derive the expected operational efficiencies and network flexibility, alignment of our cost base with demand, cost **-29-** savings and reductions to our permanent cost structure, and other benefits from our strategic investments and other decisions. **For example, in June 2024 we announced a workforce reduction plan in Europe. 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. The actual amount and timing of business optimization costs and related cost savings resulting from the workforce reduction plan are dependent on local country consultation processes and regulations and negotiated social plans and may differ from our current expectations and estimates. If we are not able to successfully implement this plan, our future financial results may suffer.** Further, in developing our business strategy, we make certain assumptions including, but not limited to, those related to customer demand and the mix of services to be purchased by our customers, the future rate of e-commerce growth and inventory restocking, passenger airline cargo capacity, competition, and the global economy, and actual market, economic, and other conditions may be different from our assumptions. As technology **(including artificial intelligence and machine learning)**, customer behavior, and market conditions continue to evolve, it is important that we maintain the relevance of our brand and service offerings to our customers. If we are not able to successfully implement our business strategy and effectively respond to changes in **technology, customer preferences, and** market dynamics ~~and customer preferences~~, our future financial results will suffer. For additional discussion, see “**Item 1. Business**” of this Annual Report under the caption “**Strategy.**” **-30-** Our **ongoing assessment of the role of FedEx Freight in our portfolio structure may not result in any consummated transaction or other outcome and could adversely affect our businesses— business are capital intensive, and there is no guarantee that any transaction resulting from the assessment will ultimately benefit our stockholders. In June 2024, we announced that must make capital decisions based upon projected..... match shifting volume levels, particularly at FedEx Express, negatively affected our results of operations in 2023. Additionally, see “Item 7. Management’s Discussion management and Board of Directors are conducting and— an Analysis—assessment of the role of FedEx Freight in the company’s portfolio structure. There is no assurance that the assessment will Results— result in the approval or completion of any specific transaction or** Operations and Financial Condition — Results of Operations and Outlook — Consolidated Results — Goodwill and Other **other Asset Impairment Charges**” of this Annual Report **outcome. The assessment could be costly and time-consuming; a significant distraction for information regarding our Board of Directors, management, and employees; and divert the attention of our Board of Directors and senior management from the pursuit of our business strategy and long-term planning. Additionally, perceived uncertainties as to our future direction, our ability to execute on our strategy, or the composition of our senior management team may lead to the perception of a noncash impairment charge— change recorded in the direction fourth quarter of 2023 in connection with our business, instability our— or decision—lack of continuity which may be exploited by our competitors, result in the loss of potential business opportunities and current or potential customers, or make it more difficult to permanently retire— attract and certain— retain aircraft— qualified employee talent. Our business, results of operations, or financial condition could be harmed by any of these factors or the assessment and its ultimate outcome, among other things. Any potential transaction or other outcome would be dependent on a number of factors that may be beyond our control including, among other things, market conditions, industry trends, regulatory approvals, and the availability of financing on favorable terms. There can be no assurance that any potential transaction or other outcome would be successfully implemented, achieve the intended benefits, or provide greater value to our stockholders than that related— reflected engines from service in the current price of our common stock. In addition, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the uncertainties described above.** We depend on our strong reputation and the value of the FedEx brand. **FedEx is one of the most widely recognized, trusted, and respected brands in the world, and the FedEx brand is one of our most important and valuable assets.** The FedEx brand name symbolizes high-quality service, reliability, and speed. ~~FedEx is one of the most widely recognized, trusted, and respected brands in the world, and the FedEx brand is one of our most important and valuable assets.~~ In addition, we have a strong reputation among customers, team

members, and the general public for high standards of social and environmental responsibility and corporate governance and ethics. The FedEx brand name and our corporate reputation are powerful sales, marketing, and recruitment tools, and we devote significant resources to promoting and protecting them. Adverse publicity (whether or not justified) relating to activities by our team members or others with whom we do business, such as customer service mishaps, accidents, catastrophes, or incidents involving aircraft, vehicles, or facilities operated by us or our service providers; low safety or service levels; data breaches or technology infrastructure disruptions; **utilization of emerging technologies such as artificial intelligence**; noncompliance with laws and allegations or claims that result in litigation; the shipment of certain items pursuant to our obligation as a common carrier operating under federal law; labor relations and workforce reductions; our advertising campaigns, sponsorship arrangements, or marketing programs; our **ESG goals and related progress; our** political activities and expenditures; **or** our executive compensation practices; **could tarnish or our reputation and reduce the value of our brand and goodwill. With the increase in the** use of artificial intelligence **could tarnish our reputation and reduce the value of our brand-- and . With the increase in the use of** social media outlets such as Facebook, YouTube, Instagram, **X (formerly Twitter )**, and TikTok, **and other platforms**, adverse publicity, **whether warranted or not**, can be disseminated quickly and broadly without context, making it increasingly difficult for us to effectively respond. Certain forms of technology **such as artificial intelligence** also allow users to alter images, videos, and other information relating to FedEx and present the information in a false or misleading manner. Further, our actual or perceived position **or**, lack of position, **or perceived lack of transparency** on environmental, social, political, public policy, **labor relations**, or other sensitive issues, **and any perceived lack of transparency about those matters**, could harm our reputation with certain groups, including our customers, **stockholders**, team members, **advocacy groups**, governments, **government representatives**, and regulatory bodies. **Expectations regarding these matters continue to evolve and are not uniform**. Damage to our reputation and loss of brand equity could reduce demand for our services and / or create difficulties in retaining and recruiting employee talent, and thus have an adverse effect on our financial **- 30-** condition; **liquidity**, and results of operations, as well as require additional resources to rebuild our reputation and restore the value of our brand. **Changes in the business or financial soundness of the USPS, including strategic changes to its operations to reduce its reliance on the air network of FedEx Express, are likely to have an** **and goodwill** adverse effect on our results of operations and financial condition. The USPS is the largest customer of FedEx Express, which provides domestic air transportation services for the USPS' s First Class Mail, Priority Mail Express, and Priority Mail and transportation and delivery for the USPS' s international delivery service. See "Item 1. Business" of this Annual Report under "FedEx Express Segment" for more information. Pursuant to previously announced plans to restructure its operations, the USPS continues to implement strategic changes to its operations to reduce its reliance on the air network of FedEx Express, which negatively affected our results of operations in 2023. FedEx Express expects lower volumes from the USPS in 2024. Additional changes in the USPS' s business, including further structural changes to its operations, network, volume levels, service offerings, service commitments, or pricing, could have additional negative effects on our revenue, results of operations, and financial condition. Further, the USPS' s contract with FedEx Express for domestic services expires on September 29, 2024, and there is no assurance that the contract will be renewed on terms that are commercially acceptable to FedEx. Additionally, a decision by the USPS to terminate the contract early could negatively affect our profitability. **- 31-** We face intense competition. The transportation and business services markets are both highly competitive and sensitive to price and service, especially in periods of little or no macroeconomic growth. Some of our competitors have more financial resources and competitive advantages than we do, appear willing to operate at little or no margin to gain market share, or they are owned, controlled, or subsidized by foreign governments, which enables them to raise capital more easily. We also compete with regional transportation providers that operate smaller and less capital- intensive transportation networks and startup companies that combine technology with flexible labor solutions such as crowdsourcing to focus on local market needs. In addition, some high- volume package shippers are developing and implementing in- house delivery capabilities and utilizing independent contractors for deliveries, which could in turn **reduce** **adversely affect** our **results of operations** revenues and market share. For example, Amazon.com has established a network of hubs, aircraft, and vehicles and has expressed an intention to offer its internal delivery capabilities broadly to third parties. See "Item 1. Business" of this Annual Report for additional information. We believe we compete effectively with these companies **—** for example, by providing more reliable service at compensatory prices. However, the existence of an irrational pricing environment could limit our ability **not only** to maintain or increase our prices (including our fuel surcharges in response to rising fuel costs), **but also to maintain** **which could adversely affect** **or our results of operations** grow our revenues and market share. While we believe we compete effectively through our current and planned service offerings, if our current competitors or potential future competitors offer a broader range of services or better service levels, more effectively bundle their services, or offer services at lower prices, it could **adversely affect** **impede our ability to maintain or** **our results of operations** grow our market share. Continued transportation industry consolidation may further increase competition. Moreover, if high- volume package shippers further develop or expand internal capabilities for the services we provide, it may reduce our revenue and could negatively affect our financial condition and results of operations. These effects could be exacerbated if high- volume package shippers offer such capabilities to third parties. News regarding such developments or expansions could also negatively affect the price of our common stock. **Additionally** **Our industry may be affected by changes in technology and our competitors may implement emerging technologies, including artificial intelligence applications, more quickly and more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations.** **advancements** **Advancements** in technology, such as advanced safety systems; automated package sorting, handling, and delivery; autonomous delivery; third- party supply chain insight and management; artificial intelligence; vehicle platooning; alternative fuel vehicles; and digitization of freight services, may necessitate that we increase investments in order to remain competitive, and our customers may not be willing to accept higher rates to cover the cost of these investments. **.Our businesses are capital intensive, and we** must make capital decisions based upon projected

volume levels. We make significant investments in aircraft, package handling facilities, vehicles, technology, sort equipment, acquired companies, and other assets to support our transportation and business networks. The amount and timing of capital investments depend on various factors, including our anticipated volume growth. We must make commitments to purchase or modify aircraft years before the aircraft are actually needed. We must predict volume levels and fleet requirements and make commitments for aircraft based on those projections. Missing our projections could result in too much or too little capacity relative to our shipping volumes. Overcapacity could lead to below-market asset dispositions or write-downs, as well as negatively affect operating margins, and undercapacity could negatively affect service levels. **Difficulties in quickly adjusting our operations** See “Item 7. Management’s Discussion and Analysis—Results of Operations and Outlook—Consolidated Results—Goodwill and Other Asset Impairment Charges” of this Annual Report for information regarding a noncash impairment charge recorded in the fourth quarter of 2023 related to the ShopRunner acquisition. **See “Item 7. Management’s Discussion and Analysis—Results of Operations and Outlook—Consolidated Results—Goodwill and Other Asset Impairment Charges” of this Annual Report for information regarding a noncash impairment charge recorded in the fourth quarter of 2023 related to the ShopRunner acquisition.** **Our inability to execute and effectively operate, integrate, leverage, and grow acquired businesses and realize the anticipated benefits of acquisitions, joint ventures, and strategic alliances and investments could materially adversely affect us.** Our strategy for long-term growth, productivity, and profitability depends in part on our ability to make prudent strategic acquisitions and investments, form joint ventures or strategic alliances, and realize the expected benefits from these transactions. We regularly acquire businesses, enter into strategic alliances, and make investments across the more than 220 countries and territories in which we provide services. Acquisitions and other strategic transactions involve special commercial, customer, accounting, regulatory, compliance, information technology, human resources, cultural, and other risks, including the potential assumption of unanticipated liabilities and contingencies. Additionally, we may be required to make significant capital expenditures and / or incur certain operating expenses following the completion of certain transactions, which may be higher than initially expected. For example, existing and future customer data **and processes** in the systems **and business** of FedEx and ShopRunner may **require not be ultimately interoperable, or may not be interoperable without significant added expense to integrate.** **- 31-** While we expect our past and future acquisitions and strategic transactions to enhance our value proposition to customers and improve our business and long-term profitability, there can be no assurance that we will realize our expectations within the time frame we have established, if at all, or that we can continue to support the value we allocate to acquired businesses, including their goodwill or other intangible assets. We have previously incurred goodwill impairment charges related to certain of our acquisitions, some of which have been material, and may incur additional goodwill impairment charges in the future. **See “Item 7. Management’s Discussion and Analysis of Results of Operations and Financial Condition—Results of Operations and Outlook—Consolidated Results—Goodwill and Other Asset Impairment Charges” of this Annual Report for information regarding a noncash impairment charge recorded in the fourth quarter of 2023 related to the ShopRunner acquisition.** **- 32-** Human Resource Management Risks Our failure to attract **Labor-related disruptions** and **potential changes** retain employee talent, meet our purchased transportation needs, or maintain our company culture, as well as increases in labor **laws may** and purchased transportation costs, could adversely affect our business and results of operations. **Our success depends upon the efforts..... ability and our business may be harmed.** Our business is labor intensive in nature, **utilizing large numbers of** and our ability to meet our labor and purchased transportation needs while controlling related costs is generally subject to numerous **classes** external factors, including the availability of qualified **employees and** service providers and persons in the markets where we and our contracted service providers operate and unemployment levels within these markets, prevailing and competitive wage rates and other benefits, health and other insurance costs, inflation, fuel and energy prices and availability, behavioral changes, adoption of new or revised employment and labor laws and regulations (including increased minimum wage requirements) or government programs, safety levels of our operations, our reputation within the labor and transportation markets, changes in the business or financial soundness of service providers, interest in contracting with FedEx, the effect of a widespread public health crisis, the availability of child care, and vaccine mandates that may be announced in jurisdictions in which our businesses and service providers operate. Additionally, certain service providers (acting collectively or in coordination in some instances) may seek to increase financial rates or modify contract terms and may refuse to provide service to FedEx in connection with such initiatives. Our inability to effectively meet our labor and purchased transportation needs can increase our costs, hinder our ability to execute our business strategy, negatively affect service levels, and adversely affect our business and results of operations. Certain of these risks may be heightened by our DRIVE transformation, including Network 2.0, and one FedEx consolidation plan. Labor organizations attempt to organize groups of our employees from time to time, and potential changes in labor laws could make it easier for them to do so. If we are unable to maintain positive relationships with our employees and to avoid having labor organizations organize groups of our employees, our operating costs could significantly increase and our operational flexibility could be significantly reduced. Despite continual organizing attempts by labor unions, other than **the our pilots at FedEx Express and drivers at one FedEx Freight facility,** our **employees in the** U. S. **employees and Canada** have thus far chosen not to unionize (we acquired FedEx Supply Chain in 2015, which already had a small number of **unionized employees who are members of unions**). Additionally, certain of **our employees outside of the FedEx Express’s non-U. S. employees and Canada** are unionized. For information regarding **the tentative successor our continued bargaining efforts to reach an** agreement FedEx Express reached with the union representing **the our** pilots of FedEx Express in May 2023, see “Item 1. Business” of this Annual Report under the caption “**FedEx Federal Express Segment — FedEx Express — Employees.**” **If we are unable to reach an agreement with any of our unionized work groups in future negotiations regarding the terms of their collective bargaining agreements, or if additional groups within our workforce become unionized, we may be subject to work interruptions or stoppages, which could adversely affect our business and results of operations.** Labor unions have recently attempted to organize employees at businesses and in industries that have not traditionally been unionized, and in certain instances have been successful. Such attempts could continue in **2024 2025**. Additionally, the U. S. Congress has, in the past, considered adopting changes in labor laws that would make it easier for unions to organize units of our employees. For example, there is always a possibility that **Congress legislative or administrative actions, or judicial decisions,** could **attempt to** remove **Federal** most FedEx Express employees from the jurisdiction of the RLA. Additionally, this jurisdiction could be challenged in connection with our **recently completed** one

FedEx consolidation plan and ongoing Network 2.0 transformation. For additional discussion of the RLA, see “Item 1. Business” of this Annual Report under the caption “Regulation.” Such legislation or challenge could expose our customers to the type of service disruptions that the RLA was designed to prevent — local work stoppages in key areas that interrupt the timely flow of shipments of time-sensitive, high-value goods throughout our global network. Such disruptions could threaten our ability to provide competitively priced shipping options and ready access to global markets. —33— There is also the possibility that Congress could pass other labor legislation that could adversely affect our operations with companies, such as FedEx Ground and FedEx Freight, whose employees are governed by the NLRA. In addition, federal and state governmental agencies, such as the NMB and the NLRB, have and may continue to take actions that could make it easier for our employees, as well as our vendor, service provider, and supplier workforces, to organize under the RLA or NLRA. Finally, changes to federal or state laws, regulations, rules, judicial or administrative precedent, or guidance governing employee classification could affect the status of FedEx Ground’s service providers as independent employers of drivers. If we are FedEx Ground is deemed to be an employer or joint employer of the drivers of these service providers, labor organizations could more easily organize these individuals, our operating costs could increase materially, and we could incur significant capital outlays and experience adverse effects to service levels. **Our failure to attract and retain employee talent, meet our purchased transportation needs, or maintain our company culture, as well as increases in labor and purchased transportation costs, could adversely affect our business and results of operations. Our success depends upon the efforts and abilities of our high-quality employees, many of whom are longstanding FedEx Ground.** Our success depends upon the efforts and abilities of our high-quality employees, many of whom are longstanding FedEx team members. Difficulties in motivating, rewarding, recruiting, and retaining employee talent, including members of senior management and successors to members of senior management; the unexpected loss of such individuals resulting in the depletion of our institutional knowledge base; and / or our inability to successfully transition key roles could have an adverse effect on our business, results of operations, reputation, and the price of our common stock. We also regularly seek to hire a large number of part-time and seasonal workers, and FedEx Ground utilize utilizes contracted service providers to conduct certain its linehaul and pickup-and-delivery operations. Certain positions at FedEx have historically experienced high turnover rates, which can lead to increased recruiting, training, and retention costs. Additionally, our company culture is important to providing high-quality customer service and having a productive workforce and could be adversely affected by our evolving growing operations and other factors. If we fail to maintain the strength of our company culture, our competitive ability and our business may be harmed. **Our business is labor intensive, and our ability to meet our labor and purchased transportation needs while contracts contract terms and may refuse to provide service to FedEx. Our inability to effectively meet our labor and purchased transportation needs can increase our costs, hinder our ability to execute our business strategy, negatively affect service levels, and adversely affect our business and results of operations. Certain of these risks may be heightened by our DRIVE transformation, including Network 2.0. We contract** with service providers to conduct its certain linehaul and pickup-and-delivery operations, and the status of these service providers as direct and exclusive employers of drivers providing these services is being challenged. We are defending joint-employer cases where it is alleged that we FedEx Ground should be treated as an employer or joint employer of the drivers employed by service providers engaged by FedEx Ground with whom we contract to conduct certain linehaul and pickup-and-delivery operations. We incur certain costs, including legal fees, in defending the status of service providers engaged by FedEx Ground as direct and exclusive employers of their drivers. We continue to believe that we are FedEx Ground is not an employer or joint employer of the drivers of these independent businesses. However, adverse determinations in these matters or regulatory developments could, among other things, entitle service providers’ drivers to certain wage payments and penalties from the service providers and FedEx Ground, and result in employment and withholding tax and benefit liability for FedEx Ground. The status of the drivers employed by these service providers could be further challenged in connection with Network 2.0 our one FedEx consolidation plan. **Proposed 0. Potential changes to** pilot flight and duty time regulations could impair our operations and impose substantial costs on us. In 2010, the FAA proposed regulations that would change the flight and duty time rules applicable to all-cargo air carriers. When the FAA issued final regulations in 2011 (the “2011 regulations”), all-cargo carriers, including FedEx Express, were exempt from these new requirements. Instead, all-cargo carriers were required to continue complying with previously enacted flight and duty time rules and allowed to pursue the development of fatigue risk management systems to develop fatigue mitigations unique to each operation. In 2012, the FAA reaffirmed the exclusion of all-cargo carriers from the 2011 regulations, and litigation in the U. S. Court of Appeals for the District of Columbia affirmed the FAA’s decision. However, this issue remains a policy priority for certain labor groups, and the U. S. Congress periodically considers legislation that, if adopted, would require all-cargo carriers to comply with the 2011 regulations. Required compliance with the 2011 regulations would make it more difficult to avoid pilot fatigue and could impose substantial costs on us in order to maintain operational reliability. Increasing costs, the volatility of costs and funding requirements, and other legal mandates for employee benefits, especially pension and healthcare benefits, could adversely affect our results of operations, financial condition, and liquidity. We sponsor programs that provide retirement benefits to most of our employees. These programs include defined benefit pension plans, defined contribution plans, and postretirement healthcare plans. The costs of providing pension and other retirement benefit plans are dependent on numerous assumptions, such as discount rates, expected long-term investment returns on plan assets, future salary increases, employee turnover, mortality, and retirement ages. Changes in actuarial assumptions and differences between the assumptions and actual values, as well as significant declines in the value of investments that fund our pension and other postretirement plans, if not offset or mitigated by a decline in plan liabilities, could increase pension and other postretirement expense, and we could be required from time to time to fund the pension plans with significant amounts of cash. Such cash funding obligations could adversely affect our results of operations and liquidity. Additionally, the rules for pension and retirement benefit plan accounting are complex, involve numerous assumptions, and can produce volatility in our results of operations, financial

condition, and liquidity. For example, our fourth quarter 2024 mark- to- market (“ MTM ”) retirement plans accounting adjustment resulted in a pre- tax, noncash **MTM gain of \$ 561 million (\$ 426 million, net of tax, or \$ 1. 69 per diluted share), and in 2023 we recognized a pre- tax, noncash MTM gain of \$ 650 million in 2023** (\$ 493 million, net of tax, or \$ 1. 92 per diluted share) and a loss of \$ 1. 6 billion in 2022 (\$ 1. 2 billion, net of tax, or \$ 4. 49 per diluted share). For additional information on our MTM retirement plans accounting adjustments, see “ Item 7. Management’ s Discussion and Analysis of Results of Operations and Financial Condition — Results of Operations and Outlook — Consolidated Results — Retirement Plans MTM Adjustments ” and Note 13 of the consolidated financial statements included in “ Item 8. Financial Statements and Supplementary Data ” of this Annual Report.

**34** Environmental, Climate, and Weather Risks We may be affected by global climate change or by legal, regulatory, or market responses to such change. Concern over climate change, including the effect of global warming, has led to significant U. S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and vehicle engine emissions. Increasingly, state and local governments are also considering **GHG environmental- related regulatory and reporting requirements**. Compliance with such regulation and the associated potential cost is complicated by the fact that various countries and regions are following different approaches to the regulation **and reporting** of climate change **and other environmental matters**. Increased regulation **and reporting obligations** regarding GHG emissions, especially aircraft or vehicle engine emissions, could impose substantial **taxes, fees, and other costs** on us ; **especially at FedEx Express**. These **costs** include an increase in the cost of the fuel and other energy we purchase , **investments required to obtain electricity capacity**, and capital and impairment costs associated with updating or replacing our aircraft **or**, vehicles , **or infrastructure** prematurely. Until the timing, scope, and extent of such possible regulation becomes known, we cannot predict its effect on our cost structure or our operating results. It is reasonably possible, however, that it could materially increase our operating expenses and have an adverse direct or indirect effect on our business, if **- 33-** instituted. For additional discussion of regulatory responses to climate change, including CORSIA and the Paris climate accord, see “ Item 1. Business ” of this Annual Report under the caption “ Regulation. ” We may also incur additional expenses as a result of U. S. and international regulators requiring additional disclosures regarding GHG emissions **and other environmental matters including, but not limited to, the European Sustainability Reporting Standards and Corporate Sustainability Reporting Directive and the final rules adopted by the SEC in March 2024. Furthermore, many countries and U. S. states in which we operate or are subject to regulation have adopted, or are expected to adopt, additional requirements related to the disclosure of GHG emission and related matters. In many cases these requirements differ and may conflict from country to country, increasing our costs or requiring significant management time and attention. Additionally, we could be subject to climate litigation or regulatory enforcement actions, as groups, individuals, and governmental authorities affected by climate change seek to recover climate- related damages from entities they perceive as being partially responsible for human- induced climate change because of the emission of GHGs from their operations**. Moreover, even without such regulation, increased awareness and any adverse publicity in the global marketplace about the GHGs emitted by companies in the airline and transportation industries could harm our reputation **and**, reduce customer demand for our services, especially our air express services , **and increase our liability**. Finally, given the broad and global scope of our operations and our susceptibility to global macroeconomic trends, we are particularly vulnerable to the physical risks of climate change that could affect all of humankind, such as shifts in weather patterns and world ecosystems. We may be unable to achieve or demonstrate progress on our goal of carbon neutrality for our global operations by calendar 2040. In 2021, we announced a goal to achieve carbon neutrality for our global operations by calendar 2040. Achievement of this goal depends on our execution of operational strategies relating to vehicle electrification; sustainable **fuels- fuel procurement ; aircraft fuel conservation and fleet aircraft modernization; facilities; and sustainable customer solutions ; and potentially voluntary carbon offset credits**. Execution of these strategies, as well as demonstrable progress on and achievement of our calendar 2040 goal, is subject to risks and uncertainties, many of which are outside of our control. **See “ The Environment ” under “ Item 1. Business ” of this Annual Report for information on our review of our previously disclosed Federal Express pickup- and- delivery purchase goals.** These risks and uncertainties include, but are not limited to: our ability to successfully implement our business strategy, effectively respond to changes in market dynamics and achieve the anticipated benefits and associated cost savings of such strategies and actions; the availability and cost of, and our ability to acquire, alternative fuel vehicles, alternative fuels, fuel- efficient aircraft, global electrical charging infrastructure **and requisite power grid capacity**, off- site renewable energy, and other materials and components, many of which are not presently in existence or available at scale **to meet the required global and regulatory demand creating intense competition that may significantly increase the costs**; unforeseen production, design, operational, and technological difficulties; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis such as carbon sequestration and / or other related processes; compliance with, and changes or additions to, global and regional regulations, taxes, charges, mandates, or requirements relating to GHG emissions, carbon costs, or climate- related goals; labor- related regulations and requirements that restrict or prohibit our ability to impose requirements on third parties who provide contracted transportation for our transportation networks; the availability of incentives to enhance the production and affordability of alternative fuel vehicles, alternative fuels, global electrical charging infrastructure **and requisite power grid capacity**, and other materials and components; adapting products to customer preferences and customer acceptance of sustainable supply chain solutions and potentially increased prices for our services; and the actions of competitors and competitive pressures . **Purchase of carbon offset credits to meet our 2040 carbon neutrality goal could add significant fluctuating annualized costs due to the uncertain price of carbon and any voluntary or regulatory schemes to offset emissions, lead to increased regulatory attention, and inhibit the development of other carbon reduction approaches that we may otherwise pursue. There also is a risk that any voluntary carbon offset credits purchased, even if accepted by regulators, could be viewed by third parties as not sufficiently reflecting real, verifiable, and additional GHG reductions, leading to reputational harm**. There

is no assurance that we will be able to successfully execute our strategies and achieve or demonstrate progress on our calendar 2040 goal of carbon neutrality for our global operations. Additionally, we may determine that it is in our best interests to prioritize other business, social, governance, or sustainable investments and / or initiatives ( **including such as** our DRIVE transformation program, including Network 2.0 , ~~and one FedEx consolidation plan~~) over the achievement of our calendar 2040 goal based on economic, regulatory, or social factors, business strategy, or other reasons. Failure to achieve or demonstrate progress on our calendar 2040 goal could damage our reputation and customer and other stakeholder relationships. Further, given investors' and ~~banks~~ **other stakeholders'** increased focus related to ESG matters, such a failure could cause large stockholders to reduce their ownership of FedEx common stock and limit our access to financing. Such conditions could have an adverse effect on our business, results of operations, and financial condition, as well as on the price of our common stock. ~~-35-~~

Our inability to quickly and effectively restore operations following adverse weather or a localized disaster or disturbance in a key geography could adversely affect our business and results of operations. While we operate several integrated networks with assets ~~-34-~~ distributed throughout the world, there are concentrations of key assets within our networks that are exposed to adverse weather conditions or localized risks from natural or manmade disasters such as earthquakes, volcanoes, wildfires, hurricanes, tornadoes, floods, severe winter weather , **heat waves, extended droughts** , conflicts or unrest, terrorist attacks, or other disturbances, actual or threatened. Additionally, shifts in weather patterns caused by climate change could increase the frequency, severity, or duration of certain adverse weather conditions. **We may experience reduced availability and / or increases in the cost of insurance due to such changes.** Prolonged interruptions or disruptions at a key location such as our FedEx Express Memphis World Hub or one of our information- technology centers could adversely affect our business and results of operations. We also may incur significant costs to reestablish or relocate these functions. Moreover, resulting economic dislocations, including supply chain and fuel disruptions, could adversely affect demand for our services resulting in an adverse effect on our business and results of operations. Other Legal, Regulatory, and Miscellaneous Risks Government regulation and enforcement are evolving and unfavorable changes could harm our business. We are subject to regulation under a wide variety of U. S. federal, state, and local and non- U. S. government regulations, laws, policies, and actions. There can be no assurance that such regulations, laws, policies, and actions will not be changed in ways that will decrease the demand for our services, subject us to escalating costs, or require us to modify our business models and objectives (such as our DRIVE transformation program, including Network 2.0 , ~~and one FedEx consolidation plan~~), harming our financial results. In particular, legislative, regulatory, or other actions that U. S. and non- U. S. governments have undertaken or could take in areas such as data privacy and sovereignty, the use of ~~new~~ **artificial intelligence and other emerging technology technologies** , taxes, foreign exchange intervention in response to currency volatility, currency controls that could restrict the movement of liquidity from particular jurisdictions, trade controls, tariffs, quotas, embargoes, or sanctions in the U. S. or other countries, complex economic sanctions, import and export controls, customs standards, additional security or workplace and transportation health and safety requirements, labor and employment standards (including with respect to our pilots), worker classification, joint employment and benefits, government contracting, **antitrust**, regulated commodities, environmental , **climate- related**, or emission standards, and accounting may have an adverse effect on our results of operations, financial condition, capital requirements, effective tax rate, and service levels. **Furthermore, some of our operations are in high- risk legal compliance environments, and the Foreign Corrupt Practices Act (the "FCPA"), similar anti- bribery laws in non- U. S. jurisdictions, and other compliance- related laws or regulations could result in litigation, assessment of damages, imposition of penalties, or other consequences.** For additional discussion, see " Item 1. Business " of this Annual Report under the caption " Regulation. " Additionally, **in light of the current recently held and upcoming elections in the U. S. presidential administration** and various **international jurisdictions, there is considerable uncertainty regarding U. S. federal and state regulatory bodies have indicated a desire to reform- reforms of** various aspects of existing laws, regulations, and enforcement priorities and strategies that could **affect trade policies, labor matters, taxes, and technological advancements** , among other things **areas** , and have a material effect on ~~lead to comprehensive tax reform, broadly increase the U. S. minimum wage, make it easier for unions to organize our U. S. employees or~~ **our business** ~~the employees of our service providers, and~~ **results of operations, as well as on** ~~alter the employment relationship between service providers engaged by FedEx Ground and the drivers employed by those --~~ **the service providers- price of our common stock** . We could be subject to adverse changes in regulations and interpretations or challenges to our tax positions. We are subject to taxation in the U. S. and numerous foreign jurisdictions. From time to time, changes in tax laws or regulations may be enacted that could significantly affect our overall tax liabilities and our effective tax rate. U. S. and foreign governmental agencies maintain focus on the taxation of multinational companies, including statutory tax rates, **digital taxes**, global minimum taxes (such as the framework agreed to by members of the Organization for Economic Cooperation and Development ~~in 2022-~~ ) , ~~digital taxes~~ , and transactions between affiliated companies. Such changes may require new and complex computations to be performed, significant judgments, estimates, and calculations to be made, and the preparation and analysis of information not previously relevant or regularly produced. Standard- setting bodies could interpret or issue guidance on how provisions of certain tax laws and regulations will be applied or otherwise administered that is different from our interpretation, and we may be required to make adjustments to amounts that we have recorded that may adversely affect our results of operations and financial condition. See " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition — Results of Operations and Outlook — Consolidated Results — Income Taxes " of this Annual Report for additional information regarding ongoing tax examinations and challenges. Additionally, see " Item 7. Management' s Discussion and Analysis of Results of Operations and Financial Condition — Critical Accounting Estimates — Income Taxes " of this Annual Report for information regarding estimates and potential adjustments related to our tax positions. ~~-36-~~ Our business is subject to complex and evolving U. S. and foreign laws and regulations regarding data protection. There has recently been heightened regulatory and enforcement focus relating to the collection, use, retention, transfer, and processing of personal data in the U. S. (at both the state and federal level) and

internationally, including the EU’s General Data Protection Regulation, the California Privacy Rights Act, the Virginia Consumer Data Protection Act, and other similar laws that have been or will be enacted by other jurisdictions. In addition, **in the U. S. and internationally, there has been increased legislative and regulatory activity related to artificial intelligence and the risks and challenges artificial intelligence poses, including the European Union’s Artificial Intelligence Act and the current U. S. presidential administration’s executive order to, among other things, establish artificial intelligence safety and security. Also**, China and certain other jurisdictions have enacted more stringent data localization requirements. An actual or alleged failure to comply with applicable U. S. or foreign data protection laws, regulations, or other data protection standards may expose us to litigation (including, in some instances, class action litigation), fines, sanctions, or other penalties, which **- 35-** could harm our reputation and adversely affect our business, results of operations, and financial condition. This regulatory environment is increasingly challenging, based on discretionary factors, and difficult to predict. Consequently, compliance with all applicable regulations in the various jurisdictions in which we do business may present material obligations and risks to our business, including significantly expanded compliance burdens, costs, and enforcement risks; require us to make extensive system or operational changes; or adversely affect the cost or attractiveness of the services we offer. All of these evolving compliance and operational requirements, as well as the uncertain interpretation and enforcement of laws, impose significant costs and regulatory risks that are likely to increase over time. Developing privacy legislation within the U. S. may also create limitations or added requirements on the use of personal data by FedEx Dataworks and the other FedEx operating companies. The regulatory environment for global aviation or other transportation rights may affect our operations and increase our operating costs. Our extensive air network is critical to our success. Our right to serve foreign points is subject to the approval of the DOT and generally requires a bilateral agreement between the U. S. and foreign governments. In addition, we must obtain the permission of foreign governments to provide specific flights and services. Our operations outside of the U. S., such as FedEx Express’s international domestic operations, are also subject to current and potential regulations, including certain postal regulations and licensing requirements, that restrict, make difficult, and sometimes prohibit, the ability of foreign-owned companies such as FedEx Express to compete effectively in parts of the international domestic transportation and logistics market. Regulatory or executive actions affecting global aviation or transportation rights or a failure to obtain or maintain aviation or other transportation rights in important international markets could impair our ability to operate our networks. Further, our ability to obtain or maintain aviation or other transportation rights internationally may be adversely affected by changes in international trade policies and relations. We are subject to other extensive regulatory and legal compliance requirements that may result in significant costs. For instance, the FAA from time **- to -** time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures in order to comply. High-profile accidents, catastrophes, or incidents involving aircraft may trigger increased regulatory and legal compliance requirements. These requirements can be issued with little or no notice, or can otherwise affect our ability to efficiently or fully utilize our aircraft, and in some instances have resulted in the temporary grounding of aircraft types altogether. Further, our business may be adversely affected when government agencies and air traffic control and other systems they oversee cease to operate as expected, including due to partial shutdowns, sequestrations, or similar events. Lapses in government operations may result in, among other things, disruptions in the ability of government agencies to grant required regulatory approvals. For additional discussion, see “Item 1. Business” of this Annual Report under the caption “Regulation.” We are also subject to other risks and uncertainties, including: • our ability to mitigate the technological, operational, legal and regulatory, and reputational risks related to autonomous technology and artificial intelligence; • the increasing costs of compliance with federal, state, and foreign governmental agency mandates (including the **FCPA 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 Australian dollar,** Japanese yen, **and Mexican peso,** 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 ESG topics, and any other legal or governmental proceedings, including the matters discussed in Note **18-20** of the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” of this Annual Report; **-37-** 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; **- 36-** • 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; • **the United Kingdom’s exit from the EU (“Brexit”), including the economic, operational, regulatory, and financial effects of any post-Brexit trade deal between the United Kingdom and EU;** • 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; • stockholder activism, which could divert the attention of management and our **board Board** of **directors Directors** from our business, hinder execution of our business strategy, give rise to perceived uncertainties as to our future, and cause the price of our common stock to fluctuate significantly; • successful completion of our planned stock repurchases; and • 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.

