FDX Corp. Reports First Quarter Earnings

MEMPHIS, Tenn., September 16, 1999 ... FDX Corporation (NYSE: FDX) today reported earnings of $0.52 per diluted share for the quarter ended August 31, compared to $0.50 per share last year.

FDX Corp., parent of Federal Express Corp. (FedEx) and RPS, Inc. (RPS), reported the following consolidated results for the first quarter:

- Revenue of $4.3 billion, up 6% from $4.1 billion the previous year
- Operating income of $284 million, level with a year ago
- Net income of $159 million, up from last year's $149 million

"Year-over-year comparisons were difficult in the first quarter primarily due to higher fuel costs and declining hushkit sales with higher fuel prices negatively impacting operating income in the quarter by $27 million," said Executive Vice President and Chief Financial Officer Alan B. Graf, Jr. "U.S. domestic average daily package volume at FedEx and RPS grew 3% and 4%, respectively, both below expectations for the quarter. U.S. domestic revenue per package for FedEx grew 2% over the same period last year while RPS's increased 5%. FedEx International Priority(R) service showed strong average daily volume growth of 12% and revenue per package growth of 2%.

"To offset the slower U.S. domestic volume trends and higher fuel prices, management at FedEx and RPS have taken actions to align their cost structures more closely with the lower growth rates," said Graf. "These actions include more stringent cost controls and productivity enhancement programs. Even so, if current trends continue, fuel prices alone could negatively impact operating income in FY00 by more than $150 million compared to FY99. If lower U.S. domestic growth also continues, we anticipate that earnings for the second quarter and the full fiscal year may fall below current consensus analyst expectations, and FDX may not achieve a double-digit operating income growth rate for the year."

FedEx

For the first quarter, FedEx reported the following:

- Revenue of $3.6 billion, up 5% from last year's $3.4 billion
- Operating income of $209 million, compared to $219 million a year ago

Operating income from the sale of FedEx aircraft noise reduction kits was $15 million compared to $29 million in last year's first quarter. Total worldwide average daily package volume grew 4% over last year's first quarter and revenue per package increased more than 3%.

RPS

For the first quarter, RPS reported the following:

- Revenue of $476 million, up 8% from last year's $441 million
- Operating income of $51 million, up from $49 million a year ago

On a per-day basis, operating income at RPS was up 6% year-over-year.

Tax Rate

The company's effective tax rate of 39.5% in the quarter compares with a rate of 41.5% during last year's first quarter.

Corporate Overview

FDX Corp., a $17 billion holding company, provides comprehensive transportation, logistics, e-commerce and supply chain management solutions. FDX Corp. principal operating subsidiaries are Federal Express Corp., the world's largest express transportation company; RPS Inc., North America's second largest business-to-business ground small-package carrier; Roberts Express Inc., a critical-shipment carrier; Viking Freight Inc., a less-than-truckload carrier operating principally in the western

U.S.; and FDX Global Logistics Inc., a contract logistics provider.

This press release contains forward-looking statements and information relating to future financial performance or business expectations. The forward-looking statements are subject to risks and uncertainties, including those identified below, which could cause actual results to differ materially from historical results or those set forth in the forward-looking statements. Such factors, among others, that may cause such a difference include: the ability to control package yield, volume growth and costs; U.S. and international economic conditions; technology developments that impact demand for the company's services; matching aircraft, vehicle and sort capacity additions or deletions to customer volume levels; fuel costs; regulatory changes; and other factors that are identified in FDX Corp.'s and its subsidiaries' press releases and filings with the Securities and Exchange Commission, including Annual Reports, Form 10-Ks and Form 10-Qs.

FDX CORPORATION FINANCIAL HIGHLIGHTS
(Unaudited; Current year data is preliminary)

First Quarter Fiscal 2000
(In millions, except earnings per share)

	Three Months Ended Aug 31	
	1999	**1998**
Revenue:		
FedEx	$3,587	$3,417
RPS	476	441
Other	257	224
Total Revenue	4,320	4,082
Operating Income :		
FedEx	209	219
RPS	51	49
Other	24	16
Total Operating Income	284	284
Other Income (Expense):		
Interest, net	(21)	(25)
Other, net	--	(4)
Total Other Income (Expense)	(21)	(29)
Pretax Income	263	255
Provision for Income Taxes	104	106
Net Income	$159	$149
Basic Earnings Per Share	$0.53	$0.51
Common Shares	298	295
Diluted Earnings Per Share	$0.52	$0.50
Common and Common Equivalent Shares	304	299

FDX CORPORATION OPERATING HIGHLIGHTS
(Unaudited; Current year data is preliminary)

First Quarter Fiscal 2000

	Three Months Ended Aug 31	
FEDEX	**1999**	**1998**
Operating Weekdays	65	66
AVG DAILY VOLUME / POUNDS		
Average Daily Package Volume:		
U.S. Overnight	1,953,065	1,880,439
U.S. Deferred	839,140	834,658
International Priority	296,866	265,108
Total Average Daily Packages	3,089,071	2,980,205
Average Daily Freight Pounds (000s):		
U.S.	4,555	3,930
International	2,505	2,620
Total Avg Daily Freight Pounds	7,060	6,550
YIELD		
Revenue Per Package:		
U.S. Overnight	$14.44	$14.33
U.S. Deferred	10.25	9.88
International Priority	42.42	41.45
Composite Package Yield	$15.99	$15.50
Revenue Per Freight Pound:		
U.S.	$0.44	$0.39
International	0.78	0.77
Composite Freight Yield	$0.56	$0.54
RPS		
Operating Weekdays	63	64
Average Daily Package Volume	1,365,138	1,310,726
Yield	$5.53	$5.25

FEDERAL EXPRESS CORPORATION FINANCIAL HIGHLIGHTS
(Unaudited; Current year data is preliminary)

First Quarter Fiscal 2000
(In millions)

Three Months Ended

Aug 31

FINANCIAL RESULTS	**1999**	**1998**
Revenues	$3,587	$3,417
Operating Expenses:		
Salaries and employee benefits	1,609	1,541
Rentals and landing fees	347	313
Depreciation and amortization	242	220
Fuel	181	147
Maintenance and repairs	238	229
Other	761	748
	3,378	3,198
Operating Income	209	219
Other Income (Expense):		
Interest, net	(19)	(22)
Other, net	(1)	(4)
	(20)	(26)
Pretax Income	189	193
Provision for Income Taxes	75	80
Net Income	$114	$113