FDX Corp. Reports Record Fourth Quarter Revenue and Earnings

Net Income Increases 30%

MEMPHIS, Tenn., June 30, 1999 ... FDX Corporation (NYSE: FDX) today reported record earnings of $0.73 per diluted share for the quarter ended May 31, up 28% from $0.57 per share last year.

FDX Fourth Quarter Results

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

- Revenue of $4.4 billion, up 7% from $4.1 billion the previous year
- Operating income of $390 million, up 21% from $322 million a year ago
- Net income of $221 million, up 30% from last year's $171 million

"FDX Corp. is successfully executing its business strategy by leveraging the collective strength of its diverse global network and by offering unique e-commerce and supply chain management solutions to the marketplace," said Chairman, President and Chief Executive Officer Frederick W. Smith. "As businesses increasingly source and sell products in a rapid, just-in-time manner, new markets are being created around the world and FDX is an integral part of this dynamic trend."

FDX Full Year Results

For the full fiscal year, FDX Corp. reported earnings of $2.10 per diluted share, up 24% from $1.69 per share last year.

FDX Corp. also reported the following consolidated results for the fiscal year:

- Revenue of $16.8 billion, up 6% from $15.9 billion the previous year
- Operating income of $1.2 billion, up from $1.0 billion a year ago
- Net income of $631 million, up 26% from last year's $503 million

Excluding this year's $91 million cost of contingency plans related to the FedEx pilot negotiations and last year's $88 million merger expenses related to the Caliber acquisition, diluted earnings for the year were $2.28 per share, up 17% from $1.95 per share a year ago.

"The fourth quarter caps a record year at both FedEx and RPS," said Executive Vice President and Chief Financial Officer Alan B. Graf, Jr. "Profitability is improving as a result of our operating and revenue-generating strategies. By operating each of the FDX subsidiaries independently to compete in distinct market segments, we bring the most appropriate services and cost structure to each customer segment to maximize service levels and profitability. In addition, we are marketing and selling a complete set of services across our various customer bases to generate additional revenue and higher margins, utilizing world-class information and technology systems."

FedEx

For the fourth quarter, FedEx reported revenue of $3.6 billion, up from last year's $3.4 billion. Operating income was $306 million, up 17% from $261 million a year ago.

FedEx U.S. domestic revenue grew to $2.6 billion for the quarter, up from $2.5 billion last year. FedEx U.S. domestic operating income was $249 million, up from $239 million a year ago. Operating income from the sale of FedEx aircraft noise reduction kits was $16 million compared to $30 million in last year's fourth quarter.

International revenue increased to $1.0 billion for the quarter, up 9% from last year. International operating income was $58 million, up 168% from $21 million a year ago.

"FedEx's premium International Priority(R) (IP) service grew 10% year-over-year, the highest quarterly IP growth rate this year," said Graf. "In the U.S., FedEx Priority Overnight(R) and FedEx Standard Overnight(R) box volume grew a combined 6% year-

over-year, continuing to exceed the growth of lower-yielding deferred services. Stringent cost controls, lower fuel prices, productivity gains and improved service levels all helped FedEx post record U.S. domestic results and significantly improved international earnings."

RPS

For the fourth quarter, RPS reported revenue of $501 million, up 15% from last year's $437 million and operating income of $71 million, up 53% from $47 million a year ago.

Revenue per package increased 6% year-over-year during the quarter, while average daily volume also grew 6%. Strong revenue growth, effective cost controls and improved service levels enabled RPS to report a record 14% operating margin.

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., a business-to-business ground small package carrier; Viking Freight Inc., a less-than-truckload carrier operating principally in the western U.S.; Roberts Express Inc., a critical-shipment carrier; and FDX Global Logistics Inc., a contract logistics provider.

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

Fourth Quarter Fiscal 1999
(In millions, except earnings per share)

	Three Months Ended May 31, 1999	Three Months Ended May 31, 1998	Twelve Months Ended May 31, 1999	FedEx FYTD & Caliber Period May 25, 1997 - May 31, 1998
Revenue:				
FedEx U.S. Domestic	$2,641	$2,502	$10,171	$9,665
FedEx International	1,008	924	3,808	3,589
RPS	501	437	1,878	1,711
Viking	95	89	370	382
Other	138	126	546	526
Total Revenue	4,383	4,078	16,773	15,873
Operating Expenses:				
FedEx U.S. Domestic	2,393	2,263	9,388	8,913
FedEx International	950	902	3,720	3,505
RPS	430	391	1,647	1,540
Viking	89	83	346	354
Other	131	117	509	550
Total Operating Expenses	3,993	3,756	15,610	14,862
Operating Income (Loss):				
FedEx U.S. Domestic	249	239	783	753
FedEx International	58	21	88	84
RPS	71	47	231	171
Viking	7	6	25	28
Other	5	9	36	(25)
Total Operating Income	390	322	1,163	1,011
Other Income (Expense):				
Interest, net	(23)	(29)	(98)	(124)
Other, net	5	1	(4)	13

Total Other Income (Expense)	(18)	(28)	(102)	(111)
Pretax Income	372	294	1,061	900
Provision for Income Taxes	151	123	430	402
Income from Continuing Operations	221	171	631	498
Income from Discontinued Operations, Net of Income Taxes	--	--	--	5
Net Income	$221	$171	$631	$503
Basic Earnings Per Share:				
Continuing operations	$0.74	$0.58	$2.13	$1.70
Discontinued operations	--	--	--	0.02
Net Basic Earnings Per Share	$0.74	$0.58	$2.13	$1.72
Common Shares	298	294	296	293
Diluted Earnings Per Share:				
Continuing operations	$0.73	$0.57	$2.10	$1.67
Discontinued operations	--	--	--	0.02
Net Diluted Earnings Per Share	$0.73	$0.57	$2.10	$1.69
Common and Common Equivalent Shares	304	299	301	298

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

Fourth Quarter Fiscal 1999

	Three Months Ended May 31, 1999	Three Months Ended May 31, 1998	Twelve Months Ended May 31, 1999	FedEx FYTD & Caliber Period May 25, 1997 - May 31, 1998
FEDEX				
Operating Weekdays	65	64	256	254
AVERAGE DAILY EXPRESS VOLUME				
Priority Overnight	1,332,018	1,295,566	1,306,138	1,253,640
Standard Overnight	671,115	645,091	651,403	632,222
2Day/Express Saver	883,526	872,820	893,569	871,548
1Day/2Day/3Day Freight	11,366	10,027	11,004	9,194
Total U.S.A. Express Volume	2,898,025	2,823,504	2,862,114	2,766,604
International Priority	297,363	271,152	281,664	259,395
Total Avg Daily Express Volume	3,195,388	3,094,656	3,143,778	3,025,999
YIELD PER EXPRESS PACKAGE				
Priority Overnight	$15.41	$15.31	$15.31	$15.24

Standard Overnight	12.45	12.33	12.40	12.19
2Day/Express Saver	10.19	9.89	9.93	9.84
1Day/2Day/3Day Freight	168.33	145.20	156.14	144.36
Total U.S.A. Express Yield	$13.73	$13.42	$13.51	$13.27
International Priority	41.45	41.10	41.87	41.45
Total Composite Yield	$16.31	$15.84	$16.05	$15.69
Avg Pounds per Express Package	8.9	8.6	8.9	8.5
Avg Revenue per Express Pound	$1.83	$1.85	$1.80	$1.84
INT'L AIRFREIGHT (IXF/ATA)				
Millions of Pounds	165.8	176.4	674.1	703.6
Revenue per Pound	$0.78	$0.80	$0.79	$0.85
RPS				
Operating Weekdays	65	64	253	256
Average Daily Volume	1,404,406	1,321,394	1,385,379	1,326,189
Composite Yield	$5.49	$5.17	$5.36	$5.04
VIKING				
Operating Weekdays	65	64	253	256
Shipments Per Day	12,191	12,023	12,461	13,287
Revenue/CWT	$10.33	$9.61	$10.00	$9.28

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

Fourth Quarter Fiscal 1999
(In millions)

	Three Months Ended May 31		Twelve Months Ended May 31	
FINANCIAL RESULTS	**1999**	**1998**	**1999**	**1998**
Revenues	$3,649	$3,426	$13,979	$13,255
Operating Expenses:				
Salaries and benefits	1,596	1,508	6,225	5,832
Rentals and landing fees	333	309	1,318	1,221
Depreciation and amortization	237	219	912	845
Fuel	152	167	594	709
Maintenance and repairs	222	214	888	808
Other	803	748	3,171	2,989
Merger Expenses	--	--	--	14
	3,343	3,165	13,108	12,418
Operating Income	306	261	871	837
Other Income (Expense):				
Interest, net	(21)	(26)	(86)	(110)

Other, net	(1)	(0)	(14)	8
	(22)	(26)	(100)	(102)
Pretax Income	284	235	771	735
Provision for Income Taxes	115	99	312	314
Net Income	$169	$136	$459	$421