



FOR IMMEDIATE RELEASE

FedEx Corp. Reports Third Quarter Earnings

MEMPHIS, Tenn., March 17, 2011 ... FedEx Corp. (NYSE: FDX) today reported earnings of \$0.73 per diluted share for the third quarter ended February 28. Excluding costs related to the previously announced combination of the company's FedEx Freight and FedEx National LTL operations, third quarter earnings were \$0.81 per diluted share, compared to \$0.76 per diluted share a year ago.

"Continued growth in the global economy is driving solid revenue gains in our transportation businesses," said Frederick W. Smith, FedEx Corp. chairman, president and chief executive officer. "We expect strong demand for our services to boost our financial performance in our fourth quarter."

Third Quarter Results

FedEx Corp. reported the following consolidated results for the third quarter:

- Revenue of \$9.66 billion, up 11% from \$8.70 billion the previous year
- Operating income of \$393 million, down 6% from \$416 million last year
- Operating margin of 4.1%, down from 4.8% the previous year
- Net income of \$231 million, down 3% from \$239 million a year ago

While yields grew in all transportation segments, unusually severe winter storms during the quarter disrupted operations, decreased shipping volume and increased costs, impacting year-over-year results by approximately \$0.12 per diluted share. Earnings were also reduced by costs related to the January 30, 2011 combination of FedEx Freight and FedEx National LTL operations, including lease termination costs and severance expenses. The reinstatement of merit salary increases, increases in pension and medical costs, higher aircraft maintenance expenses and the full reinstatement of 401(k) company-matching contributions also impacted earnings.

Outlook

FedEx projects earnings to be \$1.66 to \$1.83 per diluted share in the fourth quarter and an adjusted \$4.83 to \$5.00 per diluted share for fiscal 2011. The

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company's forecast assumes the current market outlook for fuel prices and continued moderate growth in the global economy. Earnings could be affected by the impact of the ongoing political turmoil in the Middle East and North Africa on fuel prices and the economy. Also, the near-term impact of the earthquake and tsunami in Japan on operational costs, shipping patterns and the global economy is currently uncertain. The annual guidance excludes FedEx Freight combination costs and a second quarter legal reserve. Including costs from the FedEx Freight combination and the legal reserve, earnings are expected to be \$4.49 to \$4.66 per diluted share for fiscal 2011. The company reported earnings of \$1.33 per diluted share in last year's fourth quarter. The capital spending forecast for fiscal 2011 remains \$3.5 billion.

"Successful yield management initiatives helped drive significant revenue growth across our transportation segments in the third quarter, although results were dampened by severe winter storms and higher-than-expected fuel costs," said Alan B. Graf, Jr., FedEx Corp. executive vice president and chief financial officer. "Our FedEx Ground segment had record third quarter results. In addition, we are very pleased with the execution of the new FedEx Freight strategy, which is expected to drive FedEx Freight's return to profitability in the fourth quarter. More broadly, we expect continued positive yield trends to improve revenues and margins in the fourth quarter and in fiscal 2012."

FedEx Express Segment

For the third quarter, the FedEx Express segment reported:

- Revenue of \$6.05 billion, up 11% from last year's \$5.44 billion
- Operating income of \$178 million, down 33% from \$265 million a year ago
- Operating margin of 2.9%, down from 4.9% the previous year

FedEx International Priority[®] (IP) average daily package volume increased 5%, led by exports from Asia and Europe. IP revenue per package grew 7% due to improved weight per package, rate increases and higher fuel surcharges. IP freight pounds increased 21% with revenue per pound up 3%. U.S. domestic average daily package volume increased 2% and revenue per package grew 5% due to higher fuel surcharges, rate increases and improved weight per package.

Operating income and margin were negatively impacted by increased aircraft maintenance, the reinstatement of certain employee compensation programs, higher employee benefits expenses and the negative impact of severe winter weather, which more than offset strong revenue growth.

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During the quarter FedEx completed the acquisition of the logistics, distribution and express businesses of AFL Pvt. Ltd. and its affiliate, Unifreight India Pvt. Ltd. This acquisition provides FedEx more robust domestic transportation and added capabilities in India. The acquisition had no material impact on segment financial results for the quarter.

FedEx Ground Segment

For the third quarter, the FedEx Ground segment reported:

- Revenue of \$2.18 billion, up 14% from last year's \$1.91 billion
- Operating income of \$325 million, up 26% from \$258 million a year ago
- Operating margin of 14.9%, up from 13.5% the previous year

FedEx Ground average daily package volume grew 6% in the third quarter driven by increases in the business-to-business market and FedEx Home Delivery. Yield increased 5% primarily due to rate increases and higher fuel surcharges. FedEx SmartPost average daily volume increased 17% due to growth in e-commerce, gains in market share and the introduction of new service offerings. FedEx SmartPost yield increased 7% primarily due to lower postage costs resulting from increased deliveries to U.S. Postal Service final destination facilities and increased fuel surcharges.

Operating income and margin increased primarily due to higher package yield and volume. Current year results were also favorably impacted by one additional operating day.

FedEx Freight Segment

For the third quarter, the FedEx Freight segment reported:

- Revenue of \$1.12 billion, up 8% from last year's \$1.04 billion
- Operating loss of \$110 million, compared with an operating loss of \$107 million a year ago
- Operating margin of (9.8%), compared with (10.3%) the previous year

Less-than-truckload (LTL) yield increased 11% primarily due to yield management initiatives. LTL average daily shipments decreased 6% as a result of the yield management initiatives and the severe winter weather.

On January 30, 2011, FedEx Freight and FedEx National LTL combined operations, launching a new unified LTL freight network that offers customers the choice of two levels of service—FedEx Freight[®] Priority and FedEx Freight[®] Economy—from a single company. As a result of this combination,

the segment incurred one-time costs of \$43 million during the quarter and \$130 million fiscal year-to-date due primarily to lease termination costs and severance expenses.

The operating loss in the quarter included the costs associated with the combination of the FedEx Freight and FedEx National LTL operations. Severe winter weather also significantly impacted results. The segment benefited from one additional operating day during the quarter.

Corporate Overview

FedEx Corp. (NYSE: FDX) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$38 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires its more than 290,000 team members to remain "absolutely, positively" focused on safety, the highest ethical and professional standards and the needs of their customers and communities. For more information, visit news.fedex.com.

Additional information and operating data are contained in the company's annual report, Form 10-K, Form 10-Qs and third quarter fiscal 2011 Statistical Book. These materials, as well as a Webcast of the earnings release conference call to be held at 8:30 a.m. EDT on March 17 are available on the company's Web site at www.fedex.com/us/investorrelations. A replay of the conference call Webcast will be posted on our Web site following the call.

Certain statements in this press release may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions in the global markets in which we operate, legal challenges or changes related to FedEx Ground's owner-operators, new U.S. domestic or international government regulation, the impact from any terrorist activities or international conflicts, our ability to effectively operate, integrate and leverage acquired businesses, changes in fuel prices and currency exchange rates, our ability to match

capacity to shifting volume levels and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and filings with the SEC.

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RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

The company believes that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. Excluding a reserve associated with a legal matter in the second quarter and the costs of the combination of FedEx Freight and FedEx National LTL operations from our third quarter earnings and our full-year earnings guidance, net of applicable incentive compensation impacts, will allow more accurate comparisons to prior periods of our third quarter operating performance and our expected operating performance for fiscal 2011. As required by SEC rules, the tables below present a reconciliation of our presented non-GAAP measures to the most directly comparable GAAP measures.

Fiscal 2011 Third Quarter Earnings

| | <u>Q3 Diluted Earnings Per Share</u> |
|------------------------------------|---|
| Non-GAAP Measure | \$0.81 |
| FedEx Freight Combination Costs | (0.08) |
| GAAP Measure | <u>\$0.73</u> |

Fiscal 2011 Full-Year Earnings Guidance

| | <u>FY 2011 Diluted EPS Guidance</u> |
|------------------------------------|--|
| Non-GAAP Measure | \$4.83 to \$5.00 |
| FedEx Freight Combination Costs | (0.27) |
| ATA Legal Reserve | (0.07) |
| GAAP Measure | <u>\$4.49 to \$4.66</u> |

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FEDEX CORP. FINANCIAL HIGHLIGHTS

Third Quarter Fiscal 2011

(In millions, except earnings per share and FTEs)
(Unaudited)

| | Three Months Ended February 28 | | | Nine Months Ended February 28 | | |
|---|-----------------------------------|---------------|-------|----------------------------------|---------------|-------|
| | 2011 | 2010 | % | 2011 | 2010 | % |
| Revenue: | | | | | | |
| FedEx Express segment | \$6,049 | \$5,440 | 11% | \$17,953 | \$15,678 | 15% |
| FedEx Ground segment | 2,184 | 1,910 | 14% | 6,222 | 5,477 | 14% |
| FedEx Freight segment | 1,123 | 1,040 | 8% | 3,602 | 3,090 | 17% |
| FedEx Services segment | 397 | 406 | (2%) | 1,246 | 1,322 | (6%) |
| Other & eliminations | <u>(90)</u> | <u>(95)</u> | 5% | <u>(271)</u> | <u>(261)</u> | (4%) |
| Total Revenue | 9,663 | 8,701 | 11% | 28,752 | 25,306 | 14% |
| Operating Expenses: | | | | | | |
| Salaries and employee benefits | 3,828 | 3,549 | 8% | 11,410 | 10,350 | 10% |
| Purchased transportation | 1,446 | 1,220 | 19% | 4,163 | 3,429 | 21% |
| Rentals and landing fees | 621 | 593 | 5% | 1,850 | 1,764 | 5% |
| Depreciation and amortization | 493 | 488 | 1% | 1,474 | 1,470 | 0% |
| Fuel | 1,049 | 810 | 30% | 2,874 | 2,220 | 29% |
| Maintenance and repairs | 480 | 404 | 19% | 1,470 | 1,215 | 21% |
| Impairment and other charges | 21 | – | NM | 88 | – | NM |
| Other | <u>1,332</u> | <u>1,221</u> | 9% | <u>3,933</u> | <u>3,556</u> | 11% |
| Total Operating Expenses | 9,270 | 8,285 | 12% | 27,262 | 24,004 | 14% |
| Operating Income (Loss): | | | | | | |
| FedEx Express segment | 178 | 265 | (33%) | 799 | 714 | 12% |
| FedEx Ground segment | 325 | 258 | 26% | 908 | 705 | 29% |
| FedEx Freight segment | <u>(110)</u> | <u>(107)</u> | (3%) | <u>(217)</u> | <u>(117)</u> | (85%) |
| Total Operating Income | 393 | 416 | (6%) | 1,490 | 1,302 | 14% |
| Other Income (Expense): | | | | | | |
| Interest, net | (24) | (19) | 26% | (65) | (52) | 25% |
| Other, net | <u>(9)</u> | <u>(16)</u> | (44%) | <u>(25)</u> | <u>(28)</u> | (11%) |
| Total Other Income (Expense) | (33) | (35) | (6%) | (90) | (80) | 13% |
| Pretax Income | 360 | 381 | (6%) | 1,400 | 1,222 | 15% |
| Provision for Income Taxes | <u>129</u> | <u>142</u> | (9%) | <u>506</u> | <u>457</u> | 11% |
| Net Income | <u>\$231</u> | <u>\$239</u> | (3%) | <u>\$894</u> | <u>\$765</u> | 17% |
| Diluted Earnings Per Share | <u>\$0.73</u> | <u>\$0.76</u> | (4%) | <u>\$2.82</u> | <u>\$2.43</u> | 16% |
| Weighted Average Diluted Common and Common Equivalent Shares | 317 | 315 | 1% | 316 | 314 | 1% |
| Capital Expenditures | \$643 | \$432 | 49% | \$2,703 | \$1,981 | 36% |
| Average Full-Time Equivalent (000s) | 259 | 250 | 4% | 255 | 244 | 5% |

FEDEX CORP. CONDENSED CONSOLIDATED BALANCE SHEETS

Third Quarter Fiscal 2011
(In millions)

| | Feb. 28, 2011 | May 31, 2010 |
|--|---------------------------|------------------------|
| | <u>(Unaudited)</u> | <u></u> |
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,359 | \$ 1,952 |
| Receivables, less allowances | 4,478 | 4,163 |
| Spare parts, supplies and fuel, less allowances | 413 | 389 |
| Deferred income taxes | 540 | 529 |
| Prepaid expenses and other | <u>448</u> | <u>251</u> |
| Total current assets | 7,238 | 7,284 |
| Property and Equipment, at Cost | 33,078 | 31,302 |
| Less accumulated depreciation and amortization | <u>17,750</u> | <u>16,917</u> |
| Net property and equipment | 15,328 | 14,385 |
| Other Long-Term Assets | | |
| Goodwill | 2,321 | 2,200 |
| Other assets | <u>1,315</u> | <u>1,033</u> |
| Total other long-term assets | <u>3,636</u> | <u>3,233</u> |
| | <u>\$26,202</u> | <u>\$24,902</u> |
| <u>LIABILITIES AND STOCKHOLDERS' INVESTMENT</u> | | |
| Current Liabilities | | |
| Current portion of long-term debt | \$ 18 | \$ 262 |
| Accrued salaries and employee benefits | 1,143 | 1,146 |
| Accounts payable | 1,590 | 1,522 |
| Accrued expenses | <u>1,823</u> | <u>1,715</u> |
| Total current liabilities | 4,574 | 4,645 |
| Long-Term Debt, Less Current Portion | 1,667 | 1,668 |
| Other Long-Term Liabilities | | |
| Deferred income taxes | 1,328 | 891 |
| Pension, postretirement healthcare and other benefit obligations | 1,598 | 1,705 |
| Self-insurance accruals | 976 | 960 |
| Deferred lease obligations | 769 | 804 |
| Deferred gains, principally related to aircraft transactions | 252 | 267 |
| Other liabilities | <u>158</u> | <u>151</u> |
| Total other long-term liabilities | 5,081 | 4,778 |
| Commitments and Contingencies | | |
| Common Stockholders' Investment | | |
| Common stock, \$0.10 par value, 800 million shares authorized | 31 | 31 |
| Additional paid-in capital | 2,408 | 2,261 |
| Retained earnings | 14,709 | 13,966 |
| Accumulated other comprehensive loss | (2,256) | (2,440) |
| Treasury stock, at cost | <u>(12)</u> | <u>(7)</u> |
| Total common stockholders' investment | <u>14,880</u> | <u>13,811</u> |
| | <u>\$26,202</u> | <u>\$24,902</u> |

FEDEX CORP. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Third Quarter Fiscal 2011

(In millions)

(Unaudited)

| | Nine Months Ended February 28 | |
|--|--|--------------------|
| | <u>2011</u> | <u>2010</u> |
| Operating Activities: | | |
| Net income | \$894 | \$765 |
| Noncash charges: | | |
| Depreciation and amortization | 1,474 | 1,470 |
| Other, net | 662 | 363 |
| Changes in operating assets and liabilities, net | <u>(573)</u> | <u>(690)</u> |
| Cash provided by operating activities | 2,457 | 1,908 |
| Investing Activities: | | |
| Capital expenditures | (2,703) | (1,981) |
| Business acquisitions, net of cash acquired | (96) | — |
| Proceeds from asset dispositions and other | <u>15</u> | <u>31</u> |
| Cash used in investing activities | (2,784) | (1,950) |
| Financing Activities: | | |
| Principal payments on debt | (262) | (632) |
| Dividends paid | (113) | (103) |
| Other, net | <u>75</u> | <u>29</u> |
| Cash used in financing activities | (300) | (706) |
| Effect of exchange rate changes on cash | <u>34</u> | <u>5</u> |
| Net decrease in cash and cash equivalents | (593) | (743) |
| Cash and cash equivalents at beginning of period | <u>1,952</u> | <u>2,292</u> |
| Cash and cash equivalents at end of period | <u>\$1,359</u> | <u>\$1,549</u> |

FEDEX EXPRESS SEGMENT FINANCIAL AND OPERATING HIGHLIGHTS

Third Quarter Fiscal 2011

(Dollars in millions)

(Unaudited)

| <u>FINANCIAL HIGHLIGHTS</u> | Three Months Ended February 28 | | | Nine Months Ended February 28 | | |
|---|---|--------------------|-----------------|--|--------------------|-----------------|
| | <u>2011</u> | <u>2010</u> | <u>%</u> | <u>2011</u> | <u>2010</u> | <u>%</u> |
| Revenue | \$6,049 | \$5,440 | 11% | \$17,953 | \$15,678 | 15% |
| Operating Expenses: | | | | | | |
| Salaries and employee benefits | 2,321 | 2,136 | 9% | 6,832 | 6,215 | 10% |
| Purchased transportation | 386 | 292 | 32% | 1,143 | 830 | 38% |
| Rentals and landing fees | 424 | 397 | 7% | 1,254 | 1,178 | 6% |
| Depreciation and amortization | 267 | 254 | 5% | 787 | 757 | 4% |
| Fuel | 898 | 694 | 29% | 2,454 | 1,903 | 29% |
| Maintenance and repairs | 330 | 261 | 26% | 1,002 | 789 | 27% |
| Intercompany charges | 498 | 497 | 0% | 1,523 | 1,436 | 6% |
| Other ¹ | <u>747</u> | <u>644</u> | 16% | <u>2,159</u> | <u>1,856</u> | 16% |
| Total Operating Expenses | <u>5,871</u> | <u>5,175</u> | 13% | <u>17,154</u> | <u>14,964</u> | 15% |
| Operating Income | <u>\$178</u> | <u>\$265</u> | (33%) | <u>\$799</u> | <u>\$714</u> | 12% |
| Operating Margin | 2.9% | 4.9% | (2.0 pts) | 4.5% | 4.6% | (0.1 pts) |
| <u>OPERATING STATISTICS</u> | | | | | | |
| Operating Weekdays | 62 | 62 | — | 190 | 190 | — |
| <u>AVG DAILY VOLUME / POUNDS</u> | | | | | | |
| Average Daily Package Volume (000s): | | | | | | |
| U.S. Overnight Box | 1,218 | 1,190 | 2% | 1,194 | 1,157 | 3% |
| U.S. Overnight Envelope | 631 | 601 | 5% | 627 | 608 | 3% |
| U.S. Deferred | <u>952</u> | <u>949</u> | 0% | <u>887</u> | <u>876</u> | 1% |
| Total U.S. Domestic Package | 2,801 | 2,740 | 2% | 2,708 | 2,641 | 3% |
| International Priority | 558 | 530 | 5% | 569 | 511 | 11% |
| International Domestic | <u>337</u> | <u>317</u> | 6% | <u>338</u> | <u>315</u> | 7% |
| Total Average Daily Packages | <u>3,696</u> | <u>3,587</u> | 3% | <u>3,615</u> | <u>3,467</u> | 4% |
| Average Daily Freight Pounds (000s): | | | | | | |
| U.S. | 8,000 | 7,906 | 1% | 7,447 | 7,217 | 3% |
| International Priority | 3,131 | 2,577 | 21% | 3,158 | 2,427 | 30% |
| International Airfreight | <u>1,262</u> | <u>1,184</u> | 7% | <u>1,248</u> | <u>1,230</u> | 1% |
| Total Avg Daily Freight Pounds | <u>12,393</u> | <u>11,667</u> | 6% | <u>11,853</u> | <u>10,874</u> | 9% |
| <u>YIELD</u> | | | | | | |
| Revenue Per Package: | | | | | | |
| U.S. Overnight Box | \$20.05 | \$19.16 | 5% | \$19.81 | \$18.73 | 6% |
| U.S. Overnight Envelope | 10.87 | 10.70 | 2% | 10.68 | 10.41 | 3% |
| U.S. Deferred | <u>12.60</u> | <u>11.77</u> | 7% | <u>12.29</u> | <u>11.53</u> | 7% |
| Total U.S. Domestic Package | 15.45 | 14.74 | 5% | 15.23 | 14.43 | 6% |
| International Priority | 57.07 | 53.23 | 7% | 55.06 | 52.59 | 5% |
| International Domestic | <u>7.54</u> | <u>7.22</u> | 4% | <u>7.33</u> | <u>7.12</u> | 3% |
| Composite Package Yield | <u>\$21.01</u> | <u>\$19.76</u> | 6% | <u>\$20.77</u> | <u>\$19.39</u> | 7% |
| Revenue Per Freight Pound: | | | | | | |
| U.S. | \$1.14 | \$1.07 | 7% | \$1.14 | \$1.07 | 7% |
| International Priority | 2.12 | 2.06 | 3% | 2.09 | 1.97 | 6% |
| International Airfreight | <u>0.88</u> | <u>0.84</u> | 5% | <u>0.88</u> | <u>0.79</u> | 11% |
| Composite Freight Yield | <u>\$1.36</u> | <u>\$1.26</u> | 8% | <u>\$1.37</u> | <u>\$1.24</u> | 10% |
| Average Full-Time Equivalents (000s) | 136 | 130 | 5% | 133 | 127 | 5% |

1 - Current year includes a \$66 million reserve for a legal matter.

FEDEX GROUND SEGMENT FINANCIAL AND OPERATING HIGHLIGHTS

Third Quarter Fiscal 2011

(Dollars in millions)

(Unaudited)

| | Three Months Ended February 28 | | | Nine Months Ended February 28 | | |
|-------------------------------------|-----------------------------------|--------------|----------|----------------------------------|--------------|----------|
| | <u>2011</u> | <u>2010</u> | <u>%</u> | <u>2011</u> | <u>2010</u> | <u>%</u> |
| <u>FINANCIAL HIGHLIGHTS</u> | | | | | | |
| Revenue | \$2,184 | \$1,910 | 14% | \$6,222 | \$5,477 | 14% |
| Operating Expenses: | | | | | | |
| Salaries and employee benefits | 329 | 289 | 14% | 954 | 859 | 11% |
| Purchased transportation | 911 | 771 | 18% | 2,538 | 2,197 | 16% |
| Rentals | 68 | 63 | 8% | 197 | 184 | 7% |
| Depreciation and amortization | 84 | 83 | 1% | 249 | 251 | (1)% |
| Fuel | 5 | 3 | 67% | 9 | 6 | 50% |
| Maintenance and repairs | 40 | 41 | (2)% | 126 | 119 | 6% |
| Intercompany charges | 221 | 207 | 7% | 669 | 587 | 14% |
| Other | <u>201</u> | <u>195</u> | 3% | <u>572</u> | <u>569</u> | 1% |
| Total Operating Expenses | <u>1,859</u> | <u>1,652</u> | 13% | <u>5,314</u> | <u>4,772</u> | 11% |
| Operating Income | <u>\$325</u> | <u>\$258</u> | 26% | <u>\$908</u> | <u>\$705</u> | 29% |
| Operating Margin | 14.9% | 13.5% | 1.4 pts | 14.6% | 12.9% | 1.7 pts |
| <u>OPERATING STATISTICS</u> | | | | | | |
| Operating Weekdays | 63 | 62 | 2% | 191 | 190 | 1% |
| Average Daily Package Volume (000s) | | | | | | |
| FedEx Ground | 3,882 | 3,674 | 6% | 3,751 | 3,526 | 6% |
| FedEx SmartPost | 1,736 | 1,489 | 17% | 1,433 | 1,248 | 15% |
| Yield (Revenue Per Package) | | | | | | |
| FedEx Ground | \$8.16 | \$7.75 | 5% | \$8.01 | \$7.63 | 5% |
| FedEx SmartPost | \$1.70 | \$1.59 | 7% | \$1.70 | \$1.53 | 11% |

FEDEX FREIGHT SEGMENT FINANCIAL AND OPERATING HIGHLIGHTS

Third Quarter Fiscal 2011

(Dollars in millions)

(Unaudited)

| | Three Months Ended February 28 | | | Nine Months Ended February 28 | | |
|---|------------------------------------|----------------|----------|----------------------------------|----------------|-----------|
| | <u>2011</u> | <u>2010</u> | <u>%</u> | <u>2011</u> | <u>2010</u> | <u>%</u> |
| | <u>FINANCIAL HIGHLIGHTS</u> | | | | | |
| Revenue | \$1,123 | \$1,040 | 8% | \$3,602 | \$3,090 | 17% |
| Operating Expenses: | | | | | | |
| Salaries and employee benefits | 562 | 532 | 6% | 1,746 | 1,552 | 13% |
| Purchased transportation | 178 | 191 | (7%) | 567 | 477 | 19% |
| Rentals | 29 | 29 | — | 94 | 85 | 11% |
| Depreciation and amortization | 48 | 49 | (2%) | 158 | 150 | 5% |
| Fuel | 145 | 112 | 29% | 409 | 310 | 32% |
| Maintenance and repairs | 44 | 36 | 22% | 135 | 105 | 29% |
| Intercompany charges | 106 | 99 | 7% | 323 | 249 | 30% |
| Impairment and other charges ¹ | 21 | — | NM | 88 | — | NM |
| Other | <u>100</u> | <u>99</u> | 1% | <u>299</u> | <u>279</u> | 7% |
| Total Operating Expenses | <u>1,233</u> | <u>1,147</u> | 7% | <u>3,819</u> | <u>3,207</u> | 19% |
| Operating Loss | <u>(\$110)</u> | <u>(\$107)</u> | (3%) | <u>(\$217)</u> | <u>(\$117)</u> | (85%) |
| Operating Margin | (9.8%) | (10.3%) | 0.5 pts | (6.0%) | (3.8%) | (2.2 pts) |
| <u>OPERATING STATISTICS</u> | | | | | | |
| LTL Operating Weekdays | 62 | 61 | 2% | 189 | 188 | 1% |
| LTL Shipments Per Day (000s) | 78.3 | 83.4 | (6%) | 86.6 | 79.1 | 9% |
| Weight Per LTL Shipment (lbs) | 1,151 | 1,133 | 2% | 1,133 | 1,124 | 1% |
| LTL Revenue/CWT | \$18.66 | \$16.82 | 11% | \$18.04 | \$17.24 | 5% |

1 - Current year includes charges associated with the combination of FedEx Freight and FedEx National LTL operations, which became effective January 30, 2011.