FedEx Corp. Reports Third Quarter Earnings

Revenue Increases 10%

MEMPHIS, Tenn., Mar. 23, 2000 ... FedEx Corporation (NYSE: FDX) today reported earnings increased to $0.39 per diluted share for the quarter ended February 29, up from $0.26 per share last year. Excluding the cost of contingency plans related to the FedEx pilot negotiations, diluted earnings were $0.44 per share in last year's third quarter.

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

- Revenue of $4.5 billion, up 10% from $4.1 billion the previous year
- Operating income of $206 million, up 36% from $152 million a year ago
- Net income of $113 million, up 45% from last year's $78 million

"Growth in our FedEx International Priority(R) (IP) service continued to strengthen during the quarter," said Executive Vice President and Chief Financial Officer Alan B. Graf, Jr. "However, higher fuel prices and severe winter storms in the U.S. impacted our financial performance. Higher fuel prices increased fuel expense during the quarter by more than $100 million. Our revised fuel forecast, which includes hedging actions, indicates that fuel prices could increase expenses in the fourth quarter by more than $75 million compared to last year. We expect to mitigate these expenses by revenue generated from fuel surcharges.

"IP average daily volume grew 14% during the quarter, its highest growth rate in more than two years. Total average daily package volume at FedEx Express and FedEx Ground grew 3% and 4%, respectively.

"In January, the corporation announced major rebranding and reorganization initiatives that, we firmly believe, will increase growth in fiscal 2001 and beyond," Graf said. "As our major companies compete collectively under the FedEx brand worldwide, we plan to generate revenue growth through effective cross-selling, particularly in the U.S. domestic market. The introduction of the low-cost FedEx Home Delivery service, which is currently rolling out to major metropolitan markets, will also help us capture additional U.S. domestic ground business.

"In addition, we are in the process of implementing major organizational changes that will give our customers 'one-touch' access to a range of FedEx services, including a single sales force, one integrated Web site, and one toll-free number. While this will improve customer service and increase efficiency, we also plan to hold the line on controllable costs - a combination that, we believe, will help us improve profitability."

Included in the quarter's other income results is a gain totaling $0.02 per share resulting from the sale of securities.

Since the company announced its share repurchase program in September, 12 million shares of the 15 million shares authorized for repurchase have been acquired.

FedEx Express

For the third quarter, FedEx Express reported:

- Revenue of $3.8 billion, up 10% from last year's $3.4 billion
- Operating income of $143 million, up 51% from $95 million a year ago

Operating income in last year's third quarter totaled $176 million excluding $81 million of pilot contingency costs.

Operating income from the sale of aircraft noise reduction kits was $9 million compared to $24 million in last year's third quarter.

FedEx Ground

For the third quarter, FedEx Ground reported:

- Revenue of $487 million, up 7% from last year's $455 million
- Operating income of $39 million, down 21% from $50 million a year ago

Operating income included the costs associated with ramping up the company's FedEx Home Delivery service. Included in last year's third quarter revenue and operating income was $7 million resulting from a one-time change in revenue recognition for in-transit shipments.

Corporate Overview

With annual revenues of $18 billion, FedEx Corp. is the premier global provider of transportation, logistics, e-commerce and supply chain management services. The company offers integrated business solutions through a network of subsidiaries operating independently, including FedEx Express, the world's largest express transportation company, and FedEx Ground, North America's second-largest provider of small-package ground delivery service. More than 2.5 million customers are connected electronically through the FedEx information network and approximately two-thirds of its U.S. domestic transactions are now handled on-line.

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Certain statements in this press release may be considered forward-looking statements about management's views with respect to future events and financial performance, which are subject to risks and uncertainties. Actual results may differ from those identified in the forward-looking statements because of important factors such as economic and competitive conditions in the express markets, matching capacity to volume levels and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and filings with the SEC, including Annual Reports, Form 10-Ks, Form 10-Qs and Form 8-Ks.

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

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

	Three Months Ended		Nine Months Ended	
	Feb. 29, 2000	Feb. 28, 1999	Feb. 29, 2000	Feb. 28, 1999
Revenue:				
FedEx Express	$3,758	$3,431	$11,081	$10,330
FedEx Ground	487	455	1,483	1,377
Other	273	212	844	683
Total Revenue	4,518	4,098	13,408	12,390
Operating Expenses:				
FedEx Express	3,615	3,336	10,517	9,765
FedEx Ground	447	406	1,328	1,217
Other	250	204	768	635
Total Operating Expenses	4,312	3,946	12,613	11,617
Operating Income :				
FedEx Express	143	95	564	565
FedEx Ground	39	50	156	160
Other	24	7	75	48
Total Operating Income	206	152	795	773
Other Income (Expense):				

Interest, net	(30)	(25)	(77)	(75)
Other, net	11	(6)	15	(9)
Total Other Income (Expense)	(19)	(31)	(62)	(84)
Pretax Income	187	121	733	689
Provision for Income Taxes	74	43	290	279
Net Income	$113	$78	$443	$410
Basic Earnings Per Share	$0.39	$0.26	$1.51	$1.39
Average Common Shares	289	296	294	295
Diluted Earnings Per Share	$0.39	$0.26	$1.49	$1.37
Avg. Common and Common Equiv. Shares	294	302	299	300

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

Third Quarter Fiscal 2000

	Three Months Ended		Nine Months Ended	
	Feb. 29, 2000	**Feb. 28, 1999**	**Feb. 29, 2000**	**Feb. 28, 1999**
FEDEX EXPRESS				
Operating Weekdays	64	62	192	191
AVERAGE DAILY VOLUME / POUNDS				
Average Daily Package Volume:				
U.S. Overnight	2,041,553	1,995,202	2,001,526	1,942,025
U.S. Deferred	991,319	965,604	914,120	896,987
International Priority	317,771	279,469	312,349	276,321
Total Average Daily Packages	3,350,643	3,240,275	3,227,995	3,115,333
Average Daily Freight Pounds (000s):				
U.S.	4,607	4,391	4,742	4,261
International	2,265	2,645	2,448	2,661
Total Average Daily Freight Pounds	6,872	7,036	7,190	6,922
YIELD				
Revenue Per Package:				
U.S. Overnight	$14.35	$14.16	$14.45	$14.31
U.S. Deferred	10.12	9.76	10.19	9.84
International Priority	43.60	42.14	43.12	42.02
Composite Package Yield	$15.87	$15.26	$16.02	$15.48
Revenue Per Freight Pound:				

U.S.	$0.48	$0.40	$0.46	$0.39
International	0.81	0.79	0.79	0.79
Composite Freight Yield	$0.59	$0.54	$0.57	$0.54
FEDEX GROUND				
Operating Weekdays	62	62	187	188
Average Daily Package Volume	1,415,223	1,364,065	1,440,141	1,378,801
Yield	$5.54	$5.38	$5.51	$5.31

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

Third Quarter Fiscal 2000
(In millions)

	Three Months Ended		Nine Months Ended	
	Feb. 29, 2000	**Feb. 28, 1999**	**Feb. 29, 2000**	**Feb. 28, 1999**
Revenues	$3,758	$3,431	$11,081	$10,330
Operating Expenses:				
Salaries and benefits	1,686	1,546	4,935	4,629
Rentals and landing fees	357	344	1,068	986
Depreciation and amortization	256	233	743	675
Fuel	248	144	646	441
Maintenance and repairs	253	220	749	666
Other	815	849	2,376	2,368
	3,615	3,336	10,517	9,765
Operating Income	143	95	564	565
Other Income (Expense):				
Interest, net	(21)	(22)	(59)	(65)
Other, net	9	(8)	11	(14)
	(12)	(30)	(48)	(79)
Pretax Income	131	65	516	486
Provision for Income Taxes	52	22	204	197
Net Income	$79	$43	$312	$289