FedEx Corp. Reports Fourth Quarter Earnings

Earning Per Share Increases 16%

MEMPHIS, Tenn., June 28, 2000 ... FedEx Corporation (NYSE: FDX) today reported record earnings of $0.85 per diluted share for the quarter ended May 31, up 16% from $0.73 per share last year.

Fourth Quarter Results

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

- Revenue of $4.9 billion, up 11% from $4.4 billion the previous year
- Operating income of $426 million, up 9% from $390 million a year ago
- Net income of $245 million, up 11% from last year's $221 million

Full Year Results

For the full fiscal year, FedEx Corp. reported earnings of $2.32 per diluted share, up 10% from $2.10 per share last year which included $91 million of strike contingency costs. Additional consolidated results for the fiscal year:

- Revenue of $18.3 billion, up 9% from $16.8 billion the previous year
- Operating income of $1.22 billion, up 5% from $1.16 billion a year ago
- Net income of $688 million, up 9% from last year's $631 million

"Our unparalleled global express network is delivering very strong growth, particularly in Asian and European markets," said Frederick W. Smith, Chairman, President and CEO. "Revenue from our premium FedEx International Priority(R) service grew 21% in the fourth quarter and 18% for the full year.

"FedEx is well positioned for continued growth, as businesses large and small are increasingly relying upon us to streamline their supply chain and reduce inventory costs through innovative transportation, logistics and information solutions," said Smith.

Alan B. Graf, Jr., Executive Vice President and Chief Financial Officer commented, "In the fourth quarter, the average daily volume growth rate improved at FedEx Express, with growth in U.S. domestic express traffic reaching its highest level in more than a year. Fuel prices resulted in $84 million in additional expense during the quarter and $273 million for the full fiscal year. The increase in fuel expense in the fourth quarter was offset by revenue generated by fuel surcharges at FedEx Express, which increased from 3% to 4% in April.

"In fiscal 2001 we expect to improve growth and profitability largely through new initiatives that are allowing us to offer the entire spectrum of FedEx services through a single point of access. We also intend to better serve small and medium sized businesses by giving them more choices and easy-to-use, information-rich solutions to meet all their shipping needs--from express to more economical ground-based transportation. While there will be increased expenses resulting from the new initiatives, particularly in the first quarter, we anticipate another record year for sales and profit as well as improving returns and cash flow."

The company completed its 15 million share repurchase program during the fourth quarter.

FedEx Express

For the fourth quarter, FedEx Express reported:

- Revenue of $4.0 billion, up 9% from last year's $3.6 billion
- Operating income of $336 million, up 10% from $306 million a year ago

International Priority average daily volume grew 14% during the quarter, while total average daily package volume grew 5%. Operating income from the sale of aircraft noise reduction kits was $10 million compared to $16 million in last year's fourth

quarter. Other income included a gain of $12 million from the insurance settlement on an MD11 aircraft destroyed in an accident in October.

FedEx Ground

For the fourth quarter, FedEx Ground reported:

- Revenue of $549 million, up 10% from last year's $501 million
- Operating income of $70 million, down slightly from $71 million a year ago

Average daily volume grew more than 3% during the quarter. Operating income included $11 million of losses associated with the first quarter of operations of the company's FedEx Home Delivery service. The company expects to incur losses of about $50 million in fiscal 2001 including the acceleration of the expansion of Home Delivery. The faster rollout will enable Home Delivery service coverage of about 80% of the U.S. population by September 2001.

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; FedEx Ground, North America's second largest provider of small-package ground delivery service; FedEx Logistics, an integrated logistics, technology and transportation-solution company; FedEx Custom Critical, the world's largest provider of expedited time-critical shipments; and FedEx Trade Networks, a provider of customs brokerage, consulting, information technology and trade facilitation solutions. 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, 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 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.

FEDEX CORPORATION FINANCIAL HIGHLIGHTS
(Current period data unaudited)

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

	Three Months Ended May 31		Twelve Months Ended May 31	
	2000	**1999**	**2000**	**1999**
Revenue:				
FedEx Express	$3,988	$3,649	$15,068	$13,979
FedEx Ground	549	501	2,033	1,878
Other	312	233	1,156	916
Total Revenue	4,849	4,383	18,257	16,773
Operating Expenses:				
FedEx Express	3,652	3,343	14,168	13,108
FedEx Ground	479	430	1,807	1,647
Other	292	220	1,061	855
Total Operating Expenses	4,423	3,993	17,036	15,610

Operating Income :				
FedEx Express	336	306	900	871
FedEx Ground	70	71	226	231
Other	20	13	95	61
Total Operating Income	426	390	1,221	1,163
Other Income (Expense):				
Interest, net	(28)	(23)	(106)	(98)
Other, net	7	5	23	(4)
Total Other Income (Expense)	(21)	(18)	(83)	(102)
Pretax Income	405	372	1,138	1,061
Provision for Income Taxes	160	151	450	430
Net Income	$245	$221	$688	$631
Basic Earnings Per Share	$0.86	$0.74	$2.36	$2.13
Average Common Shares	286	298	292	296
Diluted Earnings Per Share	$0.85	$0.73	$2.32	$2.10
Avg. Common and Common Equiv. Shares	290	304	296	301

FEDEX CORPORATION OPERATING HIGHLIGHTS
(Current period data unaudited)

Fourth Quarter Fiscal 2000

	Three Months Ended May 31		Twelve Months Ended May 31	
	2000	**1999**	**2000**	**1999**
FEDEX EXPRESS				
Operating Weekdays	65	65	257	256
AVERAGE DAILY VOLUME / POUNDS				
Average Daily Package Volume:				
U.S. Overnight	2,074,642	2,003,134	2,020,019	1,957,541
U.S. Deferred	921,204	883,526	915,912	893,569
International Priority	337,653	297,363	318,749	281,664
Total Average Daily Packages	3,333,499	3,184,023	3,254,680	3,132,774
Average Daily Freight Pounds (000s):				
U.S.	4,548	4,541	4,693	4,332
International	2,337	2,550	2,420	2,633
Total Average Daily Freight Pounds	6,885	7,091	7,113	6,965

YIELD				
Revenue Per Package:				
U.S. Overnight	$14.73	$14.42	$14.52	$14.34
U.S. Deferred	10.67	10.19	10.31	9.93
International Priority	43.99	41.45	43.36	41.87
Composite Package Yield	$16.57	$15.77	$16.16	$15.56
Revenue Per Freight Pound:				
U.S.	$0.51	$0.42	$0.47	$0.40
International	0.80	0.78	0.79	0.79
Composite Freight Yield	$0.61	$0.55	$0.58	$0.54
FEDEX GROUND				
Operating Weekdays	67	65	254	253
Average Daily Package Volume	1,447,898	1,404,406	1,442,187	1,385,379
Yield	$5.66	$5.49	$5.55	$5.36

FEDEX EXPRESS FINANCIAL HIGHLIGHTS
(Current period data unaudited)

Fourth Quarter Fiscal 2000
(In millions)

	Three Months Ended May 31		Twelve Months Ended May 31	
	2000	**1999**	**2000**	**1999**
Revenues	$3,988	$3,649	$15,068	$13,979
Operating Expenses:				
Salaries and benefits	1,700	1,596	6,635	6,225
Rentals and landing fees	361	333	1,429	1,318
Depreciation and amortization	255	237	998	912
Fuel	242	152	888	594
Maintenance and repairs	277	222	1,026	888
Other	817	803	3,192	3,171
	3,652	3,343	14,168	13,108
Operating Income	336	306	900	871
Other Income (Expense):				
Interest, net	(16)	(21)	(76)	(86)
Other, net	7	(1)	19	(14)
	(9)	(22)	(57)	(100)
Pretax Income	327	284	843	771
Provision for Income Taxes	129	115	333	312

Net Income	$198	$169	$510	$459