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Exhibit 1

**THE BATTLE FOR VALUE**

Income Statement, Federal Express Corporation  
(in millions of dollars, except for shares outstanding)

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<b>Consolidated income Statement</b>										
Revenues	\$2,016	\$2,573	\$3,178	\$3,883	\$5,167	\$7,015	\$7,668	\$7,550	\$7,808	\$8,479
<b>Operating expenses</b>										
Salaries and employee benefits	870	1,118	1,457	1,800	2,309	3,045	3,438	3,637	3,807	4,105
Rentals and landing fees	129	192	264	332	467	658	650	672	658	703
Depreciation and amortization	160	194	239	290	387	505	562	577	580	599
Fuel	133	149	124	177	270	521	663	508	495	473
Maintenance and repairs	87	119	150	188	279	425	449	404	405	465
Restructuring charge	-	-	-	-	-	-	-	-	-	-
Other	378	457	579	717	1,030	1,473	1,552	1,474	1,498	1,604
Total operating expenses	\$1,757	\$2,229	\$2,814	\$3,503	\$4,743	\$6,628	\$7,436	\$7,527	\$7,431	\$7,949
<b>Operating income</b>	\$259	\$344	\$365	\$379	\$424	\$387	\$252	\$23	\$377	\$531
<b>Other income (expense)</b>										
Interest, Net	\$(46)	\$(39)	\$(47)	\$(67)	\$(115)	\$(188)	\$(182)	\$(164)	\$(161)	\$(142)
Gain (loss) on disposition of aircraft and related equipment	8	12	2	0	5	14	11	-	-	-
Other, Net	(8)	(12)	(8)	(10)	(16)	5	(41)	(8)	(17)	(10)
Total other income	\$(46)	\$(39)	\$(53)	\$(77)	\$(126)	\$(169)	\$(211)	\$(170)	\$(174)	\$(152)
Income (loss) before income taxes and cumulative effect of change in accounting principle	\$212	\$305	\$312	\$302	\$298	\$218	\$41	\$(147)	\$204	\$378
<b>Provision (credit) for income taxes</b>	\$74	\$112	\$145	\$115	\$132	\$103	\$35	\$(33)	\$94	\$174
Income (loss) before cumulative effect of change in accounting principle	\$139	\$193	\$167	\$188	\$166	\$116	\$6	\$(114)	\$110	\$204
Loss from discontinued operations, net of tax benefits	\$(63)	\$(61)	\$(233)	-	\$18	-	-	-	\$(56)	-
Cumulative effect of change in accounting principle, net of tax benefits	-	-	-	-	-	-	-	-	-	-
<b>Net income (loss)</b>	\$76	\$132	\$(66)	\$188	\$185	\$116	\$6	\$(114)	\$54	\$204
<b>Earnings (loss) per share</b>										
Before cumulative effect of changes in accounting principle and loss from discontinued operations	\$2.95	\$3.87	\$3.22	\$3.56	\$3.18	\$2.18	\$0.11	\$(2.11)	\$2.01	\$3.65
Discontinued operations	(1.33)	(1.22)	(4.48)	-	-	-	-	-	(1.02)	-
Cumulative effect of changes in accounting principle	-	-	-	-	0.35	-	-	-	-	-
Earnings per share	\$1.62	\$2.65	\$(1.26)	\$3.56	\$3.53	\$2.18	\$0.11	\$(2.11)	\$0.98	\$3.65
<b>Average Shares Outstanding</b>	46,970	49,840	51,905	52,670	52,272	53,161	53,350	53,961	54,719	56,012

Note: Some figures may not foot because of rounding.

Source: Federal Express annual report.

UVA-F-1115

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Exhibit 2

**THE BATTLE FOR VALUE**

**Balance Sheet, Federal Express Corporation**

(in millions of dollars, except for shares outstanding)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>Consolidated Balance Sheet</b>											
<b>Assets</b>											
<b>Current Assets</b>											
Cash and equivalents	\$ 38	\$ 12	\$185	\$ 22	\$ 55	\$157	\$ 98	\$118	\$ 78	\$155	\$ 393
Receivables	216	308	367	416	508	806	1,029	962	932	954	1,054
Allowance for doubtful	9	15	20	16	17	38	31	38	32	31	34
<b>Net receivables</b>	<b>\$207</b>	<b>\$293</b>	<b>\$347</b>	<b>\$399</b>	<b>\$491</b>	<b>\$767</b>	<b>\$ 998</b>	<b>\$925</b>	<b>\$900</b>	<b>\$923</b>	<b>\$1,021</b>
Spare parts, supplies, and fuel	27	43	49	40	49	84	111	155	158	164	174
Deferred income tax assets	16	19	32	47	35	92	109	85	70	64	113
Prepaid expenses and other	328	423	5013	5507	5630	51100	51,315	51,283	51,206	51,440	51,762
<b>Total current assets</b>	<b>\$742</b>	<b>\$774</b>	<b>\$841</b>	<b>\$1,139</b>	<b>\$1,302</b>	<b>\$2,313</b>	<b>\$2,311</b>	<b>\$2,394</b>	<b>\$2,540</b>	<b>\$2,843</b>	<b>\$2,828</b>
<b>Property and equipment</b>	<b>206</b>	<b>341</b>	<b>418</b>	<b>587</b>	<b>756</b>	<b>934</b>	<b>1,130</b>	<b>1,297</b>	<b>1,353</b>	<b>1,414</b>	<b>1,583</b>
Flight equipment	174	298	391	322	439	553	671	757	852	948	967
Handling and ground equipment	305	380	552	664	853	1,101	1,357	1,448	1,433	1,501	1,512
Computer and electronic equipment	\$1,427	\$1,793	\$2,203	\$2,712	\$3,349	\$4,901	\$5,469	\$5,895	\$6,178	\$6,706	\$6,890
Other	315	447	651	851	1,117	1,470	1,903	2,271	2,267	2,230	2,441
Subtotal	\$1,113	\$1,346	\$1,552	\$1,861	\$2,232	\$3,432	\$3,566	\$3,624	\$3,411	\$3,476	\$3,449
Less accumulated depreciation and amortization	Not rept'd Sep.	Not rept'd Sep.	Not rept'd Sep.	Not rept'd Sep.	\$ 22	\$594	\$589	\$521	\$488	\$432	\$415
<b>Other Assets</b>	<b>85</b>	<b>130</b>	<b>111</b>	<b>131</b>	<b>124</b>	<b>168</b>	<b>204</b>	<b>245</b>	<b>358</b>	<b>445</b>	<b>367</b>
Goodwill	\$85	\$130	\$111	\$131	\$147	\$762	\$793	\$766	\$846	\$877	\$782
Equipment deposits and other assets	\$1,526	\$1,900	\$2,276	\$2,500	\$3,009	\$5,293	\$5,675	\$5,672	\$5,463	\$5,793	\$5,992
<b>Total assets</b>	<b>\$2,566</b>	<b>\$3,144</b>	<b>\$3,736</b>	<b>\$4,510</b>	<b>\$5,336</b>	<b>\$7,104</b>	<b>\$7,886</b>	<b>\$8,062</b>	<b>\$8,367</b>	<b>\$9,136</b>	<b>\$9,625</b>
<b>Liabilities and stockholders' investment</b>											
<b>Current liabilities</b>	<b>\$22</b>	<b>\$45</b>	<b>\$73</b>	<b>\$60</b>	<b>\$69</b>	<b>\$ 69</b>	<b>\$ 70</b>	<b>\$ 203</b>	<b>\$ 155</b>	<b>\$ 134</b>	<b>\$198</b>
Current portion of long term debt	130	128	185	193	199	399	454	534	430	554	519
Accounts payable	104	144	174	250	304	621	716	687	799	761	819
Accrued expenses	\$256	\$317	\$432	\$504	\$672	\$1,089	\$1,240	\$1,424	\$1,385	\$1,449	\$1,536
<b>Other liabilities</b>	<b>\$435</b>	<b>\$608</b>	<b>\$562</b>	<b>\$745</b>	<b>\$839</b>	<b>\$2,139</b>	<b>\$2,148</b>	<b>\$1,827</b>	<b>\$1,798</b>	<b>\$1,882</b>	<b>\$1,632</b>
Long-term debt, less current portion	14	70	103	161	189	225	298	217	124	72	4
Deferred income tax liabilities	98	90	86	11	78	346	339	536	577	718	896
Other liabilities	\$548	767	751	917	1,106	2,711	2,786	2,580	2,499	2,672	2,531
<b>Total non-current liabilities</b>	<b>\$804</b>	<b>\$1,084</b>	<b>\$1,183</b>	<b>\$1,421</b>	<b>\$1,678</b>	<b>\$3,800</b>	<b>\$4,026</b>	<b>\$4,004</b>	<b>\$3,883</b>	<b>\$4,122</b>	<b>\$4,068</b>
<b>Total liabilities</b>	<b>\$826</b>	<b>\$1,129</b>	<b>\$1,256</b>	<b>\$1,521</b>	<b>\$1,747</b>	<b>\$3,869</b>	<b>\$4,096</b>	<b>\$4,207</b>	<b>\$4,038</b>	<b>\$4,256</b>	<b>\$4,166</b>
<b>Common Stockholders' Investment</b>	<b>\$5</b>	<b>\$3</b>	<b>\$2</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cumulative preferred stock @ \$9.50	5	5	5	5	5	5	5	5	5	5	6
Common stock, \$ 10 par	46,386,287	47,030,365	50,808,280	51,630,316	52,862,124	52,862,124	53,145,748	53,632,301	54,100,000	54,743,000	55,883,000
Shares Issued & Outstanding	322	341	532	571	623	626	640	652	673	699	759
Additional paid-in capital	391	467	597	536	726	901	1,010	1,015	907	970	1,162
Retained earnings	722	815	1,135	1,113	1,354	1,533	1,655	1,673	1,585	1,674	1,927
Subtotal	1,915	2,148	2,464	2,397	2,863	3,061	3,320	3,375	3,175	3,316	3,916
Less treasury stock and deferred compensation	722	815	1,135	1,113	1,354	1,533	1,655	1,673	1,585	1,674	1,927
<b>Total stockholders' investment</b>	<b>\$722</b>	<b>\$815</b>	<b>\$1,093</b>	<b>\$1,079</b>	<b>\$1,331</b>	<b>\$1,494</b>	<b>\$1,649</b>	<b>\$1,669</b>	<b>\$1,580</b>	<b>\$1,671</b>	<b>\$1,925</b>
<b>Total liabilities and stockholders' investment</b>	<b>\$1,526</b>	<b>\$1,900</b>	<b>\$2,276</b>	<b>\$2,500</b>	<b>\$3,009</b>	<b>\$5,293</b>	<b>\$5,675</b>	<b>\$5,672</b>	<b>\$5,463</b>	<b>\$5,793</b>	<b>\$5,992</b>

Note: Some figures may not foot because of rounding.

Source: Federal Express annual report.

## Exhibit 3

**THE BATTLE FOR VALUE****Statements of Cash Flows, Federal Express Corporation**  
(in millions of dollars, except for shares outstanding)

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<b>Consolidated Statement of Cash Flows</b>								
<b>Operating Activities</b>								
Net income (loss) before cumulative effects of Accounting Changes	\$167	\$188	\$185	\$116	\$6	\$(114)	\$54	\$204
Adjustments to reconcile income (loss) to net cash provided by operating activities								
Depreciation and amortization	\$239	\$290	\$387	\$505	\$562	\$577	\$580	\$599
Provision for uncollected accounts	22	31	31	55	60	32	34	46
Provision (credit) for deferred income taxes and other	70	43	57	75	37	(75)	20	4
(Gain) loss from disposal of property and equipment	(1)	2	(4)	(8)	(2)	2	(6)	(12)
Cumulative effect of accounting changes	-	-	(18)	-	-	-	56	-
Changes in assets and liabilities, net of purchases and dispositions (increase) in receivable	(69)	(106)	(150)	(280)	20	(1)	(42)	(174)
(Increase) Decrease in other current assets	(5)	(11)	(46)	(51)	(22)	62	(6)	(8)
Increase in accounts payable, accrued expenses and other liabilities	69	98	244	128	132	34	14	111
Other, Net	(2)	19	(19)	(24)	(6)	5	21	(3)
Discontinued operations net	\$94	-	-	-	-	-	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$397</b>	<b>\$545</b>	<b>\$667</b>	<b>\$516</b>	<b>\$787</b>	<b>\$521</b>	<b>\$725</b>	<b>\$767</b>
<b>Investing Activities</b>								
Purchases of property and equipment	-\$645	-\$694	-\$749	-\$1,164	-\$1,028	-\$916	-\$1,024	-\$1,088
Proceeds from disposition of property and equipment:								
Sales-leasback transactions	-	118	111	584	275	400	216	581
Reimbursements	-	-	-	-	-	-	-	39
Other dispositions	4	13	61	20	6	13	6	46
Purchases of businesses, net of cash acquired	(13)	(20)	(625)	(31)	(24)	-	-	-
Other, Net	\$(6)	\$(7)	\$(6)	\$(5)	-	\$1	\$2	\$28
<b>Net Cash Used in Investing Activities</b>	<b>\$(659)</b>	<b>\$(589)</b>	<b>\$(1,208)</b>	<b>\$(596)</b>	<b>\$(771)</b>	<b>\$(502)</b>	<b>\$(799)</b>	<b>\$(394)</b>
<b>Financing Activities</b>								
Proceeds from debt issuance	\$203	\$172	\$1,530	\$1,040	\$911	\$438	\$878	\$11
Principal payments on debt	(141)	(147)	(849)	(1,044)	(916)	(507)	(737)	(198)
Proceeds from stock issuance	34	51	38	45	31	19	25	54
Other, Net	\$2	\$0	\$(75)	\$(19)	\$(23)	\$(8)	\$(14)	\$(3)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>\$98</b>	<b>\$76</b>	<b>\$643</b>	<b>\$21</b>	<b>\$3</b>	<b>\$(58)</b>	<b>\$152</b>	<b>\$(136)</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>\$(163)</b>	<b>\$33</b>	<b>\$102</b>	<b>\$(59)</b>	<b>\$19</b>	<b>\$(40)</b>	<b>\$77</b>	<b>\$237</b>
Cash and cash equivalents at beginning of period	\$185	\$22	\$35	\$157	\$98	\$118	\$78	\$155
Cash and cash equivalents at end of period	\$22	\$55	\$157	\$98	\$118	\$78	\$155	\$393
<b>Supplemental Cash Flow Information</b>								
Cash paid for:								
Interest (net of capitalized interest)	\$73	\$80	\$103	\$195	\$190	\$179	\$163	\$158
Income taxes	\$5	\$28	\$81	\$130	\$37	\$90	\$189	\$167

Note: Some figures may not foot because of rounding.

Source: Federal Express annual report.

UVA-F-1115

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Exhibit 6

**THE BATTLE FOR VALUE**

**Income Statement, United Parcel Service**

(in millions of dollars, except for shares outstanding)

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<b>Consolidated Income Statement</b>											
Revenues	\$6,833	\$7,687	\$8,620	\$9,682	\$11,032	\$12,358	\$13,606	\$15,020	\$16,519	\$17,782	\$19,576
<b>Operating Expenses</b>											
Salaries and employee benefits	\$4,202	\$4,579	\$5,056	\$5,874	\$6,728	\$7,392	\$8,214	\$8,832	\$9,708	\$10,661	\$11,727
Other	1,903	2,124	2,405	2,837	3,229	3,750	4,340	4,936	5,533	5,664	6,293
Total operating expense	\$6,104	\$6,702	\$7,461	\$8,711	\$9,957	\$11,143	\$12,554	\$13,769	\$15,241	\$16,325	\$18,020
<b>Operating Income</b>	\$729	\$985	\$1,158	\$971	\$1,075	\$1,215	\$1,052	\$1,251	\$1,278	\$1,458	\$1,556
<b>Other Income (Expense)</b>											
Interest income	\$89.15	\$39.34	\$29.70	\$22.80	\$33.21	\$22.79	\$22.28	\$27.57	\$22.43	\$19.85	\$13.76
Interest expense	(6)	(3)	(9)	(4)	(5)	(15)	(72)	(52)	(42)	(34)	(29)
Other, net	7	12	(32)	23	(17)	(29)	(3)	(10)	11	(12)	35
Total other income	\$90	\$48	\$ (11)	\$ 42	\$ 11	\$ (12)	\$ (52)	\$ (34)	\$ (8)	\$ (26)	\$ 19
Income (loss) before income taxes and cumulative effect of change in accounting principle	\$819	\$1,033	\$1,147	\$1,013	\$1,086	\$1,203	\$1,000	\$1,217	\$1,269	\$1,432	\$1,575
<b>Provision (Credit) for Income Taxes</b>	\$342	\$465	\$479	\$388	\$327	\$510	\$403	\$517	\$504	\$622	\$632
Income (loss) before cumulative effect of change in accounting principle	\$477	\$568	\$669	\$625	\$759	\$693	\$597	\$700	\$765	\$810	\$943
Cumulative effect of change in accounting principle, net of tax benefits	-	-	-	\$159	-	-	-	-	\$(249)	-	-
<b>Net Income (Loss)</b>	\$477	\$568	\$669	\$784	\$759	\$693	\$597	\$700	\$516	\$810	\$943
<b>Earnings (Loss) Per Share</b>											
Before cumulative effect of changes in accounting principle	-	\$0.84	\$0.99	\$0.93	\$1.12	\$1.07	\$0.95	\$1.14	\$1.29	\$1.40	\$1.63
accounting principle	-	-	-	0.24	-	-	-	-	(0.42)	-	-
Cumulative effect of changes in accounting principle	-	\$0.84	\$0.99	\$1.16	\$1.12	\$1.07	\$0.95	\$1.14	\$0.87	\$1.40	\$1.63
Earnings per share	-	675,746	675,000	675,000	675,000	647,481	625,481	616,000	595,000	580,000	580,000
<b>Average Shares Outstanding</b>											

Note: Some figures may not foot because of rounding.

Source: United Parcel Service annual report.

Exhibit 7

THE BATTLE FOR VALUE

Balance Sheets, United Parcel Service  
(in millions of dollars, except for shares outstanding)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>Consolidated Balance Sheet</b>											
<b>Assets</b>											
Current assets	\$492	\$369	\$380	\$557	\$410	\$481	\$147	\$ 287	\$ 133	\$ 281	\$ 261
Cash and equivalents	342	345	354	210	358	754	829	1,001	1,092	1,160	1,592
Receivables	-	-	-	-	-	-	-	-	-	217	439
Prepaid employee benefit costs	119	197	322	371	268	260	331	305	333	283	349
Common stock held for stock plans	-	-	-	222	253	230	148	167	45	-	-
Prepaid expenses and other	58	289	240	268	238	299	483	509	564	443	381
Total current assets	\$1,020	\$1,200	\$1,296	\$1,628	\$1,467	\$2,023	\$1,918	\$2,270	\$2,168	\$2,383	\$3,023
Property and Equipment											
Vehicles	\$962	\$1,160	\$1,358	\$1,670	\$1,526	\$2,216	\$2,444	\$3,509	\$2,584	\$2,661	\$2,767
Aircraft	362	852	928	1,154	1,619	1,780	1,750	2,104	2,503	2,937	3,708
Land	128	181	241	329	442	590	562	603	610	617	623
Buildings	282	327	439	524	721	907	1,029	1,145	1,224	1,288	1,360
Leasehold improvements	307	370	469	586	742	921	1,057	1,167	1,276	1,337	1,417
Plant equipment	498	595	753	943	1,198	1,442	1,683	1,937	2,099	2,267	2,661
Construction-in-progress	31	132	125	232	251	190	167	209	212	391	557
Investment, properties	-	-	-	300	-	-	-	-	-	-	-
Subtotal	2,731	3,616	4,314	5,746	6,902	7,957	8,693	9,711	10,507	11,469	13,093
Less accumulated depreciation and amortization	1,008	1,192	1,447	1,802	2,110	2,528	2,992	3,580	4,136	4,705	5,325
Net property and equipment	\$1,743	\$2,424	\$2,866	\$3,944	\$4,792	\$5,429	\$5,703	\$5,703	\$6,372	\$6,764	\$7,768
Other Assets	\$525	\$327	\$707	\$430	\$444	\$436	\$516	\$488	\$498	\$427	\$391
Miscellaneous	525	327	707	430	444	436	516	488	498	427	391
Total Assets	\$3,288	\$4,162	\$4,869	\$6,002	\$6,704	\$7,688	\$8,116	\$8,859	\$9,008	\$9,574	\$11,182
<b>Liabilities and Stockholders' Investment</b>											
Current liabilities											
Accounts payable	\$278	\$358	\$318	\$391	\$500	\$575	\$674	\$790	\$770	\$729	\$1,082
Accrued wages and withholdings	525	598	664	683	758	843	867	814	833	919	1,081
Income taxes payable	23	49	49	24	96	101	10	-	88	73	-
Dividends payable	-	-	-	-	-	-	-	-	-	141	170
Deferred income taxes	-	-	-	-	-	-	-	-	-	75	136
Current portion of long-term debt	1	1	1	2	10	4	1	-	-	-	-
Other current liabilities	128	179	229	299	322	301	317	384	416	443	434
Total current liabilities	\$955	\$1,185	\$1,262	\$1,399	\$1,886	\$1,824	\$1,869	\$2,097	\$2,106	\$2,379	\$2,902
Other liabilities											
Long-term debt	\$173	\$151	\$114	\$294	\$140	\$818	\$855	\$831	\$862	\$852	\$1,127
Accumulated post-retirement benefit obligations, net	-	-	-	-	-	-	-	-	-	-	-
Deferred taxes, credits, and other liabilities	520	729	1,024	1,282	1,497	1,627	1,845	2,058	2,189	2,318	2,618
Total non-current liabilities	\$693	\$930	\$1,138	\$1,575	\$1,637	\$2,475	\$2,700	\$2,888	\$3,211	\$3,250	\$3,633
Total Liabilities	\$1,648	\$2,135	\$2,400	\$2,974	\$3,523	\$4,299	\$4,569	\$4,985	\$5,317	\$5,629	\$6,535
Common Stockholders' Investment											
Common preferred stock, no par, none issued	-	-	-	-	-	-	-	-	-	-	-
Common stock, \$ 10 par	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Shares Authorized	-	-	-	168,870	161,870	161,870	156,370	616,000	593,000	580,000	580,000
Shares Issued	-	-	-	272	294	296	292	238	242	264	295
Additional paid-in capital	1,194	1,447	1,784	2,700	2,852	3,243	3,232	3,503	3,394	3,644	4,272
Retained earnings	1,670	2,036	2,470	3,028	3,181	3,589	3,667	3,171	3,720	3,945	4,647
Subtotal	1,670	2,036	2,470	3,028	3,181	3,589	3,667	3,171	3,720	3,945	4,647
Less treasury stock and deferred compensation	-	-	-	-	-	-	-	-	-	-	-
Total Stockholders' Investment	\$1,660	\$2,026	\$2,470	\$3,028	\$3,181	\$3,589	\$3,667	\$3,873	\$3,720	\$3,945	\$4,647
Total Liabilities and Stockholders' Investment	\$3,288	\$4,162	\$4,869	\$6,002	\$6,704	\$7,688	\$8,116	\$8,859	\$9,008	\$9,574	\$11,182

Note: Some of the figures may not foot because of rounding.

Source: United Parcel Service annual report.

Exhibit 8

**THE BATTLE FOR VALUE**

**Statements of Cash Flows, United Parcel Service  
(in millions of dollars)**

	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>Consolidated Statement of Cash Flows</b>									
<b>Operating Activities</b>									
Net income (loss) before cumulative effects of accounting changes	\$669	\$784	\$759	\$893	\$597	\$700	\$516	\$810	\$943
Adjustments to reconcile income (loss) to net cash provided by operating activities	\$297	\$375	\$419	\$516	\$608	\$667	\$662	\$691	\$786
Depreciation and amortization	-	-	-	-	-	-	469	50	70
Post-retirement benefits	223	21	197	153	167	177	(28)	117	79
Deferred taxes, credits, and other	(9)	146	(149)	(96)	(75)	(172)	(92)	(67)	(433)
Changes in assets and liabilities	-	-	-	-	-	-	(77)	(60)	(223)
Accounts receivable	(192)	(19)	21	(38)	(185)	(26)	65	2	(7)
Prepaid employee benefit costs	-	(21)	161	(45)	(71)	25	(28)	50	(66)
Common stock held for stock plans	(38)	65	114	75	99	114	19	(78)	353
Accounts payable	183	18	75	85	24	(53)	19	86	162
Accrued wages and withholdings	-	-	-	-	-	-	(82)	141	29
Dividends payable	(0)	(24)	71	(8)	(99)	108	(22)	(15)	-
Income taxes payable	\$50	\$65	\$227	\$(209)	\$25	\$57	\$29	\$26	\$(78)
Other	\$1,182	\$1,410	\$1,895	\$1,128	\$1,090	\$1,598	\$1,450	\$1,754	\$1,616
<b>Net Cash Provided by Operating Activities</b>									
Investing Activities									
Capital expenditures, net	\$(731)	\$(1,023)	\$(1,415)	\$(1,150)	\$(1,160)	\$(1,045)	\$(929)	\$(1,097)	\$(1,677)
Other asset receipts (payments)	\$44	\$45	\$(61)	\$(23)	\$(127)	\$0	\$(45)	\$42	\$42
<b>Net Cash Used in Investing Activities</b>									
Financing Activities									
Proceeds from debt issuance	\$687	\$(1,194)	\$(1,477)	\$(1,173)	\$(1,288)	\$(1,044)	\$(974)	\$(1,055)	\$(1,635)
Principal payments on debt	\$0	\$13	\$2	\$687	\$23	-	\$36	\$204	\$372
Redemption of stock	(14)	(5)	60	(280)	(20)	(4)	(36)	(213)	(51)
Proceeds from stock issuance	(280)	-	(320)	-	(318)	(143)	(333)	(276)	-
Dividends paid	57	-	-	-	-	-	-	-	-
Other, net	(261)	(276)	(288)	(300)	(292)	(287)	(295)	(285)	(311)
<b>Net Cash Provided by (Used in) Financing Activities</b>									
Currency translation adjustment	\$3	\$212	-	-	\$435	\$10	\$3	\$23	\$31
Net increase (decrease) in cash and cash equivalents	\$(495)	\$(56)	\$(545)	\$107	\$(171)	\$(425)	\$(623)	\$(548)	\$(9)
Cash and cash equivalents at beginning of period	\$9	\$5	\$(8)	\$10	\$35	\$11	\$(7)	\$(3)	\$(8)
Cash and cash equivalents at end of period	10	165	(135)	71	(333)	140	(154)	148	(20)
<b>Supplemental Cash Flow Information</b>									
Cash paid for:	370	380	545	410	481	147	287	133	281
Cash interest (net of capitalized interest)	\$380	\$545	\$410	\$481	\$147	\$287	\$133	\$281	\$261
Cash income taxes	\$11	\$2	\$4	\$9	\$66	\$46	\$42	\$42	\$38
	\$291	\$237	\$111	\$276	\$331	\$360	\$364	\$570	\$662

Source: United Parcel Service annual report.

## Exhibit 9

## THE BATTLE FOR VALUE

## Financial Ratios, United Parcel Service

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
<b>Activity Analysis</b>										
Average days outstanding	16.31	14.80	10.63	9.40	16.42	21.23	22.23	23.13	23.11	25.66
Working capital turnover	175.90	382.90	77.65	(109.36)	(112.44)	101.75	124.67	140.99	543.54	313.87
Fixed asset turnover	3.28	3.26	2.84	2.53	2.42	2.44	2.54	2.64	2.71	2.69
Total asset turnover	1.83	1.70	1.59	1.52	1.51	1.54	1.60	1.68	1.78	1.71
<b>Liquidity Analysis</b>										
Current ratio	1.01	1.03	1.16	0.78	1.11	1.04	1.08	1.03	1.00	1.04
Cash ratio	0.31	0.30	0.40	0.22	0.26	0.08	0.14	0.06	0.12	0.09
Cash from operations ratio		1.00	1.12	1.36	0.60	0.60	0.85	0.69	0.83	0.68
Defensive interval		1.40	0.81	0.62	1.31	1.13	1.58	1.71	1.83	1.50
<b>Long-term Debt and Solvency Analysis</b>										
Debt equity ratio	0.07	0.05	0.10	0.04	0.24	0.24	0.21	0.23	0.22	0.24
Times interest earned	288.82	134.44	259.96	197.54	81.93	14.61	24.61	30.48	42.87	53.27
Fixed charge coverage ratio	10.38	22.66	13.57	16.76	(0.04)	(7.49)	2.18	3.23	14.90	13.16
Capital expenditure ratio		1.62	1.14	1.34	0.98	0.94	1.53	1.56	1.60	0.96
Cash from operations to debt ratio		10.38	4.80	13.54	1.33	1.28	1.92	1.68	2.06	1.43
<b>Profitability Analysis</b>										
Margin before interest and tax	10.66%	13.44%	10.03%	9.75%	9.83%	7.73%	8.33%	7.74%	8.20%	7.95%
Net profit margin	6.97%	7.76%	8.10%	6.88%	5.61%	4.39%	4.66%	3.17%	4.55%	4.82%
Return on Assets	16.13%	19.83%	19.10%	16.17%	12.43%	9.06%	9.91%	6.77%	10.24%	11.03%
Return on total equity	25.99%	29.76%	28.53%	24.44%	20.49%	16.59%	18.72%	13.59%	21.13%	21.96%
Financial leverage effect	65.40%	57.75%	80.78%	70.56%	57.06%	56.72%	55.96%	40.40%	55.54%	60.63%
	<b>84-85</b>	<b>85-86</b>	<b>86-87</b>	<b>87-88</b>	<b>88-89</b>	<b>89-90</b>	<b>90-91</b>	<b>91-92</b>	<b>92-93</b>	<b>93-94</b>
<b>Growth</b>										
Sales	12.50%	12.14%	12.33%	13.94%	12.02%	10.10%	10.39%	9.98%	7.65%	10.08%
Total adjusted capital	27.58%	21.19%	23.19%	5.02%	33.74%	5.71%	8.53%	6.69%	3.62%	13.90%
Book assets	39.12%	18.22%	37.60%	21.52%	13.30%	5.03%	7.51%	3.97%	6.15%	14.84%
Net income before unusual (gain) loss	19.12%	17.85%	(6.61)%	21.45%	(8.61)%	(13.94)%	17.33%	9.27%	5.82%	16.51%
Adjusted NOPAI	-	1.93%	(3.33)%	10.94%	0.89%	(9.41)%	(2.16)%	12.26%	3.03%	9.89%
Net Income	-	40.39%	17.22%	(3.24)%	(8.61)%	(13.94)%	17.33%	(26.28)%	56.86%	16.51%
Operating income	-	58.98%	(16.20)%	10.77%	13.02%	(13.42)%	18.92%	2.12%	14.08%	6.74%
									<b>Compound Annual Growth Rate</b>	
									11.10% (84-94)	
									14.48% (84-94)	
									16.12% (84-94)	
									7.07% (85-94)	
									2.44% (85-94)	
									7.88% (85-94)	
									8.01% (85-94)	

Source: United Parcel Services annual report.

Exhibit 4

**THE BATTLE FOR VALUE**

Analytical Financial Ratios, Federal Express Corporation

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>Activity Analysis</b>										
Average days outstanding	47.43	47.83	44.92	43.43	46.41	47.73	47.28	45.79	44.08	43.23
Working capital turnover	22.59	17.89	34.34	125.84	149.90	162.81	(233.91)	(47.22)	(82.89)	78.62
Fixed assets turnover	1.64	1.78	1.86	1.90	1.82	2.00	2.14	2.15	2.27	2.45
Total asset turnover	1.18	1.23	1.33	1.41	1.24	1.28	1.36	1.36	1.39	1.44
<b>Liquidity Analysis</b>										
Current ratio	1.34	1.42	1.01	1.10	1.01	1.06	0.90	0.87	0.99	1.15
Cash ratio	0.04	0.43	0.04	0.10	0.14	0.08	0.08	0.06	0.11	0.26
Cash from operations ratio			0.92	1.08	1.17	0.47	0.63	0.37	0.52	0.53
Defensive interval			1.11	1.51	3.28	1.96	2.38	3.20	2.54	3.18
<b>Long-term Debt and Solvency Analysis</b>										
Debt equity ratio	0.75	0.51	0.69	0.63	1.43	1.30	1.09	1.14	1.13	0.85
Times interest earned	5.58	8.87	7.81	5.65	3.68	2.06	1.39	0.14	2.34	3.73
Fixed charge coverage ratio	4.78	3.71	1.73	1.55	1.47	0.46	(0.36)	(0.93)	0.27	0.49
Capital expenditure ratio			0.60	0.93	0.55	0.87	1.02	1.04	0.91	1.95
Cash from operations-debt ratio			0.53	0.65	0.31	0.24	0.43	0.29	0.39	0.47
<b>Profitability Analysis</b>										
Margin before interest and tax	12.83%	13.37%	11.48%	9.77%	8.21%	5.52%	3.28%	0.30%	4.83%	6.26%
Net profit margin	3.77%	5.12%	-2.06%	4.83%	3.57%	1.65%	0.08%	-1.51%	0.69%	2.41%
Return on assets	5.98%	6.74%	-1.27%	7.29%	5.73%	4.08%	2.04%	-0.08%	2.40%	4.17%
Return on total equity	9.90%	13.82%	-6.04%	15.58%	13.07%	7.37%	0.36%	-7.01%	3.31%	11.37%
Financial leverage effect	29.42%	38.32%	-17.98%	49.47%	-43.48%	29.89%	2.34%	-495.42%	14.28%	38.51%
<b>Growth</b>										
Sales	27.65%	38.80%	23.51%	22.17%	33.07%	35.77%	9.60%	(1.80)%	3.42%	8.60%
Total adjusted capital	41.19%	20.98%	13.69%	19.47%	62.66%	8.47%	1.71%	2.15%	7.57%	8.46%
Book assets	15.29%	38.87%	19.99%	19.90%	53.76%	3.92%	1.62%	(5.87)%	1.90%	(0.78)%
Net income before unusual (gain) loss	14.94%	73.30%	4.37%	5.21%	22.28%	16.10%	(36.43)%	(8.76)%	21.42%	35.74%
Adjusted NOPAT			N.M.F.	N.M.F.	(1.69)%	(37.27)%	(94.91)%	N.M.F.	N.M.F.	279.40%
Net income			N.M.F.	N.M.F.	11.85%	(18.74)%	(34.91)%	(90.89)%	154.24%	40.69%
Operating income			6.02%	4.03%						
<b>Compound Annual Growth Rate</b>										
										17.31% (85-94)
										18.11% (84-94)
										14.66% (84-94)
										4.40% (85-94)
										6.15% (85-94)
										11.61% (85-94)
										8.31% (85-94)

Source: Federal Express annual report.



Exhibit 19

**THE BATTLE FOR VALUE**  
Economic Profit Estimation, FedEx

	1995	1996	1997	1998	1999	2000	1991	1992	1993	1994
NOPAT	\$ 235,029	\$ 270,140	\$ 281,950	\$ 296,642	\$ 362,744	\$ 421,152	\$ 267,728	\$ 244,280	\$ 296,612	\$ 402,621
FV Non-Capitalized Operating Leases	\$ 1,403,280	\$ 1,981,285	\$ 2,551,826	\$ 2,901,126	\$ 3,465,870	\$ 5,637,746	\$ 6,115,501	\$ 6,230,035	\$ 6,353,969	\$ 6,834,676
RATE OF RETURN	16.75%	13.63%	11.05%	10.23%	10.47%	7.47%	4.38%	3.93%	4.67%	5.89%
WACC										
Long Term Debt	\$ 607,508	\$ 561,716	\$ 744,914	\$ 838,730	\$ 2,138,940	\$ 2,148,142	\$ 1,826,781	\$ 1,797,844	\$ 1,882,279	\$ 1,632,202
FV Non-Capitalized Operating Leases	\$ 111,384	\$ 291,264	\$ 510,900	\$ 488,929	\$ 604,217	\$ 996,153	\$ 1,214,342	\$ 1,246,275	\$ 1,334,481	\$ 1,567,249
FV of Capital Leases	\$ 295,075	\$ 299,228	\$ 321,310	\$ 319,165	\$ 512,079	\$ 467,755	\$ 232,254	\$ 225,800	\$ 221,740	\$ 199,004
Total	\$ 1,013,967	\$ 1,152,208	\$ 1,577,124	\$ 1,646,824	\$ 3,255,236	\$ 3,612,050	\$ 3,289,377	\$ 3,269,919	\$ 3,438,500	\$ 3,398,455
Average Shares Outstanding	46,970	49,840	51,905	52,670	52,272	53,161	53,350	53,961	54,719	56,012
Share Price	\$ 28.00	\$ 66.00	\$ 44.00	\$ 49.00	\$ 45.00	\$ 34.00	\$ 33.00	\$ 53.00	\$ 70.00	\$ 57.00
Market Value of Equity	\$ 2,724,260	\$ 3,283,440	\$ 2,283,820	\$ 2,580,830	\$ 2,352,240	\$ 1,807,474	\$ 1,760,550	\$ 2,967,855	\$ 3,830,330	\$ 3,192,684
Tax Rate	46.00%	46.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	35.00%	35.00%
Long-Term USG Bonds	10.74%	8.14%	8.76%	9.11%	8.62%	8.81%	8.24%	7.61%	6.46%	7.43%
Yield of Senior BBB	12.19%	10.37%	10.55%	10.75%	10.35%	10.86%	10.12%	9.18%	8.55%	8.91%
Beta	1.35	1.30	1.15	1.10	1.10	1.05	1.05	1.15	1.20	1.25
Cost of Equity	18.03%	15.16%	14.97%	15.05%	14.56%	14.48%	13.91%	13.82%	12.94%	14.18%
Cost of Capital	14.93%	12.68%	11.70%	11.95%	10.07%	9.61%	9.20%	9.75%	9.45%	9.86%
Economic Profit										
NOPAT/Beginning Capital	16.75%	13.63%	11.05%	10.23%	10.47%	7.47%	4.38%	3.93%	4.67%	5.89%
WACC	14.93%	12.68%	11.70%	11.95%	10.07%	9.61%	9.20%	9.75%	9.45%	9.86%
Spread	1.82%	0.95%	-0.65%	-1.73%	0.39%	-2.14%	-4.83%	-5.82%	-4.78%	-3.96%
x Beginning Capital	\$ 1,403,280	\$ 1,981,285	\$ 2,551,826	\$ 2,901,126	\$ 3,465,870	\$ 5,637,746	\$ 6,115,501	\$ 6,230,035	\$ 6,353,969	\$ 6,834,676
Annual Economic Profit	\$ 25,583	\$ 18,914	(\$16,596)	(\$50,079)	\$ 13,620	(\$120,431)	(\$295,178)	(\$362,265)	(\$303,694)	(\$270,959)
Cumulative Annual Economic Profit	\$ 25,583	\$ 44,497	\$ 27,901	(\$22,178)	(\$8,557)	(\$128,988)	(\$424,166)	(\$786,431)	(\$1,090,125)	(\$1,361,084)

FEDEX: MEASURES OF VALUE CREATION (billions)

CUMULATIVE EVA

	1995	1994	Change
Book Value of Equity	0.815	1.925	1.109
Interest-Bearing Debt and Equivalents	1.014	3.398	2.384
CAPITAL (Book Value)	1.829	5.323	3.494

	1995	1994	Change
Market Value of Equity	2.724	3.193	0.468
Interest-Bearing Debt and Equivalents	1.014	3.398	2.384
CAPITAL (Market Value)	3.738	6.591	2.853

MARKET VALUE ADDED

	1.909	1.268	(0.641)
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Exhibit 20

**THE BATTLE FOR VALUE**

**Economic Profit Estimation, UPS**

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>NOPAT</b>	\$831,562	\$847,624	\$819,396	\$909,046	\$917,178	\$830,912	\$812,968	\$912,629	\$940,269	\$1,033,291
Beginning Capital	\$2,333,765	\$2,977,489	\$3,608,530	\$4,445,420	\$4,688,509	\$6,243,546	\$6,599,930	\$7,164,016	\$7,642,932	\$7,919,479
<b>RATE OF RETURN</b>	35.63%	28.47%	22.71%	20.45%	19.65%	13.31%	12.32%	12.74%	12.30%	13.05%
<b>WACC</b>	\$150,950	\$113,882	\$293,825	\$140,009	\$848,036	\$854,687	\$850,634	\$862,378	\$852,266	\$1,127,405
Long Term Debt	-	-	-	-	-	\$334,593	\$451,534	\$562,073	\$621,874	\$635,233
PV Non-Capitalized Operating Leases	385,935	\$341,656	\$344,608	\$345,383	\$345,265	\$342,122	\$333,074	\$320,616	\$289,838	\$233,639
PV of Capital Leases	536,885	\$455,538	\$638,433	\$485,392	\$1,193,301	\$1,551,402	\$1,615,242	\$1,745,067	\$1,763,978	\$1,996,277
<b>Total</b>	675,746	675,000	675,000	675,000	647,481	625,481	616,000	595,000	580,000	580,000
Average Shares Outstanding	\$8.25	\$10.25	\$12.00	\$13.38	\$14.50	\$15.25	\$16.00	\$18.50	\$20.75	\$23.50
Share Price	5,574,908	\$6,918,750	\$8,100,000	\$9,028,125	\$9,388,477	\$9,538,588	\$9,856,000	\$11,007,500	\$12,035,000	\$13,630,000
Market Value of Equity	46.00%	46.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	35.00%	35.00%
Tax Rate	10.74%	8.14%	9.11%	8.62%	8.24%	8.81%	8.24%	7.61%	6.46%	7.43%
U.S. Treasury Bonds Yield (30-yr.)	10.93%	9.02%	9.32%	9.55%	9.16%	9.34%	8.69%	8.27%	7.16%	7.80%
Cost of Debt (AAA-rated)	1.10	1.01	0.97	0.97	0.96	1.02	1.02	0.94	1.07	1.05
Beta	16.66%	13.59%	14.00%	14.34%	13.82%	14.34%	13.75%	12.68%	12.21%	13.11%
Cost of Equity	<b>15.71%</b>	<b>13.05%</b>	<b>13.42%</b>	<b>13.93%</b>	<b>12.94%</b>	<b>13.20%</b>	<b>12.62%</b>	<b>11.69%</b>	<b>11.25%</b>	<b>12.08%</b>
<b>Cost of Capital</b>	35.63%	28.47%	22.71%	20.45%	19.65%	13.31%	12.32%	12.74%	12.30%	13.05%
<b>EVA</b>	15.72%	13.05%	13.42%	13.93%	12.94%	13.20%	12.62%	11.69%	11.25%	12.08%
NOPAT/Beginning Capital	19.92%	15.41%	9.28%	6.52%	6.70%	0.10%	-0.30%	1.05%	1.06%	0.97%
WACC	2,333,765	2,977,489	3,608,530	4,445,420	4,688,509	6,243,546	6,599,930	7,164,016	7,642,932	7,919,479
Spread	464,804	458,971	334,978	289,955	313,001	6,469	(19,902)	75,258	80,720	76,463
x Beginning Capital	464,804	923,775	1,258,753	1,548,708	1,861,710	1,868,179	1,848,277	1,923,534	2,004,255	2,080,718
Annual Economic Value Added										
Cumulative Annual EVA										
<b>UPS: MEASURES OF VALUE CREATION (billions)</b>										
<b>CUMULATIVE EVA</b>	1985	1994	Change							
	0	2,081	2,081							
<b>Analysis of Market Value Added</b>										
Book Value of Equity	2,026	4,647	2,621							
Interest-Bearing Debt and Equivalents	0,537	1,926	1,452							
CAPITAL (Book Value)	2,563	6,544	4,080							
Market Value of Equity	5,575	13,630	8,055							
Interest-Bearing Debt and Equivalents	0,537	1,926	1,452							
CAPITAL (Market Value)	6,112	15,626	9,514							
<b>MARKET VALUE ADDED</b>	3,548	8,983	5,434							