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1. **Cargo carrier loses Hawaii mail routes. June 17, 2009.**
2. **FedEx posts bigger loss, issues gloomy outlook. June 17, 2009.**

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1. **Cargo carrier loses Hawaii mail routes**

Pacific Business News (Honolulu)
Alpine Air Express is discontinuing its services in Hawaii.

The cargo carrier said it was unsuccessful in the re-bidding of U.S. Postal Service contracts for its Hawaii mail routes.

The Provo, Utah-based company said discontinuing the services could reduce its revenues by 18 percent.

Alpine carried mail to Molokai, Lanai, Lihue on Kauai and Kamuela on the Big Island.

Corporate Air of Billings, Mont., will cover the routes it had subcontracted to Alpine.

Alpine said it will expand its services and clients in areas such as North Dakota, South Dakota, Montana, Nebraska and Colorado.

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2. **FedEx posts bigger loss, issues gloomy outlook**

By SAMANTHA BOMKAMP – June 17, 2009.

NEW YORK (AP) — FedEx Corp. on Wednesday warned it expects "extremely difficult" conditions in the next two quarters, after the nation's second largest package shipper posted a bigger fiscal fourth-quarter loss due to hefty one-time charges and lower revenue.

The company lost $876 million, or $2.82 per share in the three month period ending in May, compared with a loss of $241 million, or 78 cents per share a year ago.

Excluding one-time charges, earnings were 64 cents per share.

FedEx predicted earnings in its first-quarter well below what analysts forecast. The company sees a profit of 30 cents to 45 cents per share for the period ending in August, compared with analysts' consensus forecast of 68 cents per share. FedEx posted a profit of $1.23 per share for the same period a year ago.

"The operating environment for our first two quarters in fiscal 2010 is expected to be extremely difficult," executive vice president and chief financial officer Alan B. Graf Jr. said.

Memphis, Tenn.-based FedEx booked about $1.2 billion in charges in the fourth quarter as it wrote down the value of two acquisitions. The company took a $900 million writedown related to the 2004 purchase of Kinko's — now known as FedEx Office, and $90 million in charges related to a September 2006 acquisition of a trucking company and its affiliates. It also took charges for employee severance and facility cutbacks.

Revenue in the fourth-quarter fell 20 percent to $7.85 billion.

Thomson Reuters says analysts expected profit of 51 cents per share for the period on revenue of $8.32 billion. Analysts don't generally factor in one-time gains or losses in their estimates.

Graf said that sluggish manufacturing activity and another run-up in fuel prices will hold back earnings in the company's first and second quarters. On Tuesday the government reported industrial production fell by 1.1 percent in May — marking the seventh straight monthly drop. Oil prices have doubled since March on hopes the worst of the global economic slowdown may be over and fuel demand will rise.

FedEx and bigger rival UPS Inc. are viewed as bellwethers of the economy because they transport a wide variety of goods from factories to retailers and consumers.

Graf also expects that FedEx's performance will begin to improve in the last two fiscal quarters of 2010 as cost-cutting measures start to "gain traction."

Fourth-quarter revenue for the FedEx Express unit dropped 25 percent as the unit moved fewer packages and fuel prices rose. In the freight segment, revenue dropped 28 percent with pricing among trucking companies staying highly competitive and shipping demand weak. The company's ground segment revenue fell 1 percent, supported by gains from a delivery partnership with the U.S. Postal Service.

For the full fiscal year, FedEx posted a profit of $3.76 per share, compared with $5.83 a year ago. Excluding charges in both years, earnings were 31 cents per share in fiscal 2009 and $3.60 in fiscal 2008. Revenue fell 6 percent to $35.5 billion.

In premarket trading, the Memphis, Tenn.-based company's stock fell $1.12, or 2.2 percent, to $50.30.

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Collected by Chairul Anwar, Bandung, Indonesia.
E-mail address : chairulanwar49@operamail.com, uyungchairul@plasa.com.