

TNT Express fuel surcharges are indexed to the spot price for jet fuel. Using this index, the international fuel surcharge percentages ranged as follows for the periods ended May 31:

	2017
International Fuel Surcharges:	
Low	5.25%
High	19.00
Weighted-average	12.85

TNT Express Segment Results

The TNT Express segment was formed in the fourth quarter of 2016, following the acquisition of TNT Express on May 25, 2016. Since the date of acquisition, TNT Express has focused on maintaining its customer base while executing integration activities with FedEx Express.

TNT Express results include revenues of \$7.4 billion and operating income of \$84 million in 2017. These results include integration costs of \$89 million. Costs associated with the integration, including restructuring charges, are expected to continue through fiscal year 2020. In addition, operating expenses include intangible asset amortization of \$74 million in 2017.

FedEx Ground Segment

FedEx Ground service offerings include day-certain delivery to businesses in the U.S. and Canada and to 100% of U.S. residences. The following tables compare revenues, operating expenses, operating expenses as a percent of revenue, operating income (dollars in millions) and operating margin and selected package statistics (in thousands, except yield amounts) for the years ended May 31:

	2017	2016	2015	Percent Change 2017/ 2016	2016/ 2015
Revenues:					
FedEx Ground	\$ 16,497	\$15,050	\$12,568	10	20
FedEx Supply Chain	1,578	1,524	416	4	NM
Total revenues	18,075	16,574	12,984	9	28
Operating expenses:					
Salaries and employee benefits	3,228	2,834	2,146	14	32
Purchased transportation	7,406	6,817	5,021	9	36
Rentals	764	639	485	20	32
Depreciation and amortization	684	608	530	13	15
Fuel	10	10	12	—	(17)
Maintenance and repairs	322	288	244	12	18
Intercompany charges	1,317	1,230	1,123	7	10
Other	2,052	1,872	1,251	10	50
Total operating expenses	15,783	14,298	10,812	10	32
Operating income	\$ 2,292	\$ 2,276	\$ 2,172	1	5
Operating margin	12.7%	13.7%	16.7%	(100)bp	(300)bp
Average daily package volume:					
FedEx Ground	7,896	7,526	6,911	5	9
Revenue per package (yield):					
FedEx Ground	\$ 8.18	\$ 7.80	\$ 7.16	5	9

	Percent of Revenue		
	2017	2016	2015
Operating expenses:			
Salaries and employee benefits	17.8%	17.1%	16.5%
Purchased transportation	41.0	41.1	38.7
Rentals	4.2	3.9	3.7
Depreciation and amortization	3.8	3.7	4.1
Fuel	0.1	0.1	0.1
Maintenance and repairs	1.8	1.7	1.9
Intercompany charges	7.3	7.4	8.7
Other	11.3	11.3	9.6
Total operating expenses	87.3	86.3	83.3
Operating margin	12.7%	13.7%	16.7%