

SETTLEMENT AGREEMENT

ADMINISTRATIVE GRIEVANCE 13-04

Federal Express Corporation (the "Company") and the Air Line Pilots Association, International (the "Association") agree to resolve Administrative Grievance 13-04 on the following terms:

1. Withdrawal of Grievance

Upon execution of this Settlement Agreement, the Association will withdraw Administrative Grievance 13-04, subject, however, to the continuing jurisdiction of Arbitrator Lawrence Holden as provided in subparagraph 2.e. below.

2. Call-In Payments

- a. In consideration of the Association's withdrawal of the grievance, the Company agrees to make a "call-in payment" to each pilot who the Company and Association agree is entitled to such payment in the amount the Company and Association agree should be paid to such pilot.
- b. A pilot who had call-in jury service before January 1, 2012 is not eligible for a call-in payment under this Settlement Agreement. A pilot who had call-in jury service between January 1, 2012 and the Effective Date of this Settlement Agreement is eligible for a call-in payment under this Settlement Agreement if such pilot:
 - (1) Submitted to the Company within 18 calendar days from the original notice of jury service (measured from the date of postmark) a notice of jury service and/or court instructions that required the pilot to perform daily (i.e. every day) call-in jury service during 4 consecutive days or more; and
 - (2) Dropped a conflicting trip(s) or R-day(s) to perform the required call-in jury service; and
 - (3) Performed call-in jury service as required by the notice of jury service or as subsequently instructed during the call-in process; and
 - (4) Was not pay-protected for a dropped conflicting trip(s) or R-Day(s) that was/were on the pilot's schedule at the time of receipt of the notice of jury service; and
 - (5) Was not able to make-up the full scheduled Credit Hour value of the dropped conflicting trip(s) or R-Day(s) during the "footprint" of the call-in jury service set forth in the notice of jury service and/or court instructions.
- c. The Association will inform pilots of this Settlement Agreement. No later than June 19, 2014, the Association will provide to the Company the final list of pilots who have requested to be considered for call-in payments, together with each such pilot's written certification of the date(s) of call-in jury service

(and/or in-person jury service) actually performed, and/or, if available, a certification of jury service issued by the applicable court.

- d. After receipt of the foregoing information from the Association, the Company will research its records to determine each individual pilot's eligibility for a call-in payment, and will inform the Association in writing of its determination and the reasoning therefor.
- e. The Company and Association will engage in good faith efforts to reach agreement on all call-in payment issues. Any unresolved dispute(s) between the Association and the Company regarding pilot call-in payment issues shall be referred to the System Board of Adjustment chaired by Arbitrator Lawrence Holden, who shall be informed that the parties desire to have him retain jurisdiction of this Grievance to enforce the terms of this Settlement Agreement if the parties are unable to resolve any issues associated with this Settlement Agreement.
- f. A pilot who the Company and ALPA agree (or Arbitrator Holden determines) has met the eligibility requirements set forth in subparagraph 2.b. above will receive a call-in payment based on the pilot's hourly rate of pay during the bid period(s) of the call-in jury service actually performed for the Credit Hour value of the dropped conflicting trip(s) or R-Day(s) during the "footprint" of the call-in jury service set forth in the notice of jury service and/or court instructions, reduced by the Credit Hour value of any trip(s) flown or R-Day(s) served during the "footprint" of the call-in jury service set forth in the notice of jury service and/or court instructions. A call-in payment made pursuant to this Settlement Agreement will be non-precedential and non-prejudicial, and shall be considered earnings in the pay period when such payment is actually made.
- g. Notwithstanding the eligibility requirements in subparagraph 2.b. above, the Company agrees to make a "call-in payment" to each of the following pilots for the indicated Credit Hours:
 - (1) [REDACTED] at his applicable hourly rate of pay in November and December 2012;
 - (2) [REDACTED] at his applicable hourly rate of pay in September 2013;
 - (3) [REDACTED] at his applicable hourly rate of pay in August 2013;
 - (4) [REDACTED] at his applicable hourly rate of pay in February 2014.

3. On the Effective Date of this Settlement Agreement, and continuing until either the effective date of the next collective bargaining agreement ("CBA") between the Company and the Association, or the date of the event set forth in subparagraph 3.d. below, the following call-in jury duty pay protection provisions shall supplement the language of Section 25.Y.5. of the current CBA:

a. Four or More Consecutive Days of Call-In Jury Service

- (1) If a notice of jury service and/or court instructions requires a pilot to make daily calls (i.e. every day) for 4 consecutive days or more, and the pilot's call-in jury service conflicts with a scheduled trip(s) or R-days, and the conflicting trip(s) or R-day(s) is/are dropped, the pilot shall be eligible for call-in jury duty pay protection in the amount of the CH value of each scheduled trip or R-day missed during such period of call-in jury service.
- (2) If a pilot is removed from a scheduled multiple-day trip in conflict with the pilot's period of call-in jury service, the pilot shall be eligible for substitution for the portion of the trip not in conflict with call-in jury service. A pilot's substitution window shall not include the 18 hours immediately preceding or the 8 hours immediately following the pilot's period of call-in jury service.

b. Fewer than Four Consecutive Days of Call-In Jury Service

- (1) If a notice of jury service and/or court instructions requires a pilot to make one or more calls for fewer than four consecutive days, and the pilot's call-in jury service conflicts with a scheduled trip(s) or R-days, and the conflicting trip(s) or R-day(s) is/are dropped, the pilot shall be eligible for call-in jury duty pay protection in the amount of 50% of the CH value of each scheduled trip or R-day missed during such period of call-in jury service, and the remaining 50% of the CH value of the dropped trip(s) or R-day(s) shall be placed in the pilot's make-up bank.
- (2) The CH value of the dropped trip(s) or R-day(s) that is not jury duty pay-protected will not be deducted from the pilot's pay until the paycheck issued on the 15th day of the third ensuing calendar month (e.g. in the case of a January bid period trip drop, the pilot's April 15 paycheck will contain the 50% deduction).
- (3) If a call-in results in a pilot's government-compensated attendance at the courthouse or other juror assembly location, the pilot shall so inform the Pilot Administration Center at the earliest opportunity, and pay protection shall be in accordance with Paragraph 3.a. above.

c. The parties acknowledge that programming is required to automate the payroll process required by subparagraph 3.b. above. Until the automation is completed and adequately tested, it will be necessary to manually perform the payroll process required by subparagraph 3.b. above. During the period of manual processing, the Company will use its best efforts to comply with the provisions of subparagraph 3.b. above, and the parties agree and understand

that if mistakes are made, no claims will be asserted for penalties above what the pilot is due.

- d. In the event a Tentative Agreement for the next CBA is not ratified by the pilots, the Company shall have the option at any time thereafter to cancel this Settlement Agreement by so informing the Association in writing. In the event the Company exercises this cancellation option, the parties shall revert to their respective *status quo ante* positions regarding the interpretation and application of Section 25.Y.5. held before this Settlement Agreement was reached. If such cancellation option is exercised, this Settlement Agreement and discussions leading to this Settlement Agreement shall be considered non-precedential and non-admissible in any future grievance hearing or arbitration regarding the interpretation and application of Section 25.Y.5. of the CBA.
4. On the effective date of the next collective bargaining agreement ("CBA") between the Company and the Association, the following language shall replace in its entirety the language of Section 25.Y. of the current CBA:
 - Y. Absence Due to Jury Service
 1. When a pilot receives notice pertaining to jury service, he shall notify the Pilot Administration Center (PAC) and provide the Company with a copy of that notice, within 18 calendar days from the original notice of jury service (measured from the date of postmark).
 2. Failure to provide the PAC with timely notice of jury service and with adequate documentation from the court establishing the beginning and end of his period of jury service shall render the pilot ineligible for pay protection.
 3. Jury service will be pay protected as follows:
 - a. For jury service in which the pilot's personal attendance at the courthouse or other juror assembly location is required ("in-person jury service"):
 - i. The Company shall pay a pilot 100% of the CH value of each scheduled trip or R-day removed as a result of a conflict with the pilot's period of in-person jury service, which period begins at the time the pilot is required to first attend court and ends upon the pilot's release from in-person jury service by the court.
 - ii. If a pilot is removed from a scheduled multiple day trip in conflict with the pilot's period of in-person jury service, the pilot shall be eligible for substitution for the portion of the trip not in conflict with in-person jury service. A pilot's substitution window shall not include the 18 hours immediately preceding or the 8 hours immediately following the pilot's period of in-person jury service.

- iii. At the pilot's request, the Company shall drop a scheduled trip(s) that, while not in conflict with the pilot's period of in-person jury service (as defined above), either:
 - (a) ends within 18 hours of the time the pilot is required to first attend court; or
 - (b) begins within 18 hours of the time the pilot is released from in person jury service.

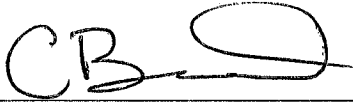
For trips with an SCH of 12 CH or greater, the Company shall pay the pilot 6 CH for each such trip(s), with the remaining CH value of the trip(s) eligible for make-up.

- b. For jury service in which the pilot is required to call the court (or check in with the court through other means) to determine whether the pilot's personal attendance in the court room will be required in the future ("call-in jury service"):
 - i. The Company shall provide jury duty pay protection in the amount of 50% of the CH value of each scheduled trip or R-day dropped as a result of a conflict with the period of call-in jury service, which period begins 18 hours prior to the time the pilot would potentially be required to attend court and ends as specified in the jury summons. The CH value of the dropped trip(s) or R-day(s) that is not jury duty pay-protected will not be deducted from the pilot's pay until the paycheck issued on the 15th day of the third ensuing calendar month (e.g. in the case of a January bid period trip drop, the pilots' April 15 paycheck will contain the 50% deduction). In the case of a dropped R-day, 50% of the CH value will be credited to the pilot's RLG and to his leveling.
 - ii. Fifty percent of the CH value of each scheduled trip or R-day in conflict with the period of call-in jury service (as defined above) shall be eligible for make-up.
 - c. Call-in jury service that becomes in-person jury service shall be treated in accordance with Section 25.Y.3.a.
4. When warranted by operational needs, the Company may request the appropriate authorities to defer or establish an alternate date(s) for a pilot's jury duty.

5. Effective Date

The Effective Date of this Settlement Agreement shall be April 21, 2014.

**For the Air Line Pilots Association,
International:**

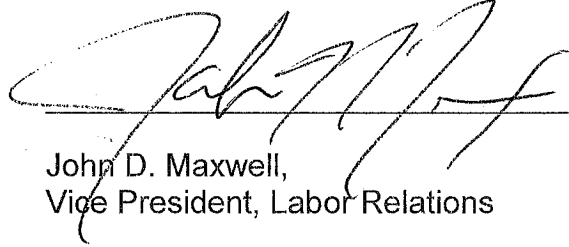


First Officer Coy Briant,
Chairman Grievance Committee

April 21st, 2014

Date

For Federal Express Corporation:



John D. Maxwell,
Vice President, Labor Relations

April 15, 2014

Date