LETTER OF AGREEMENT
between
FEDERAL EXPRESS CORPORATION
and
THE AIR LINE PILOTS
in the service of
FEDERAL EXPRESS CORPORATION
as represented by
THE AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

Introduction of Boeing 767F Aircraft

This Letter of Agreement (hereinafter "LOA") is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between FEDERAL EXPRESS CORPORATION (hereinafter referred to as the "Company") and the pilots in the service of FEDERAL EXPRESS CORPORATION, as represented by the AIR LINE PILOTS ASSOCIATION, INTERNATIONAL (hereinafter referred to as the "Association").

WHEREAS, the Company and the Association are parties to a collective bargaining agreement setting forth the rates of pay, rules, and working conditions for the Company's pilots (hereinafter referred to as the "Basic Agreement"), effective on February 28, 2011, and

WHEREAS, the Company has acquired Boeing 767F Aircraft ("B767"); and

WHEREAS, the parties desire to memorialize their agreements and understandings concerning the Company's introduction of the B767 into the Company's fleet;

NOW, THEREFORE, the parties agree as follows:

A. Definitions

1. B767 Trip—A trip:
   a. that contains any B767 flight segments, either
      i. at the time trip guarantee is established; or
      ii. actually flown; or
   b. that is published in a B767 bid period package.

2. B757 Trip—A trip that contains only B757 flight segments, both at the time trip guarantee is established and as actually flown. A trip that qualifies as a B757 trip, but which is otherwise published in the B767 bid period package, shall be considered a B767 trip.

3. Standby Trip—A trip that contains standby periods, but no scheduled revenue legs.
B. Bidding, Training, and Scheduling

The B757 and B767 shall be operated in a common base subject to the provisions contained in this LOA. Each B757/767 base shall be partitioned into B757 pilots and B767 pilots with the ratio of B767 pilots to B757 pilots being regulated by the number of scheduled CH assigned to each aircraft. A given B757/767 base may contain all B767 pilots, no B767 pilots, or a mix of B757 and B767 pilots, depending on the type of flying assigned to that base (B757 trips, B767 trips, or both).

1. The Company shall publish separate, monthly bid period packages for the B767 and B757, except in bases that contain only one category of pilot (B767 only or B757 only). The B767 pilots and B757 pilots will be considered separately for monthly bidding, recurrent, ITU and vacation bidding purposes.

2. A B767 bid period package may contain B757 flight segments.

3. A B757 bid period package shall not contain B767 flight segments, unless authorized by the ALPA Scheduling Committee Chairman.

4. Open time in B757/767 bases shall be administered as follows:
   a. For the purposes of Section 25.I. (Bid Line Adjustments) and 25.N. (Volunteer), the B757 and B767 shall be considered separate, without any ability to cross between them.
   b. For purposes of reserve leveling and assignment as provided in Section 25.M., the B767 and B757 reserve pilots shall be considered a single pool of available pilots.
   c. For purposes of draft assignment as provided in Section 25.O., the B767 and B757 pilots shall be considered a single pool of available pilots.

5. Post bid period package trip creation and trip revisions, including up-gauging, down-gauging and tail swaps, shall be administered as a single base, in accordance with other provisions of the Agreement (e.g., Section 25.S. for revisions). Any related pay consequences shall be processed in accordance with this LOA.

6. It shall not be a violation of Section 9.A.1., when a B757 pilot operates a B767 pursuant to this LOA.

7. It shall not be a violation of Sections 11.L.1., 11.M.1., or 11.N.2. when a B757 instructor pilot (Line Check Airmen, Flex Instructors, and Standards Check Airmen) performs instructor duties in or operates a B767 training device or aircraft, or vice versa. Instructor pilots who instruct in or operate B767 aircraft shall be compensated as provided in paragraph E.3.

8. A B767 trip shall be appropriately designated in the bid period package and VIPS.
C. Filling of Vacancies

1. The B757/B767 aircraft type shall be staffed with separate and distinct B757 and B767 crew positions, via a posting, administered as provided in Section 24.

2. To determine the minimum number of B767 pilots relative to B757 pilots, the following shall apply:

   a. Along with each monthly bid period package, the Company shall publish:

      i. The ratio, expressed as a percentage, of B767 SCH to total B757/767 SCH in the upcoming bid period, for each B757/B767 base by crew seat (“B767 SCH Ratio”); and

      ii. The ratio, expressed as a percentage, of active non-pay only B767 pilots as published in the bid period package to the total of B757/767 active non-pay only pilots as published in the bid period package, for each B757/767 base by crew seat (“B767 Crew Ratio”).

      [Application Note: For purposes of the B767 SCH Ratio calculation, B757 SCH that are included in the B767 bid period package shall be counted as B757 SCH.]

   b. If the B767 SCH Ratio described in Paragraph C.2.a.i. exceeds the B767 Crew Ratio described in Paragraph C.2.a.ii., the Company shall publish and appropriately designate two (2) R-24 lines in the B757 bid period package for each pilot required to meet the B767 SCH Ratio. For purposes of determining the number of pilots required, a B757 pilot designated as an R-24 pilot under this paragraph shall count as a B767 pilot for the bid period of his designation. Lines published to meet the requirements of this provision shall be in addition to the required R-24 lines as provided by Section 25.D.3.e. Pilots awarded such R-24 lines shall be considered B767 pilots for purposes of all pay purposes for that bid period, including carry-in. This paragraph shall not apply if the Company is overstaffed in the B757 and B767 to the extent that the Company is buying up lines in both the B757 and B767 for the applicable crew seat to meet the minimum bid period guarantee for that bid period.

   Example: In the September bid period, the B767 SCH Ratio is 17.5%. There are 20 B767 captains and 100 B757 captains listed in the September bid period packages; therefore, the B767 Crew Ratio is 16.7% (20/120 = 16.7%). In order for the B767 Crew Ratio to equal the B767 SCH Ratio, one (1) additional B767 captain would be required (21/120 = 17.5%). As a result, the Company must include and designate two (2) additional R-24 reserve lines in the September B757 bid period package.

3. The Company shall provide the C.2.a. and b. data to the ALPA Scheduling Committee Chairman prior to bid period package publication.

4. For pilots assigned to FDA crew positions, an award or assignment from B757 to B767 or vice versa shall not trigger a new assignment or service commitment.
D. Special Bid Award (SBA)

1. Special Bid Awards (SBA) may be used to operate B767 or B757 aircraft with the "classic" configuration cockpit (a.k.a. round dial instruments) (hereinafter referred to as the "classic B767" or "classic B757").

2. Unless otherwise agreed by the parties, a B767 SBA shall be contained in the B767 bid period package, and a B757 SBA shall be contained in the B757 bid period package.

3. SBA lines
   a. B767 SBA lines shall consist of the specified classic B767 flying constructed into regular, secondary and reserve lines. SBA lines of flying shall consist primarily of the specified classic B767 flying. Limited amounts of B767 and/or designated B757 flying may be used to ensure proper balance in line construction and pay parameters.
   b. B757 SBA lines shall consist of the specified classic B757 flying constructed into regular, secondary and reserve lines. SBA lines of flying shall consist primarily of the specified classic B757 flying. Limited amounts of designated B757 flying may be used to ensure proper balance in line construction and pay parameters.

4. Pilots bidding for the SBA must be current and qualified, have no weather qualification restrictions and hold the crew position in the base designated by the Company for that specified flying. Bid awards to the SBA shall be determined in seniority order based on the seniority of the pilots in the designated crew position. If a SBA remains unfilled, it may be assigned to the most junior qualified pilot holding the appropriate crew position. An inverse assignment shall be for the duration of the posted SBA. A pilot shall not be inversely assigned to a SBA more than once in any 14 month period unless all more senior pilots eligible to bid for the SBA have also been inversely assigned to the SBA.

5. Qualified pilots who are awarded a SBA shall be obligated to bid and fly in that SBA for up to six consecutive bid periods. SBA lines shall be awarded in seniority order among pilots in the SBA.

6. Any special training required for the SBA flying, (e.g., differences training), shall be accomplished before or during the first trip of the first bid period associated with that SBA, as scheduled by the Company.

7. A pilot awarded a SBA, who bids on and is awarded or assigned to another crew position, shall be released from his SBA award during the bid period(s) in which his training for the new crew position occurs.

8. Only SBA awarded/assigned pilots and SBA qualified pilots may acquire classic B767 or B757 trips from open time or through trip trade, trip pick-up, PDO bump, etc.
E. Pay and Compensation

1. The B767 shall be considered a wide-body aircraft for the purposes of pay. The hourly rate of pay charts in Section 3 shall be amended accordingly.

2. B767 Pilots
   All CH earned by B767 pilots shall be paid at the wide-body rate of pay.

3. B757 Pilots
   Credit hours earned by B757 pilots shall be paid at the narrow-body rate of pay; provided, however, that in the following situations, the associated CH shall be paid at the wide-body rate of pay:
   a. If a B757 pilot operates a B767 trip;
   b. If a pilot earns showpay for a B767 trip;
   c. If a pilot is removed from a B767 trip with pay by the Company (e.g., bumps, NOQ); or
   d. If a B757 instructor pilot in a pay only bid period performs instructor duties on a B767 trip.

Example 1: A B757 pilot is awarded a trip which, at the time of assignment, is a B757 trip. When the trip blocks-in, it actually contained a B767 flight segment and therefore became a B767 trip. The pilot is paid at the wide-body rate of pay for the trip.

Example 2: A B757 reserve pilot is assigned and operates a B767 trip. The pilot is paid at the wide-body rate of pay for the B767 trip.

Application Note: A B757 pilot will earn his CH at the narrow-body rate of pay except when he operates a B767 trip or is removed from a B767 trip with pay by the Company. For instance, a B757 pilot may operate a B767 trip in reserve status. Any time a B757 pilot operates a B767 trip, he will earn the CH associated with that trip at the wide-body rate of pay. The definition of B767 trip locks in the minimum pay status of a trip when trip guarantee attaches, so that even if the trip is down-gauged to a B757 in actual operation, the B767 pay rate would still apply. Examples of trips removed with pay “by the Company” include bumps, SUB, and NOQ. Examples of trips not removed “by the Company” include VAC and SCX.

4. Standby Trips
   The hourly rate of pay for standby trips shall be handled in the same manner as for reserve CH. B767 pilots earn pay for standby trips at the B767 rate. B757 pilots earn pay for standby trips at the B757 pay rate unless they actually operate a B767 flight segment in standby status, in which

F. Ongoing Implementation Measures

The parties recognize that the details involved in integrating a new aircraft into the Company’s existing fleet are varied and fluid. Other measures facilitating the integration of the B767 into the Company’s existing fleet in accordance with the provisions of this LOA may be implemented if agreed upon in writing by the Vice President of Labor Relations and the Association’s MEC Chairman.

G. Effective Date and Duration

This LOA is effective on the date signed and shall remain in full force and effect concurrent with the Basic Agreement.
IN WITNESS WHEREOF, the parties hereto have signed this Letter of Agreement this 15th day of May 2013.

FOR THE COMPANY:

Captain Paul E. Cassel
Senior Vice President, Flight Operations

John D. Maxwell
Vice President, Labor Relations

WITNESS:

Captain Joe Pearson
Managing Director, Flight Operations Support

William J. Hauser
Managing Director, Crew Resource Planning & Analysis

A. Alexander Antonian
Senior Manager, Flight Operations Support

C. Scott Williams
Senior Counsel, Labor Relations

FOR THE ASSOCIATION:

Captain Donald L. Moak
President

Captain Scott Strachan
Chairman, FedEx MEC

WITNESS:

Captain Thomas S. Larsen
Chairman, MEC Negotiating Committee

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