LINE OPERATIONS SAFETY AUDIT

MEMORANDUM OF UNDERSTANDING
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

The FAA Advisory Circular No. 120-90 (AC), establishes the rationale and procedure for airlines to follow when conducting a Line Operations Safety Audit (LOSA). Both ALPA and the Company desire to implement such a program. In addition to the guidelines set out in the AC, the Company and ALPA agree to the following:

A. DEFINITIONS:

1. LOSA Steering Committee (LSC) - A committee consisting of the Managing Director of Flight Operations, the Managing Director of Safety and Airworthiness and two representatives designated by the MEC Chairman (designees are permitted when necessary).

2. LOSA Coordinator—a pilot, appointed by the LSC, responsible for day to day oversight of the LOSA Program and LOSA Observers, consistent with the directives of the LSC.

3. LOSA Observers – Non-management, non Section 9/11 (of the CBA) pilots who observe line crews on regularly scheduled flights. LOSA Observers shall be selected (or removed) by the LSC. Any training shall be approved by the LSC and done under their direction. The LOSA Vendor may provide a limited number of non-FedEx observers consistent with its standard procedures.

4. LOSA Vendor- A third-party vendor mutually agreed to by the MEC Chairman and V.P. of Flight Operations.

5. Data Verification Roundtables – Committees of at least three representatives for each fleet responsible for reviewing LOSA raw data for consistency and accuracy. Roundtables shall be conducted by the LOSA Vendor, with oversight by the LSC. Roundtable participants will be selected (or removed) by the LSC.
B. LOSA PROGRAM

1. The design, implementation, and operation of the LOSA Program shall be by mutual agreement of the Company and ALPA in consultation with the LOSA Vendor. Any variation from the agreed upon LOSA Program shall require the mutual written agreement of the MEC Chairman and V.P. of Flight Operations prior to implementation.

2. The AC states “The purpose of LOSA is to collect safety data, not to punish pilots.” AC no. 10.b.(4). In order to achieve the purposes of LOSA, information related to a LOSA observation (including LOSA data, a pilot’s statements, actions and performance observed during a LOSA ride, and a pilot’s election not to participate in a LOSA observation), shall not be used in, constitute grounds for, or be referred to in any Section 11, 19, or 21 (of the CBA) process; nor shall it be used in, referred to, constitute grounds for placement in, or considered as any Section 11 training, any Enhanced Oversight Program, or any other similar program and/or training.

3. In order for LOSA to succeed as a viable safety project, support from both ALPA and the Company is essential. ALPA and the Company will communicate their joint sponsorship to the pilots through an agreed to statement. In addition, an agreed to communication co-signed by the Company and ALPA shall be distributed to every pilot at the airline. Both communications, at a minimum, shall include:

   (a) the purpose of the LOSA program;
   (b) the non-disciplinary and non-training protections afforded through LOSA participation, in addition to the confidentiality and non-identification protections;
   (c) notifying the pilots of their ability to decline a LOSA observation at their discretion; and
   (d) an agreement to publish a summary of LOSA results along with an outline of initial actions and proposed changes.

4. The design and implementation of the LOSA Program shall ensure the confidentiality and anonymity of individual crew members. Under no circumstances should it be possible to connect or otherwise identify individuals or a crew that participated in (or declined) a LOSA observation.

5. The LCSA Program will be a voluntary, and completely optional peer-to-peer observation of normal line operations.

6. The LCSA Vendor in coordination with the LSC will hold on-site data verification roundtables to check data for consistency and accuracy before beginning analysis for the LOSA report.

7. All information shared with any member of the LSC shall be shared equally with the other members. LSC members will have equal access to any reports compiled by the LOSA Vendor. The LOSA Vendor shall provide debriefs covering the same information to FedEx Officials and ALPA Officials as designated by the MEC Chairman.
Para. B.

8. The full LOSA report shall be made available to any other FedEx pilot for review on Company property at mutually agreeable times, provided that the pilot has signed an agreed to non-disclosure agreement prohibiting disclosure to persons outside of the Company. General highlights of the full LOSA report, as determined by the LSC, shall be communicated to the crewforce in the fiscal quarter after its presentation to management. Other LOSA information will be shared with the crewforce as part of appropriate training programs, as directed by the LSC.

9. Any alleged violation of the requirements of the agreed upon LOSA Program, or the terms of this MOU, shall be promptly reviewed and investigated by the LSC. The LSC may suspend the program until the infraction is resolved to its satisfaction.

10. Either party may withdraw from this MOU by giving notice to the other party at any time, for any reason.

11. Future LOSAs may be conducted under the provisions of this MOU with the written consent of the MEC Chairman and V.P. of Flight Operations. If the LOSA Vendor is not involved in a future LOSA, language in this MOU identifying the LOSA Vendor will apply equally to such future vendor.

C. PROGRAM OPERATION

1. The LOSA Coordinator shall oversee the day to day operations of the LOSA Program and establish necessary policies and procedures to ensure compliance with the provisions of this MOU. The LOSA Coordinator shall act in accordance with LSC direction.

2. At a minimum, LOSA Observer training consists of a two day training program.
   a. LOSA Observers selected from the crewforce will consist solely of pilots on the Master Seniority List, excluding Flight Management and Section 9/11 (of the CBA) pilots. The LOSA Vendor may provide a limited number of observers consistent with its standard procedures.
   b. LOSA Observers will be fully trained on LOSA Ethics, Threat and Error Management concepts, observational coding and narrative write-up for contextual support, etiquette and rationale, and use of any forms and recording tools to include the protection of non-identified data (flight number/date, crew names, observer names, etc.).
   c. LOSA Observer training shall be scheduled during a LOSA Observer’s pay only bid period. Training days shall be compensated at 4:30 CH per day in addition to a LOSA Observer’s pay only BLG/RLG.

3. LOSA observations shall be limited to regularly scheduled flights, with one flight segment for each observation. Line checks, initial operating experience, or other training flights shall not be used as LOSA observation flights.

4. All LOSA observations are collected with voluntary crew participation. Before conducting LOSA observations, observers will first ask the flight crew for permission to be observed. If any one of the flight crew declines, the observer will not conduct the observation, no questions asked.
D. HANDLING OF COLLECTED DATA

1. All data will be collected with a LOSA Vendor developed software package.
   a. Observers will enter their data into the software, save it to an encrypted data file, and
      send it directly to the LOSA Vendor using agreed upon methods.
   b. Data collected from the LOSA Program will be considered LOSA data and will comply
      with all the provisions of this MOU.

2. LOSA Observers are prohibited from recording names, flight numbers, dates, or any other
   information that can identify a crew or individual. After entering data into the approved
   software, no other notes or records of any kind will be kept.

3. In order to maintain confidentiality, no party will have access to any LOSA data that could
   identify a pilot.

4. Any data collected for the LOSA program shall be held in strict confidentiality and shall not
   be disclosed except in accordance with the guidelines established in the AC and the
   requirements of this MOU.

5. At the end of the data collection phase, a joint announcement will be made to the crewforce
   stating at a minimum that the LOSA observations have been completed, how many and on
   what fleets, and when the crewforce can expect to see the results.

E. SCHEDULING

1. The LOSA Coordinator and LOSA Vendor will schedule and coordinate all line observations.
   a. Specific pairings will be built for observers in the same manner that LCA pairings are
      built (to include DHs as appropriate).
   b. Seniority will be considered but will not be the sole factor in building the observation
      trips.

2. The LOSA observer will be designated as an ACM (for priority status only) on the Flight
   Plan/Release (FP/R).

3. Scheduling issues and conflicts will be resolved by the LOSA Coordinator but will not
   conflict with the provisions of the CBA. If a member of the LSC, the LOSA Coordinator, or
   any LOSA Observer cannot take his scheduled vacation due to LOSA duties, Section 7.E.1.b.
   of the CBA shall apply as if he were in ITU training during the footprint of the conflicting
   LOSA duties.

4. The maximum number of LOSA observations scheduled on a LOSA Observer’s Pay Only
   Line shall be the following:
   a. The maximum number of observations during the entire audit shall be 14 for each LOSA
      Observer.
   b. For observations occurring under Section 12.C.1.a. of the CBA (“domestic provisions” or
      international trips scheduled under Section 12.D.1.b. and D.1.c.), a pilot shall not be
      scheduled for more than 9 observations (11 in a five week bid period).

c. For observations occurring under Section 12.D. (with the exception of Section 12.D.1.b. and D.1.c.), a pilot shall not be scheduled for more than 7 observations (9 in a five week bid period). If a pilot has both “domestic” and “international” trips in the bid period, however, the paragraph E.4.c. shall apply.

d. If the actual CH value of a LOSA Observer’s observation trip(s) exceeds the pilot’s awarded pay only BLG/RLG, the LOSA Observer will be paid the difference at 150% of the pilot’s normal pay rate.

F. COMPENSATION

1. For every LSC meeting day (which shall include training and travel days), the Company will remove the ALPA pilot members from duty as provided for TRB members under Section 18.A.2.a. of the CBA. LSC members shall be compensated and treated accordingly under Section 18.B. However, the Company shall not seek any reimbursement under Section 18.C.

2. In bid periods during which a LOSA Observer is scheduled to conduct observations and/or LOSA training, the observer will bid a line for “Pay Only,” without carryover. The LOSA Observer will be entitled to any applicable per diem and international override. In addition, the LOSA Observer will be entitled to Special Project Pay under Section 4.S. of the CBA of 5 hours for each observation write up, and such write up shall be considered as occurring on a “scheduled day off.”

3. The LOSA Coordinator will bid a line for “Pay Only” for the bid periods approved by the LSC.

4. If the LOSA program is not completed within the planned time frame, with the consent of the LSC, the LOSA observations required to complete the program will be scheduled by the LOSA Coordinator using available and willing LOSA Observers in a non-pay only bid period.

Agreed this 9 day of February, 2010.

FOR THE COMPANY

Captain Paul E. Cassel

WITNESS:

John D. Maxwell
Managing Director, Labor Relations Law

FOR THE ASSOCIATION

Captain Scott M. Stratton

WITNESS:

Captain John S. Gustafson
Chairman, MEC Negotiating Committee