

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

FLIGHT OPERATIONAL QUALITY ASSURANCE (FOQA) PROGRAM

This Letter of Agreement ("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" or "CBA"), effective February 28, 2011.

WHEREAS, the parties have met to discuss the implementation of a Flight Operational Quality Assurance ("FOQA") Program wherein recorded digital flight data is collected and analyzed; and

WHEREAS, the Company currently collects and analyzes such digital flight data under a Flight Data Management ("FDM") Program in the absence of an approved FOQA Program; and

WHEREAS, Federal Aviation Regulations have been issued concerning FOQA Programs that contain specific protective provisions satisfactory to both the Company and the Association; and

WHEREAS, pursuant to 14 CFR Part 13.401, the FAA Administrator has committed that, except for criminal or deliberate acts, the FAA will not use an operator's FOQA data or aggregate FOQA data from a carrier's approved FOQA Program for an enforcement action; and

WHEREAS, the parties acknowledge that FOQA is a voluntary program; and

WHEREAS, the parties intend that the sole purposes of a FOQA Program will be to enhance the safety and optimize flight operations of FedEx Express.

NOW, THEREFORE, it is mutually agreed:

A. Definitions

For purposes of this LOA, the following definitions shall apply:

1. **Aggregate Data.** The summary statistical indices that are associated with FOQA event categories, based on an analysis of FOQA data from multiple aircraft operations. At FedEx, this means a combination of de-identified data from multiple flights from which statistical conclusions or trends can be derived.
2. **De-identified Data.** When used within Federal Express, de-identified data is data from which the flight number and date have been removed and replaced with the month and year. This is to obscure the connection of the event to a particular flight crew. If required by the FAA, Operator data which is provided to the FAA may be further de-identified by removal of identifying elements that could be used to identify the operator.
3. **Event.** An occurrence or condition in which predetermined values of aircraft parameters are measured. Events represent the conditions to be tracked and monitored during various phases of flight and are based on sensory data parameters available on a specific aircraft fleet.
4. **Event Category.** Event categories are areas of operational interests (e.g., aircraft type, phase of flight, geographical location) on which FOQA event monitoring and trend analysis is based.
5. **Event Levels.** The parameter limits that, if exceeded, classify the degree of deviation from an operator-determined standard into one or more event severity categories. When assigning levels to an event, consideration is given to compliance with federal regulations, aircraft limitations, and company policies and procedures.
6. **Event Validation.** The process in which an event is determined to be a valid sample of operation outside the established norm. Even though aircraft parameter limits may have been exceeded, a valid event may not have occurred (e.g., significant localizer deviation may have occurred when an aircraft was making a sidestep approach to a parallel runway.)
7. **FOQA Data.** The digital flight data collected from an individual aircraft that has been inputted into the FOQA GDRAS system pursuant to an FAA-approved FOQA program, regardless of the electronic format.
8. **FOQA Ground Data Replay and Analysis System (GDRAS).** A sophisticated software application that transforms flight-recorded data into a usable form, analyzes that data and detects events, and generates reports for review within the FOQA Program. GDRAS is a system

designed to collect and process data from all FDM-equipped aircraft in the FedEx Fleet. The FOQA GDRAS system will be maintained within Flight Safety.

9. **FOQA Monitoring Team (FMT).** A committee of pilots appointed by the Company and one Association representative from each aircraft fleet type included in the FOQA program. The Association's representatives shall be selected by the MEC Chairman, or his designated representative. The FMT also shall include the FedEx FOQA Manager, FOQA analysts, and, on an as needed basis, others who will be appointed by the FOQA Steering Committee to help assist in special circumstances. The FMT is chaired by the FOQA Program Manager. All FMT members shall be active FedEx employees.
10. **FOQA Program.** The program designed primarily to enhance AOD Safety through the routine collection and controlled analysis of recorded flight data that is described in this LOA and the FedEx FOQA Implementation and Operations Plan (I&O Plan).
11. **FOQA Program Manager.** The FOQA Program Manager is responsible for the overall day-to-day management, administration, security, and maintenance of the FOQA program.
12. **FOQA Steering Committee.** An oversight committee formed at the beginning of FOQA program planning to provide policy guidance and vision for the FOQA effort. Membership on the Steering Committee shall include one representative each from Air Safety, Training, Standards, Flight Operations, Maintenance, and two (2) representatives of the Association. Representatives or observers from other areas may be permitted with the consent of both parties. The FOQA Steering Committee will be chaired by the Managing Director, Air Safety. The Company shall bear the reasonable flight pay loss of the Association's representatives when attending FOQA Steering Committee meetings.
13. **Gatekeeper.** The person(s) who is primarily responsible for the security of identified data. The Gatekeeper has limited ability to link FOQA data to an individual flight crewmember. If further information is needed to understand the reason why an event occurred, the Gatekeeper(s) is the only individual who may contact a crewmember to elicit further information based on the FOQA Data. There shall be four Gatekeepers and two alternate Gatekeepers. All Gatekeepers/alternates shall be selected by the FedEx MEC Chairman, who shall consider the Company's input prior to selection. Gatekeepers may also function as FMT members.
14. **Identified FOQA Data.** Identified FOQA Data means any collected FOQA Data prior to removal of all identifying data. When used within FedEx

Express, identified data is FOQA Data that contains the flight number and date.

- 15. Identifying Data.** Any data or combination of data which allows recorded or collected flight data to be associated with a specific crewmember.

B. FOQA Program

1. The Company shall develop and secure FAA approval of its FOQA Implementation and Operation Plan (I&O Plan). The Company will consult with the Association in the development of such plan, which will include a detailed description of how data is collected and analyzed. The design of the FOQA Program will ensure the initial confidentiality and ultimate anonymity of individual crewmembers.
2. The Company and the Association will cooperate in the design, implementation, and operation of the FOQA Program.
3. Either party may terminate the FOQA Program by providing written notice to the other party. Notice to Terminate the FOQA program must be given in writing by the FedEx MEC Chairman or the FedEx Vice President, Safety and Airworthiness. If the FOQA Program is terminated for any reason, the parties will revert to the rights they had, relative to flight data, prior to the effective date of this LOA.

C. Scope and Administration of this FOQA LOA

1. De-identified data will be maintained to fulfill the requirements of the FOQA Program. All de-identified data, and analysis of such data, will be made available to the parties.
2. Only members of the FMT and Flight Safety Department members approved by the Managing Director, Air Safety and Regulatory Compliance, will be granted access to FOQA GDRAS. Such Flight Safety personnel will be identified to ALPA in advance.
3. The FMT will establish events and exceedance values. There will be continual evaluation of events and exceedance values by the parties and all changes, deletions, or additions will be approved by the FMT.
4. Any special studies or evaluations using identified FOQA data require approval by the FMT and Gatekeeper.
5. De-identified FOQA data may be used by the Company or released to third parties in the normal course of business for the purposes of safety, reliability or operational efficiency/performance studies. De-identified or aggregate FOQA data may be released to government/industry agencies or organizations to meet regulatory reporting requirements (e.g., data sent

to ASIAs to meet 14 CFR 13.401). FOQA Data released to a third party shall be de-identified to the maximum extent possible. With the exception of FOQA Data released to ASIAs, the Company will consult with the Association prior to the release of such data. The Company shall not require FMT/Gatekeeper approval for its use of de-identified FOQA data for internal purposes. (For instance, aggregate FOQA Data may be used to brief insurance underwriters, trade associations, the Association, FedEx pilots, aviation industry representatives, and government entities as necessary).

D. Data Retention

1. Identifying data will be removed from the Identified FOQA Data as soon as possible, but no later than fifteen (15) days from the date of acquisition of the FOQA data by the Company. Through its Gatekeepers, ALPA shall not allow FOQA data to become de-identified without a Gatekeeper first having reviewed the identified FOQA data.
2. The Company will maintain FOQA Data for a minimum of twenty-four (24) months.
3. Except as provided in Section C above of this LOA, any employee/agent of either the Company or the Association who has possession, access to, or knowledge of any identified FOQA Data will be prohibited from divulging any such data to any individual other than a Gatekeeper.

E. Data Use

1. Only a Gatekeeper is authorized to determine the individual pilot(s) associated with any specific FOQA Data.
2. Any notes, memoranda, or other documents used by a Gatekeeper in any contact with any pilot(s) concerning a specific FOQA event will be considered "Identified FOQA Data" for purposes of this agreement and will be "de-identified" as defined in this LOA.
3. All FMT members shall be required to sign an agreed upon non-disclosure agreement binding such member to the terms of this agreement as it pertains to data disclosure, during and after their tenure as FMT members.
4. In the event any person divulges any Identified FOQA Data to anyone other than a Gatekeeper, or without expressed Gatekeeper consent, in violation of this LOA, such person shall be immediately removed from any participation in the FOQA program.
5. The FOQA Program will be used for evaluating and improving the following areas:

- (a) safety;
- (b) aircraft performance;
- (c) aircraft systems;
- (d) pilot performance;
- (e) operational performance;
- (f) company procedures;
- (g) training programs;
- (h) fleet technical initiatives, projects, and programs;
- (i) aircraft design;
- (j) ATC system operations;
- (k) airport operational issues;
- (l) meteorological issues;
- (m) technical Operations; and
- (n) any other area mutually agreed to by the parties.

6. FOQA Data shall not be used in discipline/discharge action or investigation, including System Board of Adjustment proceedings.

F. FOQA Monitoring Team – Association Representatives

1. Association Representatives will be appointed to the FMT by the MEC Chairman. The Association will provide at least one representative for each FedEx aircraft type from which FOQA data is collected. The Air Safety Department will schedule FMT activities.
2. The MEC Chairman will provide a list of Association Representatives to the Managing Director, Air Safety, prior to implementation of the FOQA I&O Plan. This list will be updated as necessary, on a timely basis. Any changes to such list will be communicated to the Managing Director, Air Safety.
3. The FOQA Gatekeeper(s) will assist in reviewing trends, attempting to determine the root cause of events or exceedances, and suggesting potential corrective actions to improve flight safety or flight operations. As a part of this process, the Gatekeeper should, when required in the interests of safety, contact an individual crewmember(s) in order to

ascertain facts related to the event, exceedance, or flight in question. The Gatekeeper is authorized to recommend to the crewmember(s) that he/she should submit an ASAP report and can assist in coordinating its submission. The Gatekeeper also may offer to assist the pilot(s) with extra training (i.e., SIM, OE, etc.). Such de-identified proficiency training will be voluntary on the part of the subject pilot(s) and must be coordinated with Flight Training.

G. Compensation for FOQA Related Activities

1. Gatekeepers shall be removed from flying in accordance with Section 18.A.2.a. of the Basic Agreement and shall be compensated in accordance with Section 18.B.2. of the Basic Agreement. ALPA FMT representatives shall be removed from flying in accordance with Section 18.A.3. of the Basic Agreement and shall be compensated in accordance with Section 18.B.2. of the Basic Agreement.
2. The Company shall bear the cost for the compensation paid during the training of the initial Association participants on the FMT, plus two alternates. For subsequent years, the Company shall bear the cost of any recurrent training. Training for successor participants may be provided by the Company if available; however, successor participants will normally be trained 'on-the-job' by incumbent participants.
3. The Association shall provide a Gatekeeper for up to 196 work days per calendar year. Gatekeeper availability shall be coordinated with the FOQA program manager.

H. Duration and Effect on Other Agreements

This Letter of Agreement shall become effective upon execution by both parties 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 concerning the Flight Operational Quality Assurance Program this ____th day of _____, 201__.

[Signature Page to Follow]

[Date TBA]

Captain John S. Gustafson
Chairman, FedEx ALPA MEC Negotiating Committee
1770 Kirby Parkway, Suite 300
Memphis, TN 38138

RE: Flight Operational Quality Assurance (FOQA) Program

Dear Captain Gustafson:

I am pleased that we were able to reach a tentative agreement on a Flight Operational Quality Assurance (FOQA) Program Letter of Agreement. In our discussions about paragraph C.5., of the LOA, you suggested that we elaborate on the following sentence, found in that paragraph: "FOQA Data released to a third party shall be de-identified to the maximum extent possible."

Normally, FOQA data sent to third parties will be de-identified by removing both flight number and date. When sending FOQA Data to vendors (ex. Engine manufacturers), however, it may be necessary to include tail number and date. While such data would not qualify as "Identified FOQA Data," as set forth in Definition 14, we nevertheless wanted to make you aware of this common business practice and the necessity for it. In no case will data be considered de-identified if it contains both flight number and date.

Sincerely,

FEDERAL EXPRESS CORPORATION

John D. Maxwell
Vice President, Labor Relations

Accepted and agreed to on behalf of the Air Line Pilots Association:

Captain John S. Gustafson
Chairman, FedEx ALPA MEC Negotiating
Committee

Dated this ____ day of ____, 2011

Attachments