

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

Foreign Duty Assignments in the EMEA and HKG

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"), effective on February 28, 2011, and

WHEREAS, the Company and the Association agree that the following terms and conditions shall govern Foreign Duty Assignments (hereinafter referred to as "FDAs") in the Europe, Middle East, and Africa Region (hereinafter referred to as "EMEA") and Hong Kong (hereinafter referred to as "HKG").

NOW, THEREFORE, the parties agree as follows:

A. Authorized FDAs and Establishing a New FDA in the EMEA

1. This LOA authorizes the Company to center FDAs in:
 - a. Hong Kong (HKG);
 - b. Cologne, Germany (CGN); and
 - c. Paris, France (CDG), provided, however, that if the Company establishes an FDA in CDG under this LOA, the housing allowance shall be determined in accordance with Paragraph A.2.d., of this LOA.
2. The Company may establish a new FDA in the EMEA, if agreed upon in writing by the Association's MEC Chairman and the Vice President of Flight Operations under the following conditions:
 - a. The Company shall notify the Association's MEC Chairman, in writing, of the location and anticipated date the Company plans to begin staffing the FDA.

- b. The FDA is centered at an airport located in Switzerland, Germany, Great Britain, Ireland, Spain, the Netherlands, or Belgium.
 - c. The location is determined to be acceptable from a safety, security, and accessibility standpoint.
 - d. A housing allowance is provided to pilots assigned to the FDA that is not less than \$3,500, which shall be adjusted for the difference in the cost-of-living between CGN and the location of the new FDA, as follows:
 - i. The Baseline Maximum Per Diem Rate (BMPDR) for the CGN FDA (as defined in paragraph C.2.d.i.(c) below) and the Maximum Per Diem Rate (MPDR) for the new EMEA FDA location shall be sampled on the date the Company notifies the Association that it plans to establish a new EMEA FDA.
 - ii. The initial housing allowance in the new EMEA FDA location shall be based on the ratio between the most recent housing allowance in the CGN FDA and the corresponding BMPDR for CGN, when compared to the MPDR for the new EMEA FDA location (rounded to the nearest whole dollar).
 - iii. The minimum monthly housing allowance for the new EMEA FDA location shall be based on the ratio between the MPDR in the CGN FDA and the MPDR in the new EMEA FDA location, when compared to \$3,500 (rounded to the nearest whole dollar).
 - e. The terms and conditions of this LOA applicable to the FDA centered in CGN shall apply to a new EMEA FDA.
- 3. Provided that the prerequisites of paragraph A.2. of this LOA are satisfied, the Association's agreement shall not be unreasonably withheld. The Company shall have the burden of proof and persuasion in a proceeding in which this provision is contested.
 - 4. Nothing in this LOA shall be construed to limit the Company's ability to establish an FDA in accordance with Section 6 of the Basic Agreement.

B. Permanent Vacancies in FDAs

Permanent vacancies for FDAs in the EMEA or in HKG shall be posted, bid upon and awarded as provided in Section 24 of the Basic Agreement with the following modifications:

- 1. Under the crew position posting as provided under Section 24.B.1.b.vi., the Company shall also include any known restriction related to the EMEA or HKG FDAs.
- 2. The 18 month bidding restriction set forth in Section 24.E.1.b. of the Basic Agreement shall be waived with respect to pilots bidding for permanent vacancies in FDAs.
- 3. In order to be awarded a permanent vacancy in an FDA, a pilot must

agree to sign a FDA Personal Agreement (hereinafter "Personal Agreement"), agreed upon by the parties (Attachment A), which provides, in part, that the pilot's terms and conditions of employment are governed by the Basic Agreement and applicable laws of the United States, and not by the laws of the country where the FDA is located.

- a. In order to bid on an FDA vacancy, a pilot must first indicate, via VIPS, his commitment to sign the Personal Agreement.
- b. Pilots awarded vacancies at an FDA will be provided with paper copies of the Personal Agreement and shall sign and return such signed copies to the System Chief Pilot prior to the start of any training for the FDA vacancy, or, if no training is required, then prior to the distribution of any benefits stemming from the pilot's FDA vacancy award (e.g., seed money).
- c. Absent extenuating circumstances, if a pilot later fails or refuses to sign the Personal Agreement in the required time frame, he shall be restricted from participating in a vacancy bid for 2 years. Such restriction shall not preclude the pilot from being involuntarily excessed from his currently awarded/assigned crew position, nor shall such bid restriction result in passover pay for any pilot.
- d. If a pilot violates any aspect of the FDA Personal Agreement:
 - i. The pilot may, at the Company's option, be required to transfer to a non-FDA crew position consistent with the pilot's seniority. Such pilot's reassignment shall not generate passover pay for any pilot.
 - ii. Nothing in this paragraph shall be construed so as to limit any action the Company might take under Sections 19, 20, and 21 related to a pilot's violation of the Personal Agreement.

4. Visas and Other Required Credentials

- a. The Company shall cover the cost of obtaining visas and other official credentials that are required for the pilot to live and work in the FDA (e.g., residence and work visas, HK Identification Card, etc.). To the extent that a pilot's family relocates with him to the FDA, the Company shall also cover the cost of such visas and other official credentials that are required for the pilot's family to live in the FDA. Pilots shall coordinate and cooperate with the Company's designated representatives for the purpose of securing said visas and credentials.
- b. If, having been awarded a permanent vacancy in an FDA, a pilot is unable to secure or maintain any required visa or credentials, he shall contact his Chief Pilot immediately and shall be released from his FDA vacancy award.
- c. If a pilot's spouse or child is unable to secure or maintain the required visas or credentials, the pilot may elect to be released from his FDA obligation by submitting an appropriate explanation to the System

Chief Pilot. The timing of the release shall be determined by the System Chief Pilot, after consultation with the pilot, and shall balance the pilot's desires with the Company's operational requirements.

- d. The crew position of a pilot who was released from his FDA vacancy award as described in this paragraph shall be determined as provided in Section 13.A.6.b.ii. of the Basic Agreement as if the pilot had been on a leave of absence when the posting on which he was awarded the FDA vacancy closed.
- e. The pilot's inability to secure or maintain required visas or credentials shall not, by itself, constitute grounds for penalty or discipline.

C. Relocation Package Options in the EMEA and HKG FDAs

Except as provided in paragraph L of this LOA, below ("Crew Position Changes to Different FDAs in the Same Geographic Location"), within 15 days after being awarded a permanent vacancy in an FDA, a pilot shall choose from either the "Existing CBA Option" or the "Enhanced Option" set forth in paragraphs C.1. and C.2. of this LOA, respectively.

1. Existing CBA Option (3 year commitment)

Pilots who choose the Existing CBA Option shall be entitled to the following:

- a. Relocation benefits as described in Section 6 of the Basic Agreement, except that Section 6.E.1.e. (FDA Bonus) shall be inapplicable.
- b. Tax equalization as provided in paragraph D. of this LOA.

2. Enhanced Option (2 year commitment)

Pilots selecting the Enhanced Option shall be entitled to the following, in lieu of the benefits available under Section 6 of the Basic Agreement:

a. Seed Money

Pilots who select the enhanced option shall be entitled to a one time payment of \$10,000 which shall be paid upon:

- i. a pilot's activation into his FDA crew position, and
- ii. the Company's receipt of all required documentation, including documentation required for the processing of the tax equalization program and all necessary immigration paperwork.

b. Four Year Service Credit

If a pilot completes 48 months as an active pilot in the same FDA, he shall receive an additional \$5,000. This payment shall be made within 30 days after the pilot completes his 48th month as an active pilot in the FDA. If a pilot upgrades within the FDA, time spent in ITU training will not be counted toward the 48 months.

c. Storage

A pilot shall be entitled to expenses associated with the storage of his household goods in the location of his permanent residence immediately preceding his assignment to the FDA. Reimbursement shall not exceed \$4,000 per year and the storage must be at a commercial storage provider. In addition, the Company will assume the cost of packing such goods (subject to the standard limitations regarding the types of goods to be shipped/stored (which are catalogued in Section 6.C.1.b.)), and the cost of transporting them to and from the storage facility (local transportation only). Requests for reimbursement of storage fees must be submitted within 90 days of the date the expense was incurred, in accordance with the Company's standard procedures concerning expense reporting.

d. Housing Allowance.

i. Rental Allowance

Pilots shall be entitled to a rental allowance as set forth below to offset the cost of rental housing in the FDA location.

(a) The monthly rental allowance in the HKG FDA shall be a minimum of \$4,500 beginning with the first full bid period after ratification of this LOA.

(b) The monthly rental allowance in the FDA centered in CGN shall be a minimum of \$3,500.

(c) Cost of Living Protection for Rental Allowance

The U.S. Department of State Foreign Maximum Per Diem Rate (MPDR) for each FDA location shall be sampled on March 1, 2011, which will establish the Baseline Maximum Per Diem Rate (BMPDR). On the first business day of each subsequent calendar quarter, the MPDR for each FDA shall be sampled. If the applicable MPDR on that day varies from the BMPDR by more than 10%, the Company shall adjust the applicable rental allowance by the percentage change in the MPDR. The adjustment shall be effective beginning with the first full bid period that begins at least 15 days after the sampling. Any adjustment shall be announced via FCIF.

(d) If the rental allowance is changed pursuant to this mechanism, the MPDR on which the new housing allowance was based shall constitute the new BMPDR.

ii. Home Ownership Allowance. Pilots who choose to own rather than rent their housing shall be entitled to a monthly home ownership allowance of \$1,300 per month.

iii. To be eligible for the housing allowance, pilots must establish and maintain a primary residence in the country containing the airport at

which the FDA base is centered (For purposes of this paragraph, HKG shall be considered part of China). Additionally, the pilot must occupy the housing for which an allowance is being paid. Standards for determining whether a pilot has relocated his permanent residence under this paragraph shall be the same as for full relocations under Section 6 of the Basic Agreement. The housing must be located within 100 nautical miles of the base airport. A larger radius may be approved on a case by case basis by the System Chief Pilot, if the proposed residence affords access to the hub airport that is at least as expeditious and reliable as comparable residences inside the 100 nm radius and is within the same country in which the FDA crew base airport is located. Note: The requirement that pilots establish and maintain a primary residence in the country containing the airport at which the FDA base is located shall not apply to pilots who elected the Enhanced Option prior to the effective date of this LOA.

- iv. The housing allowance shall be paid the first month in which the pilot is assigned to the FDA and has secured a primary residence pursuant to paragraph C.2.d.iii. of this LOA. In the first and last month of a pilot's assignment to the FDA, if the pilot is assigned to the FDA for less than a full month, his housing allowance for that month(s) shall be prorated. The pilot must provide adequate substantiation including, but not limited to, a lease agreement, canceled checks, or receipts, to his Chief Pilot.
- v. In cases of a pilot's persistent failure to maintain timely contact and completion of required documentation pertaining to the tax equalization program, the Company may suspend the pilot's housing allowance, provided however that the Company gave the pilot prior notice of his delinquency and the pilot was given at least 60 days to rectify that delinquency.
- e. Tax equalization as provided in paragraph D. of this LOA.
- f. Airline Tickets. The pilot shall be entitled to one set of round-trip business class tickets to position himself and his dependents from his permanent residence to the FDA at the beginning of his assignment and from the FDA to his next base at the conclusion of his assignment. For each year a pilot completes in the FDA location as an active pilot after the end of his two year commitment, the Company shall provide one set of coach class round-trip tickets for the pilot and his dependents living with him at the FDA back to the location of his permanent residence (or a destination of similar cost).
- g. Commitment Period
 - i. A pilot must complete two years as an active pilot in the FDA, unless released from his obligation due to extenuating circumstances by the Vice President, Flight Operations.

- ii. If a pilot fails to complete his commitment period without a release from the Vice President, Flight Operations, he shall be obligated to repay his seed money and any money paid by the Company for storage.
- iii. If a pilot changes or attempts to change his crew status within his FDA (e.g., upgrades from F/O/HKG to CAP/HKG), his original commitment period shall be extended by twelve months plus the time spent in training. In the EMEA FDA, however, a pilot may change his crew status in this manner only if the pilot can activate to the new seat and actually perform revenue operations in that seat for at least 12 months prior to the end of his EMEA FDA assignment. This restriction may be waived by the Vice President, Flight Operations, in extenuating circumstances.

iv. Furlough or Excess

In the event that a pilot assigned to an FDA is furloughed or excessed and that pilot has a lease/rental obligation in the FDA that extends beyond his furlough date or his projected activation into his new crew status, the Company shall assume responsibility for reasonable and customary lease termination fees, provided however that the pilot previously provided the Company with a copy of the lease agreement pursuant to paragraph C.2.d.iv. of this LOA, has taken reasonable steps to mitigate or reduce the termination fees, and has fully cooperated with the Company in this regard.

In the event that a pilot assigned to an FDA is furloughed or excessed, he shall be entitled to the benefits set forth in Section 6.E.2.b.ii. or iii. of the Basic Agreement (as appropriate).

v. Return Household Goods Shipment

Upon successful completion of his commitment period, a pilot is entitled to household goods shipments via FedEx Express, on a space available basis, of up to a total of 3,000 pounds. This benefit shall include the cost of packing such goods (subject to the standard limitations regarding the types of goods to be shipped/stored (which are catalogued in Section 6.C.1.b. of the Basic Agreement)), and the cost of transporting them as described above. Unless different locations are authorized by the Managing Director, Human Resources Operations Support, shipments shall be, at the pilot's option, from the pilot's residence in the FDA base where he served his commitment to:

- (a) his last domestic pre-FDA residence, or a different location involving no greater cost to the Company; or
- (b) his new base.

If a pilot chooses a location which exceeds the cost to the Company described above, his return household shipment benefit

shall apply provided he pays the difference in cost. This provision shall not limit or abridge any relocation rights which accrued to the pilot prior to his FDA assignment (e.g., rights accrued by SFS and ANC pilots under 1999 and 2006 FDA LOAs).

- h. In the event the Company closes an FDA, pilots who have not met their commitment period shall not be required to repay any seed money or monies paid by the Company for storage and shall be permitted to return up to a total of 3,000 pounds of household goods as provided under paragraph C.2.g.v.
- i. Upon a pilot's activation into an FDA crew position, he shall be entitled to a household goods shipment to his FDA location via FedEx Express, using international economy (IE) service (or the most comparable such service if IE is discontinued), not to exceed a total of 1,000 pounds. This benefit shall include the cost of packing such goods (subject to the standard limitations regarding the types of goods to be shipped/stored (which are catalogued in Section 6.C.1.b. of the Basic Agreement)), and the cost of transporting them to the pilot's residence in the FDA. If the pilot's shipment exceeds 1,000 pounds, the pilot shall be responsible for paying the cost of the excess.
- j. Orientation and Housing Search Services
 - i. During the first 30 days of a pilot's assignment to the FDA, the Company shall make available to FDA pilots local real estate and orientation assistance. This shall be provided through individuals who are fluent in the local language and who are familiar with the FDA location. This service may last up to four days and may be provided individually or in small groups.
 - ii. In extraordinary circumstances, an additional day(s) may be approved by the Vice President, Flight Operations, or his designee. Any additional days not approved by the Company shall be at the pilot's expense. A pilot may use his Company credit card to pay for any additional days and the amount of the expenditure will be recovered through payroll deduction as provided in Section 3.E.1.a.iv. of the Basic Agreement.
 - iii. Initial Residence upon Arrival.
 - (a) During the first 30 days of a pilot's assignment to the EMEA FDA, he may be required to stay, at the Company's expense, in an extended stay hotel that has been jointly approved by the Company and the Association. To the extent that the daily cost of the hotel stay is less than \$250, the Company will pay the pilot the difference between the cost of the hotel stay and \$250.
 - (b) Pilots assigned to the HKG FDA (or the EMEA FDA if the pilots are not so required pursuant to paragraph C.2.j.iii.(a) of this LOA) may elect to live in a local hotel for up to 30 nights in the

first 60 days of his assignment. The Company will reimburse pilots making this election for the cost of hotel arrangements up to \$250 per night.

- (c) In extraordinary circumstances, the Vice President, Flight Operations, or his designee, may approve additional days of hotel usage for pilots in the FDA.
 - (d) Payments for hotel stays pursuant to these provisions are in lieu of the housing allowance set forth in paragraph C.2.d. of this LOA.
- iv. The Company will provide one holding deposit per pilot per assignment to an FDA arranged through the Company's vendor for facilitating relocations in the FDA. The holding deposit shall be offset against the pilot's deposit assistance benefit, or his housing allowance, as applicable. In the event a rental agreement is not consummated and the holding deposit, or portion thereof is forfeited, the Company may seek reimbursement from the pilot, unless the deposit was forfeited due to circumstances beyond the pilot's control. If a holding deposit is forfeited for reasons beyond a pilot's control, another holding deposit may be provided at the Company's discretion.
 - v. The Company shall provide four months of ongoing telephonic support measured from the first day of onsite housing assistance provided to the pilot. This shall be provided through individuals who are fluent in the local language and who are familiar with the FDA location.
- k. Deposit Assistance
- i. If a landlord/lessor requires an advance deposit(s) as a requirement of leasing a residential property, the Company shall provide deposit assistance up to a maximum of \$10,000 per pilot. The purpose of the deposit assistance is to mitigate the financial burden placed upon pilots who are required to supply advance deposits. The provision of the deposit assistance shall be on a tax free basis to the pilot.
 - ii. In the event that a pilot is transitioning from one FDA rental residence to another, the Company shall provide deposit assistance for the rental of the second residence. When the Company renders deposit assistance for a second property without first receiving a refund of monies deposited on the first rental, the total deposit assistance outlay shall not exceed \$20,000 between the two deposits, provided however that deposit assistance for a second property is available only if the pilot has made reasonable and timely efforts to obtain the return of his deposit by the

landlord/lessor of the first property and has fully cooperated with the Company in this regard.

- iii. This deposit shall be paid directly to the landlord/lessor as applicable, once the pilot supplies documentation establishing the existence of the deposit requirement.
- iv. At the conclusion of the pilot's lease, the refundable portion of the deposit for which the assistance was provided shall be returned to the Company within 60 days after the pilot receives the funds.
- v. The pilot/lessee shall manage his rental property in such a way as to minimize the amount, if any, withheld by the landlord/lessor. Absent extraordinary circumstances (e.g., failure to pay rent, photographically documented damage beyond normal wear and tear), the Company shall not seek reimbursement from the pilot with respect to deposit funds withheld by the pilot's landlord/lessor. Any reimbursements due from the pilot to the Company owing to reduced deposit assistance refunds shall be treated as adjustments or reimbursements as provided in Section 3.E.1.a.vi. of the Basic Agreement. The Company shall not discipline or counsel the pilot with respect to deposit funds withheld by the pilot's landlord/lessor.

I. Realtor's Fee

If there is a customary, contractual realtor's fee associated with a pilot's rental of a primary residence, the Company shall cover the cost of up to two such fees per pilot per assignment to an FDA, provided however that the Company's vendor for providing local real estate and orientation assistance reviews and approves the pilot's lease.

m. Early Relocations Limitations

- i. A pilot may elect to relocate up to 60 days before his projected activation date.
- ii. If the pilot elects to relocate prior to his activation date, upon his relocation, he shall be entitled to benefits associated with visas and other required credentials, seed money, storage, tax equalization, airline tickets, household goods shipment, orientation and housing search services, deposit assistance, and the realtor's fee assistance.
- iii. Requests to access relocation benefits more than 60 days before a pilot's projected activation date shall be at the Company's discretion. If such a request is granted, it shall be on a non-precedential basis.
- iv. Section 6.A.8. of the Basic Agreement shall apply to pilots who relocate prior to activation.

n. **Habitation Tax**

To the extent that a pilot lives within the acceptable radius of his base, as provided in paragraph C.2.d.iii. of this LOA, and incurs a habitation tax during his assignment to the EMEA FDA, such tax shall be covered by the Company on a tax free basis to the pilot.

D. Federal Tax Equalization Services

Pilots accepting permanent vacancies in an FDA are required to use the tax equalization procedures and tax return filing services (US and foreign) offered by the Company through its vendor. The purpose of tax equalization is to ensure that a pilot bears approximately the same US Federal tax burden as he would pay if he were assigned to a domestic base rather than the FDA. To facilitate accurate tax computations and reporting, pilots will be required to provide all necessary tax information to the appointed tax provider.

Pilots shall be entitled to any accrued tax benefits based on the enrollment of dependent children in private schools located in the country in which the FDA is centered (e.g., German tax deduction for children enrolled in private schools). Any taxes based on personal or religious choices (e.g., church tax, pet tax) are not covered by the tax equalization program and are the responsibility of the pilot.

E. FDA Re-mail Program

1. On a weekly basis, the Company shall forward a pilot's first class mail received at the Company's Memphis hub to the pilot's primary residence in the country containing the airport in which the FDA base is centered.
 - a. A HKG FDA pilot residing in the HKG Special Administrative Region ("HKG SAR") may elect to receive such mail at the designated HKG FedEx facility (currently the Mody Rd., Kowloon, World Service Center) instead of his primary residence in the HKG SAR.
 - b. A HKG FDA pilot who does not reside in the HKG SAR will receive such mail at the Company's Guangzhou, China (CAN) hub.
2. For purposes of this provision, "first class mail" shall include, but not be limited to, personal correspondence mail and cards, credit card statements, bills, tax returns and notifications, mail order prescriptions, and documents issued by state and/or federal governments, that could otherwise be sent directly to the pilot at his primary FDA residence address pursuant to local governmental regulations.
3. In the event the Company-provided health plan allows mail order prescriptions to be delivered directly to the pilot's primary FDA residence, mail order prescriptions shall not be forwarded to the pilot pursuant to the re-mail program.
4. To the extent practicable, pilots assigned to FDAs must minimize the need for first class mail to be forwarded to them pursuant to the re-mail program

by, for example, updating their address for first class mail to their permanent FDA residence address.

5. In the event that a pilot will be absent from the FDA location for an extended period of time and elects to temporarily suspend the re-mail service during his absence, upon his return, the pilot must collect his mail from the designated FedEx facility and notify the Flight Operations Administrator for the FDA of his desire to restart the re-mail service.

F. Education Expense Reimbursement

The Company shall reimburse documented educational expenses for an FDA-based pilot's child(ren) between the ages of 5 and 19, which are incurred in the location of the FDA (including but not limited to reservation fees, application fees, tuition, capital expenses, books and supplies, school provided transportation, deposits, technology fees, uniform fees and other expenses related to the child(ren)'s education), up to \$5,000 per child (but not to exceed \$10,000 per family) per school year.

G. Special Temporary Vacancies for FDAs

In lieu of Section 24.B.2. of the Basic Agreement, the following rules shall apply to Special Temporary Vacancies (STVs) in the FDA. STVs shall only be available for the first two years after each FDA opens. Thereafter, if the Company advises the Association in writing of its intent to close the FDA, the STV rules contained in this paragraph shall once again become available in the FDA that is closing, when the Company is regularly operating fewer than 50% of the aircraft which it regularly operated in that base at the time of the notification of its intent to close. The use of STVs in conjunction with a base closure is limited to 540 days from the Company's first use of the STV application rule in that context.

1. STV awards shall have a duration between one and three bid periods.
2. STV awards shall begin and end concurrent with a bid period.
3. A STV posting shall specify the crew position(s) from which bids will be accepted and, if applicable, the number of bids which will be awarded at each domicile from which bids are accepted.
4. A pilot shall be entitled to one business class ticket positioning him to the STV location at the beginning of his assignment and back to his permanent base at the conclusion of his assignment. The Company shall also provide a pilot's dependents with one round-trip coach class ticket from the pilot's permanent residence to the FDA location during the assignment.
5. The pilot shall be entitled to per diem for the duration of his STV assignment, when the pilot is not otherwise being paid per diem (e.g., on a trip). This shall be accomplished by the submission of a pay log unless pay automation eliminates the necessity for a pay log.

6. The pilot shall be entitled to Company paid lodging in accommodations of quality similar to that of the local contract hotels.

H. Pilots Relocating from SFS to the EMEA or HKG FDAs

Provided he otherwise qualifies, a pilot formerly assigned to the SFS FDA may elect to take his FDA move back provided in Section 6.E.2.b. of the Basic Agreement, prior to his activation into the FDA. Once moved back to the United States, a pilot who selects the "Enhanced Option" may take advantage of the household goods storage provided in paragraph C.2.c. of this LOA.

I. Pilots Relocating from ANC to the EMEA or HKG FDAs

For an ANC pilot who is entitled to a "return move" relocation package from ANC, the pilots may elect to be treated in the same fashion (except that their base is in ANC and not SFS) as the SFS pilots in paragraph H of this LOA, above ("Pilots Relocating from ANC to the EMEA or HKG FDAs").

J. Deadhead by Surface Transportation in the EMEA and HKG FDAs

1. Trains

- a. Pilots may be scheduled to deadhead on trains in FDAs to the same extent as airplanes or ground transportation provided that, measured from scheduled departure time to scheduled arrival, trains may only be used on a scheduled basis for deadheads of less than 4 hours, with the following limitations:
 - i. Train travel shall only be scheduled between the following city pairs:
 - (a) CGN-FRA
 - (b) CGN-CDG
 - (c) CDG-FRA
 - (d) CAN-HKG
 - ii. Trains must have a minimum two class configuration, and the Company shall book the highest class of service that is readily accessible to the public (unless otherwise authorized by the SIG).
 - iii. Train travel shall not be scheduled to occur between the hours of 0200-0459 LBT.
- b. Trains may be used in FDAs under Section 8.A.3.c. of the Basic Agreement ("Operational Deadheads") to the same extent as other modes of transportation mentioned therein, not to exceed 7 hours measured from scheduled departure time to scheduled arrival. Such train travel shall be booked in the highest class of service that is readily accessible to the public. If the train lacks the minimum two class configuration or a higher class is not available, train travel may be used only less than 4 hours, measured from scheduled departure time to

scheduled arrival, unless waived by the pilot.

- c. Train deadheads shall create a deviation bank in the same manner as airline tickets. In no event shall the deviation bank credit for such train deadheads be less than \$150 per deadhead.
- d. Train deadheads shall include a one-hour showtime prior to scheduled departure, which shall not count toward the hour limit set forth in paragraph J.1.a. and b. of this LOA.
- e. A pilot scheduled to deadhead by train shall receive pay and credit as if the pilot had traveled by air.
- f. If any FDA trip includes scheduled train travel, a pilot who operates the trip on a scheduled basis shall be able to expense up to \$40.00 for each occurrence for surface transportation costs in order to position to and/or from the train station (i.e., at the beginning and/or end of a scheduled trip).

2. Deadhead by Surface Transportation Other Than Train

- a. With respect to ground transportation between HKG-CAN and CGN-FRA, Section 8.B.1.b. of the Basic Agreement is waived.
- b. With respect to ground transportation in the HKG bid period package(s) between HKG-CAN, the following additional limitations apply:
 - i. Pick-ups for scheduled ground transportation deadheads must be prior to 2000 LBT.
 - ii. There will be no ground transportation scheduled in the bid period package that occurs between the hours of 2331 to 0459 LBT.
- c. With respect to ground transportation between HKG-CAN, deadheads by surface transportation other than a train shall create a deviation bank in the same manner as airline tickets. In no event shall the deviation bank credit for such surface transportation deadheads be less than \$150 per deadhead.
- d. Section 8.B.2. of the Basic Agreement shall be amended to read as follows:

The surface transportation shall be provided on a non-public commercial operator; provided, however, that between international locations specifically approved by the SIG, (e.g., HKG-CAN and CGN-FRA), a pilot may be scheduled for ground transportation on a public commercial operator (e.g., train, hydrofoil).

K. Scheduling Provisions for the EMEA and HKG FDAs

1. Reserve pilots shall have a report status of R-3 for the HKG FDA or future CDG FDA, and R-2 for the CGN FDA.
2. There shall be no co-terminals associated with the HKG or CGN FDAs.
3. In accordance with Section 25.A.2. of the Basic Agreement, the CGN FDA local base day shall begin at 0215 LBT.
4. Training conducted outside of 100 nautical miles of the Hong Kong Special Administrative Region ("HKG SAR") shall be considered and treated as off-site training in accordance with Section 11.E.7. of the Basic Agreement. If a pilot is assigned to a training event in Zhuhai, China, the pilot may expense the reasonable and customary cost of transportation between Hong Kong and the training location in Zhuhai, as well as hotel accommodations at the contract hotel in Zhuhai. The number of nights shall be at least equal to the number of day(s) of training.
5. FDA trips shall begin and end at the airport upon which the FDA is centered.
6. The Company shall not schedule, in the HKG FDA bid period package(s), surface transportation deadheads between HKG-CAN that precede flight-deck duty in the same duty period unless:
 - a. a day room is provided between the deadhead portion of the duty period and the flight-deck duty portion of the duty period; or
 - b. the revenue departure is scheduled to occur between 1000 and 2000 LBT.
7. No more than 50% of trips in the HKG bid period package shall have front-end surface transportation deadheads to CAN (unless otherwise authorized by the SIG).

L. Maximum Duration of Assignment to an FDA in a European Union Country and Subsequent Bidding Limitations

1. The maximum duration of assignment to an FDA centered in a European Union ("EU") country shall be 4 years, 9 months as measured from the pilot's activation date.
2. A pilot who has been stationed in an FDA centered in an EU country for 4 years and 3 months shall be awarded or assigned any crew position in another geographical location which he is able to hold. This shall not constitute an excess assignment.
3. A pilot awarded or assigned to another crew position pursuant to this paragraph may be assigned a training date consistent with Company staffing requirements. The Company shall provide the pilot with a minimum of 60 days' notice prior to the ITU training or base transfer date.

A pilot trained pursuant to this paragraph shall not generate passover pay for any pilot.

4. After a pilot leaves an FDA centered in an EU country, he may not be activated in that crew base for at least 1 year after the last day of his previous assignment, provided that he activates in another crew position based outside of the country in which the FDA is centered and he establishes a permanent, primary residence outside of the country in which the FDA is centered. This limitation shall not apply if the subsequent crew base to which the pilot is assigned is centered in a country in which the pilot has never been based as a FedEx Express employee.
5. If the Company establishes a new FDA in an EU country that requires a maximum duration different than the limit specified above, the Company shall publish that limit as provided in paragraph B.1. of this LOA. All other provisions of this paragraph shall apply to such FDA.

M. Crew Position Changes to Different FDAs in the Same Geographic Location

If the Company opens multiple FDAs in the same geographic location (e.g., MD-11 MEM/HKG; A300 MEM/HKG), the following shall apply to pilots who activate into a different FDA within the same geographic location (e.g., an MD-11 F/O MEM/HKG upgrades to an A300 CA MEM/HKG).

1. The following shall apply to pilots who chose the Enhanced Option as part of their original award:
 - a. Such pilots shall be eligible for the benefits described in paragraph C.2.a. (Seed Money) and C.2.b. (Four Year Service Credit) of this LOA, treating their new award as a completely separate award to an FDA in the EMEA or HKG.
 - b. A pilot's activation into a different FDA in the same geographic location as his current FDA award restarts that pilot's service commitment under paragraph C. of this LOA (i.e., the pilot's service in his prior FDA does not "count" toward his service commitment in the new FDA).
 - c. The benefits described in paragraph C.2.c. (Storage), C.2.d. (Housing Allowance), C.2.e. (Tax Equalization), C.2.f. (Airline Tickets), C.2.g.v. (Return Household Goods Shipment), and C.2.i. (1,000 lb. household goods shipment) of this LOA shall be administered as if the pilot had not changed FDAs, but rather had been on one continuous assignment in the same FDA.
 - d. If a pilot's crew position changes to a different FDA in the same geographic location and the pilot has not completed his original commitment period, the pilot shall not be eligible to receive the seed money otherwise provided by paragraph L.1.a. of this LOA (immediately above).

2. Pilots who chose the Existing CBA Option as part of their original award shall continue to receive tax equalization benefits provided by paragraph D of this LOA.

N. FDA Exit in Lieu of Normal System Bid Award

The following procedures shall apply to a pilot without a bid award to another crew position who is assigned to an FDA without a maximum service limit as described in paragraph L of this LOA ("Maximum Duration of Assignment to an FDA in a European Union Country and Subsequent Bidding Limitations"), above.

1. The pilot shall notify his Chief Pilot in writing of the election under this paragraph, which shall include:
 - a. The selection by the pilot of a non-FDA crew position that a junior pilot is activated in and currently holds; and
 - b. The pilot's preferred exit date (i.e., the date upon which the pilot starts ITU training or when the pilot base transfers), which shall not be less than 6 months from the date of the notice. The preferred exit date must be after the completion of the pilot's commitment period, plus 12 months.
2. The Company shall notify the pilot if it requires a replacement pilot and shall post a vacancy for the position within 30 days of the pilot's notice per Section 24 of the Basic Agreement.
3. In the event the FDA vacancy is filled or a replacement pilot was not required, the Company shall provide the pilot with a minimum of 60 days notice of the ITU training or base transfer date, and such date must be within 75 days of the pilot's preferred exit date.
4. In the event that the posted vacancy is not filled, the Company may post the vacancy at least once more within 30 days of the closing of the posting.
 - a. If the vacancy is filled or if the Company elects not to post the vacancy a second time, the Company shall provide the pilot with a minimum of 60 days notice of the ITU training or base transfer date, and such date must be within 75 days of the pilot's preferred exit date;
 - b. If the posting is not filled for a second time, the Company shall provide the pilot with a minimum of 60 days notice for the ITU or base transfer date, and such date must be no later than 180 days beyond the preferred exit date.
5. The operation of this provision shall not generate passover for any pilot.
6. Pilots employing this paragraph shall be restricted from participating in postings until the pilot is transferred or begins ITU training, unless waived by the VP of Flight Operations.

O. Unexpected Unavailability In FDA

If a pilot assigned to an FDA becomes unavailable for line flying in his FDA and the absence is expected to last longer than one year, then the affected pilot may request that he and his dependents be returned from his FDA to his previous permanent residence in the U.S. without penalty. Requests for such a return shall not be unreasonably denied. If no request is made by the pilot after one year or more of absence (e.g., loss of medical, LTD, extended LOAs, etc.), his circumstances shall be reviewed to determine if he is expected to be available to return to active flying within two years from the date of his first absence. If the pilot's absence is the result of a medical condition, the Company may have the pilot's medical condition reviewed by the Company's aeromedical advisor. The Company's aeromedical advisor may have the pilot examined for purposes of determining how much longer the pilot is expected to continue to be absent from active flying. The Company's aeromedical advisor shall advise both the pilot and the Company of his findings. If the pilot disagrees with the Company's aeromedical advisor's finding, the pilot may enlist the Association's aeromedical department at his own expense for a second opinion. If the physicians agree on the determination, the Company and the pilot will act accordingly. If the physicians disagree, the findings and recommendations of each physician shall be submitted to a mutually acceptable third physician who shall make a determination as to the pilot's anticipated return to active flying. The third physician's decision shall be binding on both parties.

In the event the decision is that the pilot will not be able to return to active flying during the two year period, then the pilot will be given the option to either return home to his U.S. permanent residence without penalty or lose his monthly housing allowance for the period of his continued absence. In no event shall the Company be obligated to provide a housing allowance to an absent pilot for longer than 26 months.

P. Line of Credit Facilitation

The Company shall negotiate with a reputable local bank in the city in which the FDA is centered in an attempt to reduce or eliminate any minimum deposit requirements such bank may require to open a local bank account. The purpose of this provision is to attempt to provide at least one bank in each FDA where minimum deposits, beyond those customarily found in U.S. banks, are either not required, or at least minimized.

Q. Amendments to Section 6.E.2.b.i., of the Basic Agreement

Section 6.E.2.b.i. of the Basic Agreement shall be amended as follows:

i. A pilot who remains at the FDA location in the same crew position for a minimum of 3 years shall be eligible to receive a relocation package #2 when leaving the FDA location, provided he relocates, at his option to:

(a) his last domestic pre-FDA residence, or a different location involving no greater cost to the Company; or

(b) his new base, ~~at his option.~~

However, if he upgrades to a new crew status at the same FDA location, his 3 year commitment shall be increased by the period of time the pilot is unavailable for line flying due to his training for the new crew status. If a pilot chooses a location which exceeds the cost to the Company described above, his relocation benefit shall apply provided he pays the difference in cost.

R. Timing of Recurrent Training Pay/Adjustments For FDA Assigned Pilots

If an FDA pilot's recurrent training award creates a phase-in conflict as provided in Section 25.C.11.f. of the Basic Agreement, the pay deduction for the trip(s) or R-day(s) dropped shall be delayed by one month from the standard schedule for phase-in conflict deductions.

S. Ongoing Implementation Measures

The parties recognize that the details involved in opening and operating foreign pilot bases are varied and fluid. Other measures facilitating the operation of the pilot bases in the EMEA and in HKG and supporting the pilots based there may be implemented if agreed upon in writing by the Vice President, Labor Relations Law and the Association's MEC Chairman.

T. 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.

[SIGNATURE PAGE TO FOLLOW]

(ATTACHMENT A)

EMEA/HKG FDA Personal Agreement

This Agreement is between Federal Express Corporation (Federal Express), the Air Line Pilots Association, International (ALPA) and the below-signed pilot who is scheduled to be based either at the Company's Foreign Duty Assignment in the Europe, Middle East, or Africa Region (EMEA FDA) or at the Company's Foreign Duty Assignment in Hong Kong, China (HKG FDA). This Agreement is intended to establish the rights and responsibilities of each of the parties that will apply during this assignment. These duties are accepted as mutual and include the following:

1. The provisions of the collective bargaining agreement between Federal Express and its flight deck crewmembers as represented by ALPA shall continue to govern my employment as a Federal Express pilot during my EMEA FDA and/or my HKG FDA.
2. I understand as a pilot assigned to the EMEA FDA and/or the HKG FDA that I am permanently domiciled in Memphis, Tennessee.
3. I acknowledge that my duties as a pilot assigned to the EMEA FDA and/or the HKG FDA shall be performed on Federal Express aircraft registered in the United States and operated within the Federal Express worldwide route system.
4. I understand and agree that the EMEA FDA and/or the HKG FDA shall be a temporary assignment expected to last at least two (2) years. At the conclusion of this assignment, I will be able to exercise my rights under the collective bargaining agreement between ALPA and Federal Express to be returned or reassigned to another base or domicile within the Federal Express flight operations system.
5. During the period of the EMEA FDA and/or the HKG FDA assignment, the laws of the United States and the laws of the states within the United States shall at all times apply to the employment relationship between me and Federal Express. Neither the laws of the countries in the EMEA region, China, or Hong Kong nor the laws of any other country or territory shall apply to the employment relationship between Federal Express and me.
6. As a pilot for Federal Express, I understand I shall remain under the supervision of, and receive flight assignments from Federal Express's Flight Operations group in Memphis, TN, which is responsible for all Federal Express flight operations worldwide.
7. I shall continue to be a member of the craft or class of flight deck crewmembers of Federal Express currently represented by ALPA pursuant to the Railway Labor Act. ALPA will continue to act as my exclusive collective bargaining representative during my assignment at the EMEA FDA and/or the HKG FDA.
8. During my assignment at the EMEA FDA and/or the HKG FDA, I shall remain subject to all applicable United States laws and regulations, including but not limited to those governing aviation qualification, requalification, proficiency, and certification.
9. Any dispute between myself and Federal Express over the interpretation of the provisions of the collective bargaining agreement shall be resolved in accordance with the provisions of Sections 19, 20, and 21 of that collective bargaining agreement.

(ATTACHMENT A)

10. No court or agency outside the United States, including those in the countries in the EMEA region, China, or Hong Kong, shall have jurisdiction to consider claims arising out of the employment relationship between Federal Express and myself.
11. I understand and agree that jurisdiction over any alleged violation of laws applicable to me as a result of my employment by Federal Express shall be vested exclusively in a federal or state court of competent jurisdiction in the United States, or a United States or state administrative agency of competent jurisdiction, as appropriate under the laws of the United States and the laws of the states within the United States.

By submitting and accepting a bid for the EMEA FDA and/or the HKG FDA, I acknowledge that I understand and agree to the terms outlined above and that these terms should continue in full force and effect throughout the period which I remain a Federal Express crewmember in the foreign duty assignment in the EMEA and/or in HKG.

IN WITNESS WHEREOF, the parties hereto have approved this FDA Personal Agreement this ____th day of _____, 201__.

FOR THE COMPANY:

FOR THE ASSOCIATION:

Captain Paul E. Cassel
Senior Vice President
Flight Operations

Captain Donald L. Moak
President

John D. Maxwell
Vice President, Labor Relations

Captain Scott Stratton
Chairman, FedEx MEC

WITNESS:

WITNESS:

Captain William W. McDonald
Managing Director, Flight Operations
Contract Administration

Captain John S. Gustafson
Chairman, MEC Negotiating
Committee

Pilot