

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

IRAQ AND AFGHANISTAN FLYING

This Letter of Agreement 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 and the pilots in the service of Federal Express Corporation, as represented by the Air Line Pilots Association, International (Association or ALPA).

WHEREAS, the parties have agreed that due to the increased threat levels associated with flying into and/or out of Iraq and Afghanistan it is desirable to offer additional protections and pay for pilots conducting those flights

NOW, THEREFORE, the parties agree as follows:

A. Additional Pay and Benefits for Flying into Iraq and Afghanistan

1. Iraq/Afghanistan Premium (IA Premium)

a. The IA premium shall be as follows:

Captains:	\$700
First Officers:	\$500
Second Officer:	\$400

b. The IA premium shall be considered pensionable earnings;

c. The IA premium is additional compensation which shall be paid in accordance with Section 3.E.1.a.iv. The IA premium shall be accomplished by submission of a pay log.

2. A pilot shall earn an IA premium when the pilot:

- a. operates a flight into and out of either Afghanistan or Iraq;
- b. operates a flight either into or out of Afghanistan or Iraq which is either preceded or followed by a deadhead into or out of Afghanistan or Iraq; or
- c. operates a flight that is intended to land in Iraq or Afghanistan but is directed to divert from the area while airborne because of military concerns in the area.

3. An air turnback which returns to Iraq or Afghanistan is not to entitled to receive any additional premium because of the turnback.

4. If the CRAF premium provided in the CRAF LOA is also applicable to the same flight as the IA premium, then the pilot shall receive but one premium.

5. Benefit Coverage
 - a. The Company will provide an additional \$200,000 of AD&D coverage to pilots on flight sequences that qualify for the IA premium outlined in paragraph A.1.
 - b. From the standpoint of the Company sponsored insurance and benefit plans in which a pilot participates, a pilot who suffers bodily harm or illness while on FedEx business in Iraq or Afghanistan shall be covered to the same extent as if he were flying into any other international destination on FedEx business.
 - c. If the CRAF additional benefit AD&D coverage is also applicable to the same pilot for the same instance, the pilot shall receive but one AD&D added benefit.
- B. Relation to the basic Agreement and Civil Reserve Air Fleet LOA
 1. Except as provided in paragraphs A.4. and A.5.c. of this LOA. (above), this LOA does not replace or otherwise modify the Civil Reserve Air Fleet LOA.
 2. Except as provided below in paragraphs D.3.-9., this LOA does not replace or otherwise modify the provisions in the basic Agreement, including Section 9.A. and B.
 3. A pilot bumped for the trip (or portion thereof) that includes IA flying, by another pilot or management person, shall be considered to have been bumped by management under Section 9. In addition, if the pilot is bumped for only a portion of the trip, the pilot shall be free from all duty (except as to deadheading to the next portion of the trip from which the pilot has not been bumped).
 4. If a pilot is awarded an IA trip on his regular line, the pilot shall have the ability to elect to drop that trip by sending an email to the address specified by the Company prior to the close of the Bid Period Processing Conflict Input Window in Section 25.E.2.
 5. A pilot holding a secondary line shall have the ability to submit a preference for a specific IA trip (i.e., by trip number and date). IA trips shall not be constructed on a pilot's secondary line except pursuant to a specific preference.
 6. A pilot on reserve or standby may decline an assignment that includes an IA landing or departure. If declined, the pilot shall be treated as if no assignment had been offered.
 7. A pilot in substitution may decline a trip that includes an IA landing or departure. If declined, the pilot shall be treated as if no assignment had been offered, including no loss of trip guarantee.
 8. A pilot may decline a trip that includes an IA landing or departure in any make-up or volunteer status, and shall be treated as if no assignment had been offered; provided, however, that this provision shall become inapplicable if a limitation on IA flying is available to the pilots under Section 25.L.5.b.ii. (make-up), and 25.N.1.b. (VLT).
 9. Notwithstanding the settlement agreement in administrative grievance 10-02, the Company may designate the Pilot-in-Command/Captain of record on flight segments that qualify for the IA premium.
 10. To the extent required to accomplish a flight sequence to which the IA premium applies, pilots may be required to operate up to the maximum limits specified by FAR and safe operating practices.

C. Access to Information

Prior to the build process, the Company shall provide the ALPA SIG Chairman with a list of flight sequences covered by this LOA that are not reflected in the bid period packages or in trip pairings constructed outside of the bid period package process.

D. Sunset/Sunrise Modifications of Paragraph A

1. Bilateral Agreement

By mutual written agreement of the FedEx Vice President, Labor Relations and the MEC Chairman, countries may be added or removed.

2. Expedited Arbitration

If one party opposes the proposed addition/removal, the party seeking the addition/removal may submit the matter to a neutral arbitrator selected from the panel of arbitrators empowered to hear administrative grievances under Section 20.

- a. The arbitration shall commence within 60 days of the grieving parties' notification, or on the earliest available date offered by the arbitrator jointly selected by the parties.
- b. The parties shall make known to the selected arbitrator the expeditious nature of the arbitration and request that a decision be provided as soon as possible.
- c. Standard for Removal
Unless otherwise agreed by the parties, the arbitrator shall consider the following issue with respect to removals: Whether threat levels in the covered country are materially lower, on a regular basis, than those attending the Iraq/Afghanistan flying conducted during 2007.
- d. Standard for Addition
Countries shall not be added unless there are ongoing military combat presence within 100 nautical miles of the airport into which the FedEx flight is landing and threat levels are as described in the following standard. Unless otherwise agreed by the parties, the arbitrator shall consider the following issue with respect to additions: Whether, on a continuing basis, aviation threat levels in the proposed additional country are materially the same as or higher than, those attending the Iraq/Afghanistan flying conducted during 2007.

- e. Except as provided in this LOA, Section 21 of the Agreement shall govern the proceedings. Subsequent arbitration appeals about a particular country shall be available only once per year following an initial arbitration decision. Prior to the issuance of the award, the status quo ante shall prevail.

E. Ongoing Implementation Measures

The Company and ALPA recognize IA flying is varied and fluid. Other measures facilitating the operation of such flying and supporting the pilots doing such may be implemented if agreed upon in writing by the Vice President, Labor Relations Law and the ALPA FedEx MEC Chairman.

F. Effective Date and Duration

This Letter of Agreement is effective on the date signed and shall remain in full force and effect concurrent with the basic Agreement.

[Signature Page to Follow]