

SECTION 28

RETIREMENT (Pension Benefits)

Note: This Section 28 is reprinted verbatim from the negotiated Agreement of October 30, 2006. Some details have changed, however, through processes other than subsequent negotiations [e.g., by operation of the Agreement itself (for instance, contractually prescribed premium increases), vendors ceasing to exist, legally mandated changes, etc.]. Please consult the 2011 Pilot Benefit Book ("PBB") for the most up-to-date information.

A. General

1. The Company shall continue to provide retirement and related benefits through the Retirement Plans¹ and under the terms and conditions of the Retirement Plans, as in effect as of the date of this Agreement, except as specifically provided herein. The terms and conditions of the Retirement Plans, insofar as they affect pilots, shall not be changed, except as provided in this Agreement or by the written agreement of the Association. The Pilot Benefit Book ("PBB") shall be updated in accordance with Section 28.A.7. to reflect changes made by this Agreement and any other changes made pursuant to Section 28.A.5.
2. The Company shall be responsible for the establishment, control, management, administration and attendant expenses of the Retirement Plans and all disputes concerning those claims for benefits shall be settled as described in Section 28.A.3.
3. In order that the Association may have the most current information regarding the funded status of the FedEx Corporation Employees Pension Plan (the Pension Plan), the Company agrees that Association's designee will receive electronic (email) notification of FedEx Corporation's securities filings (e.g., 10-K, 10-Q) which addresses the funded status of the Pension Plan as those filings are released. In addition, the Company, through its vendors, will provide the Association with copies of the annual reports of the investment options in the pilots' defined contribution plans as those reports are released in order that the Association may review the performance of those investment options.
4. Review of benefit denials shall be as described in this Agreement, the Retirement Plans and the PBB. Benefit denials shall be reviewed by the Federal Express Corporation Benefit Review Committee ("BRC") or the appropriate claims-paying administrator. If the pilot is not satisfied with the decision regarding a Retirement Plan benefit, the pilot may either seek review of the decision in accordance with the provisions of Section 28.F. within 120 days of the Committee's decision or opt to pursue a judicial remedy available under ERISA. A pilot's request for judicial review of a benefit decision under the Employee Retirement Income Security Act of 1974, as amended, from time to time ("ERISA") shall be reviewable by a court of competent jurisdiction under ERISA, and such review shall not be barred by the Railway Labor Act ("RLA").
5. All of the Retirement Plans' terms and conditions shall remain unchanged insofar as they affect pilots, except as specifically provided for herein or except as required by law. If an amendment to the Retirement Plans or the PBB is required by law, if there is more than one alternative available under the law with respect to such required amendment(s), and if the effectuation of either alternative would result in similar cost to the Company, the consent of the Association to one of the alternatives shall be required for such plan amendment. Such consent shall not be unreasonably withheld. The Association's consent shall not be required for any amendment described in this paragraph if more than one alternative is available under the law but the effectuation of one or more of the alternatives would result in increased cost to the Company over the other available alternatives.

¹ The following Retirement Plans are effective as of the date of this Agreement:

(a) The FedEx Corporation Employees' Pension Plan, effective as of May 31, 2001;
(b) The Federal Express Corporation Pilots' Retirement Savings Plan, effective as of June 1, 2002;
(c) The Flying Tiger Line Inc. Variable Annuity Pension Plan for Pilots, effective as of January 1, 1997;
(d) The Federal Express Corporation Pilots' Money Purchase Pension Plan, effective as of June 1, 2002;
(e) The Federal Express Corporation Non-Qualified Pension Plan for Pilots, effective as of June 1, 1999; and
(f) The Federal Express Corporation Non-Qualified Section 415 Excess Pension Plan for Pilots, effective as of June 1, 1999.

6. The Company reserves the right to select the trustees, record keepers and other vendors it believes necessary to administer the Retirement Plans.
7. No later than April 28, 2007 (180 days after October 30, 2006, the date of signing), the Company shall provide the Association with proposed updates to the PBB reflecting changes made as part of this Agreement. No later than 60 days after receipt of the proposed updates, the Association shall meet with the Company and provide comments. As soon as practicable thereafter, a PBB that is mutually satisfactory to the Company and the Association shall be distributed to the pilots. The Association's approval shall not be unreasonably withheld. The foregoing to the contrary notwithstanding, the failure of the Association to timely approve such updates shall not prevent the Company from distributing the updates to the pilots in accordance with the provisions of 29 U.S.C. §1104(b). The parties acknowledge that updates pertaining to benefit changes that are scheduled to take effect on January 1, 2008, may not be available for inclusion in the 2007 update to the PBB.

With respect to any future updates to the PBB, the Company shall prepare and distribute to the pilots updates to the PBB, as required by 29 U.S.C. §1104(b). The Association shall be given the opportunity to review and approve such updates; the Association's approval of such updates shall not be unreasonably withheld. The foregoing to the contrary notwithstanding, the failure of the Association to timely approve such updates shall not prevent the Company from distributing the updates to the pilots in accordance with the provisions of 29 U.S.C. §1104(b).

B. Pension Plan

1. The terms and conditions of the FedEx Corporation Employees' Pension Plan ("Pension Plan") as affect pilots, the Federal Express Corporation Non-Qualified Pension Plan for Pilots ("Compensation Limit Plan"), and the Federal Express Corporation Non-Qualified Section 415 Excess Pension Plan for Pilots ("415 Limit Plan") shall be as provided in the Pension Plan, the Compensation Limit Plan, the 415 Limit Plan and the PBB except as provided in this Agreement.
2. A pilot's retirement benefit at his normal retirement date (the "Pension Plan Formula") shall be equal to the greatest of: (i) his final average earnings x 2% x credited years of service with the Company (Max. 25 years) for benefit accrual, (ii) with respect to any pilot having a seniority number as of the date of this Agreement, the benefit described in Section 28.B.4 below, or (iii) with respect to any pilot having a seniority number as of the date of this Agreement, a flat dollar benefit based upon a pilot's flight hours, equipment flown, and seat position during a plan year. The accrued benefit for a pilot who, prior to the merger of The Flying Tiger Line, Inc. ("FTL") with the Company, was a participant in any of the FTL pension plans which were merged into the Pension Plan is determined as provided under the terms of the Pension Plan.
3. Final average earnings will be defined as the average of the highest five calendar years of compensation while working for the Company. In no event shall total final average earnings taken into account under the Pension Plan, the Compensation Limit Plan and the 415 Limit Plan exceed \$260,000.
4. With respect to any pilot having a seniority number as of the date of signing of this Agreement, the benefit set forth in Section 28.B.2.(ii) of the Agreement shall be the sum of the amounts derived under the computations set forth in Section 28.B.4.a. and Section 28.B.4.b. (below):
 - a. For pilots who had a seniority number as of June 1, 1999, and who also have a seniority number as of the date of signing of this Agreement, such pilots' final average earnings shall be multiplied by past years of credited service with the Company as of June 1, 1999 (not to exceed a maximum of twenty-five years), multiplied by a multiplier from the following table based on such pilot's years of vesting service with the Company:

Years of Vesting Service as of June 1, 1999	Multiplier
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less than 10	2.00%
10	2.05%
11	2.06%
12	2.07%
13	2.08%
14	2.09%
15	2.10%
16	2.11%
17	2.12%
18	2.13%
19	2.14%
20	2.15%
21	2.16%
22	2.17%
23	2.18%
24	2.19%
25 or more	2.20%

With respect to pilots who performed years of service with The Flying Tiger Line Inc. ("FTL") prior to August 7, 1989, such pilot's years of service with FTL shall be taken into account solely for purposes of determining the multiplier described herein, but shall not be taken into account for purposes of determining past years of credited service with the Company as of June 1, 1999.

The multiplier described above shall be added to the amount described below with respect to any pilot having a seniority number as of the date of this Agreement, who, as of June 1, 1999, had attained age 50 and completed 15 years of vesting service with the Company (including such pilot's years of service with FTL):

Age at 6/1/99	Increase
59 and above	0.12%
58	0.11%
57	0.10%
56	0.09%
55	0.08%
54	0.07%
53	0.06%
52	0.05%
51	0.04%
50	0.02%

With respect to Section 28.B.2.(ii), all years of credited service completed by such pilots on or after June 1, 1999 (which, when added to years of credited service completed prior to June 1, 1999, shall not exceed a maximum of 25 years of credited service), the Pension Plan Formula shall multiply final average earnings by 2%.

For pilots who have a seniority number as of the date of signing of this Agreement but did not have a seniority number as of June 1, 1999, such pilots' final average earnings shall be multiplied by 2% and by years of credited service with the Company (maximum of 25 years) for benefit accrual.

- b. For pilots who, as of date of signing of this Agreement, have a seniority number, have attained age 50, and who have completed 10 or more years of vesting service with the Company, such pilots' final average earnings shall be multiplied by past years of credited service with the Company as of the date of signing of this Agreement (not to exceed a maximum of twenty-five years), multiplied by a multiplier from the following table based on such pilot's age and years of vesting service with the Company at the date of signing of this Agreement:

Additional Benefit Percentage based on Age/Service										
Years of Vesting Service as of Date of Signing										
	50	51	52	53	54	55	56	57	58	59 or older
Less than 10	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
11	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
12	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
13	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
14	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
15	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
16	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
17	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%
18	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%
19	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%
20	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%
21	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%
22	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
23	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.05%
24	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%
25 or more	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.05%

With respect to pilots who performed years of service with The Flying Tiger Line Inc. ("FTL") prior to August 7, 1989, such pilot's years of service with FTL shall be taken into account solely for purposes of determining the multiplier described herein, but shall not be taken into account for

purposes of determining past years of credited service with the Company as of date of signing of this Agreement.

- c. The Pension Plan shall be amended to incorporate the provisions of Section 28.B.4.a. and Section 28.B.4.b. The parties agree that the provisions of Section 28.B.4.a. and Section 28.B.4.b. are one-time amendments to the Pension Plan and those provisions will apply only to the pilots entitled to a benefit under such provisions as of the date of signing of this Agreement. Notwithstanding any other provision of this Agreement, including the duration provisions contained in Section 31, Section 28.B.4.c. shall become effective on the date of signing of the basic Agreement and shall have permanent duration, and neither the provisions of Section 28.B.4.c. nor the related provisions of the Pension Plan referenced herein may be altered without the written consent of both parties.

5. A pilot shall receive credited service for benefit accrual while on disability and while eligible for benefits, including PSD benefits, pursuant to the terms of the LTD Plan.

C. Pilots' Money Purchase Pension Plan

1. The terms and conditions of the Pilots' Money Purchase Pension Plan (the "Money Purchase Pension Plan" or "PMPPP") shall be as provided in the Money Purchase Pension Plan and the PBB.
2. Effective on the date of signing of this Agreement, the Company shall continue to contribute monthly for each pilot plan participant in the prior month an amount equal to 6.0% of that pilot's eligible prior monthly earnings, subject to the Code §401(a) (17) compensation limit. Effective as of the first anniversary of the date of signing of this Agreement, the Company shall contribute monthly for each pilot plan participant in the prior month an amount equal to 7.0% of that pilot's eligible prior monthly earnings, subject to the Code §401(a)(17) compensation limit.
3. The eligibility age and service requirements, and the vesting requirements of the Money Purchase Pension Plan shall remain unchanged.
4. The investment fund options available to the pilots participating in the Money Purchase Pension Plan as of the date of signing of this Agreement shall continue to be available. In addition, as soon as administratively feasible after the date of signing of this Agreement, the following additional funds shall be made available to the pilots participating in the Money Purchase Pension Plan: Vanguard Retirement Savings Trust, Vanguard LifeStrategy Conservative Growth Fund, Vanguard LifeStrategy Moderate Growth Fund, Vanguard Small-Cap Index Fund, Vanguard Mid-Cap Index Fund, and Vanguard Inflation-Protected Securities Fund. The Company shall continue to maintain fiduciary responsibility for the investment options made available under the Money Purchase Pension Plan, except as provided in the next sentence. Any expanded opportunities for greater investment choices via the Vanguard Group or its successors shall be determined by a Pilot Investment Committee, which shall consist of up to six members, equal numbers of whom shall be appointed by the Company and the Association. The Pilot Investment Committee's duties and responsibilities shall be limited to the selection of expanded investment choices.

D. Pilots' Retirement Savings Plan

1. The terms and conditions of the Pilots' Retirement Savings Plan ("Pilots' Retirement Savings Plan" or "PRSP") shall be as provided in the Pilots' Retirement Savings Plan and the PBB.
2. The investment fund options available for Participant-direction of amounts allocated to a pilot's accounts within the Pilots' Retirement Savings Plan as of the date of signing of this Agreement shall continue to be available. In addition, as soon as administratively feasible after the date of signing of this Agreement, the following additional funds shall be made available to the pilots participating in the Pilots' Retirement Savings Plan: Vanguard Retirement Savings Trust, Vanguard LifeStrategy Conservative Growth Fund, Vanguard LifeStrategy Moderate Growth Fund, Vanguard Small-Cap Index Fund, Vanguard Mid-Cap Index Fund, and Vanguard Inflation-Protected Securities Fund. The Company shall continue to maintain fiduciary responsibility for the investment options made available under the Pilots' Retirement Savings Plan, except as provided in the next sentence. Any expanded opportunities for greater investment choices via the Vanguard Group or its successors shall be determined by the Pilot Investment Committee (described in Section 28.C.4.).
3. The Company shall maintain records for a sufficient time and in sufficient detail to be able to confirm all data necessary for the calculation of any benefit payable under the Retirement Plans.

4. A pilot shall have allocated to his PRSP accounts such amounts as are attributable to unused sick leave, in accordance with the provisions of Section 14.E. of this Agreement.

E. Federal Express Corporation Pilot Non-Qualified Plans

The terms and conditions of the Federal Express Corporation Section 415 Excess Benefit Plan for Pilots ("415 Limit Plan") and the Federal Express Corporation Non-Qualified Pension Plan for Pilots ("Compensation Limit Plan") shall be as provided in the 415 Limit Plan, the Compensation Limit Plan and the PBB. In no event shall final average earnings taken into account under the Pension Plan, the 415 Limit Plan and the Compensation Limit Plan exceed \$260,000.

F. Pilot Benefit Review Board

1. A Pilot Benefit Review Board shall be established for the Retirement Plans and the Insurance Plans described in Section 27.
2. The Pilot Review Board ("Review Board") shall consist of an equal number of members appointed by the Company and members appointed by the Association. Each party shall appoint up to three members. Vacancies in the membership of the Review Board shall be filled by appointment of the respective parties.
3. The Review Board may convene meetings at its discretion, or whenever a majority of the members of the Review Board make a written request for a meeting at least fourteen days prior to the meeting date.
4. The Review Board may convene meetings in person or by telephone conference.
5. Any pilot who seeks review by the Board must make a request in writing no later than 120 days following the date on which a decision is rendered on appeal. The Review Board may, in its discretion, waive the one hundred twenty day period if circumstances warrant, in order to insure a full and fair review of a pilot's claim. A pilot who requests a review by the Review Board shall have at least 30 days from the date of his request to submit any written statement or other documentation for the Review Board's consideration during its review. The Review Board is not required to conduct a formal hearing with respect to the review of any claim presented by a pilot.
6. A majority of the Review Board, sitting without a neutral member, shall constitute a quorum. Each member of the Review Board shall have one vote. In the event that one member is absent from a meeting, such member may give his proxy to another member. Proxies must be in writing.
7. A decision by majority vote shall be final and binding on all parties, and the Review Board shall issue a written decision within 30 days after the vote.
8. In the event of a deadlock vote, the Review Board shall convene a meeting, which shall be chaired by a neutral arbitrator, to render its decision. The neutral arbitrator shall be selected from a panel of arbitrators designated jointly by the Company and the Association. Such panel shall be comprised of members of the National Academy of Arbitrators and experienced in both airline arbitration and pension or other relevant employee benefit issues. A decision by majority vote shall be final and binding on all parties, and the Review Board shall issue a written decision within 30 days after the vote.
9. Should vacancies occur on the panel of neutral arbitrators, the parties shall attempt to agree on a replacement within 30 days after the vacancy occurs. If the parties are unable to agree on a replacement, the vacancy shall remain unfilled unless there are too few arbitrators to preside over required meetings, in which case the parties may select an arbitrator by the alternative strike method from a list of arbitrators provided by the National Mediation Board who are members of the National Academy of Arbitrators to preside over scheduled meetings on an ad hoc basis.
10. Should a pilot elect to pursue his dispute via the Pilot Benefit Review Board process as outlined above, the Retirement Plans, trust agreements and to the extent applicable and consistent with this Agreement, the PBB, shall be considered incorporated by reference into the Agreement solely for purposes of providing sufficient documentation for the resolution of that particular dispute only.

G. Employee Stock Purchase Plan

The terms and conditions of the Federal Express Corporation Employee Stock Purchase Plan shall remain the same and pilots shall remain covered by that plan under the same terms and conditions as other employees of the Company.

H. FTL Variable Annuity Plan

The terms and conditions of The Flying Tiger Line Inc. Variable Annuity Pension Plan For Pilots (the "Variable Plan") shall be as stated in the plan document effective as of January 1, 1997. Nothing in this Agreement shall reduce pilots' accrued benefits under the Variable Plan.