

SECTION 1

RECOGNITION, SCOPE AND SUCCESSORSHIP

A. Recognition

1. In accordance with the National Mediation Board's certification in case number R-6450 dated October 29, 1996, as transferred from the Fedex Pilots Association to the Air Line Pilots Association ("the Association") in File No. C-6762/Case No. R-6450, 29 NMB 320 dated May 29, 2002, the Company recognizes the Association as the duly authorized representative for the specific craft or class of flight deck crew members (hereinafter referred to as "pilots") of the Company covered by the Railway Labor Act ("the RLA").
2. The Company further recognizes that included in the craft or class represented by the Association in conformity with the RLA are those crewmembers on Foreign Duty Assignment ("FDA"), Special International Bid Award ("SIBA") and/or any other international assignment, domicile or location manned by pilots on the Federal Express Master Seniority List.

B. Scope, Operation of Company Aircraft

The Company's revenue flights (including Company revenue charter flights), conducted with aircraft owned, leased, or operated within the domestic or international operations described below, conducted with aircraft over 60,000 lbs. MTOGW, shall be flown only by pilots whose names appear on the Federal Express Master Seniority List in accordance with the terms of the Agreement.

1. "Domestic flights" are all those Company flights wherein all flight legs within a single pairing originate and terminate at cities located solely within the contiguous 48 states.
2. "International flights" are all Company flights which originate from, terminate in or transit the U.S. or its territories via a location outside the contiguous 48 states. International flights also include all flights conducted by any pilots on the Federal Express Master Seniority List assigned to Foreign Duty Assignment ("FDA"), or Special International Bid Award ("SIBA").
3. All Domestic and International revenue flights conducted with aircraft that are owned, leased, or operated by the Company, having a MTOGW of greater than 60,000 lbs., and operated pursuant to the Company's Airline Operating Certificate or any additional Part 121 Airline Operating Certificate obtained by the Company, shall be operated by pilots on the Federal Express Master Seniority List in accordance with the terms of the Agreement. Flying conducted with aircraft at or under 60,000 lbs. MTOGW (commonly referred to as "feeder flying") shall not be substituted for Federal Express trunk flying (over 60,000 lbs. MTOGW) so as to cause a furlough of any Federal Express pilot. However, if and to the extent that and for such period of time that the furlough is the result of an act beyond the control of the Company (e.g., FAA grounding of a fleet, etc.), feeder/wet lease flying may be used to replace lost trunk flying. The Company shall not deploy multiple feeder flying in the domestic system to effect an elimination/reduction of the overall flying of an affected aircraft type; however, the Company may use multiple feeders to assume some existing trunk flying when aircraft or lift shortages exist during high volume periods.

If feeder flying is substituted for Federal Express trunk flying, any pilots who are involuntarily excessed as a result of such substitution (and not due to changes in fleet deployment or composition unrelated to feeder flying such as retirement/replacement of, e.g., B727 aircraft), shall not have their hourly rate of pay reduced. This hourly rate protection shall end if a junior pilot is activated into a higher paying crew position that the senior pilot could have bid upon and been awarded, but elected not to do so.

4. Notwithstanding any other provision of the Agreement, the Company may continue to interline, co-load, code-share, part charter and enter into block space agreements with other carriers to move freight and service in International (outside the contiguous 48 states) markets as required. Within the Domestic system (the contiguous 48 United States) the use of the above shall be done only: (1) when necessary to expedite or (2) when economically necessary, unless otherwise agreed to by the parties.
5. At any time during the year should severe damage or destruction to a hull(s) occur the Company may utilize wet lease on a one for one basis until the lost aircraft is actually replaced in the fleet or for a period of one year, whichever is earlier.

6. The Company may also wet lease a minimum of two aircraft above 60,000 lbs. MTOGW for up to four (4) bid periods per calendar year. At least three (3) of those bid periods shall be consecutive. The Company may elect to divide the fourth bid period of wet leasing into four 7-day parts to use over the course of the year. The Company shall provide a minimum of 30 days' written notice to the Association of any such wet lease(s). The following conditions shall apply to such wet lease arrangements:
 - a. Should a wet lease operation assume flying regularly and historically performed by FedEx crewmembers, as evidenced by the FedEx bid packs, for more than two (2) bid periods in a calendar year, the Company shall pay the Association a sum of money for the period of the wet lease in excess of two (2) bid periods calculated as follows: The average pay for a Federal Express crew complement times the number of regular bid pack credit hours that would have been earned by Federal Express pilots but for the wet lease. This sum shall be calculated after the expiration of the wet lease and shall be distributed to pilots in the manner identified by the Association. Wet leases done in support of charter flying during this four month period shall not be subject to this penalty.
 - b. Except for the minimum two aircraft wet leasing referred to above, during the bid periods described in this paragraph, the Company shall not wet lease more than the net gain of trunk aircraft scheduled to be added and brought into service in any calendar year. Should, at the end of the calendar year, the Company actually bring into service fewer trunk aircraft than were scheduled and based on the schedule, the Company wet leased more aircraft than would have been permitted if the scheduled additions were the same as the actual deliveries, then the Company shall pay to the Association the same monies it would have paid the Association as calculated under 6.a. above.
 - c. Should the Company violate the four bid period restriction, the Company shall pay to the Association the following for each wet lease conducted the greater of the number of block hours scheduled or flown, times 2.0, times the highest hourly rate for a three (3) man crew with fifteen (15) years of pay longevity, in addition to the international override, if any.
7. The Company may enter into wet lease and other agreements with other carriers at any time without penalty or payment to any pilot or the Association in order to deliver freight to cities that cannot be served by Federal Express trunk aircraft because:
 - a. The Company does not possess all the requisite regulatory authority (or what authority it does possess is in dispute with any government or any agency thereto), all traffic authority and foreign government approvals/authority, as are necessary to fly the scheduled or required route. Should the Company not possess the requisite regulatory authority at the time of the wet lease, it shall make a good faith effort to acquire that authority.
 - b. Foreign government or foreign authorities' action restricts the use of pilots on the Master Seniority List so as to render the use of FedEx pilots not economically feasible; or
 - c. An emergency exists that precludes the Company from utilizing Company aircraft. In the event the Company wet leases aircraft under this provision, the Vice President, Flight Operations, shall notify the Association and crew force through an FCIF as soon as practicable. Routine maintenance problems shall not constitute an emergency.
 - d. The utilization of pilots on the Master Seniority List is not, or does not continue to be, economically or operationally feasible given the low freight volume, treaty or regulatory restrictions on the right of the Company to move freight through or beyond certain countries or cities, or remoteness or isolation of the served city to the existing Federal Express international route structure.
8. Should the configuration of a given shipment (certain satellites, aircraft, helicopters, etc.) preclude the Company from using one of its own aircraft, then the Company may enlist the services of another carrier to handle that shipment on a sub-contract basis.
9. The Company shall notify the Association quarterly concerning all wet-leasing done during the preceding three bid periods. The Company shall identify the wet lease operator, the trip(s) flown by same, and the reason and effect on Federal Express crewmembers. The Company shall also meet with the Association on a quarterly basis to discuss wet leasing, fleet acquisition and disposal plans and to share with the Association the additional Federal Express trunk route additions/deletions it anticipates over the next quarter. A standing committee consisting of an equal number of Association

and Company representatives shall meet within fifteen (15) days following the end of the calendar quarter to review and discuss these matters.

C. Parent and Affiliates

Should the parent of the Company (FedEx Corp.) or any subsidiary or Affiliate directly or indirectly controlled by the parent of the Company acquire with the intention of retaining and operating a U.S. certificated air carrier or air operation operating aircraft of over 60,000 lbs. MTOGW, then the acquired carrier's routes and operation of aircraft above the MTOGW of 60,000 lbs. shall be assumed by the pilots on the FedEx Master Seniority List. If the acquired airline is to be sold in the normal course of business, these seniority-merger provisions do not apply. If FedEx Corp., its subsidiaries or Affiliates retain and operate the acquired airline, the assumption of the acquired flying by Federal Express Master Seniority List pilots shall take place as soon as reasonably practical after either the merger of the acquired carrier's appropriate pilots (those flying aircraft over 60,000 lbs.) into the Federal Express Master Seniority List in the manner set forth in Section 1.D.3., or in the event the pilots from the acquired carrier are not intended to be retained, then upon the final regulatory confirmation and transfer of the operating certificates to Federal Express and/or FedEx Corp.

D. Successorship

1. If another U.S. certificated airline or U.S. certificated air cargo operation acquires all or a substantial portion of the Company's air operations and as a result pilots on the Federal Express Master Seniority List are to be integrated with pilots on seniority lists at that airline or air cargo operation, the integration of pilot seniority lists shall be governed by the Association's Merger Policy if the Association represents the airline's pilots as well as the Federal Express pilots and otherwise by Section 3 and Section 13 of the Allegheny-Mohawk Labor Protective Provisions [as specified in 59 CAB 22 (1972)].
2. This agreement shall be binding upon any successor, including without limitation, any assignee, purchaser, transferee, administrator, receiver, executor, and/or trustee of the Company (hereinafter referred to as a "Successor" to the Company). Neither the Company nor its Affiliates shall consummate a Successor transaction unless the Successor agrees in writing, in advance of executing an agreement to consummate such transaction and as an irrevocable condition of the Successorship transaction, to assume and be bound by the Agreement, to recognize the Association as the representative of the Federal Express pilots and to guarantee that the pilots on the Federal Express Pilots' Master Seniority List will be employed by the Successor in accordance with the provisions of this Agreement. The Successor shall continue to recognize the Association in accordance with Section 1.A. above unless and until the National Mediation Board transfers or extinguishes the Association's certification following an operational merger. The Successor shall continue to be bound by the Agreement until the terms of the Agreement are modified in accordance with applicable law.
3. Should the Company acquire, merge, or operate another U.S. certificated airline or U.S. certificated air operation that employs pilots who operate aircraft with a MTOGW of greater than 60,000 lbs., then such pilots operating aircraft above 60,000 lbs. MTOGW scheduled to be retained, if any, shall be integrated into the Federal Express Master Seniority List.
4. While the integration of the pilot seniority lists is pending or in process the Company agrees not to divert active and existing flying done by Federal Express pilots to the acquired airline or air cargo operation. This restriction shall not preclude the Company from acting to eliminate redundancies, overlaps of routes/services or similar services/routes provided by both carriers. The Company shall, however, not cause Federal Express pilots to be furloughed, excessed or downgraded as a direct result of the elimination of these redundancies, or the discontinuance of the overlaps of route/services, or the similar service/routes, and the elimination or discontinuance of redundancies, overlaps or similar service/routes shall, to the extent operationally and economically practical, be accomplished without an elimination of or a reduction in flights operated by pilots on the Master Seniority List.

E. Expedited Grievance and Arbitration Procedures

Any grievance alleging a violation of the provisions of Section 1 shall be filed in writing with the Vice-President, Labor Relations, within 10 days following the date on which the pilot acquired knowledge or reasonably should have acquired knowledge, of the fact(s) or event(s) giving rise to the grievance. The grievance shall be considered and a decision rendered in accordance with the provisions of Section 20 of this Agreement. The hearing before the Vice-President, Labor Relations shall be conducted within 5 business days following receipt of the grievance, and a decision shall be rendered within 5 business days of the conclusion of the hearing. If the decision of the Vice-President, Labor Relations is not satisfactory to the pilot

or the Association, such decision may be appealed to the System Board in the manner set forth in Section 21. The System Board hearing shall be commenced within 30 days after the Vice President's decision, or on the earliest available date offered by the neutral arbitrator selected by the parties. The parties shall attempt to use Robert Harris as the neutral arbitrator. If Mr. Harris is unavailable, the parties shall select the neutral arbitrator from the panel of arbitrators empowered to hear administrative grievances under Section 20. The parties shall make known to the selected arbitrator the expeditious nature of this arbitration and request a decision in the matter as soon as possible.

F. Disruption of Company Business

The Company shall not lock out pilots and pilots shall not engage in, cause or support any strike or work stoppage at the Company. In the event of an existing or impending labor dispute involving other represented employees, which is or has the capability of disrupting Company flight operations, the MEC Chairman and the Vice President, Flight Operations or the System Chief Pilot shall consult about what measures, if any, were or would be appropriate for Federal Express to take in light of the situation. The Vice President, Flight Operations or the System Chief Pilot will share the result of those conversations in an FCIF to the crewforce and outline what action(s), if any, the Company will take (or has taken) concerning the possible labor dispute.

In the event of a work stoppage legally authorized under the Railway Labor Act, involving other U.S. employees of the Company, the Vice President, Flight Operations or the System Chief Pilot shall consult with the MEC Chairman concerning the nature of any possible disruptions and the expectations the Company has in light of those anticipated disruptions. Pilots shall not be required to perform work customarily done by the pilots of another U.S. certificated air cargo operation who are engaged in a lawful strike against their employer unless the Company has historically performed and provided such services on that airline's behalf. In cases where the Company has contracted to conduct training for another carrier's pilots, Federal Express pilots may refuse to train the other carrier's pilots if those pilots are strike replacements. Strike replacement pilots are those pilots who are being trained to replace the carrier's current striking pilots or those pilots (from the other carrier) in training for a new seat position when an imminent pilot strike is threatened. Nothing in this section shall preclude the Association from engaging in self-help activities after the procedures provided by the Railway Labor Act, as amended, for changing the terms of this comprehensive collective bargaining agreement have been exhausted.

See PDF “Section 1 Letter”