

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

**MBCBP/Enhanced PRSP Benefit Implementation**

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 June 29, 2026; and

WHEREAS, the Company agreed to establish the Federal Express Corporation Pilots’ Market Based Cash Balance Plan (“MBCBP”), effective January 1, 2028;

WHEREAS, the Company agreed to offer as an additional retirement benefit alternative, an enhanced Pilots’ Retirement Savings Plan contribution (“Enhanced PRSP Benefit”), effective January 1, 2028, and

WHEREAS, the parties wish to enter into this LOA to address matters relating to the implementation of the MBCBP and the Enhanced PRSP Benefit.

NOW, THEREFORE, the parties agree as follows:

**Definition:**

**ELECTION ELIGIBLE PILOT**

A pilot with a Date of Hire (DOH) prior to the effective date of the Agreement, including a pilot on disability under the LTD Plan.

**A. Election Choices**

1. Election Eligible Pilots with a DOH prior to June 29, 2026, who are Participants in the Pension Plan as of June 29, 2026 (“**Participant Pilots**”), shall have a one-time election to participate in the MBCBP or the Enhanced PRSP Benefit. A Participant Pilot who fails to make an election will be deemed to have elected to continue to accrue credited service in the Pension Plan (default election).

a. For Participant Pilots who elect to participate in the **MBCBP**:

- i. Shall be immediately vested in the MBCBP, effective January 1, 2028.
- ii. Upon the end of the election period, and no later than May 30, 2027, the total final average earnings taken into account under the Pension Plan, the Compensation Limit Plan, and the 415 Limit Plan shall not exceed \$290,000.
- iii. Shall continue to accrue: (x) earnings pursuant to Section 28.B.3.b., for purposes of final average earnings; and (y) vesting service under the Pension Plan.
- iv. Years of credited service shall be calculated and frozen in the Pension Plan as of the Participant Pilot’s entry date into the MBCBP. Pension Plan accruals for the plan year June 1, 2027 to May 31, 2028 will be pro-rated 7/12ths to reflect MBCBP accruals effective January 1, 2028.

**Example pension proration for pilot electing MBCBP:** A pilot who elects to transition to the MBCBP has final average earnings that exceed \$290,000 and has 20 years of service as of June 1, 2027. Their Pension Plan annual accrued benefit as of June 1, 2027 equals \$116,000 (2% x \$290,000 x 20). Their final Pension Plan accrual for the plan year June 1, 2027 to May 31, 2028 will equal \$3,383 (2% x \$290,000 x 7/12), resulting in a frozen Pension Plan annual accrued benefit equal to \$119,383.

- v. The age and service multipliers contained in Section 28.B.4. shall be applied to the Pension Plan benefit using the final average earnings calculated in accordance with Section 28.B.3. and the years of credited service calculated in accordance with this LOA Paragraph A.1.
- vi. Who have 25 years or more of credited service as of June 1, 2027 will receive an additional payment, paid by the Company through payroll, and subject to federal, state, and local taxes and withholdings, equal to 7/12ths of the difference between 18% of 2027 compensation (not subject to the Code Section 401(a)(17) limit) and 9% of 2027 compensation (subject to the Code Section 401(a)(17) limit). The Company shall make such payment as soon as administratively practicable after December 31, 2027 (and in no event later than 2½ months following the end of calendar year 2027). For the avoidance of doubt, the payment made pursuant to this section shall not be

pensionable compensation or compensation for the purpose of welfare benefit calculations.

- b. For Participant Pilots who elect to participate in the **Enhanced PRSP Benefit**:
- i. Upon the end of the election period, and no later than May 30, 2027, the total final average earnings taken into account under the Pension Plan, the Compensation Limit Plan, and the 415 Limit Plan shall not exceed \$290,000.
  - ii. Shall continue to accrue: (x) earnings pursuant to Section 28.B.3.b, for purposes of final average earnings; and (y) vesting service under the Pension Plan.
  - iii. Years of credited service shall be calculated and frozen in the Pension Plan as of the Participant Pilot's entry date into the Enhanced PRSP. Pension Plan accruals for the plan year June 1, 2027 to May 31, 2028 will be prorated 7/12ths to reflect Enhanced PRSP accruals effective January 1, 2028.

**Example pension proration for pilot electing Enhanced PRSP Benefit:**

A pilot who elects to transition to the Enhanced PRSP has final average earnings that exceed \$290,000 and has 20 years of service as of June 1, 2027. Their Pension Plan annual accrued benefit as of June 1, 2027 equals \$116,000 (2% x \$290,000 x 20). Their final Pension Plan accrual for the plan year June 1, 2027 to May 31, 2028 will equal \$3,383 (2% x \$290,000 x 7/12), resulting in a frozen Pension Plan annual accrued benefit equal to \$119,383.

- iv. Who have 25 years or more of credited service as of June 1, 2027 will receive an additional payment, paid by the Company through payroll, and subject to federal, state, and local taxes and withholdings, equal to 7/12ths of the difference between 18% of 2027 compensation (not subject to the Code Section 401(a)(17) limit) and 9% of 2027 compensation (subject to the Code Section 401(a)(17) limit). The Company shall make such payment as soon as administratively practicable after December 31, 2027 (and in no event later than 2½ months following the end of calendar year 2027). For the avoidance of doubt, the payment made pursuant to this section shall not be pensionable compensation or compensation for welfare benefit purposes.
  - v. The age and service multipliers contained in Section 28.B.4. shall be applied to the Pension Plan benefit using the final average earnings calculated in accordance with Section 28.B.3. and the years of credited service calculated in accordance with this LOA Paragraph A.1
2. With respect to a Participant Pilot who retires on or after April 8, 2026 and before June 29, 2026, the limit on total final average earnings taken into account under the Pension Plan, the Compensation Limit Plan and the 415 Limit Plan shall be \$340,000.

**B. MBCBP Rate of Return Projections**

1. The initial asset allocation of the MBCBP as provided in Section 28.C.11. shall be established with a forecasted investment return of at least 6.5% on a ten-year projected basis, subject to a market environment consistent with those at the time of the Tentative Agreement.
2. As part of the Agreement ratification process, the Company has agreed to and will provide the Association projected investment returns on a five, ten, and twenty-year horizon in accordance with Paragraph B.1.

**C. MBCBP and Enhanced PRSP Benefit Transition Timeline:**

The Company shall have the following milestones/deadlines regarding the MBCBP or Enhanced PRSP Benefit election and transition:

<b>Milestone/Deadline</b>	<b>Requirement</b>
June 29, 2026	Pension Plan amended to ensure pre-election closure of Pension Plan to Non-Participant Pilots.
July 1, 2026 – May 30, 2027	Executed MBCBP document and amendments to other plans, including the PRSP. <ul style="list-style-type: none"> <li>• October 2026 – Draft MBCBP plan document and other plan amendments to ALPA for review.</li> <li>• November 2026 – ALPA returns comments on draft MBCBP plan document and other plan amendments.</li> <li>• December 15, 2026 – Draft MBCBP Plan and other plan amendments.</li> </ul>
January 30, 2027	“New year” Company communication to pilots regarding upcoming election with basic MBCBP and Enhanced PRSP Benefit information.
March 31, 2027	Interim reminder communication regarding upcoming election.
April 1, 2027	Summary Plan Description for MBCBP and PRSP with Enhanced PRSP Benefit posted on website accessible to pilots.
April 1 – 15, 2027	Election Packets (including FAQs or equivalent information) distributed via first-class mail to pilots.

April 15 – May 30, 2027	45-day Election period (with access to online modeling tool and open call center).
June 30, 2027	Confirmation of election statement sent to each pilot (via first-class mail)
January 1, 2028	Start date of MBCBP and introduction of Enhanced PRSP Benefit.
April 1, 2028	Compensation Credit statement mailed to pilots, consistent with the pilot’s specified communications preferences, with a DOH on or after June 29, 2026, who will be starting with a balance equal to the sum of the Compensation Credits that would have accrued if the MBCBP had been established prior to the pilot’s DOH.

**D. Election Kits**

Between April 1 and no later than April 15, 2027, the Company shall issue each Election Eligible Pilot an election kit (via both electronic mail and first-class mail) which shall include the following:

3. The election window period.
4. Generalized comparison of plan benefits, plan features, and options under the Pension Plan, MBCBP, and the Enhanced PRSP Benefit.
5. A link to the online interactive modeler (to be available during election period) and instructions on how to use the online modeler.
6. MBCBP beneficiary designation method and PRSP beneficiary designation reminder.
7. Election method for MBCBP or Enhanced PRSP Benefit.
8. An explanation of the default in the event no election is made by an Election Eligible Pilot.

**E. MBCBP/Enhanced PRSP Benefit Election Procedures**

1. The Company shall prepare a communication focused on the MBCBP/Enhanced PRSP Benefit election, the election window, and the default in the event of no election. The Company shall issue this communication at the start of the election period to each Election Eligible Pilot via email and posting on PFC.
2. During the election period, pilots shall have access to an online modeling tool and an election call center.

3. An Election Eligible Pilot shall have the ability to make an election, or change the election, an unlimited number of times during the election window.
4. Elections shall be made online or via telephone call to the election call center.
5. Within a reasonable period after the close of the election window, but no later than June 30, 2027, the Company shall issue a confirmation statement (via both electronic mail and first-class mail) to each Election Eligible Pilot confirming their election.

**F. Costs**

The Company shall pay the costs of educating the Election Eligible Pilots on the new MBCBP and Enhanced PRSP Benefit, including the costs of the online interactive modeler and call center used during the election period.

**G. Ongoing Implementation Measures**

The parties have endeavored to capture the details necessary for the transition to, and administration of, the MBCBP or Enhanced PRSP Benefit as provided in Section 28 and this LOA. However, such matters remain complicated and may require additional measures. Such measures may be implemented if agreed upon in writing by the Vice President, Labor & Employment, and the Association's MEC Chairman.

**H. Effective Date and Duration**

This LOA shall be effective on June 29, 2026 and shall remain in full force and effect concurrent with the basic Agreement.

IN WITNESS WHEREOF, the parties hereto have signed this MBCBP/Enhanced Pilots' Retirement Savings Plan Benefit Implementation Letter of Agreement.