

FedEx MEC Negotiating Committee

Executive Summary of the 2023 Tentative Agreement

This Executive Summary provides an overview of the negotiated improvements to our CBA. Additional information available on the website <https://fdxta.com/> includes the full TA language, a Summary of Changes document, FAQs, podcasts, and videos.

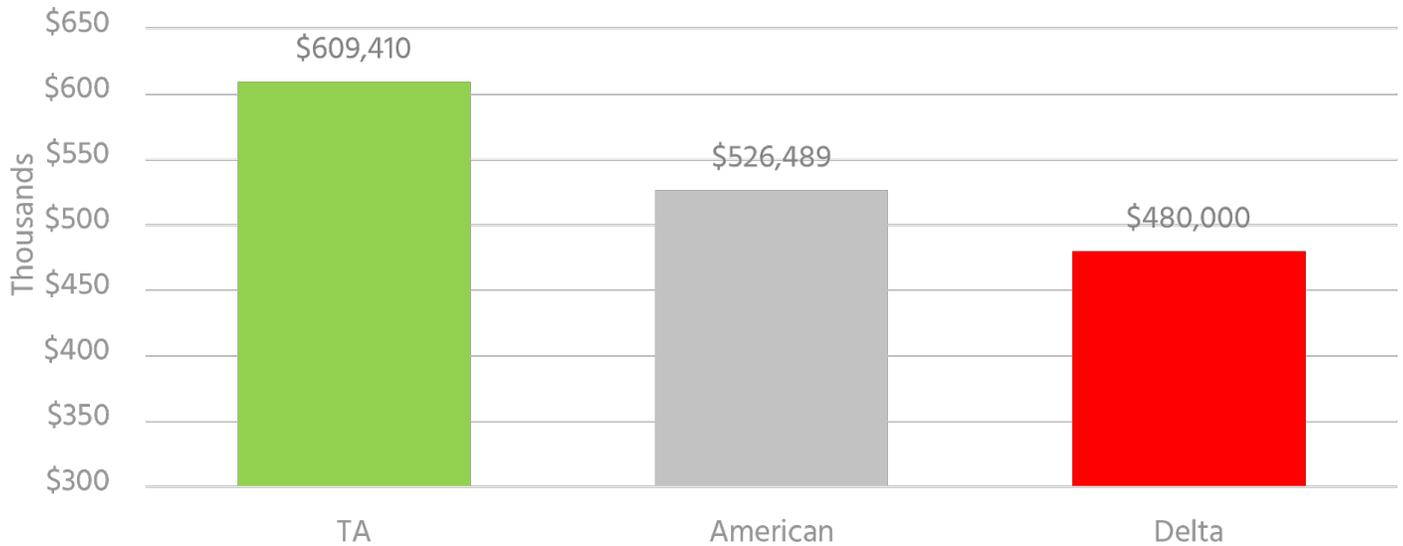
The MEC Opener from May 4, 2021, stated: “Our goal is to **establish an industry-leading contract that meets our members’ focused priorities of enhanced retirement benefits and pay rates with targeted quality of life improvements.**”

The TA released today for your consideration achieves that goal. We attained an industry leading agreement that is valued at \$3.8 billion. The negotiated value of this TA makes it the single largest contract ever bargained at our property and surpasses the total (inflation adjusted) value of all three of our ALPA contracts combined. The duration is 4.5 years with a 150-day opening window. The chart below illustrates this comparison to our previous contracts:



On a per pilot basis, **this TA has the highest value achieved among major carriers in the last twenty years.** Valued over four years, our TA is approximately worth \$609,000 per pilot. Based on public information, the American Airlines AIP is approximately worth \$526,000 per pilot and the Delta Agreement is approximately worth \$480,000 per pilot.

Per pilot value increase over 4 years



Source: Negotiator's Notepad, American AIP and podcast
 Note: Assumes 15,000 pilots for Delta and 15,196 pilots for American.

Section 28-Retirement

- Legacy Pension plan Final Average Earnings (FAE) limit increases from \$260,000 to \$325,000 at Date of Signing (DOS), July 31, 2023
 - FAE limit increases January 1, 2025 to \$330,000
 - FAE limit increases January 1, 2027 to \$338,000
 - Age service multipliers applied to increased FAE
- Pilots on property at DOS may elect to transition to the new Market Based Cash Balance Plan (MBCBP)
 - 11% annual company contribution up to the IRS Compensation limit
 - No Years of Service (YOS) limit
 - Lump sum benefit option at retirement
 - Market based rate of return on contributions
 - In-service distribution at 59.5
 - \$290,000 FAE limit applied to frozen YOS in the legacy Pension plan
 - YOS accrual in the legacy Pension plan ends upon entry into the MBCBP
 - Includes provisions for LTD and military leave
- Section 28.F.4.c. End of Career Sick Leave/Advance Notice of Planned Retirement Bonus increase from \$110,000 to \$150,000
- Provides opportunity for current pilots who revoked their notice of retirement for December 31, 2022, to “re-notice,” and retain their Section 28.F. bonus

Section 3-Compensation

- Top of Scale accelerated to 12 years from 15:
 - DOS: 15th year rate at year 14
 - DOS+6 months: 15th year rate at year 13
 - DOS+18 months: 15th year rate at year 12

2023 TA PAY RATES

WIDEBODY

WB CA		RAISE	TOS
AUG-23	DOS	14%	\$382.53
FEB-24	DOS +6mo	3%	\$394.00
FEB-25	DOS +18mo	4%	\$409.76
FEB-26	DOS +30mo	3%	\$422.05
FEB-27	DOS +42mo	3%	\$434.71

WB FO		RAISE	TOS
AUG-23	DOS	14%	\$271.19
FEB-24	DOS +6mo	3%	\$279.32
FEB-25	DOS +18mo	4%	\$290.49
FEB-26	DOS +30mo	3%	\$299.20
FEB-27	DOS +42mo	3%	\$308.17

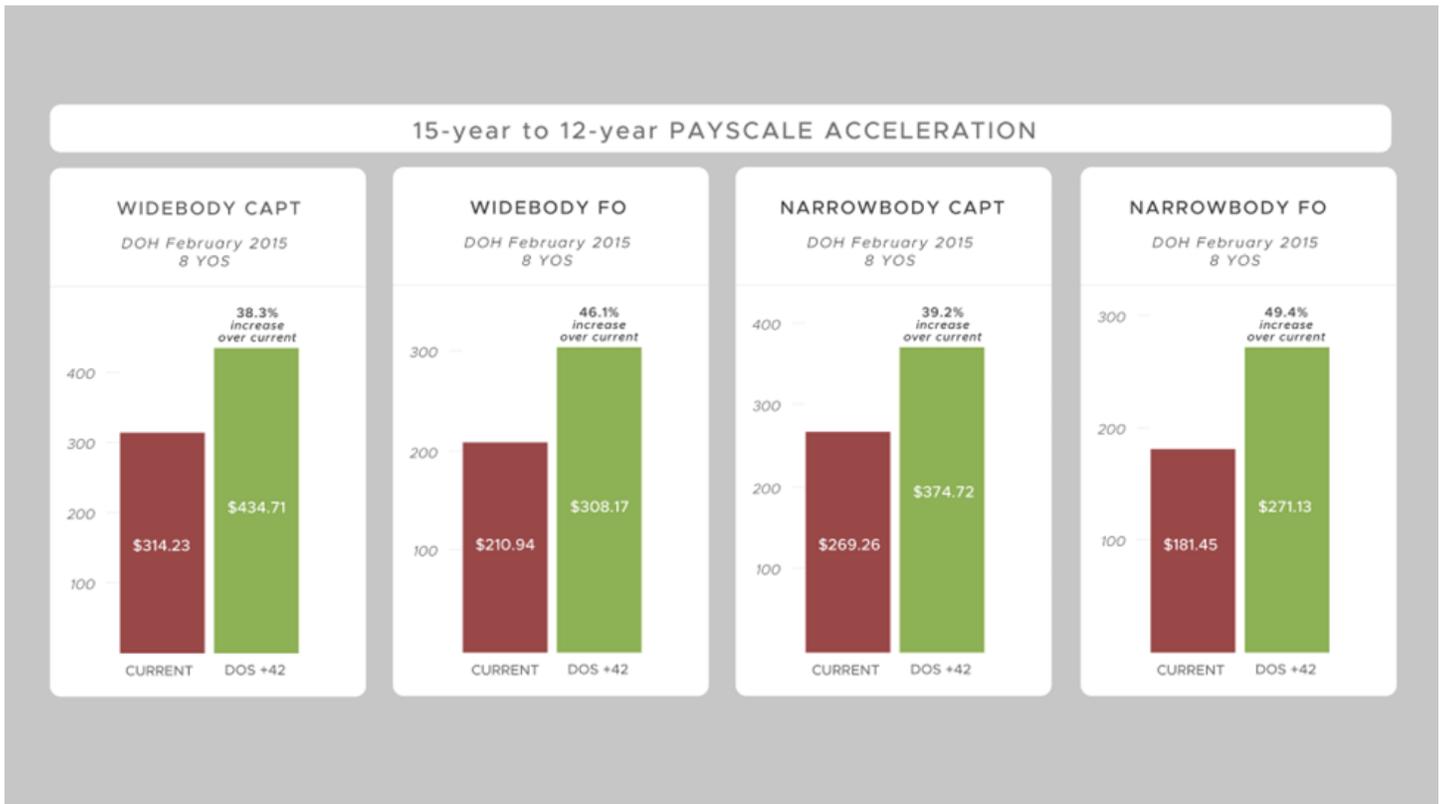
NARROWBODY

NB CA		RAISE	RAISE
AUG-23	DOS	14%	\$329.75
FEB-24	DOS +6mo	3%	\$339.64
FEB-25	DOS +18mo	4%	\$353.22
FEB-26	DOS +30mo	3%	\$363.81
FEB-27	DOS +42mo	3%	\$374.72

NB FO		RAISE	TOS
AUG-23	DOS	14%	\$238.60
FEB-24	DOS +6mo	3%	\$245.75
FEB-25	DOS +18mo	4%	\$255.58
FEB-26	DOS +30mo	3%	\$263.24
FEB-27	DOS +42mo	3%	\$271.13

WB CA	Longevity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DOS	Aug-23	\$315.42	\$350.43	\$351.14	\$352.55	\$353.93	\$355.38	\$356.80	\$358.22	\$359.63	\$363.80	\$367.96	\$372.22	\$375.00	\$382.53	\$382.53
DOS+6Months	Feb-24	\$324.88	\$360.94	\$361.67	\$363.12	\$364.54	\$366.04	\$367.50	\$368.96	\$370.41	\$374.71	\$378.99	\$383.38	\$394.00	\$394.00	\$394.00
DOS+18 Months	Feb-25	\$337.87	\$375.37	\$376.13	\$377.64	\$379.12	\$380.68	\$382.20	\$383.71	\$385.22	\$389.69	\$394.14	\$409.76	\$409.76	\$409.76	\$409.76
DOS+30 Months	Feb-26	\$348.00	\$386.63	\$387.41	\$388.96	\$390.49	\$392.10	\$393.66	\$395.22	\$396.77	\$401.38	\$405.96	\$422.05	\$422.05	\$422.05	\$422.05
DOS+42 Months	Feb-27	\$358.44	\$398.22	\$399.03	\$400.62	\$402.20	\$403.86	\$405.46	\$407.07	\$408.67	\$413.42	\$418.13	\$434.71	\$434.71	\$434.71	\$434.71
NB CA	Longevity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DOS	Aug-23	\$267.39	\$297.14	\$298.63	\$300.27	\$301.96	\$303.60	\$305.26	\$306.95	\$308.63	\$312.17	\$315.78	\$319.38	\$322.59	\$329.75	\$329.75
DOS+6Months	Feb-24	\$275.41	\$306.05	\$307.58	\$309.27	\$311.01	\$312.70	\$314.41	\$316.15	\$317.88	\$321.53	\$325.25	\$328.96	\$339.64	\$339.64	\$339.64
DOS+18 Months	Feb-25	\$286.42	\$318.29	\$319.88	\$321.64	\$323.45	\$325.20	\$326.98	\$328.79	\$330.59	\$334.39	\$338.26	\$353.22	\$353.22	\$353.22	\$353.22
DOS+30 Months	Feb-26	\$295.01	\$327.83	\$329.47	\$331.28	\$333.15	\$334.95	\$336.78	\$338.65	\$340.50	\$344.42	\$348.40	\$363.81	\$363.81	\$363.81	\$363.81
DOS+42 Months	Feb-27	\$303.86	\$337.66	\$339.35	\$341.21	\$343.14	\$344.99	\$346.88	\$348.80	\$350.71	\$354.75	\$358.85	\$374.72	\$374.72	\$374.72	\$374.72
WB FO	Longevity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DOS	Aug-23	\$95.87	\$217.53	\$217.83	\$222.18	\$226.63	\$231.15	\$235.77	\$240.47	\$245.29	\$252.15	\$259.22	\$266.47	\$267.82	\$271.19	\$271.19
DOS+6Months	Feb-24	\$98.74	\$224.05	\$224.36	\$228.84	\$233.42	\$238.08	\$242.84	\$247.68	\$252.64	\$259.71	\$266.99	\$274.46	\$279.32	\$279.32	\$279.32
DOS+18 Months	Feb-25	\$102.68	\$233.01	\$233.33	\$237.99	\$242.75	\$247.60	\$252.55	\$257.58	\$262.74	\$270.09	\$277.66	\$290.49	\$290.49	\$290.49	\$290.49
DOS+30 Months	Feb-26	\$105.76	\$240.00	\$240.32	\$245.12	\$250.03	\$255.02	\$260.12	\$265.30	\$270.62	\$278.19	\$285.98	\$299.20	\$299.20	\$299.20	\$299.20
DOS+42 Months	Feb-27	\$108.93	\$247.20	\$247.52	\$252.47	\$257.53	\$262.67	\$267.92	\$273.25	\$278.73	\$286.53	\$294.55	\$308.17	\$308.17	\$308.17	\$308.17
NB FO	Longevity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DOS	Aug-23	\$92.48	\$178.28	\$185.53	\$189.58	\$193.76	\$198.05	\$202.39	\$206.85	\$211.40	\$218.98	\$226.91	\$235.07	\$236.25	\$238.60	\$238.60
DOS+6Months	Feb-24	\$95.25	\$183.62	\$191.09	\$195.26	\$199.57	\$203.99	\$208.46	\$213.05	\$217.74	\$225.54	\$233.71	\$242.12	\$245.75	\$245.75	\$245.75
DOS+18 Months	Feb-25	\$99.06	\$190.96	\$198.73	\$203.07	\$207.55	\$212.14	\$216.79	\$221.57	\$226.44	\$234.56	\$243.05	\$255.58	\$255.58	\$255.58	\$255.58
DOS+30 Months	Feb-26	\$102.03	\$196.68	\$204.69	\$209.16	\$213.77	\$218.50	\$223.29	\$228.21	\$233.23	\$241.59	\$250.34	\$263.24	\$263.24	\$263.24	\$263.24
DOS+42 Months	Feb-27	\$105.09	\$202.58	\$210.83	\$215.43	\$220.18	\$225.05	\$229.98	\$235.05	\$240.22	\$248.83	\$257.85	\$271.13	\$271.13	\$271.13	\$271.13

At DOS the 15th longevity year (Top of Scale) pay rate will apply to all pilots in longevity year group 14 or more. At DOS+6 months or February 2024, the TOS rate will apply to all pilots in longevity year group 13 or more. At DOS+18 months or February 2025, and going forward, the TOS rate will apply to pilots in longevity year group 12 or more. This historical pay rate change provides valuable increases to the negotiated pay rates. This item was added very late in negotiations to address concerns over the recent system bid and associated delayed career progression. The improvement is specifically targeted for the nearly 3,100 pilots who have been hired since 2015.



PAY INCREASE OVER 1 YEAR					PAY INCREASE OVER ENTIRE TA				
YEAR GROUP AT DOS	NBFO	NBCA	WBFO	WBCA	YEAR GROUP AT DOS	NBFO	NBCA	WBFO	WBCA
1	112.54%	28.45%	147.70%	28.43%	1	171.39%	46.29%	206.22%	45.36%
2	21.18%	17.51%	17.14%	17.21%	2	43.90%	32.36%	37.65%	31.38%
3	19.24%	17.56%	19.05%	17.41%	3	41.31%	32.42%	40.21%	31.63%
4	19.27%	17.57%	19.06%	17.40%	4	41.34%	32.42%	40.20%	31.63%
5	19.28%	17.56%	19.05%	17.42%	5	41.33%	32.40%	40.21%	31.63%
6	19.25%	17.56%	19.05%	17.41%	6	43.23%	33.20%	41.31%	32.62%
7	19.26%	17.56%	19.05%	17.41%	7	45.23%	34.01%	42.42%	33.59%
8	19.26%	17.56%	19.06%	17.40%	8	49.42%	39.17%	46.09%	38.34%
9	20.69%	18.18%	19.88%	18.19%	9	46.21%	38.41%	43.22%	37.80%
10	20.73%	18.19%	19.88%	18.17%	10	41.15%	36.84%	39.32%	36.22%
11	20.70%	18.17%	19.88%	18.19%	11	36.21%	35.28%	35.52%	34.68%
12	18.54%	20.34%	18.82%	19.85%	12	31.48%	33.75%	31.84%	33.14%
13	18.02%	19.28%	18.29%	19.07%	13	30.83%	32.42%	31.18%	32.15%
14	17.57%	18.37%	17.85%	18.14%	14	30.19%	31.10%	30.51%	30.85%
15	17.00%	17.00%	17.00%	17.00%	15	29.54%	29.54%	29.54%	29.55%

- New hire pilots paid 2.25 CH per day (63 CH in 4 week bid month; 78.75 CH in 5 week bid month)
 - Durable: increases with pay rate improvements
 - Examples:
 - 4 week bid period DOS+42
 - NB: \$6,620
 - WB: \$6,863
 - 5 week bid period DOS+42
 - NB: \$8,276
 - WB: \$8,578
- Amendable Period Recovery Payment:
 - Total possible for Captain: \$30,450 (\$1,450 per bid period)
 - Total possible for F/O: \$19,950 (\$950 per bid period)
 - Based on active status during each bid period during the Amendable Period (November 2, 2021, through July 30, 2023)
 - Pensionable earnings for DB and DC

Targeted Quality of Life Improvements

Section 1 Recognition, Scope and Successorship

- Prevents Company from entering into new wet lease agreements during MBPG reductions (4.A.2.c)
- During furlough, additional penalty payments for every wet lease Block Hour flown
 - Excess penalty payment goes directly to furloughed pilots
- Simplified scope formula takes into account every wet lease block as compared to historical flying

Section 4 Minimum Guarantees and Other Pay Provisions

- Pay for maintaining currency based on objective formula
- AVA at 100%, 150%, 175%
- Per Diem:
 - Domestic: \$2.65, then \$2.85 (June 2025)
 - Intl: \$3.65 then \$3.85 (June 2025)

Section 5 Traveling Expenses

- Improvement to receipt submission on expense reports
- Detailed discrepancy list
- Minimum notice(s) required to pilots by set time
- Removal of the hotel folio/receipt requirement on expense reports

Section 7 Vacation

- Ability to waive the 24 hour international duty-free buffer following a vacation footprint
- Removed the 40% limitation on vacation buy-back
- Requires Company to provide at least 2 notifications for voluntary cancellation before involuntary
- Involuntary must be done in reverse seniority order
- Additional Credit Hour increase from 24 to 36 credit hours for involuntary cancellation
- Clarified vacation cancellation provisions for FPS/TAA, Check Airman, and Instructor Pilots (BPO Pilots)

Section 8 Deadheading

- No reduction to deviation bank for 3 months
 - Reduction of 50% moved to the fourth bid period (currently the next bid period)
- Seat selection fees distinction of flight segment (\$40) vs positioning sequence (\$80) eliminated and increased to \$100
- Rental cars added to allowable and reimbursable surface transportation deviation expense
- Hotel use over SUB window as new allowable/reimbursable expense
- Receipt not required for expense report increased from \$25 to \$75

Section 12 Hours of Service

- After calling fatigue on a trip, the pilot will no longer be “automatic well” until 24 hours from the trip removal
- Crew Planning Domestic Layover Minimum
 - Minimum layover preceding DH duty increased from 8 to 8:30
- Scheduled Domestic Rest Provisions
 - Scheduled 9 hours increased to 9:30
 - Scheduled 8 hours increased to 8:30 when followed by DH only duty period
- Operational Domestic Rest Provisions
 - Rest increased from 8 to 9 hours
 - Rest increased from 8 to 8:30 when followed by DH only duty period
- 8-in-24
 - Domestic Block Hour Limitations
 - The rest period prior to exceeding 8-in-24:
 - Scheduled 9 hours increased to 9:30
 - If the pilot does not receive the rest due to headwinds, ATC delays, etc., rescheduled rest minimum of 8 hours increased to 9 hours
 - Domestic Rest Provisions
 - The rest period after exceeding 8-in-24:
 - Operational rest minimum of “FAR limitations” (8 hours) increased to 11 hours

Mediation LOA

- New LOA created a mediation process

Section 25 Scheduling

- New monthly bidding timelines resulting in secondary lines being published earlier
- View/Add window – Pilot may elect to have their line “built up” and make a submission for desired types of trips
- Pilots may now trade a block of R-days with another pilot’s trip or trips
- True long call reserve improved (now R-16) with assignment limits to base hotel standby (must be existing in open time)
- Preferencing option created for pilots on reserve
- Draft Trip: Pilots may now elect to receive text messages and/or crew notifications
- Improved and added disruptions
 - Landing disruptions improved from :30CH to 1:30 for all landings
 - New Duty Period Disruption for a deadhead deleted at the beginning of the trip
 - Layover disruption improved from “more than 50%” to two tiers:
 - 50% or more now pays and increased from 1:30CH to 3CH per trip
 - 75% or more and pays 4CH per trip
 - New Day to Critical disruption will pay 1:30

Section 26 General

- Improved definition of “flight data”
- Improved flight data protections
- Prohibition of video recordings and still images on aircraft

Total Contract Value

There is a current trend in our industry of making great strides in collective bargaining agreements. This tentative agreement continues that trend and raises the bar. The recent Delta agreement was one outstanding example that created an approximate total value of \$23.0 billion for its roughly 15,000 pilots, which equates to \$1.5 million per pilot over the four-year deal. Once ratified, our agreement creates a contract with a total value of \$12.5 billion for FedEx pilots, which equates to \$2.2 million per pilot over the next four years, 44% more than Delta. We are proud this TA builds upon the success of our fellow ALPA pilots.

