



**FLIGHT ADVISORY BOARD
FEDERAL EXPRESS CORPORATION
B-727 FLIGHT OPERATIONS
MEMPHIS, TN. 38194**



February 24, 1989

Jim Barksdale, COO
Federal Express Corporation
P.O. Box 727
Memphis, Tennessee 38194

Dear Jim:

This letter will confirm our conversation on Wednesday, February 22, 1989, during which we discussed the proposed pension program. After a preliminary review of the information presented to the Flight Advisory Board Pay and Benefits Committee, we have reservations about the proposed changes to the Company retirement plan. **One element of concern is the elimination of COLA.** While we are appreciative of certain aspects of the proposed plan, our opinion remains unchanged in that the original Company pension plan design and intent was potentially better and is one which, with some minor changes, could provide the Federal Express pilots with an airline standard pension plan.

The procedure agreed to in our February 10 meeting with Fred and yourself, for further review of the proposed pension plan, is underway. We have retained the Frank P. Hall Company to evaluate this plan and the Flying Tiger Pilots' Pension Plan. In our conversation last Wednesday, I explained to you that we did not have enough time before the Board of Directors meeting March 20, 1989, to have a complete evaluation of the two plans. I asked you to postpone the announcement of the new pension plan until such time as the review work by our actuary was complete. You remarked to me that you wished to proceed with the Company wide announcement to prevent any more delays in advising the rest of the employees of the new retirement plan. In addition you advised me that as soon as we completed our review, we would reconvene our meeting to work out a way to fix the pilots' pension plan. We may have some preliminary information from our actuary by March 14, 1989, and if you so desire, we can meet to discuss these results.

Thank you for the time you have committed to us in considering our concerns.

Regards,

John W. Poag
Chairman, Flight Advisory Board

cc: All Crewmembers