

SECURITIES AND EXCHANGE COMMISSION

FORM 424B5

Prospectus filed pursuant to Rule 424(b)(5)

Filing Date: **1994-03-18**
SEC Accession No. **0000912057-94-000965**

([HTML Version](#) on secdatabase.com)

FILER

FEDERAL EXPRESS CORP

CIK: **230211** | IRS No.: **710427007** | State of Incorporation: **DE** | Fiscal Year End: **0531**
Type: **424B5** | Act: **33** | File No.: **033-51623** | Film No.: **94516707**
SIC: **4513** Air courier services

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[LOGO]

1994 PASS THROUGH TRUSTS

1994 PASS THROUGH CERTIFICATES, SERIES A310-A1

1994 PASS THROUGH CERTIFICATES, SERIES A310-A2

1994 PASS THROUGH CERTIFICATES, SERIES A310-A3

The Pass Through Certificates offered hereby consist of Federal Express Corporation 1994 Pass Through Certificates, Series A310-A1 in the aggregate amount of \$125,000,000, Federal Express Corporation 1994 Pass Through Certificates, Series A310-A2 in the aggregate amount of \$174,971,000 and Federal Express Corporation 1994 Pass Through Certificates, Series A310-A3 in the aggregate amount of \$77,141,000, which will represent fractional undivided interests in the Federal Express Corporation Pass Through Trust, 1994-A310-A1, the Federal Express Corporation Pass Through Trust, 1994-A310-A2, and the Federal Express Corporation Pass Through Trust, 1994-A310-A3, respectively. Each Pass Through Trust will be formed pursuant to the Pass Through Agreement and a related Series Supplement, in each case between Federal Express Corporation (the "Corporation") and NationsBank of South Carolina, National Association, not in its individual capacity but solely as the Pass Through Trustee under such Pass Through Trust. The property of each Pass Through Trust will consist of Equipment Trust Certificates from each of 13 separate series of Equipment Trust Certificates being issued by the Owner Trustee on behalf of the Owner Trust to fund a portion of the total amount to be paid by the Owner Trustee to acquire one of 13 Airbus A310-203 aircraft (each, and collectively, the "Aircraft"). The Aircraft were delivered new to Deutsche Lufthansa Aktiengesellschaft ("Lufthansa") between 1983 and 1986 and have been operated in Lufthansa's commercial passenger transportation service. Each Aircraft is being converted from passenger configuration to freighter configuration and, upon the acceptance by the Corporation of such Aircraft when such conversion has been completed and upon the satisfaction of certain other conditions, will be leased to the Corporation by the Owner Trustee on the related Lease Commencement Date, as described herein. For each of the 13 Aircraft,

(CONTINUED ON FOLLOWING PAGE)

NO EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR INDIVIDUAL RETIREMENT ACCOUNT OR PLAN SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"; SUCH PLANS ARE HEREINAFTER COLLECTIVELY REFERRED TO AS AN "ERISA PLAN"), MAY ACQUIRE OR HOLD THE PASS THROUGH CERTIFICATES. CERTAIN GOVERNMENTAL AND NON-ELECTING CHURCH PLANS, HOWEVER, ARE NOT SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE AND, THEREFORE, MAY INVEST IN THE PASS THROUGH CERTIFICATES. THE PURCHASE BY ANY PERSON OF ANY PASS THROUGH CERTIFICATE CONSTITUTES A REPRESENTATION BY SUCH PERSON TO THE CORPORATION, THE OWNER PARTICIPANT, THE OWNER TRUSTEE, THE INDENTURE TRUSTEE AND THE PASS THROUGH TRUSTEE THAT SUCH PERSON IS NOT AN ERISA PLAN AND THAT SUCH PERSON IS NOT ACQUIRING, AND HAS NOT ACQUIRED, SUCH PASS THROUGH CERTIFICATE WITH ASSETS OF AN ERISA PLAN.

Prior to their issuance there has been no market for the Pass Through Certificates and there can be no assurance that one will develop. See "Underwriting" in this Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
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PASS THROUGH CERTIFICATES	AGGREGATE AMOUNT	APPLICABLE INTEREST RATE	FINAL DISTRIBUTION DATE	INITIAL PUBLIC OFFERING PRICE (1) (2)
Series A310-A1.....	\$ 125,000,000	7.53%	September 23, 2006	100%

Series A310-A2.....	174,971,000	7.89	September 23, 2008	100
Series A310-A3.....	77,141,000	8.40	March 23, 2010	100

Total.....	\$ 377,112,000			\$ 377,112,000

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- (1) Plus accrued interest, if any, at the applicable rate from the date of issuance of such Pass Through Certificates.
 - (2) All of the proceeds from the sale of the Pass Through Certificates will be used to purchase the Equipment Trust Certificates from the Owner Trustee on behalf of the Owner Trust. The underwriting commission, consisting of \$781,250 with respect to Series A310-A1, \$1,137,311 with respect to Series A310-A2 and \$578,558 with respect to Series A310-A3, aggregates \$2,497,119, which constitutes .662% of the amount of the Pass Through Certificates. The underwriting commission and certain other expenses relating to the offering, estimated at \$2,670,804, will be paid on behalf of the Owner Participant by the Owner Trustee from the proceeds of the sale of the Equipment Trust Certificates to the Pass Through Trustee, while certain other expenses relating to the offering, estimated at \$510,000, will be paid by the Corporation. The Corporation has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

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The Pass Through Certificates are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to accept any order in whole or in part. It is expected that the Pass Through Certificates will be ready for delivery at the offices of Goldman, Sachs & Co., New York, New York, on or about March 23, 1994 against payment therefor in immediately available funds.

GOLDMAN, SACHS & CO. MERRILL LYNCH & CO.

The date of this Prospectus Supplement is March 16, 1994.

(CONTINUED FROM PREVIOUS PAGE)

three Equipment Trust Certificates, each of which will have a different principal amount, interest rate, maturity date and schedule of principal payments, will be issued under the related Indenture as nonrecourse obligations of First Security Bank of Utah, National Association, acting not in its individual capacity but solely as Owner Trustee of the Owner Trust, and will be purchased from the Owner Trustee by the Pass Through Trustee. The aggregate principal amount of the Equipment Trust Certificates relating to each Aircraft will not exceed approximately 94% of the Aircraft Cost (as defined herein) for such Aircraft.

For each Pass Through Trust, all of the Equipment Trust Certificates purchased by the Pass Through Trustee will have identical interest rates, in each case equal to the rate applicable to the Pass Through Certificates of such Pass Through Trust set forth on the cover of this Prospectus Supplement, and will have a maturity date on or before the final distribution date for such Pass Through Trust. Interest paid on the Equipment Trust Certificates held in each Pass Through Trust will be passed through to the related Certificateholders on each March 23 and September 23, commencing on September 23, 1994, at the rate per annum set forth on the front cover hereof for the related Pass Through Certificates until the final distribution date for such Pass Through Trust. Principal paid on the Equipment Trust Certificates held in each Pass Through Trust will be passed through to the related Certificateholders in scheduled amounts on March 23 or September 23, or both, of each specified year, commencing on March 23, 1995 for the Series A310-A1 Pass Through Certificates, commencing on September 23, 1998, for the Series A310-A2 Pass Through Certificates and commencing on March 23, 2007 for the Series A310-A3 Pass Through Certificates, until the final distribution date for such Pass Through Trust.

Each Aircraft is to be converted from passenger configuration to freighter configuration. The period from the Closing Date to the date (the "Scheduled Lease Commencement Date") scheduled for the commencement of the Lease relating to such Aircraft after such conversion is referred to as the "Scheduled Pre-Funding Period" for such Aircraft. If, on the Scheduled Lease Commencement Date for an Aircraft, the related Lease does not commence or the Indenture Trustee does not release the portion of the related Aircraft Cost payable by the Indenture Trustee (the "Collateral Account Release Amount"), then the period from such Scheduled Lease Commencement Date to the date that the Indenture Trustee does release the related Collateral Account Release Amount (the "Exchange Date") shall be referred to as the "Extended Pre-Funding Period" for such Aircraft. The Scheduled Pre-Funding Period, together with the Extended Pre-Funding Period, if any, for an Aircraft shall be referred to as the

"Pre-Funding Period" for such Aircraft. For each Aircraft, during the related Pre-Funding Period, the related Equipment Trust Certificates will be secured by (i) a collateral account (each, a "Collateral Account") funded by proceeds of the sale of such Equipment Trust Certificates, after deducting certain expenses of the offering made hereby; (ii) an assignment of certain of the Owner Trustee's rights under the Agreement to Lease with respect to such Aircraft; (iii) one of 13 irrevocable Letters of Credit to be issued by Westdeutsche Landesbank Girozentrale, New York Branch ("WestLB New York"), in the amount specified herein; and (iv) one or more promissory notes issued by Lufthansa, payable on demand, in the principal amount specified herein (each, a "Demand Note"), which will be contributed by the Owner Participant to the trust estate of the Owner Trustee and assigned to the Indenture Trustee.

Funds deposited in the Collateral Account relating to an Aircraft will be invested in obligations of, or guaranteed by, the United States of America and, together with the anticipated income from such Specified Investments, will be used to pay the interest accrued on the related Equipment Trust Certificates during the Scheduled Pre-Funding Period for such Aircraft and, unless there is a mandatory prepayment of such Equipment Trust Certificates during the related Pre-Funding Period, will be available to fund the Collateral Account Release Amount on the related Exchange Date. Amounts drawn under each Letter of Credit will be available to make scheduled payments of principal, if any, and interest on the related Equipment Trust Certificates during the Extended Pre-Funding Period, if any, relating to an Aircraft and, unless there is a mandatory prepayment of such Equipment Trust Certificates during the related Pre-Funding Period, will be available to pay the excess, if any, of principal and interest due on the first payment date after the related Pre-Funding Period over the sum of the amount of rent payable by the Corporation on such payment date pursuant to the related Lease and any amount then in the related Collateral Account. If there is a mandatory prepayment of the related Equipment Trust Certificates during the Pre-Funding Period, the amount in the related Collateral Account, together with amounts drawn pursuant to the related Letter of Credit, will be available to fund such mandatory prepayment. See "Description of the Equipment Trust Certificates --Security -- Pre-Funding Period" below for a discussion of the availability of the Demand Notes to fund payment shortfalls, if any, during the Pre-Funding Periods.

For each Aircraft, after the related Pre-Funding Period, the related Equipment Trust Certificates will be secured by a security interest in such Aircraft and by an assignment to the Indenture Trustee of certain of the Owner Trustee's rights under the related Lease, including the right to receive rental payments payable by the Corporation under such Lease. For each Aircraft, after the related Pre-Funding Period, the Corporation will be obligated to make rental payments thereunder that will be sufficient to pay the principal of and interest on the related Equipment Trust Certificates when and as due and payable, except that on the first scheduled payment date after the related Exchange Date, the difference between the rental payment due on such payment date by the Corporation and the scheduled payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the amount available in the related Collateral Account and funds available under the related Letter of Credit.

For any Aircraft, prior to the commencement of the related Lease, the Corporation will not be required to make any rental payments with respect to such Aircraft, and during the Pre-Funding Period, even if such Lease has commenced, the Equipment Trust Certificates will not be secured by such Aircraft or the related Lease, including any rental payments under such Lease. Only upon commencement of such Lease and the release by the Indenture Trustee to the Owner Trustee of the related Collateral Account Release Amount will the Equipment Trust Certificates issued under the Indenture relating to such Aircraft be secured by such Aircraft and Lease. Since the commencement of each Lease is subject to certain conditions, including the acceptance of the related Aircraft by the Corporation upon completion of the conversion of such Aircraft from passenger to freighter configuration, there can be no assurance that the Lease for such Aircraft will commence prior to the related Cut-off Date (as defined below). See "Description of the Equipment Trust Certificates--Prepayment--Prepayment without Premium" in this Prospectus Supplement for a discussion of the prepayment of the related Equipment Trust Certificates in such circumstances.

Prior to the maturity thereof, the Equipment Trust Certificates relating to any Aircraft may be purchased at the direction of the Owner Participant and such Equipment Trust Certificates may be prepaid by the Owner Trustee, under the circumstances and at the prices described in this Prospectus Supplement under "Description of the Equipment Trust Certificates--Prepayment." Any such purchase or prepayment would result in an early distribution of principal paid in respect of the Pass Through Certificates.

THE PASS THROUGH CERTIFICATES REPRESENT INTERESTS IN THE RELATED PASS THROUGH TRUST ONLY AND ALL PAYMENTS AND DISTRIBUTIONS SHALL BE MADE ONLY FROM THE PROPERTY OF SUCH PASS THROUGH TRUST. THE PASS THROUGH CERTIFICATES DO NOT

REPRESENT AN INTEREST IN, OBLIGATION OF, OR GUARANTEE BY THE CORPORATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE PASS THROUGH CERTIFICATES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN ANY OVER-THE-COUNTER MARKET OR OTHERWISE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

PROSPECTUS SUMMARY

THE FOLLOWING IS A SUMMARY OF MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS AND SHOULD BE READ ONLY IN CONJUNCTION WITH THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS.

THE OFFERING

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GLOSSARY.....	A glossary of certain of the significant defined terms used in this Prospectus Supplement is included as Appendix A to this Prospectus Supplement.
DIAGRAM OF PAYMENTS.....	A diagram of payments illustrating certain of the payment flows in the Pass Through Trust structure for Aircraft to be leased by the Corporation appears on page 6 of the Prospectus.
THE OFFERING.....	The Pass Through Certificates offered hereby consist of Federal Express Corporation 1994 Pass Through Certificates, Series A310-A1 (the "Series A310-A1 Pass Through Certificates") in the aggregate amount of \$125,000,000, Federal Express Corporation 1994 Pass Through Certificates, Series A310-A2 (the "Series A310-A2 Pass Through Certificates") in the aggregate amount of \$174,971,000 and Federal Express Corporation 1994 Pass Through Certificates, Series A310-A3 (the "Series A310-A3 Pass Through Certificates") in the aggregate amount of \$77,141,000. Each such series of Pass Through Certificates is a "Series" and the Pass Through Certificates of each Series and of all such Series, collectively, are the "Pass Through Certificates." The Series A310-A1 Pass Through Certificates, the Series A310-A2 Pass Through Certificates and the Series A310-A3 Pass Through Certificates will be issued by Federal Express Corporation Pass Through Trust, 1994-A310-A1, Federal Express Corporation Pass Through Trust, 1994-A310-A2 and Federal Express Corporation Pass Through Trust, 1994-A310-A3, respectively (each a "Pass Through Trust"), to be formed pursuant to the Pass Through Trust Agreement dated as of March 1, 1994 (the "Pass Through Agreement") and Series Supplement 1994-A310-A1, Series Supplement 1994-A310-A2 or Series Supplement 1994-A310-A3 (each a "Series Supplement"), as the case may be, in each case between the Corporation and NationsBank of South Carolina, National Association ("NationsBank of South Carolina"), not in its individual capacity but solely as pass through trustee under each such Pass Through Trust (the "Pass Through Trustee") for the benefit of the registered holders (the "Certificateholders") of the related Series of Pass Through Certificates. Each Pass Through Certificate will represent a fractional undivided interest in the related Pass Through Trust.
TRUST PROPERTY.....	The property held in each Pass Through Trust (the "Trust Property") will consist of equipment trust certificates (the "Equipment Trust Certificates") from each of 13 separate series of Equipment Trust Certificates being issued as nonrecourse obligations by First Security Bank of Utah, National Association ("First Security"), not in its individual capacity but solely as Owner Trustee (the "Owner Trustee") in connection with the financing on behalf of an owner trust (the "Owner Trust") of a portion of the total amount to be paid by the Owner Trustee
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	to acquire 13 Airbus A310-203 Aircraft, each equipped with two General Electric CF6-80A3 Engines, which are to be leased to the Corporation in 13 separate leveraged lease transactions. Each Pass Through Trust will include Equipment Trust Certificates with identical interest rates, in each case equal to the rate applicable to the Pass Through Certificates of such Pass Through Trust as set forth on the cover of this Prospectus Supplement, and will have maturity dates on or

before the final distribution date for such Pass Through Trust. For each Pass Through Trust, the aggregate principal amount of the Equipment Trust Certificates held in such Pass Through Trust will equal the aggregate amount of the related Series of Pass Through Certificates.

DENOMINATIONS..... The Pass Through Certificates of each Pass Through Trust will be issued in fully registered form without coupons in minimum denominations of \$1,000 or any integral multiple thereof.

REGULAR DISTRIBUTION

DATES..... March 23 and September 23, commencing on September 23, 1994.

SPECIAL DISTRIBUTION

DATES..... The 23rd day of any month, except in certain circumstances, in which case it will be the date of receipt of proceeds by the Pass Through Trustee.

RECORD DATES..... March 8 and September 8 for the March 23 and September 23 Regular Distribution Dates, respectively, and for any Special Distribution Date, the 15th day preceding such Special Distribution Date.

DISTRIBUTIONS OF SCHEDULED

PAYMENTS..... Payments of interest on the Equipment Trust Certificates held in each Pass Through Trust are scheduled to be received by the Pass Through Trustee on each March 23 and September 23, commencing on September 23, 1994, and are to be distributed to the related Certificateholders on the corresponding Regular Distribution Dates. Interest on the Equipment Trust Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal on such Equipment Trust Certificates are scheduled to be received in specified amounts on March 23 or September 23, or both, of each specified year, commencing on March 23, 1995, in the case of the Pass Through Trust relating to the

Series A310-A1 Pass Through Certificates, commencing on September 23, 1998, in the case of the Pass Through Trust relating to the Series A310-A2 Pass Through Certificates and commencing on March 23, 2007, in the case of the Pass-Through Trust relating to the Series A310-A3 Pass Through Certificates, and are to be distributed to the related Certificateholders on the corresponding Regular Distribution Dates. Such scheduled payments of principal of, and interest on, the Equipment Trust Certificates are referred to herein as "Scheduled Payments." See "Description of the Pass Through Certificates -- Payments and Distributions" in the Prospectus.

DISTRIBUTIONS OF SPECIAL

PAYMENTS..... For any Pass Through Trust, any payments of principal, premium or interest, other than Scheduled Payments, received by the Pass Through Trustee on any of the Equipment Trust Certificates held in such Pass Through Trust will be distributed on a Special Distribution

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Date after not less than 20 days' notice (or prompt notice in the case of a Deemed Event of Loss, a Pre-Funding Event of Loss or an Event of Loss (as such terms are defined below) with respect to the related Aircraft).

METHOD OF DISTRIBUTIONS..... Distributions by the Pass Through Trustee to the related Certificateholders, other than the final distribution, will be made at the office of the Pass Through Trustee or, at the option of the Pass Through Trustee, by check mailed to each such Certificateholder of record on the applicable record date at its address appearing on the related register. The final distribution with respect to the Pass Through Certificates of any Pass Through Trust will be made only upon presentation and surrender thereof at the office or agency of the Pass Through Trustee. See "Description of the Pass Through Certificates -- Payments and Distributions" in the Prospectus.

EQUIPMENT TRUST CERTIFICATES:

SECURITY AND PAYMENTS
DURING THE PRE-FUNDING

PERIOD..... For each Aircraft, the period from the Closing Date to the date that the Indenture Trustee releases the portion of the related Aircraft Cost payable by the Indenture Trustee (the "Collateral Account Release Amount") is referred to as the "Pre-Funding Period." During the Pre-Funding Period for each Aircraft the principal amount of the related Equipment Trust Certificates and interest thereon will be secured by (i) the related Collateral Account, which will be funded by the pro-

ceeds of the sale of such Equipment Trust Certificates, after deducting certain expenses of the offering made hereby, (ii) an assignment of certain of the Owner Trustee's rights under the Agreement to Lease with respect to such Aircraft, (iii) the related Letter of Credit issued by WestLB New York and (iv) the related Demand Notes. Funds deposited in the Collateral Account relating to an Aircraft will be invested in Specified Investments, which are obligations of, or guaranteed by, the United States of America, and, together with the anticipated income from such Specified Investments, will be used to pay the interest accrued on the related Equipment Trust Certificates during the Scheduled Pre-Funding Period for such Aircraft and, unless there is a mandatory prepayment of such Equipment Trust Certificates during the related Pre-Funding Period, will be available to fund the related Collateral Account Release Amount on the related Exchange Date (as defined below). Amounts drawn under each Letter of Credit will be available to make scheduled payments of principal, if any, and interest on the related Equipment Trust Certificates during the Extended Pre-Funding Period, if any, relating to an Aircraft and, unless there is a mandatory prepayment of such Equipment Trust Certificates during the related Pre-Funding Period, will be available to pay the excess, if any, of principal and interest due on the first payment date after the related Pre-Funding Period over the sum of the amount of rent payable by the Corporation on such payment date pursuant to the related Lease and any amount then held in the related Collateral Account. If there is a mandatory prepayment of the related Equipment Trust Certificates during the Pre-Funding Period, the amount in the related

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Collateral Account, together with amounts drawn pursuant to the related Letter of Credit, will be available to fund such mandatory prepayment. See "The Pre-Funding Periods" and "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period" and "Description of the Letters of Credit" in this Prospectus Supplement. See "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period" for a discussion of the availability of the Demand Notes to fund payment shortfalls, if any, during the Pre-Funding Periods.

For each Aircraft, the aggregate principal amount of the Equipment Trust Certificates issued under the related Indenture will not exceed approximately 94% of the Aircraft Cost for such Aircraft. On the Lease Commencement Date for such Aircraft, the Owner Participant will provide, from sources other than the related Collateral Account and Equipment Trust Certificates, the difference between the Aircraft Cost for such Aircraft and the amount provided from the related Collateral Account on the related Lease Commencement Date.

During the Pre-Funding Period for each Aircraft, the related Equipment Trust Certificates will not be secured by such Aircraft or the related Lease, nor will the Corporation be required to pay rent with respect to such Aircraft which would service the related Equipment Trust Certificates.

There will be no cross-collateralization provisions in the Indentures and, consequently, the Equipment Trust Certificates issued in respect of one of the Aircraft will not be secured by the Collateral Account, Letter of Credit or Demand Notes relating to any other Aircraft.

EQUIPMENT TRUST CERTIFICATES:
SECURITY AND PAYMENTS
AFTER THE PRE-FUNDING
PERIOD.....

For each Aircraft, after the related Pre-Funding Period, the principal amount of the related Equipment Trust Certificates, premium, if any, and interest thereon will be secured by a security interest in such Aircraft and by an assignment to the Indenture Trustee of certain of the Owner Trustee's rights under the related Lease, including the right to receive rental payments payable by the Corporation thereunder. For each Aircraft, after the related Pre-Funding Period, the Corporation will be obligated to make rental payments thereunder that will be sufficient to pay the principal of and interest on the related Equipment Trust Certificates when and

as due and payable, except that on the first scheduled payment date after the related Exchange Date, the difference between the rental payment due on such payment date by the Corporation and the scheduled payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the amount available in the related Collateral Account and funds available under the related Letter of Credit. Unless and until an Indenture Event of Default has occurred and is continuing under an Indenture, the Indenture Trustee generally may not exercise any of the rights of the Owner Trustee under the related Lease, except the right to receive rental payments due under such

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Lease. Even when an Indenture Event of Default has occurred and is continuing, certain rights under such Lease may be exercised by the Owner Trustee and the Owner Participant. There will be no cross-collateralization provisions in the Indentures and, consequently, the Equipment Trust Certificates issued in respect of one of the Aircraft will not be secured by any other Aircraft or the Lease relating thereto. There will be no cross-default provisions in the Indentures and, consequently, events resulting in an Indenture Event of Default under one Indenture may not result in an Indenture Event of Default under any other Indenture. If the Equipment Trust Certificates issued in respect of one Aircraft are in default, the Equipment Trust Certificates issued in respect of any other Aircraft may not be in default and, if not in default, no remedies will be exercisable under the Indenture with respect to such other Aircraft. See "Description of the Equipment Certificates-- Security" in the Prospectus.

EQUIPMENT TRUST CERTIFICATES:
PREPAYMENT OR PURCHASE

WITH PREMIUM.....

For any Aircraft, the related Equipment Trust Certificates will be prepaid in whole, but not in part, on any scheduled rent payment date under the related Lease on or after the seventh anniversary of the last day of the taxable year of the Owner Participant in which the related Lease Commencement Date occurs (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001), in connection with a voluntary termination of such Lease because such Aircraft has become obsolete or surplus to the Corporation's needs at a prepayment price equal to the aggregate principal amount of such Equipment Trust Certificates plus accrued but unpaid interest thereon and a premium, if any. Such premium, if any, with respect to each Equipment Trust Certificate will be in an amount sufficient, when added to the principal repaid, to provide an amount upon prepayment that, if invested in United States Treasury securities with maturities comparable to the remaining weighted average life of such Equipment Trust Certificate, would preserve the pretax coupon yield of such Equipment Trust Certificate. In any such case, such prepayment price shall include all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates.

For each Aircraft, the related Equipment Trust Certificates will be prepaid in whole, but not in part, at any time if such Aircraft loses its airworthiness certification under certain circumstances and such loss is not curable or, if curable, is not cured within 12 months of the date of such loss. Such prepayment shall be at a prepayment price equal to the aggregate principal amount of such Equipment Trust Certificates plus accrued but unpaid interest thereon and premium, if any, calculated as described above.

In addition, the Equipment Trust Certificates relating to any Aircraft will be subject to prepayment or purchase at the direction of the Owner Participant in whole, but not in part, prior to the maturity thereof at a price equal to the aggregate principal amount of such Equipment Trust Certificates plus accrued but unpaid interest thereon and premi-

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um, if any (calculated as described above), if (i) a Lease Event of Default under the related Lease has occurred and has continued (x) for 180 days or more but less than one year or (y) in the event of a Lease Event of Default relating to a failure by the Corporation to make any scheduled rental payment or any payment of applicable stipulated loss value or termination value, for less than 180 days, and (ii) such Equipment Trust Certificates have not been accelerated. In any such case, such prepayment price shall include all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates.

See "Description of the Equipment Trust Certificates--The Leases-- Purchase Options" in this Prospectus Supplement for a discussion of prepayments with a premium in connection with the Corporation's exercise of certain options or elections relating to the purchase of the Aircraft under certain circumstances.

EQUIPMENT TRUST CERTIFICATES:
PREPAYMENT OR PURCHASE
WITHOUT PREMIUM.....

For any Aircraft, the related Equipment Trust Certificates will be prepaid in whole, but not in part, if a Deemed Event of Loss occurs or if an Event of Loss or Pre-Funding Event of Loss occurs, unless the Event of Loss or Pre-Funding Event of Loss relates only to the Engine(s) and replacement engine(s) are substituted therefor. In any such case, such prepayment shall be at a prepayment price equal to the aggregate principal amount of such Equipment Trust Certificates plus accrued but unpaid interest thereon to the prepayment date and all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates, but without premium.

In addition, the Equipment Trust Certificates relating to any Aircraft will be subject to prepayment or purchase at the direction of the Owner Participant in whole, but not in part, prior to the maturity thereof at a price equal to the principal amount of such Equipment Trust Certificates plus accrued but unpaid interest thereon, but without premium, if (i) a Lease Event of Default under the related Lease has occurred and has continued (x) for one year or more or (y) in the event of a Lease Event of Default relating to a failure by the Corporation to make any scheduled rental payment or any payment of applicable stipulated loss value or termination value, for 180 days or more, or (ii) such Equipment Trust Certificates have been accelerated. In any such case, such prepayment price shall include all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates.

THE PASS THROUGH TRUSTEE;
THE INDENTURE TRUSTEE.....

NationsBank of South Carolina will be the Pass Through Trustee for each Pass Through Trust. NationsBank of Georgia, National Association ("NationsBank of Georgia"), an affiliate of NationsBank of South Carolina, will be the Paying Agent, Authenticating Agent and Registrar for the Pass Through Certificates. In addition, NationsBank of Georgia will be the Indenture Trustee under the Indentures pursuant to which the Equipment Trust Certificates will be issued. See "Description of the Pass Through Certificates--The Pass Through Trustee; the Indenture Trustee" in the Prospectus.

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FEDERAL INCOME TAX
CONSEQUENCES.....

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The Pass Through Trusts will not be classified as associations taxable as corporations, but, rather, will be classified as grantor trusts under subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), and each Certificateholder will be treated as the owner of a pro rata undivided interest in each of the Equipment Trust Certificates and any other property held in the related Pass Through Trust. Each Certificateholder should report on its federal income tax return its pro rata share of the entire income from each of the Equipment Trust Certificates and other property held in the related Pass Through Trust, in accordance with such Certificateholder's method of accounting. See "Federal Income Tax Consequences" in the Prospectus.

ERISA CONSIDERATIONS.....

No employee benefit plan subject to Title I of ERISA, or individual retirement account or plan subject to Section 4975 of the Code (hereinafter collectively referred to as an "ERISA Plan"), may acquire or hold the Pass Through Certificates.

Certain governmental and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code and, therefore, may invest in the Pass Through Certificates. The purchase by any person of any Pass Through Certificate constitutes a representation by such person to the Corporation, the Owner Participant, the Owner Trustee, the Indenture Trustee and the Pass Through Trustee that such person is not an ERISA Plan and that such person is not acquiring, and has not acquired, such Pass Through Certificate with assets of an ERISA Plan.

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FEDERAL EXPRESS CORPORATION

The Corporation offers a wide range of express services for the time-definite transportation of goods and documents throughout the world using an extensive fleet of aircraft and vehicles and leading-edge information technologies. Corporate headquarters are located at 2005 Corporate Avenue, Memphis, Tennessee 38132, telephone (901) 369-3600.

USE OF PROCEEDS

The proceeds from the sale of the Pass Through Certificates will be used by the Pass Through Trustee to purchase at par all of the Equipment Trust Certificates to be issued by the Owner Trustee with respect to each Aircraft under a separate trust indenture and security agreement (each, an "Indenture") between NationsBank of Georgia, not in its individual capacity but solely as the indenture trustee (the "Indenture Trustee"), and the Owner Trustee. For each Aircraft, the proceeds from the sale of the related Equipment Trust Certificates will be used by the Owner Trustee to pay certain expenses relating to the offering of the Pass Through Certificates, as discussed below, and to fund the related Collateral Account. A portion of such Collateral Account and the earnings thereon will be used by the Indenture Trustee to fund payments on the related Equipment Trust Certificates during the related Pre-Funding Period (as defined below), and a portion will be retained by the Indenture Trustee in such Collateral Account (the "Collateral Account Release Amount") to be applied to the payment of part of the Aircraft Cost for such Aircraft on the date on which certain conditions to the release of such Collateral Account Release Amount are satisfied and the Indenture Trustee releases such Collateral Account Release Amount (the date of such release, the "Exchange Date"). See "Description of the Equipment Trust Certificates -- Prepayment -- Prepayment without Premium" for a discussion of the prepayment of the related Equipment Trust Certificates if such release is not made by the related Cut-off Date (as defined below).

For each Aircraft, the aggregate principal amount of the Equipment Trust Certificates issued under the related Indenture will not exceed approximately 94% of the Aircraft Cost for such Aircraft. On the Lease Commencement Date for such Aircraft, the Owner Participant will provide, from sources other than the related Collateral Account and Equipment Trust Certificates, the difference between the Aircraft Cost for such Aircraft and the amount provided from the related Collateral Account on such Lease Commencement Date.

The underwriting commission and certain other expenses relating to the offering of the Pass Through Certificates will be paid on behalf of the Owner Participant by the Owner Trustee, while certain other expenses relating to the offering will be paid by the Corporation, as set forth on the cover of this Prospectus Supplement. The expenses to be paid by the Owner Trustee on behalf of the Owner Participant will be payable from the proceeds of the sale of the Equipment Trust Certificates, prior to deposit of such proceeds in the related Collateral Accounts, in the aggregate up to approximately .71% of the proceeds of such sale. Certain expenses in excess of such amount will be paid by the Owner Participant from sources other than the proceeds of the sale of the Equipment Trust Certificates.

THE LEVERAGED LEASE TRANSACTIONS

The Corporation, the Owner Trustee and Deutsche Lufthansa Aktiengesellschaft ("Lufthansa") have entered into an agreement to lease (the "Agreement to Lease") pursuant to which, among other things, (i) Lufthansa agreed to convey 13 Airbus A310-203 Aircraft to the Owner Trustee, each such Aircraft equipped with two General Electric CF6-80A3 Engines, (ii) the Owner Trustee agreed to enter into an agreement with the modification service provider for the conversion of each Aircraft from passenger configuration to freighter configuration, (iii) the Owner Trustee agreed to lease each Aircraft to the Corporation pursuant to a lease (each, a "Lease") commencing on the date (for each Aircraft, the "Lease Commencement Date") on which certain conditions are satisfied with respect to such Aircraft and (iv) the Corporation agreed to lease each Aircraft from the Owner Trustee subject to the satisfaction of certain conditions, including, but not limited to, the satisfaction or waiver of the conditions to the commencement

of such Lease under the related Participation Agreement (as such term is defined below), acceptance of the Aircraft by the Corporation upon completion of the conversion with respect

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thereto and certification of such Aircraft by the United States Federal Aviation Administration (the "FAA"). The Aircraft were delivered new to Lufthansa between 1983 and 1986 and have been operated in Lufthansa's commercial passenger transportation service. On November 15, 1993 Lufthansa conveyed title to each Aircraft to the Owner Trustee in consideration of the Owner Trustee's agreement to pay the purchase price (each, a "Purchase Price") for each Aircraft to Lufthansa on the related Lease Commencement Date.

In accordance with the Agreement to Lease, the Owner Trustee has agreed to pay the modification service provider on the Lease Commencement Date for each Aircraft a specified amount for the conversion of such Aircraft to freighter configuration (the "Modification Cost") and to pay Lufthansa for certain parts and services provided in connection with such conversion (the "Parts Cost"). For each Aircraft, the sum of the applicable Purchase Price, Modification Cost and Parts Cost is referred to herein as the "Aircraft Cost." There can be no assurance that the proceeds from any sale of such Aircraft on the related Lease Commencement Date, even after the completion of the conversion of an Aircraft from passenger to freighter configuration, would be equal to the Aircraft Cost of such Aircraft.

If certain additional services are required or requested in connection with the conversion of an Aircraft, the cost of such services will be paid by the Owner Trustee on behalf of the Owner Participant or by the Corporation, as the case may be. The Aircraft are scheduled to be converted in sequence with a date specified for the completion of the conversion for each Aircraft, the acceptance of the Aircraft and the related Scheduled Lease Commencement Date.

The Aircraft Designation, Scheduled Lease Commencement Date and Aircraft Cost for each Aircraft are set forth below.

<TABLE>

<CAPTION>

AIRCRAFT NUMBER(1)	AIRCRAFT DESIGNATION(2)	SCHEDULED LEASE COMMENCEMENT DATE	AIRCRAFT COST
<C>	<C>	<S>	<C>
1.	D-AICH	July 15, 1994	\$ 31,294,185
2.	D-AICR	August 26, 1994	33,364,185
3.	D-AICL	September 13, 1994	33,569,185
4.	D-AICS	October 19, 1994	33,364,185
5.	D-AICP	November 11, 1994	32,952,185
6.	D-AICN	January 4, 1995	32,952,185
7.	D-AICA	January 27, 1995	29,841,952
8.	D-AICB	March 10, 1995	29,841,952
9.	D-AICC	April 7, 1995	29,841,952
10.	D-AICD	May 10, 1995	29,841,952
11.	D-AICM	June 8, 1995	32,952,185
12.	D-AICF	July 7, 1995	29,841,952
13.	D-AICK	August 4, 1995	29,841,952

			\$ 409,500,007

<FN>

- (1) Each Aircraft is an Airbus A310-203 and is equipped with two General Electric CF6-80A3 engines (the "Engines"). Each Aircraft and the Engines installed thereon have been used as described above.
- (2) Until the Lease Commencement Date with respect to an Aircraft, such Aircraft will be registered with the aviation authority of the Federal Republic of Germany.

</TABLE>

It is anticipated that the Lease Commencement Date for each Aircraft will be the Scheduled Lease Commencement Date for such Aircraft set forth above, but no assurance can be given that the conditions for the commencement of the Lease for any such Aircraft will be satisfied or waived on the related Scheduled Lease Commencement Date. Prior to the commencement of the Lease relating to an Aircraft, the Corporation will not be required to make any rental payments under such Lease and will have no other obligations with respect to such Aircraft except to lease such Aircraft, subject to the satisfaction or

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waiver of the conditions discussed above. During the Pre-Funding Period, however, the Equipment Trust Certificates for each Aircraft will be secured as discussed below in "The Pre-Funding Period" and "Description of the Equipment

For each Aircraft, it is anticipated that the related Lease Commencement Date and the related Exchange Date will occur on the same day. It is not, however, a condition to the commencement of the Lease relating to an Aircraft that the Indenture Trustee release the Collateral Account Release Amount from the related Collateral Account. If the Exchange Date relating to an Aircraft does not occur on the corresponding Lease Commencement Date, then the related Equipment Trust Certificates will not be secured by such Aircraft or the related Lease, including any rental payments under such Lease, until such Exchange Date occurs. See "The Pre-Funding Periods" for a discussion of payments of principal of and interest on the Equipment Trust Certificates relating to an Aircraft prior to the related Lease Commencement Date and prior to the related Exchange Date.

For each Aircraft, in order to effect the payments and transactions contemplated to occur on the Lease Commencement Date for such Aircraft, the Corporation, the Owner Trustee, the Owner Participant, the Indenture Trustee, the Pass Through Trustee and WestLB New York will enter into a participation agreement (a "Participation Agreement") which will provide, among other things, for the issuance by the Owner Trustee of the Equipment Trust Certificates under the related Indenture, the purchase of such Equipment Trust Certificates by the Pass Through Trustee for each Pass Through Trust on the date designated for the closing of the sale of the Pass Through Certificates offered hereby (the "Closing Date"), the application of the proceeds of such sale and purchase to the uses described above under "Use of Proceeds," the conditions to the commencement of the related Lease and the conditions to the release by the Indenture Trustee of the related Collateral Account Release Amount to the Owner Trustee for the payment, in part, of the applicable Aircraft Cost.

The Trust Agreement provides that, subject to certain restrictions, the Owner Participant may convey all of its right, title and interest relating to any Aircraft. Upon such conveyance, the transferee would become the Owner Participant with respect to such Aircraft and any reference herein to the "Owner Participant" in connection with any Aircraft should be read to refer to the "related Owner Participant" with respect to such Aircraft.

DESCRIPTION OF THE PASS THROUGH CERTIFICATES

The following description of the particular terms of the Pass Through Certificates offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Pass Through Certificates set forth in the Prospectus, reference to which is hereby made.

The statements set forth under this caption are summaries and do not purport to be complete. The summaries make use of terms defined in, and are qualified in their entirety by reference to, the provisions of the Pass Through Agreement, the form of which has been filed as an exhibit to the Registration Statement of which the Prospectus is a part, and to the provisions of each Series Supplement. Each Series Supplement, together with the forms of the related Indentures and other related documents to be used in connection with the transactions described herein, will be filed as exhibits to a post-effective amendment to the Registration Statement or a Current Report on Form 8-K to be filed by the Corporation with the Securities and Exchange Commission (the "Commission") in connection with this offering.

The Pass Through Certificates offered hereby will be issued by Federal Express Corporation Pass Through Trust, 1994-A310-A1, Federal Express Corporation Pass Through Trust, 1994-A310-A2 and Federal Express Corporation Pass Through Trust, 1994-A310-A3, to be formed pursuant to the Pass Through Agreement and Series Supplement 1994-A310-A1, Series Supplement 1994-A310-A2 or Series Supplement 1994-A310-A3, as the case may be, to be entered into between the Corporation and the Pass Through Trustee on the date of issuance of the related Pass Through Certificates. Each Series Supplement will contain substantially the same terms and conditions, except that the interest rate,

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scheduled repayments of principal, and maturity date applicable to the Equipment Trust Certificates held in each Pass Through Trust, the aggregate principal amount of such Equipment Trust Certificates, and the final distribution date applicable to each Pass Through Trust will differ.

The Pass Through Agreement does not, and the Series Supplements and the Indentures will not, include covenants that would afford Certificateholders protection in the event of a highly leveraged transaction involving the Corporation.

PAYMENTS AND DISTRIBUTIONS

The Regular Distribution Dates for each Pass Through Trust are March 23 and September 23. Payments of interest on the Equipment Trust Certificates held in each Pass Through Trust are scheduled to be received by the Pass Through Trustee on each March 23 and September 23, commencing on September 23, 1994, and are to be distributed to the related Certificateholders on the corresponding Regular Distribution Dates. For each Pass Through Trust, the Equipment Trust Certificates held in such Pass Through Trust will accrue interest on the unpaid principal amount thereof at the rate per annum set forth on the cover of this Prospectus Supplement applicable to the related Pass Through Certificates, which is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal on the Equipment Trust Certificates held in each Pass Through Trust are scheduled to be received in specified amounts on March 23 or September 23, or both, of each specified year, commencing on March 23, 1995, in the case of the Pass Through Trust relating to the Series A310-A1 Pass Through Certificates, commencing on September 23, 1998, in the case of the Pass Through Trust relating to the Series A310-A2 Pass Through Certificates and commencing on March 23, 2007, in the case of the Pass Through Trust relating to the Series A310-A3 Pass Through Certificates, and are to be distributed to the related Certificateholders on the corresponding Regular Distribution Dates. The record dates for the respective Regular Distribution Dates are March 8 and September 8. For each Pass Through Trust, the Equipment Trust Certificates that will be held in such Pass Through Trust and the dates for, and the corresponding amounts of, the Scheduled Payments of principal on such Equipment Trust Certificates are set forth under "Description of the Equipment Trust Certificates--General" in this Prospectus Supplement.

For each Pass Through Trust, the Special Distribution Dates will be the 23rd day of any month, except that the Special Distribution Date will correspond to the date of the receipt of proceeds by the Pass Through Trustee in the case of a Deemed Event of Loss, a Pre-Funding Event of Loss with respect to an Aircraft or an Event of Loss with respect to an Aircraft. The record date for any Special Distribution Date will be the 15th day preceding such Special Distribution Date.

If any Regular Distribution Date or Special Distribution Date is not a Business Day, distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date may be made on the next succeeding Business Day without additional interest. (Pass Through Agreement, Section 13.15)

For each Pass Through Trust, any Scheduled Payment or Special Payment to be distributed by such Pass Through Trust will be payable at the corporate trust office of the Paying Agent in Atlanta, Georgia, or at such other office or agency in the United States maintained for the payment of the related Pass Through Certificates. All amounts payable by the Paying Agent on behalf of the Pass Through Trustee may, however, at the option of the Paying Agent or the Pass Through Trustee, be paid by check mailed to the person entitled thereto at the address shown in the Register for the applicable Series of Pass Through Certificates. (Pass Through Agreement, Section 5.02(d))

THE PAYING AGENT, AUTHENTICATING AGENT AND REGISTRAR

NationsBank of Georgia, an affiliate of the Pass Through Trustee, will be the Paying Agent, Authenticating Agent and Registrar for each Pass Through Trust. NationsBank of Georgia is also the Indenture Trustee under each of the Indentures pursuant to which the Equipment Trust Certificates will be issued.

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POOL FACTORS

As of the date of issuance of the Pass Through Certificates by the Pass Through Trustee, and assuming that no prepayment or default in respect of any Equipment Trust Certificates shall occur, the aggregate scheduled repayments of principal on such Equipment Trust Certificates for each Pass Through Trust, and the resulting Pool Factors for such Pass Through Trusts after taking into account each repayment, are set forth below:

<TABLE>
<CAPTION>

	PASS THROUGH TRUST, 1994-A310-A1		PASS THROUGH TRUST, 1994-A310-A2		PASS THROUGH TRUST, 1994-A310-A3	
	-----		-----		-----	
	SCHEDULED		SCHEDULED		SCHEDULED	
	PRINCIPAL		PRINCIPAL		PRINCIPAL	
	PAYMENTS		PAYMENTS		PAYMENTS	
	ON		ON		ON	
	EQUIPMENT		EQUIPMENT		EQUIPMENT	
	TRUST		TRUST		TRUST	
REGULAR	CERTIFICATES	POOL FACTOR	CERTIFICATES	POOL FACTOR	CERTIFICATES	POOL FACTOR
DISTRIBUTION						
DATES						
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>

September 23, 1994.....		1.0000000		1.0000000	1.0000000
March 23, 1995.....	2,051,710	0.9835863		1.0000000	1.0000000
September 23, 1995.....	4,938,803	0.9440759		1.0000000	1.0000000
March 23, 1996.....	7,282,492	0.8858160		1.0000000	1.0000000
September 23, 1996.....	7,556,678	0.8253625		1.0000000	1.0000000
March 23, 1997.....	7,841,189	0.7626330		1.0000000	1.0000000
September 23, 1997.....	8,136,408	0.6975418		1.0000000	1.0000000
March 23, 1998.....	8,442,722	0.6300000		1.0000000	1.0000000
September 23, 1998.....		0.6300000	8,760,614	0.9499311	1.0000000
March 23, 1999.....		0.6300000	9,106,219	0.8978869	1.0000000
September 23, 1999.....		0.6300000	9,465,461	0.8437896	1.0000000
March 23, 2000.....	963,237	0.6222941	8,875,637	0.7930632	1.0000000
September 23, 2000.....	2,260,216	0.6042124	7,965,068	0.7475410	1.0000000
March 23, 2001.....	3,878,515	0.5731842	6,746,087	0.7089856	1.0000000
September 23, 2001.....	5,726,656	0.5273710	5,310,105	0.6786371	1.0000000
March 23, 2002.....	5,942,266	0.4798329	5,519,588	0.6470914	1.0000000
September 23, 2002.....	6,247,325	0.4298543	5,656,004	0.6147660	1.0000000
March 23, 2003.....	10,132,161	0.3487970	2,229,482	0.6020240	1.0000000
September 23, 2003.....	8,615,570	0.2798724	4,215,533	0.5779312	1.0000000
March 23, 2004.....	8,383,932	0.2128010	4,937,828	0.5497104	1.0000000
September 23, 2004.....	8,151,434	0.1475895	5,680,745	0.5172436	1.0000000
March 23, 2005.....	6,253,712	0.0975598	8,109,529	0.4708957	1.0000000
September 23, 2005.....	6,337,194	0.0468622	8,581,389	0.4218511	1.0000000
March 23, 2006.....	4,516,005	0.0107342	10,979,645	0.3590999	1.0000000
September 23, 2006.....	1,341,775	0.0000000	14,757,075	0.2747598	1.0000000
March 23, 2007.....			16,224,717	0.1820317	0.9934298
September 23, 2007.....			12,297,292	0.1117498	5,095,578
March 23, 2008.....			10,629,912	0.0509974	7,462,181
September 23, 2008.....			8,923,070	0.0000000	9,901,672
March 23, 2009.....					23,713,444
September 23, 2009.....					19,517,155
March 23, 2010.....					10,944,139

</TABLE>

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THE PRE-FUNDING PERIODS

For any Aircraft, prior to the commencement of the related Lease, the Corporation will not be required to make any rental payments with respect to such Aircraft, and during the related Pre-Funding Period, even if such Lease has commenced, the related Equipment Trust Certificates will not be secured by such Aircraft or such Lease, including any rental payments under such Lease. Only upon commencement of such Lease and the release by the Indenture Trustee to the Owner Trustee of funds from the related Collateral Account on the Exchange Date will the Equipment Trust Certificates issued under the Indenture relating to such Aircraft be secured by such Aircraft and Lease. Since the commencement of each Lease is subject to certain conditions, including the acceptance of the related Aircraft by the Corporation upon completion of the conversion of such Aircraft from passenger to freighter configuration, there can be no assurance that the Lease for such Aircraft will commence prior to the related Cut-off Date. During the related Pre-Funding Period, the related Equipment Trust Certificates will be secured by (i) the related Collateral Account, which will be funded by proceeds of the sale of such Equipment Trust Certificates, after deducting certain expenses of the offering made hereby, (ii) an assignment of certain of the Owner Trustee's rights under the Agreement to Lease with respect to such Aircraft, (iii) the related Letter of Credit to be issued by WestLB New York in the amount specified herein and (iv) the related Demand Notes in the principal amount specified herein. See "Description of the Letters of Credit" and "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period" below.

During the Scheduled Pre-Funding Period for each Aircraft, amounts in the Collateral Account in excess of the related Collateral Account Release Amount will be available to pay the interest accrued on the related Equipment Trust Certificates. During the Extended Pre-Funding Period, if any, funds in the related Collateral Account in excess of the related Collateral Account Release Amount and amounts drawn under each Letter of Credit will be available to make scheduled payments of principal, if any, and interest on the related Equipment Trust Certificates. On the first scheduled payment date for the related Equipment Trust Certificates after the applicable Exchange Date, the difference between the rental payment due on such payment date by the Corporation under the related Lease and the payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the amount available in the related Collateral Account and funds available pursuant to the related Letter of Credit. If there is a mandatory prepayment of the related Equipment Trust Certificates during the Pre-Funding Period, the amount in the related Collateral Account, together with amounts drawn pursuant to the related Letter of Credit, will be available to fund such mandatory prepayment. See "Description of the Equipment Trust Certificates--Security--Pre-Funding Period" below for a discussion of the availability of the Demand Notes to fund payment shortfalls,

if any, during the Pre-Funding Periods.

At the beginning of the Pre-Funding Period with respect to each Aircraft, the related Collateral Account will be funded by proceeds from the sale of the related series of Equipment Trust Certificates, after deducting certain expenses of the offering made hereby. During the Scheduled Pre-Funding Period and, to the extent funds in the Collateral Account exceed the Collateral Account Release Amount, during the Extended Pre-Funding Period, each Collateral Account will fund payments of interest accrued on the related Equipment Trust Certificates, and, to the extent of the funds in such Collateral Account, any mandatory prepayment of such Equipment Trust Certificates. On the Lease Commencement Date (or, if later, on the Exchange Date) for the related Aircraft, the related Collateral Account Release Amount will be used to fund not more than approximately 94% of the Aircraft Cost paid for such Aircraft by the Owner Trustee, and on such Lease Commencement Date the Owner Participant will provide, from sources other than the related Collateral Account and Equipment Trust Certificates, the difference between the Aircraft Cost for such Aircraft and the amount provided by such Collateral Account on such Lease Commencement Date.

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The Collateral Account Release Amount for each Aircraft and the approximate percentage of the Aircraft Cost for the related Aircraft which such Collateral Account Release Amount represents are set forth below.

<TABLE>
<CAPTION>

AIRCRAFT NUMBER	AIRCRAFT DESIGNATION	COLLATERAL ACCOUNT RELEASE AMOUNT	COLLATERAL ACCOUNT RELEASE AMOUNT AS PERCENTAGE OF AIRCRAFT COST
<S>	<C>	<C>	<C>
1.	D-AICH	\$ 28,033,980.40	89.58 %
2.	D-AICR	29,778,925.95	89.25
3.	D-AICL	29,894,112.48	89.05
4.	D-AICS	29,545,837.57	88.56
5.	D-AICP	29,226,512.41	88.69
6.	D-AICN	29,286,149.48	88.87
7.	D-AICA	26,381,631.17	88.40
8.	D-AICB	26,344,727.50	88.28
9.	D-AICC	26,315,423.50	88.18
10.	D-AICD	26,256,454.46	87.99
11.	D-AICM	28,963,763.84	87.90
12.	D-AICF	26,162,882.15	87.67
13.	D-AICK	26,119,489.68	87.53

</TABLE>

DESCRIPTION OF THE EQUIPMENT TRUST CERTIFICATES

The following description of the particular terms of the Equipment Trust Certificates supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Equipment Trust Certificates set forth in the Prospectus, reference to which is hereby made.

The statements under this caption are summaries and do not purport to be complete. The summaries make use of terms defined in, and are qualified in their entirety by reference to, the provisions of the Indentures, the Equipment Trust Certificates, the Leases, the Participation Agreements, the Trust Agreement, the Collateral Agreements, the Letters of Credit and other related documents to be used in connection with the transactions described herein, the forms of which will be filed as exhibits to a post-effective amendment to the Registration Statement or a Current Report on Form 8-K to be filed by the Corporation with the Commission in connection with this offering. The provisions of the Indentures, the Equipment Trust Certificates, the Leases, the Participation Agreements, the Collateral Agreements and the Letters of Credit which relate to each of the Aircraft and that are summarized below are substantially the same, except where otherwise indicated.

GENERAL

The Equipment Trust Certificates will be nonrecourse obligations of the Owner Trustee, in each case acting for the Owner Trust for the benefit of the Owner Participant, and will be authenticated under an Indenture by the Indenture Trustee. The Equipment Trust Certificates are not obligations of, or guaranteed by, the Corporation.

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For each of the Aircraft, three Equipment Trust Certificates, each of which will have a different interest rate, maturity date and schedule of principal payments, will be issued under the related Indenture. The aggregate principal amounts of the Equipment Trust Certificates to be issued with respect to each Aircraft, as such Equipment Trust Certificates will be held in each of the Pass Through Trusts, are as follows:

<TABLE>
<CAPTION>

AIRCRAFT NUMBER	AIRCRAFT DESIGNATION	PASS THROUGH TRUST	PASS THROUGH TRUST	PASS THROUGH TRUST	TOTAL PER AIRCRAFT
		1994-A310-A1 7.53% EQUIPMENT TRUST CERTIFICATES	1994-A310-A2 7.89% EQUIPMENT TRUST CERTIFICATES	1994-A310-A3 8.40% EQUIPMENT TRUST CERTIFICATES	
<S>	<C>	<C>	<C>	<C>	<C>
1.	D-AICH	\$ 4,166,194	\$ 17,268,693	\$ 7,185,793	\$ 28,620,680
2.	D-AICR	5,202,323	17,782,345	7,671,680	30,656,348
3.	D-AICL	5,459,459	18,232,902	7,229,706	30,922,067
4.	D-AICS	4,097,109	18,109,624	8,310,464	30,517,197
5.	D-AICP	6,508,237	16,860,707	6,747,347	30,116,291
6.	D-AICN	10,778,919	14,620,624	4,952,842	30,352,385
7.	D-AICA	9,697,934	12,466,618	5,349,330	27,513,882
8.	D-AICB	9,850,146	13,528,824	4,316,177	27,695,147
9.	D-AICC	12,207,788	10,954,314	4,513,303	27,675,405
10.	D-AICD	12,620,316	10,101,643	4,765,886	27,487,845
11.	D-AICM	15,005,244	9,838,871	5,497,933	30,342,048
12.	D-AICF	14,790,634	7,583,248	5,198,577	27,572,459
13.	D-AICK	14,615,697	7,622,587	5,401,962	27,640,246
	Total	\$ 125,000,000	\$ 174,971,000	\$ 77,141,000	\$ 377,112,000

</TABLE>

For each Pass Through Trust, the Equipment Trust Certificates held in such Pass Through Trust will accrue interest on the unpaid principal amount thereof at the rate per annum set forth on the cover of this Prospectus Supplement applicable to the related Pass Through Certificates, which will be payable to the Pass Through Trustee on each March 23 and September 23, commencing on September 23, 1994, until the final distribution date for such Pass Through Trust. Interest on the Equipment Trust Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months. For any Equipment Trust Certificate, any overdue payment of principal, interest or any other amount payable thereon will accrue interest from the due date for such amount to the date such amount is paid in full at a rate per annum equal to 2.5% plus the interest rate otherwise applicable to such Equipment Trust Certificate. (Indentures, Section 2.04)

Each Pass Through Trust will hold Equipment Trust Certificates upon which principal is payable through mandatory sinking fund redemptions on March 23 or September 23, or both, of each year, commencing on March 23, 1995, in the case of Equipment Trust Certificates held in the Pass Through Trust relating to the Series A310-A1 Pass Through Certificates, commencing on September 23, 1998, in the case of Equipment Trust Certificates held in the Pass Through Trust relating to the Series A310-A2 Pass Through Certificates and commencing on March 23, 2007, in the case of Equipment Trust Certificates held in the Pass Through Trust relating to the Series A310-A3 Pass Through Certificates, in each case according to the schedule of principal amounts to be redeemed on each sinking fund redemption date set forth below.

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PASS THROUGH TRUST, 1994-A310-A1
7.53% EQUIPMENT TRUST CERTIFICATES

<TABLE>
<CAPTION>

PAYMENT DATES	AIRCRAFT NO. 1	AIRCRAFT NO. 2	AIRCRAFT NO. 3	AIRCRAFT NO. 4	AIRCRAFT NO. 5	AIRCRAFT NO. 6	AIRCRAFT NO. 7
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
March 23, 1994.....	--	--	--	--	--	--	--
September 23, 1994.....	--	--	--	--	--	--	--
March 23, 1995.....	531,256	562,121	564,171	302,984	91,178	--	--
September 23, 1995.....	551,258	583,285	585,413	575,400	569,564	569,081	512,009
March 23, 1996.....	572,013	605,246	607,453	597,063	591,008	590,507	531,287
September 23, 1996.....	593,549	628,033	630,324	619,543	613,260	612,739	551,290
March 23, 1997.....	615,897	651,679	654,056	642,869	636,349	635,809	572,046
September 23, 1997.....	639,085	676,214	678,681	667,073	660,308	659,747	593,583
March 23, 1998.....	663,136	701,674	704,233	692,177	685,168	684,587	615,932
September 23, 1998.....	--	--	--	--	--	--	--
March 23, 1999.....	--	--	--	--	--	--	--
September 23, 1999.....	--	--	--	--	--	--	--

March 23, 2000.....	--	--	--	--	--	--	--
September 23, 2000.....	--	--	--	--	--	--	--
March 23, 2001.....	--	--	--	--	--	--	--
September 23, 2001.....	--	--	--	--	--	895,986	806,130
March 23, 2002.....	--	--	--	--	--	929,720	836,481
September 23, 2002.....	--	--	--	--	81,332	964,724	867,974
March 23, 2003.....	--	794,071	1,035,128	--	1,006,972	1,001,046	900,654
September 23, 2003.....	--	--	--	--	1,044,885	1,038,735	934,563
March 23, 2004.....	--	--	--	--	528,213	1,077,843	969,750
September 23, 2004.....	--	--	--	--	--	1,118,395	1,006,235
March 23, 2005.....	--	--	--	--	--	--	--
September 23, 2005.....	--	--	--	--	--	--	--
March 23, 2006.....	--	--	--	--	--	--	--
September 23, 2006.....	--	--	--	--	--	--	--
	4,166,194	5,202,323	5,459,459	4,097,109	6,508,237	10,778,919	9,697,934

</TABLE>

<TABLE>

<CAPTION>

PAYMENT DATES	AIRCRAFT NO. 8	AIRCRAFT NO. 9	AIRCRAFT NO. 10	AIRCRAFT NO. 11	AIRCRAFT NO. 12	AIRCRAFT NO. 13	AGGREGATE TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
March 23, 1994.....	--	--	--	--	--	--	--
September 23, 1994.....	--	--	--	--	--	--	--
March 23, 1995.....	--	--	--	--	--	--	2,051,710
September 23, 1995.....	507,767	386,443	98,583	--	--	--	4,938,803
March 23, 1996.....	526,885	526,836	523,496	575,706	519,250	515,742	7,282,492
September 23, 1996.....	546,722	546,672	543,206	597,381	538,799	535,160	7,556,678
March 23, 1997.....	567,306	567,254	563,658	619,873	559,085	555,308	7,841,189
September 23, 1997.....	588,665	588,611	584,879	643,211	580,135	576,216	8,136,408
March 23, 1998.....	610,828	610,772	606,900	667,428	601,977	597,910	8,442,722
September 23, 1998.....	--	--	--	--	--	--	--
March 23, 1999.....	--	--	--	--	--	--	--
September 23, 1999.....	--	--	--	--	--	--	--
March 23, 2000.....	--	--	--	--	701,522	261,715	963,237
September 23, 2000.....	--	--	--	808,481	727,935	723,800	2,260,216
March 23, 2001.....	--	769,039	764,163	838,920	755,342	751,051	3,878,515
September 23, 2001.....	--	797,993	792,934	870,505	783,780	779,328	5,726,656
March 23, 2002.....	--	828,038	822,788	903,280	813,289	808,670	5,942,266
September 23, 2002.....	--	859,214	853,766	937,288	843,910	839,117	6,247,325
March 23, 2003.....	897,848	891,563	885,910	972,577	875,683	870,709	10,132,161
September 23, 2003.....	931,652	925,130	919,265	1,009,195	908,653	903,492	8,615,570
March 23, 2004.....	966,728	959,961	953,875	1,047,191	942,863	937,508	8,383,932
September 23, 2004.....	1,003,126	996,104	989,789	1,086,618	978,362	972,805	8,151,434
March 23, 2005.....	1,040,893	1,033,607	1,027,054	1,127,529	1,015,198	1,009,431	6,253,712
September 23, 2005.....	1,080,083	920,551	1,065,723	1,169,980	1,053,420	1,047,437	6,337,194
March 23, 2006.....	581,643	--	624,327	1,130,081	1,093,081	1,086,873	4,516,005
September 23, 2006.....	--	--	--	--	498,350	843,425	1,341,775
	9,850,146	12,207,788	12,620,316	15,005,244	14,790,634	14,615,697	125,000,000

</TABLE>

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PASS THROUGH TRUST, 1994-A310-A2
7.89% EQUIPMENT TRUST CERTIFICATES

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PAYMENT DATES	AIRCRAFT NO. 1	AIRCRAFT NO. 2	AIRCRAFT NO. 3	AIRCRAFT NO. 4	AIRCRAFT NO. 5	AIRCRAFT NO. 6	AIRCRAFT NO. 7
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
September 23, 1998.....	688,114	728,092	730,748	718,249	710,965	710,362	639,121
March 23, 1999.....	715,260	756,815	759,576	746,584	739,012	738,385	664,335
September 23, 1999.....	743,477	786,672	789,541	776,037	768,166	767,515	690,543
March 23, 2000.....	772,808	817,706	820,688	806,651	798,471	797,793	717,785
September 23, 2000.....	803,295	849,964	853,065	838,474	829,970	829,266	746,101
March 23, 2001.....	834,985	883,495	886,718	871,551	862,713	861,981	775,535
September 23, 2001.....	867,925	918,349	921,699	905,934	896,747	--	--
March 23, 2002.....	902,165	954,578	958,060	941,673	932,123	--	--
September 23, 2002.....	937,755	992,236	995,856	978,822	887,563	--	--
March 23, 2003.....	974,750	237,295	--	1,017,437	--	--	--
September 23, 2003.....	1,013,204	1,070,639	1,074,115	1,057,575	--	--	--
March 23, 2004.....	1,053,174	1,112,875	1,116,489	1,099,296	555,994	--	--

September 23, 2004.....	1,094,722	1,156,778	1,160,535	1,142,663	1,126,047	--	--
March 23, 2005.....	1,137,909	1,202,413	1,206,318	1,187,741	1,170,469	1,160,533	1,044,146
September 23, 2005.....	1,182,799	1,249,848	1,253,907	1,234,598	1,216,644	1,206,316	1,085,338
March 23, 2006.....	1,229,461	1,299,155	1,303,374	1,283,303	1,264,641	1,253,905	1,128,155
September 23, 2006.....	1,277,963	1,350,407	1,354,792	1,333,929	1,314,531	1,303,372	1,172,660
March 23, 2007.....	1,038,927	1,403,680	1,408,238	1,169,107	1,366,389	1,354,790	1,218,922
September 23, 2007.....	--	11,348	639,183	--	1,420,262	1,408,236	1,267,008
March 23, 2008.....	--	--	--	--	--	1,463,791	1,316,969
September 23, 2008.....	--	--	--	--	--	764,379	--
	17,268,693	17,782,345	18,232,902	18,109,624	16,860,707	14,620,624	12,466,618

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PAYMENT DATES	AIRCRAFT NO. 8	AIRCRAFT NO. 9	AIRCRAFT NO. 10	AIRCRAFT NO. 11	AIRCRAFT NO. 12	AIRCRAFT NO. 13	AGGREGATE TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
September 23, 1998.....	633,826	633,768	629,750	692,556	624,641	620,422	8,760,614
March 23, 1999.....	658,831	658,770	654,593	719,878	649,283	644,897	9,106,219
September 23, 1999.....	684,821	684,759	680,417	748,277	674,898	670,338	9,465,461
March 23, 2000.....	711,838	711,772	707,260	777,797	--	435,068	8,875,637
September 23, 2000.....	739,920	739,852	735,161	--	--	--	7,965,068
March 23, 2001.....	769,109	--	--	--	--	--	6,746,087
September 23, 2001.....	799,451	--	--	--	--	--	5,310,105
March 23, 2002.....	830,989	--	--	--	--	--	5,519,588
September 23, 2002.....	863,772	--	--	--	--	--	5,656,004
March 23, 2003.....	--	--	--	--	--	--	2,229,482
September 23, 2003.....	--	--	--	--	--	--	4,215,533
March 23, 2004.....	--	--	--	--	--	--	4,937,828
September 23, 2004.....	--	--	--	--	--	--	5,680,745
March 23, 2005.....	--	--	--	--	--	--	8,109,529
September 23, 2005.....	--	151,939	--	--	--	--	8,581,389
March 23, 2006.....	539,079	1,113,177	481,486	83,909	--	--	10,979,645
September 23, 2006.....	1,163,915	1,157,092	1,148,349	1,259,890	635,846	284,329	14,757,075
March 23, 2007.....	1,209,831	1,202,739	1,193,651	1,309,592	1,178,084	1,170,767	16,224,717
September 23, 2007.....	1,257,559	1,250,187	1,240,741	1,361,256	1,224,559	1,216,953	12,297,292
March 23, 2008.....	1,307,170	1,299,507	1,289,688	1,414,957	1,272,868	1,264,962	10,629,912
September 23, 2008.....	1,358,713	1,350,752	1,340,547	1,470,759	1,323,069	1,314,851	8,923,070
	13,528,824	10,954,314	10,101,643	9,838,871	7,583,248	7,622,587	174,971,000

</TABLE>

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PASS THROUGH TRUST, 1994-A310-A3
8.40% EQUIPMENT TRUST CERTIFICATES

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PAYMENT DATES	AIRCRAFT NO. 1	AIRCRAFT NO. 2	AIRCRAFT NO. 3	AIRCRAFT NO. 4	AIRCRAFT NO. 5	AIRCRAFT NO. 6	AIRCRAFT NO. 7
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
March 23, 2007.....	289,419	--	--	217,412	--	--	--
September 23, 2007.....	1,381,521	1,447,674	824,576	1,441,807	--	--	--
March 23, 2008.....	1,439,545	1,520,307	1,523,643	1,502,362	1,476,324	--	--
September 23, 2008.....	1,500,006	1,584,160	1,587,636	1,565,462	1,538,329	757,132	1,368,947
March 23, 2009.....	2,575,302	3,119,539	3,293,851	1,631,211	1,602,939	1,583,493	1,426,443
September 23, 2009.....	--	--	--	1,952,210	2,129,755	2,612,217	2,553,940
March 23, 2010.....	--	--	--	--	--	--	--
	7,185,793	7,671,680	7,229,706	8,310,464	6,747,347	4,952,842	5,349,330

</TABLE>

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PAYMENT DATES	AIRCRAFT NO. 8	AIRCRAFT NO. 9	AIRCRAFT NO. 10	AIRCRAFT NO. 11	AIRCRAFT NO. 12	AIRCRAFT NO. 13	AGGREGATE TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
March 23, 2007.....	--	--	--	--	--	--	506,831
September 23, 2007.....	--	--	--	--	--	--	5,095,578
March 23, 2008.....	--	--	--	--	--	--	7,462,181

September 23, 2008.....	--	--	--	--	--	--	9,901,672
March 23, 2009.....	1,412,340	1,404,060	1,393,452	1,528,799	1,375,279	1,366,736	23,713,444
September 23, 2009.....	2,903,837	1,463,031	1,451,977	1,593,009	1,433,040	1,424,139	19,517,155
March 23, 2010.....	--	1,646,212	1,920,457	2,376,125	2,390,258	2,611,087	10,944,139
	-----	-----	-----	-----	-----	-----	-----
	4,316,177	4,513,303	4,765,886	5,497,933	5,198,577	5,401,962	77,141,000
	-----	-----	-----	-----	-----	-----	-----

</TABLE>

For each series of Equipment Trust Certificates, the mandatory sinking fund redemptions will retire the full principal amount of such Equipment Trust Certificates. (Indentures, Section 6.06)

If any amount payable under any Equipment Trust Certificate or the related Indenture falls due on a day that is not a Business Day, then such amount may be paid on the next succeeding Business Day without additional interest. (Indentures, Section 3.01)

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SECURITY

PRE-FUNDING PERIOD. During the Pre-Funding Period for each Aircraft, the principal amount of the related Equipment Trust Certificates and interest thereon will not be secured by such Aircraft or the related Lease, but will be secured by an assignment of certain rights of the Owner Trustee with respect to the related Aircraft under the Agreement to Lease and by the additional collateral described below. As security for amounts payable under the Equipment Trust Certificates relating to an Aircraft during the related Pre-Funding Period, the Owner Trustee and the Indenture Trustee will enter into a Collateral Agreement, pursuant to which the Owner Trustee will deposit the proceeds from the sale of the related series of Equipment Trust Certificates, after deducting certain expenses of the offering made hereby, into the related Collateral Account for the benefit of the Indenture Trustee. Sums deposited in the Collateral Account will be invested in Specified Investments, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America. As further security for the amounts payable under the Equipment Trust Certificates during the Pre-Funding Period for each Aircraft, WestLB New York will issue to the Indenture Trustee one of 13 Letters of Credit in the amount set forth under "Description of the Letters of Credit" below. In addition, as security for the amounts payable under the Equipment Trust Certificates during the Pre-Funding Period for each Aircraft, the Owner Participant will contribute to the trust estate of the Owner Trustee one or more Demand Notes issued by Lufthansa. The Demand Notes with respect to each Aircraft will be in a total principal amount of approximately \$1.1 million.

Under each Collateral Agreement, prior to each scheduled payment date for the related Equipment Trust Certificates during the related Scheduled Pre-Funding Period, the Indenture Trustee will determine the lower of (x) the amount of cash expected to be in the Collateral Account on such payment date (giving effect to any income from or proceeds of any then-existing Specified Investments scheduled to mature on or prior to such payment date) and (y) the excess of the amount of cash expected to be in the Collateral Account on such payment date (giving effect to (1) any income from or proceeds of any then-existing Specified Investments scheduled to mature on or prior to the related Scheduled Lease Commencement Date and (2) any payment to be made on any other payment date prior to such Scheduled Lease Commencement Date) over the related Collateral Account Release Amount. The Indenture Trustee will notify the Owner Trustee of (i) such lower amount of (x) and (y) above and (ii) the aggregate amount of interest due with respect to the related Equipment Trust Certificates as of such payment date. If the amount of clause (ii) above exceeds the amount of clause (i) above, the Indenture Trustee shall demand the amount of such excess under the related Demand Notes. On such payment date, the Indenture Trustee will withdraw any funds realized as a result of the demand, if any, under the related Demand Notes and then from the Collateral Account, and shall pay to the holders of the related Equipment Trust Certificates an amount equal to the aggregate amount of interest then due with respect to the related Equipment Trust Certificates. (Collateral Agreements, Sections 6(a) and 7(a))

Prior to each scheduled payment date for the Equipment Trust Certificates relating to an Aircraft during the related Extended Pre-Funding Period, if any, the Indenture Trustee will determine the excess of the amount of cash expected to be in the related Collateral Account on such payment date (giving effect to any income from or proceeds of any then-existing Specified Investments scheduled to mature on or prior to such payment date) over the related Collateral Account Release Amount. The Indenture Trustee will notify the Owner Trustee of (i) such excess of such expected amount over such Collateral Account Release Amount and (ii) the aggregate amount of interest and any principal amount due with respect to the related Equipment Trust Certificates as of such payment date. If the amount of clause (ii) above exceeds the amount of clause (i) above, the

Indenture Trustee shall draw the amount of the shortfall pursuant to the related Letter of Credit. If the shortfall exceeds the amount then available under such Letter of Credit, the Indenture Trustee shall demand the amount of such excess under the related Demand Notes. On such payment date the Indenture Trustee (i) will pay to the holders any amount received by the Indenture Trustee pursuant to any such draw under the related Letter of Credit and (ii) will withdraw any funds realized as a result of the demand, if any, under the related Demand Notes and then from the Collateral Account, and shall pay to the holders of such Equipment Trust Certificates an amount

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equal to the excess of (A) the aggregate amount of interest and any principal then due with respect to such Equipment Trust Certificates over (B) the amount drawn under the related Letter of Credit. (Collateral Agreements, Sections 6(b) and 7(b), Letters of Credit, Section 3)

Prior to any mandatory prepayment date for the Equipment Trust Certificates relating to an Aircraft during the related Pre-Funding Period, the Indenture Trustee will determine the amount of cash expected to be in the related Collateral Account on such prepayment date (giving effect to any income from or proceeds of any then-existing Specified Investments scheduled to mature on or prior to such prepayment date). The Indenture Trustee will notify the Owner Trustee of (i) such expected amount and (ii) the aggregate prepayment price due with respect to such Equipment Trust Certificates as of such prepayment date. If the amount of clause (ii) above exceeds the amount of clause (i) above, the Indenture Trustee will draw the amount of such shortfall pursuant to the related Letter of Credit. If such shortfall exceeds the amount then available under such Letter of Credit, the Indenture Trustee shall demand the amount of such excess under the related Demand Notes. On such prepayment date, the Indenture Trustee (i) will pay to the holders of the related Equipment Trust Certificates any amount received by the Indenture Trustee pursuant to the draw under the related Letter of Credit and (ii) will withdraw any amount realized as a result of the demand, if any, under the related Demand Notes and then from the Collateral Account, and shall pay to the holders of such Equipment Trust Certificates an amount equal to the excess of (A) the aggregate prepayment price then due with respect to such Equipment Trust Certificates over (B) the amount received pursuant to such draw under such Letter of Credit. (Collateral Agreements, Sections 6(c) and 7(c), Letters of Credit, Section 3)

Prior to the first scheduled payment date after the Exchange Date relating to an Aircraft, the Indenture Trustee will determine the amount of cash expected to be in the related Collateral Account on such payment date (giving effect to any income from or proceeds of any then-existing Specified Investments scheduled to mature on or prior to such payment date). The Indenture Trustee will notify the Owner Trustee of (i) such expected amount and (ii) the excess of (A) the sum of the interest and any principal due with respect to the related Equipment Trust Certificates as of such payment date over (B) the amount of the rental payment due from the Corporation on such payment date pursuant to the related Lease. If the amount of clause (ii) above exceeds the amount of clause (i) above, the Indenture Trustee shall draw the amount of the shortfall pursuant to the related Letter of Credit. On such payment date, the Indenture Trustee (i) will pay to the holders of the related Equipment Trust Certificates any amount received by the Indenture Trustee pursuant to the draw under the related Letter of Credit and (ii) shall withdraw from the related Collateral Account, and shall pay to the holders of such Equipment Trust Certificates, an amount equal to the excess of (A) the aggregate amount of interest and any principal then due with respect to such Equipment Trust Certificates over (B) any rental payment then due from the Corporation pursuant to the related Lease and the amount received pursuant to such draw under such Letter of Credit. (Collateral Agreements, Sections 6(d) and 7(d), Letters of Credit, Section 3)

Upon the satisfaction or waiver of the conditions to the Indenture Trustee's release of the Collateral Account Release Amount relating to an Aircraft, on the related Exchange Date the Indenture Trustee will release from the Collateral Account (i) the related Demand Notes and any proceeds from such Demand Notes then held by the Indenture Trustee and (ii) an amount of cash proceeds from the related Specified Investments equal to the lesser of (A) the Collateral Account Release Amount and (B) the amount actually in the Collateral Account on such Exchange Date. Such amount shall be applied by the Indenture Trustee in accordance with the related Participation Agreement to pay a portion of the Aircraft Cost for the related Aircraft. (Collateral Agreements, Section 7(e))

LEASE PERIOD. For each Aircraft, upon the commencement of the related Lease and after the related Pre-Funding Period, the principal amount of the related Equipment Trust Certificates, premium, if any, and interest thereon will be secured by (i) an assignment by the Owner Trustee to the Indenture Trustee of the Owner Trustee's rights (except for certain limited rights described below) under the applicable Lease, including the right to receive rent and other payments thereunder, (ii) a security interest granted to the Indenture Trustee in the related Aircraft, subject to the rights of the Corporation under such

Trustee of the Owner Trustee's rights related to such Aircraft under the agreement for the purchase thereof. (Indentures, Granting Clause) See "Registration of the Aircraft" below. The assignment by the Owner Trustee to the Indenture Trustee of its rights under each Lease will exclude rights of the Owner Trustee and the Owner Participant relating to (i) indemnification by the Corporation for certain matters, (ii) proceeds of public liability insurance payable to the Owner Trustee and the Indenture Trustee in their respective individual capacities and to the Owner Participant under insurance maintained by the Corporation under such Lease and (iii) proceeds of any insurance policies separately maintained by such Owner Trustee in its individual capacity or by the Owner Participant.

PREPAYMENT

PREPAYMENT WITH PREMIUM. For any Aircraft, the related Equipment Trust Certificates will be prepaid in whole, but not in part, on any scheduled rent payment date under the related Lease on or after the seventh anniversary of the last day of the taxable year of the Owner Participant in which the related Lease Commencement Date occurs (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001), in connection with a voluntary termination of such Lease because such Aircraft has become obsolete or surplus to the Corporation's needs. (Indentures, Article VI; Leases, Article 10) For a discussion of prepayments with a premium in connection with the Corporation's exercise of certain options or elections relating to the purchase of the Aircraft under certain circumstances, see "The Leases--Purchase Options." Such prepayment shall be at a prepayment price for each such Equipment Trust Certificate equal to the principal amount of such Equipment Trust Certificate, together with accrued but unpaid interest thereon to the prepayment date, plus an additional amount, if any, which, when added to such principal and interest would, if invested at such time in United States Treasury securities with maturities comparable to the Remaining Weighted Average Life (as defined below) of such Equipment Trust Certificate, yield the holder thereof a pretax yield equivalent to the yield the holder would have realized had such holder held such Equipment Trust Certificate to its maturity date (the "Make-Whole Premium").

The Make-Whole Premium for any Equipment Trust Certificate to be prepaid will be calculated by an independent investment banking institution of national standing appointed by the Corporation or, under certain circumstances, appointed by the Indenture Trustee (an "Independent Investment Banker"). In calculating the Make-Whole Premium, the Independent Investment Banker will first determine the Treasury Yield (as defined below) applicable to such Equipment Trust Certificate. The Independent Investment Banker then will determine the present values of (i) the remaining payments of interest on such Equipment Trust Certificate and (ii) the principal payable on such Equipment Trust Certificate by discounting such payments in accordance with generally accepted financial practices on the basis of a 360-day year consisting of twelve 30-day months on a semiannual basis at a discount rate equal to the Treasury Yield. If the sum of these present values exceeds the unpaid principal amount of the Equipment Trust Certificate to be prepaid, the difference will be the Make-Whole Premium payable upon prepayment. If the sum is equal to or less than such principal amount, there will be no Make-Whole Premium payable upon prepayment of such Equipment Trust Certificate. In addition to the amounts described above, the aggregate prepayment price to be paid on such prepayment date will include all other amounts due the Indenture Trustee or any holder of the applicable Equipment Trust Certificates under the related Indenture, Participation Agreement and Lease. (Indentures, Article I)

For purposes of determining the Make-Whole Premium, for an Equipment Trust Certificate having a maturity date less than one year after the applicable prepayment date, "Treasury Yield" means the average yield to maturity on a government bond equivalent basis of the applicable United States Treasury Bill due the week of the maturity date of such Equipment Trust Certificate. In the case of an Equipment Trust Certificate having a maturity date one year or more after the applicable prepayment date, "Treasury Yield" means the average yield of the most actively traded United States Treasury Note (as reported by Cantor Fitzgerald Securities Corp. on page 5 of Telerate Systems, Inc., a financial news service, or if such report is not available, a source deemed comparable by the Independent Investment Banker and reasonably acceptable to the Corporation) corresponding in maturity to the Remaining Weighted Average Life of such Equipment Trust Certificate (or if there is no corresponding

maturity, an interpolation of maturities determined by the Independent Investment Banker) in each case determined by the Independent Investment Banker

based on the average of the yields to stated maturity determined from the bid prices as of 10 a.m. and 2 p.m., New York time, on the second Business Day preceding the prepayment date. "Remaining Weighted Average Life" means, for any Equipment Trust Certificate, as of any determination date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining mandatory sinking fund redemption payment of principal on such Equipment Certificate, including the payment due on the maturity date of such Equipment Trust Certificate, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such determination date and the date on which such payment is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Trust Certificate. (Indentures, Articles I and VI)

For any Aircraft, if (i) a Lease Event of Default under the related Lease has occurred and has continued (x) for 180 days or more but less than one year or (y) in the event of a Lease Event of Default described below in clause (a) of "The Leases--Lease Events of Default," for less than 180 days, and (ii) the related Equipment Trust Certificates have not become due and payable pursuant to the remedies provisions of the related Indenture, then such Equipment Trust Certificates will be subject to prepayment or purchase, in whole but not in part, at the direction of the Owner Participant on the 23rd day of any month upon not less than 30 days irrevocable notice. Such prepayment or purchase shall be at a price equal to the aggregate principal amount of such Equipment Trust Certificates, together with accrued but unpaid interest thereon to the date designated for such prepayment or purchase, plus the Make-Whole Premium, if any, calculated for each such Equipment Trust Certificate as set forth above, and all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates under the related Indenture, Participation Agreement or Lease. (Indentures, Article VI, Section 8.02)

PREPAYMENT WITHOUT PREMIUM. For any Aircraft, the related Equipment Trust Certificates will be prepaid in whole, but not in part, if a Deemed Event of Loss occurs or if an Event of Loss or Pre-Funding Event of Loss occurs, unless the Event of Loss or Pre-Funding Event of Loss relates only to an Engine or Engines and a replacement engine or engines are substituted therefor. See "Prepayment--Deemed Events of Loss and Pre-Funding Events of Loss" and "The Leases--Events of Loss" below. Any such prepayment shall be at a prepayment price equal to the aggregate principal amount of such Equipment Trust Certificates together with accrued but unpaid interest thereon to the prepayment date and all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates under the related Indenture, Participation Agreement or Lease, but without Make-Whole Premium. (Indentures, Article VI)

If (i) a Lease Event of Default under the related Lease has occurred and has continued for (x) one year or more or (y) in the event of a Lease Event of Default described below in clause (a) of "The Leases--Lease Events of Default," for 180 days or more or (ii) the related Equipment Trust Certificates have become due and payable pursuant to the remedies provisions of the related Indenture, the Owner Trustee, at the direction of the Owner Participant, may prepay or purchase all of such Equipment Trust Certificates on the 23rd day of any month and upon not less than 30 days' irrevocable notice of such prepayment or purchase. In any such case, the Owner Trustee must deposit with the Indenture Trustee on the date designated for such prepayment or purchase an amount equal to the aggregate principal amount of such Equipment Trust Certificates, together with accrued but unpaid interest thereon to the date designated for such prepayment or purchase and all other amounts due any holder of such Equipment Trust Certificates or the Indenture Trustee under such Indenture, the related Participation Agreement or the related Lease, but without Make-Whole Premium. (Indentures, Article VI, Section 8.02)

DEEMED EVENTS OF LOSS AND PRE-FUNDING EVENTS OF LOSS. The related Equipment Trust Certificates will be prepaid if a Deemed Event of Loss occurs. A "Deemed Event of Loss" with respect to an Aircraft will occur if the related Exchange Date does not occur on or prior to the Cut-off Date. The "Cut-off Date" with respect to any Aircraft is the earlier of (i) the date which is 365 days after the Scheduled Lease Commencement Date for such Aircraft, or any earlier Business Day (but in no event earlier than the related Scheduled Lease Commencement Date) specified as the Cut-off Date by the Owner Trustee in an irrevocable written notice given to the Indenture Trustee not less than 30 days prior thereto, and (ii) 30

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days after the date of any notice of termination given in accordance with the Agreement to Lease. If a Deemed Event of Loss occurs with respect to an Aircraft, the related Equipment Trust Certificates will be prepaid on the fourth Frankfurt business day following the applicable Cut-off Date. Such prepayment shall be at a price equal to the aggregate principal amount of the related Equipment Trust Certificates, together with accrued but unpaid interest thereon to the prepayment date and all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates under the related Indenture or

Participation Agreement, but without Make-Whole Premium. (Indentures, Article VI). The amount in the related Collateral Account, together with amounts drawn pursuant to the related Letter of Credit, will be available to fund such prepayment as discussed below in "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period."

"Pre-Funding Event of Loss" means any of the following events prior to the Exchange Date with respect to an Aircraft, an Airframe or any Engine:

(i) loss of such property or its use (A) for a period in excess of 120 days or to the Cut-off Date, if less, due to theft or disappearance, or (B) for a period in excess of 60 days or to the Cut-off Date, if less, due to the destruction, damage beyond economic repair or rendition of such property permanently unfit for normal use by the Corporation for any reason whatsoever, except a failure to properly complete any work contemplated by the agreement providing for the conversion of the Aircraft from passenger to freighter configuration;

(ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, or constructive or compromised total loss;

(iii) (1) condemnation, confiscation or seizure of, or requisition of title to such property by any government or purported government or any agency or instrumentality thereof, or (2) requisition of use of such property (A) by a foreign government or instrumentality or agency thereof, or any purported government or instrumentality or agency thereof, for a period in excess of 180 days (or such shorter period ending on the earlier of the Cut-off Date or on the date on which an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss shall occur), or (B) by the U.S. government for a period extending beyond the Cut-off Date; and

(iv) as a result of any law, rule, regulation, order or other action by the FAA or other governmental body having jurisdiction, the use of the Aircraft or Airframe in the normal course of air transportation of cargo shall have been prohibited by virtue of a condition affecting all Airbus Model A310-203 aircraft equipped with engines of the same make and model as the Engines for a period ending on or after the Cut-off Date.

The date of such Pre-Funding Event of Loss shall be the date of (i) loss of such property or its use thereof for a period in excess of 120 days, or to the Cut-off Date, if less, due to theft or disappearance; or loss for a period in excess of 60 days, or to the Cut-off Date, if less, due to damage beyond economic repair; or loss of use of the Airframe because of requisition for use for a period in excess of 180 days (or shorter period due to insurance settlement or as otherwise contemplated by clause (iii)(2)(A) above), (ii) an insurance settlement on the basis of total loss with respect to such property, (iii) condemnation, confiscation, seizure or requisition of title, or (iv) prohibition from usage for the periods described in clause (iv) above. A Pre-Funding Event of Loss with respect to an Aircraft shall be deemed to have occurred if any Pre-Funding Event of Loss occurs with respect to the Airframe prior to the Exchange Date. (Indentures, Article I)

If a Pre-Funding Event of Loss occurs with respect to an Aircraft, the Owner Trustee will notify the Indenture Trustee of such occurrence. If the Indenture Trustee is notified of a Pre-Funding Event of Loss at least five Frankfurt business days prior to the Scheduled Lease Commencement Date for such Aircraft, the related Equipment Trust Certificates will be prepaid on such Scheduled Lease Commencement Date. The prepayment date for any other Pre-Funding Event of Loss relating to the Aircraft will be the fourth Frankfurt business day following the applicable Cut-off Date. In each case, such prepayment

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shall be at a price equal to the aggregate principal amount of the related Equipment Trust Certificates, together with accrued but unpaid interest thereon to the prepayment date and all other amounts due the Indenture Trustee or any holder of such Equipment Trust Certificates under the related Indenture or Participation Agreement, but without Make-Whole Premium. (Indentures, Article VI) The amount in the related Collateral Account, together with amounts drawn pursuant to the related Letter of Credit, will be available to fund such prepayment as discussed below in "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period."

INVESTMENT OF FUNDS

The proceeds from the sale of Equipment Trust Certificates deposited in the related Collateral Account will be invested in Specified Investments. "Specified Investments" means any of the following: (a) direct obligations of the United States of America and (b) obligations fully guaranteed by the United States of

America. Such Specified Investments will be held through maturity and shall mature no later than the related Scheduled Lease Commencement Date, or if made after the Scheduled Lease Commencement Date, no later than the earliest to occur of the related Cut-off Date, the next subsequent payment or prepayment date and the date then scheduled for commencement of the related Lease. (Collateral Agreements, Section 5)

Funds, if any, held from time to time by the Indenture Trustee with respect to any Aircraft (other than funds in the related Collateral Account) will be invested, except under certain circumstances, in direct obligations of, or obligations fully guaranteed by, the United States of America; certificates of deposit, bankers' acceptances, time deposits or deposit accounts with certain banks, trust companies or national banking associations; or commercial paper rated A-I/P-I by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively, or, if such ratings are unavailable, rated by any nationally recognized rating organization in the United States equal to the highest rating assigned by such rating organization. The Corporation will be responsible for any loss realized upon maturity, sale or other disposition of any such investment. (Indentures, Section 5.08; Leases, Section 23.01)

INDENTURE EVENTS OF DEFAULT, NOTICE AND WAIVER

Events of default under each Indenture (each, an "Indenture Event of Default") include:

(a) after the related Lease Commencement Date, any Lease Event of Default under the Lease related to such Indenture shall have occurred and be continuing (see "The Leases--Lease Events of Default" below);

(b) any failure by the Owner Trustee to observe or perform any covenant or obligation of the Owner Trustee in such Indenture (other than any such failure arising by reason of a Lease Event of Default), continued for a period of 30 days or, if such covenant is capable of cure and the Owner Trustee is diligently proceeding to effect such a cure, 120 days after written notice of such failure is given to the Owner Trustee and the Owner Participant by the Indenture Trustee or by holders of not less than 25% in aggregate amount of related outstanding Equipment Trust Certificates;

(c) to the extent not resulting from a Lease Event of Default, (i) (A) any failure by the Owner Trustee to pay principal, interest or Make-Whole Premium, if any, with respect to any related Equipment Trust Certificate when due, or (B) any failure of WestLB New York to make any payment under the related Letter of Credit when such payment is due, or (C) any failure of the Airline to make any payment under the related Demand Notes when such payment is due, in any such case continued for five Business Days or (ii) to the extent not resulting from an Event of Default, any failure to pay any other amounts when due under such Indenture or the Equipment Trust Certificates issued thereunder, continued for 30 days;

(d) any representation or warranty made by First Security, the Owner Trustee, the Owner Participant or any Person guaranteeing the obligations of the Owner Participant in specified articles of the related Participation Agreement or the related Lease or in any document or certificate furnished to the Indenture Trustee or any holder of the related Equipment Trust Certificates, proves to have been incorrect when made and was and remains material in any respect to the rights and

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remedies of the holders of the related Equipment Trust Certificates under such Indenture or Equipment Trust Certificates, or under the related Collateral Agreement, Participation Agreement or Lease or any other agreement specified in the Granting Clause of such Indenture and if such misrepresentation is capable of being corrected and if such correction is being sought diligently, such misrepresentation is not corrected within 30 days after notice thereof is given to First Security, the Owner Trustee and the Owner Participant by the Indenture Trustee or by holders of not less than 25% in aggregate principal amount of outstanding Equipment Trust Certificates;

(e) any covenant made by First Security, the Owner Trustee, the Owner Participant or any Person guaranteeing the obligation of the Owner Participant in the specified articles of the related Participation Agreement is breached in any respect and was and remains material to the rights and remedies of the holders of the Equipment Trust Certificates under such Indenture or Equipment Trust Certificates, or under the related Participation Agreement or Lease, and such breach remains unremedied for a period of 30 days after the Owner Trustee and the Owner Participant have been given a written notice by the Indenture Trustee or by the holders of not less than 25% in aggregate principal amount of outstanding Equipment Trust Certificates specifying such breach and requiring it to be remedied;

(f) the occurrence of certain specified events of bankruptcy, insolvency or reorganization of the Owner Trustee, the Owner Participant or any Person guaranteeing the obligations of the Owner Participant; or

(g) at any time on or after the related Exchange Date while the Aircraft is registered in the United States, the Owner Trustee, First Security, the Owner Participant or any Person guaranteeing the obligations of the Owner Participant shall do or fail to do any act expressly required by the Operative Agreements to be performed by the Owner Trustee or the Owner Participant as the case may be, or shall meet or fail to meet any condition expressly required by the Operative Agreements to be satisfied by the Owner Trustee or the Owner Participant, as the case may be, and as a result thereof the Lien of the Indenture shall cease to be a valid first priority perfected Lien on the related trust estate under such Indenture. (Indentures, Section 7.01)

Each Indenture provides that, unless and until an Indenture Event of Default has occurred and is continuing, the Indenture Trustee generally may not exercise any of the rights of the Owner Trustee under the related Lease assigned to the Indenture Trustee under such Indenture, except the right to receive rental payments due under such Lease. Whether or not an Indenture Event of Default has occurred and is continuing, the Owner Trustee and the Owner Participant may exercise certain rights under such Lease. (Indentures, Section 8.01) See "Description of the Equipment Certificates--Security" in the Prospectus.

There are no cross-default provisions in the Indentures and any event resulting in an Indenture Event of Default under one Indenture will not necessarily result in the occurrence of an Indenture Event of Default under the other Indentures.

If a Lease Event of Default occurs under the related Lease as a result of the Corporation's failure to make any scheduled rental payment under such Lease and the Owner Trustee pays all principal and interest on the related Equipment Trust Certificates then due (as well as any interest on overdue principal and interest), but not including any principal or interest becoming due on account of such Lease Event of Default, prior to the later of the eleventh day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and the sixth day subsequent to the expiration of the five Business Day grace period applicable to such failure under such Lease, then (i) the failure of the Corporation to make such payment shall not constitute an Indenture Event of Default under such Indenture, (ii) any declaration based solely thereon shall be deemed to be automatically rescinded and (iii) the Owner Trustee may not declare the Lease to be in default or exercise any remedies available to it under the related Lease or otherwise. The Owner Participant and the Owner Trustee, collectively, may

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not cure more than three consecutive such Lease Events of Default or more than six such Lease Events of Default in total, except in the circumstances described in clause (v) of the second paragraph under "Remedies" below. (Indentures, Sections 7.02(a) and 8.03(a))

If (i) a Lease Event of Default under the related Lease occurs for any reason other than the Corporation's failure to make any scheduled rental payment under such Lease, (ii) such Lease Event of Default is curable by the payment of money and (iii) the Owner Trustee shall have cured such Lease Event of Default prior to the later of the eleventh day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and the sixth day subsequent to the expiration of the grace period, if any, applicable to such failure under such Lease, then the failure under such Lease, the failure of the Corporation to perform such covenant, condition or agreement which is cured by the Owner Trustee shall not constitute an Indenture Event of Default under such Indenture and any declaration based solely thereon will be deemed to be automatically rescinded and the Owner Trustee may not declare the Lease to be in default or exercise any remedies available to it under the Lease or otherwise. (Indentures, Section 8.03(b))

Each Indenture provides that the Indenture Trustee must, within 90 days after the occurrence of any event that is a default under such Indenture and is actually known to a responsible officer of the Indenture Trustee, notify the holders of the related Equipment Trust Certificates of such default, PROVIDED that under no circumstances may the Indenture Trustee give such notice until the expiration of a period of 60 days from the occurrence of such default, and PROVIDED FURTHER that the Indenture Trustee will be protected in withholding such notice, except in the case of a default in the payment of the principal of or interest on any related Equipment Trust Certificate, if it in good faith determines that the withholding of such notice is in the interest of the holders of such Equipment Trust Certificates. (Indentures, Section 7.12)

The holders of not less than a majority in aggregate principal amount of outstanding Equipment Trust Certificates issued under an Indenture to which an Indenture Event of Default relates may on behalf of all holders thereof waive any past Indenture Event of Default thereunder and its consequences, except that consent from each holder of Equipment Trust Certificates issued under such Indenture is required with respect to a waiver of such a default in the payment of the principal of, Make-Whole Premium, if any, or interest on any such Equipment Trust Certificate or in respect of any covenant or provision of such Indenture that, pursuant to the provisions of such Indenture, cannot be modified or amended without the consent of each such holder. (Indentures, Section 7.11)

The Corporation is required under each Participation Agreement to furnish to the Pass Through Trustee, the Owner Participant, the Owner Trustee and the Indenture Trustee promptly upon any officer of the Corporation obtaining knowledge of any condition or event that constitutes a Lease Event of Default, an officer's certificate specifying the nature and period of existence of such event and what action the Corporation has taken or is taking or proposes to take with respect thereto. (Participation Agreements, Section 6.02(i)(E))

REMEDIES

Each Indenture provides that, subject to the Owner Trustee's right to cure certain defaults and to prepay or purchase the related Equipment Trust Certificates, if an Indenture Event of Default has occurred and is continuing unremedied thereunder, the Indenture Trustee may exercise certain specified rights or remedies available to it under applicable law, including, if a Lease Event of Default under the related Lease has occurred, one or more of the remedies with respect to the related Aircraft afforded to the Owner Trustee by the related Lease for Lease Events of Default thereunder. (See "The Leases -- Lease Events of Default" below.) Such remedies may be exercised by the Indenture Trustee to the exclusion of the Owner Trustee and the Owner Participant. Any aircraft sold in the exercise of such remedies will be free and clear of any rights of those parties (other than, in certain cases, rights of redemption provided by law and rights to certain proceeds as described in the next paragraph), including the rights of the Corporation under the applicable Lease. No exercise of any remedies by the Indenture Trustee, however, may affect the rights of the Corporation under a Lease unless a Lease Event

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of Default under such Lease has occurred and is continuing, and the Indenture Trustee may not sell any part of the related trust estate under such Indenture unless the related Equipment Trust Certificates have been accelerated. (Indentures, Article 7)

Notwithstanding the rights and powers of the Indenture Trustee described above, the Indenture Trustee may not exercise any remedy under an Indenture as a result of an Indenture Event of Default under such Indenture occurring solely by virtue of one or more Lease Events of Default under the related Lease unless the Indenture Trustee, as assignee of the Owner Trustee's rights under such Lease, simultaneously commences the exercise of one or more of the remedies under such Lease; PROVIDED that the requirement to exercise such remedies under such Lease will not apply in circumstances where the Indenture Trustee is, and has been, involuntarily stayed or prohibited by applicable law or court order from exercising such remedies for a continuous period in excess of the period of such stay specified under Section 1110(a)(1) of the Bankruptcy Code (the "Section 1110 Period"); and PROVIDED FURTHER that the requirement to exercise such remedies under such Lease will nonetheless apply during the continuation of such stay or prohibition subsequent to the expiration of the Section 1110 Period (i) so long as the Corporation, during the Section 1110 Period, has agreed with the approval of the relevant court to perform such Lease in accordance with Section 1110(a) of the Bankruptcy Code, (ii) during an extension with the consent of the Indenture Trustee of such Section 1110 Period pursuant to Section 1110(b) of the Bankruptcy Code, (iii) so long as the Corporation, during the Section 1110 Period, has assumed such Lease with the approval of the relevant court pursuant to Section 365 of the Bankruptcy Code, (iv) during any period during which the Indenture Trustee is so stayed or prohibited by applicable law or court order by reason of the Indenture Trustee's own failure to give any required notice to any person or (v) during any period (not to exceed in any event 120 days) during which the Indenture Trustee is so stayed pursuant to a judicial stay pending the resolution of litigation with respect to the applicability of Section 1110 of the Bankruptcy Code and there is no uncured Lease Event of Default other than the one arising solely from the Corporation's bankruptcy. The Indenture Trustee may continue to take the necessary actions to foreclose on the Lien of the Indenture, but may not complete a foreclosure during the Continuous Stay Period. If, after the expiration of the period described in clause (v) above and during the continuation of the involuntary stay or prohibition under applicable law or court order, the Indenture Trustee acquires titles to the related Aircraft through foreclosure without having exercised remedies under the related Lease, and the Indenture Trustee receives, within 183 days after its acquisition of such Aircraft, proceeds from its sale of the Aircraft, then to the extent that

such proceeds (net of any costs or expenses of the Indenture Trustee relating to such foreclosure and sale or exercise of remedies) exceed the principal amount of the unpaid interest accrued on the related Equipment Trust Certificates to such date of foreclosure plus interest on such principal to the date of distribution thereof by the Indenture Trustee, such excess amount will be distributed to the Owner Trustee. (Indentures, Section 7.02(a))

If an Indenture Event of Default occurs under an Indenture as a result of certain specified events of bankruptcy, insolvency or reorganization of the Owner Trustee, the Owner Participant or the Corporation, then the unpaid principal of the related Equipment Trust Certificates, together with interest accrued but unpaid thereon and all other amounts due thereunder and under such Indenture, immediately and without further act shall become due and payable. If any other Indenture Event of Default occurs and is continuing under an Indenture, the Indenture Trustee, acting on its own or at the direction of the holders of not less than 25% in aggregate principal amount of outstanding Equipment Trust Certificates issued under such Indenture, may declare the principal of all such Equipment Trust Certificates immediately due and payable, together with all accrued but unpaid interest thereon and all other amounts due and payable thereunder and under such Indenture, by written notice or notices to the Owner Trustee and, if after the Lease Commencement Date, the Corporation. The holders of more than 50% in aggregate principal amount of all such outstanding Equipment Trust Certificates may rescind any such declaration by written notice or notices to the Owner Trustee, the Indenture Trustee and, if after the related Lease Commencement Date, the Corporation, at any time prior to the sale or disposition of the property subject to the Lien of the Indenture if (i) there has been paid to or deposited with the Indenture Trustee (other than pursuant to the Collateral Agreement) an amount sufficient to pay all overdue installments of interest on all such Equipment Trust Certificates (together with interest on such overdue installments of

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interest), the principal on any Equipment Trust Certificates that has become due otherwise than by such declaration, all sums paid or advanced by the Indenture Trustee under such Indenture and certain other expenses or (ii) all Indenture Events of Default under such Indenture (other than the nonpayment of principal that has become due solely because of such declaration) have been cured or waived. (Indentures, Sections 7.02(b) and (c))

In the event of the bankruptcy of the Owner Participant, it is possible that, notwithstanding the fact that the applicable Aircraft is owned by the Owner Trustee in trust, such Aircraft and the related Lease and Equipment Trust Certificates might become part of the bankruptcy proceeding. In such event, payments under such Lease or Equipment Trust Certificates might be interrupted and the ability of the Indenture Trustee to exercise its remedies under such Indenture might be restricted, although the Indenture Trustee would retain its status as a secured creditor in respect of such Lease and Aircraft.

At any time while any Equipment Trust Certificates have become due and payable pursuant to the remedies provisions in the related Indenture, the Owner Participant may direct the Owner Trustee to pay to the Indenture Trustee for distribution to the holders of such Equipment Trust Certificates an amount equal to the aggregate unpaid principal amount of all such Equipment Trust Certificates plus all accrued and unpaid interest thereon to the date of payment and all other amounts due to such holders or the Indenture Trustee under such Indenture, but without Make-Whole Premium. If such payment by the Owner Trustee to the Indenture Trustee is made, the Equipment Trust Certificates will cease to accrue interest from and after the date of payment, and after such payment to the holders of the Equipment Trust Certificates, the Indenture Trustee shall release the property subject to the Lien of the applicable Indenture from such Lien. (Indentures, Sections 7.02(c) and 14.01) See "Prepayment--Prepayment without Premium" above.

The right of any holder of an Equipment Trust Certificate to institute an action for any remedy under the Indenture pursuant to which such Equipment Trust Certificate was issued (including the right to enforce payment of the principal of, Make-Whole Premium, if any, and interest on such Equipment Trust Certificates when due) is subject to certain conditions precedent, including a written request to the Indenture Trustee by the holders of not less than 25% in aggregate principal amount of outstanding Equipment Trust Certificates issued under such Indenture to take action, and an offer to the Indenture Trustee of reasonable indemnification against costs, expenses and liabilities incurred by it in doing so. (Indentures, Sections 7.08 and 7.09)

The holders of not less than a majority in aggregate principal amount of outstanding Equipment Trust Certificates issued under any Indenture may direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or of exercising any trust or power conferred on the Indenture Trustee. The Indenture Trustee is entitled to be indemnified by the holders of Equipment Trust Certificates issued under such Indenture before

proceeding so to act and the Indenture Trustee may not be held liable for acting in good faith. (Indentures, Section 7.10 and Article XI)

If an Indenture Event of Default occurs and continues, any sums held or received by the Indenture Trustee under the related Indenture may be applied to reimburse the Indenture Trustee for any tax, expense, charge or other loss incurred by it and to pay any other amounts due the Indenture Trustee prior to any payments to holders of the Certificates with respect to which such Indenture Event of Default relates. (Indentures, Section 5.03)

SECTION 1110 OF THE BANKRUPTCY CODE. Section 1110 of the Bankruptcy Code provides that the right of lessors, conditional vendors and holders of purchase money equipment security interests with respect to aircraft used by air carriers operating under certificates issued under Section 401 or 418 of the Aviation Act to take possession of such aircraft in compliance with provisions of the lease, conditional sale contract or purchase money equipment security agreement, as the case may be, is not affected by (i) the automatic stay provision of the Bankruptcy Code, which provision enjoins the taking of any action against a debtor by a creditor, (ii) the provision of the Bankruptcy Code allowing the trustee in reorganization to use, sell or lease property of the debtor and (iii) any power of the bankruptcy court to enjoin a repossession. Section 1110 provides, however, that the right of a lessor, conditional vendor or holder of a

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purchase money equipment security interest to take possession of any aircraft in the event of a default may not be exercised for 60 days following the date of commencement of the reorganization proceedings (unless specifically permitted by the bankruptcy court) and may not be exercised at all if, within such 60-day period, the trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor). The Corporation has been advised by its special counsel that, for each Aircraft, on and after the Lease Commencement Date for such Aircraft, the provisions of Section 1110 of the Bankruptcy Code will apply to such Aircraft for the benefit of the Owner Trustee as Lessor under and by reason of the related Lease and, on and after the related Exchange Date, such Lease, including the rights under Section 1110 of the Bankruptcy Code, will be assigned to the Indenture Trustee pursuant to the related Indenture as part of the security for the Equipment Trust Certificates issued under such Indenture.

MARKETABILITY OF AIRCRAFT. It is impossible to predict the resale value for any Aircraft to be sold upon the exercise of the Indenture Trustee's remedies under the related Indenture. The market for aircraft, whether new or used, is and will be affected by many factors including, among other things, the supply of similarly equipped aircraft of the same make and model, the demand for such aircraft by air carriers and the cost and availability of financing to potential purchasers of such aircraft. Each of these factors, in turn, will be affected by various circumstances including, among other things, current and anticipated demand for passenger and cargo air services, the relative capacity of air carriers to provide such services, the current and projected profitability of providing such services, the economic condition of the domestic and international airline industries and global economic and financial developments generally. In addition, the marketability of a particular aircraft will be affected by factors such as the reputation and actual performance record of the air carrier with respect to maintenance, the compliance of the aircraft with federal noise and other environmental standards and the degree of technical and other support available from the manufacturer of the aircraft. Since the market for aircraft will fluctuate over time to reflect changes in these and other circumstances, and because of the unique factors that would affect market value in a forced disposition of an aircraft, there can be no assurance that the net proceeds realized from the sale or other disposition of any Aircraft in the exercise of such remedies will be sufficient to satisfy in full amounts due and payable on the related Equipment Trust Certificates.

MODIFICATION OF AGREEMENTS

Without the consent of the holders of more than 50% in aggregate principal amount of the outstanding Equipment Trust Certificates under an Indenture, the provisions of such Indenture, the related Lease (or the form of such Lease prior to the related Lease Commencement Date), the related Participation Agreement, certain other documents relating to the acquisition or conversion of the Aircraft and the related Trust Agreement may not be amended or modified, except to the extent indicated below. (Indentures, Sections 8.01 and 13.01)

Certain provisions of the Indentures, the Leases, or the forms thereof prior to the Lease Commencement Dates (including provisions relating to maintenance, insurance and possession of the Aircraft), the Participation Agreements, the Trust Agreements, the Agreement to Lease and certain other documents relating to the acquisition or conversion of the Aircraft may be amended or modified without

the consent of the Indenture Trustee or any of the holders of the Equipment Trust Certificates related thereto. Without the consent of each holder of an Equipment Trust Certificate affected thereby, no amendment or modification of the Indenture pursuant to which such Equipment Trust Certificate was issued or the related Lease or Participation Agreement may (i) reduce the principal amount of or Make-Whole Premium, if any, or interest payment payable on such Equipment Trust Certificate or change the date on which any such principal, Make-Whole Premium, if any, or interest payment is due and payable or otherwise affect the terms of payment of such Equipment Trust Certificate, (ii) reduce, modify or amend any indemnities payable by the Owner Participant in favor of such holder, (iii) reduce the amount of any rental payment payable by the Corporation below the amount required and payable, (iv) to the extent payable to such holder, extend the time of, or reduce the aggregate amount of, or release the Corporation from its obligation to pay, rent, stipulated loss value or any other amounts payable under, or as

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provided in, such Lease upon the occurrence of an Event of Loss or termination value and any other amounts payable with respect to the applicable Aircraft, (v) create any security interest with respect to the property subject to the Lien of such Indenture ranking prior to or on a parity with the security interest created by such Indenture or deprive the holder of any such Equipment Trust Certificate of the Lien of such Indenture upon the property subject thereto, or (vi) reduce the percentage of the aggregate principal amount of such Equipment Trust Certificates necessary to modify or amend any provision of such Indenture or to waive compliance therewith. (Indentures, Section 8.01, Article XIII)

THE INDENTURE TRUSTEE

Each Indenture provides that in the case of any Indenture Event of Default thereunder, the Indenture Trustee shall exercise such of the rights and powers vested in it by such Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Generally, the Indenture Trustee will not be liable for any error of judgment made in good faith, unless the Indenture Trustee was negligent in ascertaining the pertinent facts, or for any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of the outstanding Equipment Trust Certificates issued under such Indenture. Subject to such provisions, the Indenture Trustee is under no obligation to exercise any of its rights or powers under such Indenture at the request of any holders of Equipment Trust Certificates issued thereunder unless they shall have offered to the Indenture Trustee reasonable security or indemnity. Each Indenture provides that the Indenture Trustee may acquire and hold Equipment Trust Certificates issued thereunder and the Indenture Trustee may otherwise deal with the Owner Trustee with the same rights it would have if it were not the Indenture Trustee. (Indentures, Sections 9.02, 9.03, 9.05 and 15.12)

THE LEASES

GENERAL. Upon the satisfaction of certain conditions relating to an Aircraft under the Agreement to Lease and in the related Participation Agreement (including, but not limited to, acceptance of such Aircraft upon completion of the conversion of the Aircraft from passenger to freighter configuration, certification of the Aircraft by the FAA as to type and airworthiness and registration of the Aircraft in the name of the Owner Trustee), the Owner Trustee will lease such Aircraft to the Corporation and the Corporation will take possession of such Aircraft and lease such Aircraft from the Owner Trustee under the related Lease.

TERMS AND RENTALS. Each Aircraft will be leased separately by the Owner Trustee to the Corporation for a term commencing on the related Lease Commencement Date and expiring on a date not earlier than the latest maturity date of the Equipment Trust Certificates issued with respect to such Aircraft, unless previously terminated or extended, as permitted by the related Lease. The scheduled rental payments by the Corporation under each Lease are payable on each March 23 and September 23, commencing on the first such date to occur after the related Lease Commencement Date, and, from and after the Exchange Date, will be assigned under the related Indenture by the Owner Trustee to the Indenture Trustee. (Leases, Article 3; Indentures, Granting Clause)

Upon the commencement of each Lease and after the related Exchange Date, the Corporation will be obligated to make rental payments thereunder that will be sufficient to pay the principal of and interest on the related Equipment Trust Certificates when and as due and payable, except that on the first scheduled payment date after the related Exchange Date the difference between the rental payment due on such payment date by the Corporation and the scheduled payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the amount available in the related Collateral Account and,

if such payment date occurs after an Extended Pre-Funding Period under the related Collateral Agreement, funds available under the related Letter of Credit. See "Security--Pre-Funding Period" above for a discussion of the availability of funds under the Collateral Accounts and Letters of Credit. The Corporation's obligations to make rental payments and to cause other payments to be made under each Lease are general obligations of the Corporation.

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NET LEASE. The Corporation's obligations in respect of each of the Aircraft, upon commencement of the respective Lease, will be those of a lessee under a "net lease." Accordingly, the Corporation will be obligated to pay all costs of operating the Aircraft and, at its expense, to maintain, inspect, service, repair, test and overhaul the Aircraft so as to keep the Aircraft in as good operating condition as when delivered, ordinary wear and tear excepted, and to enable the airworthiness certification thereof to be maintained in good standing at all times under the Aviation Act or, under certain circumstances, under the applicable requirements of the aeronautical authority of another country of registry (see "Description of the Equipment Certificates--Registration of the Aircraft" in the Prospectus). If an Aircraft loses its airworthiness certification, such loss is curable and the Corporation, using its best efforts, undertakes such cure promptly, diligently and continuously, and such loss does not constitute an Event of Loss or otherwise require termination of the related Lease as described in the fifth paragraph under "Termination" below, then the Corporation will not be in default with respect to such obligation. (Leases, Section 7.01)

Except as set forth below, the Corporation is obligated to replace or cause to be replaced all parts that may from time to time be incorporated or installed in or attached to any Aircraft and that may become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use. Any such replacement part becomes subject to the related Lease and the Lien of the related Indenture in lieu of the part replaced. (Leases, Section 8.01; Indentures, Granting Clause) The Corporation must make all alterations, modifications and additions to each Aircraft necessary to meet the applicable requirements of the FAA or any other governmental authority with jurisdiction over the Corporation's operations and aircraft. The Corporation may in good faith contest the validity or application of any such requirement in any manner that does not involve any risk of liabilities or civil or criminal penalties being imposed on or against the Indenture Trustee, the Owner Participant or the Owner Trustee or any material risk of loss or forfeiture of an Aircraft, and that does not materially adversely affect the Owner Trustee, its title or interest in such Aircraft or the interests of the Indenture Trustee or the Owner Participant. (Leases, Section 9.01)

The Corporation may make other alterations, modifications and additions to any Aircraft, including the removal of parts deemed by the Corporation to be obsolete or no longer available or appropriate for use on such Aircraft, so long as such alterations, modifications, additions or removals, individually or in the aggregate, do not diminish the value, useful life (in the case of the Airframe only), or utility of such Aircraft or impair its condition or airworthiness below its value, useful life (in the case of the Airframe only), utility, condition and airworthiness immediately prior to such alteration, modification or addition, assuming that such Aircraft was then in the condition and airworthiness required by the related Lease. Also, in certain circumstances, the Corporation is permitted to remove parts (without replacement) from an Aircraft (and therefore from the Lien of the applicable Indenture) if the Corporation deems them to be obsolete or no longer suitable or appropriate for use on such Aircraft. (Leases, Section 9.02)

SUBLEASING AND POSSESSION. In certain circumstances, the Corporation is permitted (i) to sublease any Aircraft or Engine at any time to certain United States air carriers or (ii) to sublease any Aircraft after the seventh anniversary of the last day of the tax year of the Owner Participant in which the related Lease shall commence (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001) (x) to certain air carriers principally based in and domiciled in certain specified foreign countries or (y) to any other air carrier that is reasonably acceptable to the Owner Trustee as evidenced by its prior written consent, PROVIDED that, at the time of any such sublease the United States maintains normal and full diplomatic relations with such country and any such air carrier shall operate such Aircraft under a maintenance program where standards are at least equal to those specified for similar aircraft with similar engines by one of the FAA, or the applicable aviation authorities of the French Republic, the Federal Republic of Germany or the United Kingdom. The term of any such sublease must expire prior to the expiration of the term of the related Lease, and a permitted sublessee may not further transfer possession of such Aircraft or Engine without the prior written consent of the Owner Trustee except as provided in such Lease. Any such sublease will be

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subject and subordinate to the related Lease and the Corporation will remain primarily liable for the performance of all the terms of such Lease to the same extent as if such sublease had not occurred. (Leases, Section 7.02)

In addition, subject to certain limitations, the Corporation is permitted to transfer possession of any Aircraft or Engine other than by lease, including transfers of possession by the Corporation or any permitted sublessee in connection with normal interchange or pooling arrangements with certain vendors or air carriers, transfers of possession in connection with maintenance or modifications, and transfers of possession in connection with the Civil Reserve Air Fleet Program. The Corporation may enter into a "wet" lease under which it has effective control of the Aircraft in the ordinary course of its business, which shall not be considered a transfer of possession under the related Lease. The Corporation's obligations under the related Lease will continue in full force and effect notwithstanding any such wet lease. (Leases, Section 7.02)

Generally, the Corporation may install an Engine on another aircraft. Such Engine, however, will remain subject to the applicable Lease and to the Lien of the related Indenture. (Leases, Section 7.02)

LIENS. Each Aircraft is required to be maintained free of any Liens, other than the respective rights of the Owner Participant, the Owner Trustee, Indenture Trustee, the holders of the related Equipment Trust Certificates and the Corporation arising under the related Indenture, Lease, Participation Agreement and Trust Agreement, and other than certain limited liens permitted under the Lease relating thereto including: (i) Liens for taxes either not yet due or being contested in good faith by appropriate proceedings, so long as such Liens or proceedings do not involve any danger of the sale, forfeiture or loss of the trust estate of the Owner Trustee, the Aircraft, the Airframe, any Engine, or any interest therein; (ii) materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising against the Corporation in the ordinary course of business for amounts the payment of which is either not yet due or is being contested in good faith by appropriate proceedings, so long as such Liens or proceedings do not involve any danger of the sale, forfeiture or loss of the trust estate of the Owner Trustee, the Aircraft, the Airframe, any Engine, or any interest therein; (iii) Liens arising from judgments or awards against the Corporation with respect to which (x) at the time an appeal or proceeding for review is being prosecuted in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review and then only for the period of such stay and (y) there is not, and such proceedings do not involve, any danger of the sale, forfeiture or loss of the trust estate of the Owner Trustee, the Aircraft, the Airframe, any Engine, or any interest therein; and (iv) Liens with respect to the related Collateral Accounts and Demand Notes. (Leases, Section 6.01)

INSURANCE. For each Aircraft, the Corporation will be obligated to carry insurance with insurers of recognized responsibility, at its own cost and expense, in such amounts, against such risks, with such retentions (i) in the case of hull insurance, as the Corporation customarily maintains with respect to other aircraft in the Corporation's fleet of the same type and model and operating on the same routes as the Aircraft and (ii) in the case of liability insurance, as the Corporation customarily maintains with respect to similar aircraft and engines which comprise its fleet, and insurance against such other risks as is usually carried by similar corporations engaged in the same or similar business and similarly situated as the Corporation, owning or operating aircraft similar to the Aircraft. (Leases, Article 13) See "Description of the Equipment Trust Certificates--The Leases--Insurance" in the Prospectus.

SELF-INSURANCE. Each Lease provides that the Corporation may self-insure with respect to comprehensive aircraft liability insurance and ground and flight aircraft hull insurance required to be provided under such Lease, in such reasonable amounts as are then applicable to other aircraft or engines of the Corporation of value comparable to the Aircraft. Such self-insurance with respect to all aircraft in the Corporation's fleet may not in aggregate exceed for any 12-month year an amount equal to the lesser of (x) 50% of the highest insured value of any single aircraft in the Corporation's fleet and (y) 1.5% of the average aggregate insured value from time to time of the Corporation's entire aircraft fleet. A standard deductible per occurrence per aircraft, as customary in the industry, is permitted in addition to such self-

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insurance. The Corporation shall not discriminate as between insurance coverage on the Aircraft and insurance which the Corporation maintains with respect to similar aircraft owned or operated by the Corporation operating on similar routes in similar locations. (Leases, Section 13.06)

OPERATION. The Corporation may not operate or locate an Aircraft, or allow such Aircraft to be operated or located (i) in any area excluded from coverage by any insurance policy required by the related Lease, unless the Aircraft is requisitioned by the United States government and the Corporation has obtained,

prior to the operation or location of the Aircraft in such area, indemnification from the United States government, or other insurance, against the risks and in the amounts required by the related Lease covering such area, or (ii) in any war zone or recognized or, in the Corporation's reasonable judgment, threatened area of hostilities, unless fully covered by international war-risk and allied perils insurance coverage or unless the Aircraft is operated by the United States government and the government assumes liability for any damage, loss or destruction. (Leases, Section 7.01(f))

TERMINATION. So long as no Event of Default or payment default under the related Lease shall have occurred and be continuing, the Corporation may on any scheduled rent payment date under such Lease on or after the seventh anniversary of the last day of the tax year of the Owner Participant in which such Lease shall commence (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001) on at least 180 days' prior written notice to the Owner Trustee, the Indenture Trustee and the Owner Participant terminate such Lease if a designated officer of the Corporation certifies to the Owner Trustee, the Owner Participant and the Indenture Trustee that the related Aircraft has become obsolete or surplus to the Corporation's needs. The Corporation, as non-exclusive agent for the Owner Trustee, is then required to use its reasonable efforts to obtain bids for the cash purchase of the Aircraft on the proposed termination date. The Owner Trustee may seek bids, but the Owner Participant may not inspect any bids obtained by the Corporation unless the Owner Participant has agreed that neither it nor any of its affiliates nor any party acting for it or any such affiliate will submit a bid. No bid may be submitted by the Corporation, any person, firm or corporation affiliated with the Corporation (or with whom or with which there is any arrangement or understanding as to the subsequent use of the Aircraft by the Corporation or any of its affiliates) or any agent or person acting on behalf of the Corporation. (Leases, Article 10)

On the termination date (or such earlier date of sale as shall be consented to in writing by the Owner Trustee), the Owner Trustee is required to sell the Aircraft to the party submitting the highest cash bid, subject, however, to the Corporation's right to reject any bid that is less than the applicable termination value (which is an amount at least sufficient to pay in full the aggregate unpaid principal amount of the related Equipment Trust Certificates plus accrued but unpaid interest thereon). The proceeds of such sale, net of all expenses of the sale, will be paid to the Indenture Trustee. If the net proceeds received from such sale are less than the applicable termination value, the Corporation is required to pay to the Indenture Trustee an amount equal to that deficiency, together with certain other amounts, which under any circumstance will be sufficient to satisfy all amounts due to the holders of the related Equipment Trust Certificates under the related Indenture and Participation Agreement. Upon such payment, the Equipment Trust Certificates will be prepaid in full. (See "Description of the Equipment Trust Certificates--Prepayment.")

The Lien of the related Indenture will terminate when the related Equipment Trust Certificates and all other amounts secured by such Lien have been paid in full and, if all amounts due to the Owner Participant in respect of such Aircraft have also been paid, the related Lease will terminate and the obligation of the Corporation thereafter to make rental payments with respect thereto will cease. If the Aircraft is not sold on or before the proposed termination date, the Lease relating thereto, including all of the Corporation's obligations thereunder, will continue in full force and effect and the related Equipment Trust Certificates will remain outstanding.

If, after receiving a termination notice from the Corporation, the Owner Participant pays to the holders of the related Equipment Trust Certificates the aggregate principal amount of such Equipment Trust Certificates together with accrued but unpaid interest thereon and any other sums due and payable

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to the Indenture Trustee or the holders of such Equipment Trust Certificates under such Lease, the related Indenture or Participation Agreement (other than the Make-Whole Premium, if any, which in connection with such election the Corporation is required to pay to the Indenture Trustee), the Owner Participant may retain the Aircraft with respect to which the Corporation has given a notice of termination. Unless the Owner Participant elects to retain the Aircraft or a cash bid at least equal to the applicable termination value is received, the Corporation may revoke its notice of termination with respect to such Aircraft (but only once) not less than ten Business Days prior to the proposed termination date, but may not deliver another such notice with respect to such Aircraft within one year after such revocation. (Leases, Article 10; Indentures, Sections 6.02, 8.02 and 14.01)

If an Aircraft loses its airworthiness certification, such loss is not a loss of the character described in clause (d) of the third paragraph under "Events of Loss" below, and such loss is not curable or, if curable, is not cured within twelve months of the date of the loss of the airworthiness

certification, then the affected Aircraft must be sold (unless the Owner Participant elects to retain such Aircraft) in accordance with the procedures described above for a termination in the case of obsolescence or surplusage and the related Lease shall terminate, except that the Corporation may not rescind the termination procedure (unless such loss is cured) and the highest bid for such Aircraft must be accepted without regard to whether such bid is less than the applicable termination value. Such sale must occur within 90 days after the earliest of (i) the date it is determined that the loss of the airworthiness certification is not curable, (ii) the date twelve months after such loss and (iii) 90 days prior to the end of the term of the related Lease. (Leases, Section 7.01(b) and Article 10)

So long as no Lease Event of Default under the related Lease shall have occurred and be continuing, at any time upon 60 days' prior notice, the Corporation is permitted to substitute for any Engine not then installed or held for use on the related Aircraft another engine of the same make and model and having a value and utility at least equal to, and being in as good operating condition as, such Engine, assuming such Engine was of the value and utility and in the condition and repair required by the related Lease immediately prior to such substitution, provided that after any replacement, all Engines on such Aircraft are of identical make and model. (Leases, Sections 10.03 and 11.04)

PURCHASE OPTIONS. With respect to any Aircraft, the Corporation may elect to purchase such Aircraft and terminate the related Lease (i) under certain circumstances, if the Corporation is required at any time on or after the seventh anniversary of the last day of the tax year of the Owner Participant in which such Lease shall commence (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001) to make non-severable improvements to such Aircraft in excess of a certain designated amount or (ii) under certain circumstances, if the Corporation would be required at any time on or after the seventh anniversary of the last day of the tax year of the Owner Participant in which such Lease shall commence (which anniversary date for the Aircraft with the earliest Scheduled Lease Commencement Date is expected to be December 31, 2001) to make certain indemnity payments with respect to such Aircraft in excess of a certain designated amount, which indemnity payments could be avoided through a purchase by the Corporation of such Aircraft. In connection with any such purchase, the Corporation is required with respect to the Equipment Trust Certificates relating to the Aircraft being purchased either (x) to pay any principal of, Make-Whole Premium, if any, and interest on such Equipment Trust Certificates or (y) if the related Exchange Date has occurred, to assume the obligations of the Owner Trustee under such Equipment Trust Certificates, the related Indenture, the related Participation Agreement and the related Operative Agreements. If the Corporation elects to purchase the Aircraft and pay the amount described in clause (x) above, then upon payment to the Owner Trustee of the full purchase price for such Aircraft determined in accordance with such Lease and all other amounts owing to the parties to the related Participation Agreement, the Owner Trustee will transfer all of its right, title and interest in and to such Aircraft to the Corporation and the related Lease and the Lien of the related Indenture will terminate. If the Corporation elects to purchase the Aircraft and assume the obligations of the Owner Trustee described in clause (y) above, then the related Operative Agreements will be amended to provide for the assumption of such obligations on a full recourse basis by the Corporation, maintaining for the benefit of the

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holders of such Equipment Trust Certificates the security interest in such Aircraft created by the related Indenture, and upon payment to the Owner Trustee of the full purchase price for such Aircraft determined in accordance with such Lease and all other amounts owing to the parties to the Participation Agreement, the Owner Trustee will transfer all of its right, title and interest in and to such Aircraft to the Corporation and the related Lease will terminate. See "Federal Income Tax Consequences--General" in the Prospectus. (Leases, Section 4.02, Participation Agreements, Article 7.12)

At the end of the term of each Lease, after the final maturity of the related Equipment Trust Certificates, the Corporation has certain options to renew such Lease or purchase the related Aircraft. (Leases, Article 4)

EVENTS OF LOSS. If an Event of Loss (as defined below) occurs with respect to an Aircraft, the Corporation is obligated to pay to the Owner Trustee the applicable stipulated loss value (which is an amount at least sufficient to pay in full the aggregate unpaid principal amount of the related Equipment Trust Certificates plus accrued but unpaid interest thereon) together with, in the case of any Event of Loss after the related Exchange Date, certain other amounts which under any circumstances will be sufficient to satisfy all amounts due to the holders of such Equipment Trust Certificates under the related Indenture and Participation Agreement, and any other amounts owed by the Corporation to the Owner Trustee or the Owner Participant under the related Lease or Participation Agreement on the earlier of (x) the fifth Business Day following receipt in full of insurance proceeds or requisition proceeds in connection with such Event of

Loss or (y) the 90th day following the occurrence of the Event of Loss, and such payments, in the case of any Event of Loss after the related Exchange Date, will be applied, among other things, to prepay the outstanding Equipment Trust Certificates under the related Indenture, whereupon the Lien of such Indenture and the related Lease will terminate, title to such Aircraft will be transferred to the Corporation and the Corporation's obligation to make rental payments with respect thereto will cease. (Lease, Article 11; Indentures, Sections 5.02 and 6.02)

If an Event of Loss occurs with respect to an Engine alone, the Corporation is required, as soon as practicable but in any event within 60 days after the occurrence of such Event of Loss, to replace such Engine with another engine of the same make and model and having a value and utility at least equal to, and being in as good operating condition as, such Engine, assuming such Engine was of the value and utility and in the condition and repair required by the related Lease immediately prior to such Event of Loss, provided that after any replacement, all Engines on such Aircraft are of identical make and model. (Leases, Section 11.04)

An "Event of Loss" with respect to an Aircraft or Engine includes any of the following events on or after the Lease Commencement Date with respect to the Aircraft:

(a) loss of such property or its use (i) for a period in excess of 120 days due to theft or disappearance, or (ii) for a period in excess of 60 days due to the destruction, damage beyond economic repair or rendition of such property permanently unfit for normal use by the Corporation for any reason whatsoever;

(b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, or constructive or compromised total loss;

(c) (i) condemnation, confiscation or seizure of, or requisition of title to such property, by any governmental authority or purported foreign governmental authority, (ii) requisition of use of such property (x) by any foreign governmental authority or purported governmental authority, for a period in excess of 180 days or (y) by the United States or an agency or instrumentality thereof for a period extending beyond the term of the related Lease (subject to extension under certain circumstances for six months);

(d) as a result of any law, rule, regulation, order or other action by the FAA or other governmental body having jurisdiction, the use of such property in the normal course of air transportation of cargo shall have been prohibited by virtue of a condition affecting all Airbus A310-203 aircraft equipped with engines of the same make and model as the Engines, and such loss of use shall

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continue for certain specified periods which could extend for up to one year or, under certain circumstances, such longer period during which the Corporation shall be diligently carrying forward all steps necessary or desirable to permit the normal use of the Aircraft by the Corporation;

(e) with respect to an Engine, if such Engine is subjected to an interchange or pooling agreement that divests the Owner Trustee of title to such Engine; and

(f) with respect to an Engine, if such Engine is installed on an airframe in circumstances where such installation is deemed to be an Event of Loss under the provisions of the applicable Lease.

On or after the Commencement Date, an Event of Loss with respect to an Aircraft is deemed to have occurred if an Event of Loss occurs with respect to the Airframe of such Aircraft. (Leases, Article 1 and Section 7.02)

LEASE EVENTS OF DEFAULT. Events of default under each Lease (each, a "Lease Event of Default") include, among other things:

(a) failure by the Corporation to make any scheduled rental payment or any payment of applicable stipulated loss value or termination value within five Business Days after the Corporation has been notified by the Owner Trustee that such payment is overdue;

(b) failure by the Corporation to pay any supplemental rent under such Lease or the related Participation Agreement or certain other agreements entered into by the Corporation within 10 days after the Corporation has received written demand therefor from the person entitled to receive such payment (except that failure to make certain payments to the Owner

Participant or the Owner Trustee which are excluded from the Lien of the related Indenture will constitute a default under such Lease at the discretion of the Owner Participant);

(c) (i) failure by the Corporation to provide insurance on the related Aircraft as required under such Lease at any time, or the lapse or cancellation of such insurance continued for the earlier of 30 days (or with respect to war risk coverage, seven days or such shorter time as may be standard in the industry) after receipt by the Owner Trustee of notice of such lapse or cancellation and the date that such lapse or cancellation is effective as to the Owner Trustee, PROVIDED that such failure shall not constitute a Lease Event of Default for up to 30 days if such failure occurs when such Aircraft is not operated and appropriate insurance for such Aircraft on the ground is being maintained or (ii) the related Aircraft is operated at any time when any public liability insurance required to be maintained by such Lease is not in effect;

(d) failure by the Corporation to perform or observe any other covenant, condition or agreement to be performed or observed by it under any related Operative Agreement, continued unremedied for a period of 30 days from the date the Corporation has knowledge of the failure or has received written notice of such failure from the Owner Trustee, the Indenture Trustee or the Owner Participant, PROVIDED that generally no such failure shall constitute a Lease Event of Default so long as such failure is curable and the Corporation is diligently proceeding to remedy such failure, but in no event shall such failure continue unremedied for more than 150 days after such 30-day period, and PROVIDED FURTHER that failure by the Corporation to perform its covenant to maintain the registration of the related Aircraft under the Aviation Act solely because the Owner Trustee or the Owner Participant has ceased to be a citizen of the United States will not constitute a default under such Lease;

(e) the occurrence of certain events of bankruptcy, reorganization or insolvency of the Corporation or similar events; or

(f) any representation or warranty made by the Corporation in such Lease or the related Participation Agreement or made pursuant thereto proves at any time to have been incorrect when made in any respect material to the transactions contemplated by such Lease and, if originally

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made by the Corporation in good faith, remains material and unremedied for a period of 30 days after a specified officer of the Corporation has actual knowledge of, or receipt by the Corporation of written notice of, such misstatement. (Leases, Article 16)

There are no cross-default provisions in the Leases and any event resulting in a Lease Event of Default under any particular Lease will not necessarily result in the occurrence of a Lease Event of Default under the other Lease.

If a Lease Event of Default under a Lease has occurred and is continuing, the Indenture Trustee, as assignee of the Owner Trustee's rights under such Lease, may, subject to certain rights of the Owner Trustee and the Owner Participant under the related Indenture, exercise one or more of the remedies provided in such Lease with respect to the Aircraft subject thereto. Those remedies include the right to repossess the Aircraft, to sell the Aircraft free and clear of the Corporation's rights, and to require the Corporation to pay as liquidated damages any unpaid rent plus an amount equal to the excess of the stipulated loss value for the Aircraft specified in such Lease (which is an amount at least sufficient to pay in full the aggregate unpaid principal amount of the outstanding related Equipment Trust Certificates plus accrued but unpaid interest thereon) over either (i) the actual fair market value of such Aircraft (taking into account, among other things, any sale or new lease of the Aircraft arranged by the Owner Trustee and scheduled to be completed or to commence within the following twelve months) or (ii) if such Aircraft has been sold, the net sale proceeds. (Leases, Section 17.01; Indentures, Section 7.02)

None of the events described above, including, without limitation, the occurrence of events of bankruptcy, reorganization or insolvency of the Corporation, will constitute a Lease Event of Default under a Lease with respect to an Aircraft prior to the related Lease Commencement Date, and none of the remedies described in the previous paragraph will be available. Since such events prior to such Lease Commencement Date will not constitute a Lease Event of Default, such events also will not give rise to an Indenture Event of Default under the related Indenture which would otherwise permit acceleration of the related Equipment Trust Certificates.

REGISTRATION OF THE AIRCRAFT

As a condition precedent to commencement of each Lease, the related Aircraft

must be registered under the Aviation Act in the name of the Owner Trustee. Each of the Owner Trustee in its individual capacity and the Corporation has represented and warranted that it is a United States citizen. (Participation Agreements, Sections 6.01 and 7.02) For any Aircraft, the Owner Trustee has agreed that if it has actual knowledge that it has ceased to be a United States citizen at a time when citizenship is necessary for the registration of such Aircraft in the United States, or if lack thereof would adversely affect the Corporation or the Owner Participant, it will immediately resign as Owner Trustee and the Owner Participant then may appoint a successor Owner Trustee that, among other things, is a United States citizen. The Owner Participant has not represented that it is a United States citizen but has agreed to execute a control rights arrangement whereby the Owner Participant will transfer to the Owner Trustee the power to manage and control the Owner Participant's beneficial interest in the Aircraft, to ensure that such beneficial interest will be controlled by a citizen of the United States and that the Owner Participant shall have no power to influence or limit the exercise of the Owner Trustee's authority in respect thereof or revoke such arrangements without the Indenture Trustee's consent. (Participation Agreements, Section 7.02; Trust Agreement, Sections 3.11 and 3.12 and Article 7)

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DESCRIPTION OF THE LETTERS OF CREDIT

Pursuant to the Participation Agreement with respect to each Aircraft, WestLB New York will issue to the Indenture Trustee an irrevocable letter of credit (each, a "Letter of Credit") in the stated amount specified below (each, a "Letter of Credit Stated Amount").

Each Letter of Credit will permit the Indenture Trustee to draw funds to pay (i) amounts of principal and interest payable on the related Equipment Trust Certificates on any payment date during the related Extended Pre-Funding Period to the extent such amounts exceed the excess of the amount of cash in such Collateral Account over the related Collateral Account Release Amount, (ii) amounts of principal and interest payable on such Equipment Trust Certificates on the first payment date after such Exchange Date to the extent exceeding the sum of (A) the rent then payable by the Corporation pursuant to the related Lease and (B) the amount of cash in such Collateral Account on such payment date and (iii) the applicable prepayment price with respect to such Equipment Trust Certificates if a Pre-Funding Event of Loss or Deemed Event of Loss occurs with respect to such Aircraft and such Equipment Trust Certificates must be prepaid, to the extent that such prepayment price exceeds the amount of cash in such Collateral Account as of the applicable prepayment date. (Letters of Credit, Paragraph 2) For a discussion of drawings under the Letters of Credit to pay amounts described above, see "Description of the Equipment Trust Certificates -- Security -- Pre-Funding Period" in this Prospectus Supplement. Each drawing under a Letter of Credit will reduce the available amount thereof by the amount of such drawing.

The term of each Letter of Credit will commence on the Closing Date and will terminate at 5:00 p.m., New York City time, on the Business Day after the first payment date following the latest possible Cut-off Date with respect to the related Aircraft (each, a "Letter of Credit Expiration Date"), unless terminated earlier as described in the following sentence. Each Letter of Credit is subject to automatic termination upon the earliest of (i) any drawing relating to a mandatory prepayment of the related Equipment Trust Certificates, (ii) any drawing made on the first payment date after the related Exchange Date and (iii) the date the available amount pursuant to such Letter of Credit is reduced to zero. (Letters of Credit, Paragraph 5). The Letters of Credit may not otherwise be cancelled by WestLB New York for any reason. The Letter of Credit Stated Amount and Letter of Credit Expiration Date for each Letter of Credit are set forth below.

<TABLE>
<CAPTION>

	AIRCRAFT DESIGNATION	LETTER OF CREDIT STATED AMOUNT	LETTER OF CREDIT EXPIRATION DATE
<C>	<C>	<C>	<S>
1.	D-AICH	\$ 3,098,100	September 23, 1995
2.	D-AICR	3,432,500	September 23, 1995
3.	D-AICL	3,548,400	September 23, 1995
4.	D-AICS	3,619,200	March 23, 1996
5.	D-AICP	3,637,100	March 23, 1996
6.	D-AICN	3,730,100	March 23, 1996
7.	D-AICA	3,483,100	March 23, 1996
8.	D-AICB	3,586,800	March 23, 1996
9.	D-AICC	3,636,100	September 23,

10.	D-AICD	3,696,400	1996 September 23, 1996
11.	D-AICM	4,117,700	September 23, 1996
12.	D-AICF	3,806,800	September 23, 1996
13.	D-AICK	3,844,700	September 23, 1996

</TABLE>

For information regarding Westdeutsche Landesbank Girozentrale, see Appendix B to this Prospectus Supplement.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement (the "Underwriting Agreement") among the Corporation and Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriters") relating to the Pass Through Certificates, the Corporation has agreed to cause each Pass Through Trust to sell to each of such Underwriters, and each of such Underwriters has severally agreed to purchase, the approximate percentage of the aggregate amount of Pass Through Certificates of each Series, and the aggregate amounts of Pass Through Certificates, set forth opposite its name below.

<TABLE>
<CAPTION>

UNDERWRITER	PERCENTAGE OF AGGREGATE AMOUNT OF EACH SERIES	TOTAL AGGREGATE AMOUNT OF PASS THROUGH CERTIFICATES
<S>	<C>	<C>
Goldman, Sachs & Co.....	76.57 %	\$ 288,737,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	23.43	88,375,000
Total.....	100 %	\$ 377,112,000

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the Underwriters are committed to take and pay for all of the Pass Through Certificates, if any are taken. In the event of a default by any Underwriter, the Underwriting Agreement provides that, in certain circumstances, the purchase commitment of the nondefaulting Underwriter may be increased or the Underwriting Agreement may be terminated.

The Underwriters propose to offer the Pass Through Certificates of each Series to the public at the initial public offering price for such Series set forth on the cover page of this Prospectus Supplement, and to certain dealers at such price less a concession not in excess of the amounts for the respective Series set forth below. The Underwriters may allow, and such dealers may reallow, a concession to certain other dealers not in excess of the amounts for the respective Series set forth below. After the initial public offering, the public offering prices and such concessions may be changed.

<TABLE>
<CAPTION>

SERIES OF PASS THROUGH CERTIFICATES	CONCESSION TO DEALERS	REALLOWANCE CONCESSION
<S>	<C>	<C>
Series A310-A1.....	.375 %	.250 %
Series A310-A2.....	.400 %	.250 %
Series A310-A3.....	.450 %	.250 %

</TABLE>

The Pass Through Certificates are a new issue of securities with no established trading market and the Corporation does not intend to apply for the listing of the Pass Through Certificates on a national securities exchange. The Corporation has been advised by the representatives of the Underwriters that the representatives intend to make a market in the Pass Through Certificates but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Pass Through Certificates.

The Corporation and Lufthansa have agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Each of the Underwriters performs investment banking services for the Corporation in the ordinary course of business.

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VALIDITY OF PASS THROUGH CERTIFICATES

The validity of the Pass Through Certificates offered hereby is being passed upon for the Corporation by Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, special counsel for the Corporation, and for the Underwriters by Sullivan & Cromwell, 125 Broad Street, New York, New York 10004. Both Davis Polk & Wardwell and Sullivan & Cromwell may rely on the opinion of Kenneth R. Masterson, Senior Vice President and General Counsel of the Corporation, as to the Corporation's authorization, execution and delivery of the Pass Through Agreement and each Series Supplement, and on the opinion of Powell, Goldstein, Frazer & Murphy, counsel for NationsBank of South Carolina, individually and as Pass Through Trustee, as to the authorization, execution and delivery of the Pass Through Agreement, each Series Supplement and the Pass Through Certificates by NationsBank of South Carolina. At March 15, 1994, Mr. Masterson owned 2,500 shares of the Corporation's common stock and held options to purchase 69,000 shares of such common stock. Of the options granted, 34,400 were vested at such date.

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APPENDIX A

GLOSSARY OF CERTAIN TERMS

The following is a glossary of certain terms used in this Prospectus Supplement. The definitions of terms used in this glossary that are also used in the Pass Through Agreement, the Series Supplements, the Indentures, the Collateral Agreements or the Leases are qualified in their entirety by reference to the definitions of such terms contained therein.

"AGREEMENT TO LEASE" means the Agreement to Lease among the Corporation, the Owner Trustee and Lufthansa described in "The Leveraged Lease Transactions."

"AIRCRAFT" means each of the 13 Airbus A310-203 aircraft, including the Engines relating thereto, to be leased by the Owner Trustee to the Corporation pursuant to one of 13 separate Leases, and, collectively, means all of the foregoing.

"AIRCRAFT COST" means, for each Aircraft, the sum of the Purchase Price, Modification Cost and Parts Cost (as such terms are defined in "The Leveraged Lease Transactions") with respect to such Aircraft.

"AUTHENTICATING AGENT" means, for each Pass Through Trust, NationsBank of Georgia, National Association.

"AVIATION ACT" means the Federal Aviation Act of 1958, as amended, and the applicable regulations thereunder.

"BANKRUPTCY CODE" means Title 11 of the United States Code (11 U.S.C. et seq.), as amended, or any successor provisions thereto.

"BUSINESS DAY" means any day other than a Saturday, a Sunday, or other day on which commercial banks in New York City, Atlanta, Georgia, Columbia, South Carolina, Salt Lake City, Utah or Memphis, Tennessee are authorized or required by law to close.

"CERTIFICATEHOLDER" means, for any Pass Through Trust, the registered holder of any Pass Through Certificate issued by such Pass Through Trust.

"CLOSING DATE" means the Business Day on which the sale of the Pass Through Certificates to the Underwriters occurs pursuant to the Underwriting Agreement.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"COLLATERAL ACCOUNT" means, for each Aircraft, the Collateral Account established pursuant to the related Collateral Agreement, into which the proceeds of the sale of the related Equipment Trust Certificates, after deducting certain expenses of the offering made hereby, will be deposited.

"COLLATERAL ACCOUNT RELEASE AMOUNT" means, for each Aircraft, the portion of the Aircraft Cost payable by the Indenture Trustee, set forth in the table under "The Pre-Funding Periods."

"COMMISSION" means the United States Securities and Exchange Commission.

"CUT-OFF DATE" means, for any Aircraft, the earlier of (i) the date which is 365 days after the Scheduled Lease Commencement Date for such Aircraft, or any earlier Business Day (but in no event earlier than the Scheduled Lease Commencement Date) specified as the Cut-off Date by the Owner Trustee in an irrevocable written notice given to the Indenture Trustee not less than 30 days prior thereto and (ii) 30 days after the date of any notice of termination given in accordance with the Agreement to Lease.

"DEEMED EVENT OF LOSS" means, with respect to an Aircraft, the failure of the related Exchange Date to occur on or prior to the related Cut-off Date.

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"DEMAND NOTE" means each of the promissory notes to be issued by Lufthansa and contributed by the Owner Participant to the trust estate of the Owner Trustee.

"ENGINE" means, for each Aircraft, each of two General Electric CF6--80A3 engines as specified in the related Lease and any replacement engine therefor pursuant to such Lease.

"EQUIPMENT TRUST CERTIFICATES" means, for any Aircraft, the equipment trust certificates issued by the Owner Trustee pursuant to the related Indenture and any certificate issued in exchange therefor or replacement thereof pursuant to the related Indenture.

"EVENT OF DEFAULT" means, for each Pass Through Trust, the occurrence and continuance of an Indenture Event of Default under one or the other of the Indentures pursuant to which the Equipment Trust Certificates constituting Trust Property of such Pass Through Trust are issued.

"EVENT OF LOSS" means, for any Aircraft, each of the events designated as such in the related Lease. For a description of certain events constituting Events of Loss, see "Description of the Equipment Trust Certificates--The Leases--Events of Loss."

"EXCHANGE DATE" means, for any Aircraft, the date, on or after the related Lease Commencement Date, on which the Indenture Trustee releases the related Collateral Account Release Amount.

"EXTENDED PRE-FUNDING PERIOD" means, for any Aircraft, the period, if any, from the related Scheduled Lease Commencement Date to the related Exchange Date.

"FAA" means the United States Federal Aviation Administration.

"INDENTURE" means each of the 13 separate trust indenture and security agreements between the Owner Trustee and the Indenture Trustee, in each case under which the Owner Trustee will issue Equipment Trust Certificates relating to an Aircraft.

"INDENTURE EVENT OF DEFAULT" means, for any Indenture, each of the events designated as an event of default in such Indenture. For a description of certain events constituting Indenture Events of Default, see "Description of the Equipment Trust Certificates--Indenture Events of Default, Notice and Waiver."

"INDENTURE TRUSTEE" means NationsBank of Georgia, National Association, a national banking association, in its capacity as indenture trustee under each Indenture, and any successor thereunder.

"LEASE" means each of 13 separate lease agreements between the Owner Trustee and the Corporation, in each case under which the Owner Trustee will lease the related Aircraft to the Corporation.

"LEASE COMMENCEMENT DATE" means, for each Lease, the date on which such Lease commences.

"LEASE EVENT OF DEFAULT" means, for any Lease, each of the events designated as an event of default in such Lease. For a description of certain events constituting Lease Events of Default, see "Description of the Equipment Trust Certificates--The Leases--Lease Events of Default."

"LIEN" means any mortgage, pledge, lien, charge, encumbrance, lease or security interest or other similar interest.

"OPERATIVE AGREEMENTS" means, for any Aircraft, the Pass Through Agreement, the Series Supplements, the Trust Agreement, the related Indenture, Equipment Trust Certificates, Participation Agreement and Lease and any other related documents defined as such in such Participation Agreement.

"PARTICIPATION AGREEMENT" means, for any Aircraft, the agreement among the Corporation, the Indenture Trustee, the Owner Trustee, the Pass Through Trustee, the Owner Participant and WestLB New York, that is defined as the "Participation Agreement" in the related Indenture and pursuant to which the Pass Through Trustee agrees to purchase from the Owner Trustee the Equipment Trust Certificates issued under such Indenture.

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"PASS THROUGH AGREEMENT" means the Pass Through Trust Agreement dated as of March 1, 1994 between the Corporation and the Pass Through Trustee, in accordance with which the Pass Through Trusts will be formed pursuant to the Series Supplements.

"PASS THROUGH CERTIFICATES" means the Federal Express Corporation 1994 Pass Through Certificates, Series A310-A1, the Federal Express Corporation 1994 Pass Through Certificates, Series A310-A2 and the Federal Express Corporation 1994 Pass Through Certificates, Series A310-A3, to be issued by the Pass Through Trustee pursuant to the Pass Through Agreement and the related Series Supplements and which represent the fractional undivided interest in the related Pass Through Trusts.

"PASS THROUGH TRUST" means Federal Express Corporation Pass Through Trust, 1994-A310-A1, Federal Express Corporation Pass Through Trust, 1994-A310-A2 and Federal Express Corporation Pass Through Trust, 1994-A310-A3, each to be formed pursuant to the related Series Supplement in accordance with the Pass Through Agreement.

"PASS THROUGH TRUSTEE" means NationsBank of South Carolina, National Association, a national banking association, in its capacity as pass through trustee under the Pass Through Agreement and each Pass Through Trust, and its successors and assigns thereunder.

"PAYING AGENT" means, for each Pass Through Trust, NationsBank of Georgia, National Association.

"POOL BALANCE" means, for any Pass Through Trust, as of any date of determination the aggregate unpaid principal amount of the Equipment Trust Certificates that constitute Trust Property of such Pass Through Trust on such date plus the amount of the principal payments on such Equipment Trust Certificates held by the Pass Through Trustee and not yet distributed (other than earnings thereon and without giving effect to any losses on investments thereof). The Pool Balance as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on such Equipment Trust Certificates and the distribution thereof being made on that date.

"POOL FACTOR" means, for any Pass Through Trust, as of any date of determination the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the aggregate original amount of the Pass Through Certificates of the related Series. The Pool Factor as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on such Equipment Trust Certificates and the distribution thereon being made on that date.

"PRE-FUNDING EVENT OF LOSS" means, for any Aircraft, each of the events designated as such in the related Indenture. For a description of certain events constituting Pre-Funding Events of Loss, see "Description of the Equipment Trust Certificates -- Prepayment -- Deemed Events of Loss and Pre-Funding Events of Loss."

"PRE-FUNDING PERIOD" means, with respect to any Aircraft, the period between the Closing Date and the Exchange Date with respect to such Aircraft.

"REGISTRAR" means, for each Pass Through Trust, NationsBank of Georgia, National Association.

"REGULAR DISTRIBUTION DATE" means, for each Pass Through Trust, March 23 and September 23 of each year, commencing September 23, 1994.

"SCHEDULED LEASE COMMENCEMENT DATE" means, for any Lease, the date scheduled under the Agreement to Lease for such Lease to commence.

"SCHEDULED PAYMENT" means any payment of interest on, or principal of and interest on, any Equipment Trust Certificate that constitutes Trust Property thereof, scheduled to be received by the Pass Through Trustee on a Regular Distribution Date.

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"SCHEDULED PRE-FUNDING PERIOD" means, with respect to any Aircraft, the period between the Closing Date and the Scheduled Lease Commencement Date.

"SERIES" means Federal Express Corporation 1994 Pass Through Certificates, Series A310-A1, Federal Express Corporation 1994 Pass Through Certificates, Series A310-A2 and Federal Express Corporation 1994 Pass Through Certificates, Series A310-A3.

"SERIES SUPPLEMENT" means each of Series Supplement 1994-A310-A1, Series Supplement 1994-A310-A2 and Series Supplement 1994-A310-A3 between the Corporation and the Pass Through Trustee, in each case pursuant to which the related Pass Through Trust will be formed in accordance with the Pass Through Agreement and the related Series of Pass Through Certificates will be issued.

"SPECIAL DISTRIBUTION DATE" means the date on which a Special Payment is scheduled to be distributed, which date will be the 23rd day of a month, except in certain circumstances, in which case it will be the date of receipt of the proceeds by the Pass Through Trustee.

"SPECIAL PAYMENT" means, for any Pass Through Trust, any payments of principal, Make-Whole Premium or interest other than Scheduled Payments received by the Pass Through Trustee on any of the Equipment Trust Certificates held in such Pass Through Trust and any proceeds from the sale of any such Equipment Trust Certificates by the Pass Through Trustee.

"TRUST PROPERTY" means, for the Pass Through Trust, all money, instruments, including the related Equipment Trust Certificates, and other property held as the property of such Pass Through Trust, including all distributions thereon and proceeds thereof.

"WESTLB NEW YORK" means Westdeutsche Landesbank Girozentrale, New York Branch.

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APPENDIX B

WESTDEUTSCHE LANDESBANK GIROZENTRALE

BACKGROUND INFORMATION

Westdeutsche Landesbank Girozentrale ("WestLB"), which traces its history to 1832, was created by the merger of two central banks, or Landesbanks (German State Banks), in the State of North Rhine-Westphalia, the Federal Republic of Germany ("Germany") on January 1, 1969. As a German universal bank, WestLB provides commercial and investment banking services regionally, nationally and internationally to public, corporate and bank customers. WestLB is the largest of the nine Landesbanks and, on the basis of total assets at December 31, 1991, was the fifth largest bank in Germany and the thirty-fourth largest bank in the world. At December 31, 1992, WestLB had total assets of approximately DM 248.1 billion (U.S. \$153.7 billion).

WestLB also performs the functions of a state and municipal bank for the State of North Rhine-Westphalia and acts as the central bank of the Sparkassen (savings banks) in North Rhine-Westphalia (Germany's most populous state). It conducts a comprehensive range of wholesale banking business and has the power to issue mortgage bonds, municipal bonds and other bonds and is the largest continuous issuer of long term debt in Germany. In its capacity as central bank, WestLB acts as the clearing and depository bank for the savings banks in North Rhine-Westphalia. As a state bank, WestLB provides trustee services for State-supported lending programs for housing, regional economic assistance, middle market firms and environmental protection. Internationally, the WestLB Group (the "Group") operates through an extensive network of banking subsidiaries, branches and representative offices to provide a range of financial services to its clients.

THE NEW YORK BRANCH

The New York Branch of WestLB ("WestLB New York") is licensed and subject to supervision and regulation by the Superintendent of Banks of the State of New York. WestLB New York is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. In addition to being subject to New York banking laws and regulations, WestLB and WestLB New York are also subject to federal regulation and supervision under the International Banking Act of 1978 (the "IBA") and the Foreign Bank Supervision Enhancement Act of 1991, and WestLB is subject to federal regulation under the IBA and the Bank Holding Company Act of 1956.

SUMMARY OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE FISCAL YEAR ENDING DECEMBER 31, 1992

In the fiscal year ended December 31, 1992, WestLB's total assets grew by 17.3% (from DM 211.5 billion) to DM 248.1 billion (U.S. \$153.7 billion). As of December 31, 1992, deposits and borrowed funds totalled DM 129.5 billion (U.S. \$80.2 billion), an increase of 12.4% from the previous year's amount of DM 115.2 billion. WestLB's capital and declared reserves increased to DM 11,190 million (U.S. \$6,933 million) as of December 31, 1992 (as compared to DM 5,190 million as of December 31, 1991).

WestLB's operating profit of DM 935 million (U.S. \$579 million) was 27% more than its 1991 operating profits, due to an increase in interest surplus of 10.2% (from DM 1,719 million in 1991 to DM 1,895 million in 1992). Commission surplus showed continued development, increasing by 18% (from DM 266 million in 1991 to DM 314 million in 1992). Staff expenses went up by 12.8% to DM 919 million (U.S. \$569 million), with other operating expenses showing an increase of 9.5% to DM 589 million (U.S. \$364.9 million). As a result, WestLB's partial operating profit (net of trading) of DM 700 million in 1992 (U.S. \$433.7 million) was 10.8% higher than the DM 632 million of the previous year.

UNITED STATES AND GERMAN EXCHANGE RATES AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The financial information presented herein is derived from the audited financial statements of WestLB for the year ended December 31, 1992, does not include the consolidated subsidiaries of the

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WestLB Group and has been prepared in accordance with accounting principles, practices, laws and regulations generally accepted in Germany. German accounting principles differ in certain respects from accounting principles generally accepted in the United States.

Unless indicated otherwise, currency amounts are stated in Deutsche Marks ("DM" or "Deutsche Marks") or United States dollars ("U.S.", "U.S. dollars", "\$" or "dollars"). Merely for the convenience of the reader, this summary contains translations of certain Deutsche Mark amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the Deutsche Mark amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollar amounts at the rate indicated. Unless otherwise indicated, the translations of Deutsche Marks into U.S. dollars have been made at DM 1.6140 = U.S. \$1.00, which was the official (Frankfurt fixing) exchange rate on December 30, 1992, the last trading day in 1992. In certain instances, figures reflect the effect of rounding.

MISCELLANEOUS

Upon written request, WestLB will provide without charge to each person to whom this Prospectus Supplement and the accompanying Prospectus is delivered a copy of its most recent annual report. Written request for such annual reports or any additional information concerning WestLB should be directed to Westdeutsche Landesbank Girozentrale, New York Branch, 1211 Avenue of the Americas, New York, New York 10036, Attention: Branch Management.

Delivery of this Prospectus Supplement and the accompanying Prospectus shall not create any implication that there has been no change in the affairs of WestLB since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to its date.

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PROSPECTUS
- - - - -

[LOGO]

PASS THROUGH TRUSTS
PASS THROUGH CERTIFICATES
- - - - -

Up to \$400,000,000 aggregate amount of Pass Through Certificates (the "Pass Through Certificates") may be offered for sale from time to time pursuant to this Prospectus and one or more Prospectus Supplements. The Pass Through Certificates may be offered in one or more Series in amounts, at prices and on terms to be determined at the time of sale. For each Series of Pass Through Certificates offered pursuant to this Prospectus and a Prospectus Supplement, a separate Pass Through Trust will be formed pursuant to a Pass Through Trust Agreement (the "Pass Through Agreement") and a supplement thereto (a "Series Supplement") between Federal Express Corporation (the "Corporation") and NationsBank of South Carolina, National Association, not in its individual capacity but solely as the Pass Through Trustee under such Pass Through Trust. Each Pass Through Certificate in a Series will evidence a fractional undivided interest in the related Pass Through Trust and will have no rights, benefits or

interest in respect of any other Pass Through Trust or the Trust Property held in any other such Pass Through Trust. The Trust Property of each Pass Through Trust will consist of equipment trust certificates (the "Equipment Trust Certificates") issued as nonrecourse obligations by one or more Owner Trustees, each acting not in its individual capacity but solely as the Owner Trustee of a separate Owner Trust, in connection with leveraged lease transactions. The Equipment Trust Certificates will be issued to finance a portion of the payment to be made by each such Owner Trustee of the acquisition cost for specified aircraft which are to be leased to the Corporation (the "Aircraft"). The Prospectus Supplement relating to each offering will describe certain terms of the Pass Through Certificates offered thereby, the respective Pass Through Trusts, the Equipment Trust Certificates to be purchased by such Pass Through Trusts, the leveraged lease transactions and the Aircraft relating to such Equipment Trust Certificates.

With respect to each Aircraft, the Owner Trustee may issue one or more Equipment Trust Certificates, each of which may have a different interest rate and final maturity date. For each Series of Pass Through Certificates, the Pass Through Trustee will purchase one or more Equipment Trust Certificates issued with respect to each of one or more Aircraft such that all of the Equipment Trust Certificates held in the related Pass Through Trust will have identical interest rates, in each case equal to the rate applicable to the Pass Through Certificates issued by such Pass Through Trust, and such that the latest maturity date for such Equipment Trust Certificates will occur on or before the final distribution date for such Pass Through Certificates. For any Aircraft, except during the Pre-Funding Period, if any, with respect to such Aircraft, the related Equipment Trust Certificates will be secured by a security interest in such Aircraft and by the Lease relating thereto, including the right to receive rent payable by the Corporation under such Lease. None of the Equipment Trust Certificates held in the respective Pass Through Trusts will be obligations of, or guaranteed by, the Corporation. For any Aircraft, however, except as described under "Description of the Equipment Trust Certificates -- General" relating to the Pre-Funding Period with respect to such Aircraft, the amounts payable by the Corporation under the related Lease will be sufficient to pay in full when due all principal of and interest on the related Equipment Trust Certificates. During any Pre-Funding Period, the related Equipment Trust Certificates will be secured by a collateral account funded by the net proceeds of the sale of such Equipment Trust Certificates to the Pass Through Trustee and by other security (which may include a letter of credit) to be described in the applicable Prospectus Supplement. Funds in such collateral account, together with such other security, will be available to pay any principal due and interest accrued on such Equipment Trust Certificates during the Pre-Funding Period, as well as to fund any mandatory prepayment of such Equipment Trust Certificates during such Pre-Funding Period.

(CONTINUED ON FOLLOWING PAGE)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is March 16, 1994.

(CONTINUED FROM PREVIOUS PAGE)

Interest paid on the Equipment Trust Certificates held in each Pass Through Trust will be passed through to the registered holders of the Pass Through Certificates for such Pass Through Trust (for each Pass Through Trust, the "Certificateholders") on the dates and at the rate per annum set forth in the Prospectus Supplement relating to such Pass Through Certificates until the final distribution date for such Pass Through Trust. Principal paid on the Equipment Trust Certificates held in each Pass Through Trust will be passed through to the Certificateholders in scheduled amounts on the dates set forth in the Prospectus Supplement relating to such Pass Through Certificates until the final distribution date for such Pass Through Trust.

The Pass Through Certificates represent interests in the related Pass Through Trust only and all payments and distributions shall be made only from the property of such Pass Through Trust. The Pass Through Certificates do not represent an interest in or obligation of the Corporation.

The Pass Through Certificates may be sold to or through underwriters or directly to other purchasers or through agents. The Prospectus Supplement relating to each offering will set forth the names of any underwriters, dealers or agents involved in the sale of the Pass Through Certificates in connection with which this Prospectus is being delivered, the amounts, if any, to be purchased by underwriters and the compensation, if any, of such underwriters or agents.

Prior to their issuance, there will have been no market for the Pass Through Certificates of any Series and there can be no assurance that one will develop. Unless otherwise indicated in the applicable Prospectus Supplement, the Corporation does not intend to apply for the listing of any Series of Pass Through Certificates on a national securities exchange. See "Plan of Distribution."

This Prospectus may not be used to consummate sales of any Pass Through Certificates unless accompanied by the Prospectus Supplement applicable to the Pass Through Certificates being sold.

AVAILABLE INFORMATION

Federal Express Corporation (the "Corporation") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy and information statements and other information filed by the Corporation with the Commission can be inspected, and copies may be obtained at prescribed rates, at the Public Reference Section of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the following Regional Offices of the Commission: Chicago Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and New York Regional Office, 7 World Trade Center, New York, New York 10048. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, and The Toronto Stock Exchange, The Exchange Tower, Two First Canadian Place, Toronto, Ontario M5X 1J2, Canada.

This Prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments and exhibits, herein referred to as the "Registration Statement") filed by the Corporation under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information included in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to the Corporation and the securities offered hereby.

REPORTS TO PASS THROUGH CERTIFICATEHOLDERS

NationsBank of South Carolina, National Association ("NationsBank of South Carolina"), in its capacity as Pass Through Trustee under each Pass Through Trust, will provide the Certificateholders of each Pass Through Trust with certain periodic statements concerning the distributions made from such Pass Through Trust. See "Description of the Pass Through Certificates -- Statements to Certificateholders."

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission in accordance with the provisions of the Exchange Act are incorporated herein by reference and made a part hereof.

1. The Corporation's Annual Report on Form 10-K for the fiscal year ended May 31, 1993, filed August 13, 1993;
2. The Corporation's Quarterly Reports on Form 10-Q for the fiscal quarters ended August 31, 1993, as amended by a Quarterly Report on Form 10-Q/A, and November 30, 1993, filed October 14, 1993, October 25, 1993 and January 14, 1994, respectively; and
3. The Corporation's Current Reports on Form 8-K dated July 13, 1993, July 27, 1993, as amended by a Form 8-K/A dated July 28, 1993, September 2, 1993, September 14, 1993, September 23, 1993, December 2, 1993, December 13, 1993 and March 11, 1994 and filed July 14, 1993, July 27, 1993, July 28, 1993, September 7, 1993, September 15, 1993, September 28, 1993, December 6, 1993, December 14, 1993 and March 14, 1994, respectively.

All documents filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and before the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Prospectus, shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed

document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Corporation will furnish without charge to each person to whom this Prospectus is delivered, on written or oral request of such person, a copy of any or all documents incorporated by reference in this Prospectus, without exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to: Thomas B. Martin, Managing Director -- Public Relations, Federal Express Corporation, by mail at Box 727, Memphis, Tennessee 38194-1850 or by telephone at (901) 395-3490.

FEDERAL EXPRESS CORPORATION

The Corporation offers a wide range of express services for the time-definite transportation of goods and documents throughout the world using an extensive fleet of aircraft and vehicles and leading-edge information technologies. Corporate headquarters are located at 2005 Corporate Avenue, Memphis, Tennessee 38132, telephone (901) 369-3600.

RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

<TABLE>
<CAPTION>

	YEAR ENDED MAY 31,					SIX MONTHS ENDED NOVEMBER 30,	
	1989	1990	1991	1992	1993	1992	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Ratio of Earnings to Fixed Charges (a).....	1.9x	1.4x	1.0x	(b)	1.4x	1.3x	1.7x

(a) Earnings included in the calculation of the ratio of earnings to fixed charges represent income before income taxes plus fixed charges (other than capitalized interest). Fixed charges include interest expense, capitalized interest, amortization of debt issuance costs and a portion of rent expense representative of interest.

(b) Earnings were inadequate to cover fixed charges by \$173.4 million for the year ended May 31, 1992.

</TABLE>

OUTLINE OF PASS THROUGH TRUST STRUCTURE

For each Series of Pass Through Certificates (as such terms are defined below) offered pursuant to this Prospectus and related Prospectus Supplement, a separate pass through trust (a "Pass Through Trust") will be formed pursuant to a supplemental agreement (a "Series Supplement") between the Corporation and NationsBank of South Carolina, National Association ("NationsBank of South Carolina"), not in its individual capacity but solely as pass through trustee (the "Pass Through Trustee"), in accordance with a Pass Through Trust Agreement (the "Pass Through Agreement") between the Corporation and the Pass Through Trustee, for the benefit of the registered holders (the "Certificateholders") of the series (a "Series") of certificates (the "Pass Through Certificates") evidencing fractional undivided interests in such Pass Through Trust. The property held in each Pass Through Trust (the "Trust Property") will consist of equipment trust certificates issued in connection with one or more leveraged lease transactions (the "Equipment Trust Certificates"), as specified in the applicable Prospectus Supplement.

As more fully described below under "Use of Proceeds," in connection with each leveraged lease transaction, one or more Equipment Trust Certificates may be issued, each of which may have different interest rates and final maturity dates. Concurrently with the execution and delivery of each Series Supplement, the Pass Through Trustee, on behalf of the related Pass Through Trust, will enter into one or more participation agreements (each, a "Participation Agreement") pursuant to which it will, among other things, purchase one or more Equipment Trust Certificates, such that the Equipment Trust Certificates that constitute the property of such Pass Through Trust will have identical interest rates, in each

case equal to the rate applicable to the Pass Through Certificates issued by such Pass Through Trust, and such that the latest maturity date for such Equipment Trust Certificates will occur on or before the final distribution date applicable to such Pass Through Certificates. For each Pass Through Trust, the aggregate amount of the related Series of Pass Through Certificates will equal the aggregate principal amount of the Equipment Trust Certificates constituting the Trust Property of such Pass Through Trust. The Pass Through Trustee will distribute the amount of payments of principal, premium, if any, and interest received by it as holder of the Equipment Trust Certificates to the Certificateholders of the Pass Through Trust in which such Equipment Trust Certificates are held. See "Description of the Pass Through Certificates" and "Description of the Equipment Trust Certificates."

USE OF PROCEEDS

Each Series of Pass Through Certificates offered pursuant to this Prospectus and a related Prospectus Supplement will be issued to facilitate the financing of the debt portion of one or more leveraged lease transactions entered into or to be entered into by the Corporation, as lessee, with respect to each of the aircraft that are to be leased by the Corporation (the "Aircraft"), as specified in the applicable Prospectus Supplement. Each Prospectus Supplement will specify the type and model of each Aircraft relating to the Pass Through Certificates offered thereby, the engines with which such Aircraft is or will be equipped, and when such Aircraft was delivered new by the manufacturer. The proceeds from the sale of such Pass Through Certificates will be used by the Pass Through Trustee on behalf of the related Pass Through Trust to purchase Equipment Trust Certificates. The Equipment Trust Certificates will be issued as nonrecourse obligations by First Security Bank of Utah, National Association, not in its individual capacity but solely as the owner trustee (the "Owner Trustee") of one or more owner trusts (each, an "Owner Trust" created pursuant to a "Trust Agreement") for the benefit of the owner participant named therein (each, an "Owner Participant"), in connection with one or more leveraged lease transactions, in each case to finance a portion of the acquisition cost of an Aircraft (including any costs of modification required prior to commencement of the lease of such Aircraft to the Corporation) paid or to be paid by the Owner Trustee for such Aircraft which is to be leased by such Owner Trustee to the Corporation pursuant to a separate lease agreement (each, a "Lease"), as specified in the applicable Prospectus Supplement.

If, for any Aircraft, under the circumstances discussed below in "Description of the Equipment Trust Certificates -- Delayed Lease Commencement" the proceeds from the sale of the related Equipment Trust Certificates to the applicable Pass Through Trusts are not applied by the Owner Trustee to pay the acquisition cost (including any costs of modification required prior to commencement of the related Lease) for such Aircraft on the date of the purchase of such Equipment Trust Certificates by such Pass Through Trusts, such proceeds, after deducting certain expenses of the Pass Through Certificate offering, will be deposited by the Owner Trustee into a Collateral Account (as defined below). Such Collateral Account, together with the other security pledged under the related Indenture (see "Description of the Equipment Trust Certificates -- Security" below), will secure such Equipment Trust Certificates during the related Pre-Funding Period (as defined below) and will be available to make scheduled payments of principal, if any, and interest accrued on such Equipment Trust Certificates during the Pre-Funding Period. If the Lease related to such Aircraft does not commence on the cut-off date specified in the applicable Prospectus Supplement or an event of loss occurs with respect to such Aircraft during the Pre-Funding Period, funds in such Collateral Account, together with such other security will be available to prepay such Equipment Trust Certificates as described in such Prospectus Supplement. See "Description of the Equipment Trust Certificates -- Delayed Lease Commencement" and "-- Mandatory Prepayment During the Pre-Funding Period."

The Equipment Trust Certificates to be sold to any Pass Through Trust will be issued by the Owner Trustee and authenticated by NationsBank of Georgia, National Association ("NationsBank of Georgia"), as indenture trustee (the "Indenture Trustee") under a separate trust indenture and security agreement (each, an "Indenture") between the Owner Trustee and the Indenture Trustee. Each Owner Participant will have provided or will be obligated to provide, from sources other than the related

Equipment Trust Certificates, the portion of the acquisition cost (including any costs of modification required prior to commencement of the lease to the Corporation) for the related Aircraft specified in the applicable Prospectus Supplement. No Owner Participant, however, will be personally liable for any amount payable under the related Indenture or the Equipment Trust Certificates issued thereunder.

DIAGRAM OF PAYMENTS

The following diagram illustrates certain aspects of the payment flows in the Pass Through Trust structure for a possible transaction among the Corporation, the Owner Trustee, the related Owner Participant, the Indenture Trustee, the Pass Through Trustee and the Certificateholders, assuming that each Aircraft is leased by the Corporation upon issuance of the Pass Through Certificates. One or more Equipment Trust Certificates will be issued for each Aircraft included in a particular Pass Through Certificate offering. Each of such Equipment Trust Certificates may have a different interest rate and final maturity date and will be held in a separate Pass Through Trust. Each Pass Through Trust may hold Equipment Trust Certificates relating to more than one Aircraft. The number of Aircraft included in each offering and the interest rates and final maturity dates of the Equipment Trust Certificates held by each Pass Through Trust will be described in the applicable Prospectus Supplement.

The Corporation is to lease each Aircraft from the Owner Trustee under a separate Lease and will make scheduled rental payments for each Aircraft under the related Lease. As a result of the assignment under the related Indenture of certain rights of the Owner Trustee under such Lease, the Corporation will make these payments directly to the Indenture Trustee. From these rental payments the Indenture Trustee will pay to the Pass Through Trustee for each Pass Through Trust the interest or interest and principal due from the Owner Trustee on the Equipment Trust Certificates issued under the related Indenture and held in such Pass Through Trust. After such payments have been made the Indenture Trustee will pay the remaining balance, if any, to the Owner Trustee for the benefit of the related Owner Participant. The Pass Through Trustee for each Pass Through Trust will distribute to the related Certificateholders payments received on the Equipment Trust Certificates held in such Pass Through Trust. See "Description of the Pass Through Certificates -- Payments and Distributions" and "Description of the Equipment Trust Certificates -- Delayed Lease Commencement" for a discussion of payments during any Pre-Funding Period.

[GRAPHIC--See Appendix A]

* Each Aircraft will be subject to a separate Lease and a separate Indenture.

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DESCRIPTION OF THE PASS THROUGH CERTIFICATES

In connection with each offering of Pass Through Certificates, one or more separate Pass Through Trusts will be formed, and one or more corresponding Series of Pass Through Certificates will be issued, pursuant to the Pass Through Agreement and one or more separate Series Supplements to be entered into between the Corporation and the Pass Through Trustee. The following summary relates to the Pass Through Agreement and each of the Series Supplements, the Pass Through Trusts to be formed thereby and the Pass Through Certificates to be issued by each Pass Through Trust, except as otherwise described in the applicable Prospectus Supplement.

The discussion that follows is a summary and does not purport to be complete. The summary includes descriptions of the material terms of the Pass Through Agreement which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. The Series Supplement relating to each Series of Pass Through Certificates and the forms of the related Indentures, Participation Agreements, Leases and Trust Agreements will be filed as exhibits to a post-effective amendment to this Registration Statement, a Current Report on Form 8-K, a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K, as applicable, to be filed with the Commission in connection with the issuance of each such Series of Pass Through Certificates. This summary makes use of terms defined in and is qualified in its entirety by reference to the Pass Through Agreement. Each Prospectus Supplement will include a glossary of certain defined terms used in connection with the Pass Through Certificates offered thereby and the related Equipment Trust Certificates.

GENERAL

Unless otherwise provided in the applicable Series Supplement, the Pass Through Certificates will be issued in fully registered, certificated form only. Each Pass Through Certificate will represent a fractional undivided interest in the separate Pass Through Trust formed by the Pass Through Agreement and the related Series Supplement pursuant to which such Pass Through Certificate is issued. The property of each Pass Through Trust will include the Equipment Trust Certificates held in such Pass Through Trust, all monies at any time paid thereon, all monies due and to become due thereunder and funds from time to time deposited with the Pass Through Trustee in accounts relating to such Pass Through Trust. Each Pass Through Certificate will represent a pro rata share of the outstanding principal amount of the Equipment Trust Certificates and other property held in the related Pass Through Trust and will be issued, unless otherwise specified in the applicable Prospectus Supplement, in minimum denominations of \$1,000 or any integral multiple of \$1,000. (Pass Through Agreement, Article II)

Interest will be passed through to Certificateholders of each Pass Through Trust at the rate per annum payable on the Equipment Trust Certificates held in such Pass Through Trust, as set forth for such Pass Through Trust on the cover page of the applicable Prospectus Supplement.

The Pass Through Certificates represent interests in the related Pass Through Trust only and all payments and distributions shall be made only from the Trust Property of such Pass Through Trust. The Pass Through Certificates do not represent an interest in or obligation of the Corporation, the Pass Through Trustee, any related Owner Participant, the Owner Trustee in its individual capacity or any affiliate of any of the foregoing. Each Certificateholder by its acceptance of a Pass Through Certificate agrees to look solely to the income and proceeds from the property held in the related Pass Through Trust as provided in the Pass Through Agreement and the applicable Series Supplement. (Pass Through Agreement, Section 3.06)

The Pass Through Agreement does not and, except as otherwise described in the applicable Prospectus Supplement, the Indentures will not, contain any debt covenants or provisions that would afford Certificateholders protection in the event of a highly leveraged transaction involving the Corporation.

PAYMENTS AND DISTRIBUTIONS

Upon commencement of the Lease for any Aircraft, the Corporation will make scheduled rental payments for such Aircraft under the related Lease. After any Pre-Funding Period for an Aircraft, these

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scheduled rental payments will be assigned under the applicable Indenture by the Owner Trustee to the Indenture Trustee to provide the funds necessary to make the corresponding payments of principal and interest due from the Owner Trustee on the Equipment Trust Certificates issued under such Indenture. Until the Corporation has entered into a Lease in connection with an Aircraft, the Corporation will not be obligated to make any scheduled rental payments and during the Pre-Funding Period, if any, for such Aircraft, even if such Lease has commenced, the related Equipment Trust Certificates will not be secured by such Aircraft or the related Lease, including any rental payments under such Lease. During the Pre-Funding Period, if any, for such Aircraft, however, the related Collateral Account, together with the related Additional Collateral (as defined below), will be available to provide funds necessary to make the corresponding scheduled payments of principal, if any, and interest accrued on the related Equipment Trust Certificates during such Pre-Funding Period, and to pay the portion, if any, of principal and interest due on the first payment date after the Pre-Funding Period to the extent exceeding the amount of rent payable by the Corporation on such payment date. See "Description of the Equipment Trust Certificates -- Delayed Lease Commencement."

Except during any Pre-Funding Period or under certain circumstances thereafter, after the Indenture Trustee has made principal and interest payments to the Pass Through Trustee for each of the Pass Through Trusts on the related Equipment Trust Certificates held in such Pass Through Trust, the Indenture Trustee will pay the remaining balance, if any, of rental payments received from the Corporation to the Owner Trustee for the benefit of the related Owner Participant. The Pass Through Trustee for each such Pass Through Trust will distribute to the Certificateholders of such Pass Through Trust payments received on the Equipment Trust Certificates held in such Pass Through Trust as described below. During the Pre-Funding Period, if any, for an Aircraft, the Indenture Trustee will not make any payments to the Owner Trustee for the benefit of the related Owner Participant.

Payments of principal of, and interest on the unpaid amount of, the Equipment Trust Certificates held in each Pass Through Trust will be scheduled to be received by the Pass Through Trustee on the dates specified in the applicable Prospectus Supplement (such scheduled payments of principal of, and interest on, the Equipment Trust Certificates are referred to herein as "Scheduled Payments," and the dates specified for distributions of Scheduled Payments to the Pass Through Trustee in the applicable Prospectus Supplement are referred to herein as "Regular Distribution Dates"). For each Pass Through Trust, the Pass Through Trustee will distribute on each Regular Distribution Date to the related Certificateholders any Scheduled Payment received by the Pass Through Trustee on such Regular Distribution Date. If a Scheduled Payment is not received by the Pass Through Trustee on or before a Regular Distribution Date but is received within five Business Days thereafter, it will be distributed on the date received to the Certificateholders. Each such distribution of a Scheduled Payment will be made by the Pass Through Trustee to the Certificateholders of record of such Pass Through Trust on the fifteenth day prior to such Regular Distribution Date, subject to certain exceptions. Each such Certificateholder will be entitled to receive a pro rata share of any such distribution. (Pass Through Agreement, Sections 5.01 and 5.02) If a Scheduled

Payment is received more than five Business Days after the applicable Regular Distribution Date, it will be treated as a Special Payment and will be distributed as described below.

After any prepayment of principal, any redemption or any default in respect of some or all of the Equipment Trust Certificates held in any Pass Through Trust, any Certificateholder of such Pass Through Trust should refer to the Pool Balance and the Pool Factor (as such terms are defined below) for such Pass Through Trust reported periodically by the Pass Through Trustee, in order to calculate such Certificateholder's pro rata share of such Pass Through Trust. See "Pool Factors" and "Statements to Certificateholders" below.

For any Pass Through Trust, any payments of principal, premium, if any, or interest, other than Scheduled Payments, received by the Pass Through Trustee on any of the Equipment Trust Certificates held in such Pass Through Trust, including payments received (i) for the prepayment of such Equipment Trust Certificates in connection with certain events specified in the applicable Prospectus Supplement (including prepayments during any Pre-Funding Period), (ii) upon the prepayment by the related Owner Trustee of such Equipment Trust Certificates following a default in respect of such Equipment Trust

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Certificates, and (iii) on account of the sale of such Equipment Trust Certificates by the Pass Through Trustee (such payments are referred to herein as "Special Payments"), will be distributed on the dates determined as set forth in the applicable Prospectus Supplement (each, a "Special Distribution Date" and, together with the Regular Distribution Dates, the "Distribution Dates"). See "Description of the Equipment Trust Certificates -- Mandatory Prepayment During the Pre-Funding Period" for a discussion of the funding of such prepayments during the Pre-Funding Period. Prior to any Special Payment for any Pass Through Trust, the Pass Through Trustee will notify the Certificateholders of record of such Pass Through Trust of such Special Payment and the anticipated Special Distribution Date therefor in accordance with the Pass Through Agreement. Each distribution of a Special Payment, other than the final distribution, for any Pass Through Trust will be made by the Pass Through Trustee to the Certificateholders of record of such Pass Through Trust on the fifteenth day prior to such Special Distribution Date, unless otherwise specified in the applicable Prospectus Supplement. Each such Certificateholder will be entitled to receive a pro rata share of any such distribution. (Pass Through Agreement, Section 5.02) See "Description of the Equipment Trust Certificates -- Prepayment" and "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default."

The Pass Through Agreement requires that the Pass Through Trustee establish and maintain, for each Pass Through Trust and for the benefit of the related Certificateholders, one or more non-interest bearing accounts (the "Certificate Account") for the deposit of Scheduled Payments on the Equipment Trust Certificates held in such Pass Through Trust and one or more accounts which will, except in connection with Permitted Investments as discussed below, be non-interest bearing (the "Special Payments Account") for the deposit of Special Payments on such Equipment Trust Certificates. The Pass Through Trustee is required to deposit any Scheduled Payments relating to a Pass Through Trust received by it in the related Certificate Account and to deposit any Special Payments so received by it in the related Special Payments Account pending distribution thereof. (Pass Through Agreement, Section 5.01) Special Payments that are not promptly distributed by the Pass Through Trustee will, to the extent practicable, be invested by the Pass Through Trustee in Permitted Investments pending the distribution of such funds on a Special Distribution Date, and the income and earnings on such investments will be distributed with such Special Payment. "Permitted Investments" are non-callable direct obligations of the United States of America maturing on or prior to the day required for the distribution of any such funds on a Special Distribution Date. (Pass Through Agreement, Article I and Section 5.04)

Distributions by the Pass Through Trust from the Certificate Account or the Special Payments Account of any Pass Through Trust on any Distribution Date will be paid to each Certificateholder of record of such Pass Through Trust on the applicable record date at its address appearing on the register maintained for such Pass Through Trust. (Pass Through Agreement, Section 5.02) The final distribution for each Pass Through Trust, however, will be made only upon presentation and surrender of the Pass Through Certificates for such Pass Through Trust at the office or agency of the Pass Through Trustee specified in the notice given by the Pass Through Trustee of such final distribution. The Pass Through Trustee will mail such notice of the final distribution to the Certificateholders of such Pass Through Trust, specifying the date set for such final distribution and the amount of such distribution. (Pass Through Agreement, Section 12.01) See "Termination of Pass Through Trusts" below.

If any Distribution Date is not a Business Day, distributions scheduled to be made on such Distribution Date may be made on the next succeeding Business

POOL FACTORS

Except as provided below, the Pool Factor (as defined below) for any Pass Through Trust will decline in proportion to the scheduled repayments of principal on the Equipment Trust Certificates held in such Pass Through Trust as described in the applicable Prospectus Supplement. Where any Equipment Trust Certificate held in a Pass Through Trust has been prepaid, a scheduled repayment of principal thereon has not been made or certain actions have been taken following a default thereon, as discussed in the applicable Prospectus Supplement or below in "Events of Default and Certain Rights Upon an Event of

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Default," the Pool Factor and the Pool Balance (as defined below) of such Pass Through Trust will be recomputed after giving effect thereto and notice thereof will be mailed to the Certificateholders of such Pass Through Trust. Each Pass Through Trust will have a separate Pool Factor.

Unless otherwise described in the applicable Prospectus Supplement, the "Pool Balance" for each Pass Through Trust indicates, as of any date, the aggregate unpaid principal amount of the Equipment Trust Certificates held in such Pass Through Trust on such date plus any amounts in respect of principal on such Equipment Trust Certificates held by the Pass Through Trustee and not yet distributed. The Pool Balance for each Pass Through Trust as of any Distribution Date will be computed after giving effect to the payment of principal, if any, on the Equipment Trust Certificates held in such Pass Through Trust and the distribution thereof being made on that date. (Pass Through Agreement, Article I)

Unless otherwise described in the applicable Prospectus Supplement, the "Pool Factor" for each Pass Through Trust as of any Distribution Date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the aggregate original principal amount of the Equipment Trust Certificates held in such Pass Through Trust. The Pool Factor for each Pass Through Trust as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Trust Certificates held in such Pass Through Trust and the distribution thereof being made on that date. The Pool Factor for each Pass Through Trust will initially be 1.0000000; thereafter, the Pool Factor for each Pass Through Trust will decline as described above to reflect reductions in the Pool Balance of such Pass Through Trust. For any Pass Through Trust, the amount of any Certificateholder's pro rata share of the Pool Balance of such Pass Through Trust can be determined by multiplying the original denomination of such Certificateholder's Pass Through Certificate by the Pool Factor for such Pass Through Trust as of the applicable Distribution Date. (Pass Through Agreement, Article I)

STATEMENTS TO CERTIFICATEHOLDERS

On each Distribution Date, the Pass Through Trustee will include with each distribution of a Scheduled Payment or Special Payment to Certificateholders of record of the related Pass Through Trust a statement, giving effect to such distribution being made on such Distribution Date, setting forth the following information (per \$1,000 in aggregate amount of Pass Through Certificates for such Pass Through Trust, as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and allocable to premium, if any;
- (ii) the amount of such distribution allocable to interest; and
- (iii) the Pool Balance and the Pool Factor for such Pass Through Trust.

In addition, after the end of each calendar year, the Pass Through Trustee will prepare for each Certificateholder of each Pass Through Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (i) and (ii) above with respect to each such Pass Through Trust for such calendar year or, in the event such person was a Certificateholder during a portion of such calendar year, for the applicable portion of such calendar year. (Pass Through Agreement, Section 5.03)

VOTING OF EQUIPMENT TRUST CERTIFICATES

The Pass Through Trustee, as holder of the Equipment Trust Certificates held in each Pass Through Trust, has the right to vote and give consents and waivers in respect of such Equipment Trust Certificates under the related Indentures. The Pass Through Agreement sets forth the circumstances in which the Pass Through Trust shall direct any action or cast any vote as the holder of the Equipment Trust Certificates held in the applicable Pass Through Trust at its own discretion and the circumstances in which the Pass Through Trustee shall

seek instructions from the Certificateholders of such Pass Through Trust. Prior to an Event of Default (as defined below) with respect to any Pass Through Trust, the principal amount of the Equipment Trust Certificates held in such Pass Through Trust directing any action or being voted for or against any proposal will be in proportion to the principal amount of Pass Through Certificates held by the Certificateholders of such Pass Through Trust taking the corresponding position. (Pass Through Agreement, Section 7.01)

EVENTS OF DEFAULT AND CERTAIN RIGHTS UPON AN EVENT OF DEFAULT

The Pass Through Agreement defines an event of default for any Pass Through Trust (an "Event of Default") as the occurrence and continuance of an event of default under one or more of the related Indentures (an "Indenture Event of Default"). The Indenture Events of Default under the Indentures will be described in the applicable Prospectus Supplement and will include events of default under the related Leases ("Lease Events of Default"). Since the Equipment Trust Certificates outstanding under an Indenture may be held in more than one Pass Through Trust, a continuing Indenture Event of Default under such Indenture would result in an Event of Default with respect to each such Pass Through Trust. Unless otherwise provided in a Prospectus Supplement, all of the Equipment Trust Certificates issued under the same Indenture will relate to a specific Aircraft and there will be no cross-collateralization or cross-default provisions in the Indentures. Consequently, events resulting in an Indenture Event of Default under any particular Indenture will not necessarily result in an Indenture Event of Default occurring under any other Indenture. If an Indenture Event of Default occurs in fewer than all of the Indentures related to a Pass Through Trust, the Equipment Trust Certificates issued pursuant to the related Indentures with respect to which an Indenture Event of Default has not occurred will continue to be held in such Pass Through Trust and payments of principal of, premium, if any, and interest on such Equipment Trust Certificates will continue to be distributed to the Certificateholders of such Pass Through Trust as originally scheduled.

The Equipment Trust Certificates in any Pass Through Trust, and therefore the related Pass Through Certificates, will not have the benefit of any debt covenants or provisions in the Indentures relating to such Equipment Trust Certificates or Pass Through Certificates that would afford the holders thereof protection in the event of a highly leveraged transaction involving the Corporation.

Under each Indenture the Owner Trustee will have the right under certain circumstances to cure an Indenture Event of Default that results from the occurrence of a Lease Event of Default under the related Lease. If the Owner Trustee chooses to exercise such cure right, the Indenture Event of Default and consequently the Event of Default under any Pass Through Trust holding the related Equipment Trust Certificates will be deemed to be cured. See the applicable Prospectus Supplement for a more detailed discussion of certain provisions described in this paragraph.

The Pass Through Agreement provides that if an Indenture Event of Default under an Indenture relating to Equipment Trust Certificates held in a Pass Through Trust shall have occurred and be continuing, the Pass Through Trustee (i) may vote all of the Equipment Trust Certificates issued under such Indenture that are held in such Pass Through Trust, and (ii) upon the direction of the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest of such Pass Through Trust shall vote a corresponding majority of such Equipment Trust Certificates, in each case in favor of directing the related Indenture Trustee to declare the unpaid principal amount of all Equipment Trust Certificates issued under such Indenture and any accrued and unpaid interest thereon to be due and payable. The Pass Through Agreement also provides that if an Indenture Event of Default under an Indenture relating to Equipment Trust Certificates held in a Pass Through Trust shall have occurred and be continuing, the Pass Through Trustee may, and upon the direction of the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest of such Pass Through Trust shall, vote all of the Equipment Trust Certificates issued under such Indenture that are held in such Pass Through Trust in favor of directing the related Indenture Trustee as to the time, method and place of conducting any proceeding for any remedy available to such Indenture Trustee or of exercising any trust or power conferred on such Indenture Trustee under such Indenture. (Pass Through Agreement, Sections 7.01 and 7.09)

The ability of the Certificateholders of any one Pass Through Trust to cause the Indenture Trustee for any Equipment Trust Certificates held in such Pass Through Trust to accelerate the payment on such Equipment Trust Certificates under the related Indenture or to direct the exercise of remedies by such Indenture Trustee under the related Indenture will depend, in part, upon the proportion between the aggregate principal amount of the Equipment Trust Certificates outstanding under such Indenture and

held in such Pass Through Trust and the aggregate principal amount of all Equipment Trust Certificates outstanding under such Indenture. Each Pass Through Trust will hold Equipment Trust Certificates with different terms from those of the Equipment Trust Certificates held in any other Pass Through Trust and, therefore, the Certificateholders of a Pass Through Trust may have divergent or conflicting interests from those of the Certificateholders of the other Pass Through Trusts holding Equipment Trust Certificates relating to the same Indenture. In addition, so long as the same institution or an affiliate of such institution acts as Pass Through Trustee of each Pass Through Trust, in the absence of instructions from the Certificateholders of any such Pass Through Trust, the Pass Through Trustee for such Pass Through Trust could for the same reason be faced with a potential conflict of interest upon an Indenture Event of Default. In such event, the initial Pass Through Trustee has indicated that it would resign as Pass Through Trustee of one or all of such Pass Through Trusts, and a successor pass through trustee would be appointed in accordance with the terms of the Pass Through Agreement and the applicable Series Supplement. See "The Pass Through Trustee; the Indenture Trustee" below for a discussion of resignation procedures.

As an additional remedy, if an Indenture Event of Default under an Indenture has occurred and is continuing, the Pass Through Agreement provides that the Pass Through Trustee of a Pass Through Trust holding Equipment Trust Certificates issued under such Indenture may, and upon the direction of the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest of such Pass Through Trust will, sell all or part of such Equipment Trust Certificates for cash to any person at a price or prices that it may reasonably deem advisable. Any proceeds received by the Pass Through Trust upon any such sale will be deposited in the Special Payments Account for such Pass Through Trust and will be distributed to the Certificateholders of such Pass Through Trust on a Special Distribution Date. (Pass Through Agreement, Sections 7.01 and 7.02) The market for Equipment Trust Certificates in default may be very limited and there can be no assurance that they could be sold for a reasonable price. Furthermore, so long as the same institution or any affiliate of such institution acts as Pass Through Trustee of each Pass Through Trust, it may be faced with a conflict in deciding from which Pass Through Trust to sell Equipment Trust Certificates to available buyers. If the Pass Through Trustee sells any such Equipment Trust Certificates with respect to which an Indenture Event of Default exists for less than the outstanding principal amount thereof, the Certificateholders of such Pass Through Trust will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against the Pass Through Trustee, the Corporation, the Owner Trustee or any related Owner Participant. Furthermore, neither the Pass Through Trustee nor the Certificateholders of such Pass Through Trust could take any action with respect to any remaining Equipment Trust Certificates held in such Pass Through Trust so long as no Indenture Event of Default existed with respect thereto.

For any Pass Through Trust, any amount distributed to the Pass Through Trustee by the Indenture Trustee under any Indenture on account of the Equipment Trust Certificates held in such Pass Through Trust following an Indenture Event of Default under such Indenture will be deposited in the Special Payments Account for such Pass Through Trust and will be distributed to the Certificateholders of such Pass Through Trust on a Special Distribution Date. In addition, if, following an Indenture Event of Default under any Indenture, the related Owner Trustee exercises its option, if any, to prepay or purchase the outstanding Equipment Trust Certificates issued under such Indenture as described in the related Prospectus Supplement, the price paid by such Owner Trustee to the Pass Through Trustee for such Equipment Trust Certificates held in such Pass Through Trust will be deposited in the related Special Payments Account and will be distributed to the Certificateholders of such Pass Through Trust on a Special Distribution Date. (Pass Through Agreement, Sections 5.01 and 5.02)

Any funds representing payments received with respect to any Equipment Trust Certificates held in a Pass Through Trust in default, or the proceeds from the sale by the Pass Through Trustee of any such Equipment Trust Certificates, held by the Pass Through Trustee in the Special Payments Account for such Pass Through Trust will, to the extent practicable, be invested by the Pass Through Trustee in Permitted Investments pending the distribution of such funds on a Special Distribution Date. (Pass Through Agreement, Article I and Section 5.04)

The Pass Through Agreement provides that the Pass Through Trustee will, within 90 days after the occurrence of a default (as defined below) under any Pass Through Trust, notify the Certificateholders of such Pass Through Trust by mail of all uncured or unwaived defaults with respect to such Pass Through Trust known to it. Under no circumstances, however, may the Pass Through Trustee give

such notice until the expiration of a period of 60 days from the occurrence of such default. The Pass Through Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders, except in the case of default in the payment of principal of, premium, if any, or interest on any of the Equipment Trust Certificates held in such Pass Through Trust. The term "default," for the purpose of the provision described in this paragraph only, means the occurrence of any Event of Default with respect to a Pass Through Trust as described above, except that in determining whether any such Event of Default has occurred any grace period or notice in connection therewith shall be disregarded. (Pass Through Agreement, Section 7.11)

The Pass Through Agreement provides that for each Pass Through Trust, subject to the duty of the Pass Through Trustee during a default to act with the required standard of care, the Pass Through Trustee is entitled to be indemnified by the Certificateholders of such Pass Through Trust before proceeding to exercise any right or power under such Pass Through Trust at the request of such Certificateholders. (Pass Through Agreement, Section 8.03)

In certain cases, the Certificateholders of a Pass Through Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Pass Through Trust may on behalf of all the Certificateholders of such Pass Through Trust waive any past default or Event of Default with respect to such Pass Through Trust and thereby annul any direction given by such Certificateholders to the Pass Through Trustee or the related Indenture Trustee with respect thereto, except (i) a default in payment of the principal of, premium, if any, or interest on any of the Equipment Trust Certificates held in such Pass Through Trust and (ii) a default in respect of any covenant or provision of the Pass Through Agreement or the related Series Supplement that cannot be modified or amended without the consent of each Certificateholder of such Pass Through Trust affected thereby. Any such waiver, however, will be effective to waive any such past default or Event of Default if, but only if, the correlative Indenture Event of Default has been waived under the related Indenture by the requisite holders of the Equipment Trust Certificates outstanding thereunder. (Pass Through Agreement, Section 7.10)

Each Indenture will provide that, with certain exceptions, the holders of a majority in aggregate unpaid principal amount of the Equipment Trust Certificates issued thereunder may on behalf of all such holders waive any past default or Indenture Event of Default thereunder. If, as described above, the Certificateholders of a Pass Through Trust elect to waive a past default or Event of Default with respect to such Pass Through Trust, the principal amount of the Equipment Trust Certificates issued under the related Indenture and held in such Pass Through Trust will be counted in favor of the waiver of the corresponding past default or Indenture Event of Default under the related Indenture when the Indenture Trustee determines whether such past default or Indenture Event of Default has been waived by the requisite majority in aggregate unpaid principal amount of Equipment Trust Certificates under such Indenture. If, for example, the Equipment Trust Certificates issued under an Indenture held in a Pass Through Trust constitute only 45% in aggregate unpaid principal amount of the Equipment Trust Certificates issued and unpaid under such Indenture, even if all the Certificateholders of such Pass Through Trust were to instruct the Pass Through Trustee not to waive a past default or Event of Default with respect to such Pass Through Trust and, consequently, to vote such Equipment Trust Certificates against the waiver of the corresponding past default or Indenture Event of Default under such Indenture, the Equipment Trust Certificates so voted by the Pass Through Trustee on behalf of such Pass Through Trust would not alone be sufficient under the terms of such Indenture to compel the Indenture Trustee to refrain from giving such waiver. Moreover, there would be no assurance that the Certificateholders of any other Pass Through Trust holding Equipment Trust Certificates issued under such Indenture would at such time vote such Equipment Trust Certificates against such waiver. Therefore, if the Certificateholders of a Pass Through Trust or Pass Through Trusts waive a past default or Event of Default such that the principal amount of the Equipment Trust Certificates held either individually in such Pass Through Trust

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or in the aggregate in such Pass Through Trusts constitutes the required majority in aggregate unpaid principal amount under the applicable Indenture, such past default or Indenture Event of Default under such Indenture will be waived whether or not the Certificateholders of any other Pass Through Trust holding Equipment Trust Certificates issued under such Indenture waive such past default or Event of Default with respect to such other Pass Through Trust.

MODIFICATIONS OF THE AGREEMENTS

The Pass Through Agreement contains provisions permitting the Corporation and the Pass Through Trustee to enter into an agreement supplemental to any Pass Through Trust, without the consent of the Certificateholders of such Pass Through Trust, to (i) provide for the formation of any Pass Through Trust and

the issuance of the related Pass Through Certificates, (ii) evidence the succession of another corporation to the Corporation and the assumption by such corporation of the Corporation's obligations under the Pass Through Agreement and the applicable Series Supplement, (iii) add to the covenants of the Corporation for the protection of the related Certificateholders, (iv) surrender any right or power conferred upon the Corporation in the Pass Through Agreement or any Series Supplement, (v) cure any ambiguity or correct or supplement any defective or inconsistent provision of such Pass Through Agreement or the applicable Series Supplement, or make any other provisions in regard to matters or questions arising thereunder that will not adversely affect the interests of the related Certificateholders, (vi) correct or amplify the description of property that constitutes Trust Property or the conveyance of such property to the Pass Through Trustee, (vii) evidence and provide for a successor Pass Through Trustee for some or all of the Pass Through Trusts, (viii) modify, eliminate or add to the provisions of the Pass Through Agreement or any Series Supplement to the extent necessary to continue to qualify such Pass Through Agreement or such Series Supplement under the Trust Indenture Act or any similar federal statute enacted thereafter, (ix) make any other amendments or modifications which shall only apply to any Pass Through Trust established thereafter, or (x) add, eliminate or change any provision under the Pass Through Agreement that will not adversely affect the interests of the Certificateholders, provided that in each case such modification does not cause the Pass Through Trust to become taxable as an "association," within the meaning of Treasury Regulation Section 301.7701-4. (Pass Through Agreement, Section 11.01)

The Pass Through Agreement also provides that the Corporation and the Pass Through Trustee, with the consent of the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest of the affected Pass Through Trust, may execute supplemental agreements adding any provisions to or changing or eliminating any of the provisions of the Pass Through Agreement, to the extent relating to such Pass Through Trust, and the applicable Series Supplement, or modifying the rights of such Certificateholders. No such supplemental agreement may, however, without the consent of each Certificateholder so affected, (a) reduce in any manner the amount of, or delay the timing of, any receipt by the Pass Through Trustee of payments on the Equipment Trust Certificates held in such Pass Through Trust, or distributions in respect of any Pass Through Certificate of such Pass Through Trust, or make distributions payable in coin or currency other than that provided for in such Pass Through Certificates, or impair the right of any such Certificateholder to institute suit for the enforcement of any payment when due, (b) permit the disposition of any Equipment Trust Certificate held in such Pass Through Trust, except as provided in the Pass Through Agreement or the applicable Series Supplement, or permit the creation of any Lien on the Trust Property or deprive any holder of any such Equipment Trust Certificate of the benefit of the Lien of the related Indenture, except as provided therein, (c) reduce the percentage of the aggregate fractional undivided interests of the Pass Through Trust that is required to approve any supplemental agreement or any waiver provided for in the Pass Through Agreement or such Series Supplement or (d) cause the Pass Through Trust to become taxable as an "association," within the meaning of Treasury Regulation Section 301.7701-4. (Pass Through Agreement, Section 11.02)

MODIFICATION, CONSENTS AND WAIVERS UNDER THE INDENTURE AND RELATED AGREEMENTS

If the Pass Through Trustee, as the holder of any Equipment Trust Certificates held in a Pass Through Trust, receives a request for its consent to any amendment, modification or waiver under the Indenture, or other document relating to such Equipment Trust Certificates (including any Lease), the Pass Through Trustee will mail a notice of such proposed amendment, modification or waiver to each Certificateholder of such Pass Through Trust as of the date of such notice. The Pass Through Trustee will request instructions from such Certificateholders as to whether or not to consent to such amendment, modification or waiver. The Pass Through Trustee will vote or consent with respect to such Equipment Trust Certificates in the same proportion as the Pass Through Certificates of such Pass Through Trust are actually voted by such Certificateholders by a certain date. If an Event of Default relating to such Indenture has occurred and is continuing under such Pass Through Trust, the Pass Through Trustee may, in the absence of instructions from Certificateholders holding a majority in interest of such Pass Through Trust, in its own discretion consent to such amendment, modification or waiver, and may so notify the related Indenture Trustee. (Pass Through Agreement, Section 11.08)

TERMINATION OF PASS THROUGH TRUSTS

The obligations of the Corporation and the Pass Through Trustee with respect to a Pass Through Trust will terminate upon the distribution to the Certificateholders of such Pass Through Trust of all amounts required to be distributed to them pursuant to the Pass Through Agreement and the applicable

Series Supplement and the disposition of all property held in such Pass Through Trust. The Pass Through Trustee will notify each Certificateholder of record of such Pass Through Trust by mail of, among other things, the termination of such Pass Through Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Pass Through Trust. The final distribution for each Certificateholder of such Pass Through Trust will be made only upon surrender of such Certificateholder's Pass Through Certificates at the office or agency of the Pass Through Trustee specified in such termination notice. (Pass Through Agreement, Section 12.01)

THE PASS THROUGH TRUSTEE; THE INDENTURE TRUSTEE

NationsBank of South Carolina will be the Pass Through Trustee for each of the Pass Through Trusts. The Pass Through Trustee and any of its affiliates may hold Pass Through Certificates in their own names. (Pass Through Agreement, Section 8.05)

Unless otherwise specified in the related Prospectus Supplement, NationsBank of Georgia, an affiliate of NationsBank of South Carolina, will be the Indenture Trustee under the Indentures under which the Equipment Trust Certificates have been or will be issued. An affiliate of NationsBank of Georgia acts as trustee under other indentures with respect to other indebtedness of the Corporation. The Corporation from time to time borrows from, and maintains deposit accounts with, NationsBank of Georgia and its affiliates.

The Pass Through Trustee may resign under any or all of the Pass Through Trusts at any time. If the Pass Through Trustee ceases to be eligible to continue as Pass Through Trustee with respect to a Pass Through Trust or becomes incapable of acting as Pass Through Trustee or becomes insolvent, the Corporation may remove such Pass Through Trustee, or any Certificateholder of such Pass Through Trust for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Pass Through Trustee and the appointment of a successor trustee. In addition, the Pass Through Trustee of any Pass Through Trust may be removed without cause by the Certificateholders holding more than 50% in aggregate amount of the related Pass Through Certificates. In the case of the resignation or removal of the Pass Through Trustee, the Certificateholders holding more than 50% in aggregate amount of the related Pass Through Certificates may appoint a successor Pass Through Trustee. The resignation or removal of the Pass Through Trustee for any Pass Through Trust and the appointment of the successor trustee for such Pass Through Trust does not become effective until acceptance of the appointment by the successor trustee. (Pass Through Agreement, Article X) Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Pass Through

Trust. All references in this Prospectus to the Pass Through Trustee are to the trustee acting in such capacity under each of the Pass Through Trusts and should be read to take into account the possibility that each of the Pass Through Trusts could have a different successor trustee in the event of such a resignation or removal.

The Pass Through Agreement provides that the Corporation will pay the Pass Through Trustee's fees and expenses and that the Pass Through Trustee will have a priority claim on the related Trust Property to the extent such fees and expenses are not paid. The Pass Through Agreement further provides that the Pass Through Trustee in its individual capacity will be entitled to indemnification by the Corporation for, and will be held harmless against, any loss, liability or expenses (other than income or similar taxes) incurred by the Pass Through Trustee in its individual capacity in connection with the administration of any Pass Through Trust, except to the extent incurred through its own willful misconduct, bad faith or negligence or by reason of a breach of any of its representations or warranties set forth in the Pass Through Agreement or the applicable Series Supplement or any related documents. In certain circumstances, the Pass Through Trustee will be entitled to be reimbursed from the applicable Pass Through Trust for any tax (other than income or similar taxes) incurred in its trust capacity in connection with the administration of any Pass Through Trust. (Pass Through Agreement, Articles VIII and IX)

DESCRIPTION OF THE EQUIPMENT TRUST CERTIFICATES

The discussion that follows is a summary that does not purport to be complete and is qualified in its entirety by the detailed information appearing in the applicable Prospectus Supplement. The following summary includes descriptions of the material terms of the Equipment Trust Certificates and the Indentures. Except as otherwise indicated below or as described in the applicable Prospectus Supplement, the following summary will apply to the Equipment Trust Certificates, the Indenture, the Lease, the Participation Agreement and the Collateral Agreement, if any, related to each Aircraft.

Additional provisions with respect to the Equipment Trust Certificates, the Indentures, the Leases, the Participation Agreements and the Collateral Agreements, if any, relating to any particular offering of Pass Through Certificates will be described in the applicable Prospectus Supplement. To the extent that any provision in any Prospectus Supplement is inconsistent with any provision of this summary, the provision of such Prospectus Supplement will control.

GENERAL

The Equipment Trust Certificates will be issued as nonrecourse obligations by the Owner Trustee, in each case acting for an Owner Trust for the benefit of an Owner Participant, and will be authenticated under an Indenture by the Indenture Trustee. All of the Equipment Trust Certificates issued under the same Indenture will relate to and, after the related Pre-Funding Period, if any, as discussed below under "Delayed Lease Commencement," will be secured by a specific Aircraft and will not be secured by any other Aircraft. The Owner Trustee is to lease the related Aircraft to the Corporation pursuant to a Lease between the Owner Trustee and the Corporation. See "Delayed Lease Commencement" below for a discussion of the circumstances under which the Lease for an Aircraft may commence after the date of issuance of the related Equipment Trust Certificates. The Aircraft to be subject to each Lease and the Equipment Trust Certificates issued under the related Indenture will be specified in the applicable Prospectus Supplement. Upon the commencement of the Lease for any Aircraft, the Corporation will be obligated to make rental payments under the related Lease that will be sufficient to pay the principal of and interest on the related Equipment Trust Certificates when and as due and payable except that, with respect to a Delayed Lease Aircraft (as defined below), on the first scheduled payment date after the related Pre-Funding Period, the difference between the rental payment due on such date by the Corporation and the scheduled payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the related Collateral Account and the related Additional Collateral. See "Delayed Lease Commencement" below. The Equipment Trust Certificates will not, however, be obligations of, or guaranteed by, the Corporation. The Corporation's obligations to pay rent and to cause other payments to be made under each Lease will be general obligations of the Corporation.

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Until the Corporation has entered into a Lease in connection with an Aircraft, the Corporation will not be obligated to make any scheduled rental payments and during the Pre-Funding Period, if any, for such Aircraft, even if such Lease has commenced, the related Equipment Trust Certificates will not be secured by such Aircraft or the related Lease, including any rental payments under such Lease. During the Pre-Funding Period, if any, for such Aircraft, however, the related Collateral Account, together with the related Additional Collateral, will be available to provide funds necessary to make the scheduled payments of principal, if any, and interest on the related Equipment Trust Certificates during such Pre-Funding Period, including the portion, if any, of principal and interest due on the first payment date after the Pre-Funding Period to the extent exceeding the amount of rent payable by the Corporation pursuant to the related Lease. See "Delayed Lease Commencement" below.

PRINCIPAL AND INTEREST PAYMENTS

Interest received by the Pass Through Trustee on the Equipment Trust Certificates constituting Trust Property of each Pass Through Trust will be passed through to the Certificateholder of such Pass Through Trust on a pro rata basis on the dates and at the rate per annum set forth in the applicable Prospectus Supplement. Interest on the Equipment Trust Certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Each Pass Through Trust will hold Equipment Trust Certificates on which principal is payable in scheduled amounts and on specified dates as set forth in the applicable Prospectus Supplement. Principal received by the Pass Through Trustee on such Equipment Trust Certificates will be passed through to the Certificateholders of such Pass Through Trust on a pro rata basis as set forth in the Prospectus Supplement.

PREPAYMENT

The applicable Prospectus Supplement will describe the circumstances, whether voluntary or involuntary, under which the related Equipment Trust Certificates may or must be prepaid prior to the stated maturity date thereof, in whole or in part, the premium, if any, applicable upon certain prepayments and other terms applying to the prepayment of such Equipment Trust Certificates. See "Mandatory Prepayment During the Pre-Funding Period" below for a discussion of certain events which would require prepayment of Equipment Trust Certificates related to an Aircraft during the related Pre-Funding Period.

For any Aircraft, except during the related Pre-Funding Period, if any, the Equipment Trust Certificates issued under the related Indenture will be secured by (i) an assignment by the Owner Trustee to the Indenture Trustee of the Owner Trustee's rights (except for certain limited rights described below) under the applicable Lease, including the right to receive rent and other payments thereunder, (ii) a security interest granted to the Indenture Trustee in the related Aircraft, subject to the rights of the Corporation under such Lease and to certain other liens and encumbrances, and (iii) unless otherwise specified in the applicable Prospectus Supplement, an assignment to the Indenture Trustee of the Owner Trustee's rights related to such Aircraft and the related engines under the agreements for the purchase and modification thereof. See "Registration of the Aircraft" below. The assignment by the Owner Trustee to the Indenture Trustee of its rights under each Lease will exclude rights of the Owner Trustee and the related Owner Participant relating to (i) indemnification by the Corporation for certain matters, (ii) proceeds of public liability insurance payable to the Owner Trustee and the Indenture Trustee in their respective individual capacities and to the Owner Participant under insurance maintained by the Corporation under such Lease and (iii) proceeds of any insurance policies separately maintained by such Owner Trustee in its individual capacity or by such Owner Participant. The right of the Indenture Trustee, however, to exercise any of the rights of the Owner Trustee under the related Lease, except the right to receive payments of rent due thereunder, will be subject to certain limitations as described in the applicable Prospectus Supplement.

There will be no cross-collateralization provisions in the Indentures and consequently the Equipment Trust Certificates issued in respect of one of the Aircraft will not be secured by any other Aircraft or

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the Leases relating thereto. There will be no cross-default provisions in the Indentures and consequently events resulting in an Indenture Event of Default under any particular Indenture may not result in an Indenture Event of Default occurring under any other Indenture.

Section 1110 of the United States Bankruptcy Code (the "Bankruptcy Code") provides that the right of lessors, conditional vendors and holders of purchase money equipment security interests with respect to aircraft used by air carriers operating under certificates issued under Section 401 or 418 of the Aviation Act to take possession of such aircraft in compliance with the provisions of the lease, conditional sale contract or purchase money equipment security agreement, as the case may be, is not affected by (a) the automatic stay provision of the Bankruptcy Code, which provision enjoins the taking of any action against a debtor by a creditor, (b) the provision of the Bankruptcy Code allowing the trustee in reorganization to use, sell or lease property of the debtor and (c) any power of the bankruptcy court to enjoin a repossession. Section 1110 provides, however, that the right of a lessor, conditional vendor or holder of a purchase money equipment security interest to take possession of an aircraft in the event of a default may not be exercised for 60 days following the date of commencement of the reorganization proceedings (unless specifically permitted by the bankruptcy court) and may not be exercised at all if, within such 60-day period, the trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor). The Prospectus Supplement for each offering will discuss the availability of the benefits of Section 1110 of the Bankruptcy Code with respect to the related Aircraft.

For any Aircraft, if the applicable Prospectus Supplement provides that a Pre-Funding Period will apply to such Aircraft, then during such Pre-Funding Period the related Equipment Trust Certificates will not be secured by such Aircraft or a related Lease. During such Pre-Funding Period, however, such Equipment Trust Certificates will be secured by (i) an assignment of certain rights of the Owner Trustee with respect to the related Delayed Lease Aircraft under the Agreement to Lease (as defined below), (ii) the related Collateral Account and (iii) certain additional security including, unless otherwise specified in the applicable Prospectus Supplement, a letter of credit issued by a bank (within the meaning of Section 3(a)(2) of the Securities Act) whose obligations at the time of the relevant Pass Through Certificate offering carry a credit rating at least as high as the Corporation's ("Additional Collateral"). See "Delayed Lease Commencement" below.

REGISTRATION OF THE AIRCRAFT

After commencement of a Lease, the Corporation will be required, except under certain circumstances, to register and keep the related Aircraft registered under the Federal Aviation Act of 1958, as amended (the "Aviation Act"), in the name of the Owner Trustee, and to record and maintain the

recording of the Indenture and the Lease relating to each such Aircraft under the Aviation Act. Such recording of the Indenture and the Lease, if any, relating to each Aircraft will give the Indenture Trustee a perfected security interest in each such Aircraft whenever it is located in the United States or any of its territories and possessions and, with certain limited exceptions, in those jurisdictions that have ratified or adhered to the Convention on the International Recognition of Rights in Aircraft (the "Convention"). The Corporation will be able, in certain circumstances, to re-register any Aircraft in certain countries other than the United States. Unless otherwise specified in the applicable Prospectus Supplement, prior to any such change in the jurisdiction of registry, the related Indenture Trustee and the related Owner Participant must receive certain assurances, including that such other country would provide substantially equivalent protection for the rights of owner participants, lessors and lenders in similar transactions as is provided under United States law, except that, for the purpose of such determination, rights and remedies similar to those available under Section 1110 of the Bankruptcy Code will not be required in the absence of restrictions of rights and remedies of lessors and secured parties that are similar to those imposed by Sections 362 and 363 of the Bankruptcy Code. Generally, each Aircraft may also be operated by the Corporation or under lease, sublease or interchange agreements in countries that are not parties to the Convention. The extent to which the Indenture Trustee's security interest would be recognized in an Aircraft located in a country that is not a party to the Convention, and the extent to which

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such security interest would be recognized in a jurisdiction adhering to the Convention if the Aircraft is registered in a jurisdiction that is not a party to the Convention, is uncertain. Moreover, in the case of any Indenture Event of Default, the ability of the Indenture Trustee to realize upon its security interest in the related Aircraft could be adversely affected as a legal or practical matter if such Aircraft were registered or located outside the United States.

MERGER, CONSOLIDATION AND TRANSFER OF ASSETS

The Corporation will be prohibited from consolidating with or merging into any other corporation under circumstances in which the Corporation is not the surviving corporation, or from transferring all or substantially all of its assets as an entirety to any other corporation, unless among other things, (i) the successor or transferee corporation is a U.S. Citizen, an "air carrier" within the meaning of and operating under the Aviation Act and a corporation organized and existing under the laws of the United States or a political subdivision thereof, and such corporation expressly assumes all the obligations of the Corporation contained in the related Indenture, Participation Agreement, Agreement to Lease (as defined below), if any, Lease, and certain related agreements, (ii) immediately after giving effect to such consolidation, merger or transfer, the successor or transferee is in compliance with all the terms and conditions of such documents and (iii) such consolidation, merger or transfer does not (or would not, if prior to commencement of the related Lease) give rise to a Lease Event of Default under the related Lease.

DELAYED LEASE COMMENCEMENT

If the Corporation and the Owner Trustee have entered into an agreement to lease (an "Agreement to Lease") with respect to any Aircraft, as specified in the applicable Prospectus Supplement, which contemplates modification of such Aircraft in accordance with specifications of the Corporation, then the Lease with respect to such Aircraft will commence only upon the satisfaction of certain conditions relating to such Aircraft, including completion of such modification and U.S. certification of the Aircraft. Any such Aircraft, until commencement of a Lease with respect thereto and the Indenture Trustee's release of funds from the related Collateral Account, which is expected to occur at the same time as the commencement of such Lease, is referred to as a "Delayed Lease Aircraft" and the period prior to the Indenture Trustee's release of such funds is referred to as the "Pre-Funding Period."

In the case of Equipment Trust Certificates relating to a Delayed Lease Aircraft, the proceeds from the sale of such Equipment Trust Certificates to the applicable Pass Through Trusts, after deducting certain expenses of the offering of the related Pass Through Certificates, will be deposited by the Owner Trustee, on the date of such sale, in a collateral account (a "Collateral Account") established pursuant to a collateral agreement between the Owner Trustee and the Indenture Trustee (a "Collateral Agreement"). Such Collateral Account will be part of the related Indenture Estate and will secure payment of the related Equipment Trust Certificates. In addition, certain rights of the Owner Trustee in the related Agreement to Lease with respect to the related Delayed Lease Aircraft will be assigned to the Indenture Trustee to secure such Equipment Trust Certificates, and the Owner Trustee will be required to provide to the Indenture Trustee Additional Collateral, including, unless otherwise specified in the applicable Prospectus Supplement, a letter of credit, for such

Equipment Trust Certificates during the related Pre-Funding Period. See "Security" above.

Funds in the Collateral Account will be invested at the risk of the Owner Trustee in U.S. government obligations pursuant to the related Collateral Agreement and further described in the applicable Prospectus Supplement. Earnings on such investments will be retained in the Collateral Account pending distribution as contemplated below.

Unless otherwise specified in an applicable Prospectus Supplement, the Equipment Trust Certificates relating to a Delayed Lease Aircraft will be issued in an amount such that the net proceeds thereof, together with expected earnings on the investments in the Collateral Account, will be sufficient (i) to make scheduled payments of principal, if any, and interest accrued on such Equipment Trust Certificates during the related scheduled Pre-Funding Period specified in such Prospectus Supplement and (ii) to finance a portion of the acquisition cost of such Delayed Lease Aircraft (including any costs of modification required prior to the commencement of the related Lease), as specified in such Prospectus

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Supplement. Accordingly, the principal amount of such Equipment Trust Certificates at issuance will exceed the amount that will be applied to the acquisition costs (including any costs of modification of such Aircraft prior to the commencement of the related Lease) of the Delayed Lease Aircraft.

Subject to any mandatory prepayment contemplated below, under the Collateral Agreement relating to a Delayed Lease Aircraft, on each date during the scheduled Pre-Funding Period for the scheduled payments of principal, if any, and interest on the related Equipment Trust Certificates, the Indenture Trustee shall withdraw from the Collateral Account the amount necessary to make the scheduled payment then due. If the Indenture Trustee shall not have released the funds in the Collateral Account on the date scheduled for the commencement of the Lease relating to such Delayed Lease Aircraft, then on each scheduled payment date during the Pre-Funding Period that occurs after such scheduled commencement date, the Indenture Trustee shall withdraw from the Collateral Account the excess of the amount therein over the amount specified to be retained in such Collateral Account to be applied to the acquisition costs (including any costs of modification of such Aircraft prior to the commencement of the related Lease) of the Delayed Lease Aircraft. If the amount withdrawn is less than the scheduled payment then due, the Indenture Trustee shall draw the deficiency from any available Additional Collateral and will apply such amount to satisfy the corresponding payment obligation. On the first scheduled payment date after any Pre-Funding Period with respect to a Delayed Lease Aircraft, the Indenture Trustee shall withdraw from the Collateral Account the difference between the scheduled payment then due and the rental payment due on such payment from the Corporation.

MANDATORY PREPAYMENT DURING THE PRE-FUNDING PERIOD

To the extent that the Lease related to a Delayed Lease Aircraft has not commenced on or prior to the cut-off date specified in the applicable Prospectus Supplement as the last date of the related permitted Pre-Funding Period, a "Deemed Event of Loss" will occur, the Collateral Account and, to the extent necessary, any Additional Collateral will be drawn upon and the related Equipment Trust Certificates will be prepaid at a prepayment price equal to the aggregate principal amount of such Equipment Trust Certificates, together with accrued but unpaid interest thereon to the date designated for such prepayment specified in such Prospectus Supplement. Such Prospectus Supplement will specify the date after such Deemed Event of Loss on which such prepayment is to be made.

With respect to any Delayed Lease Aircraft, the applicable Prospectus Supplement also will set forth any mandatory prepayments of the related Equipment Trust Certificates, and the prepayment price therefor, upon the occurrence of any event of loss with respect to such Delayed Lease Aircraft during such Pre-Funding Period.

PAYMENTS AND LIMITATIONS OF LIABILITY

All payments of principal of, premium, if any, and interest on any Equipment Trust Certificates will be made only from the assets subject to the lien of the related Indenture or the income and proceeds received by the Indenture Trustee therefrom, including, during the Pre-Funding Period, if any, relating to an Aircraft, the Collateral Account and any Additional Collateral provided in connection with such Pre-Funding Period and, on and after the commencement of the related Lease and, in the case of a Delayed Lease Aircraft, after the related Pre-Funding Period, rent payable by the Corporation under the related Lease. The Equipment Trust Certificates will not be direct obligations of, or guaranteed by, the Corporation. The Corporation's obligations to pay rent and to cause other payments to be made under each Lease will be general obligations of the Corporation.

Neither the Owner Trustee nor the Indenture Trustee (in their individual capacities) will be liable to any Certificateholder or, in the case of the Owner Trustee, in its individual capacity, to the Corporation or the Indenture Trustee for any amounts payable or for any liability under the Equipment Trust Certificates or the Indentures, except as provided in the Indentures and the Participation Agreements and except for the gross negligence or willful misconduct of the Owner Trustee.

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INDENTURE EVENTS OF DEFAULT AND REMEDIES

For any Pass Through Trust, the applicable Prospectus Supplement will describe the Indenture Events of Default under the Indentures related to the Equipment Trust Certificates to be held by such Pass Through Trust, the remedies that the related Indenture Trustees may exercise with respect to the related Aircraft, either at their own initiative or upon instructions from holders of the related Equipment Trust Certificates, and other provisions relating to the occurrence of an Indenture Event of Default and the exercise of remedies. There will be no cross-default provisions in the Indentures and events resulting in an Indenture Event of Default under any particular Indenture will not necessarily result in an Indenture Event of Default under any other Indenture.

THE LEASES

Upon the commencement of any Lease, the following terms will be applicable:

TERMS AND RENTALS. Each Aircraft will be leased by the Owner Trustee to the Corporation for a term commencing on the date of the Corporation's acceptance thereof pursuant to the related Participation Agreement and expiring on a date not earlier than the latest maturity date of the Equipment Trust Certificates issued with respect to such Aircraft, unless previously terminated or extended, as permitted by the related Lease. The scheduled rental payments by the Corporation under each Lease will be payable on the dates specified in the applicable Prospectus Supplement. The respective payments will be assigned under the related Indenture by the Owner Trustee to the Indenture Trustee to provide the funds necessary to make payments of principal and interest due from such Owner Trustee on the Equipment Trust Certificates issued under such Indenture. Any Prospectus Supplement may provide that, under certain circumstances, the scheduled rental payments under any applicable Lease may be adjusted; in that case, however, each such Lease will provide that under no circumstances will the adjusted rental payments that the Corporation will be unconditionally obligated to make or cause to be made under such Lease after such adjustment be less than the scheduled payments of principal and interest on the Equipment Trust Certificates issued under the Indenture relating to such Lease. For any Delayed Lease Aircraft, upon the commencement of the Lease for such Aircraft and after the related Pre-Funding Period, the Corporation will be obligated to make scheduled rental payments under the related Lease that will be sufficient to pay in full when due all principal of and interest on, to the extent accrued from and after the related Pre-Funding Period, the related Equipment Trust Certificates, except that on the first scheduled payment date after the related Pre-Funding Period, the difference between the rental payment due on such date by the Corporation and the scheduled payment of principal, if any, and interest then due on such Equipment Trust Certificates will be payable from the related Collateral Account and the related Additional Collateral. See "Payments and Limitations of Liability." Scheduled payments of principal and interest on the Equipment Trust Certificates will be made on the dates specified in the applicable Prospectus Supplement.

NET LEASE. The Corporation's obligations under each Lease in respect of the related Aircraft will be those of a lessee under a "net lease." Accordingly, the Corporation will be obligated to pay all costs of operating the Aircraft and its expenses, to maintain, service, repair and overhaul the Aircraft so as to keep the Aircraft in good condition, ordinary wear and tear excepted, and to enable the airworthiness certification thereof to be maintained in good standing at all times under the Aviation Act or, under certain circumstances, under the applicable requirements of the aeronautical authority of another country of registry. If, however, the Aircraft loses its airworthiness certification and such loss is curable, and the Corporation, using its best efforts, undertakes such cure promptly, diligently and continuously, then the Corporation will not be in default with respect to such obligation. Generally, the Corporation will be obligated to replace or cause to be replaced all parts that may from time to time be incorporated or installed in or attached to any Aircraft (including in or on any engine) and that may become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use. The Corporation will have the right to make other alterations, modifications and additions to an Aircraft so long as such alterations, modifications or additions do not materially decrease the value or utility of such Aircraft or impair its condition or airworthiness below its value, utility, condition and airworthiness immediately prior to such alteration, modification or additions assuming that

was then in the condition and airworthiness required by the related Lease. Also, in certain circumstances, the Corporation will be permitted to remove parts (without replacement) from an Aircraft or any engine (and therefore from the Lien of the applicable Indenture) if the Corporation deems such parts to be obsolete or no longer suitable or appropriate for use on such Aircraft so long as such removals do not decrease the utility, condition or airworthiness of such Aircraft or any such engine, although the value of such Aircraft or any such engine may be reduced by such removal. See the applicable Prospectus Supplement for a description of certain limitations, if any, applicable to provisions described in this paragraph.

INSURANCE. Unless otherwise indicated in the applicable Prospectus Supplement, the Corporation will be obligated to carry insurance with insurers of recognized responsibility with respect to each Aircraft at its own cost and expense, in such amounts, against such risks, with such deductibles or self-insurance amounts (i) in the case of hull insurance, as the Corporation customarily maintains with respect to other aircraft in the Corporation's fleet of the same type and model and operating on the same routes as the respective Aircraft and (ii) in the case of liability insurance, as is usually carried by similar corporations engaged in the same or similar business and similarly situated as the Corporation, owning or operating aircraft similar to the Aircraft. The Corporation will be permitted to maintain coverage below certain stipulated values and may be permitted to self-insure in certain circumstances, subject to certain limits. Therefore, there is no assurance that any insurance will be carried in the future, or, if it is carried, as to the amount of such insurance. The Corporation and any permitted sublessee of an Aircraft will be named as insured parties under all insurance policies required by the related Lease. The Indenture Trustee, the Owner Trustee and the related Owner Participant will be named additional insureds, which will afford each of them the rights but not the obligations of an additional insured. Unless otherwise specified in the applicable Prospectus Supplement, liability insurance proceeds will be distributed to the respective parties as their interests may appear and hull insurance proceeds in excess of certain specified amounts will be distributed to the related Indenture Trustee. See the applicable Prospectus Supplement for a description of certain limitations, if any, applicable to provisions described in this paragraph.

LEASE EVENTS OF DEFAULT; REMEDIES. The applicable Prospectus Supplement will describe the Lease Events of Default under the related Leases, the remedies that the Owner Trustee may exercise with respect to the related Aircraft, and other provisions relating to the occurrence of a Lease Event of Default and the exercise of remedies.

THE PARTICIPATION AGREEMENTS

The Corporation will be required to indemnify each Indenture Trustee, each Owner Participant and each Owner Trustee, and certain parties affiliated with the foregoing (but not including holders of the Equipment Trust Certificates or the Certificateholders), for certain liabilities, losses, fees and expenses and for certain other matters arising out of the transactions described herein or relating to the applicable Aircraft or the use thereof. In addition, under certain circumstances the Corporation will be required to indemnify such persons against certain taxes, levies and duties and for certain other matters relating to such transactions or the applicable Aircraft. Each Owner Participant will be required to indemnify the holders of the Equipment Trust Certificates issued with respect to the Aircraft in which such Owner Participant has an interest under an Owner Trust for certain losses that may be suffered as a result of the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the Lien of the applicable Indenture. Subject to certain restrictions, each Owner Participant may convey all of its right, title and interest relating to any Aircraft. Moreover, if so provided in the applicable Prospectus Supplement, in certain limited instances the Corporation may assume an Owner Trust's obligation under the related Equipment Trust Certificates on a full recourse basis.

FEDERAL INCOME TAX CONSEQUENCES

In the opinion of Davis Polk & Wardwell, tax counsel to the Corporation, the following discussion accurately describes the principal United States federal income tax consequences of ownership and

disposition of the Pass Through Certificates, and should be read in conjunction with any additional discussion of federal income tax consequences included in the applicable Prospectus Supplement. This opinion is based on laws, regulations, rulings and decisions in effect as of the date hereof. Changes to

existing law, which could have retroactive effect, may alter the consequences described below. This opinion does not purport to address federal income tax consequences applicable to particular categories of investors, some of which (for example, insurance companies and foreign investors) may be subject to special rules. This summary discusses only Pass Through Certificates held as capital assets for federal income tax purposes. Persons considering purchasing interests in Pass Through Certificates should consult their own tax advisors with regard to the application of the United States federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign jurisdiction. The Pass Through Trusts are not indemnified for any federal income taxes that may be imposed upon them, and the imposition of any such taxes on a Pass Through Trust could result in a reduction in the amounts available for distribution to the Certificateholders of such Pass Through Trust.

GENERAL

The Pass Through Trusts will not be classified as associations taxable as corporations, but rather, will be classified as grantor trusts under subpart E, Part 1 of Subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), and each Certificateholder will be treated as the owner of a pro rata undivided interest in each of the Equipment Trust Certificates and any other property held in the related Pass Through Trust.

Each Certificateholder will be required to report on its federal income tax return its pro rata share of the entire income from each of the Equipment Trust Certificates and any other property held in the related Pass Through Trust in accordance with such Certificateholder's method of accounting. A Certificateholder using the cash method of accounting must take into account its pro rata share of income as and when such income is considered to have been received by the Pass Through Trustee. A Certificateholder using an accrual method of accounting must take into account its pro rata share of income as it accrues or is received by the Pass Through Trustee, whichever is earlier.

A purchaser of an interest in a Pass Through Certificate will be treated as purchasing an interest in each Equipment Trust Certificate and any other property in the related Pass Through Trust at a price determined by allocating the purchase price paid for the Pass Through Certificate among such Equipment Trust Certificates and other property in proportion to their fair market values at the time of purchase of the Pass Through Certificate. Unless otherwise indicated in a Prospectus Supplement, the Corporation anticipates that when all the Equipment Trust Certificates have been acquired by the related Pass Through Trust the purchase price paid for a Pass Through Certificate of such Pass Through Trust by an original purchaser of such Pass Through Certificate should be allocated among the Equipment Trust Certificates held in such Pass Through Trust in proportion to their respective principal amounts.

If an Equipment Trust Certificate held by a Pass Through Trust is prepaid, a Certificateholder will be considered to have sold his pro rata share of that Equipment Trust Certificate, and will recognize the gain or loss equal to the difference between its aggregate adjusted basis in the Equipment Trust Certificate and the amount realized on the sale (except to the extent attributable to accrued interest, which would be taxable as interest income if not previously included in income). Subject to the market discount provisions of the Code (described below), any such gain or loss will be long-term capital gain or loss if the Equipment Trust Certificate is considered to have been held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income. With respect to the Equipment Trust Certificates, although the matter is not entirely free from doubt, an Owner Participant's conveyance of its interest in an Owner Trust will not constitute a taxable event to the holders of interests in the related Equipment Trust Certificates. If the Corporation were to assume an Owner Trust's obligations under the related Equipment Trust Certificates upon a purchase of the related Aircraft by the Corporation, such assumption would be treated as a taxable exchange of the respective Equipment Trust Certificates resulting in the recognition of taxable gain or loss under the rules discussed above. For this purpose the

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amount realized will be equal to the fair market value of the Certificateholder's pro rata share of the respective Equipment Trust Certificates at such time. However, under proposed Treasury regulations not currently in effect, the Corporation's assumption of the Owner Trust's obligations under the circumstances described above would not be treated as a taxable exchange of the Equipment Trust Certificates. It is impossible to predict whether or in what form final or temporary regulations might be promulgated and what the substance or effective date of such regulations might be.

SALES OR EXCHANGES OF PASS THROUGH CERTIFICATES

A Certificateholder that sells or exchanges a Pass Through Certificate will be considered to have sold his pro rata portion of the property held by the Pass Through Trust, and will recognize gain or loss on the basis discussed in the preceding paragraph.

MARKET DISCOUNT

A purchaser of a Pass Through Certificate generally will be considered to have acquired an interest in an Equipment Trust Certificate at a "market discount" to the extent the remaining principal amount of such Equipment Trust Certificate allocable to the Pass Through Certificate exceeds the Certificateholder's tax basis allocable to such Equipment Trust Certificate, unless the excess does not exceed a prescribed DE MINIMIS amount. In the event such excess exceeds the DE MINIMIS amount, the Certificateholder will be subject to the market discount rules of Sections 1276 through 1278 of the Code with regard to its interest in such Equipment Trust Certificate.

In the case of a sale or certain other disposition of indebtedness subject to the market discount rules, Section 1276 of the Code requires that gain, if any, from such sale or disposition be treated as ordinary income to the extent such gain represents a market discount that has accrued during the period such indebtedness was held. If such indebtedness is disposed of in a nontaxable transaction (other than a nonrecognition transaction described in Code Section 1276(d)), accrued market discount will be includable as ordinary income as if the Certificateholder had sold the Equipment Trust Certificate at its then market value.

In the case of a partial principal payment on indebtedness subject to the market discount rules, Section 1276 of the Code requires that such payment be included in gross income as ordinary income to the extent such payment does not exceed the market discount that has accrued during the period such indebtedness was held. The amount of any accrued market discount later required to be included in income upon a disposition or subsequent partial principal payment will be reduced by the amount of accrued market discount previously included in income.

Generally, market discount accrues under a straight line method or, at the election of the taxpayer, a constant interest method. However, in the case of installment obligations (such as the Equipment Trust Certificates), the manner in which the market discount is to be accrued has been left to Treasury regulations not yet promulgated. Until such Treasury regulations are issued, the explanatory Conference Report to the Tax Reform Act of 1986 (the "Conference Report") indicates that holders of installment obligations with a market discount (which do not have original issue discount) may elect to accrue the market discount either on the basis of a constant interest rate or as follows: the amount of the market discount that is deemed to accrue is the amount of the market discount that bears the same ratio to the total amount of the remaining market discount that the amount of stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the installment obligation as of the beginning of such period.

Under Section 1277 of the Code, if in any taxable year interest paid or accrued on indebtedness incurred or continued to purchase or carry indebtedness subject to the market discount rules exceeds the interest currently includable in income with respect to such indebtedness, deduction of the excess interest must be deferred to the extent of the market discount allocable to the taxable year. The deferred portion of any interest expense will generally be deductible when such market discount is included in income upon the sale or other disposition (including repayment) of the indebtedness.

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Section 1278 of the Code allows a taxpayer to make an election to include market discount in his gross income currently. If such election is made, the rules of Sections 1276 and 1277 (described above) will not apply to the taxpayer.

PREMIUM

A Certificateholder will be considered to have acquired an interest in an Equipment Trust Certificate at a premium to the extent such Certificateholder's tax basis allocable to such Equipment Trust Certificate exceeds the remaining principal amount of such Equipment Trust Certificate allocable to such Certificateholder's Pass Through Certificate. In that event, a Certificateholder that holds such Pass Through Certificate as a capital asset may elect (in accordance with applicable Code provisions) to amortize such premium as an offset to interest income under Section 171 of the Code with corresponding reductions in the Certificateholder's tax basis in such Equipment Trust Certificate. Generally, such amortization is on a constant yield basis. In the case of installment obligations (such as the Equipment Trust Certificates),

however, the Conference Report indicates a Congressional intent that amortization will be in accordance with the same rules that will apply to the accrual of market discount on installment obligations. See "Market Discount."

Since the Equipment Trust Certificates may be called at a premium prior to maturity, amortizable premium may be determined by reference to an early call date. Due to the complexities of the amortizable premium rules, particularly where there is more than one possible call date and the amount of any premium is uncertain, Certificateholders are urged to consult their tax advisors as to the amount of any such amortizable premium.

If a Certificateholder acquires an interest in an Equipment Trust Certificate at a premium and elects to amortize such premium, and the Internal Revenue Service successfully challenges the amount of amortization claimed for a particular period, then such Certificate Owner would be precluded from offsetting interest income on the Equipment Trust Certificate for such period with the amount of the disallowed amortization, and the basis of such Equipment Trust Certificate would be increased accordingly.

ORIGINAL ISSUE DISCOUNT

Under a reasonable interpretation of applicable Treasury regulations on original issue discount, it is anticipated that the Equipment Trust Certificate will not be issued with original issue discount.

BACKUP WITHHOLDING

Payments made on the Pass Through Certificates, and proceeds from the sale or exchange of the Pass Through Certificates to or through certain brokers, may be subject to a "backup" withholding tax of 31% unless the Certificateholder complies with certain reporting procedures or is an exempt recipient under the Code. Any such withholding amounts will be allowed as a credit against the Certificateholder's federal income tax and may entitle such Certificateholder to a refund, provided that the required information is furnished to the Internal Revenue Service.

CERTAIN SOUTH CAROLINA TAXES

The Pass Through Trustee is a national banking association with its corporate trust office in Columbia, South Carolina. Powell, Goldstein, Frazer & Murphy, special South Carolina tax counsel for the Pass Through Trustee, has advised the Corporation that, in its opinion, under currently applicable law, assuming that each Pass Through Trust will not be classified as an association taxable as a corporation for federal income tax purposes, but rather, will be classified as a grantor trust under subpart E, Part I of Subchapter J of the Code, and assuming that each Pass Through Trust does not otherwise engage in business in South Carolina, (i) the Pass Through Trusts will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of South Carolina or any political subdivision thereof and (ii) Certificateholders that are not residents of or otherwise subject to tax in South Carolina will not be subject to any tax (including, without limitation, net

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or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of South Carolina or any political subdivision thereof as a result of purchasing, owning (including receiving payments with respect to) or selling a Pass Through Certificate.

Neither the Pass Through Trusts nor the Certificateholders will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on a Pass Through Trust could result in a reduction in the amounts available for distribution to the Certificateholders of such Pass Through Trust.

ERISA CONSIDERATIONS

Unless otherwise indicated in the applicable Prospectus Supplement, Pass Through Certificates may not be purchased by, or with the assets of, any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or individual retirement account or plan subject to Section 4975 of the Code. Certain governmental plans and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code and, therefore, may purchase the Pass Through Certificates.

PLAN OF DISTRIBUTION

The Pass Through Certificates may be sold to or through underwriters, directly to other purchasers or through agents.

The distribution of the Pass Through Certificates may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

In connection with the sale of Pass Through Certificates, underwriters or agents may receive compensation from the Corporation or from purchasers of Pass Through Certificates for whom they may act as agents in the form of discounts, concessions or commissions. Underwriters may sell Pass Through Certificates to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of Pass Through Certificates may be deemed to be underwriters, and any discounts or commissions received by them from the Corporation and any profit on the resale of Pass Through Certificates by them may be deemed to be underwriting discounts and commissions, under the Securities Act. Any such underwriter or agent will be identified, and any such compensation received from the Corporation will be described, in the applicable Prospectus Supplement.

Under agreements which may be entered into by the Corporation, underwriters and agents who participate in the distribution of Pass Through Certificates may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under the Securities Act.

Unless otherwise indicated in the applicable Prospectus Supplement, the Corporation does not intend to apply for the listing of any Series of Pass Through Certificates on a national securities exchange. If the Pass Through Certificates of any Series are sold to or through underwriters, the underwriters may make a market in such Pass Through Certificates, as permitted by applicable laws and regulations. No underwriter would be obligated, however, to make a market in such Pass Through Certificates, and any such market-making could be discontinued at any time at the sole discretion of the underwriters. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Pass Through Certificates of any Series.

Certain of the underwriters or agents and their associates may be customers of, engage in transactions with, and perform services for, the Corporation in the ordinary course of business.

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LEGAL MATTERS

Unless otherwise indicated in the applicable Prospectus Supplement, the legality of the Pass Through Certificates offered hereby will be passed upon for the Corporation by Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, and by counsel for any agents, dealers or underwriters ("Underwriters' Counsel"). Unless otherwise indicated in the applicable Prospectus Supplement, both Davis Polk & Wardwell and Underwriters' Counsel may rely on the opinion of Powell, Goldstein, Frazer & Murphy, counsel for NationsBank of South Carolina, individually and as Pass Through Trustee, as to matters relating to the authorization, execution and delivery of the Pass Through Agreement and of each Series of Pass Through Certificates by the Pass Through Trustee, and of Kenneth R. Masterson, Senior Vice President and General Counsel of the Corporation, as to the Corporation's authorization, execution and delivery of the Pass Through Agreement. At March 15, 1994, Mr. Masterson owned 2,500 shares of the Corporation's common stock and held options to purchase 69,000 shares of such common stock. Of the options granted, 34,400 were vested at such date.

EXPERTS

The consolidated financial statements and schedules of the Corporation included or incorporated by reference in the Corporation's Annual Report on Form 10-K for the year ended May 31, 1993 and incorporated by reference herein have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

With respect to the unaudited interim financial information for the quarters ended August 31, 1993 and November 30, 1993, included in the Corporation's Quarterly Reports on Form 10-Q for such periods, which are incorporated by reference herein, Arthur Andersen & Co. has applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports thereon state that they did not audit and they do not express an opinion on that interim financial information. Accordingly,

the degree of reliance on their reports on that information should be restricted in light of the limited nature of the review procedures applied. In addition, the accountants are not subject to the liability provisions of Section 11 of the Securities Act for their reports on the unaudited interim financial information because neither of such reports is a "report" or a "part" of the Registration Statement, of which this Prospectus is a part, prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Securities Act.

 NO DEALER, SALESPERSON OR OTHER INDIVIDUAL HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS IN CONNECTION WITH THE OFFERING COVERED BY THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CORPORATION OR THE UNDERWRITERS. THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, THE PASS THROUGH CERTIFICATES IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH IN THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS OR IN THE AFFAIRS OF THE CORPORATION SINCE THE DATE HEREOF.

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\$377,112,000

[LOGO]

\$125,000,000 1994 PASS THROUGH
 CERTIFICATES, SERIES A310-A1

\$174,971,000 1994 PASS THROUGH
 CERTIFICATES, SERIES A310-A2

\$77,141,000 1994 PASS THROUGH
 CERTIFICATES, SERIES A310-A3

PROSPECTUS SUPPLEMENT

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

MARCH 16, 1994

Appendix A

A diagram is included following the second paragraph of "Diagram of Payments." The diagram contains boxes representing the parties identified in the second paragraph of "Diagram of Payments," which are connected by arrows demonstrating the cash flows described in the paragraph.