

**MEMORANDUM OF UNDERSTANDING
TRANSITION ISSUES**

Month 19, 2012

Captain David Bourne
Director, Airline Division
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, DC 20001

Dear Captain Bourne:

During discussions leading to negotiations for the 2010-2012 Continental Micronesia (hereinafter referred to as “the Company”) Mechanics and Related Agreement the parties agreed that the current 2010-2012 Continental Technicians Agreement would serve as a template for the New Interim Transition Agreement.

As the parties discussed and agreed during the negotiations resulting in the 2010-2012 Continental Micronesia-IBT Technicians and Related Agreement (also referred to in this Letter as “the New Interim Transition Agreement” or “New Agreement”), there will be technical and logistical impediments to fully implementing and migrating to the New Agreement as soon as the parties would like. By way of example only, these impediments include challenges such as IT and payroll systems compatibilities and limitations, and transitioning to new methods of accruing, calculating, and administering various types of benefits. A number of such challenges were discussed during our negotiations, and several of them are further addressed below. We mutually recognized during negotiations, however, that as we migrate to the New Agreement we are likely to confront implementation or transition issues the existence or full scope of which we have not yet contemplated.

We have agreed that the Company will use its best efforts to fully implement and migrate to the New Agreement as soon as reasonably practicable. If impediments in doing so arise, the Company will notify the Union and the parties will meet promptly to discuss the issue and devise equitable and practicable solutions reflecting the spirit of cooperation in which the New Agreement was negotiated. In the interim and until such solutions are devised, the Company shall take all practicable steps to mitigate or avoid any detriment, losses, or harm to affected employees.

With respect to specific areas, we have further agreed as follows:

1. Nomenclature and Article Cross-References

A. The use of the terms “technician(s)” and “mechanic(s)” shall be deemed to be interchangeable throughout the New Agreement.

B. Employees classified as “Tool Room Technician” shall be known under the New Agreement as “Utility Specialist.”

C. All references to Material Specialist, Stock or Stores employee shall be removed from the Agreement.

2. Means of Posting, Notification, Transmission, or Communication:

The parties recognize and agree that there are instances in the 2010-2012 The Continental Micronesia-IBT Technicians and Related Agreement where language mirrored from the Continental-IBT collective bargaining agreement anticipates or prescribes means of posting, notification, transmission, or communication by the Company that currently are not in use, not available, and/or not practicable at the Company. In such instances, the Company may continue to use its current means, and will use reasonable good faith efforts to migrate to the anticipated or prescribed means as the consolidation progresses. Until that occurs, the parties shall meet and confer to discuss issues or concerns either party might raise in these areas.

3. Holiday and Vacation:

The parties recognize and agree that, due to factors such as IT infrastructure and the accrual and/or calendar-based nature of holiday and vacation benefits, a transition period will be necessary to migrate to and implement the provisions set forth in Articles 8 (Holidays) and 9 (Vacations) of the 2010-2012 Continental Micronesia-IBT Technicians and Related Agreement. In particular, the parties agree as follows:

A. Holidays (Article 8):

Employees will observe floating holidays as follows in 2012:

1. Each employee will continue to observe two floating holidays based on the terms of Article 13 of the 2006-2009 the Continental Micronesia Mechanics and Related Agreement.

2. Each employee will also be entitled to observe two additional floating holidays in calendar year 2012 pursuant to the terms of Article 8 of the New Interim Transition Agreement.

B. Vacations (Article 9):

1. The accrual rate in Article 9 of the New Interim Transition Agreement shall commence upon the date of ratification for vacation usage in calendar year 2012.

C. In the event other issues arise in the migration to or administration of the terms of Article 8 and 9 of the New Interim Transition Agreement, the Company will notify the Union and the parties will meet to discuss the issues and devise equitable and practicable solutions reflecting the spirit of cooperation in which the New Agreement was negotiated.

4. Effective Date of Wage and Premium Adjustments:

Any adjustments to wages and premiums reflected in the New Interim Transition Agreement shall take effect beginning with the first full pay period commencing after the date of ratification of the New Agreement.

5. Letters of Agreement:

The following Letters of Agreement (“LOAs”) from the 2006-2009 Continental Micronesia Mechanics and Related Agreement shall be incorporated into the New Interim Transition Agreement. In the event either party believes that a previous LOA or its terms has been inadvertently overlooked, the parties shall meet and confer to discuss the issue.

- A. LOA 6 Mechanic Helpers Reclassification
- B. LOA 9 GSE Work Outside Guam and Saipan
- C. LOA 10 Medical Fixed Employee Rates, as amended (attached)
- D. LOA 13 Integration of Saipan and Guam Stations
- E. LOA 8 – FTR, as proposed by IBT (11/9/11)
- F. LOA 16 Equity Grant
- G. LOA 11 401k Matching Contribution
- H. LOA 22 No Furlough
- I. New LOA Signing Bonus

The following Letters of Agreement in the 2010-2012 collective bargaining agreement between Continental Airlines, Inc. and the International Brotherhood of Teamsters will not apply to Continental Micronesia employees:

- A. LOA 9 Pension Service Credit
- B. LOA 20 Equity Grants
- C. LOA 26 CARP
- D. LOA 30 RIF Options

6. Benefits:

The following provision will remain effective with the New Interim Transition Agreement:

A. Union Retirement Fund

Effective with the date of this Agreement, the Company agrees to contribute \$.85 for each hour worked to the Western Conference of Teamsters Pension Trust Fund, including overtime as well as time on paid leave and vacation

7. Occupational Injury Sick Leave Bank

Company employees who, as of the effective date of the 2010-2012 the New Interim Transition Agreement, have accrued more than seven hundred (700) hours for Occupational Injury Pay under the 2006-2009 Continental Micronesia Mechanics and Related Agreement, shall be allowed to retain the amount accrued as of date of ratification of the New Interim Transition Agreement notwithstanding the seven hundred (700) hour limit specified in Article 11, Section C of the New Agreement. Such employees shall not accrue additional credit in their Occupational bank until the bank drops below the seven hundred (700) hour limit, and shall thereafter be subject to that limit and the other terms of Article 11, Section C.

8. General and Miscellaneous

A. Election Days - An employee who is unable to vote, due to scheduled work hours, is to advise his supervisor of the need to use Company time for voting. The time will be scheduled to minimize the impact on the operation. The supervisor will take into consideration the location of the employee's home voting place and reasonable time needed (not to exceed two hours). The employee will not lose pay for the absence.

9. Safety and Health

- A. Add language Article 14 paragraph E new number 3 to read; In the event

the Company requires employees covered by this Agreement to wear protective footwear as personal protective equipment, the Company will provide an allowance to such employees for the actual cost of protective footwear that complies with Company standards. Such allowance shall be up to a maximum of \$52.80 per year per employee on a rolling calendar basis.

10. Seniority

A. For those employees currently under the ninety day probationary period as described in the 2006-2009 Continental Micronesia Mechanics and Related Agreement, Article 20 paragraph B, those employees shall continue to be bound by the terms of that paragraph. Employees newly hired after the date of ratification shall be covered by the language in Article 4 E of the New Interim Transition Agreement.

B. It is agreed that until an amalgamated seniority list is populated, Point and Station references in the New Interim Transition Agreement shall apply only to Guam, Saipan and the related current Company mainline stations.

11. Compensation

A. Pay when transferring to a new classification - An active regular full-time employee transferring to an equal or higher paying basic classification will receive the beginning rate of the new classification if it is equal to or higher than his current Wage Schedule pay rate. If his current rate is higher than the beginning rate for the new classification, the employee shall receive the next higher pay rate of the new classification which is equal to or higher than the employee's current Wage Schedule pay rate.

B. The rates of pay applicable to the classifications of employees covered by this Agreement shall be adjusted as follows:

A&P technicians, GSE technicians and Utility Specialists (toolroom) – to equal applicable Continental basic hourly rates contained in the CO-IBT Agreement, effective at DOS for CMI-IBT Agreement

License, Line, Shift, Longevity, and GSE test premiums equal to CO-IBT premiums, effective DOS for CMI-IBT Agreement

C. Skill Premium – Employees working in Bid Areas with A&P license requirements assigned to Guam or Saipan shall receive a Skill Premium in the amount of two dollars (\$2.00) per hour as described in Article 8.B CMI-IBT Agreement.

D. Premium Pay – Until such time as the 5% override referenced in the 2010-2012 Continental Technician and Related Agreement is more than the current \$1.95 per hour specified in the 2006-2009 Continental Micronesia Agreement employees in premium positions shall continue to receive the override as specified in the 2006-2009 The Company agreement.

Sincerely,

P. Douglas McKeen
Senior Vice President Labor Relations

Agreed, this 19 day of Month, 2012:

Captain David Bourne
Director, line Division
International Brotherhood of Teamsters

LOA 10

March 19th 2012

Captain David Bourne
Director, Airline Division
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, DC 20001

Dear Captain Bourne:

The Company will provide the following benefits to Continental Micronesia employees covered by the New Interim Transition Agreement at the fixed rates described below for the term of this Agreement. The terms stated below will apply to all employees covered by this Agreement, effective beginning January 1, 2012. It is understood by both parties that these rates will remain fixed for the term of this Agreement regardless of any changes applicable to other employees not covered by these Agreements.

EMPLOYEE SHARE

PPO Medical Plan	
Single	\$70.00/month
Employee/Child(ren)	\$117.60/month
Couple	\$139.79/month
Family	\$182.99/month
HMO Medical Plan	
Single	\$76.37/month
Employee/Child(ren)	\$128.30/month
Couple	\$152.51/month
Family	\$199.65/month
Indemnity Medical Plan	
Single	\$200.00/month
Employee/Child(ren)	\$360.00/month
Couple	\$440.00/month
Family	\$600.00/month
Dental Plan	70%
Long Term Disability	33%
Employee Voluntary Life	100%

Accidental Death and Dismemberment

100%

Basic Core Life benefits will be paid 100% by the Company.

Continental Micronesia, Inc. employees covered by this Agreement shall be entitled to participate in other Company-wide benefit programs offered at Continental Micronesia, Inc. under the terms applicable to Mechanics and Related Employees contained in the plans. In addition, they will be entitled to participate in future programs under terms and conditions set forth by the Company and the Benefit Plans.

Except as provided herein, the benefits programs will not be altered or diminished for employees covered by this Agreement unless done so on a Company-wide basis. Should, for any reason, the Company find it necessary to delete or change any of the current benefit programs, the Company will meet with the Union to discuss such deletions or changes thirty (30) days prior to the effective date.

Sincerely,

/S/

Doug McKeen
Senior Vice President, Labor Relations

Agreed, this 19th of March, 2012

_____/S/_____

Captain David Bourne
Director, Airline Division
International Brotherhood of Teamsters

Captain David Bourne
Director, Airline Division
International Brotherhood of Teamsters
25 Louisiana Avenue, N.W.
Washington, DC 20001

Dear Captain Bourne:

This confirms our discussion and agreement concerning a Signing Bonus to be paid to Technician and related Employees upon ratification and execution of this collective bargaining agreement. We have agreed that the Company will provide a signing bonus in the amount of \$10,000.00 to each Employee covered by this Agreement who is on the active payroll as of the date of ratification. Such payments will be paid within 30 days of ratification. Payments made pursuant to this Letter of Agreement shall be by payroll check or direct deposit (less applicable taxes and deductions) separate from regular payroll disbursements. Employees may contribute such payments to their existing 401(k) account consistent with each employee's deferral election on file with the 401(k) plan's record keeper for other wages eligible for deferral under the terms of the 401(k) plan, and to the extent permitted under applicable laws and regulations without extending incremental benefits to employees not covered by this Agreement.

Sincerely,

/S/

P. Douglas McKeen
Senior Vice President, Labor Relations
Agreed, this 19th day of November, 2012

/S/

David Bourne
Director, Airline Division
International Brotherhood of Teamsters