

AGREEMENT

Between

CONTINENTAL MICRONESIA, INC.

and the

INTERNATIONAL BROTHERHOOD OF TEAMSTERS,  
CHAUFFEURS, WAREHOUSEMEN  
AND HELPERS OF AMERICA

Representing

EMPLOYEES COVERED HEREIN

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# LETTERS OF AGREEMENT

## LETTER

## SUBJECT

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## **PREAMBLE**

This Agreement is made and entered into in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Micronesia, Inc. hereinafter referred to as the "Company", and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America, hereinafter referred to as the "Union", representing the employees composing the craft or class of Mechanic/Related and Material Services Stock Clerks, as certified by the National Mediation Board, as is enumerated in Article 5 of this Agreement.

## ARTICLE 1

### PURPOSE OF AGREEMENT

- A. The purpose of this Agreement is, in the mutual interest of the company and of the employees, to provide for the operation of the services of the company under methods which will further, to the fullest extent possible, the safety of air transportation, efficiency of operation, and the continuation of employment under conditions of reasonable hours, proper compensation, and reasonable working conditions and stability through any orderly collective bargaining process. It is recognized by this Agreement to be the duty of the Company and the employees to cooperate fully, both individually and collectively, for the advancement of this purpose.
  
- B. No employee covered by this Agreement will be interfered with, restrained, coerced, or discriminated against by the Company, its officers or agents because of membership in or lawful activity on behalf of the Union.
  
- C. It is understood, wherever in this Agreement employees or jobs are referred to in the male gender, it shall be recognized as referring to both male and female employees.

## ARTICLE 2

### SCOPE OF AGREEMENT

- A. The Company hereby recognizes the Union as the sole collective bargaining agent with respect to rates of pay, rules, and working conditions of all employees on Guam and Saipan covered under this Agreement in the classifications, classes or crafts, as set forth in Article 5.
- B. The work performed by the Company with employees covered under this Agreement is recognized as coming within the jurisdiction of the Union and is covered by this Agreement and the work will be assigned to employees covered by this Agreement.
- C. Management will not perform productive work unless they perform productive work for training an employee who does not have the technical expertise, non-routine technical difficulties such as chronic discrepancies, or other emergencies. For the purpose of this paragraph, an emergency is defined as a call for immediate action to avoid interruption to any of the Company's operations. In no case will a supervisor do productive work to avoid scheduling overtime.
- D. Employees covered by this Agreement shall be governed by all rules, regulations and orders issued by the Company which are not in conflict with the express terms of the Agreement.

The Company retains the right to manage their business and direct the workforce subject to the provisions of this Agreement.

## ARTICLE 3

### STATUS OF AGREEMENT

A. It is expressly understood and agreed that when this Agreement is accepted by the parties and signed by their authorized representatives, it will supersede any and all agreements existing or previously executed between the Company and any Union or individual affecting the craft or class of employees covered by this Agreement.

B. Successorship and Mergers

1. This Agreement shall be binding upon any successor or assign of the Company unless and until changed in accordance with the provisions of the Railway Labor Act, as amended. For purposes of this paragraph, a successor or assign shall be defined as an entity which acquires all or substantially all of the assets or equity of the Company through a single transaction or multi-step related transactions which close within a twelve (12) month period.
2. No contract or other legally binding commitment involving the transfer of ownership or control pursuant to a successorship transaction, whether by sale, transfer or lease of the Company or substantially all of its assets, will be signed or otherwise entered into unless it is agreed as a material and irrevocable condition of entering into, concluding and implementing such transaction that the rates of pay, rules and working conditions set forth in this Agreement will be assumed by the successor employer, and employees on the then current mechanic and related seniority list will be employed in accordance with the provisions of this Agreement. The Company shall give notice of the existence of this Agreement to any purchaser, transferee, lessee, or assignee of the operation covered by this Agreement or any substantial part thereof. Such notice shall be in writing with a copy to the Union, at the time the seller, transferor, or lessor executes a definitive agreement with respect to a transaction as herein described.
3. In the event of a merger of airline operations between the Company and another air carrier the Company will require, as a condition of any such operational merger, that provisions be included requiring that the surviving carrier provide for fair and equitable integration of the pre-merger mechanic and related seniority list in accordance with Sections 3 and 13 of the Allegheny Mohawk LPPs.
4. In the event of a merger of airline operations, this Agreement shall be considered to be amendable as provided in the Duration Article and Section 6 of the Railway Labor Act. Integration of the technician and related craft and class groups shall not occur until the applicable seniority lists are merged pursuant to procedures as described above, and agreement is reached over rates of pay, rules, and working conditions for the post-merger craft or class. Prior to such agreement, the terms

and conditions of the Agreement shall continue to apply to the employees whose names appear on the Company's mechanic and related seniority list.

5. The following additional requirements shall be applicable in the event of a merger, purchase, or acquisition involving the Company, regardless of the identity of the surviving carrier or whether formerly separate operations are to be integrated.
  - a. Unless and until any operational merger is finally effectuated, the Union will continue to be recognized as the representative of the pre-merger Company technician and related employees, so long as such recognition is consistent with the Railway Labor Act and any applicable rulings or orders of the National Mediation Board. Recognition of a post-merger representative shall be governed by the Railway Labor Act and by any applicable rulings or orders of the National Mediation Board.
  - b. Subject to applicable securities and other laws and regulations, the Company will review with the Union the details of any material agreements relating to successorship transactions in a timely manner, provided that no financial or other confidential business information need be disclosed unless suitable arrangements are made for protecting the confidentiality and use of such information.
  - c. In advance of any operational integration, the Company or surviving carrier, if different from the Company, will accept the integrated seniority list accomplished in accordance with Sections 3 and 13 of the Allegheny Mohawk LPPs.
  - d. The maintenance operations of the Company and those of the other air carrier shall be kept separate unless and until the processes described in paragraphs (B) (3) and (4) above are completed. During such time of separate operations, technicians and related employees shall not be interchanged without the Union's written consent.
  - e. Until the processes described in paragraphs (B) (3) and (4) above are completed, no employee covered by this Agreement shall be reduced in status or pay category as an effect of the merger, purchase or acquisition.
  - f. The Company or surviving carrier, if different than the Company, shall meet promptly with the Union upon request to negotiate the implementation of the requirements of this paragraph.
6. The Company agrees to arbitrate any grievance filed by the Union alleging a violation of this Paragraph B on an expedited basis directly before the System Board of Adjustment sitting with a neutral arbitrator mutually acceptable to both parties. If a mutually agreed upon arbitrator cannot be selected within three (3) days of the filing, an arbitrator will be selected pursuant to Article 25 of the Agreement. The dispute shall be heard no later than thirty (30) days following the submission to the System Board (subject to the availability of the arbitrator), and shall be decided no later than thirty (30) days following submission, unless the parties agree otherwise in writing.

- C. A one hundred and eighty (180) day notice will be given if the Company elects to move the main base to any location outside of Guam and employees who may be subject to layoff as a result of such move shall have the right to follow the work in seniority order and such a move would be considered as requested by the Company. Appropriate moving expenses as outlined in the Corporate Policy will be paid by the Company provided the employees transfer when requested by the Company.

This provision is not intended nor should it be construed as recognition that work performed outside of Guam and Saipan is within the provision of the Railway Labor Act as amended and neither the Company nor the Union will be precluded from contesting or asserting such jurisdiction as it may deem appropriate.

## ARTICLE 4

### DEFINITIONS

- A. The term "license" as used herein shall mean the license or certificate of competence which is now, or in the future may be, required by the regulatory body for the type of work, or types of supervision and work, to be undertaken by the employee.
- B. The term "regulatory body" as used herein shall mean the Aviation Agency, or any other governmental agency authorized by law to require and issue licenses or certificates of competency to airline mechanics.
- C. The terms "Business Representative" or "Director of Human Resources" as used herein shall mean not only the persons holding such titles but any other persons properly designated and appointed by such officials to act in their stead.

## ARTICLE 5

### CLASSIFICATIONS AND WORK REQUIREMENTS

Employees covered by this Agreement are assigned to a specific classification. If the Company determines that a new classification coming within the scope of this Agreement is necessary, the Company agrees to negotiate the duties, job descriptions, job requirements, staffing procedures and rates of pay for the classification with the Union, prior to its implementation. It is understood that an employee will be responsible for the work he performs within the classification for which he is accruing bid seniority.

The following are brief descriptions of the classifications :

- A. Aircraft Technician: An Aircraft Technician will be an employee whose work assignment shall include all work recognized as Aircraft Technician's work performed by the Company's maintenance operations. An Aircraft Technician may be required to check, test and certify for service any work he performs. An Aircraft Technician will be held responsible for the work he performs. Should a need exist to inspect any technical work on aircraft or components, an Aircraft Technician who is a qualified inspection designee will be selected on the shift to inspect the work.
1. Inspector: An Inspector will be assigned to inspect any work performed by other Technicians including paperwork in accordance with the requirements set by the Federal Aviation Regulations (FAR) or Company Policies and Procedures. He will perform N.D.T. and aircraft parts receiving inspections. An Inspector will be involved in the process of calibration of company tools, equipment and be required to train other employees.
  2. Structural Technician: A Structural Technician assignments includes all major and minor sheet metal repairs, composite repairs and structural repairs on all aircraft. A Structural Technician must possess the ability to interpret and apply all sections of the applicable SRM on all tasks assigned on line maintenance and B-check aircraft, and special job assignments on all contract aircraft when the specialized skills are requested by a contract carrier.
  3. Avionics Technician: An Avionics Technician will perform radio and electrical troubleshooting and repair duties as well as other aircraft technician duties for which he is licensed and assigned to perform by the Company.
  4. Lead Position: Aircraft Technician. As a working member of the group, the Lead Position is also expected to lead, direct and approve the work of others in the group for which he may be held accountable. He may be required to sign his own work, and for the work of others in the group in accordance with the appropriate manuals. However, this does not relieve other individuals from responsibility for the work they perform.

- B. GSE Technician: A GSE Technician is required to maintain and paint all motorized and non-motorized equipment. A GSE Technician may be required to check, service, and test all motorized and non-motorized equipment. A GSE Technician will be held responsible for the work he performs.
1. Lead Position: GSE Technician. As a working member of the group, the Lead Position is also expected to lead, direct and approve the work of others in the group for which he may be held accountable. He may be required to sign his own work, and for the work of others in the group in accordance with the appropriate manuals. However, this does not relieve other individuals from responsibility for the work they perform.
- C. Aircraft Interior Repair (AIR) Technician: An Aircraft Interior Repair Technician will be responsible for recovering, replacing and refurbishing aircraft interiors. An AIR Technician may be required to check, test and certify their work. Should the need exist to inspect any work; a Technician who is a qualified inspection designee will be selected on the shift to inspect the work.
1. Lead Position: AIR Technician. As a working member of the group, the Lead Position is also expected to lead, direct and approve the work of others in the group for which he may be held accountable. He may be required to sign his own work, and for the work of others in the group in accordance with the appropriate manuals. However, this does not relieve other individuals from responsibility for the work they perform.
- D. Material Specialist: A Material Specialist will be responsible, but not limited to issuing, receiving, shipping and accounting of Company property and keeping records of such transactions. A Material Specialist must be proficient in typing and possess a "B" (Chauffeur's) license as well as a GIAA driver's license. Transportation of Company equipment and property shall be routinely accomplished. A Material Specialist shall conduct inventories of stock on hand and must be certified and maintain recurrent training for handling and shipping of hazardous materials.
1. Lead Position: Material Specialist. As a working member of the group, the Lead Position is also expected to lead, direct and approve the work of others in the group for which he may be held accountable. He may be required to sign his own work, and for the work of others in the group in accordance with the appropriate manuals. However, this does not relieve other individuals from responsibility for the work they perform.
- E. Tool Room Technician: A Tool Room Technician is an employee whose job may include: identifying and checking tools, test equipment, and certain commodities in and out of the Tool Room, as well as the service, cleaning, inventory, storage and accounting of tools, test equipment and certain commodities used in the daily operation of the tool room.

1. Lead Position: Tool Room. As a working member of the group, the Lead Position is also expected to lead, direct and approve the work of others in the group for which he may be held accountable. He may be required to sign his own work, and for the work of others in the group in accordance with the appropriate manuals. However, this does not relieve other individuals from responsibility for the work they perform.
  
- F. Maintenance Helper: A Maintenance Helper is an entry level non-technical position that is a means for the employee to be exposed to the maintenance duties of general facility upkeep, general housekeeping, servicing of Company equipment and resupplying of Company property to designated locations. They may also assist a Technician with duties that are defined by the Company as non-technical and entry level maintenance service functions.
  
- G. Part-Time Employees: It is recognized that currently the Company does not utilize part-time employees in any class and craft covered by this Agreement nor does it have plans to do so in the future. However, should a situation arise where the use of part-time employees would result in a reasonable and economical business practice; accommodate employees utilizing financially assisted training; and to lessen the impact of a reduction in force, the Company and the Union will promptly meet to reach a mutual agreement on the terms which will apply to such work.

**ARTICLE 6**

LICENSES AND QUALIFYING REQUIREMENTS

- A. Bid Area: A bid area is the basic work area which each employee bids into on the quarterly shift bids, for example: 1) Aircraft Technician – Terminal; 2) Aircraft Technician – Hangar; 3) Inspector – QC; 4) Inspector – Receiving; 5) Tool Room; 6) Tire/Wheel; 7) Warehouse; 8) GSE; 9) AIR Technician, 10) Maintenance Helper. The Company shall determine bid areas and the staffing requirements and shifts offered for bid in each area.
  
- B. Employees shall meet the requirements for the work to which he is assigned. Licenses and experience shall be required in accordance with the following schedule:

TECHNICIANS

<u>ASSIGNMENT</u>	<u>LICENSE</u>	<u>EXPERIENCE</u>
1. Aircraft Technician	A & P	1 year comparable aircraft and engine
2. Inspector	A & P	5 years comparable aircraft and engine and held RII for more than 2 years
3. Structural Technician	A & P	2 years experience in both major and minor structural repairs on pressurized aircraft
4. Avionics Technician	A and FCC or A & P	1 year radio and electrical trouble shooting and repair
5. Tire/Wheel	A & P	1 year comparable build up and overhaul of wheel assemblies
6. GSE Technician		*

\* 1 year experience in troubleshooting, repair and maintenance of gas and diesel engines; electrical and hydraulic systems; or motorized equipment supporting airport ground handling operations.

ASSIGNMENT

LICENSE

EXPERIENCE

7. AIR Technician

A

12 months aviation maintenance experience or training from approved school

8. Tool Room Technician

6 months comparable tool work

NOTE: In the event a Tool Room Technician is hired by the Company holding an A & P license, or acquires his license during employment, he will receive A & P license premiums only and will accrue seniority in the Tool Room Technician classification only and will be upgraded to an Aircraft Technician as soon as there is a vacancy that his seniority will allow.

C. Selection Process for the Lead Position

A Lead is an important position. The individuals who perform a Lead function must possess leadership qualities in addition to technical competence. It is also important that the selection process be as objective as possible. A three (3) member panel consisting of a Supervisor in the classification, Manager or above in the classification and the Union Business Representative or his designee will interview a qualified applicant to determine if he is capable of performing the essential functions of the position for which he seeks promotion. The following selection process will be followed by each member of the panel. Each panel member's points assessments will be added and averaged for each applicant. The applicant with the highest average will be selected to fill the vacancy.

Point System of a Lead Position

Category 1 - 0 to 20 points

SENIORITY

One point will be given for each full year of service in the job classification at Continental Micronesia up to a maximum of 20 years.

Category 2 - 0 to 10 points

EXPERIENCE

One point will be given for each full year of service as a Crew Chief, Lead Mechanic, Assistant Supervisor or Maintenance Supervisor up to a maximum of ten years.

Category 3 - 0 to 30 points

QUALIFICATIONS

Using everything available to evaluate the individual's job knowledge, technical skills, work record, and shop/bid area know-how, the evaluator will rank all the bidders and assign 30 points to the most qualified, 26 points to the next most qualified, 22 points to the third most qualified and so on.

Category 4 - 0 to 40 points

DEMONSTRATIVE LEADERSHIP  
CHARACTERISTICS

Using personal knowledge, interviews and recommendations from other Supervisors, Lead Technicians, Managers and Technicians, the panel members will rank all the bidders on their leadership potential, communication skills and interpersonal skills. The most qualified will be assigned 40 points, 36 points to the next most qualified, 32 points to the third most qualified and so on.

## ARTICLE 7

### HOURS OF SERVICE

- A. Eight (8) consecutive hours, exclusive of an unpaid meal period, shall constitute a normal day or afternoon shift and eight (8) consecutive hours, inclusive of a thirty (30) minute meal period shall constitute a normal night shift. Based on the needs of the service, a ten (10) hour shift, inclusive of a thirty (30) minute meal period for all shifts, may be established as set forth in paragraph B below. A thirty (30) minute lunch will be given during the fourth or fifth hour of an employee's regularly assigned shift. Where a meal period is delayed and does not commence during the fourth and fifth hours, an employee shall be entitled to thirty (30) minutes at time and one half for the lunch period.
- B. Five (5) consecutive work days of eight (8) hours each followed by two (2) consecutive days off shall constitute a standard work week or four (4) consecutive days of ten (10) hours each followed by three (3) consecutive days off shall constitute a standard work week. The working hours shall be properly posted on the bulletin board.
- C. For the purpose of relaxation, all employees shall be granted a ten (10) minute rest period during the first half of their work shift and a ten (10) minute rest period during the second half of their work shift and a ten (10) minute rest period after completion of a regular shift before working overtime. Also, ten (10) minutes rest period for every two (2) hours of overtime worked without loss of time.
- D. Shift, days off and bid area, as defined by Article 6.A, will be rebid without penalty:
  - 1. Shift, days off and bid area will be bid without penalty each quarter of the year, on or about February 1, May 1, August 1 and November 1. Deviation may be made in order to accomplish this bid concurrently with a schedule change that takes place at approximately the same time.
  - 2. Bids will be awarded in accordance with Article 20, Seniority. In order for an employee to participate along with the eligible employees in a rebid, he must be actively at work, as defined in Article 9, paragraph D, for a portion of the bid period. If an employee is on vacation he must leave a preferential bid with the union and the company.
  - 3. Each shift starting time during the rebid period for each classification and bid area may be changed by two (2) hours in either direction from the original bid schedule without penalty, two (2) times during each rebid period.
  - 4. The Company will post a bid date along with the number of available positions and days off for each shift at least twenty-eight (28) days before the effective date of the new bid period. The employee will have twelve (12) days from the date of posting to return his completed written bid sheet. The first incident of failure to file a

preferential bid will result in the employee being assigned a shift equal to his present shift, days off and bid area, if available at his point of seniority bidding. If unavailable, the employee will be assigned a shift as close as possible to his current shift and bid area. If there is more than one (1) failure to bid within each calendar year, the second incident will result in the employee being bypassed and assigned a shift equal to his present shift, days off and bid area, if available. If unavailable, the employee will be assigned a shift as close as possible to his current shift and bid area. The Company will post the awarded bids at least twelve (12) days before the effective date of the new bid.

- E. When it becomes necessary to temporarily assign an employee to another shift between rebid periods, the following procedure will be followed:
1. Employees on the shift where the transfer is to be made from will be polled by seniority as to their preference for accepting the temporary assignment. If no one accepts the temporary transfer, inverse seniority will be used to select the employee to be transferred.
  2. Such assignment will provide for a penalty of one and a half times the base rate for the first four (4) hours of assignment to the temporary shift.
  3. If a seven-and-a-half-hour rest period is not provided to the employee between the shifts, the four-hour penalty will not apply, but the overtime provisions of Article 9 will be applicable for penalty payments.
  4. A temporary assignment between shifts shall not be of more than twenty (20) normal working days. An extension of this period shall be by mutual agreement between the Company and the Union.
  5. If the need arises to temporarily upgrade an employee to a Lead or Inspector, the temporary assignment will be offered to the senior qualified employee in the Classification on that shift and permanent crew.
- F. No full-time employee will be called to work or required to report for a work shift of less than eight (8) hours of pay, except on a recall after having worked a previous shift the same day, when the minimum allowance will be four (4) hours pay at the applicable overtime rate.

Any employee who reports for work when there is temporarily no work because of an act of God or other circumstances over which the Company has no control (including strikes by employees of the Company curtailing flight operations by fifty percent (50%) or more system-wide), will receive a minimum of four (4) hours pay at the regular hourly rate unless notified that there will be no work at the close of the last shift worked, or four (4) hours before the start of the employee's regular shift, whichever period is shorter. Notification can also be via media releases from the Company.

## G. Vacation Relief Procedural Rules

1. Vacation relief may be assigned to all or any portion of a vacation period. Except in extraordinary circumstances, vacation relief will not be used to cover unanticipated sick leave, FMLA or other leave of absence of less than five (5) consecutive days, DAT vacation of less than five (5) consecutive days (unless taken in conjunction with regular vacation), or other non-vacation or extended absence related staffing requirements.
2. Vacation relief assumes the shift and days off of the employee on vacation. The work week, as defined in Article 7.B, for vacation relief will remain fixed for the entire bid period for purposes of calculating overtime. Except in the event of a shift rebid, the vacation relief will assume the new shift and days off of the employee on vacation.
3. When not working vacation relief, the relief employee has a basic shift and days off.
4. If the vacation relief constitutes less than an eighty (80) hour pay period at the employee's option, the relief employee will be assigned to work additional time without penalty.
5. Overtime rules of Article 9 shall apply to vacation relief, including hours worked per day and if hours worked exceed forty (40) in his established work week, as defined in Article 7.G.2 above.

## H. DAY AND SHIFT TRADES

1. Employees may agree among themselves, qualifications permitting, to: (1) trade one or more of their days off with each other ("day trade"); (2) exchange shifts on the same day, or another day ("shift trade"); or (3) work in place of another employee without the other employee doing likewise ("one way trade") in accordance with paragraph 5. below. If one employee is on ten-hour shifts and the other employee is on eight-hour shifts, then both employees will work each other's assigned shifts. The foregoing trades may result in an employee working more than four (4) days (in the case of 10 hour shifts) or five (5) days (in the case of 8 hour shifts) in a work week, and/or more than eight (8) or ten (10) hours, as the case may be, in a twenty-four (24) hour period. Except for scheduled holidays, those employees will be paid straight time. An employee trading away the holiday will receive one (1) day holiday pay, while the employee working the traded holiday will receive overtime pay for the scheduled hours worked **and double time for all additional hours**.
2. Employees who agree to make a specific trade should fill out and sign a form stating the dates and times of the trade. That form must then be submitted to the appropriate supervisor who shall acknowledge receipt of it with his signature, even though his approval of the trade is not required. Each of the employees is then responsible for his own attendance on the dates and times of the agreed trade, as well as ensuring both parties are qualified in accordance with the Company's definitions of qualifications. Upon reporting for work, a trading employee must give the appropriate supervisor the

name of the employee whose place he is taking. A trading employee will be paid from his accrued sick leave bank, and charged with an attendance incident, should he call in sick.

3. However, an employee who orally arranges for a trade without filling out the appropriate form, and without obtaining a supervisor's written receipt, will be held responsible for his own attendance and that of the other employee agreeing to the trade.
4. One way trades are limited to five (5) days/shifts per month, unless otherwise authorized by the appropriate supervisor. Two way trades are limited to five (5) days/shifts per pay period, unless otherwise authorized by the appropriate supervisor. Trades must be completed within a bid period.
5. Self trades will be allowed, with management approval, to a maximum of two (2) days per pay period. A self trade will allow the employee to trade his day off with a work day, at no penalty to the Company, provided the employee requests the trade in writing to his supervisor and subject to operational needs.

**ARTICLE 8**

WAGES AND WAGE RULES

- A. Wages paid to employees assigned to crafts and classifications listed in this Article shall be paid for actual time worked in hours and minutes properly reported and verified.

**Basic Hourly Rates of Pay**

**Effective 04/01/06**

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	<u>Aircraft Technicians</u>	<u>GSE Technicians</u>	<u>AIR Technician</u>	<u>Tool Room Technician</u>	<u>Material Specialists</u>
<b>1st 6 months</b>	15.39	13.39	10.00	10.00	10.00
<b>2nd 6 months</b>	15.78	13.73	10.26	10.26	10.26
<b>After 1 Year</b>	17.15	14.92	11.15	11.15	11.15
<b>After 2 Years</b>	18.39	16.00	11.95	11.95	11.95
<b>After 3 Years</b>	19.66	17.10	12.78	12.78	12.78
<b>After 4 Years</b>	21.51	18.71	13.98	13.98	13.98
<b>After 5 Years</b>	22.62	19.68	14.70	14.70	14.70
<b>Thereafter</b>	26.74	23.27	17.39	17.39	17.39

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- B. Effective on the date of signing of this Agreement, Aircraft Technicians shall be paid two dollars (\$2.00) per hour as Guam/Saipan Aircraft Technician Skill Premium.
- C. Effective on the date of signing of this Agreement, all employees covered by this Agreement shall be paid fifty-one (\$.51) cents per hour and fifty-eight (\$.58) cents per hour respectively for the afternoon and night shifts for all hours worked. Any shift starting at 12:00 Noon or later and before 6:00 p.m. shall be considered an afternoon shift. Any shift starting at 6:00 p.m. or later and before 6:00 a.m. shall be considered a night shift. Employees working a rotating relief shift schedule shall be paid fifty-four (\$.54) cents an hour while rotating on a day/afternoon schedule and fifty-eight (\$.58) cents an hour while rotating on a day/night/afternoon/night or afternoon/night schedule for all hours worked.
- D. An employee’s “hourly base rate of pay” will be determined by a combination of a “basic hourly rate” and all premiums to which an employee is entitled. The combined rate as defined above will be paid to an employee for all pay purposes.

- E. All wages payable hereunder to employees shall be paid on a bi-weekly basis unless otherwise provided by law, and paychecks shall be distributed to employees during their working hours on the assigned paydays. Pay adjustments greater than fifty dollars (\$50) due to employee will be paid within three (3) business days of when the employee notifies the Company of such shortage, and deducted from the next paycheck in the event of an overpayment. The paydays will be every other Thursday. In the event the payday falls on a holiday, the preceding day shall be the payday.
  
- F. An employee covered by this Agreement required by a properly designated Company authority to participate in test flights shall, at no cost to the employee, be covered while on such test flights by an insurance policy with a death benefit of \$50,000 or the Core benefits, whichever is greater payable to the designated beneficiary, or the estate of the employee. The Company may require as a condition of such coverage that the employee sign an appropriate form prior to each flight.
  
- G. Tool Box Insurance - The Company provides insurance coverage against fire or theft of an individual's complete tool box (including the tote box) and the contents while it is on Company premises or accompanying the Technician (including GSE) on a field trip for use in connection with the employee's work. The tote box must be locked to the roll-away tool box when being stored.  
  
 Losses under this policy will be settled directly with the employees based on the replacement value not to exceed \$5,000 (tote box only \$1,000). The insurance claim will not be honored if the inventory list is not on file with the employee's supervisor and the employee's personnel file at the time of loss. Insurance claims will be settled within thirty (30) days.
  
- H. No employee will suffer any reduction in hourly rate of pay or take home pay for a standard forty (40:00) hour week as a result of making this Agreement effective.
  
- I. An employee will have his pay docked on an actual minute basis after the first six (6) minutes of the start of his shift. A late report of more than six (6) minutes will be considered a late for pay and attendance purposes. Repeated incidents of six (6) minutes or less late may subject the employee to disciplinary action.
  
- J. For purposes of computing overtime pay, the twenty-four (24:00) hour period shall begin with the starting time of the employee's regular assigned shift and shall continue for twenty-four (24:00) hours thereafter, except as otherwise provided.
  
- K. Effective on the date of signing of this Agreement, all employees in the Technician classification who hold valid licenses will receive the following premium:

Airframe and Powerplant (A&P):

First License:	<b>\$1.75</b>
Second License:	<b>\$1.75</b>

Total for both Licenses: **\$3.50**

FCC License: **\$1.75**

Note: FCC license is not paid in addition to an A & P license. Employee will receive a maximum of three dollars and fifty cents (\$3.50) for license premiums.

- L. **Effective April 1, 2006**, all Aircraft Technicians, AIR Technicians, Maintenance Helpers and Material Specialists who have line duty assigned in their shift will receive a line premium for that shift of twenty (\$.20) cents per hour. Tool Room Technicians, when assigned to line duties, and any GSE Technician with line duty in his scheduled bid will be paid a line premium of twenty (\$.20) cents per hour for every hour actually worked on the line.
- M. Effective on the date of signing of this Agreement, sixty cents (\$0.60) per hour will be paid to all Material Specialists holding a valid class "B" driver's license.
- N. Effective on the date of signing of this Agreement, Aircraft Technicians performing the duties of "Inspector" or "Inspection-designee" or "Lead" will receive the basic hourly rate in accordance with their longevity plus an additional one dollar ninety-five (\$1.95) per hour for all hours so assigned, and when so assigned he will receive a minimum of one (1:00) hour of premium time.
- O. Effective on the date of signing of this Agreement, all other Lead positions covered by this Agreement will receive the top end hourly rate of the classification plus an override of one dollar fifty (\$1.50) per hour.

**P. Longevity Premium**

**In addition to the basic hourly rate, covered employee shall receive an hourly longevity premium for all time employed under this Agreement as follows:**

<b>7 years of completed service</b>	<b>\$0.10</b>
<b>8 years of completed service</b>	<b>\$0.20</b>
<b>9 years of completed service</b>	<b>\$0.40</b>
<b>10 years of completed service</b>	<b>\$0.60</b>
<b>11 years of completed service</b>	<b>\$0.80</b>
<b>12 years of completed service and thereafter</b>	<b>\$1.00</b>

**Q. GSE Test Premium**

**The Company will implement three (3) GSE Trade Test Modules by December 2006 and one (1) additional module by December 2007, and qualified GSE technicians who successfully complete such trade test modules shall receive premiums of \$0.25 per hour for each module, up to a maximum of \$1.00 per hour.**

**R. PROFIT SHARING PROGRAMS**

In recognition of the contribution of its employees, the Company intends to reward its employees by sharing the profits from its operations, and has established profit sharing plans and performance bonus plans for such purpose. While the Company reserves the right to develop, modify and/or delete such plans, it will discuss such plans with the Union prior to implementation. Currently, programs are: **Continental Airlines Enhanced Profit Sharing Plan (see LOA #16), Continental Airlines Broad Based Employee Stock Incentive Plan (see LOA #17)**, Warmth is Success performance bonus, perfect attendance recognition and Discount Stock Purchase Program. Employees covered by this Agreement will be eligible to participate in all other incentive programs provided on a Company-wide basis to other CMI employees.

## ARTICLE 9

### OVERTIME

- A. Overtime shall be computed on an actual minute basis adjusted to the nearest one-tenth (1/10th) of an hour, with a minimum of one-half (1/2) hour overtime at the applicable rate.
1. Time worked in excess of eight (8) hours for hourly paid employees exclusive of unpaid meal periods in any day shall be considered overtime and shall be paid at the rate of time and one-half. (In the case of a ten (10) hour shift, overtime begins after ten (10) hours.)
    - (a) Double time will be paid for time worked in excess of twelve (12) hours in any day exclusive of unpaid meal period. For ten (10) hour shifts, double time will be paid in excess of twelve (12) hours.
  2. Time and one-half shall be paid for all time up to eight (8) hours on the sixth day. Double time shall be paid for all work in excess of eight (8) hours on the sixth day, if the employee affected has worked five (5) consecutive days of eight (8) hours straight time at base rate previously during that work week. Double time shall be paid for all work on the seventh day, exclusive of unpaid meal period where applicable, provided that the previous six (6) days have been worked during that work week. In the case of a ten (10) hour shift, time and a half will be paid for all time up to eight (8) hours on the fifth (5<sup>th</sup>) day provided that the employee affected has worked four (4) consecutive days of ten (10) hours straight time at base rate previously during that work week. Double time will be paid for all work in excess of eight (8) hours on the fifth (5<sup>th</sup>) day worked and all hours on the sixth (6<sup>th</sup>) and seventh (7<sup>th</sup>) days worked.
- B. Employees who are called to work on a day off will be paid for no less than four (4) hours at the applicable rate.
- C. An employee hereunder who has been relieved from duty and has clocked out and who is recalled to duty to perform work not continuous with his regular work period shall be paid for such work at the overtime rates established herein. Time taken for meals shall not terminate the continuous service period. An employee who has been so recalled to duty shall be paid at the overtime rates established herein for the actual time worked, but in no event shall he be paid for less than four (4) hours at the applicable overtime rate.
- D. Time not worked for the reasons listed below shall be considered as hours worked for the purpose of this Article.
- (1) Death in the immediate family
  - (2) Occupational leave with pay
  - (3) Vacation/DATV
  - (4) Holidays

- (5) Trade Days
- (6) Jury Duty
- (7) Authorized Union Leave
- (8) Summoned by a governmental agency on Company business
- (9) Subpoenaed witness
- (10) Sick leave with pay

E. Overtime requirements will be determined by supervisory personnel. Proffering will be performed by the shift steward using the overtime records maintained by the Company. When possible, the Company shall give at least four (4) hours advance notice of contemplated overtime.

F. Emergency operations are solely determined by the Company and will encompass the servicing of late flights, the prompt performance of work necessary to meet flight and business operations, or the protecting of Company property. The Company will send a notice of emergency declaration to the Business Representative and Chief Steward on each occasion of such declaration.

Employees will not be forced to work overtime except in the above situation and after the Union Representative has proffered regular overtime in accordance with the procedures indicated below.

#### G. Overtime List

1. Overtime list will be maintained by shift, classification, and bid area by supervision.
2. Overtime anticipated to be four (4) hours or less duration will be considered shift overtime; overtime anticipated to be in excess of four (4) hours will be considered as day off overtime.
3. When shift overtime is needed on a shift, the overtime will be given to the low man on duty on the shift and bid area requiring the overtime.
4. When day off overtime is needed on a shift and bid area, the overtime will be given to the low man on day off from that bid area.
5. When the day off overtime needs cannot be filled due to insufficient volunteering, and the need still cannot be filled the shift overtime rule will apply. If the need still cannot be filled, then recall rule will apply. If the need still cannot be fulfilled, the supervisor may direct the Shop Steward to proffer the overtime needs from other bid areas.
6. When the shift overtime requirement is common on two shifts in the same bid area, the overtime will be offered to the low man on duty first.
7. Nothing herein shall be construed to require the Company to utilize a low man on overtime so that he would not have the proper rest period as provided in this agreement before his regularly assigned shift. Further, nothing in this agreement shall

be construed to require the company to work an employee more than sixteen (16) hours in a row without requiring the employee to take a rest period of 7 1/2 hours before he is eligible for any additional overtime.

8. When an employee is offered and works, or when an employee declines overtime, he shall be charged that amount of overtime on the overtime record. All overtime worked will be computed on straight basis to the nearest hour, fractions less than half an hour will not be charged, fractions of 30 minutes and over will be charged as a full hour.
9. Overtime records will be returned to zero on January 1st of each year.
10. Personnel on temporary assignment and personnel transferring between shifts, between shift bids will retain their accrued overtime and will not assume the highest overtime of his new assignment.
11. Any employee upon completion of his probationary period will assume the overtime of the high employee on the shift he is assigned.
12. Employee without phone numbers listed for overtime calls will be charged with a refusal when they would have been called.
13. For purposes of computing overtime pay, the 24-hour period shall begin with the starting time of the employee's regular assigned shift and shall continue for 24 hours thereafter.
14. Any employee required to perform recall work which is not completed within seven and one-half (7 1/2) hours of the regular starting time of his shift, shall remain on an overtime rate of pay until he is given seven and one-half hours rest.
15. Overtime work shall be distributed as equitably as practical among all employees qualified to perform the work and by classification and bid area on the shift where overtime is required.
16. Crew working on complex tasks will be permitted to remain on the job for overtime. If for continuity purposes it is deemed by management that an employee should stay and complete his assigned job, and the job can be completed within four (4) hours, then the employee performing that job may be requested to do so without regard to seniority or overtime hours charged.

## ARTICLE 10

### UNIFORMS AND TOOLS

- A. When the Company requires employees to wear specific uniforms, the Company shall furnish the uniform specified at no cost to the employee. If the uniform is modified, and the Company requires employees to wear the modified uniform, all modified components of the uniform will be issued as a set within thirty (30) days of modification.
- B. Any necessary rain gear will be provided at Company expense for each employee as required.
- C. Any necessary headgear or ear protectors will be provided at Company expense for each employee when required.
- D. All Company tools and equipment checked out by the employee will be the responsibility of the employee. Loss or damage may require the employee to replace or repair the items at his expense, or reimburse the Company for the fair market value of the item.
- E. In the event the employee leaves the Company, the employee shall be required to turn into the Company stock room or other specified department the number of uniforms or special items he has charged to his account. In the event he is short the number of uniforms or special items charged, he shall have an amount deducted from his final paycheck which will not exceed the fair market value of the item(s).
- F. Each new employee will be issued a complete set of uniforms as outlined in Article 10.G. Thereafter, the Company will issue two new shirts and pants on each anniversary date. If the employee's uniform is worn and/or beyond usage as a result of reasonable wear and tear, the Company will provide replacement items at no cost to the employee. The Company reserves the right to determine when items need replacing, if earlier than the scheduled replacements as outlined above.
- G. The Company shall determine the standard uniform(s). All employees will be provided one standard uniform set as defined herein: five (5) work shirts, five (5) pants, one (1) ball cap, one (1) jacket, and one (1) belt. All employees may substitute work shirts and pants with Company overalls.
- H. The Company shall provide a White Uniform Shirt for any employee assigned to temporary FTR duties

## ARTICLE 11

### FIELD TRIP AND TRAINING ASSIGNMENTS

#### A. Emergency Field Service

1. Should the Company elect to send employees covered by this Agreement on a field trip to any location other than their home station of Guam or Saipan, the employee will be paid from the time required to leave their home station, for all time spent working. In no case shall an employee be paid less than eight (8) hours at his base rate in each twenty-four (24) hour period.
2. Employees required to work over eight (8) hours in any one day in connection with a field trip shall be paid at the applicable overtime rate for the day in question.

#### B. Training Assignments

1. Time spent in required Company - established formal education classes shall be paid for at his base rate at the time of assignment in accordance with Article 8.D. Employees assigned to training classes (if less than one (1) week's duration) on their days off shall be paid at the applicable overtime rate. In no case shall an employee receive less than forty (40) hours pay per week while at school or training classes during his regular work week.
  - a. The Company will post Training opportunities of five (5) days or more for bid in the station and/or work location and/or shift. The most senior qualified (employees who have successfully completed any required prerequisite training) bidders in the station and/or work location and/or shift in the number required will be assigned and will be required to attend the Training.
  - b. If there are insufficient qualified employees bidding for the Training, the Company may assign the remaining Training opportunities to other employees in the station and/or work location and/or shift.
  - c. Should the needs of the service dictate, employees may be bypassed after proper notification to the Union outlining the special circumstances that require the deviation from seniority. Employees who have been bypassed for Training will not subsequently be bypassed for overtime or field trips due to the resulting lack of qualification.
  - d. The provisions of paragraphs B.1.a. through B.1.c. above shall not apply to the initial training provided to new employees so long as such initial training is provided within twelve (12) months of their date of hire.

- e. Employees assigned to training classes of five (5) consecutive days or more shall be assigned to the appropriate shift with Saturday and Sunday as days off (see example).

EXAMPLE:

SCHOOL - DAYS OFF

HOME BASE	S	M	T	W	T	F	S
	8	8	DO	DO	8	8	8
	Last shift home before school						

SCHOOL	S	M	T	W	T	F	S
	DO	SCH	SCH	SCH	SCH	SCH	DO

HOME BASE	S	M	T	W	T	F	S
	8	8	DO	DO	8	8	8
	First shift at home base after school						

8 - WORK  
 DO - DAY OFF  
 SCH - SCHOOL

2. Time spent in Company established on-the-job training classes shall be paid at the employee's base rate at the time of assignment in accordance with Article 8.D. These training sessions will be considered as formal education classes as specified in paragraph **B.1** of this Article except when the duration of such training is for periods of less than one (1) week in which case they will be considered a "temporary assignment." Time spent in excess of the employee's regular shift in any one day shall be paid at the applicable overtime rate.
3. Training assignments shall be considered as part of regular employment. Written notice of educational classes will be given to employees involved at least one (1) week in advance.
4. When an employee covered by this Agreement receives an assignment to attend training classes pertaining to his work or to fulfill other training assignments, he shall be paid for eight (8) hours a day, five (5) days a week, as if he were working his regularly assigned shift and days off.
5. Necessary travel time will be paid based on scheduled flight time at an employee's base rate including hours in excess of eight (8) or ten (10) hours in any one day. An employee who travels to the continental U.S. for training will be provided with at least a forty-eight (48) hour rest period at the employee's home base prior to the start of the employee's next regular work schedule. In the event such rest period extends into the employee's regular work shift, the employee shall be paid at the employee's base rate for that time lost from the employee's regular work shift. If the employee is not

afforded such rest period, the employee shall receive the applicable overtime rate of pay until such time as the employee is relieved for such rest period.

C. General

1. Employees who are assigned to field trips or training assignments and leave their home station shall receive expenses for transportation, meals and lodging in accordance with Article 12 of this Agreement.

## ARTICLE 12

### EXPENSE ALLOWANCE

- A. An expense allowance, subject to limitations outlined in this Article, will be allowed when an employee is assigned to a field trip or training assignment which requires the employee to leave their home station when approved by the employee's supervisor.
- B. An expense advance approximating the anticipated expenditures for a trip may be requested from the Department Manager and will be charged by the Finance Division to the personal account of the employee receiving the money.
- C. Expense advances must be settled and accounted for at the end of each trip. If the advance exceeds the expenditure, payment of balance is to be made and reported on the Expense Report Form (CM-52).
- D. An Expense Report Form (CM-52) shall be prepared in triplicate and submitted to his supervisor within seven (7) calendar days after an employee's return. Two copies will be submitted by the employee to his supervisor for approval. The supervisor will forward it to the Finance Department for final processing. The third copy may be retained by the employee.
- E. Expense Reports must be accurate and will be carefully checked. If there are insufficient explanations, they will be returned to the employee for correction before settlement is made.
- F. Employees assigned to a field trip or training assignment which requires the employee to leave his home station will receive an expense allowance subject to the following limitation:
  - 1. Reasonable and actual hotel/motel expenses. Accommodations will be a single room and will be arranged by the Company.
  - 2. Railroad, Pullman, bus, boat, air fare, or car rental will be allowed only when approved by the Department Head in advance, except for emergencies.
  - 3. All employees covered by this Agreement who are required to perform work, attend school, or for any other reason be away from their home station shall receive an expense allowance (per diem) for time away from base, for each hour (or fraction thereof) from the later of the scheduled or actual report time of departure, up to the time the employee returns to his home station. The hourly per diem for domestic locations (including the continental U.S., Canada, Central America, the Caribbean and Mexico) shall be one dollar and ninety-five cents (\$1.95). The hourly per diem for international locations (including Hawaii and Pacific Rim locations) shall be two dollars and fifty cents (\$2.50).

4. Any other expense not provided for in the Article shall be reimbursed only when prior approval has been secured.

## ARTICLE 13

### HOLIDAYS

- A. Employees covered by this Agreement will observe the following holidays: New Year's Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, and two (2) floating holiday days off.
1. Two (2) paid floating holiday days off will be provided for each employee covered in this Agreement to use at his convenience. Floating holidays must be bid one (1) week in advance of the day requested and will be awarded based on the operational needs and the employees bid seniority. The Company will make every effort to award floating holidays as requested. The floating holiday hours worked will be paid at applicable rates; floating holiday hours off will be paid at straight time for scheduled hours.
  2. **Employees scheduled to work on President's Day or Memorial Day (which are not "holidays" as defined in this Agreement) may request time off without pay (AUTO), if the needs of the service permit.**
- B. All employees scheduled or directed to work, or excused from work, will receive base pay in accordance with Article **8.D** for an established holiday.
1. An employee not scheduled or directed to work on an established holiday will be paid in accordance with Paragraph E below
  2. An employee scheduled or directed to work on a holiday who does not report for duty will lose all pay for that day.
  3. If any of the above holidays fall on the employee's first regularly scheduled day off, he will observe the holiday on the preceding work day, and if any of the above holidays fall on the employees second or third regularly scheduled day off he will observe the following work day as the holiday.
  4. When a holiday falls within an employee's paid leave, the employee will receive holiday pay; however, he shall not receive leave pay. If an employee calls in sick on a holiday, he will be paid holiday pay; however, he shall not receive sick leave or occupational injury leave pay.
  5. A day will be added to an employee's vacation period for each holiday which falls within his vacation period. For the purpose of this Article, it is understood that the second day off at the beginning of the vacation and the first day off at the end of the vacation is considered part of the vacation period.

- C. The work complement on a holiday shall be the minimum required to meet the needs of the service.
- D. The holiday voluntary bidding practice for preference to work on holidays shall be applied. In order to provide an orderly procedure for those who may be required to work on a holiday, the following general rules are set forth:
  - 1. The Company will request volunteers to work on the holiday by classification and bid area and the shift affected.
  - 2. This will be accomplished by bulletin board posting and those volunteers for holiday work will submit their request in writing to their supervisors within three days after the bulletin posting.
  - 3. When it has been determined how many will be required on each shift to work on the holiday, those who have volunteered will be notified on their holiday status by separate bulletin board posting, seventy-two (72) hours in advance of the holiday. Those working will have been selected by their qualifications, classifications, bid area and seniority from a seniority list on their shift affected. Increases or decreases may become necessary after assignments have been posted due to changes in the work load.
  - 4. When there are insufficient numbers of qualified employees volunteering, assignment on each shift to work on the holiday will be by inverse seniority, by qualifications in the classification and bid area on the shift affected by use of the same seniority list.
  - 5. No transfer will be made between the shifts because of insufficient volunteering.
- E. All employees have the option when required to work on the holidays of:
  - 1. **Double time** the base time rate for all hours worked or
  - 2. **Straight time rate** for first eight (8) hours or first ten (10) hours for employees working a four (4) day work week (**double time thereafter**) and bidding an additional day of vacation which will be taken in accordance with Article 14 up to a maximum of five (5) days. If five (5) or less holidays are deferred by an employee prior to November 1, the employee will be paid for the holidays at the straight time rate or allowed to add the days to their vacation the following year. Deferred holidays may be used as DAT. In the event an employee elects to work the holiday for the straight time rate, he shall declare his intention before the holiday on an appropriate form supplied by the Company. It is understood that such deferred holidays will be added to the vacation the employee is accruing in which at that time, it will be necessary for the employee to bid, however on a November 1 to November 1 basis, for the vacation in the following year.

- F. **Employees entitled to an overtime rate of pay under Article 9 will be permitted to defer a portion of such overtime compensation to use as floating holidays up to 2 per calendar year, which may be in addition to up to five deferred holidays, as consistent with other provisions of this agreement and applicable legal requirements.**
- G. In the event an employee leaves the service of the Company, he shall be paid for such deferred holidays.
- H. All floating holidays not used by December 31 shall be scheduled or paid during the first quarter of the following year.
- I. **In the event the Company awards additional holidays, beyond the current schedule, to other employee groups, the same number of additional holidays shall be awarded to employees covered by this Agreement under the same terms and conditions.**

## ARTICLE 14

### VACATIONS

A. Employees who have completed one (1) year of active service with the Company shall be granted ten (10) working days (eighty (80) working hours) vacation at their base rate to be taken in the following year. Employees who have completed five (5) years of active service with the Company on December 31st will be granted fifteen (15) working days (one hundred twenty (120) working hours) vacation at their base rate of pay to be taken in the following year. Employees who have completed ten (10) years of active service with the Company on December 31st will be granted twenty (20) working days (one hundred sixty (160) working hours) vacation at their base rate of pay to be taken in the following year. Employees who have completed seventeen (17) years of active service with the Company on December 31<sup>st</sup> will be granted twenty-five (25) working days (two hundred (200) working hours) vacation at their base rate of pay to be taken in the following year. Employees who have completed twenty-five (25) years of active service with the Company on December 31<sup>st</sup> will be granted thirty (30) working days (two hundred forty (240) working hours) vacation at their base rate of pay to be taken in the following year.

1. Employees will accrue vacations on a calendar year basis.

a. The initial vacation will accrue at the rate of six and two-thirds (6-2/3) hours for each month of active service during the calendar year in which he is hired, and such accrued vacation will be taken during the following calendar year. Fractions resulting from multiplying hours times months will be treated as one (1) day for more than four (4) hours and disregarded for four (4) hours or less.

B. Vacations will be posted, bid, and awarded in the following manner:

1. Posting: Separate vacation schedules for each classification as set forth in Article 5 for each calendar year will be posted by the Company on November 1 of the preceding year.

2. Employees may split their vacations into separate periods of no less than five (5) days each (forty (40) working hours). Bidding will be in rounds by seniority until all split periods have been bid by all eligible employees. For example: all employees will bid the first vacation period by seniority, then a second round will be bid again in seniority order, and so forth. Each bidding round will be posted for at least seven (7) days before awarding.

a. An employee who does not exercise his seniority preference at the time of notification to do so will automatically lose such right or preference until those with lesser seniority have had an opportunity to state their vacation preference.

- b. A written vacation bid stating the preferred choices of vacation time will be submitted by the employee to the Chief Steward and Supervisor prior to November 1, if the employee will be absent during his appointed bid time.
  - c. Day at a time (DAT) vacation
    - (1) Employees with three (3) or more weeks (one hundred twenty (120) to one hundred sixty (160) working hours) of accrued vacation may designate one (1) to ten (10) vacation days (eight (8) to eighty (80) working hours) to be taken a day at a time. This option must be elected during the vacation bid period in November. In no event may an employee designate, take or defer more than eighty (80) hours of any combination of DAT vacation and/or deferred holidays in any year.
    - (2) Eligible employee may take (DAT) vacation during the year, subject to the needs of service by submitting a request to his supervisor no more than seven (7) days in advance and no less than five (5) days to the date desired. The Supervisor will grant approval or disapproval of the request and notify the employee no less than three (3) days prior to the date requested. DAT may be taken as individual days or grouped consecutively.
    - (3) DAT vacation not used by December 31 shall be scheduled or paid during the first quarter of the following year. In no event may an employee defer more than forty (40) hours of DAT vacation and/or deferred holidays in any year.
3. Awarding: Vacation bids will be awarded to the most senior employee on the vacation schedule.
- a. If the bid group has vacation accrual of 52 weeks or less, only one column will be used and only one employee in the bid group may be on vacation at any one time.
  - b. If the employees in the bid group have vacation accrual totaling over 52 weeks, but less than 104 weeks, a second employee may be on vacation concurrent with another employee.
  - c. If the employees in the bid group have vacation accrual totaling over 104 weeks, then those weeks in excess of 104 weeks would permit a third employee to be on vacation in the same manner as set forth in b. above.
  - d. The completed vacation schedule will be posted by December 15 of each year.
  - e. The following chart will be used to determine when a vacation falls based on the week bid and the present days off pattern.

W	T	F	S	S	M	T	W	T	F	S	S	M	T	W
			DO	DO	V	V	V	V	V	DO	DO			
				DO	DO	V	V	V	V	V	DO	DO		
					DO	DO	V	V	V	V	V	DO	DO	
						DO	DO	V	V	V	V	V	DO	DO
DO	DO	V	V	V	V	V	DO	DO						
	DO	DO	V	V	V	V	V	DO	DO					
		DO	DO	V	V	V	V	V	DO	DO				

4. Changes to the Posted Schedule

- a. If necessary, additional columns or partial columns will be opened during the year to accommodate additional vacations because of an increase in complement or changes in the work group which increases the number of weeks to be taken, unless those weeks can be accommodated in the existing columns. In all other cases, any open week on the vacation schedule will be available for employees within the vacation bid group who wish to switch their scheduled weeks of vacation.
- b. An employee must notify the supervisor at least two (2) weeks prior to his scheduled vacation period or two (2) weeks prior to the effective date of the vacation period the employee wishes to select, whichever occurs first. The request must be made in writing. If the employee is the most senior to make such a request, the supervisor will approve such a change and the posted vacation schedule will be revised accordingly.
- c. Any vacation period vacated on the vacation schedule will remain open for seventy-two (72) hours prior to being awarded to the senior eligible bidder within the vacation group. In the groups where vacations are bid by shift, no vacation will be bid for seventy-two (72) hours after a shift bid change. Then the senior eligible bidder on the shift or coming on the shift will bid first.
- d. Employees bidding into or returning to a vacation bid group with unused vacation to be scheduled must use available periods in all regular columns before reopening partial columns and will not be permitted to bid in a new column unless all other alternatives have been exhausted.

C. Vacation Payments Upon Termination

1. An employee who is terminated within his probationary period, or who resigns, or who is discharged for cause, and who has less than six (6) months of active service will forfeit any accrued vacation pay upon termination.

2. An employee with more than six (6) months of active service who is furloughed shall be paid for all of his earned and accrued vacation not taken.
3. An employee with more than six (6) months of active service who leaves the Company with proper written notice (14 calendar days) shall be paid for all unused vacation whether earned or accrued.
4. An employee who takes his vacation and subsequently leaves the service of the Company before the vacation is earned shall have the unearned portion of such vacation payment deducted from his final paycheck.
5. An employee with more than six (6) months of active service who terminates his services with the Company without proper notice or who has been discharged for cause, shall not be entitled to receive payment for an earned vacation, unless such vacation was postponed at the request of the Company.
6. Payment for vacations under paragraphs C. 2., 3., 4. and 5., above shall be on the basis of six and two thirds (6-2/3) hours of base pay for each month of accumulated vacation time from one (1) to five (5) years, and on the basis of ten (10) hours per month for six (6) years of service and over. All vacation payments will be made for full days as follows:
  - a. The initial vacation will accrue at the rate of six and two-thirds (6-2/3) hours for each month of active service during the calendar year in which hired, and such accrued vacation will be taken during the following year. Fractions resulting from multiplying hours times months will be treated as one (1) day for more than four (4) hours and disregarded for four (4) hours or less.
7. In the event of the employee's retirement, permanent disability, furlough or resignation with two (2) weeks notice, all earned vacation time from the previous year plus current year accruals will be paid. In the event of the death of an employee, pay for any unused earned or accrued vacation shall be given to his executor, administrator or other heirs.
  - a. When an employee leaves between the first and the fifteenth of the month, vacation credit will accrue up to the end of the previous month.
  - b. When an employee leaves between the sixteenth and the end of the month, vacation credit will accrue up to the end of the month in which the employee leaves.

#### D. Definitions

1. Seniority for vacation bidding purposes shall mean total length of service with the Company.

2. Accrued vacation is a monthly amount of vacation time that has yet accumulated to the extent that it becomes earned.
3. Earned vacation is vacation time which is earned during an entire calendar year.

E. General

1. Employees hired or returning from a non-paid status during the first through the fifteenth day of a month will accrue vacation credit and employees hired after the fifteenth day of the month will not accrue vacation credit for that month.
2. Except as otherwise specifically authorized in writing in advance by the Company, vacations will not accumulate and must be used in the year to be taken, or by March 31 of the following year by mutual consent of the Company and the employee.
3. Should an employee's awarded vacation fall during a leave of absence or any other inactive period, the employee will be given the following options:
  - a. Defer vacation to a later period when open vacation time is available or;
  - b. The Department Head can approve a deferred vacation period, taking into account staffing and operational needs, or;
  - c. If a deferment is not an available option, the employee will be paid for the value of the vacation period at the employee's base rate of pay. A vacation pay-off is only an option when deferment cannot be granted within the vacation year, i.e., extended military leave, reduction-in-force.
  - d. If the employee is on a medical, FMLA or occupational leave, the employee may choose to take vacation pay in lieu of sick pay deductions from the employee's accumulated sick leave credit.
4. In the event of the death of an employee, pay for any unused earned or accrued vacation shall be given to his executor, administrator or other heirs.

F. Vacation Sell

Vacation days, except a minimum of five (5) days, may be offered as a buy back to the Company at straight time pay. The decision to buy vacation time will be made by supervision based upon staffing needs and may be sold at a period of time different from the date vacation is scheduled to be taken.

**G. In the event that the Company awards additional vacation to other employee groups, the same amount of additional vacation shall also be awarded to employees covered under this contract on the same terms and conditions.**

## ARTICLE 15

### OCCUPATIONAL INJURY LEAVE

#### A. Occupational Injury Leave

1. An employee who uses occupational injury leave for any other purpose than that which is designated on the leave or absence signed by the employee shall be subject to discharge for falsifications. The Company may deprive the employee of all accumulated occupational injury leave and future occupational injury leave instead of discharging the employee.
2. Regular employees will accrue occupational injury pay credit starting with their date of hire. However, employees will not be paid for occupational injury benefits until the completion of their probationary period.
3. Full time employees accrue eight (8) hours per month up to a maximum of one thousand (1000) hours.
4. Whenever charges are made against the occupational injury leave of an employee who has accumulated one thousand (1000) hours occupational injury credit, future occupational injury leave credit again begins to accrue immediately at the rate of eight (8) hours per month of continuous employment, until the maximum is again accumulated.
5. Any employee who is entitled to occupational injury leave shall receive credit for each day of occupational injury leave accumulated and taken as though such day had been actually worked; that is, an hourly employee will be credited with a regular work day at base rate for such period. Leave taken for occupational injury shall not be considered an attendance infraction for disciplinary purposes, but shall be considered an attendance incident for purposes of the Company's Perfect Attendance Program.
6. An employee placed on the payroll between the first and fifteenth of the month shall be considered as having been employed on the first of the month, and if placed on the payroll after the fifteenth of the month shall be considered as having been employed on the first of the following month for occupational injury credits.
7. Occupational injury leave credit shall accrue on time spent during all absence with pay, whether sick leave, vacation, or other approved leave with pay.
8. An employee shall not be permitted to use any of his occupational injury leave credit for sick leave nor shall an employee be allowed to use any of his sick leave credit for his occupational injury leave, except an employee may use his accrued sick leave to extend an occupational injury leave under instances where such injured employee is

still on an occupational injury leave and has first exhausted his occupational injury leave credits.

9. To receive occupational injury leave pay an employee must present a statement from a physician stating that he is unable to perform his regular duties and giving the diagnosis, treatment and prognosis.
10. Employees going on occupational injury will normally receive a percentage of their base pay from Worker's Compensation Disability which is paid directly to the employee by the Worker's Compensation carrier. The Company will withdraw the estimated difference from the employee's O.I. credits, if available, and pay the employee the estimated difference between what they are generally paid by the insurance carrier and their regular base pay, as defined by Article **8.D**.

Occupational injury leave payments will be made to the employee by the Company in the amount calculated to be the difference between the employee's regular base pay and the statutory payment amount until such time as the employee's occupational injury and (if elected) sick hours credits are exhausted. After the employee has returned to work and OJI payments have ceased (from both the Company and the third party), a reconciliation will be performed to determine that the employee was appropriately paid during this period and final adjustments will be made.

If the employee was overpaid, arrangements will be made with the employee for prompt recovery. If the employee believes he/she was improperly paid after all adjustments have been made, a pay inquiry should be submitted.

11. An employee hereunder shall retain and continue to accrue his seniority while on occupational leave of absence. Such leave of absence shall be limited to a period of the time equal to his total length of service with the Company with a maximum of three (3) years. The employee is required to notify the Company of his medical status once every month in writing.

#### B. Occupational Injury

1. An employee injured at work shall be given medical attention at the earliest possible moment. It is the responsibility of the injured employee to make written notification to his immediate supervisor at the time of the accident except in an emergency.
2. An employee shall not lose compensation when required to take medical examination and/or treatment on account of an injury sustained while at work.

## ARTICLE 16

### SICK LEAVE

- A. An employee who uses a sick leave of absence for any purpose other than that which is defined below (C.1.) shall be subject to discharge for falsification. The Company may deprive the employee of all accumulated sick leave and future sick leave benefits instead of discharging the employee. The right is reserved to investigate all sick leaves.
- B. The employee will be provided a copy of the corporate attendance policy which sets forth the parameters of acceptable attendance.

#### C. Definition

- 1. "Sick Leave" is that time granted to a permanent or regular employee who is incapacitated for the performance of his regular duties by sickness or non-occupational injury, or when through exposure to contagious disease his presence would jeopardize the health of others.
- 2. A "permanent or regular employee" means an employee who has satisfactorily completed his probationary period.
- 3. "Accumulated sick leave credit" means the amount of sick leave credit accrued prior to the month wherein sickness or accident may occur.
- 4. "Wages" means the compensation the employee receives at base rate, as defined in Article **8.D**.

#### D. Exceptions

- 1. Sick leave shall not be paid to any employee hereunder until he has satisfactorily completed his probationary period.
- 2. Maternity

The Company agrees that sick pay will apply to maternity and other pregnancy-related conditions as with any other illness or disability. The following guidelines will apply for maternity sick leave:

- a. The employee will continue to work until such time as a medically qualified doctor indicates in writing that it is no longer medically advised she continues to work.

- b. The employee will be expected to return to work within thirty (30) days following the birth of the child. Subject to operational needs of the Company, a leave of up to three (3) months beyond the birth date of her child may be granted.
- c. The employee wishing to return to work will present a statement from her physician verifying that she is physically fit to perform her duties.

E. General Provisions

1. Regular employees will accrue sick pay credit starting with their date of hire. However, employees will not be paid for sick benefits until the completion of their probationary period.
2. Full time employees accrue eight (8) hours per month up to a maximum of 1,300 hours. This sick pay bank is divided into accounts of one thousand (1,000) and three hundred (300) hours. Only after accruing the maximum one thousand (1,000) hours in the first account may an employee begin accruing toward the maximum three hundred (300) hours in the second account. The three hundred (300) hour account may be used for major, long term illness or injury (i.e., longer than thirty (30) calendar days), and then only after the one thousand (1,000) hour regular account has been exhausted. Upon retirement, employees may use the accumulated balance in both accounts to fund continued participation in the Company's health insurance program as described in Article 30.C.
3. An employee who is entitled to sick leave credit shall receive credit for each day of sick leave accumulated and taken as though such day has been actually worked; that is, an hourly employee will be credited with his base rate for such period.
4. An employee placed on the payroll between the first and fifteenth of the month shall be considered as having been employed on the first of the month, and once placed on the payroll after the fifteenth of the month shall be considered as having been employed on the first of the following month for sick leave credits.
5. Sick leave credit shall accrue on time spent during all absences with pay, whether sick leave, vacation, and other approved leave with pay.
6. If an employee becomes ill or sustains injury not in the course of his employment, and if he has accumulated sick leave credit, it shall be the policy of the Company, as provided herein, to reimburse him at his full wage to the extent of his accumulated sick leave credit.
7. The words "ill" or "illness" as used herein shall mean any physical incapacitation that would render the employee incapable of performing his regular duties including but not limited to absences related to dental repair and excluding but not limited to absence for "well being" type physical examination.

#### F. Medical Report Documentation

1. A medical release and/or written report may be required if the frequency, length and/or nature of the illness or injury is in question. This determination should be made following consultation between the employee's supervisor and Employee Relations.
2. When a disability is to occur in the future, as with planned surgery or childbirth, the employee must submit to his/her supervisor a doctor's statement giving the expected date(s) of absence and telling how long the employee may continue to perform normal duties. If the original information changes, the employee must update local management. The employee must return to work as soon as the disability ceases. If the employee's ability to return to work is in question, the Company may request a medical release.

#### G. Re-Employment

All unused current and accumulated sick leave is automatically canceled when an employee terminates his service with the Company voluntarily.

1. If the employee terminates voluntarily and is re-employed, future sick leave benefits will begin to accrue in accordance with Paragraph E.

H. When an employee believes he has been exposed to a contagious disease, he shall obtain and present to his immediate supervisor, a physician's certificate which shall state that his attendance at work would jeopardize the health of others, he shall be eligible for sick leave benefits for the period of such authorized absence not to exceed his accumulated sick leave credit.

I. An employee hereunder shall retain and continue to accrue his seniority while on sick leave of absence. Such leave of absence shall be limited to a period of time equal to his total length of service with the Company with a maximum of three (3) years.

#### J. Travel While on Sick/Occupational Injury Status

1. Employees on sick or occupational injury status may not use their own or another employee's pass privileges or reduced rate travel for personal travel unless written permission is secured in advance of the travel from the appropriate supervisor and Travel Office Manager.
2. Any air travel necessary for medical treatment will require a written release to travel by the doctor stating the date and time of appointment. Approval for such travel must be obtained from the employee's supervisor. If written release cannot be obtained before the travel, the employee must notify his/her supervisor of the trip and the reasons for it. The employee must provide the supervisor with the written release or medical statement from his/her doctor within three (3) days of the return from the trip.

#### K. Non-Critical Illness in the Family

If an employee's spouse or dependent child is injured or becomes ill or is hospitalized so that the employee is unable to report for work, the employee will be entitled to use up to three (3) working days of personal sick leave. Beginning with the third such absence in a rolling twelve (12) month period, absences of this nature are treated the same as employee sick time, and will count for attendance/disciplinary purposes.

## L. Limited Duty

### 1. Eligibility

- a. Limited Duty assignments are available for employees who are temporarily unable to perform their full duties.
- b. The employee must provide a treating and/or consulting physician's statement stating that the employee's physical limitations are not expected to restrict him from regular work duties for more than ninety (90) days.
- c. Work of economic benefit to the Company must be available.
- d. The employee must be capable of performing the work that is available within the doctor's written restrictions.

### 2. Limited Duty Requirements

- a. Limited duty assignments may last as long as ninety (90) days. In addition, one (1) thirty (30) day extension may be allowed with the treating and or consulting doctor's approval.
- b. An employee may not be on Limited Duty status for more than one hundred twenty (120) days for the same injury. An employee whose restrictions are not removed after one hundred twenty (120) days of limited duty assignment will be returned to either sick pay, occupational injury pay or unpaid leave status (which may include FMLA if applicable).
- c. Employee participation in Limited Duty is mandatory, if the treating and/or consulting physician releases the employee for Limited Duty, work is available within the identified restrictions, and the Company directs the employee to Limited Duty. The Company will offer Limited Duty assignments in all cases to the extent that appropriate work is available.
- d. Once the treating and/or consulting physician issues a full release, an employee on Limited Duty must return to his normal job duties immediately.
- e. An employee who has incurred a permanent disability will receive consideration for return to duty in accordance with the Company's policies regarding reasonable accommodation for handicapped individuals. That is, an

employee who has suffered an occupational injury and has medical restrictions defined as permanent and stationary, but remains unable to perform his normal duties, will be given consideration for other work that does not exceed the restrictions, to the extent it is available and he is qualified to perform such work. Once a limitation defined as permanent and stationary is recognized by the Worker's Compensation Board, that determination cannot be changed unless the Company elects in its discretion to accept the diagnosis of another physician.

- f. An employee on Limited Duty will only be assigned work at his Station/Point (including corporate offices located at or near the Station/Point). Employees will not be given Limited Duty assignments which require supervision of employees covered by this Agreement.
- g. An employee assigned Limited Duty will be paid at his regular base rate as defined in Article **8.D**, even if the Company would otherwise pay a lower rate for the assigned work.

### 3. Effects on Employee Benefits/Privileges

- a. An employee on Limited Duty will continue to retain and accrue seniority for all purposes. Employees will be restricted from overtime and trade days while on Limited Duty. Employees on Limited Duty receive their regular rate of pay, and no deductions are made from either sick leave or occupational injury leave for hours actually worked while on the assignment. However, employees will be held accountable for attendance and tardiness while on assignment, except in circumstances where the employee's attending physician requires the employee to be absent or tardy for treatment or therapy. All employee benefits remain in full force and effect, including health insurance, vacation, sick, and occupational injury accruals, and pass and reduced rate travel.
- b. Transfers are not available to employees on Limited Duty

## ARTICLE 17

### PHYSICAL EXAMINATIONS

- A. The Company may require a fitness-for-duty examination whenever there is a reasonable basis that an employee's unsatisfactory job performance may be a result of some sort of impairment. Supervisors must consult with and receive authorization from the Division Director and the Director of Human Resources prior to requiring an employee to submit to such medical exam. The Company may also require a medical examination if an employee submits a medical certificate from his personal physician for any purpose. The Company will pay for the examination by a Company approved medical examiner. The medical examiner will provide the Company, the Union, and the employee with his diagnosis, treatment and prognosis.
- B. The Company may require an employee to submit to a physical examination by a Company approved physician. This may be requested to verify the employee's illness, disability, occupational injury, fitness for duty or release to duty. The cost of this examination will be borne at Company expense. In addition, an employee will be pay protected for time lost because of said examination if he is at work.
- C. If the employee fails to pass the physical examination, he may at his option have a review of his case in the following manner:
  1. He may employ a qualified medical examiner of his own choosing at his expense for the purpose of conducting a further physical examination for the same purpose as the physical examination made by the medical examiner employed by the Company. A copy of the findings of the medical examiner chosen by the employee shall be furnished to the Company, and in the event that such findings verify the findings of the medical examiner employed by the Company, no further medical review of the case shall be afforded.
  2. In the event that the findings of the medical examiner chosen by the employee shall disagree with the findings of the medical examiner employed by the Company, the Company will, at the written request of the Union, ask that the two medical examiners agree upon and appoint a third, qualified and disinterested medical examiner for the purpose of making a further physical examination of the employee, and the finding of such third medical examiner shall be final and binding on the Company, the employee and the Union. The expense of the employment of such third medical examiner shall be borne one-half by the Union and one-half by the Company.
  3. As a condition of being given a physical examination by the third medical examiner, the employee shall give written authorization to the third medical examiner to provide the Company and the Union with a copy of his findings.

4. If more than two (2) weeks lapse between the date the Union requests that a third medical examiner be appointed and the date that the medical examiner makes available his findings to the Company, the Company will pay the employee his base rate for delay beyond the two-week period if he passes the examination. Such payment will not be paid for any period of delay caused by the employee, the Union, or the employee's doctor.
- D. If after the appeals set forth in C. above, the third medical examiner determines that the employee is unable to return to work, he will remain on a sick leave or absence for the period of time set forth in this Agreement. Any subsequent request to return to work will be conditioned upon successful completion of a Company physical examination with the same appeal procedure set forth in C. above.
  - E. All employees covered by this Agreement will be subject to medical examinations involving possible drug and alcohol abuse and will be handled under the Company's published Drug and Alcohol Policy which has been approved by the FAA.

## ARTICLE 18

### ABSENCE FROM DUTY

- A. Unless otherwise provided by special departmental bulletin, an employee hereunder who is prevented from reporting for duty shall notify the supervisor on duty prior to the start of his shift and shall give the reason for his inability to report for duty. Such notification shall be necessary only once in any continuous period of absence providing that the employee has notified his immediate supervisor of the approximate duration of his absence and the date on which he will return to work.
- B. An employee hereunder shall not be absent from duty without prior permission in writing, except for sickness, injury, or other cause beyond the control of the employee.
  - 1. An employee may be discharged for cause if he is absent from work for two (2) consecutive days without notifying the Company of the reason for his absence. However, he shall not be discharged if a satisfactory reason is given for not notifying the Company.
  - 2. It is the employee's responsibility to initiate the Absence from Duty report and submit to his immediate supervisor for processing on each absence from duty for any cause whatsoever. Such report should be submitted prior to the employee taking any scheduled time off. However, it must be submitted prior to the employee returning to his first scheduled shift. The only exceptions to the prior approval are occupational injury or sickness. All other items listed in Article 9, Paragraph D must have prior approval or he will not receive any pay for such absence until such document is submitted regardless of other provisions of this Agreement.
- C. When it is necessary for an employee to be absent from duty because of death in his immediate family (wife, husband or common-law spouse, child, mother, father, sister, brother, grandparents of employee, his mother-in-law or his father-in-law, grandchildren and dependents living in the employee's household), he shall have four (4) twenty-four (24) hour work periods to be taken within ten (10) twenty-four (24) hour periods starting from the time of death, during which he will not be required to report for duty and shall not suffer any loss of his pay. If the above defined death in the immediate family occurs, the employee taking such time off will be allowed at that time up to and including a maximum of forty (40) hours of unused vacation days or earned unused sick leave in conjunction with the above referenced four (4) days bereavement time. Such use of sick time will not count for attendance/disciplinary purposes.

- D. Employees may request a day or portion of a day off without pay to attend to business that cannot be accomplished except during their normal working hours. When a justifiable reason exists and when the requirements of the service will permit, such time off will be permitted on a first-request basis. Failure to secure such authorization at least twenty-four (24) hours in advance (except in the event of personal emergency) or other abuses of the privilege, shall result in loss of the right to request and be granted such privilege for a period of one (1) calendar year.
  
- E. An employee required to serve as a juror shall furnish evidence to his supervisor of the required time and place of reporting.
  - 1. An employee absent from work while on jury duty shall suffer no loss of pay provided the employee furnishes the Company a Court Validated Statement of Attendance.
  
  - 2. When an employee serves on jury service for six hours or more on any scheduled work day, he shall not be required to report for work on that day.

## ARTICLE 19

### NOTIFICATION OF LAY OFF AND RESIGNATION

- A. An employee who has completed his probationary period and who is to be laid off due to a Reduction in Force shall be given a minimum of fourteen (14) calendar days' written notice in advance of the date on which the reduction will become effective. Should the Company be unable to provide fourteen (14) days notice, the employee will be released from work and provided with two (2) weeks pay in lieu of such notice.
- B. An employee hereunder who intends to leave the Company's employ shall give the Company a minimum of fourteen (14) calendar days' notice in advance of such action in writing.
- C. The requirement for fourteen (14) calendar day's notice of a Reduction in Force or other separation from the Company shall not apply to probationary employees.
- D. An employee leaving the service of the Company will, upon request to the Personnel Manager or Department Head on Guam or Saipan, be furnished with a letter setting forth the individual's qualifications and length of service with the Company.

## ARTICLE 20

### SENIORITY

#### A. Seniority

1. Seniority for the purpose of this Agreement shall be by work classifications and shall be defined as the length of service for which an employee receives credit in one of the classifications covered by this Agreement with this Company and shall accrue from the date of entering a classification.
2. When an employee is promoted from one classification to another classification, he shall continue to accrue seniority in the classification from which promoted. If affected by a Reduction in Force, he may exercise his seniority in the highest classification possible where he has accrued or retained seniority.
3. In accordance with the applicable provisions of this Agreement, classification seniority shall rule in bidding for vacancies, reduction-in-force, days of preference, and promotions.
4. A seniority list will be published annually.
5. Effective with the signing of this Agreement, all current Aircraft Technicians will be considered to have seniority in the AIR Technician classification.

#### B. New Employees

1.
  - a. Except as otherwise provided in this Agreement, new employees shall be regarded as probationary employees for the first ninety (90) days of their active employment. The probationary period may be extended in writing by mutual agreement between the employee, the Union, and the Company. If retained in service after the probationary period, the names of such employees will then be placed on the seniority list in the order and as of the date of their original date of hire.
  - b. The Company shall have right of assignment of a new employee to shift and days off from date of hire until the completion of his probationary period. At that time, he shall remain on his last assigned shift and days off until the next shift bid.
2. Probationary employees released on a reduction in force shall, if re-employed, be treated as a new employee at the time of re-employment.

3. An employee upon completion of his probationary period shall be required to possess an acceptable complement of hand tools for his work assignment, and it shall be his responsibility to maintain this complement during his term of employment with the Company.

#### C. Loss of Seniority

1. An employee covered by this Agreement shall lose his seniority status and his name be removed from the seniority lists under the following conditions:
  - a. He quits or resigns.
  - b. He is discharged for cause.
  - c. After being offered re-employment as outlined in Paragraph E of this Article, he does not return to work within fourteen (14) days after acceptance of re-employment. Any notice provided herein shall be sent Registered Mail, Return Receipt Requested, to the last address filed by the employee.
  - d. He is on a laid-off status from the Company or from any classification covered by this Agreement for a period of three (3) years or a period of time equal to his length of active service with the Company, whichever is greater.

#### D. Reduction in Force

For a period of three (3) years from the date of layoff, the employee will accrue classification seniority and shall retain but not accrue service credit for pay purposes.

1. Whenever the number of employees in any classification is reduced, the reduction shall be according to seniority, in the classification and the employee with the least seniority in the classification will be laid off first.
2. An employee directly affected by a Reduction in Force may exercise his seniority and qualifications by use of the options in the order of his preference.
  - a. Exercise his seniority in any classification in which he holds seniority.
  - b. Go on a laid-off status at his home station. An employee must notify the Company within the five (5) days after receipt of notice of intended lay off which of the above options he elects. Failure to notify the Company will be considered to mean the employee desires to be placed on lay off status.
3. Employee demoted due to reduction in force shall continue to accrue seniority in the classification from which demoted.
4. Employees laid off will accrue classification seniority and shall retain but not accrue service credit for pay purposes.

E. Increase of Working Force

1. In the restoration of forces for all classifications seniority will apply; the most senior qualified reduced or laid-off employee in the classification being returned first. Should he decline the recall, his name will be removed from all seniority lists and he will be allowed to resign or accept termination. Recall proffering will be performed by the Company.

F. Supervisor and Special Assignments

1. An employee may be assigned to a supervisory position on Guam or Saipan on a temporary basis for a period of ninety (90) days per calendar year. If an extension of his period of time is necessary, such extension shall be subject to the approval of the Union.
2. An employee covered by this Agreement may accept a special assignment to perform work within the Maintenance Department not included in the Agreement on either Guam or Saipan, or at some other location.
3. The employee shall continue to retain and accrue seniority during such assignments set forth in A. and B. above. Employees accepting such assignments will continue to pay Union dues during such assignments.

An employee covered by this Agreement who accepts a permanent supervisory position or a non-contract, non-maintenance position will retain his seniority but shall no longer accrue seniority for a period of ninety (90) days. At that time, he will lose all seniority under this Agreement.

- G. **Prior to December 28, 2009, the Company shall not furlough any employee employed in a position covered by this Agreement as of April 1, 2006. The Company shall be excused from compliance with the provisions of this paragraph in the event that a circumstance over which the Company does not have control is the cause of such non-compliance. Circumstances beyond the Company's control shall be: an act of nature; an ongoing labor dispute; grounding or repossession of a substantial number of the Company's aircraft by a government agency or a court order; loss or destruction of the Company's aircraft; involuntary reduction in flying operations due either to governmental action(s)/requirement(s) or to a decrease in available fuel supply or other critical materials for the Company's operation; revocation of the Company's operating certificate(s); war emergency; a terrorist act, or a substantial delay in the delivery of aircraft scheduled for delivery, provided that one of these listed occurrences has a material and substantial impact on the Company.**

## ARTICLE 21

### POSTING OF NOTICES AND ORDERS IN WRITING

- A. A place shall be provided inside the shop where Union and other notices of interest to employees hereunder may be posted.
- B. The bulletin board shall not be used by the Union, nor its members, for disseminating propaganda of any kind whatsoever; and, among other things, shall not be used by the Union for the posting or distributing of pamphlets or political matters of any kind whatsoever, or for advertising.
- C. All orders to an employee hereunder involving changes in his assignment, promotion, demotion, layoff or leaves of absences shall be confirmed in writing, and a copy of the order or orders shall be sent to the Business Representative, the Chief Steward and the employee involved.
- D. Each employee shall have access to job postings and Company bulletins through electronic means.

## ARTICLE 22

### LEAVES OF ABSENCE

GENERAL GUIDELINES FOR LEAVES - Personal, Educational, Company Offered, Continental Micronesia Development Training, Union Leaves, Emergency Leaves of Absence, and Family Leaves in excess of 90 days in a 12 month period are subject to management approval and will be granted based on the Company's operating requirements as determined by the appropriate department head.

#### A. EMPLOYEE RESPONSIBILITIES

1. Leave requests and requests for leave extensions must be made in writing to the employee's Department Head. The employee will receive a Leave of Absence Response Form advising him whether the leave request/extension was approved or denied. Requests for Family Leave and Personal Leave must include the specific reason for the leave.
2. Employees on leaves/furloughs must keep their respective departments and the Human Resources Personnel Records Department advised of their mailing addresses and telephone numbers.
3. The employee must send a written notice of intent to return to the Department Head at least 14 days before the date on which return is desired, or the planned end of the leave, whichever is earlier.
4. An employee on leave may not accept employment or receive pay for services from any other organization without prior written approval from his Manager.
5. An employee granted a leave of absence for more than a year will be required to demonstrate his ability within ninety (90) days after his return to perform the work to which he is assigned.

#### B. PERSONAL LEAVE OF ABSENCE

1. Eligibility - The employee must be in good standing and have been continuously employed for six months.
2. Length - Personal leaves of absence will be issued for up to a six-month period. An employee may apply for an additional and final six months leave before the end of the original leave, if the extension would not result in the employee being gone longer than he or she was originally employed. The employee may apply to return to an available position at any time during the leave.

3. Outside Employment - While on personal leave of absence, an employee may not accept employment or receive pay for services from any other organization. For any exceptions to this policy, the employee must receive prior written approval from his Manager.
4. Application for Leave - The application must be addressed in writing to the employee's Manager with a full explanation of the reason for requesting the leave.
5. Effect on Employee Benefits
  - a. Seniority - The employee's seniority will be adjusted from the first day of a personal leave if the leave is over 30 calendar days. This adjustment will include longevity increase and bid seniority.
  - b. Sick Pay/Occupational Injury Pay Credit - Is retained but ceases to accrue during the leave.
  - c. Vacation Credit - Vacation credit will cease to accrue during the period of approved leave.
  - d. Insurance - Continuation must be coordinated through the Benefits Department. If the employee returns to work in the same year, all coverage resumes. If return to work is in a new calendar year, the employee must re-enroll for Optional Benefits. There is no waiting period.
  - e. Pass Travel - No pass or reduced rate travel will be allowed while on a personal leave of absence.
6. Re-Employment Rights - An employee on a personal leave of absence may return to his former classification under the same conditions as stated in paragraph G.2.b. of this Article.

#### C. EDUCATIONAL LEAVE OF ABSENCE

Employees may be granted an educational leave of absence if they are enrolled full-time in an accredited academic or vocational institution. The administrative and benefits provisions for Personal Leaves will apply with the following exceptions:

1. Duration of educational leaves should be in direct relationship to the length of the academic term.
2. An educational leave will expire 90 calendar days beyond the last approved academic term.

3. Employment While On Educational Leave - Employees will be permitted to work while enrolled as a student, with the prior written approval of their Manager.
4. Employees must submit proof of enrollment when submitting a request for an educational leave of absence and for extensions.

D. INVOLUNTARY LEAVES OF ABSENCE - SICK/OCCUPATIONAL

1. Sick/Occupational Injury Pay Exhausted - Employees who are disabled and who have exhausted, or elected not to take, their accrued sick and/or occupational injury pay are placed on a unpaid involuntary leave of absence.
2. Company seniority credit will continue to accrue for the first 90 calendar days of leaves for non-occupational injury and for the duration, as defined in paragraph 6. below, of an occupational injury related leave.
3. Sick, occupational injury, and vacation credit will cease to accrue the 31st calendar day of an involuntary leave and will be suspended and retained, if unused, until the employee returns to work or is terminated.
4. Pass and reduced rates travel while on Involuntary Medical Leave must be approved by the Departmental Manager.
5. Outside Employment - While on involuntary leave of absence an individual may not accept employment or receive pay for services. For any exceptions to this policy, the employee must receive prior written approval from his Manager.
6. Duration
  - a. The duration of the involuntary leave of absence will be the shorter of:
    - (1) The period of continuous total disability as certified by a doctor, or
    - (2) Three years or a period of time equal to the employee's total length of service.
  - b. Employees who have not returned to work within their maximum leave period will be considered resigned unless they are on a furlough.

## 7. Return from Leave

- a. Employees Who Have Totally Recovered From Sickness/Occupational Injury and Who Return Within Six (6) Months
  - (1) Employees who return within six months will be placed in the same or a comparable position to the one vacated within the same department and classification.
  - (2) If a position comparable in nature and responsibility, is offered and refused, the employee will be considered to have voluntarily resigned.
  
- b. Employees Who Have Totally Recovered From Sickness/Occupational Injury and Who Return After Six Months
  - (1) Employees will be eligible for consideration for open positions, first within their same classification and department.
  - (2) If there are no openings, the employees will be furloughed and placed on the recall list in bid seniority order with other furloughed employees. Usual furlough benefits will not apply.
  - (3) Consideration for re-employment at other locations and departments will be at the discretion of management where the vacancies exist.
  
- c. Employees Who Have Partially Recovered From Sickness/Occupational Injury and Who Wish to Return to Partial Duty
  - (1) Employees will be eligible for consideration for any open positions for which they are qualified given their partial disability limitations.
  - (2) An employee who accepts a position other than the one vacated when he was placed on leave will not be automatically eligible to return to the former position when he fully recovers from the disability. Applicable internal placement/bid procedures will apply.
  - (3) An employee who does not return to a position while on partial disability will remain on involuntary leave of absence until he totally recovers and returns or until the expiration of involuntary leave, whichever is later.

## E. MILITARY LEAVE OF ABSENCE

1. Eligibility For Leave - A Military Leave will be granted to an employee in the following situations:
  - a. An employee who leaves the service of the Company to enlist, or who is inducted into the Armed Forces of the United States of America for a regular tour of duty.
  - b. An employee who is a member of a reserve unit of the military including National Guard units ordered to active duty.
  - c. An employee whose probationary period has not ended will be eligible for military leave.
2. Duration of Leave - Leave will be granted for the duration of the employee's active service in the Armed Forces not to exceed four (4) years. The leave may continue for a maximum of 90 days from the date the employee is discharged from active service or from hospitalization continuing after discharge. The employee must apply for reinstatement within the 90 days. The maximum amount of military leave allowed is four years or as soon after the expiration of four years as the employee is able to obtain orders relieving him from active duty, (unless such four year period has been extended by law).

Exception: A reservist or guardsman who leaves his position for training duty must apply for reinstatement within 31 calendar days after release.
3. Procedure for Obtaining Military Leave
  - a. An employee who receives notice of induction or orders to report for duty should immediately advise his supervisor in writing of the effective date of the leave and the last day of work.
  - b. The supervisor will give the employee written approval.
4. Effect of Military Leave on Employee Benefits
  - a. Seniority - Company Service continues to accrue as if employment were not interrupted. Wage review periods and all other seniority is to continue to accrue as if the employee had never left.
  - b. Accrued Sick Pay and Occupational Injury Pay Credit - The employee retains existing sick and occupational injury banks but does not accrue or acquire additional injury credit during the term of unpaid leave.

- c. Vacations - Vacations an employee has earned but not taken before receiving notice of induction or call to active duty will be taken immediately upon the approval of the military leave. An employee who cannot take vacation then will be paid for the unused vacation.
  - (1) During active military service, vacations will continue to accrue in the same manner as if the employee had remained in active employment. There will, however, be no carry over or accumulation of unused vacation credits from one year to the next nor will there be any remuneration for vacations not taken during the calendar year in which they are due because of the employee's absence on military leave.
  - (2) Subject to Departmental Head approval, reinstated employees may use any vacation earned for that calendar year at any time after 30 days of active restriction for the convenience of the Company.
- d. Travel - Employees on military leave are not normally eligible for pass/reduced rate travel privileges. However, the Company agrees to allow the employee and their eligible dependents to use personal pass travel during his two (2) week annual reserve training. Such travel is for personal reasons only and will not be used in lieu of military provided transportation or ticketing.
- e. Benefit Plans - All coverage terminates when an employee leaves active status. See the Benefits Manager for important information regarding the employee's right to continue or convert insurance.

## 5. Employment Rights and Reinstatement Qualifications

- a. Eligibility - After returning from a military leave of absence an employee who receives a general or honorable discharge will be eligible for employment. Unless company circumstances have so changed as to make it impossible or unreasonable to do so, any employee granted a military leave will be reinstated under the following conditions:
  - (1) He did not remain in the military service for more than four years.
  - (2) The position which was vacated was not temporary.
  - (3) Military leave has not exceeded four years or as soon after the expiration of four years as the employee is able to obtain orders relieving him from active duty (unless such four year period has been extended by law).
  - (4) He is still qualified and physically fit to perform the duties of the position vacated.

NOTE: If disabled while in the military to the extent of being unable to perform regular job duties, the employee will be entitled to work in another position that he or she can perform.

(5) Application for reinstatement is made within the allowable period as stated in this Article.

- b. Process of Reinstatement - The returning employee will be reinstated in his former position or one of like status and pay. The employee will be notified of the date to resume duties, the place where such duties will be performed and other necessary information.
  - c. Wage and Salary on Reinstatement - The wage or salary of the returning employee will be the amount which would have been received had the employee remained continuously in the position.
6. A guardsman or reservist will be allowed to self trade to his scheduled shift, bid area and days off when required to be absent from work for monthly week-end duty. Such employee may trade an equivalent number of days within the pay period to achieve eighty (80) work hours for the pay period. Such trades will be arranged with his supervisor and will be without penalty to the Company.

#### F. COMPANY OFFERED LEAVES

- 1. Notice of Company Offered Leaves will be posted for bid whenever a furlough situation exists. Company offered leaves may not be taken by employees who are being furloughed, and will be granted in seniority order.
- 2. Right to Return - An employee requesting a Company offered leave will have a guaranteed right to return to the job at the end of the leave, if the same department and job still exist. Employees will not be required to return to work during the leave period, except by mutual agreement.
- 3. Status Change During Leave - If during the leave an employee is due to be furloughed, his status will be changed and notice will be given.
- 4. Seniority - Seniority will continue to accrue for 90 calendar days for all seniority purposes. Otherwise, seniority, sick pay credit, occupational injury pay credit and vacation time will be retained but not accrued for the duration of the leave.
- 5. Passes - During a company offered leave, on-line pass privileges will be available to the employee and eligible dependents. A letter authorizing travel will be issued to the employee.
- 6. Insurance Continuation must be coordinated through the Benefits Department.

7. Outside Employment - Outside employment will be authorized during a Company Offered Leave as long as a conflict of interest does not exist. If the questions of conflict arises, the final determination will be made by the Director of Human Resources .

#### G. UNION LEAVE

Employees will be granted a leave of absence for the purpose of attending the Union's convention or attending to other official business of the Union provided the Union certifies to the Company in writing at least three (3) working days in advance of the leave the names of the employee(s) for whom the leave of absence is requested and the reason for such request.

1. Leaves of absence so granted shall be without pay and not to exceed six (6) weeks in a calendar year. Only one (1) person in the bargaining unit will be granted a leave of absence at any time.
2. Employees accepting full-time employment with the Union as the Business Representative, for the purpose of representing Company employees shall be granted an indefinite leave of absence by the Company so long as the IBT remains the exclusive bargaining representative of employees covered by this Agreement.
  - a. In addition to the above, no more than five (5) employees not to exceed two (2) in each department at a time appointed or elected to a position in the International Union shall be granted an indefinite leave of absence during which he will continue to accrue seniority.
  - b. Such employee on leave of absence for this purpose shall retain and continue to accrue seniority for the purpose of bidding a vacancy upon return from such leave of absence. It is agreed that upon the employee's return, he shall be permitted to exercise his seniority to displace the employee with the lowest seniority in his classification.
  - c. Employees on such leave of absence will be permitted to retain those benefits that can reasonably be continued.

#### H. JURY DUTY AND WITNESS SERVICE

1. The employee will not suffer any loss of pay for jury duty. The employee may retain payment received for jury service.
2. Procedures Upon Receiving Summons
  - a. An employee who gets a jury summons must give it to his supervisor.
  - b. An employee on jury duty for three days or more will be scheduled to work a day shift with Saturdays and Sundays off during jury service. If the employee is

temporarily released from jury service for a calendar week or more, the employee's regular shift will be reinstated.

3. Release from Jury Duty - When jury duty is completed, the employee must furnish his supervisor with a court validated "Statement of Attendance" indicating the dates on jury duty.
4. Witness Service
  - a. An employee who appears as a witness in a legal proceeding at the request of the Company will be paid during witness service. Procedures will be the same as those for jury duty.
  - b. An employee who serves as a witness in other legal proceedings will not be paid.

#### I. 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.

## ARTICLE 23

### JOB BIDDING

- A. Prior to filling any positions by preferential bid, such positions must be filled through the application of Article 20, E. (Increase of Working Force.)
- B. If an employee in a classification covered by this Agreement wishes to be considered for any future opening in another classification covered by the Agreement, the employee may submit a bid on a Standard Bid Form supplied by the Company, one copy each to the Employment Manager - GUAM, the Chief Steward and the Business Representative.
- C. When it becomes necessary to fill a position in accordance with the provisions of this Article, the Company shall select the employee from IPA bids on file, except for Leads, based upon seniority. The position shall be awarded to the qualified employee with the most seniority in the classification. If none of the employees bidding for the position have seniority in that classification, the job will be awarded to the most senior qualified employee covered by this Agreement who submits a bid. Selection for Lead positions will be in accordance with Article 6, C.
- D. If an employee is promoted to a higher classification and he desires to return to his previous classification, he may elect to do so during the first ninety (90) days. If an employee desires to return to his lower classification after ninety (90) days, he may do so provided there is a vacancy.
- E. After an employee has been awarded a position, the Company will post the notice of award on the bulletin board and the employee will start to accrue his seniority in that classification on the effective date of the award.
- F. Any employee awarded a higher classification will have a job trial period not to exceed ninety (90) days. If his performance is not acceptable to the Company, he will be reassigned to his previous classification.
- G. If the position is not filled in this manner because the employees with preferential bids on file are not qualified, a notice will be posted indicating we have no qualified bids on file and the Company may, within ninety (90) days after the date of the notice, hire an employee from outside the Company.

## ARTICLE 24

### INVESTIGATIONS AND GRIEVANCE PROCEDURE

- A. Service records will be maintained by the Company for all employees and upon resignation or discharge from service, the employee, upon written request to the Employment Office or his Department Head, will be furnished a letter setting forth his qualifications and length of service. There shall be no entry of reprimand or discipline in the record of any employee covered by this Agreement unless he be given copies of same and such entries shall be subject to the grievance procedure. Copies will be given to the Business Representative and the designated department Steward. Such letter shall be presented to the employee, Business Representative, and shop steward no later than the end of his shift on his tenth regular day of work following the time the Company has first knowledge of the incident upon which the letter is based. A letter of reprimand cannot be used against an employee after eighteen (18) months from the date of the original letter of reprimand unless there have been similar infractions during that period in which case the period will be extended eighteen (18) additional months from the date of the most recent letter, etc.
- B. When the Company conducts an investigation which may lead to disciplinary action, or discharge, the employee shall be entitled to the following:
1. An opportunity to present information relevant to the investigation, and
  2. The presence of a Union representative or Alternate during any investigatory meetings.
  3. Copies of all documents or reports relative to the incident which is being investigated will be provided for review by the employee and Business Representative involved.
- C. The employee may be held out of service with pay by the Company during its investigation of a matter which may lead to discipline or discharge. The employee will be given an opportunity to secure a Union representative, if he so chooses, however, such time may not exceed 24 hours unless an alternate meeting time has been mutually agreed to.
- D. The Company will notify the employee, Union representative or the Business Representative, as applicable, of the time and place set for the investigatory hearing within five (5) working days (excluding Saturday and Sunday) of withholding the employee from service.

- E. As a result of the investigation and hearing, any discipline and discharges, except oral warnings, will be issued in writing, and will set forth the charge or charges against the employee. A copy will be provided to the Union representative and Business Representative. Such decision will be rendered within ten (10) days from the date of the hearing. If the investigation period needs to be extended, that must be mutually arranged with the Union.
- F. If the employee is to receive disciplinary time off or is to be discharged, efforts will be made to render the discipline to the employee in person and with a Union representative present. Such meeting will also be in accordance with paragraph C. above. If the Company is unable to contact the employee or the employee is unwilling to meet within a reasonable period of time (24-48 hours) or unwilling to meet at all, the Company will send the letter via Certified Mail - Return Receipt Requested to the most recent address on file which the employee is required to provide. A copy will also be provided to the Union.
1. Disciplinary time off and discharge will be entered, if grieved by the employee, as Step 2 of the grievance procedure.

G. Union Representation

1. The Union will be represented by not more than one (1) properly designated Union representative. The Company will also recognize an Alternate meeting the same qualifications to serve as the Union representative should the Union representative become unable. In addition, the Union may be represented by not more than one (1) properly designated representative for each classification on each shift.
2. The Union representative will be an employee of the Company. He will be empowered to represent employees and process all alleged disputes, differences or grievances in accordance with the provisions of this Article. The Union representative will be empowered to settle grievances in the second step only. The Union will be further represented by a Business Representative who will be responsible for handling and settling disputes or grievances with the officials of the Company. Settlement may not involve a change in the intent and purpose of this Agreement.
3. The Company will be represented by authorized representative(s) who will be empowered to settle all local grievances through the second step of the grievance procedure. The Company will be further represented on a corporate level for dealing with the Union Business Representative or his designated representative. Settlements may not involve changes in Company policy or the intent and purpose of this Agreement.
4. Disputes or grievances relating to the interpretation and application of this Agreement or any part thereof, in general, other than grievances of individuals, shall be submitted in writing by either party directly to the other at Step 3 of the Grievance Procedure as set forth herein.

5. The Union and the Company will, at all times, keep the other party advised through written notice of any change in authorized representatives.
  6. The maximum time allotted for Union representation by the representative will be reasonable and necessary time during the regular work shift as determined by the needs of service and approved by his Supervisor.
  7. If an employee chooses to seek assistance in an investigation and/or grievance from an Employee Relations or Labor Relations Specialist, he may do so in lieu of or in addition to Union representation.
- H. Hearings and investigations called by the Company shall, insofar as is possible, be conducted during regular business hours.
- I. Grievances should include specific charge (s) and specific settlement requested as well as the Paragraph and Article of the Current Working Agreement believed to be violated.
- J. An employee requesting hearings outlined in this Article and who has received notification of such hearings must be present for such hearings unless mutually agreed to otherwise.
- K. For the presentation and adjustment of disputes or grievances that may arise, the procedure will be as follows:
1. Step 1
    - a. All alleged differences or grievances shall be brought to the attention of the immediate supervisor by the aggrieved employee and Union representative or Business Representative within five (5) calendar days of the occurrence or awareness of the situation which caused the alleged dispute, difference or grievance.
    - b. The aggrieved employee and Union representative and the immediate supervisor shall make a mutual attempt to satisfactorily adjust the situation causing the alleged dispute, difference or grievance.
    - c. In the event the alleged dispute difference or grievance has not been satisfactorily answered within five (5) working days, and if in the opinion of the Union representative the matter is the proper subject for a grievance, the employee must reduce his grievance to writing and the Union representative will present the written grievance to the Department Manager within two (2) calendar days following the supervisor's verbal answer. The Department Manager will then submit his written decision to the grievance within five (5) working days.

- d. In the event the grievance has not been satisfactorily answered by the Department Manager, and in the opinion of the Union representative the matter is still proper subject for a grievance, the Union representative will submit the written grievance to the Director of the Division within three (3) working days after receipt of the Department Manager's decision.
- e. Grievances concerning claims for penalty payments, pay disputes, or seniority adjustments shall be brought to the attention of the immediate supervisor by the aggrieved employee within thirty (30) days after the situation causing the grievance. Such claims will be valid and collectible for no more than a period of the thirty (30) days preceding the date the grievance was filed.

2. Step 2

- a. After the Director of the Division has received the written grievance appeal, he and the Union representative or Business Representative shall agree on a mutually acceptable date to hear the grievance not to exceed ten (10) days from receipt. The Director of the Division will submit his decision within five (5) days after the hearing. If the decision is deemed unsatisfactory by the Union representatives, the grievance may be appealed to Step 3 by the Union representative or Business Representative within three (3) working days of receipt of the hearing officer's decision.

3. Step 3

- a. If the decision of the company hearing officer in Step 2 has not settled the matter, the grievance may be appealed to the Director of Human Resources or his designated representative. The Business Representative and the Director of Human Resources or designee shall hold such meeting between themselves within ten (10) days to attempt to resolve the grievance. Witnesses may be called for either party. The Company hearing officer will submit his decision within five (5) days after the hearing.

4. Step 4

- a. If the matter has not been settled in Step 3, either party may submit the grievance to a properly designated neutral arbitrator within thirty (30) days following receipt of the Step 3 decision as provided in Article 25 of this Agreement.

- L. It is understood and agreed between the parties hereto that the time limits provided in the Article may be extended by mutual agreement in writing. However, if not so extended, they shall be mandatory and binding. The word "days" as used in the Article shall mean business days, unless otherwise specified. If management fails to meet its time limitations without securing an extension in accordance with the provisions of this Article, the IBT Business Representative, or his designee, will contact the Director of Human Resources or his designee for the purpose of reaching an expedited settlement on the case.

M. Upon the written request of the employee involved, the Company shall allow the material pertinent to the grievance in the aggrieved employee's service record to be reviewed by the Business Representative or designated Union representative.

N. Any adjustment agreed upon between the Business Representative and the Company's Director of Human Resources or his representative(s) shall be final and binding on the parties hereto. Adjustments may not involve changes in Company policy or the intent and purpose of this Agreement. Any settlements in Step 1 or Step 2 of the Grievance Procedure shall be made on a non-precedental basis.

O. Polygraph Testing

Use of polygraph tests will not normally be used except as follows:

1. The Union and the Company agree that a test be conducted.
2. The test results will not be the sole basis for taking disciplinary action.
3. The employee, Union and Company will be provided with test results in writing.

## ARTICLE 25

### SYSTEM BOARD AND ARBITRATION

#### A. CMI/IBT SYSTEM BOARD OF ADJUSTMENT

In accordance with Section 204, Title 2, of the Railway Labor Act, as amended, there is hereby established a System Board of Adjustment, hereinafter referred to as the Board, for the purpose of this adjusting and deciding disputes or grievances which may arise under the terms of this agreement, and which are properly submitted to it after exhausting the procedures for settling disputes, as set forth under Article 24.

The Board shall have no jurisdiction whatsoever over processes or disputes relating to general changes in the hours of work, rates of pay, rules or working conditions of this agreement.

The Board shall be composed of four (4) members, two (2) selected by the Company and two (2) selected by the Union, provided that either party may designate an alternate.

The members of the Board shall continue to serve until such time as the parties selecting the representative members shall select their successors, which may be done at any time except during the time when the Board is holding a session. The Board shall meet at a mutually agreed upon location in three (3) regular sessions each year, during the months of March, July and November, provided that at such times there are cases filed and pending with the Board for dispositions. The Board shall continue in session until all matter before it is heard or decided. In the case of a discharge of an employee, the Board shall meet at a mutually agreeable time in Guam. The Board may summon any necessary witnesses who are employees of the Company or the Union and call for relevant non-confidential records of the Company and the employees involved. The number of witnesses summoned at any one (1) time shall not be greater than the number which can be spared from the operation without interference with the services of the Company.

Each of the parties hereto will assume the compensation, travel expense and other expenses of the Board members selected by it.

Whenever a witness is called by either party, expenses, including lost wages, for the witness shall be borne by the respective party calling such witness. Request shall be made by the Union to Continental Micronesia for free transportation over the lines of Continental Micronesia/Continental Airlines when required for the purposes of the hearing. Board members and/or Business Representative likewise shall receive transportation over the lines of Continental Micronesia/Continental Airlines when such request is granted from one point of duty to point of meeting and return, for the purpose of attending meetings of the Board. Whenever a witness called by either party is not an employee of the Company, all expenses incurred by and for such witness shall be borne by the party calling him.

A majority vote of all members of the Board shall constitute a finding or decision with respect to any dispute properly submitted to it, and such finding or decision shall be final and binding upon the Union, the Company and the individual employee or employees to this dispute.

Upon failure of the Board to agree upon the finding or decision because of the inability to secure a majority vote of all members of the Board, the matter shall be considered deadlocked and a decision of "deadlocked" rendered by the Board. Thereafter, the local Union may appeal the matter to arbitration provided a demand for same is made in writing within fourteen (14) calendar days of the date of the deadlock. If the Union and the Company are unable to agree upon an arbitrator, they shall mutually agree to petition the National Mediation Board to appoint a panel of arbitrators from which the parties will select one. The expenses and reasonable compensation for the arbitrator selected, as provided herein shall be borne equally by the parties hereto. Arbitration hearings shall be held in Guam or other mutually agreeable location.

Findings and decision of the Board shall be stated in writing and in each case, a copy of the finding or decision shall be furnished to the Company, the Union and such employee or employees as are involved in the dispute. If a dispute arises as to the interpretation of the finding or the decision, upon request of the Company or the Union, the Board, as finally constituted, shall interpret the finding or decision in the light of the facts stated as evidence presented in connection with its record and hearing of the case.

The Board shall keep a complete and accurate record of all matters submitted for its consideration and of all findings and decision made.

## B. ARBITRATION

There is hereby established a procedure for the arbitration of disputes or grievances of any employee or employees or disputes or grievances between the Company and the Union which may arise under the terms of this Agreement and which are properly submitted after all steps for settling disputes or grievances, as set forth in Article 24 have been exhausted, provided they are appealed within thirty (30) days after the last step decision of the grievance procedure has been received. Such dispute or grievance shall be submitted to a neutral arbitrator. The arbitrator shall have no jurisdiction in the event of a dispute or grievance hereunder which does not involve the interpretation of the terms of this Agreement or the discipline or dismissal of an employee.

In the event any dispute or grievance is properly appealed to arbitration, the Director of Human Resources, or his designee, for the Company, and the Business Representative, or his designee, for the Union, will attempt to select an arbitrator. In the event they are unable to agree upon an arbitrator, he shall be chosen from a panel of seven names provided by the National Mediation Board upon the written request of either party. When possible, the Arbitrator who is selected by the Company and the Union will be scheduled to hear the case within 45 days thereafter. The arbitrator thus selected shall hear and determine the case. Each of the parties shall assume one-half (1/2) of the expenses and fees of arbitration. Any fees or expenses incurred as a result of an employee retaining an outside attorney will be

solely at the employee's expense. Neither the Union nor the Company will assume any attorney fees or expenses from an employee's personal attorney.

Such arbitrator shall hear and determine the dispute of controversy as promptly as possible and within thirty (30) days he shall issue a finding and award a decision in writing. The decision of the arbitrator shall be final, binding and conclusive to the parties thereto. Such decision shall be within the scope and terms or conditions. The arbitrator shall answer only the question or questions submitted to him. All arbitration hearings will be held on Guam unless some other location is agreed to by the Company and Union.

One (1) copy of the issue to be submitted will be served on the other party to this Agreement. Each case submitted will show:

1. Question or questions at issue.
2. Statement of facts.
3. Position of employee or employees and/or Union.
4. Position of Company.
5. Exhibits may be entered at the hearing.

When possible, joint submissions and stipulations will be made, but if the parties are unable to agree upon joint submissions then either party may submit the dispute and its position to the arbitrator. No matter shall be considered by the arbitrator which has not first been handled in accordance with the appeals provisions of this Agreement, including the rendering of a decision thereon by the Company's Director of Human Resources or his designee.

Employees covered by this Agreement may be represented by such person or persons as they may choose and designate and the Company may be represented by such person or persons as it may choose and designate. Evidence may be presented either orally, or in writing or both. All witnesses testifying orally or by deposition shall do so under oath unless otherwise mutually agreed by the parties hereto. On request of the arbitrator or at the request of either the Company representative or the Union representative, any employee or witness who may be deemed necessary by the parties to the dispute may be summoned. The number of witnesses summoned at any one time shall not be greater than the number which can be spared from the operation without interference with the services of the Company.

Each of the parties hereto will assume the compensation, travel expense, and other expenses of the witnesses called or summoned by it. So far as space is available, witnesses who are employees of the Company shall receive space available transportation over the lines of the Company from the point of duty or assignment to the point at which they must appear as witnesses and return, to the extent permitted by law

## ARTICLE 26

### UNION AND COMPANY COOPERATION

- A. The Union, in behalf of the employees hereunder, pledges itself to encourage and support a continuance to work policy by all employees hereunder pending the determination or adjustment or any disputes between the Company and the Union which are being settled in accordance with the grievance procedure established in the Agreement.
- B. Any decisions or agreements relating to the interpretation or application of this Agreement made jointly by the Company and the Union shall be reduced in writing and shall be binding on every individual employee claiming or entitled to the benefits of this Agreement.
- C. The Company and the Union each agree not to discriminate in any way against any employee because of race, creed, age, religion, national origin, gender, handicap or veteran status except that it is understood and agreed that any handicapped and/or disabled employee will be required to satisfactorily pass all Government and/or Company physical examinations as provided for in this Agreement.
- D. A Union representative will be given a schedule for orientation of new hire employees and may attend for the purpose of handling union documentation. The Company will provide in the employee new hire packages Union forms provided by the Union. It will be the Union's responsibility to ensure forms are completed and collected. The Company will automatically arrange for dues deduction beginning on the 61st day of employment. Any claims, legal action and/or related expenses that the Company may be charged with or incur as a result of not having the proper authorization forms, the Union agrees to assume all liability and hold the Company harmless.
- E. Upon request, but no more frequently than every sixty (60) days, the Company will provide the Union Business Representative on Guam with a list of union employees represented by job classification in seniority order.
- F. The Company and the Union recognize that from time to time the need may arise to contract for maintenance assistance from outside Guam and Saipan for unusual maintenance functions that cannot be properly performed by current employees due to a need for more specialized expertise or when the Company does not possess the necessary equipment and/or facility to properly perform such work. Such work can be used in conjunction with training Guam and/or Saipan mechanics on job expertise that would be of future benefit to the Guam and/or Saipan operation.

Upon completion of such irregular assignment, the contracted personnel shall not perform any duties that are performed by employees under this Agreement.

The Company agrees that the local Business Representative agent will be notified prior to any non-contract employee(s) arriving on Guam and/or Saipan and the duration of his/her stay. Such personnel shall not be utilized to circumvent overtime nor cause any layoffs of employees covered under this Agreement.

- G. No amendments, additions, deletions and/or modifications in language within this collective bargaining agreement shall be made without the sole consent and signature of a Business Representative of Teamsters Local 986.
- H. The Company will send copies of all termination warning letters for attendance to the appropriate Business Representative. Employee Relations agrees to meet with Union representatives, upon their request, to review attendance and any other employee issues of concern. The Company and the Union will work in cooperation to solve problems to the extent reasonably possible prior to termination of employment.

## **ARTICLE 27**

### **SAVING CLAUSE**

Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation, or by any decree of a court of complement jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions hereof, and they shall remain in full force and effect.

## ARTICLE 28

### SAFETY CONDITIONS

- A. The Company hereby agrees to maintain to the best of its ability, safe, sanitary, healthful conditions. The Union and employees recognize their duties and responsibilities to assist in maintaining safe, healthful and sanitary conditions.
- B. The safety policy of the Company shall be posted on bulletin boards and given to each employee at time of hire.
- C. Proper and modern safety devices shall be provided for all employees working on hazardous or unsanitary work and employees are required to use such devices while performing such work, such devices to be furnished by the Company.
- D. Employees will not be required to use unsafe tools or equipment or work in an unsafe area or under unsafe conditions; however, employees will report unsafe tools or equipment to their immediate supervisor before refusing to use such defective tools or equipment.
- E. The Company will furnish safety bulletin boards which will be mounted next to the Union bulletin boards. Safety rules will be posted on such boards and the failure on the part of any employee to follow established Company safety procedures and rules shall subject the employee to disciplinary action which may include termination.
- F. An elected safety representative will become part of the Inter-Station Safety Committee. He will participate in all meetings and functions of that Committee. In addition, he will handle all safety problems within the Maintenance area with the Department Head and/or Chief Steward, which is applicable. This Safety Representative will have the right to file a grievance on items pertaining to Safety.
- G. Personnel using new equipment, or personnel not familiar with existing equipment shall be provided training by the supervisor in its use and in the safety responsibilities related to its use prior to assignment. No disciplinary action will be taken against any employee refusing to use any equipment for which he has not received appropriate training.
- H. No employee will be required to search for bombs on any aircraft or facility, or to assist in any way with the search for bombs.

## ARTICLE 29

### UNION SECURITY

- A. Any employee, as a condition of continued employment, must maintain his membership in the Union, so long as this Agreement remains in effect, to the extent of paying periodic dues (not including penalties).
  - 1. New employees shall join the Union on the sixty-first (61st) day following the date of employment with the Company, and such employee shall, as a condition of employment, maintain membership in the Union so long as this Agreement remains in effect to the extent of paying periodic dues (not including penalties).
- B. If an employee who has terminated from the Company is re-employed, he shall be considered as a new employee for the purpose of this Article and shall be governed by the provision of Paragraph A.1.
- C. An employee who is or becomes a member of the Union under Paragraph A. and A.1. above shall pay membership dues as set forth herein except that payment for membership dues shall not be required as a condition of employment during leaves of absence without pay or during periods of transfer to a classification not covered by this Agreement. Any member of the Union who has not worked forty (40) hours or received remuneration equivalent to forty (40) hours' pay within any calendar month in a classification covered by the Agreement shall be entitled to exemption of payment of regular dues for that month.
- D. "Member of the Union", where used herein shall mean any employee who is a member of the Union and is not more than sixty (60) calendar days in arrears in the payment of periodic dues (not including penalties).
  - 1. Membership dues are delinquent when sixty (60) days in arrears.
- E. When an employee who is a member of the Union becomes delinquent within the meaning of Paragraph D. hereof, the following procedure shall apply:
  - 1. The Local Union shall notify the delinquent employee in writing, registered mail, return receipt requested, copy to the Director of Human Resources, that he is delinquent in the payment of membership dues and accordingly is subject to discharge as an employee of the Company if the delinquency is not corrected within fifteen (15) calendar days.

2. If, upon the expiration of the fifteen (15) calendar day period, the employee still remains delinquent, the Union shall certify in writing to the Director of Human Resources, copy to the employee, that the employee has failed to remit payment by the expiration of the fifteen (15) calendar days and is, therefore, to be discharged. The Director of Human Resources shall then take proper steps to process the discharge of such employee from the services of the Company.
  3. An employee discharged by the Company under the provisions of this Paragraph shall be deemed to have been discharged for cause within the meaning of the terms and provisions of this Agreement.
- F. Any discharge under the terms of this Article shall be based solely upon the failure of the employee to pay or tender payment of periodic dues, and not because of denial or termination of membership in the Union upon any other ground.
- G. The Union agrees that it will indemnify the Company and save the Company harmless from any and all claims which may be made by the employee or employees against the Company by virtue of the wrongful application or misapplication of any of the terms of this Article.
- H. The Company will deduct from the pay of each employee hereunder all membership dues, and authorized assessments, provided at the time of such deduction there is in the possession of the Company a valid written assignment voluntarily executed by the employee on an appropriate form. This form, also to be known as "Check Off Form", shall be prepared and furnished by the Union. Where such an assignment is not in the possession of the Company, the individual employee must pay period dues, and assessments directly to the Union.
1. When a Check Off Form, as specified herein, is received by the Supervisor of Payroll on or before a given payday, deductions will commence with the first regular pay check following said payday, and will continue thereafter until revoked or canceled as provided in the Article. The Company will remit to each lodge, as certified by the dues collected on a given payday, on or as soon after the payday as possible. These remittances will be subject to normal accounting practice with respect to adjustments necessary because of the methods involved in the deduction procedure. The Company remittance of Union membership dues to the Union will be accompanied by a list of names, employee numbers, and station numbers of the employees for whom deductions have been made in the particular period, arranged in order of their employee numbers.

2. No deductions of the Union dues will be made from the wages of any employee who has executed a Check Off Form and who has been transferred to a job not covered by the Agreement, or who is on leave without pay. Upon return to work within a classification covered by this Agreement, deductions shall be automatically resumed provided the employee has not revoked the assignment in accordance with the other appropriate provisions of this Article and of the Railway Labor Act, as amended.
3. No employee who has executed a Check Off Form and who resigns or is otherwise terminated from the employ of the Company shall be deemed to have automatically revoked his assignment, and if re-employed, further deductions of Union dues will be made only upon execution and receipt of a new Check Off Form.

## ARTICLE 30

### GENERAL

#### A. Nondiscrimination

The Company and the Union will comply with all applicable Federal and Local anti-discrimination laws; provided it is understood and agreed that any handicapped and/or disabled employee will be required to satisfactorily pass all government and/or Company physical examinations. The Company will comply with all requirements as set forth by the American Disabilities Act.

#### B. 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.

#### C. Retirement Medical Bridge

Employees shall also be eligible to participate in a retiree bridge medical plan having the following attributes:

1. Participants must be between the ages of 60 and 65.
2. At the time of retirement, the employees sick leave bank will enable him to participate in the "contributory funding" aspect of the plan by using ten (10) hours of sick leave for each month of such participation.
3. The cost to the retiree will be the same as for an active employee for equivalent coverage provided that the retiree has sick leave in his bank at the time of retirement sufficient to span the time for which coverage is needed.
4. If an employee has insufficient sick leave in his bank to participate in the "contributory funding" aspect of the plan for any period of time for which the employee is eligible and desires such coverage, he may obtain coverage at a non-contributory rate.
5. Coverage terminates at age 65.
6. Spouse/dependent coverage will be available on the same basis (contributory/noncontributory), but must terminate when the spouse/dependent reaches age 64 or the retiree dies (except that upon the employee's death, the spouse/dependent may elect to use any remaining sick leave in the manner described above, and then will be eligible for COBRA coverage).

#### D. Passes

Employees covered by this Agreement will receive pass travel benefits as provided to all other CMI employees on a Company-wide basis. Any improvement extended to employees not covered by this Agreement from CMI or other carriers, including Continental Airlines, will also be extended to employees covered by this Agreement.

#### E. Indemnification

The Company will defend, indemnify and otherwise hold harmless any employee who, as a result of his performance of regular paid duties as specified by the Company is sued by another employee or person for damages or other financial relief because of actions taken on behalf of the Company within the scope of his performance of regular paid duties.

#### F. Parking

The Company will provide free parking for Guam and Saipan employees, however, the Company assumes no liability for loss or damage to cars or their contents under any circumstances.

#### G. Bulletin Boards

A place will be provided in designated locations within the work areas where Union and other notices of interest to employees may be posted. Management reserves the right to remove objectionable material at any time and will notify the department Union representative of such removal.

#### H. Union Business

1. For the purpose of administering this Agreement, employees of Continental Micronesia who are holding an official designated positions with the Union will receive Company Business passes at a PS5B classification (fee waived) on the Continental system only. Requests for other passes for employees participating in Union business may be submitted to the Director of Human Resources for consideration as well as requests for passes on the CAL system.
2. For the term of this Agreement, officials of Teamster Local 986 may make a written request for a total of five (5) passes at any given time during the course of the Agreement for the purpose of conducting union business or for representing an employee of Continental Micronesia at the employee's location. Passes are not for use by Attorneys whether employed by the Union or retained from the outside. Authorized passes for use on Continental system only at PS4B classification (fee waived). The Director of Human Resources will consider additional pass requests on the CMI system or any pass requests utilizing a Continental Airlines route on an individual request basis if such request will be for business with Continental Micronesia and/or training, meetings with local representatives and local membership.

- I. This Agreement shall be printed within sixty (60) days after ratification by the membership. Each employee covered by this Agreement and those newly hired, upon passing their probation, shall be provided with a copy and the Union shall be given a total of twenty (20) copies. The Agreement shall be printed by the Company at no cost to the Union or employees.

**ARTICLE 31**

**DURATION**

This Agreement shall become effective as of **April 1, 2006**, and shall continue in full force and effect through **December 27, 2009**, and shall renew itself each succeeding anniversary thereafter, unless written notice of intended change is served in accordance with Section 6, Title I, of the Railway Labor Act, as amended; and provided further that until said procedures are exhausted or until a new Collective Agreement is entered into, whichever occurs sooner, all of the terms of this Agreement shall continue to be and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this **1<sup>st</sup>** day of **April 2006**.

**Witnesses For:**

CONTINENTAL MICRONESIA, INC.

/s/ Mark Erwin  
President & CEO

/s/ Jeff Wall  
Managing Director, Labor Relations  
Continental Airlines

/s/ James Hammer  
Director, Technical Operations

/s/ Dixon McKinzie  
Director, Human Resources

/s/ Sam Shinohara  
Director, Finance

**Witnesses For:**

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS,  
WAREHOUSEMEN, AND HELPERS OF AMERICA, LOCAL 986

/s/ Jimmy Muraki  
International Brotherhood of Teamsters

/s/ Francis Diaz  
International Brotherhood of Teamsters

/s/ Paul Yow

/s/ Rick Cruz

/s/ Doug Prather

/s/ Patrick Ahmed

/s/ Johnny Pangelinan

/s/ Satrunino Julian

LETTER OF AGREEMENT #1

Between

CONTINENTAL MICRONESIA, INC.

and

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS,  
CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (“IBT” or “the Union”) and Continental Micronesia, Inc. (“CMI” or “the Company”) hereby agree:

1. All technicians will have in their possession at CMI Maintenance Facility all of the hand tools listed on the minimum tool list attached.
2. Any additional tools required will be provided by the Company.
3. The Company agrees that if it is able to purchase tools at a lower rate than the employee can purchase tools, then the Company will do so and will sell the tools to the employee at the Company's cost.
4. Each technician must review their tool inventory annually with management to ensure the list is complied with and for insurance purposes.
5. Effective date of this Agreement, the Company will give ninety (90) days to the technicians to comply with the tool requirement list.

Signed this **1<sup>st</sup> day of April 2006.**

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

## MINIMUM TOOL REQUIREMENTS FOR TECHNICIANS - GUAM/SAIPAN

The following is a list of the minimum tools needed by an Aircraft Technician at this station:

1/4" drive socket set including ratchet  
2", 6", and 14" extensions or any combination making 14"  
Sockets 1/4" through 1/2" - 8 sockets minimum  
Deep sockets - popular size - 4 minimum  
3/8" drive socket set including ratchet  
3", 6" and 12" extensions or any combination making 12"  
Sockets 3/8" through 7/8" - 9 sockets minimum  
Deep sockets - popular size - 4 minimum  
1/2" drive socket set including ratchet  
Breaker bar  
5" and 10" extensions or any combination making 10"  
Sockets 1/2" through 1 1/4" - 13 sockets minimum  
Wrenches, open end and box end  
5/16" through 1 1/4" - 16 minimum  
Punches and chisels  
Prick punch - 1 each  
Center punch - 1 each  
Drift punches 3 each popular sizes  
Chisel 1/4" and 1/2"  
Feeler gauge set  
Diagonal Pliers  
Needle nose pliers  
Duck bill pliers  
Channel lock pliers  
Inspection mirror  
6" rule  
6 ft. rule or tape  
Hack saw  
Ball peen hammer  
Adjustable crescent wrench - 2 minimum  
Ford wrench  
Allen wrench set - 8 minimum (popular sizes)  
Soft face mallet  
Tool box with lock  
Flashlight  
Scribe  
Awl  
Knife  
Magnetic screwdriver for apex tips  
Magnet  
Mechanical fingers  
Common screwdrivers 4 sizes (including stubby)

Phillips screwdrivers - 3 sizes (including stubby)  
Off set screwdrivers - common and Phillips  
Socket adapters 1/4" to 3/8" - 3/8" to 1/2"  
3/8" to 1/4" and 1/2" to 3/8"  
Files - flat, half round and round  
Speed handle - either 3/8" or 1/2" drive  
Scissors  
Magnifying glass  
1/4" Drive deep socket set (12pts)  
Sizes 1/4" to 1/2"

In addition to the Aircraft Technician tool list, the following is a list of the minimum tools needed by a Structural Technician:

Cleco Pliers  
Aviation Snip Set  
Assorted Files  
Dividers  
Protractor  
Magnifier 5-10 power  
6" & 12" Precision Scale  
10ft Steel Tape

In addition to the Aircraft Technician tool list, the following is a list of the minimum tools needed by an Avionics Technician:

Small Needle (long) Nose Pliers, smooth jaw  
Medium Needle (long) Nose Pliers, smooth jaw  
Small Slip Joint (adjustable) Pliers  
Jewelers Screw Driver  
No. 0 Phillips Screw Driver  
No. 1 Phillips Screw Driver  
No. 2 Phillips Screw Driver  
Small common Screw Driver  
Medium Common Screw Driver  
Nut Drivers (Xcelits or equivalent)  
Open & Ignition Wrenches, applicable size range  
Box End Ignition Wrenches, applicable size range  
X-acto Knife  
General Purpose Tweezers  
Fine Straight Tweezers  
Fine Curved Tweezers  
Small Hammer (brass or plastic)  
Small Diagonal Wire Cutters (4 inch)  
Internal (Allen) Wrenches, applicable size range  
Internal (Bristol) Wrenches, applicable size range  
Small Adjustable Jaw Wrench (6 inch)

Burnishing Tool  
Eye loop or Magnifying Glass  
Inspection Mirror  
Measuring Scale (6 inch)  
Scissors (5 inch)  
Snap Ring Pliers, inside  
Snap Ring Pliers, outside  
Pencil Solder Iron

Letter of Agreement #2  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: GSE REQUIRED TOOL LIST

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (“IBT” or “the Union”) and Continental Micronesia, Inc. (“CMI” or “the Company”) hereby agree:

1. All GSE Technicians will have in their possession at GSE Maintenance Facility all of the hand tools listed on the minimum tool list attached.
2. Any additional tools required will be provided by the Company.
3. The Company agrees that if it is able to purchase tools at a lower rate than the employee can purchase tools, then the Company will do so and will sell the tools to the employee at the Company's cost.
4. Each GSE Technician must review their tool inventory annually with management to ensure the list is complied with and for insurance purposes.
5. Effective date of this Agreement, the Company will give ninety (90) days to the GSE Technicians to comply with the tool requirement list.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

## MINIMUM TOOL REQUIREMENTS FOR GSE TECHNICIANS - GUAM

The following is a list of the minimum tools needed by a GSE Technician at this station:

Toolbox and lock  
6' Rule  
6' Rule or Tape  
Ford Wrench  
Allen Wrench Set – 8 minimum (popular sizes)  
Magnet  
Offset Screwdrivers – Common and Phillips  
Scissors  
Magnifying Glass  
Slotted Screwdrivers (1 should be 24" long)  
Slotted Stubby  
Phillips No. 1 and No. 2 tip  
Stubby Phillips  
Ball Peen Hammer  
10" Adj. Joint Pliers (Water Pumps)  
Utility Pliers  
Duck Bill Pliers  
Needle Nose Pliers  
Vise Grip Pliers  
Snap Ring Pliers  
8" Adj. Wrench  
1/4" Driver Sockets Reg. Depth (1/4" – 9/16") 6 point  
1/4" Driver Sockets deep depth (1/4" – 9/16") 6 point  
1/4" Drive Ratchet  
3/8" Drive Sockets (3/8" to 1" reg.)  
3/8" Drive Sockets (3/8" to 1" deep)  
3/8" Drive Ratchet  
3/8" Driver Air Ratchet  
1/2" Drive Ratchet  
1/2" Drive Socket Reg. Depth (5/8" & 1 1/8") 6 point  
1/2" Drive Socket Deep Depth (5/8" & 1 1/8") 6 point  
1/2" Impact Wrench and Impact Sockets (7/16" – 1")  
Adapters (1/2" to 3/8" to 1/4")  
Metric Combination Wrenches, 7-15mm  
1/4" Metric Sockets (Standard & Deep, 5-14mm)  
3/8" Metric Sockets (Standard & Deep, 8-19mm)  
Open end Wrenches (1/4" – 1 1/8")  
Box End Wrenches (1/4" – 1 1/8") 12 point  
Hex Key Wrenches (1/16" – 5/16")  
3/8 Drive Speed Handle Wrench  
Apex Holder (1/4" & 1/2")  
Extension Bar 1/4 Driver (2" – 4" – 10")  
Extension Bar 3/8 Driver (4" – 6" – 10")

Extension Bar ½ Driver (3" – 6" – 10")  
Hack Saw  
Line Up Punch  
Cotter Key Extractor  
Break Over Handle Bar ½ drive 18" long  
Angle Open end Wrenches (3/8" – 1")  
Chisel Small (1/4" & 5/8")  
Universal Sockets (1/4" – 3/8") Drive  
"T" Handle for EZ outs & taps  
Inspection Mirror  
Mechanical Fingers  
Files  
15 – Leaf Feeler Gauge  
Flashlight  
Soft Tip Hammer  
Knife  
Awl

LETTER OF AGREEMENT #3

between

CONTINENTAL MICRONESIA, INC.

and

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS,  
CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

Continental Micronesia, Inc. (“CMI” or “the Company”) and the International Brotherhood of Teamsters, Chauffeurs, Warehousemen And Helpers of America (“IBT” or “the Union”) have reached this Letter of Agreement in order to comply with the provisions of the Family Medical Leave Act of 1993 (“FMLA”). This Letter of Agreement provides some benefits which are greater than those set forth in the CMI/IBT agreement. FMLA leave may be used up to 12 months after the birth or adoption of a child, when a family member suffers a serious health condition requiring continuing care and a medical health care provider certifies that the employee is needed for such care, and when the employee himself is seriously ill or injured. Family member is defined as spouse (as recognized by state law where the employee lives), a parent (a biological, adopted, foster or step child, legal ward or minor child who is being raised by the employee). The child(ren) must be under 18 years of age or incapable of self-care (due to mental or physical disability). Each non-probationary employee who has been available for duty for 60% of the time during the 12 month period immediately preceding the commencement of the FMLA leave is entitled to the equivalent of 90 calendar days (approximately 60 work days) of unpaid FMLA leave in any rolling 12 month period. All FMLA leave is unpaid.

1. Employees are required to give 30 days advance notice if the leave is foreseeable, such as with the birth or placement of a child or planned medical treatment. If 30 days is not practicable, as much advance notice as possible should be given.
2. The Company may require medical certification for FMLA leave and will be using the prescribed Department of Labor model form. Employees may be required on a periodic basis, to provide evidence of continuing eligibility for FMLA leave.
3. When FMLA leave entitlement is exhausted, additional leave may be granted in accordance with the CMI/IBT agreement. Employees suffering from serious health conditions or who are pregnant will have the option of using paid sick leave prior to utilizing unpaid FMLA leave. All employees may choose to exhaust unused vacation time before using FMLA leave.
4. Employees who are using FMLA leave to recover from a serious health condition or to care for a family member who has such a condition may take the leave on an intermittent basis if the treating medical care provider deems it necessary. For the purpose of tracking intermittent FMLA leave usage, employees shall be entitled to 520 hours for full-time employees of FMLA leave in any rolling 12 month period. Employees will be charged

the actual time missed for each day or portion of a day missed for FMLA leave purposes, whichever is less.

5. Seniority for all purposes will continue to accrue during the 90 days of family medical leave. Thereafter, continuing absences will accrue bid seniority only. Application of family medical leave will not be considered for attendance related purposes.
6. The Company will maintain group health benefits during the family medical leave period on the same conditions as coverage would have been provided if the employee had been employed continuously during the leave period.
7. Employees on FMLA leave who wish to travel must request a letter of authorization. This letter must be signed and approved by the employee's supervisor and the Employee Relations Manager. The original letter of authorization must be carried with the eligible traveler when traveling. Pass travel on maternity/paternity leaves is available with authorization. Pass travel during a serious health condition leave is available only for travel to/from the location of the family member requiring care.
8. Nothing in this agreement shall preclude an employee from taking family medical leave (a) before the birth of a child for prenatal care if her condition makes her unable to work or (b) before the actual placement or adoption of a child if an absence from work is required for the placement, adoption or foster care to proceed.
9. The Company and the Union agree to follow the final regulations implementing FMLA to ensure that this Letter of Agreement complies with those regulations.

AGREED, this **1<sup>st</sup> day of April 2006**

FOR:

CONTINENTAL MICRONESIA INC.

/s/ Mark Erwin

President & CEO

Continental Micronesia, Inc.

FOR:

THE INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS, CHAUFFEURS,  
WAREHOUSEMEN AND HELPERS OF  
AMERICA

/s/ Jimmy Muraki

Business Representative

International Brotherhood of Teamsters

Letter of Agreement #4  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

RE: LAST CLEAR CHANCE REHABILITATION OPPORTUNITY (ALCOHOL)

Dear Mr. Muraki:

Continental Micronesia has, in response to requirements imposed by the federal government, developed a comprehensive Anti-Drug and Alcohol Misuse Prevention Policy (the "Policy"), which includes drug and alcohol testing. In order to resolve disagreements between the Company and the IBT concerning certain aspects of the Policy and discipline taken against employees covered by this Agreement pursuant to it, notwithstanding anything in the Policy to the contrary, the Company will apply the following agreements to the employees covered by this Agreement:

1. Employees testing positive for alcohol at .04 and above will not be terminated on the first occurrence, but rather will be afforded a one-time opportunity for rehabilitation, at the employee's own expense. Employees who have accepted the rehabilitation opportunity will also be subject to follow-up no-notice testing in accordance with the Company's standard practice in such cases.
2. It is understood that the IBT has reserved its right to challenge discipline imposed for violations of the Policy, and that nothing in the Policy shall deprive an arbitrator of the authority to render an award utilizing his or her independent judgment regarding whether there is just cause for discipline, or any other issue relating to the Collective Bargaining Agreement properly before him or her.
3. The Policy may be modified from time to time. Unless required by law, such changes will not be inconsistent with the Collective Bargaining Agreement (or any other agreement between the Company and the IBT). The IBT has reserved its right to challenge any such changes through the procedures agreed upon for the resolution of disputes between the parties.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #5  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: WORK LIFE COMMITTEE

Dear Mr. Muraki:

Due to the geographical location of Guam and Saipan, the unique cultures and service needs of the Asia/Pacific/Micronesia region, the airline operations, a work life committee of employees covered by this Agreement will be established and will meet with the Company to discuss issues and operations relative to the employee group. Union representatives should attend the meetings of the work life committee. The Company agrees to pay the costs for the committee meetings including adjusted pay loss for the day of the meeting. The purpose of this work life committee is to improve communications among the Company, the employees and the IBT. The Company will consider the concerns and the suggestions of this committee when making operational and shift scheduling decisions. The discussions among the committee, union representatives, and the Company will not be considered or deemed to be collective bargaining.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #6  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: MECHANIC HELPERS RECLASSIFICATION

Effective with the signing of this Agreement, the following individuals will be grandfathered into the Aircraft Interior Repair Technician classification.

1. Lee, B.
2. Mereb, M.
3. Santos, J.
4. Siguenza, A.

This grandfather provision covers only the above individuals. Any other employee entering the AIR classification after the effective date of this Agreement must meet the qualifications prior to being considered for upgrade to the AIR classification.

If a new hire possesses A & P licenses and is hired into the AIR classification due to that being the only vacancy; and a grandfathered employee listed above obtains A & P licenses, the employee with the higher CMI Company seniority will be given preferential consideration for the Aircraft Technician vacancy.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #7  
April 1, 2006

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: MATERIAL SPECIALIST "B" LICENSE "GRANDFATHER"

Dear Mr. Muraki:

Effective on the date of this Agreement, the following individuals will be considered grandfathered in the Material Specialist classification and will be excepted from requirement to maintain a "B" license:

1. Santos, J.
2. Valdez, A.
3. Sablan, J.

The parties agree that all new hire and other current Material Specialist employees shall be required to maintain a "B" license in order to retain positions in the Material Specialist classification.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

LETTER OF AGREEMENT #8

Between

CONTINENTAL MICRONESIA, INC.

and

THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS,  
CHAUFFEURS, WAREHOUSEMEN AND HELPERS OF AMERICA

WHEREAS, it is understood between the parties that the position of Flight Technician Representative ("FTR") is a management level position within Continental Micronesia ("the Company") and therefore is not within the scope of the current Agreement ("CBA"),

WHEREAS, the parties recognize that the Company may determine, due to operational requirement, that it is necessary to temporarily assign Acting FTR duties to an Aircraft Technician covered by the current Agreement,

NOW, THEREFORE, the parties hereby agree to the following FTR terms and conditions applied to such assignments:

1. When such assignments are necessary, the Company will advise the Union of the need for an Acting FTR as far in advance of such need as possible.
2. The Union will proffer such assignment in accordance with the procedures established and maintained by the Union.
3. Acting FTR shall be paid for actual time worked in hours and minutes at time and one-half (1-1/2) at base rate as defined in Article 8.D.
4. Upon completion of Acting FTR duties, an Acting FTR will be entitled to seven and a half (7-1/2) hour rest period between duty assignments. If the 7-1/2 hour rest period is not provided by Company, the overtime provisions of the current Agreement (Article 9) will apply.
5. An Acting FTR shall receive expenses for meals or transportation or, only in the event the FTR is required to remain overnight away from his home base, lodging and per diem as provided in Article 12 of this Agreement. Acting FTR will have a reserve coach seat, and will be upgraded if space is available. Acting FTR will be provided with an in-flight meal.
6. In case of an irregular operation where an acting FTR misses a scheduled work day, he will be paid for hours lost or hours actually worked in another location, whichever is greater. In no event will he receive fewer paid hours as a result of this assignment.

7. The Acting FTR accepting this assignment on a temporary basis will continue to retain and accrue seniority during such temporary assignments and will not be subject to the 90 days per year limitation as provided for in Article 20 of the Agreement.

AGREED, this **1<sup>st</sup> day of April 2006.**

FOR:

CONTINENTAL MICRONESIA INC.

/s/ Mark Erwin  
President & CEO

FOR:

THE INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS, CHAUFFEURS,  
WAREHOUSEMEN AND HELPERS OF  
AMERICA

/s/ Jimmy Muraki  
Business Representative

Letter of Agreement #9  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen, and Helpers of America

Re: GSE Work Outside Guam and Saipan

Dear Mr. Muraki:

This will confirm our understanding concerning work opportunities available to CMI GSE Technicians at locations outside of Guam and Saipan. We have agreed that:

1. Effective the date of this agreement, CMI agrees to utilize GSE employees to provide scheduled maintenance, on a quarterly basis, for all ground power units and air start units utilized in connection with Next Generation B737 aircraft at the following locations:
  - a. Kosrae
  - b. Majuro
  - c. Pohnpei
  - d. Palau
  - e. Yap
  - f. Chuuk
2. CMI will also utilize GSE employees to perform major component repair for these ground power units and air start units and repair and replacement maintenance work as the needs of the operation permit and as the needs of the service require, as directed by CMI Management.
3. The IBT recognizes that work performed outside of Guam and Saipan does not fall within the coverage of the CMI-IBT collective bargaining agreement, effective **April 1, 2006**. This provision shall be without prejudice to any agreement between CMI and IBT.
4. CMI agrees that GSE employees who perform the work pursuant to this agreement will receive the compensation, benefits, and application of the work rules as specified in the CMI-IBT CBA.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #10  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: MEDICAL FIXED EMPLOYEE RATES

Dear Mr. Muraki:

The Company will provide the following benefits at the fixed rate described below for the term of this Agreement. The terms stated below will apply to all employees covered by this Agreement, effective beginning **April 1, 2006**. It is understood by both parties that these rates will remain fixed for the term of these Agreements regardless of any changes applicable to other employees not covered by these Agreements.

EMPLOYEE SHARE

PPO Medical Plan	
Single	\$13.00/week
Employee/Child(ren)	\$19.00/week
Couple	\$21.00/week
Family	\$32.00/week
HMO Medical Plan	
Single	\$15.00/week
Employee/Child(ren)	\$23.00/week
Couple	\$25.00/week
Family	\$42.00/week
Indemnity Medical Plan	
Single	\$10.00/week
Employee/Child(ren)	\$17.00/week
Couple	\$18.00/week
Family	\$30.00/week
Dental Plan	50%
Long Term Disability	33%
Employee Voluntary Life	100%

Accidental Death and Dismemberment

100%

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

Employees covered by this Agreement shall be entitled to participate in other Company-wide benefit programs under the terms applicable to technicians 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.

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.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #11  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: Retirement Savings Plan

Dear Mr. Muraki:

This will confirm our understanding concerning the retirement savings 401(k) plan provided to technician and related employees covered by this agreement. We have agreed that:

- A. Effective **April 1, 2006**, the employer shall contribute in the following year one dollar for each dollar contributed by the employee during the calendar year then beginning, to a maximum of seven hundred and fifty dollars (\$750.00);
- B. Any otherwise permissible contribution may be limited to the extent necessary to allow all contributions to all of the employer's qualified plans to be deductible under applicable IRS code provisions.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

Letter of Agreement #12  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America

Re: Maintenance Helper Rates of Pay

Dear Mr. Muraki:

This will confirm the agreement and understanding reached during negotiation of the collective bargaining agreement.

Effective with the signing of this Agreement and for the duration of this Agreement the following rates will apply for the Maintenance Helper classification.

Maintenance Helpers	
Starting	\$7.86
After 1 Year	\$8.60
After 2 Years	\$8.85
After 3 Years	\$9.34
After 4 Years	\$9.83
After 5 Years	\$10.32
After 6 Years	\$10.81
After 7 Years	\$10.81
After 8 Years	\$10.81
After 9 Years	\$10.81

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of  
Teamsters

Letter of Agreement #13  
**April 1, 2006**

Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America (IBT)

Re: Integration of Saipan and Guam Stations

Dear Mr. Muraki:

Pursuant to National Mediation Board case No. R-6708 and the Letter of Agreement between the parties dated September 27, 1999, and hereby incorporated herein, the following rules shall apply in the accretion of the Aircraft Technicians and GSE Technicians location on Saipan into the Guam collective bargaining unit:

1. Saipan and Guam shall be considered as separate stations for purposes of administration of the 2006 collective bargaining agreement (“CBA”).
2. Employees shall be entitled to transfer between stations only after an internal proffer of an approved vacancy is completed within a station. Any remaining vacancy shall then be proffered to employees from the other station. In both cases, vacancies will be awarded to the most senior qualified bidder.
3. Seniority shall be determined by date of entry into the classification with the Company, regardless of station, as set forth in Article 20 of the CBA.
4. Reductions in force shall be conducted by station, and employees who are reduced shall be entitled to displace employees in another station, in accordance with Article 20.D.
5. Recall shall be conducted in accordance with Article 20.E of the CBA by station. When all employees have been recalled to a station, employees from other stations will be offered positions as provided in Article 20.E, except that an employee shall not be removed from the seniority list for declining recall to a station other than the one from which he was reduced.

Very truly yours,

Agreed:

/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.

/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters

**Letter of Agreement #14  
Concessions and Adjustments  
April 1, 2006**

**Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America**

**Dear Mr. Muraki:**

**This will confirm our conversations regarding reductions and adjustment of concession items for Mechanics/Related and Material Services Stock Clerks.**

**We have agreed that Mechanics/Related and Material Services Stock Clerks will be entitled to an increase of 2% in basic hourly pay rates effective April 1, 2008, and to an additional 2% increase in basic hourly pay rates effective April 1, 2009.**

**Very truly yours,**

**Agreed**

**/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.**

**/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters**

**Letter of Agreement #15  
Enhanced Profit Sharing Plan  
April 1, 2006**

**Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America**

**Dear Mr. Muraki:**

**This letter will confirm our recent discussions concerning distribution of profits under the Continental Airlines Enhanced Profit Sharing Plan.**

**We agreed to the inclusion of Mechanics/Related and Material Services Stock Clerks in the Continental Airlines Enhanced Profit Sharing Plan. Pursuant to the terms of the Plan, the Mechanics/Related and Material Services Stock Clerks will receive their share of 30% of the first \$250MM, 25% of the next \$250MM, and 20% of all profit in excess of \$500MM.**

**The Mechanics/Related and Material Services Stock Clerks' share of the distribution of profits will be based one-half on their relative share of cost reductions and one-half on their relative share of Continental payroll.**

**We agreed that in the event that a payment from the Profit Sharing Plan is due, the Company and the IBT will meet and agree regarding the details of how payments will be made under the Plan.**

**Very truly yours,**

**Agreed**

**/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.**

**/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters**

**Letter of Agreement #16  
Equity Grants  
April 1, 2006**

**Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America**

**Dear Mr. Muraki:**

**This letter will confirm our recent discussions concerning the equity grants under the new Broad Based Employee Stock Incentive Plan.**

**We have agreed that Mechanics/Related and Material Services Stock Clerks will receive their share of the stock options granted by Continental Airlines in accordance with the terms of the Plan. The Mechanics/Related and Material Services Stock Clerks' share of stock options is based one-half on their relative share of cost reductions and one-half on their relative share of Continental payroll.**

**We have agreed that the IBT will have the right to determine the distribution of stock options to Mechanics/Related and Material Services Stock Clerks under the Plan, subject to legal constraints and reasonableness.**

**Very truly yours,**

**Agreed**

**/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.**

**/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters**

**Letter of Agreement #17  
Review of Other Agreements  
April 1, 2006**

**Mr. Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters,  
Chauffeurs, Warehousemen and  
Helpers of America**

**Dear Mr. Muraki:**

**This will confirm our conversations regarding adoption of the Tentative Agreement reached on March 2, 2006.**

**We have agreed that the International Brotherhood of Teamsters' agreement to the cost savings contained in the Tentative Agreement is contingent upon the Fleet and Passenger Service Agents and Flight Attendants of Continental Micronesia, Inc., and the Airline Technician and Related Employees of Continental Airlines, Inc., participating in cost savings. Provided, however, that the Union may waive such contingency and agree to execute the Agreement regardless of the participation of these work groups.**

**We have also agreed that, if any Continental Airlines, Inc. or Continental Micronesia, Inc. non-covered work group (i.e., management/clerical) receives a general, across-the-board restoration of their committed concession (other than currently scheduled adjustments) prior to the Mechanics/Related and Material Services Stock Clerks receiving their first scheduled adjustment (April 1, 2008), the Mechanics/Related and Material Services Stock Clerks shall automatically have their base hourly rate increased by a proportion equal to the amount attained by the specific non-covered group on the same effective date.**

**We have further agreed that the Union retains the right to propose what it may believe to be appropriate modifications to the Tentative Agreement, and that it shall be entitled to a reasonable amount of time (not to exceed three (3) days)), subsequent to other represented work groups tentatively agreed to dates, for review of the agreements with other work groups. Such three (3) day period shall run concurrent with any ongoing ratification process. Upon request of a Union official, and subject to confidentiality agreements, the Company will provide information so that it is possible to ensure compliance with the agreements and binding commitments of other work groups.**

**Very truly yours,**

**Agreed**

**/s/ Mark Erwin  
President & CEO  
Continental Micronesia, Inc.**

**/s/ Jimmy Muraki  
Business Representative  
International Brotherhood of Teamsters**

**Letter of Agreement #18  
Bid Area Reassignment  
April 1, 2006**

**Memorandum of Understanding**

**between**

**CONTINENTAL MICRONESIA, INC.**

**and**

**INTERNATIONAL BROTHERHOOD OF TEAMSTERS, LOCAL 986**

**Whereas, Continental Micronesia, Inc (CMI) and the International Brotherhood of Teamsters, Local 986 (IBT), desire to resolve disputes involving certain practices in assigning work to Airline Technicians and Related Employees and to establish guidelines for CMI, IBT, and covered employees with respect to such practices,**

**Therefore, CMI and IBT hereby understand and agree that the following principles are consistent with the current collective bargaining agreement:**

- 1. The Company will endeavor to utilize personnel in the bid areas to which they are normally assigned, however the Company shall have the ability to utilize all on-duty personnel during regular hours of work in any bid area to perform any work they are qualified to perform as the needs of the service require.**
- 2. The Company will not assign or reassign employees from one bid area to another to cover known outages – for example, vacations, leaves of absence, etc.**
- 3. The Company is not required to offer overtime in the bid area from which an employee was reassigned, simply because of the reassignment; provided, however, that when the need of overtime arises in the bid area from which an employee was reassigned, the Company, prior to calling such overtime, shall first offer that employee an opportunity to return to his original bid area.**
- 4. The Company will use every effort to ensure that particular bid areas or particular individuals are not repeatedly or regularly affected by reassignments, and that work assignments and overtime are distributed as equitably as possible.**
- 5. While recognizing these principles, IBT and its members reserve the right to object and grieve any abuse or misuse in the practice of work assignments and overtime distribution.**

**AGREED AND ACCEPTED**

**INTERNATIONAL BROTHERHOOD  
OF TEAMSTERS, Local 986**

**CONTINENTAL MICRONESIA, INC**

**/s/ Jimmy Muraki**

**/s/ Dan Morgan**

**/s/ Francis Diaz**

**/s/ Dixon McKinzie**

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