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CONTRACT '02

AGREEMENT

BETWEEN

CONTINENTAL AIRLINES, INC.

AND

THE AIRLINE PILOTS

IN SERVICE OF

CONTINENTAL AIRLINES, INC.

AS REPRESENTED BY

THE AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

APRIL 1, 2005 - DECEMBER 31, 2008

Table of Contents

Section 1 - Recognition and Scope

Part 1 - Recognition
Part 2 - Definitions
Part 3 - Scope
Part 4 - Express Carriers
Part 5 - Complementary Carriers and Foreign Air Carriers
Part 6 - Labor Disputes
Part 7 - Successorship, Asset Sales and Mergers
Part 8 - Expedited Board of Adjustment Procedures
Part 9 - Foreign Domiciles, and Company *Location* and Operations
Part 10 - Cabotage
Part 11 - Retained Management Rights and Furlough Protection
Part 12 - Provision of Information

Section 2 - Definitions

Section 3 - Compensation

Part 1 - Introduction
Part 2 - Longevity for Pay Purposes
Part 3 - Pay Tables
Part 4 - Variable Compensation
Part 5 - International Relief Officer Flight Pay
Part 6 - Credit Value
Part 7 - Pay no Credit
Part 8 - Compensation General

Section 4 - Minimum Pay Guarantee

Part 1 - Minimum Pay Guarantee
Part 2 - Trip Protection
Part 3 - Trip Rig

Section 5 - Travel Expenses

Part 1 - Definitions
Part 2 - Per Diem
Part 3 - Meals
Part 4 - Other Expenses
Part 5 - Lodging

Section 6 - Moving Expenses

Part 1 - Definition
Part 2 - Eligibility
Part 3 - Expenses Paid by the Company
Part 4 - Time Off
Part 5 - Moving General

Table of Contents

Section 7 - Vacation

Part 1 - Vacation Accrual
Part 2 - Vacation Periods
Part 3 - Bidding of Vacations
Part 4 - Pay for Vacations
Part 5 - Vacations General

Section 8 - Deadheading

Part 1 - Definitions
Part 2 - Deadhead Procedures
Part 3 - Pay for Deadheading
Part 4 - Surface Deadheading

Section 9 - Miscellaneous Flying

Part 1 - Definitions
Part 2 - Test Flights and Verification Flights
Part 3 - CRAF Operations
Part 4 - Transfer to or from Non-Line Flying, Management Pilot or Flight Instructor Duty
Part 5 - Flying by Management Pilots and Flight Instructors
Part 6 - Non-Line Flying and Management Pilot Duty - General
Part 7 - FBO, CBA and Management Pilot flying
Part 8 - Maintenance, Repositioning, and Ferry Flights

Section 10 - Flight Instructors

Part 1 - Definitions
Part 2 - Preamble
Part 3 - Job Functions
Part 4 - Compensation
Part 5 - Travel and Travel Expenses
Part 6 - Hours of Service
Part 7 - Vacations
Part 8 - Return To Line Flying
Part 9 - Flying by Instructors
Part 10 - Leaves of Absence
Part 11 - Furlough
Part 12 - Dues Check-off and Union Security
Part 13 - Resolution of Disputes
Part 14 - Jury Duty/Witness Service
Part 15 - Scheduling
Part 16 - Benefits
Part 17 - Departmental Seniority List

Section 11 - Training

Part 1 - Definitions
Part 2 - Classification
Part 3 - Notification
Part 4 - Transportation and Lodging

Table of Contents

Part 5 - Scheduling
Part 6 - Conduct of Training
Part 7 - Training Curriculum
Part 8 - Instructors
Part 9 - Flight Training
Part 10 - Line Check Airmen
Part 11 - Line Checks
Part 12 - Operating Experience
Part 13 - Train to Proficiency
Part 14 - Training General

Section 12 - Hours of Service

Part 1 - Definitions
Part 2 - Duty Time Limitations
Part 3 - Rest Periods

Section 13 - Leaves of Absence

Part 1 - Personal Leave of Absence (PLA)
Part 2 - Furlough Leave of Absence (FLA)
Part 3 - Company Offered Leave of Absence (COLA)
Part 4 - Association Leave of Absence (ALA)
Part 5 - Family and Medical Leave of Absence (FMLA)
Part 6 - Military Leave of Absence (MLOA)
Part 7 - Medical Leave of Absence (MLA)
Part 8 - Emergency Leave of Absence (ELA)
Part 9 - Maternity/Parental Leave of Absence (MPLA)
Part 10 - Return from Leaves

Section 14 - Sick Leave

Part 1 - Definitions
Part 2 - Accrual
Part 3 - Use
Part 4 - Proof of Illness
Part 5 - International Operations
Part 6 - Retiree Bridge Medical

Section 15 - Physical Examinations

Part 1 - Standards
Part 2 - Fitness for Duty
Part 3 - Medical Dispute Resolution Procedures
Part 4 - Physical Exams - General
Part 5 - Alcohol and Drug Testing
Sub-part 1 - Testing Occasions
Sub-part 2 - Drug Testing Procedures
Sub-part 3 - Alcohol Testing
Sub-part 4 - Consequences of a Verified Confirmed Positive Drug Test
Sub-part 5 - Consequences of a Positive Alcohol Test
Sub-part 6 - No Notice Testing
Sub-part 7 - Voluntary Rehabilitation

Table of Contents

Sub-part 8 - Refusal or Failure to Cooperate
Sub-part 9 - General
Sub-part 10 - Recovery Programs

Section 16 - Workers' Compensation

Section 17 - Missing, Internment, Hostage, or Prisoner of War Benefits

Part 1 - Definition
Part 2 - Compensation and Benefits
Part 3 - Expedited Resolution of Disputes

Section 18 - Pilots' Stock Options

Part 1 - Definitions
Part 2 - Eligibility to be a Participant
Part 3 - Number of Options
Part 4 - Grant Date and Exercise Price
Part 5 - Allocation
Part 6 - Vesting and Forfeitures
Part 7 - Exercisability and Expiration
Part 8 - Transferability

Section 19 - Discipline and Discharge

Part 1 - Definitions
Part 2 - Notice and Hearing
Part 3 - Discipline and Discharge Grievance Process
Part 4 - General

Section 20 - Non-Disciplinary Grievances

Part 1 - Definitions
Part 2 - Settlement of Disputes
Part 3 - General

Section 21 - System Board of Adjustment

Part 1 - Definitions
Part 2 - System Board of Adjustment

Section 22 - Seniority

Part 1 - Seniority Date
Part 2 - System Seniority List
Part 3 - Probation
Part 4 - Seniority Rights
Part 5 - Seniority General

Section 23 - Reduction in Force, Furlough and Recall

Part 1 - Definitions
Part 2 - Furlough Rules

Table of Contents

Part 3 - Furlough Pay and Furlough Allowance
Part 4 - Furlough General
Part 5 - Recalls
Part 6 - Recall Moves Examples

Section 24 - Staffing and Filling of Vacancies

Part 1 - Definitions
Part 2 - Staffing
Part 3 - Bids
Part 4 - Bids General
Part 5 - Filling of Vacancies / Displacements
Part 6 - Base/ BES Closure
Part 7 - Initial Assignments
Part 8 - Special Assignments

Section 25 - Scheduling

Part 1 - Definitions
Part 2 - Bid Period
Part 3 - Pairings
Part 4 - Line Construction
Part 5 - Bidding
Part 6 - Line of Time Adjustment Rules
Part 7 - {Intentionally Left Blank}
Part 8 - Reassignment of Lineholders
Part 9 - Reserve Days for Lineholders
Part 10 - Trip Trades, Open Time and Line Improvement Rules
Part 11 - Reserve Scheduling
Part 12 - Check-in Procedure
Part 13 - Open Time Assignment
Part 14 - FBO, CBA and Management Pilot Flying
Part 15 - General

Section 25.PBS - (PBS Scheduling)

Part 4 - Preferential Bidding System (PBS)
Part 5 - Continuing Qualification Training Bidding and Award
Part 6 - Bidding
Part 7 - Awards

Section 26 - General

Section 27 - Insurance Benefits

Part 1 - General
Part 2 - Medical Plan Coverage for Active Pilots
Part 3 - Life Insurance for Active Pilots
Part 4 - Pilot LOL/LTD Plan
Part 5 - Disability Insurance under Pilots 401(k) Plan and B-Plan
Part 6 - Retiree/Survivor Medical
Part 7 - Projected Total Costs.

Table of Contents

Section 28 - Retirement Benefits

Part 1 - General
Part 2 - CARP and A-Plan
Part 3 - 401(k) Plans
Part 4 - B-Plan
Part 5 - Nonqualified Plan
Part 6 - Investment Committee under Pilots 401(k) Plan and B-Plan
Part 7 - Retirement Board
Part 8 - Indemnification by Company

Section 29 - Dues Check-Off

Part 1 - Dues Check-Off
Part 2 - Agency Shop
Part 3 - Dues Check-Off General
ASSIGNMENT AND AUTHORIZATION

Section 30 - Duration

Letters of Agreement

LOA 1 - ON-TIME PERFORMANCE INCENTIVE PLAN
LOA 2 - FLIGHT OPERATIONS QUALITY ASSURANCE
LOA 3 - DOMICILE/SUB-BASE CLOSURE
LOA 4 - AVIATION SAFETY ACTION PROGRAM (ASAP)
LOA 5 - EXTENSION OF FOQA
LOA 6 - AVIATION SAFETY ACTION PROGRAM (ASAP)
LOA 7 - MIDAIR COLLISION HAZARD REDUCTION GROUP.
LOA 8 - RE: HARDSHIP COMMITTEE
LOA 9 - PILOT PAY PROTECTION
LOA 10 - PEER PILOT ASSISTANCE COMMITTEE SUPPORT
LOA 11 - ONE-TIME EXCEPTION TO SECTION 23, EXHIBIT B, PARAGRAPH H
LOA 12 - CMI ASAP
LOA 13 - PILOT RECALLS
LOA 14 - EXTENSION OF RETIREE MEDICAL BENEFITS
LOA 15 - PARTNERSHIP ACCORD
LOA 16 - CAT 5 FINAL RESOLUTION LETTER
LOA 17 - COMMUTING POLICY
LOA 18 - INITIAL RECALL ASSIGNMENTS
LOA 19 - RETIREMENT CREDIT UPON MILITARY RETURN
LOA 20 - ACARS
LOA 21 - AGE 58 PAY PROTECTION
LOA 22 - B757 COMMITMENT
LOA 23 - BOARD ACCESS PROTOCOL
LOA 24 - BENEFITS FOR TEST FLIGHTS
LOA 25 - CONTINGENCIES
LOA 26 - DEADHEADING PILOT

Table of Contents

Letters of Agreement

LOA 27 - ELECTRONIC FLIGHT BAG
LOA 28 - ELIMINATION OF PAY BANK
LOA 29 - FATIGUE
LOA 30 - FFDO
LOA 31 - FLIGHT INSTRUCTOR TRAINING DEPARTMENT SCHEDULING
LOA 32 - FLIGHT OPERATIONS AUDIT
LOA 33 - FOQA AND ASAP
LOA 34 - GUAM FLYING
LOA 35 - IRO SEATING
LOA 36 - MODIFICATION TO PAY PROTECTION
LOA 37 - PREFERENTIAL BIDDING (PBS) COMMITTEE
LOA 38 - PHYSICAL EXAMS ADDENDUM
LOA 39 - PILOT PAIRING AND LINE CONSTRUCTION COMMITTEE
LOA 40 - PREFERENTIAL INTERVIEW ATA
LOA 41 - PREFERENTIAL INTERVIEW EXPRESS
LOA 42 - RESERVE REPORT TO EWR
LOA 43 - SATELLITE BASE
LOA 44 - SIXTH ADDENDUM TO THE COLLECTIVE BARGAINING
LOA 45 - SMS
LOA 46 - STAFFING FLEX PRE-PBS
LOA 47 - STOCK BUY-BACK / DIVIDEND RESTRICTIONS
LOA 48 - TRAINING STEERING COMMITTEE
LOA 49 - VACATION FLY THROUGH
LOA 50 - WAIVER - SECTION 1113 PROTECTIONS
LOA 51 - WORKERS' COMPENSATION
LOA 52 - PASS TRAVEL WHILE ON LOL/LTD
LOA 53 - CAL EMPLOYMENT OF CERTAIN EXPRESSJET PILOTS

1 Scope

Section 1 - Recognition and Scope

Part 1 - Recognition

A. In accordance with Certification Number R-6193 and Certificate Number R-6717 issued by the National Mediation Board on July 7, 1993, and October 2, 2000, respectively, as transferred by the National Mediation Board on July 17, 2001, Continental Airlines, Inc. (the "Company") recognizes the Air Line Pilots Association, International (the "Association") as the collective bargaining representative of the Pilots and Flight Instructors employed by the Company with the authority and obligation to represent them for the purposes of the Railway Labor Act, as amended (the "Act").

B. This Collective Bargaining Agreement dated April 1, 2005, and any letters of agreement, letters of understanding, and memoranda of agreement between the Company and the Association as listed in Section 30 (Duration) below, or as entered into after April 1, 2005, are collectively referred to as the "Agreement." Unless otherwise specified, a reference to a section, part, or paragraph is to a provision of Section 1-30 of this Collective Bargaining Agreement.

Part 2 - Definitions

For the purposes of this Section 1, the following definitions will apply:

A. "Affiliate", with respect to a specified Entity, means any of the following:

1. A Subsidiary, Parent or division of the specified Entity, or

2. An Entity that directly or indirectly Controls the specified Entity or is Controlled by the specified Entity or is under common Control with the specified Entity.

B. "ASM" means available seat mile.

C. "Carrier Hub" means any airport of an air carrier (other than the Company) from which the air carrier, in any month during the six (6) months prior to the month for which the measurement is being made, scheduled an average of 50 or more daily departures on its mainline jet aircraft, provided that such an airport will not be considered a Carrier Hub of the air carrier if, in any two (2) months during the six (6) months prior to the month for which the measurement is being made, the air carrier scheduled an average of 35 or fewer daily departures from that airport. For Complementary Carriers, "Carrier Hub" includes only airports located within the United States and Territories. For Foreign Air Carriers, "Carrier Hub" includes only airports located outside the United States and Territories. A "Carrier Hub" does not include a Company Hub.

D. "Circumstance beyond the Company's Control" means 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.

E. "Code-Share Agreement" means an agreement or arrangement between the Company and one or more air carriers under which another air carrier's flights bear the designator code of the Company or the Company's flights bear the designator code of the other air carrier, or both.

F. "Code-Share Agreement Flight" means a non-stop flight of the Company bearing another air carrier's designator code or a non-stop flight of another air carrier bearing the Company's designator code under a Code-Share Agreement. A non-stop flight will be considered a Code-Share Agreement Flight where the flight has code-sharing (*i.e.*, a Company non-stop flight bearing the other air carrier's designator code or a non-stop flight of the other air carrier bearing the Company's designator code) as published by the respective air carrier to the Official Airline Guide (OAG).

G. "Company Hub" means:

1. IAH, CLE, GUM, and EWR;

2. An airport from which the Company, in any month during the six (6) months prior to the month for which the measurement is being made, scheduled an average of 50 or more daily departures of Company flights.

Provided that an airport specified in Paragraph 2 will not be considered a Company Hub if, in any two (2) months during the six (6) months prior to the month for which the measurement is being made, the Company scheduled an average of 35 or fewer daily departures from that airport.

H. "Complementary Carrier" means a Domestic Air Carrier (other than the Company or a Company Affiliate) that engages in Complementary Carrier Flying, including:

1. Any of its Domestic Air Carrier Affiliates, and

2. Any other Domestic Air Carrier that conducts flights (regardless of equipment size or type) under the designator code of the first Domestic Air Carrier or its Affiliates under a Revenue/Profit Sharing Agreement, but only to the extent that its operations are under such Revenue/Profit Sharing Agreement.

I. "Complementary Carrier Flying" means flying by a Domestic Air Carrier under a Code-Share Agreement, other than Express Carrier Flying,

J. "Control" of an Entity means the possession, whether directly or through one or more Affiliates, of any one of the following:

1. Securities that constitute, or are then exercisable for or then exchangeable into fifty percent (50%) or more of the Voting Stock of such Entity; or

2. The power, right or authority to select or prevent the selection of a majority of the specified Entity's board of directors or similar governing body.

Provided that the possession, whether directly or through one or more Affiliates, of securities that constitute, or are then exercisable for or then exchangeable into, less than fifty percent (50%) but more than thirty-five percent (35%) of the Voting Stock of such Entity will constitute Control of such Entity if the other Entity possessing such securities (or one or more of its Affiliates) also has the power, right or authority to select a minority of the specified Entity's board of directors or similar governing body and such minority has the sole power, right or authority to appoint or remove any of such Entity's executive officers or the majority of any committee of such Entity's board of directors or other governing body.

Provided that notwithstanding the foregoing Compañia Panameña de Aviacion, S.A. (COPA) will not be considered Controlled by the Company (and thus not an Affiliate of the Company) as long as the Company and Company Affiliates own securities that in the aggregate constitute, are then exercisable for or are then exchangeable into less than fifty percent (50%) of the Voting Stock of COPA

K. "Domestic Air Carrier" means an "air carrier" as defined in 49 U.S.C. Section 40102(a)(2).

L. "Entity" means a natural person, corporation, association, partnership, trust or any other form for conducting business, and any combination of any of the foregoing.

M. "Express Agreement" means an agreement between the Company and another Domestic Air Carrier for operation by the other Domestic Air Carrier only of Small Jets, Small Turboprops, or both, under a Code-Share Agreement *and* either a Marketing Agreement or a Revenue/Profit Sharing Agreement, or both.

N. "Express Carrier" means a Domestic Air Carrier that engages in flying under an Express Agreement.

O. "Express Carrier Flying" means flying pursuant to an Express Agreement.

P. "Foreign Air Carrier" means an air carrier that is not a Domestic Air Carrier.

Q. "Hub to Hub Flight" means a non-stop flight between a Company Hub and a Carrier Hub.

R. "International Route" means a route between an airport in the United States or its Territories and an airport outside the United States and its Territories. "Territories" consists of territories, possessions and commonwealths of the United States, including Guam and Puerto Rico.

S. "Livery" means, separately or in any combination, an air carrier's name, its logo, and the paint scheme on its aircraft. Livery does not include the logo of any multi-airline alliance of which an air carrier is part.

T. "Marketing Agreement" means an agreement or arrangement with an Express Carrier (including an Express Carrier that is a Company Affiliate), under which:

1. Such Express Carrier transports passengers or cargo or mail in aircraft displaying the Company Livery; or

2. Such Express Carrier or the Company or a Company Affiliate otherwise holds out to the public that the Company is performing flying of such Express Carrier.

U. "Parent" means an Entity that Controls another Entity.

V. "Reciprocal Livery Agreement" means an agreement or arrangement between the Company and another air carrier under which each of the two carriers displays on its aircraft Livery then in use by the other carrier, provided that the carriers display the other's Livery on equal numbers of aircraft and that each such aircraft displays prominently the name and logo of the operating carrier with the intent that the public will not conclude that such aircraft is operated by the other carrier.

W. Revenue/Profit Sharing Agreement means an agreement or arrangement between or among two or more carriers that provides for any form of:

1. Capacity purchase,
2. Fees for scheduled block hours,
3. Revenue sharing from flight operations,
4. Profit sharing from flight operations,
5. Margin sharing from flight operations,
6. Fees for departure, or
7. Purchasing blocks of passenger seats on a carrier for sale or resale by a different carrier;

Provided that a Revenue/Profit Sharing Agreement does not include the reimbursement of distribution costs, or payments or receipts under standard industry prorate agreements, standard industry interline service charge agreements, standard industry re-accommodation agreements, and standard industry revenue settlement agreements.

X. "Scheduled" (with or without capitalization) with respect to flying means flying that is published to the OAG. "To Schedule" (with or without capitalization) means to publish flying to the OAG.

Y. "Small Jet" means jet aircraft with an FAA certification of fifty (50) or fewer seats.

Z. "Small Turboprop" means turboprop aircraft with an FAA certification of seventy-nine (79) or fewer seats.

AA. "Subsidiary" means an Entity that is Controlled by another Entity.

BB. "Voting Stock" means a corporation's common stock and other securities that then entitle a holder thereof either to vote in elections for or to participate in selecting members of a corporation's board of directors or similar governing body.

Part 3 - Scope

A. The Agreement covers all revenue, non-revenue, scheduled, nonscheduled and miscellaneous flying performed by or for the Company or a Company Affiliate, or for

Continental Micronesia, Inc. or any of its Affiliates, so long as the Company Controls Continental Micronesia, Inc. or any of its Affiliates, in either case other than:

1. Flying by other air carriers authorized by Part 4 or Part 5;
2. Flying by a Company Affiliate that is separately incorporated as a Domestic Air Carrier operating solely Small Jets or Small Turboprops, or both; and
3. Flying by another air carrier while participating in a Complete Transaction in accordance with Part 7 below.

All flying covered by the Agreement will be performed by pilots whose names appear on the Continental Airlines, Inc. Pilots' System Seniority List ("Continental Pilots").

B. The Agreement also covers all Flight Instructor work as described in Section 10 of the Agreement. All such Flight Instructor work will be performed by Continental Pilots.

C. The Company will not directly or through an Affiliate establish any new airline which operates aircraft other than Small Jets and Small Turboprops; provided that a transaction permitted by and in accordance with Part 7 below does not constitute establishing a new airline under this Paragraph C.

D. There will be no subcontracting of work covered by the Agreement without prior written agreement with the Association. The Company may, however, enter into and maintain standard industry interline agreements for the accommodation of passengers and/or cargo or mail pursuant to standard industry practices (e.g., overbookings) and for transportation of excess baggage and excess cargo or mail, and if the Company has insufficient aircraft for operations on a newly awarded international route authority, it may engage in subcontracted revenue flying on the international route for a period of six (6) months or until sufficient aircraft are acquired, whichever is less.

E. Flying performed by another carrier pursuant to and in accordance with Part 4 or Part 5 will not be considered subcontracted flying.

Part 4 - Express Carriers

A. The Company may enter into and maintain Express Agreements subject to the limitations set forth below.

B. The Company will not permit Express Carrier Flying between Company Hubs. If an Express Carrier schedules a pair of successive flights of Express Carrier Flying to be operated either under a single flight number or on a single aircraft, where one flight is scheduled to originate at a Company Hub and the second flight is scheduled to terminate at a second Company Hub, the Company will impose an IATA standard schedules Information Manual Type "A" Traffic Restriction Code on the through flight which will suppress its display.

C. The Company will not enter into or continue Express Agreements unless the Company is in compliance with the protections prescribed by Part 5, Paragraph F of this Section.

D. When hiring, the Company will provide preferential interviews to pilots of Express Carriers, and will use commercially reasonable efforts to include reciprocal rights for Continental Pilots in the event of a furlough at Continental in its future agreements or

renewals of agreements with Express Carriers. A Pilot will not be required to resign as a Continental Pilot as a condition of applying for or being employed as a pilot by an Express Carrier.

E. The Company will review with the Association changes in flying by Express Carriers which substitute Express Carrier Flying for flying that is or could be economically flown by the Company. The Association agrees to treat the nonpublic information provided in such review as confidential, including in any grievance/arbitration.

F. The Company will not authorize the use of more than an aggregate of two hundred seventy-four (274) Small Jets in Express Carrier Flying, except that, if the Company operates more Company aircraft having an FAA certification of at least one hundred (100) seats than the three hundred forty-eight (348) that it operated on March 1, 2005, it may increase the number of Small Jets engaged in Express Carrier Flying in accordance with the following:

1. For every single aisle aircraft with an FAA certification of at least one hundred (100) seats but less than one hundred fifty (150) seats which increases the number of aircraft operated in the Company's fleet above the number operated on March 1, 2005, the Company may authorize the use in Express Carrier Flying of three (3) additional Small Jets beyond the two hundred seventy-four (274) Small Jets authorized as of the date of signing of the Agreement.

2. For every single-aisle aircraft with an FAA certification of at least one hundred fifty (150) seats (but not a twin-aisle aircraft) which increases the number of aircraft operated in the Company's fleet above the number operated on March 1, 2005, the Company may authorize the use in Express Carrier Flying of four (4) additional Small Jets beyond two hundred seventy-four (274) Small Jets.

3. For every twin-aisle aircraft with an FAA certification of at least one hundred fifty (150) seats which increases the number of aircraft operated in the Company's fleet above the number operated on March 1, 2005, the Company may authorize the use in Express Carrier Flying of five (5) Small Jets beyond two hundred seventy-four (274) Small Jets.

4. If the Company reduces the number of aircraft it operates in a group specified in Paragraphs 1, 2, or 3 to less than the number it operated on March 1, 2005, but increases the number of aircraft it operates in one of the higher groups beyond the number it operated on March 1, 2005, it may authorize the use of more than two hundred seventy-four (274) Small Jets in Express Carrier Flying as shown in the following examples, as long as the net number of aircraft operated by the Company in the three groups is not less than the number operated on March 1, 2005.

    a. If two single-aisle aircraft with an FAA certification of at least one hundred (100) seats but less than one hundred fifty (150) seats are retired and replaced by two single-aisle aircraft with an FAA certification of at least one hundred fifty (150) seats (but not twin-aisle aircraft), the Company may add two (2) Small Jets for use in Express Carrier Flying beyond two hundred seventy-four (274) Small Jets.

b. If two single-aisle aircraft with an FAA certification of at least one hundred (100) seats but less than one hundred fifty (150) seats are retired and replaced by one single-aisle aircraft with an FAA certification of at least one hundred fifty (150) seats (but not twin-aisle aircraft), the Company may add no Small Jets for use in Express Carrier Flying beyond two hundred seventy-four (274) Small Jets.

c. If two single-aisle aircraft with an FAA certification of at least one hundred (100) seats but less than one hundred fifty (150) seats are retired and replaced by two twin-aisle aircraft with an FAA certification of at least one hundred fifty (150) seats, the Company may add four (4) Small Jets for use in Express Carrier Flying beyond two hundred seventy-four (274) Small Jets.

Part 5 - Complementary Carriers and Foreign Air Carriers

A. Subject to the limitations and provisions contained in this Part 5, the Company is authorized to:

1. Enter into and maintain Code-Share Agreements, Express Agreements, and Reciprocal Livery Agreements with Domestic Air Carriers, and, as specified in Paragraph C.4. below, Marketing Agreements with Domestic Air Carriers;

2. Enter into and maintain Code-Share Agreements, Reciprocal Livery Agreements, and Revenue/Profit Sharing Agreements with Foreign Air Carriers.

B. The Company or a Company Affiliate may not:

1. Enter into or maintain a Marketing Agreement with a Domestic Air Carrier other than an agreement for performance of Express Carrier Flying or performance of flying pursuant to Paragraph C.4 below;

2. Enter into or maintain a Revenue/Profit Sharing Agreement with a Domestic Air Carrier other than an agreement for performance of Express Carrier Flying.

C. Complementary Carrier Flying

1. System Flying

For each Complementary Carrier, a ratio (the "Complementary Carrier ASM Ratio") will be determined by dividing the number of ASMs scheduled to be operated by the Complementary Carrier in aircraft other than Small Jets and Small Turboprops by the number of ASMs of all flights scheduled to be operated by the Company either:

a. During the twelve full calendar months immediately prior to the effective date of the Agreement (if the Complementary Carrier was a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement), or

b. During the twelve full calendar months immediately prior to the effective date of the Code-Share Agreement with the Complementary

Carrier (if the Complementary Carrier was not a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement).

The last day of the applicable twelve-month period will be the "Ratio Date" with respect to such Complementary Carrier. For each rolling four-quarter period measured at the beginning of each calendar quarter that commences following the Ratio Date (*e.g.*, if the Ratio Date were to be 6/30/04, then the first rolling four-quarter period would be 7/1/04 - 6/30/05 and the second rolling four-quarter period would be 10/1/04 - 9/30/05, etc.), the ratio between the number of ASMs of Code-Share Agreement Flights scheduled by the Complementary Carrier bearing the Company's designator code in aircraft other than Small Jets and Small Turboprops and the number of ASMs of Code-Share Agreement Flights scheduled by the Company bearing the Complementary Carrier's designator code (the "Complementary Carrier Schedule Ratio") will not exceed one hundred and fifteen percent (115%) of the Complementary Carrier ASM Ratio. For example, if the Complementary Carrier ASM ratio is 1.5 (i.e., the Complementary Carrier had fifty percent (50%) more scheduled ASMs in aircraft other than Small Jets and Small Turboprops than the Company in the measurement period), then the number of ASMs scheduled to be operated by the Complementary Carrier bearing the Company's designator code in aircraft other than Small Jets and Small Turboprops may not be more than 1.725 times the number of ASMs scheduled to be operated by the Company bearing the Complementary Carrier's designator code. As a further example, if the Complementary Carrier ASM ratio is 0.5 (i.e., the Complementary Carrier has one-half (1/2) of the scheduled ASMs of the Company in the measurement period in aircraft other than Small Jets and Small Turboprops), then the number of ASMs scheduled to be operated by the Complementary Carrier bearing the Company's designator code in such aircraft may not be more than 0.575 times the number of ASMs scheduled to be operated by the Company bearing the Complementary Carrier's designator code.

2. The provisions of Paragraph C.1. will have been satisfied in connection with a Code-Share Agreement with a Complementary Carrier that at the time operates fewer than one-half (1/2) of the number of ASMs operated by Continental, if the number of ASMs of Code-Share Agreement Flights scheduled by the Company bearing the Complementary Carrier's designator code equals at least eighty percent (80%) of the number of ASMs of Code-Share Agreement Flights scheduled by the Complementary Carrier bearing the Company's designator code.

3. The limitations and requirements of this Part will apply to the ASMs scheduled to be operated under the Delta/Continental Code-Share Agreement in aircraft other than Small Jets and Small Turboprops, except that Paragraphs C.1 and C.6 will not apply to those Code-Share Agreement Flights prescribed in the U.S. Department of Transportation's Order dated March 31, 2003, so long as that prescription remains in force. The Company's efforts to maintain a

balance in the code sharing on such prescribed flights will be examined by the Review Committee at each of its quarterly meetings.

4. Complementary Carriers Operating Aircraft Smaller than Eighty (80) Seats.

A Domestic Air Carrier that only operates aircraft with an FAA certification of fewer than eighty (80) seats may engage in Complementary Carrier Flying on jet aircraft with an FAA certification of less than eighty (80) seats and may operate such flights under a Marketing Agreement, without inclusion of such flights in a Complementary Carrier ASM Ratio specified in Paragraph 1 above, provided that the Domestic Air Carrier:

a. Does not operate such Complementary Carrier Flying to or from a Company Hub;

b. Is not an Affiliate of another Complementary Carrier;

c. Does not operate any flights under the designator code of another Complementary Carrier; and

d. Does not operate any flights under a Revenue/Profit Sharing Agreement with another Complementary Carrier.

5. Company Hub Flights.

The Company will not permit Complementary Carrier Flying between Company Hubs or to or from a Company Hub (except for Hub to Hub Flights).

6. Hub to Hub Flights.

For each Complementary Carrier, a ratio (the "Complementary Hub ASM Ratio") will be determined by dividing the number of ASMs of all Hub to Hub Flights (*i.e.*, between the applicable Carrier Hubs and Company Hubs) scheduled to be operated by such Complementary Carrier on aircraft other than Small Jets and Small Turboprops by the number of domestic ASMs of all Hub to Hub Flights scheduled to be operated by the Company either:

a. During the twelve (12) full calendar months immediately prior to the effective date of this Agreement (if the Complementary Carrier was a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement), or

b. During the twelve (12) full calendar months immediately prior to the effective date of the Code-Share Agreement with the Complementary Carrier (if the Complementary Carrier was not a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement).

The last day of the applicable twelve-month period will be the "Ratio Date" with respect to such Complementary Carrier. For each rolling four-quarter period measured at the beginning of each calendar quarter that commences following the Ratio Date (e.g., if the Ratio Date were 6/30/04, then the first rolling four-quarter period would be 7/1/04 - 6/30/05 and the second rolling four-quarter period would be 10/1/04 - 9/30/05, etc.), the ratio between the

number of domestic ASMs of Hub to Hub Flights scheduled by the Complementary Carrier bearing the Company's designator code and the number of ASMs of Hub to Hub Flights scheduled by the Company bearing the Complementary Carrier's designator code (the "Complementary Schedule Ratio") will not exceed one hundred twenty percent (120%) of the Complementary Hub ASM Ratio.

7. International Flights.

   The Company will not permit Complementary Carrier Flying on a non-stop flight operated on an International Route into or out of a Company Hub.

8. No Code Share Agreement with a Complementary Carrier will be entered into or continued unless the Company is in compliance with the provisions of Part 5, Paragraph F of this Section.

D. Foreign Air Carrier Agreements

1. The Company will not permit Code-Share Agreement Flights, or non-stop flights pursuant to a Reciprocal Livery Agreement or Revenue/Profit Sharing Agreement with the Company or Company Affiliate, if such flights are operated by a Foreign Air Carrier to or from a Company Hub, other than non-stop flights between a Company Hub and a Carrier Hub of the Foreign Air Carrier or between a Company Hub and another airport in a country containing a Carrier Hub of the Foreign Air Carrier.

2. For each Foreign Air Carrier which is a party to a Code-Share Agreement, Reciprocal Livery Agreement, or Revenue/Profit Sharing Agreement with respect to International Routes on which the Company has scheduled service, a differential (the "Foreign Air Carrier Flight Differential") will be determined by comparing the average number of scheduled flights per day operated on an International Route by the Company with the average number of scheduled flights per day operated on the International Route by the Foreign Air Carrier either:

   a. During the twelve (12) full calendar months immediately prior to the effective date of this Agreement (if the Foreign Air Carrier was a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement), or

   b. During the twelve (12) full calendar months immediately prior to the effective date of the Code-Share Agreement with the Foreign Air Carrier (if the Foreign Air Carrier was not a party to a Code-Share Agreement on the effective date of the Collective Bargaining Agreement).

   The Company may not place its code or Livery, or engage in Revenue/Profit Sharing on any Foreign Air Carrier flight on the shared International Route which would exceed the Differential number of flights by more than two (2) (also accounting for the number of such flights of the Company on this Route bearing the Foreign Air Carrier's code). For example, if the Company had two (2) regularly scheduled daily flights and the Foreign Air Carrier had six (6)

between EWR and CDG during the applicable twelve-month measurement period, and if the Company's two flights had the Foreign Air Carrier's code, then the Company could place its code on eight (8) of the Foreign Air Carrier flights between EWR and CDG; but the Company could not place its code on Foreign Air Carrier flights in excess of eight (8) scheduled flights in the EWR-CDG market unless the Company had three (3) such flights bearing the Foreign Air Carrier's code (in which case the Company could place its code on no more than eleven (11) Foreign Air Carrier flights between EWR and CDG).

3. In the event the Company or a Company Affiliate enters into or maintains a Revenue/Profit Sharing Agreement with a Foreign Air Carrier, the scheduled ASMs of Company flying between the United States and Territories and a country containing a Carrier Hub of such Foreign Air Carrier, in each twelve (12) month period, measured quarterly from the date of March 1, 2005 (with respect to any Revenue/Profit Sharing Agreement with a Foreign Air Carrier in effect on such date) or the date of the first day of the month following the effective date of the Revenue/Profit Sharing Agreement, will be not less than ninety percent (90%) of the scheduled ASMs of Company flying between the two (2) countries in the same three (3) months of the twelve (12) month period prior to the month in which the Company first entered into a Revenue/Profit Sharing Agreement with that Foreign Air Carrier; but in no event during the term of such Revenue/Profit Sharing Agreement will there be fewer than six (6) scheduled non-stop flights of the Company per week between the U.S. and that country.

4. The Company will not allow Company Livery to be placed on a flight operated by a Foreign Air Carrier except under a Reciprocal Livery Agreement.

5. The Company will not enter into or maintain a Code Share Agreement, Revenue/Profit Sharing Agreement or Reciprocal Livery Agreement with a Foreign Air Carrier unless the Company is in compliance with the protections set forth in Part 5, Paragraph F of this Section.

E. Enforcement and Mergers

1. If in any three (3) consecutive calendar month period following the applicable Ratio Date, the flight or ASM ratio requirements of Paragraphs C.1, C.2, C.6, D.2, or D.3 above are not satisfied, then the Company will promptly take one of the following actions:

   a. Remove the Company designator code from one (1) or more applicable flights of the applicable air carrier(s) as of the Next Published Schedule Change Date (as defined below),

   b. Add Company flights bearing the designator code of the applicable air carrier(s) as of the Next Published Schedule Change Date (or in the case of Paragraph D.3 above, add scheduled ASMs of Company flying between the two countries as of the Next Published Schedule Change Date), or

c. Add the designator code of the applicable air carrier(s) to existing Company flights not previously bearing that air carrier's designator code as of the Next Published Schedule Change Date.

For the purposes of this Paragraph, the "Next Published Schedule Change Date" is defined as the immediately following date on which a major schedule change is loaded into any publicly available data base, provided that such schedule change must take effect no later than three (3) months following the date the schedule change is loaded.

2. The Company will be excused from compliance with Paragraphs C.1, C.2, C.6, D.2, and D.3 above for the period of time that a Circumstance Beyond the Company's Control is the cause of such non-compliance.

3. If the Company, a Complementary Carrier or a Foreign Air Carrier merges with another air carrier so as to form a single carrier with a single pilot seniority list and a single pilot collective bargaining agreement, the ASM Ratios, the Hub ASM Ratios and the Foreign Air Carrier Flight Differential provided for in Paragraphs C or D above, will be appropriately adjusted by adding the relevant numbers of the other air carrier party to the merger (and any flights of Complementary Carrier Flying scheduled to be operated by the Complementary Carrier in aircraft other than Small Jets or Small Turboprops whose ASMs are counted as Complementary Carrier ASMs pursuant to Part 5, Paragraph C above) to the relevant numbers of the Company or the Complementary Carrier, as the case may be, with such numbers to be measured during the six (6) full calendar months immediately prior to the effective date of the merger. In connection with such adjustment, in addition to Carrier Hubs and Company Hubs as defined in Part 2, Paragraphs C and G above, each hub of the air carrier party to the merger will be considered a Company Hub or a Carrier Hub, as the case may be, if such air carrier scheduled during any month in such six (6) month period an average of fifty (50) or more daily departures therefrom, provided that such an airport will not be considered a Hub of the air carrier if, in any two (2) months during the six (6) months prior to the month for which the measurement is being made, the air carrier scheduled an average of thirty-five (35) or fewer daily departures from that airport.

F. During the period any Code-Share Agreement, Reciprocal Livery Agreement, Marketing Agreement, or Revenue/Profit Sharing Agreement remains in effect:

1. In any rolling twelve (12) months, there will be no reduction in the Company's scheduled block hours below the aggregate scheduled block hours of the Company measured as an arithmetic average of the scheduled block hours for the twelve (12) months prior to the initial implementation of the then most recent such agreement entered by the Company; and

2. There will be no reduction in

a. The total number of Continental Pilot positions below the number measured monthly as an arithmetic monthly average of the level for the

twelve (12) months prior to the initial implementation of the then most recent applicable agreement entered by the Company, or

b. The Equipment and Status of any Continental Pilot; and

3. There will be no reduction in the number of aircraft in the Company's fleet FAA certificated for one hundred twenty-five (125) or more passenger seats,

Unless such reductions are attributable to economic or other reasons not related to the applicable agreement.

G. The Company will not be required to take any of the actions described in Part 5, Paragraph E.1 if, as a result of such actions or cure, the Company would trigger a termination provision or incur a material liability under a Code-Share Agreement; provided that the Code-Share Agreement has been in place at least since March 1, 2005. If the requirement to take such actions or otherwise cure is excused by the first sentence of this Paragraph, the parties will meet to make a good faith effort to develop other ways to address the issues related thereto.

Part 6 - Labor Disputes

A. It will not be a violation of the Agreement, and it will not be cause for discharge, permanent replacement or any other disciplinary action if any Continental Pilot:

1. Refuses to operate "struck-work Company Flights," meaning that:

a. The pilots of a carrier party to a Code-Share Agreement, Marketing Agreement, Reciprocal Livery Agreement, or Revenue/Profit Sharing Agreement are engaged in a lawful strike, and

b. In any rolling thirty (30) day period following the commencement of the strike, the Company increases flights under the applicable agreement and/or flights operated under the designator code of the struck carrier or its Affiliates, measured against such Company flying during the thirty (30) day period that ends two (2) full months before the commencement of the strike; provided that this provision will not apply to increased flights that were scheduled by the Company prior to and irrespective of the existence of the lawful strike.

Provided, that it will not be considered to be performing struck-work Company Flights to expand Company flying from Company Hubs or to continue to transport passengers and/or cargo or mail within its route structure on its own aircraft so long as the code or other designation of the struck carrier is not placed on additional Company flights as described in Paragraph 1, and for any such expanded flying of the Company:

a. The Company receives all of the revenue for the services it performs, and

b. No financial benefit accrues to the struck carrier as a result of the Company's performance of such services, and

c. City pairs operated by the struck carrier are not initiated by the Company during the strike at the request of the struck carrier, or

2. Refuses to cross or chooses to honor the lawful picket lines of employees employed by the Company, or any Affiliate of the Company; or

3. Refuses to undergo training or perform pilot work or services on the property of another carrier during a lawful strike by that carrier's pilots; or

4. Refuses to perform training of pilots for service as strike replacement pilots.

B. From the effective date of the Agreement through thirty (30) days following the date, if any, that the parties are released from mediation by the National Mediation Board in connection with negotiations for a successor Agreement (the "Release Date"), the Association, including but not limited to its directors, officers, representatives and agents, will not engage in, promote, or cause any strike or work stoppage at the Company or Continental Micronesia, Inc., including but not limited to sympathy strikes or recognition of picket lines at the Company or Continental Micronesia, Inc., and the Association will not otherwise support picket lines established at the Company or Continental Micronesia, Inc., or cause any other organized job action at either such company, provided, however, that this Paragraph B does not restrict the Association and its directors, officers, representatives, and agents, from advising the Pilots of the existence of a strike, picket line, or other labor dispute, and their rights with respect thereto, or engaging in, promoting or causing any strike, work stoppage, refusal to perform work or training, or refusal to cross a picket line permitted under Paragraph A, and provided further that this Paragraph B applies to Continental Micronesia, Inc. only as long as Continental Micronesia, Inc. flying is covered by the Agreement under Part 3, Paragraph A.

C. The commitment stated in Paragraph B above will be inapplicable as of the Release Date without regard to whether the parties are then engaged in collective bargaining under the Act. The Company waives any claim that the commitment stated in Paragraph B above remains applicable on or after the Release Date pursuant to the Act's status quo provisions or otherwise. During the period that the commitment in Paragraph B above remains inapplicable, it is acknowledged that the Agreement will contain no contractual prohibition on the ability of the Association and the pilots to honor lawful picket lines.

Part 7 - Successorship, Asset Sales and Mergers

A. Successorship

1. The Agreement will be binding upon any successor, Affiliate, assign, assignee, transferee, administrator, executor and/or trustee or a successor of any of them (a "Successor") of the Company resulting from any transaction that involves:

a. A "Complete Transaction," defined as

i. A transaction whereby an Entity acquires all or substantially all of the assets of the Company, or which establishes a Parent of the Company, to which transaction the Company or a Company Affiliate is a party;

ii. A transaction whereby the Company acquires Control of another air carrier or acquires all or substantially all of the assets of another air carrier (except in both instances (i) and (ii) an air carrier that operates only Small Jets and Small Turboprops); or

b. A "Partial Transaction" defined as the transfer to another Entity (other than in a Complete Transaction) of ownership and/or Control of a portion of the assets of the Company in a Substantial Asset Sale.

2. No contract or other legally binding commitment involving a Complete Transaction or a Partial Transaction will be signed or otherwise entered into by the Company unless it is agreed as a material and irrevocable condition of entering into, concluding and implementing such transaction that the Successor will assume the employment of the pilots on the Continental System Seniority List (or such portion of the pilots transferred in a Partial Transaction) in accordance with the rates of pay, rules and working conditions set forth in the Agreement.

3. The Company will give written notice of the existence of the Agreement to any proposed Successor before the Successor and the Company execute a definitive agreement with respect to a Complete Transaction or a Partial Transaction. If one has not been earlier provided, a copy of the notice will be provided to the Association when the definitive agreement is executed.

B. In the event of a Complete Transaction that includes the Company and another air carrier, the following procedures will apply:

1. If the Company acquires Control of another air carrier, the Company will:

a. Integrate the two pilot groups in accordance with Association Merger Policy or, if the pilots of the other carrier are not represented by the Association, then in accordance with Sections 3 and 13 of the Allegheny Mohawk LPPs, and the Company will accept the pilot seniority list obtained through either process as the pilot seniority list of the merged carrier; and

b. Protect all Continental Pilots who are on the Continental Pilots' Seniority List on the date of the consummation of the definitive agreement resulting in the Complete Transaction against furlough, effective on the date of signing of such agreement and ending no earlier than the date one year after the operations of the Company and the acquired carrier are merged.

2. If an Entity that is another air carrier or that Controls another air carrier acquires Control of the Company, the Company will secure the irrevocable, written commitment of such Entity:

a. To employ all pilots on the then current Continental System Seniority List in accordance with the terms and conditions of the Agreement; and

b. To integrate the two pilot groups in the same manner as stated in Paragraph B.1.a above; and

c. To provide the same furlough protection stated in Paragraph B.1.b above.

3. In the event of a Complete Transaction involving another air carrier in which the Company is the acquiror, then, at the discretion of the Company or Association, the Agreement will become amendable under Section 6 of the Act within sixty (60) days following the date of consummation of the Complete Transaction.

4. In the event of a Complete Transaction involving another carrier in which the Company is not the acquiror, then, at the discretion of the Association, the Agreement will become amendable under Section 6 of the Act within sixty (60) days following the date of consummation of the Complete Transaction.

5. The Company will be deemed to be the acquiror in a Complete Transaction if:

a. The holders of common stock of the Company immediately prior to consummation of the Complete Transaction own, upon consummation of the Complete Transaction, securities in the combined Entity resulting from the Complete Transaction that constitute either a majority in vote or value of the then outstanding equity securities of such combined Entity; or

b. The Company or the holders of common stock of the Company immediately prior to consummation of the Complete Transaction possess the power, right or authority to select a majority of the board of directors of the combined Entity resulting from the Complete Transaction; or

c. The Company acquires all or substantially all of the assets of the other air carrier in the Complete Transaction.

C. A "Substantial Asset Sale" means any transaction by which the Company disposes of all or substantially all of any of the assets designated below:

1. The IAH hub operation (meaning seventy-five percent [75%] or more of the Company's IAH gates and facilities).

2. The EWR hub operation (meaning seventy-five percent [75%] or more of the Company's EWR gates and facilities).

3. The CLE hub operation (meaning seventy-five percent [75%] or more of the Company's CLE gates and facilities).

4. The Continental Micronesia, Inc. operation (meaning seventy-five percent [75%] or more of the Continental Micronesia Guam gates and facilities).

5. A single transaction or a series of related transactions for value by which the Company disposes of more than fifty-five (55) aircraft or disposes of aircraft, route authority, gates or slots which produced the equivalent of five hundred fifty (550) daily scheduled block hours.

Provided that the forfeiture or return of assets to their owner pursuant to the terms of a pre-existing finance agreement, lease, security agreement, pledge, or similar contract will not be construed to be a Substantial Asset Sale.

D. In the event of a Substantial Asset Sale, the Company will not furlough any Continental Pilot in anticipation of the Substantial Asset Sale and will not furlough any Continental Pilot from the date of consummation of the definitive agreement resulting in the Substantial Asset Sale and ending no earlier than one year after the date of the first transfer of assets under the agreement.

E. In the event of a Fragmentation Sale between the Company and another air carrier (defined as a Substantial Asset Sale by the Company to another carrier or acquisition by the Company of assets of another carrier, where, in each case, the acquiring carrier agreed to hire and integrate pilots of the selling carrier associated with those assets), the following procedures will apply:

1. If the Company is the acquiring carrier under the circumstances described in Paragraph E, the Company will:

   a. Integrate the two pilot groups in the manner stated in Paragraph B.1.a above; and,

   b. Provide the furlough protection stated in Paragraph D above.

2. If the Company is not the acquiring carrier, the Company will secure the irrevocable written commitment of the acquiring carrier:

   a. To offer employment at the closing of the acquisition to that number of pilots covered by the Agreement whose identity will be determined by posting and awarding a system bid for a new "asset sale base." No Freeze will apply to bids for the asset sale base, and bids will be awarded consistent with the seniority provisions each pilot then enjoys. The number of positions posted and awarded for such employment will be the average monthly pilot staffing actually utilized in the operation of the transferred assets over the twelve (12) months prior to the posting of the system bid; and,

   b. To negotiate, and to arbitrate under Allegheny-Mohawk Section 13 any differences regarding the identity or number of transferring Continental Pilots that may arise with the surviving carrier (disputes with the Company regarding either the number or identity of transferring pilots will be resolved using the procedures described in Part 8 below); and

   c. To integrate the two pilot groups in the same manner as stated in Paragraph B.1.a above; and

   d. Provide the furlough protection stated in Paragraph D above to any Continental Pilot so hired by the acquiring carrier.

F. In the event of a Complete Transaction or a Fragmentation Sale, the Company and the other Entity will each irrevocably commit in writing that it will:

1. Enter into a complete operational merger (*i.e.*, the combination of all or substantially all of the assets and operations of the Company and the Entity [or its air carrier Affiliate], or in the case of a Fragmentation Sale, the operations and assets of the acquirer [or its air carrier Affiliate] with the acquired assets) within twenty-four (24) months following the consummation of the definitive agreement resulting in the Complete Transaction or Fragmentation Sale, provided that, in the case of a Complete Transaction, such complete operational merger will not be required to take effect until the later of the consummation date of the definitive agreement resulting in the Complete transaction or the date six (6) months following the negotiation of a Merged Employment Agreement under Paragraph F.2 below;

2. In a Complete Transaction, negotiate with the Association (and no other representative) a merged collective bargaining agreement governing pilot rates of pay, rules, and working conditions applicable to the merged carrier (the "Merged Employment Agreement"), such negotiations to take place in accordance with Section 6 of the Act if the Agreement is amendable. If another Entity acquires Control of the Company, however, these negotiations will also include the representative under the Act, if any, of the pilots of the other Entity (or its Affiliate air carrier). The effective date of the Merged Employment Agreement will be the date agreed by the parties.

Provided, however, that the Company will not be required to enter into a complete operational merger with an air carrier that does not engage in the common carriage of passengers or with an air carrier which the Company sells during the twenty-four (24) months following the Complete Transaction with respect to that air carrier.

G. In the event of a Complete Transaction or a Fragmentation Sale (as defined in Paragraph E, above), during any period of separate operation prior to integration of the pre-merger operations, the Company and the other Entity involved in the transaction will each irrevocably commit in writing that it will:

1. Keep separate the operations of the Company and any other carrier party to the transaction at all times prior to such merger of operations and the concomitant integration of pilot collective bargaining agreements (if applicable) and of pilot seniority lists, whichever is latest; and

2. Conduct the operations of the Company with the Continental Pilots and Flight Instructors performing all work covered by the Agreement; and

3. Forbear from interchanging or transferring pilots or aircraft:

   a. In the case of a Complete Transaction, between the Company and the other carrier, and

   b. In the case of a Fragmentation Sale, between the assets disposed of or acquired and the acquiring company,

   In each case without the Association's written consent; and

4. Assure that, in the event of a Complete Transaction, or a Fragmentation Sale in which the Company is the acquiring carrier, the Continental Pilots on the

Company's System Seniority List prior to the acquisition operate, in accordance with this Agreement, all aircraft on hand at the Company, all aircraft on firm order to the Company and all aircraft acquired by the Company after the public announcement of the acquisition (other than as a result of the transaction or any subsequent transaction); provided however that nothing herein will be construed to prevent fleet reductions which the Company can demonstrate are attributable to economic reasons not related to the Complete Transaction or Fragmentation Sale, or the retirement of existing aircraft in the normal course of business or as a result of casualty loss; and

5. Meet promptly with the Association to negotiate the implementation of the provisions of Paragraphs G.1 through G.4 above and other possible "Fence Agreements" to be in effect during the period, if any, the two carriers' operations are to be operated separately without integration of the pilot workforce.

6. Assure that in the event of a Complete Transaction, in each consecutive calendar quarter during separate operations, the ratios of block hours of (1) Company flying scheduled to be flown on single-aisle aircraft to block hours of the other carrier scheduled to be flown on single-aisle aircraft and (2) Company flying scheduled to be flown on twin-aisle aircraft to block hours of the other carrier scheduled to be flown on twin-aisle aircraft will in each case equal or exceed the same ratios determined for the same three (3) month period during the twelve (12) consecutive calendar months immediately prior to the closing of such Transaction. The Company will be excused from compliance with such minimum scheduled aircraft block hours for the period of time that either a Circumstance beyond the Company's Control or the previously-scheduled retirement of aircraft in the normal course of business causes the Company to reduce or cancel service, or a governmental agency requirement causes the Company to reduce or cancel service as a condition of approval of the Transaction, and that the listed event is the cause of such non-compliance.

H. Subject to applicable securities and other laws and regulations, the Company will review with the Association the details of any material agreements relating to a Complete Transaction, Partial Transaction, or a Fragmentation Sale in a timely manner; provided that financial or other confidential business information will only be disclosed under suitable agreements for protecting the confidentiality and use of such information.

Part 8 - Expedited Board of Adjustment Procedures

The Company agrees to arbitrate any grievance filed by the Association alleging a violation of this Section 1 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 the last three sentences of Section 21, Part 2.B.2 of the Agreement. The dispute will be heard no later than thirty (30) days following the filing of the grievance (subject to the availability of the arbitrator), and will be decided no later than thirty (30) days following commencement of the hearing, unless the parties agree otherwise in writing.

Part 9 - Foreign Domiciles, and Company Location and Operations

A. The Company will not establish any pilot domiciles outside of the United States or its Territories, without providing advance written notice to and bargaining with the Association at least ninety (90) days prior to any System or Adjustment Bid establishing such domicile.

B. In the event the Company opens a pilot crew domicile outside of the United States or its Territories, pilots assigned to such domicile will be covered by all terms of the Agreement, and will continue to enjoy all the rights, privileges and immunities of the Act during their foreign service.

C. Disputes concerning pilots based at foreign domiciles will be heard by the System Board of Adjustment pursuant to Section 21 of this Agreement and Part 8 of this Section, as appropriate, and the decision of the System Board in such cases will be enforceable in any court of competent jurisdiction in the United States to the same extent and in the same manner as other cases arising pursuant to Section 21 of this Agreement and/or Part 8 of this Section.

D. The Company will maintain its world headquarters, executive offices, and offices for senior flight operations personnel in the United States.

Part 10 - Cabotage

A. The Company will not allow its code to be used on flights of Foreign Air Carriers carrying local revenue passengers or cargo or mail traffic between airports within the United States or its Territories.

B. The Company will not promote or support any change in the laws of the United States that would permit Foreign Air Carriers to engage in cabotage.

Part 11 - Retained Management Rights and Furlough Protection

A. Except as restricted by the Agreement, the Company will retain its rights to manage and operate its business, including but not limited to the right to sell or discontinue all or part of the business; to acquire assets or securities; to sell or lease aircraft or facilities; to determine where and when to operate scheduled or unscheduled flights; to determine its marketing methods and strategies, and to enter into code sharing, affiliation or Marketing Agreements with other carriers; to invest (including equity investments) in other business entities including, without limitation, other air carriers; and to determine the type of aircraft it will utilize.

B. The exercise of any right reserved herein to the Company or the Association in a particular manner, or the non-exercise of such right, will not operate as a waiver of the Company's or Association's respective rights hereunder, or preclude the Company or Association, respectively, from exercising the right in a different manner.

C. The Company will not place on furlough any pilot on the Continental Pilots' Seniority List as of the effective date of the Agreement.

D. The Company will be excused from compliance with the provisions of Paragraph C if a Circumstance beyond the Company's Control is the cause of such noncompliance.

Part 12 - Provision of Information

A. The Company will provide the Association information reasonably necessary to monitor and enforce the terms and conditions established in this Section 1.

B. A standing committee (the "Review Committee") consisting of two (2) Association representatives and two (2) Company representatives will meet no less than quarterly to review and discuss operations and activities under the several Parts of this Section 1.

C. Access to, use, and distribution of information provided to the Association under this Part 12 will, to the extent the information involves proprietary or confidential information, be disclosed under suitable agreements for protecting the confidentiality and use of such information.

2 Definitions

Section 2 - Definitions

A definition contained in this Section governs the meaning of the word or phrase specified wherever used in this Agreement except where such identical word or phrase is defined at the beginning of another Section, in which case the definition of that word or phrase in such other Section governs wherever such word or phrase is used in that Section.

1. Active Service - "Active Service" means all time with the Company that is eligible for compensation pursuant to a provision of this Agreement, including, for example, Section 3 - Compensation, Section 7 - Vacation, Section 13 - Association Leave of Absence and Emergency Leave of Absence, Section 14 - Sick Leave, and Section 16 - Workers' Compensation. A pilot receiving LTD benefits is not in Active Service.

2. Active Status - "Active Status" means Active Service.

3. Agreement – "Agreement" means this Collective Bargaining Agreement dated April 1, 2005, including any letters of agreement, letters of understanding, and memoranda of agreement between the Company and the Association as listed in Section 30 (Duration) below, or as entered into after April 1, 2005.

4. Base - "Base" means a specific geographic location that the Company has designated as a Base and to which pilots are stationed.

5. Base, Equipment and Status - "Base, Equipment and Status" ("BES") means a combination of the three.

6. Block to Block - "Block to Block" means the period of time beginning when an aircraft first moves from the blocks for the purpose of flight, and ending when the aircraft comes to a stop at the blocks at the next point of landing, or at the point of departure if the flight returns without becoming airborne.

7. Business Day - "Business Day" means Monday through Friday, excluding Holidays.

8. Calendar Day - "Calendar Day" means midnight to midnight local Base time ("LBT").

9. Captain - "Captain" means a pilot who is in command of the aircraft and who is responsible for the manipulation of, or who manipulates, the flight controls of an aircraft while under way, including takeoff and landing of such aircraft; who is properly qualified to serve as and holds currently effective airman's certificates authorizing him to serve as such pilot; and who has authority over all cabin and flight deck personnel while on flight duty.

10. Company Business - "Company Business" means released from flight obligations to perform duties ancillary to flying (i.e., not serving as an operating crew member) as designated by management.

11. Company Business Available - "Company Business Available" ("CBA") means a day where a pilot has been removed from a trip for Company Business but is not on Company Business that day.

12. CCS - "CCS" means the Crew Communication System.

13. Crew Management System - "Crew Management System" ("CMS") means a computer system used for scheduling, tracking and paying crewmembers.

14. Crew Scheduling - "Crew Scheduling" or "Scheduling" means the Company department responsible for scheduling pilots to operate Company flights.

15. Day Off - "Day Off" means a Calendar Day at the pilot's Base that is free from all duty scheduled by the Company.

16. Deadhead - "Deadhead" means a pilot flying or taking surface transportation to or from a flight or other operational assignment at the Company's direction.

17. Debrief - "Debrief" means the time allowed for completion of post flight duties. Debrief ends at Block-in plus fifteen (15) minutes or Block-in plus thirty (30) minutes when Customs clearance is required.

18. Displaced Pilot - "Displaced Pilot" means a pilot who cannot hold his present system staffing position on a subsequent system staffing bid.

19. Duty Day - "Duty Day" means a Calendar Day in which a Duty Period begins or ends and all Calendar Days away from the pilot's Base while flying a Pairing (including Deadhead). Also any Calendar Day or partial day scheduled for Training or Company Business.

20. Duty Period - "Duty Period" means the elapsed time from the time a pilot is required to report for duty (or Deadheading to or from duty) or the actual reporting time, whichever is later, until the time the pilot is released from duty after block-in of the last flight segment flown, including Debrief, or Deadheaded before a minimum Rest Period.

21. Equipment - "Equipment" means aircraft or an aircraft grouping (e.g., B737, B757/B767, B777, B787).

22. First Officer - "First Officer" means a pilot who is second in command of the aircraft and who is to assist or relieve the Captain in the manipulation of the flight controls of an aircraft while under way, including takeoff and landing of such aircraft and who is properly qualified to serve as and holds currently effective airman's certificates authorizing him to serve as such First Officer.

23. Flight Time - "Flight Time" means the time elapsed from the first movement of an aircraft for the purpose of flight until it comes to rest at the next point of landing. (See Block to Block).

24. Flown by Operations - "Flown by Operations" ("FBO") means a day or days where a pilot is removed from a Trip Pairing or part thereof for the purpose of management flying, proficiency flying, line checks, or other training.

25. Freeze - "Freeze" means a restriction on a pilot's ability to be awarded a different Equipment or Status.

26. Holiday - "Holiday" means New Years' Day, Easter, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Christmas Day.

27. International Relief Officer - "International Relief Officer" ("IRO") means a pilot who is qualified to fly as a supplemental required crewmember on international flights and who may operate the controls of the aircraft, assist in the operation or control of the aircraft, or both.

28. Junior Manning - "Junior Manning" means requiring a pilot to perform a flight assignment more than two (2) hours prior to his Report Time, or when he was otherwise scheduled to be on a Day Off.

29. Lineholder or Lineholder Pilot - "Lineholder" or "Lineholder Pilot" means a pilot who holds either a Regular or Reserve Conversion Line of Time.

30. Line Improvement Window - "Line Improvement Window" means a period (minimum of twenty-four [24] hours) during which a pilot may trip trade all or part of his Line of Time for the following bid month.

31. Line of Time or Line - "Line of Time" or "Line" means a pilot's awarded schedule for a bid period consisting of Scheduled Pairings, Reserve Duty, or both.

32. Line Value - "Line Value" means the value of a pilot's completed, scheduled or protected flight time and the value of any assignments to training other than annual training.

33. Local Base Time - "Local Base Time" ("LBT") means the clock time at the pilot's Base.

34. Lost Time - "Lost Time" means assigned flying that a pilot does not fly (e.g., due to cancellations, illegalities, reroutes, or equipment substitutions).

35. Minimum Pay Guarantee - "Minimum Pay Guarantee" ("MPG") means the minimum pay that a pilot will receive for a bid period.

36. Open Time - "Open Time" means a Trip Pairing which remains unassigned or becomes unassigned after bid award, adjustments, and the Line Improvement Window.

37. Pairing Origination - "Pairing Origination" means the time a pilot is scheduled to report for duty for the beginning of a flight assignment.

38. Pay Status - "Pay Status" means the status whereby a pilot will receive no less than his Minimum Pay Guarantee or prorated (as appropriate) Minimum Pay Guarantee for a bid period or portion thereof.

39. Personal Drop - "Personal Drop" means a trip, portion of a trip, or Reserve Day deleted from a pilot's schedule at the pilot's request.

40. Present Equipment - "Present Equipment" means the Equipment a pilot was awarded on the most recent system staffing award.

41. Previously Qualified Equipment - "Previously Qualified Equipment" means Equipment on which a pilot is eligible for requalification training in accordance with AQP.

42. Projected Total Pay - "Projected Total Pay" means the projection of the sum of a pilot's monthly pay events, including hours flown and to be flown, vacation, Deadhead, training, trip rig and Company Business.

43. RA Day - "RA Day" means a Reserve Day assigned to a Lineholder for Line adjustments or reserve conversion.

44. RX Day - "RX Day" means a Reserve Day assigned to a Lineholder as a result of a Reassignment.

45. Readjustment Window - "Readjustment Window" means a period (minimum of four (4) hours) in which a pilot may adjust his Line of Time for the following bid month.

46. Reassignment - "Reassignment" means a change to a pilot's schedule as a result of an operational contingency, as specified in Section 25, Part 8 A.1 of this Agreement.

47. Report Time - "Report Time" means the time a pilot is scheduled to report or the time he actually reports, whichever is later, for any type of duty.

48. Reserve Day - "Reserve Day" means a day on which a Reserve Pilot or a pilot on an RA Day or an RX Day is available for a flight or training assignment.

49. Reserve Line - "Reserve Line" means a schedule for a bid period consisting of periods of Reserve Days and Days Off (and may include training and vacation).

50. Reserve Pilot - "Reserve Pilot" means a pilot awarded a Reserve Line.

51. Rest Period - "Rest Period" means a period of time between the end of a Debrief or phone availability and the Report Time of the next Trip or the start of phone availability.

52. Satellite Base - "Satellite Base" means an airport other than a Base where pairings originate and terminate.

53. Status - "Status" means Captain or First Officer.

54. Surplus Bid Bottom - "Surplus Bid Bottom" means placement of a pilot as the most junior pilot (out of seniority) on the monthly staffing.

55. Total Pay - "Total Pay" means the sum of a pilot's pay events including hours flown (credit value plus all pay no credit), trip protection, sick leave, OI pay, trip rig, Junior Manning premium, CRAF premium, vacation, Deadhead, training and Company Business.

56. Trip Pairing - "Trip Pairing" means a series of one or more flight segments (a flight between two airports). Trip Pairings may include Deadhead. "Trip" and "Pairing" mean the same as Trip Pairing unless otherwise stated where the term is used.

57. Trip Trade Window - "Trip Trade Window" means the period (minimum of six [6] hours) during which a pilot may trip trade for the following bid period, and is limited to Lineholders in a BES.

58. Vacancy - "Vacancy" means having fewer total active pilots in a BES than the posted minimum requirements for pilots in a BES. Vacancies may be created by attrition, additional flying, or personnel transfer.

3 Comp

Section 3 - Compensation

Part 1 - Introduction

A. Pilots will be paid monthly on the sixteenth (16th) of the month following each bid period. Pilots in Active Status will receive an advance in pay on the first (1st) of each month, preceding the bid period in the amount of two thousand five hundred dollars ($2500.00) for Captains, and one thousand five hundred dollars ($1500.00) for First Officers. Effective January 1, 2007, the advance amount will be four thousand dollars ($4000.00) for Captains, and three thousand dollars ($3000.00) for First Officers. The advance will be seven hundred and fifty ($750.00) for pilots in their first year of service. In the event that either the first (1st) or the sixteenth (16th) of the month falls on a holiday or weekend, a pilot will be paid on the first Business Day immediately preceding the weekend or holiday.

B. Pilots will be paid the total of their pay value or the value of their applicable Minimum Pay Guarantee, whichever is greater, plus any applicable living allowance.

Part 2 - Longevity for Pay Purposes

Longevity step increases will occur as provided for in this Section on the anniversary date of the pilot's date of hire as adjusted. For example, a pilot hired on June 30, 2005, will be paid at the longevity step labeled "2nd Year" of the appropriate pay table for work performed after June 29, 2006, assuming there has been no adjustment to his longevity.

Part 3 - Pay Tables

A. Pilots will be paid based upon the rates shown below, except that, effective with the July 2005 bid period, pay for Deadheading will be based upon fifty percent (50%) of the rates shown below, effective with the July 2006 bid period, pay for Deadheading will be based upon seventy-five percent (75%) of the rates shown below, and effective with the July 2007 bid period and beyond, pay for Deadheading will be based upon one hundred percent (100%) of the rates shown below.

B. The pay rate for a pilot in a BES which contains aircraft types in more than one category (e.g., B757 and B767), will be based on the actual aircraft flown for all actual Flight Time or other assignments (except Deadhead, training and vacation) relating to an identifiable aircraft type.

C. The pay rate for a pilot in a BES which contains aircraft types in more than one category (e.g., B757 and B767), will be based on a blended rate combining the rates for both categories for assignments or other pay entitlements not relating to an identifiable aircraft type.

D. When pay for a pilot in a BES which contains aircraft types in more than one category (e.g., B757 and B767), is based on a comparison of the greater of actual or a guaranteed minimum amount calculated by using a set number of hours (e.g., reserve guarantee), the set number of hours will be based on the blended rate according to the table below. For example:

B757/767 Twelve Year Captain Reserve (October 1, 2006, Rates)

Equipment	Hours Flown	Rate	Total
B757	25	162.76	4,069.00
B767	50	185.65	9,282.50
Total:	75		13,351.50
Compare:	76	171.92 (Blend)	13,065.92

Pay $13,351.50

B757/767 Twelve Year Captain Reserve (October 1, 2006 Rates)

Equipment	Hours Flown	Rate	Total
B757	50	162.76	8,138.00
B767	25	185.65	4,641.25
Total:	75		12,779.25
Compare:	76	171.92 (Blend)	13,065.92

Pay $13,065.92

E. The blended rate will be determined by multiplying the percentages of the higher paying category aircraft in the Company's fleet of the combined aircraft types on the first day of the month in which the work is performed, rounded to the next highest ten percent (10%), times the higher rate, plus the remaining percent needed to equal one hundred percent (100%) times the lower rate. For example, if the fleet contained twenty (20) B757s and six (6) B767s, the blended rate for a twelve (12) year Captain in April 2005 would be thirty percent (30%) times $185.65 plus seventy percent (70%) times $162.76, or $169.63.

F. Pay tables

1. Widebody aircraft are: B787, B777, B747, B767, MD11, DC10, L1011, A300, A330, and A340. This is shown on a pilot's pay screen as A.
2. Large Narrowbody aircraft are: B757-300, B757-200, B737-900, B737-800, B737-400, B727, MD80, MD90, A320 and A321. This is shown on a pilot's pay screen as B.
3. Small Narrowbody aircraft are: B737-700, B737-600, B737-500, B737-300, B737-200, B737-100, B717, A319, DC9, F100, and BA146. This is shown on a pilot's pay screen as C.
4. The blended rate between Widebody aircraft and Large Narrowbody aircraft is shown on a pilot's pay screen as D.

5. The blended rate between Large Narrowbody aircraft and Small Narrowbody aircraft is shown on a pilot's pay screen as E.

6. When the Company introduces an aircraft type other than those specified in this Section, the appropriate categorization for that new aircraft type will be determined in accordance with the following procedure:

   a. The Company will give the Association notice of its intention to introduce a new aircraft type at least six (6) months prior to the estimated scheduled revenue service date, or within thirty (30) days after entering into the contract for procurement of the new equipment type, whichever is later in time.

   b. The parties will meet within fifteen (15) days following written request by either party to negotiate rates of pay for such new aircraft type in a manner not inconsistent with the categorization of existing equipment types. Should such negotiations result in agreement, the new aircraft type will be placed in the appropriate category prescribed by this Agreement. If such negotiations do not result in agreement within one hundred (100) days from the date this procedure is invoked, either party may submit the dispute to final and binding interest arbitration.

   c. The dispute will be heard before an arbitrator selected from a panel of neutrals agreed upon in advance by the parties, using an alternate strike or other method of selection satisfactory to the parties.

      i. The hearing will be conducted and briefing by the parties, if any, will be completed one hundred fifty (150) days from the date this procedure is invoked.

      ii. The arbitrator's award will issue no later than one hundred eighty (180) days after invocation of this procedure, and will finally settle the dispute between the parties by assigning the disputed aircraft to the appropriate pay category, i.e., Widebody, Large Narrowbody, Small Narrowbody.

   d. Upon final agreement, or the issuance of the arbitrator's award, as the case may be, retroactive compensation, if applicable, will be paid to all pilots who operated a disputed aircraft type in revenue service before the parties' agreement became effective or the award issued.

   e. Nothing set forth herein will prevent the Company from introducing a new aircraft type into revenue service before agreement is reached over its appropriate pay categorization, as long as the pay rates assigned to such aircraft type are not less than the minimum rates provided by this Section.

Hourly Pay Rates Effective 4/1/2005

	Captains			First Officers		
	Widebody	Large Narrowbody	Small Narrowbody	Widebody	Large Narrowbody	Small Narrowbody
Year 1	$29.97	$29.97	$29.97	$29.97	$29.97	$29.97
Year 2	$172.77	$149.57	$131.54	$71.64	$62.13	$54.74
Year 3	$174.06	$150.89	$132.81	$84.26	$73.14	$64.45
Year 4	$175.35	$152.20	$134.06	$95.32	$82.82	$73.03
Year 5	$176.63	$153.52	$135.33	$104.77	$91.14	$80.40
Year 6	$177.93	$154.84	$136.60	$114.37	$99.59	$87.91
Year 7	$179.21	$156.16	$137.85	$116.96	$101.99	$90.09
Year 8	$180.51	$157.48	$139.12	$119.60	$104.40	$92.28
Year 9	$181.79	$158.80	$140.38	$121.80	$106.45	$94.15
Year 10	$183.07	$160.13	$141.63	$124.48	$108.92	$96.40
Year 11	$184.37	$161.44	$142.91	$125.81	$110.21	$97.61
Year 12	$185.65	$162.76	$144.17	$126.68	$111.11	$98.47

Hourly Pay Rates Effective 7/1/2007

	Captains			First Officers		
	Widebody	Large Narrowbody	Small Narrowbody	Widebody	Large Narrowbody	Small Narrowbody
Year 1	$30.57	$30.57	$30.57	$30.57	$30.57	$30.57
Year 2	$176.23	$152.56	$134.17	$73.07	$63.37	$55.84
Year 3	$177.55	$153.91	$135.46	$85.94	$74.60	$65.74
Year 4	$178.86	$155.24	$136.74	$97.22	$84.48	$74.49
Year 5	$180.17	$156.59	$138.04	$106.87	$92.96	$82.01
Year 6	$181.49	$157.94	$139.33	$116.65	$101.58	$89.67
Year 7	$182.80	$159.29	$140.61	$119.30	$104.03	$91.89
Year 8	$184.12	$160.63	$141.90	$121.99	$106.49	$94.13
Year 9	$185.43	$161.97	$143.18	$124.24	$108.58	$96.03
Year 10	$186.74	$163.33	$144.47	$126.97	$111.10	$98.33
Year 11	$188.06	$164.67	$145.77	$128.33	$112.42	$99.57
Year 12	$189.37	$166.01	$147.05	$129.22	$113.34	$100.44

Hourly Pay Rates Effective 7/1/2008

	Captains			First Officers		
	Widebody	Large Narrowbody	Small Narrowbody	Widebody	Large Narrowbody	Small Narrowbody
Year 1	$31.18	$31.18	$31.18	$31.18	$31.18	$31.18
Year 2	$179.75	$155.61	$136.85	$74.54	$64.64	$56.95
Year 3	$181.10	$156.98	$138.17	$87.66	$76.09	$67.06
Year 4	$182.43	$158.35	$139.48	$99.17	$86.16	$75.98
Year 5	$183.77	$159.72	$140.80	$109.01	$94.82	$83.65
Year 6	$185.12	$161.10	$142.11	$118.99	$103.61	$91.46
Year 7	$186.45	$162.47	$143.42	$121.69	$106.11	$93.73
Year 8	$187.80	$163.85	$144.74	$124.43	$108.62	$96.01
Year 9	$189.13	$165.21	$146.05	$126.72	$110.75	$97.96
Year 10	$190.47	$166.60	$147.36	$129.51	$113.32	$100.30
Year 11	$191.82	$167.96	$148.68	$130.89	$114.67	$101.56
Year 12	$193.15	$169.33	$149.99	$131.80	$115.60	$102.45

Part 4 - Variable Compensation

A. Pilots (including Flight Instructors) will be eligible for, and receive variable compensation payments pursuant to the terms of the Continental Airlines, Inc. Enhanced Profit Sharing Plan (in this Part 4, the "Plan"), adopted as of the effective date of the Agreement. The Plan is incorporated into and made part of the Agreement to the extent of pilots' interests hereunder.

B. The Plan will run concurrently with the duration clause, Section 30, of the Agreement, but in no event later than December 31, 2009.

C. Pilots will be paid, in accordance with the Plan, their ratable shares, determined under the Plan, of the Annual Award Pool as defined in the Plan, consisting of:

1. Thirty percent (30%) of the dollar amount of Pre-tax Net Income, as defined in the Plan, earned with respect to a Year, as defined in the Plan, up to and including $250 million; *plus*

2. Twenty-five percent (25%) of the dollar amount of Pre-tax Net Income earned with respect to a Year in excess of $250 million and up to and including $500 million; *plus*

3. Twenty percent (20%) of the dollar amount of Pre-tax Net Income earned with respect to such Year in excess of $500 million.

D. With respect to Section 1.4 of the Plan, Base Pay with respect to pilots will be remuneration paid by the Company to a participant, including but not limited to regular pay, overtime pay, international override, gain-sharing, furlough pay, retro pay, bonuses, and incentive compensation, plus amounts deferred pursuant to Internal Revenue Code Sections 125, 401(k) and the like, but excluding any equity based compensation and any payments under the Plan.

E. With respect to Section 4.1 of the Plan, a pilot who retired as a result of regulatory requirement and was an Employee of the Company during a Year as defined in the Plan will be a Participant with respect to that Year whether or not he remains employed on the last day of that Year.

Part 5 - International Relief Officer Flight Pay

Any Captain or First Officer performing the duties of International Relief Officer (IRO) will be paid at his appropriate rate commensurate with the pay tables in Part 3 for his Status. Captains who pick up an IRO trip will be paid at the First Officer rate appropriate for their longevity.

Part 6 - Credit Value

Credit value will be the sum of the following:

A. The greater of the actual or scheduled Flight Time (including Deadhead credit as per Section 25, Part 4.A [Section 25, Part 7.D.2 effective with PBS]), on a leg for leg basis.

B. Any time which has been trip protected in accordance with Section 4, Part 2.

C. The minimum pay time as provided for in Section 4, Part 3 (Trip Rig).

D. Training pay other than annual training or occasional training of a non-recurring nature.

E. Sick leave and OJI leave taken in accordance with Section 14.

Part 7 - Pay no Credit

Pay no credit is that time which will not be counted against the Line construction range during Line construction/award. Pay no Credit (formerly known as Add-Pay) includes:

A. Pay for vacation.

B. Pay for Deadhead time not credited to Line Value (per Section 25, Part 4.A [Section 25, Part 7.D.2 effective with PBS]), except when credit value is less than Minimum Pay Guarantee, in which case this Deadhead time is added to credit value.

C. Pay for annual training or occasional training of a non-recurring nature.

D. Pay for the value of any Junior Manning event as provided for in Part 8.A.

E. Pay for Company business on days off.

Part 8 - Compensation General

A. Pay no Credit for each day of a trip flown when Junior Manned, including Deadhead, will be the greater of four hours and thirty minutes (4:30), scheduled Flight Time or actual Flight Time, paid at one hundred fifty percent (150%) of the pilot's normal hourly rate. If it becomes unnecessary to Junior Man the pilot subsequent to the assignment, he will have the option of receiving the four hours and thirty minutes (4:30) additional pay for the day and being Reassigned to an RX Day or he may elect to be released from the RX Day obligation and not be paid the additional pay. A pilot Junior Manned on a previously scheduled Duty Day will receive Pay no Credit for any increase over the originally scheduled trip value. The calculation of the increase, if any, will be made by comparing the overlapping days as a group and not individually. For example:

Day	1	2	3	4	Total
Junior Manned:	3:00	3:00	6:00	RX	
Scheduled Trip:	Off	3:00	5:00	6:00	14:00
Pay and Credit Value:	0	3:00	5:00	6:00	14:00
Pay no Credit:	+4:30	+ 1:00			+ 5:30

B. Except for Global Contrails, Annual Security Training, and airport/area/route qualification, self-study courses will pay one (1) hour of Pay no Credit.

C. Pay for training will be two hours and twenty-four minutes (2:24) per day or the value of trips missed, whichever is greater. In addition to pay for training days, pilots will be paid one (1) travel day at two hours and twenty-four minutes (2:24) for each annual training event which occurs out of the pilot's Base.

D. Pay for vacation will be three hours and fifteen minutes (3:15) per day effective April 1, 2005. Effective July 1, 2005 vacation pay will be three hours (3:00) per day. Effective July 1, 2007 vacation pay will be three hours and fifteen minutes (3:15) per day.

E. Line Check Airmen will receive a twenty dollar ($20) override for each hour flown when conducting line check airman functions.

F. If a pilot is assigned or Reassigned so that his Total Pay value (Credit Value plus Pay no Credit Value) increases, and his Total Pay value exceeds one hundred twenty-two hours and thirty minutes (122:30), then the pilot will have the option to drop a Trip Pairing in the remainder of that bid period, if coverage permits, to bring himself below a Total Pay value of one hundred twenty-two hours and thirty minutes (122:30). The pilot must notify Crew Scheduling within twenty-four (24) hours of the completion of the assignment if he wishes to exercise this option, and at that time must select which Trip in the remainder of the bid period he elects to drop, if applicable. If a Trip Pairing is not dropped from the remainder of the bid period due to coverage, or because there was no pairing available in the remainder of the bid period on the pilot's Line, the pilot may select any two (2) pairings in the subsequent bid period, after bid awards and adjustments and before the 10th of that month, one of which Crew Scheduling must drop.

4 MPG

Section 4 - Minimum Pay Guarantee

Part 1 - Minimum Pay Guarantee

A. A pilot who holds a regular Line of Time will receive a minimum monthly pay guarantee (MPG) equal to two hours and twenty-four minutes (2:24) for each day he is available for duty in each bid period, but in no case will his MPG be more than the value of seventy-two (72) hours of pay.

B. Except as otherwise provided for in this agreement in Section 25, Part 11.A.4 and Part 11.Q, an "A" Reserve Pilot will receive an MPG for each bid period equal to seventy-two (72) hours of pay and a "B" Reserve Pilot will receive an MPG for each bid period equal to seventy-six (76) hours of pay.

1. An "A" Reserve Pilot who is not available for an entire bid period will receive an MPG equal to four hours (4:00) for each day of Reserve Duty, but in no case more than seventy-two (72) hours of pay, except as otherwise provided for in this Agreement.

2. A "B" Reserve Pilot who is not available for an entire bid period will receive an MPG equal to four hours and thirteen minutes (4:13) for each day of Reserve Duty, but in no case more than seventy-six (76) hours of pay, except as otherwise provided for in this Agreement.

Part 2 - Trip Protection

A. The Trip value (including Deadhead) for Trip protection purposes will be its value twenty-four (24) hours prior to the scheduled Report Time.

B. A Lineholder pilot will receive the greater of the scheduled value of his Trip Pairing (including Deadhead) or his actual Flight Time for the following:

1. Equipment Substitutions,
2. Junior Manning assignments which conflict with an originally scheduled Trip Pairing,
3. Reassignments resulting in a loss of time,
4. Cancellations in the last three days of the bid period,
5. Legalities resulting from FAR or contractual limitations,
6. Cancellations which occur within twenty-four (24) hours of the pilot's Report Time,
7. Trips not flown due to CBA status,
8. Trip segments not flown due to FBO status.

EXAMPLE:

A pilot has the following trip:

	Scheduled	A/C Type
IAH – SMF	3:00	737-800
Layover		
SMF – IAH	3:00	737-800
IAH – MSY	1:00	737-500
MSY – IAH	1:00	737-500

On day one, his flight to SMF takes 4:00 and the late arrival causes the next day to be delayed and his MSY turn to be cancelled or reassigned to another pilot, and upon arrival in IAH, he is not Reassigned. When this happens, his pay will be calculated by comparing the dollar amount of the trip as it was scheduled 24 hours prior to his departure versus the dollar amount of the flying he actually performs, in this case only the SMF layover.

Below is a comparison using the April 1, 2005, 12-year Captain's rate:

	Scheduled	Dollars	A/C Type	Actual	Dollars
IAH – SMF	3:00	$488.28	737-800	4:00	$651.04
Layover					
SMF – IAH	3:00	$488.28	737-800	3:00	$488.28
IAH – MSY	1:00	$144.17	737-500	CXL'D	$0.00
MSY – IAH	1:00	$144.17	737-500	CXL'D	$0.00
Totals		**$1264.90**			**$1139.32**

Since the originally scheduled pairing is worth more pay than the pairing as flown the pilot will be paid the trip protected value as provided for in Section 4, Part 2.B. Note that this is a dollar to dollar comparison, not an hours to hours comparison.

If the flight back from SMF had taken three hours and fifty minutes (3:50), then the actual pairing value would have been worth $1274.41. In that case, the pilot would be paid for the actual pairing flown rather than the original scheduled pairing even though the originally scheduled pairing had eight hours (8:00) of flying and the actual pairing flown was only seven hours fifty minutes (7:50) because the pay is higher.

C. A pilot may be Reassigned on those days, except FBO, for which he receives Trip protection.

Part 3 - Trip Rig

A. A pilot who departs his Base on a Trip Pairing that, prior to Pairing origination, contained a scheduled Rest Period of over twenty-nine hours (29:00), will receive the greater of one (1) hour of pay for each four (4) hours elapsed period, prorated, while away from Base, or the Credit Value of that Pairing. Such trip rig pay will be computed so as to include the time required to report for duty prior to flight until the end of duty upon Pairing termination, as provided for in Section 12.

B. Trip splits will not result in an increase in Trip Rig pay for a pilot.

5 Travel

Section 5 - Travel Expenses

Part 1 - Definitions

1. Basic per diem - "Basic per diem" means the hourly reimbursement for expenses reasonably anticipated to be incurred by a pilot for time away from Base while engaged in flight operations between airports located inside the forty-eight (48) contiguous states of the United States, Mexico, Canada, or Central America.

2. Crew Meal - "Crew Meal" means the entrée for the type of meal served in the highest class of passenger service on the aircraft, (e.g., First Class or Business First Class) along with a setup (salad, dessert, etc.) on flights between Hawaii and the continental United States and flights on which International service is provided in the passenger cabin. On all other flight segments during which the operating pilot crew is scheduled to receive a meal, the "Crew Meal" means a meal containing a protein, starch and a vegetable which is consistent with Part 3.C and D below.

3. Downtown Hotel - "Downtown Hotel" means a hotel selected for its proximity to shopping, full-service dining and recreational facilities.

4. Fake Deadhead - "Fake Deadhead" means a Deadhead segment used by Crew Scheduling to initiate or complete a Pairing at a pilot's Base when no Company directed travel occurs.

5. Premium per diem - "Premium per diem" means the hourly expense reimbursement for expenses reasonably anticipated to be incurred by a pilot for time away from Base while engaged in flight operations to or from an airport not included in the Basic per diem definition. (e.g., Alaska, the Caribbean, Hawaii, Africa, South America, Australia, Europe, or Asia).

6. Time away from Base - "Time away from Base" for calculating per diem in this Section means the period beginning from Report Time at Pairing origination to block-in time at his Base at the end of a Trip Pairing. Time away from Base includes fractional times and Fake Deadheads.

Part 2 - Per Diem

A. Per diem will be paid at the following rates for each hour (or fraction thereof) of Time away from Base:

   1. Basic per diem is $1.85/hour

   2. Premium per diem is $ 2.05/hour

   Example: A pilot is scheduled to fly IAH - LAS - IAH; his scheduled arrival time back in IAH is 2200 LBT. However, he utilizes a Fake Deadhead for the LAS - IAH portion so his per diem ends at 2200 LBT.

B. Premium per diem rates apply upon reporting for a destination described in Definitions, Part 1.5 above, or block out for such a destination if check-in occurred for a Basic segment (as described in Definitions, Part 1.1 above), for flight segments to or

from a Premium per diem location, and Premium per diem will remain in effect until the crew member blocks in at a location described in Definitions, Part 1.1 above.

C. Expense allowance (per diem) for time away from Base will be paid for each training event (excluding initial operating experience, which will be paid in accordance with Paragraphs A and B above), including days off and applicable travel days, and appropriate to the location of training (i.e., Basic or Premium), from the first day of such training to the last training day, in accordance with the rates in Paragraph A above, multiplied by twenty-four (24) for each such day or partial day.

Part 3 - Meals

A. A pilot, including an International Relief Officer or similar designation, engaged in flight operations on flights to which Premium per diem applies will be scheduled to receive:

1. One Crew Meal whenever a Duty Period is scheduled to exceed six (6) but not more than twelve (12) hours and there is no scheduled ground time block of one hour and fifteen minutes (1:15) or more during such Duty Period, and
2. A second Crew Meal whenever a Duty Period is scheduled to exceed twelve (12) hours (scheduled) and there is no scheduled ground time block of one hour and fifteen minutes (1:15) or more during the segment of the Duty Period that is scheduled to exceed twelve (12) hours.
3. One Crew Meal whenever the local Report Time falls between 0001 - 0715 and the flight is not the originating flight of the Pairing.

B. On flights requiring one or more additional Crewmembers, a pilot may be served and may eat in the cockpit or, when available, in a passenger seat during normal meal service.

C. The Company will meet at the Association's request, at least semi-annually, with representatives of the Association to review and discuss the type of Crew Meals currently being boarded.

D. The Company will give due consideration to the recommendations of the Association in the implementation and administration of the Crew Meal program.

Part 4 - Other Expenses

A. The Company will:

1. Reimburse a pilot for passport application, renewal and expedited renewal fees.
2. Reimburse a pilot for passport photograph fees, to a maximum of thirteen dollars ($13.00) every ten (10) years per pilot.
3. Reimburse a pilot for visa application fees charged by a foreign country when a pilot's duties require a visa.
4. Provide, at no cost to the pilot, all vaccinations recommended by the CDC (Center for Disease Control) for each region visited while on Company duty.

B. Uniforms

1. Uniform items will be replaced at Company expense due to damage at work, subject to reasonable verification of the circumstances.

2. When making a change in the style, color or material of uniforms, the Company will solicit and consider the recommendation of the Association. Changes in uniform will be announced so as to permit reasonable wear of existing uniforms. When the Company elects to make major changes to the style or color of uniforms, pilots will be provided, at no cost to them, with an initial set of all such changed uniform pieces. For purposes of this Paragraph, a "set" will mean one (1) overcoat, one (1) uniform jacket, two (2) uniform pants, one (1) hat, and five (5) uniform shirts/blouses. In all other circumstances, the Company will arrange to make uniforms available from the vendor(s) for pilot purchases. If a pilot so elects, he will be allowed to purchase his uniform(s) using a payroll deduction plan, except that the Company will not be required to advance uniform costs in excess of one thousand dollars ($1,000.00).

C. Parking will be provided in a pilot's Base.

D. A pilot will be reimbursed for necessary additional expenses when special operational situations arise. All requests for reimbursement for expenses must be supported by original receipts. A pilot will follow the Corporate Travel policy reimbursement procedure.

E. Expenses will be reimbursed utilizing the Corporate Travel policy, which includes a direct deposit option.

Part 5 - Lodging

A. Suitable single room accommodations will be provided at regular layover points at or near the airport for a scheduled or known ground time of five (5) or more hours block-to-block, (four [4] or more hours if the ground time begins between the hours of 2100 and 0559 LT), except that, if such ground time occurs in the pilot's Base, accommodations will be provided upon a pilot's request to Crew Scheduling. For the purposes of this Part 5, a pilots "Base" is his currently staffed permanent Base, or if he is transitioning in conjunction with a move to a different Base, the permanent Base in which he was staffed immediately prior to the commencement of training.

B. Suitable hotel accommodations will be provided to a pilot when training conducted at a location away from his Base requires an overnight stay or requires scheduled arrival at the location of the training facility more than five (5) hours prior to scheduled commencement of training

C. When the Company requires a pilot to attend training away from his Base and, for any reason, the pilot is not able to depart at the conclusion of the training event as scheduled, and, as a result, is unable to travel to his Base and requires an additional night's stay at the training location, the Company (either the Training Department or Crew Scheduling after hours) will provide suitable accommodations in accordance with Section 11, Part 4.

D. If a Lineholder is Reassigned to a phone availability period, hotel accommodations will be provided upon request for the Duty Periods when hotel accommodations would have been provided on the original Pairing.

E. If a Lineholder is Reassigned after Pairing origination and the Reassignment is to a Trip that departs five (5) hours or more after the original Report Time, he will be provided a hotel room upon request.

F. The Company will arrange to provide clean, safe and reliable ground transportation between a lodging facility and the airport, or in the case of training, between a lodging facility provided pursuant to this Section and the Training Center.

G. If transportation between the airport and a lodging facility is not provided, or is delayed more than fifteen minutes (0:15) after the pilot arrives curbside, a pilot may arrange for his own transportation and the Company will reimburse him for his actual necessary transportation expenses.

H. The Company will not knowingly enter into contracts with hotels in which rooms for crews are not immediately available upon scheduled arrival of the crew. Chronic problems (e.g., when pilots' rooms are not available for occupancy at the time of check-in or when hotels fail to use separate assignment/sign-in lists for pilots) with certain hotels will be subject to resolution via the veto provision in Paragraph J.

I. A joint Hotel Committee consisting of two (2) members appointed by the Association ("the ALPA Hotel Committee") and two (2) members appointed by the Company will meet monthly to discuss all aspects of crew hotels, including the criteria, suitability, selection, and anticipated contract cancellations of hotels. The ALPA Hotel Committee will, upon request and subject to appropriate confidentiality agreements, have access to all hotel contracts and to information relating to their expiration dates.

J. ALPA Hotel Committee Veto Rights

1. Any hotel on which the Hotel Committee agrees will not be subject to veto unless material changes have occurred, creating reasonable objections to the hotel relating to the established criteria set forth in the hotel selection guidelines. The ALPA Hotel Committee may submit list(s) of desired hotel deletions and/or additions to the Company. The Company will give consideration to such input and will meet with the ALPA Hotel Committee to resolve any disputes.

2. If the ALPA Hotel Committee believes a material change in an existing hotel's satisfaction of established criteria has occurred, or if the ALPA Hotel Committee does not agree on the initial selection of any hotel, they may, no less than sixty (60) days following commencement of the use of any such hotel, submit a written protest. In either case, the protest will provide reasonable objections to the hotel relating to the criteria set forth in the hotel selection guidelines.

3. Upon receipt of such protest, the Company will arrange a meeting with the hotel and the ALPA Hotel Committee to discuss and resolve the problem(s). The Company will pay the expenses for the meeting. If the problem(s) are not resolved within thirty (30) days after the meeting, the Company will inform the

hotel either that its contract has been breached (and will be terminated in accordance with the termination provisions in the event of breach), or, if the Company's agreement with the hotel has not been breached, that its contract will not be renewed at expiration.

4. The Company will be obligated to discontinue use of a hotel only when reasonable objections have been raised and when other suitable alternatives are available. Further, the Company may, but will not be obligated to, discontinue use of more than twelve (12) hotels in a calendar year.

5. A hotel will be considered a suitable alternative if it currently provides, or in the recent past has provided, crew layover rooms to other major airlines, or is any hotel mutually agreed to by the ALPA Hotel Committee and the Company.

6. The Company will arrange joint conferences among the ALPA Hotel Committee and other employee groups with a view toward resolving conflicting interests in selecting hotels.

K. If a layover is twenty hours (20:00) block to block or longer, the crew will be provided Downtown Hotel accommodations. The ALPA Hotel Committee may waive this provision on a city by city basis. The Company may provide Downtown Hotel accommodations if a layover is less than twenty (20) hours. Further, the Company for economic or logistic reasons may, after consultation with the ALPA Hotel Committee, determine on either a flight by flight or a city by city basis that application of this Paragraph is impractical, and provide accommodations at other locations. When a known and/or special event (e.g. New Year's Eve in NYC, Presidential Inauguration, political party convention, Super Bowl) would render application of this Paragraph impractical, exceptions to this Paragraph, i.e., each hotel waived, will be published in the monthly bid packages so that crewmembers may be aware of individual cities affected. Any disagreements under this Paragraph will be resolved directly by the Association and the Vice-President of Flight Operations.

6 Moving

Section 6 - Moving Expenses

Part 1 - Definition

1. Base - "Base" means the airport, for purposes of eligibility and distance.

2. Eligible Family Members - "Eligible Family Members" means a spouse or companion and dependents.

3. Residence - "Residence" means the home where a pilot physically resides on a permanent basis.

Part 2 - Eligibility

A. A pilot will be eligible for reimbursement of moving expenses for a move to a Base in which he holds a bid position other than his current Base if:

   1. He is displaced to such Base (excluding seniority displacements); or

   2. The Base in which he holds a bid position is a "new or reestablished" Base. A new or reestablished Base is one which has been available for twelve (12) months or less; or

   3. His bid position results from a first time upgrade to Captain and he is unable to upgrade to Captain in his current Base, or he is unable to hold Captain in his current Base with a bid more senior than sixty-nine percent (69%), but is able to hold Captain in his new Base with a bid more senior than sixty-nine percent (69%).

   For Recall Moves, see Section 23, Part 5.F and Part 6.

B. To be eligible for reimbursement:

   1. A pilot must change the location of his Residence after he is staffed in his newly awarded Base, but in no case later than twenty four (24) months after the effective date of the bid placing the pilot in his new Base, provided, however, that with written permission of the Vice President of Flight Operations ("VPFO") the pilot may move after the award date but before he is staffed in his new Base. The pilot will not be entitled to paid moving expenses to another Base should he bid and be awarded such other Base before being staffed in the Base to which he was moved. However, when a pilot who has not used his entitlement to a paid move is awarded another Base, he may elect to use his entitlement to move to the new Base so long as the move occurs within twenty four (24) months after the effective date of the original award which entitled him to the paid move. Further, a pilot will not be entitled to a paid move to a Base for which he no longer holds a bid.

   2. A pilot must actually establish his permanent home at his new Residence, which must be located within a radius of one hundred fifty (150) miles of his newly awarded Base and fifty (50) miles closer to the airport than his previous Residence.

C. A pilot will forfeit eligibility for moving expenses if:

1. He does not relocate his Residence within the allotted time; or
2. Prior to relocating, he is awarded a position at his former Base; or
3. Prior to relocating, he becomes eligible for relocation benefits again under this Section; or
4. Prior to relocating, he retires, dies, or is terminated.

Part 3 - Expenses Paid by the Company

A. Actual moving expenses for pilots meeting the eligibility requirements of Part 2 above will be reimbursed to the pilot upon submission of expense reports with actual receipts attached. All expense reports must be submitted to the pilot's new Chief Pilot within sixty (60) days of the completion of the move. Unless prior written permission is obtained from the VPFO's office, all paid moves must be performed by a Company designated vendor.

B. Expenses will be paid for the following:

1. Actual moving expenses for household effects up to a maximum of 18,000 pounds. Moving expenses cover packing, shipping, unpacking, and insurance.
2. Necessary storage of household effects for up to a total of sixty (60) days at either the origin or destination (or a combination thereof) of the move.
3. Actual reasonable hotel expenses to a maximum of sixty dollars ($60.00) per night for the pilot and his spouse plus an additional thirty-five dollars ($35.00) per night for each child, to a maximum of one hundred forty dollars ($140.00) for four (4) children or more, for each night of travel as allowed in Part 4 below, plus one (1) additional night.
4. Actual meal expenses for the pilot and each member of his immediate family with a daily limit of thirty dollars ($30.00) per day for the pilot and twenty dollars ($20.00) per day for each immediate family member for each day of travel as allowed in Part 4 below plus one (1) additional day.
5. A flat rate of twenty four cents ($.24) per mile or greater as provided by general corporate policy for each of no more than a total of two (2) automobiles, for actual driving of a pilot's automobile(s) to his newly awarded Base by the most direct route (AAA mileage), but not to exceed the mileage from the pilot's old Base to his new Base plus two hundred twenty-five (225) miles.
6. On paid moves within the contiguous United States, the shipment of not more than two (2) automobiles. If two (2) automobiles are shipped, then the pilot will not receive hotel or meal expense in conjunction with such shipment. If one (1) automobile is shipped, the pilot will be provided expenses outlined in Part 3.B.3, 3.B.4 and 3.B.5 above in conjunction with his driving the second automobile to his new Residence.

7. On paid moves to or from outside the contiguous United States, shipment of one (1) automobile by the Company or by a shipper arranged by the Company at its cost. Additionally, mileage will be paid from original Base to port, in accordance with Paragraph 5 above, and mileage expense from destination port to Base.

8. One thousand dollars ($1000) for miscellaneous expenses not otherwise covered by the provisions of this Section.

Part 4 - Time Off

A. For the purposes of house hunting, a pilot who is eligible for reimbursement of moving expenses may request up to four (4) continuous Days Off. Days may be taken in a block or two (2) blocks at pilot's request. Such days will be unpaid (including pay for Trips missed), and will be scheduled with the prior approval of Crew Scheduling.

B. For domestic moves, a pilot who is eligible for reimbursement pursuant to Part 2 above will be given one (1) day travel for each four hundred (400) miles or fraction thereof (in increments of one hundred [100] miles) from his old Base to his new Base. For moves between the mainland and Honolulu or Guam, a pilot who is eligible for reimbursement pursuant to Part 2 above will be given one (1) day of travel for each four hundred (400) miles or fraction thereof (in increments of one hundred [100] miles) from his old Base to/from a west coast port (either Los Angeles or San Francisco), plus one (1) additional day for travel to/from Honolulu, or two (2) additional days for travel to/from Guam. Additionally, he will be allowed four (4) paid Days Off in conjunction with the travel days for purposes of packing, unpacking, and other necessary activities associated with his move. Pay for these four (4) Days Off will be Trip loss, with RX Days or personal (unpaid) leave days for touching days. The four (4) paid Days Off may be taken as a block, or may be split into two (2) blocks at the pilot's request, however; in either event, the days must be adjacent to the actual move days from either home or storage. (Note: It is understood that certain provisions of this Paragraph may be modified by the parties upon implementation of a Preferential Bidding System [PBS].)

C. A pilot who is transferring Bases and who is moving his Residence to a location within one hundred fifty (150) miles of his new Base, but who is not eligible for reimbursement pursuant to Part 2 above will be allowed the same number of moving Days Off as an eligible pilot. These days will be unpaid (including pay for Trips missed), and with the prior approval of Crew Scheduling, may be split into two (2) blocks. The scheduling of moving and travel Day Off for a non-eligible pilot may not conflict with Holidays as defined in Section 2, and is subject to the same conditions and restrictions as are provided in Paragraph F below. In addition, any such pilot will be entitled to two (2) nights in a Company provided hotel in his new Base, to be arranged through his new Chief Pilot's Office.

D. A pilot will not be scheduled for any duty during his moving and travel days.

E. A Lineholder pilot who is eligible for reimbursement pursuant to Part 2 above will be paid for any time lost from his Line as a function of his moving and travel days. A

Reserve Pilot will be credited with the value of a Reserve Day for all schedule days lost as a function of his moving and travel days. Any Trips to which a pilot may be Reassigned must fall on one or more of the pilot's original Duty Days.

F. All pilots must submit requests for moving and travel days to Manpower Planning no later than the tenth (10th) of the month prior to the move so long as the Company vendor has provided the pilot days for the move. The block of moving and travel days may be moved (+) or (-) three (3) days, at the pilot's request and with approval from Crew Scheduling with the same restrictions and procedures which apply to the moving of vacation.

Part 5 - Moving General

A. Household effects to be moved and expenses which are reimbursable by the Company are limited to customary household articles and to usual and reasonable expenses.

B. A pilot who is eligible for a Company-paid move may elect to have his move paid from a location other than his current Base to his newly awarded Base. The Company's mileage and cost obligations under this Section will be the actual mileage and cost incurred in the move, but in no case greater than the mileage and cost of moving from his current Base to the newly awarded Base, plus two hundred (200) miles. Further, time off for moving and travel will not be greater than the time allotted for a move from his current Base to his newly awarded Base.

C. If a pilot living in his Base who is eligible for a paid move is displaced as a result of a Base closure, or is displaced as the result of an Equipment closure and is unable to hold a position in the same Status in his current Base, then the Company will:

1. Pay the actual and reasonable legal and closing costs associated with the sale and purchase of the pilot's primary Residence, to a maximum of ten thousand dollars ($10,000); and

2. Provide PS-5 passes between the pilot's current Base and his newly awarded Base, beginning with the month the pilot is advanced to his newly awarded Base and continuing until the pilot moves to his new Base, but in no event for longer than two (2) years; and

3. Provide the pilot the benefits of a specially assigned pilot if:

   a. He is staffed in his newly awarded Base prior to exercising his paid move, for six (6) months or until the effective date of the bid, whichever is earlier; or

   b. He has exercised his paid move, until he has been staffed in his newly awarded Base.

7 Vacation

Section 7 - Vacation

Part 1 - Vacation Accrual

A. During his first calendar year of employment as a pilot with the Company a pilot will accrue one and one-sixth (1 1/6) days of vacation for each full month of Active Service (or, if less than a full month, more than half thereof). Thereafter, a pilot will accrue vacation in accordance with Paragraphs B and D of this Part.

B. A pilot will not accrue vacation during that part of a furlough, MLA, PLA, or COLA that is beyond the sixtieth (60th) consecutive Calendar Day, or beyond that part of a MLOA that is beyond the ninetieth (90th) consecutive Calendar Day. A pilot whose furlough or leave exceeds the terms above will have his vacation accrual outlined in Paragraph D below, prorated. Yearly vacation days specified in Paragraph D below will be reduced by the ratio of a pilot's days of nonaccrual in an accrual year to the number of days in that year.

C. Awarded days will be rounded to the nearest whole day (e.g., 3.4=3; 3.5=4; 3.6=4).

D. Vacations will be taken within the calendar year following the year of accrual in accordance with the following schedule:

VACATION ELIGIBILITY CHARTS

Effective from April 1, 2005 to December 31, 2006

Completed Years of Service	Minimum Yearly Vacation Days	Maximum Yearly Vacation Days
1-4	7	14
5-10	14	21
11-24	14	35
25-29	21	42
30+	21	44

Effective January 1, 2007

Completed Years of Service	Minimum Yearly Vacation Days	Maximum Yearly Vacation Days
1-4	14	14
5-10	14	21
11-24	21	35
25-29	21	42
30+	21	44

E. Pilots must bid all vacation days shown in the Minimum Yearly Vacation Days column, and may bid all vacation days shown in the Maximum Yearly Vacation Days column above in accordance with Part 3 of this Section.

Part 2 - Vacation Periods

A. Vacation will be awarded in consecutive seven (7) day periods ("Vacation Periods"), with exclusions as provided below in this Paragraph and in Part 3.A.3. Vacation

Periods will be numbered 1 through 52. Vacation Period 1 will begin on January 1st and Vacation Period 52 will end on December 31st. The following day(s) will not be used when constructing Vacation Periods:

1. During non-leap years, the 288th day (Oct. 15) will be excluded.
2. During leap years, the 50th and the 289th days (Feb. 19 and Oct. 15) will be excluded.
3. These days are excluded only for the mathematical administration of the Vacation Periods and will not prevent a pilot from moving vacation to one of the excluded days.

B. The purpose of Vacation Periods is to achieve maximum utilization of all available days throughout the year.

C. At any time at least sixty (60) (Effective sixty [60] days prior to the start of PBS) days prior to the published start of his vacation, a pilot may elect to slide the starting date of his vacation by up to three (3) days earlier or later than his published starting date provided that the slide does not create a conflict with a scheduled Trip, awarded training, or a designated Holiday.

Part 3 - Bidding of Vacations

A. Bidding

1.

Cycle	Open	Close	Award
Primary	September 24	October 1	October 2
Secondary	October 2	October 9	October 10
Tertiary	October 10	October 17	October 18
Quaternary	October 18	October 25	October 26
Quintenary	October 26	November 2	November 3

2. Pilots will bid and be awarded their preference for Vacation Periods in order of seniority by Base, Equipment and Status. A pilot's BES for the purpose of this Part will be the permanent Base, Equipment and Status he was awarded in the most recently awarded system bid (including adjustment bids) immediately prior to the opening of the primary vacation bid cycle. Vacation will not be awarded that conflicts with a Training Assignment in the Hard Period as outlined in Section 24, Part 3.E.12.
3. A pilot may bid for single Vacation Periods, consecutive Vacation Periods, or both in any vacation cycle (subject to technology and the implementation schedule). When bidding for more than one Vacation Period, the periods must be consecutive. If one of the Vacation Periods is not available, then that vacation bid choice will not be awarded. All vacation will be bid and awarded in full Vacation Periods, except that a pilot having vacation entitlement not divisible by seven (7) must designate the odd amount as Monthly Bid Vacation or bid the odd amount with any one of his seven (7) day multiples or as a

separate period after all such multiples have been awarded. If a pilot does not bid correctly or submit enough choices to be awarded a vacation, he will not be awarded vacation during that bid cycle. (Effective after PBS has been implemented).

4. Before the close of the primary bid cycle, each pilot must declare the total number of vacation days he will bid for the year (in seven [7] day multiples, except as provided in Paragraph 3 above). This declaration will be known as the pilot's "Yearly Vacation Election." A pilot's Yearly Vacation Election must be equal to or greater than his Minimum Yearly Vacation Days as provided in Part 1 above, but may not exceed his Maximum Yearly Vacation Days. A pilot who fails to make his Yearly Vacation Election will be awarded or assigned vacation days equal to his Maximum Yearly Vacation Days.

5. At the completion of all vacation bid cycle awards, any pilot due vacation who has not bid and been awarded all of his Yearly Vacation Election days will be assigned vacation by the Company up to the number of his Yearly Vacation Election.

B. Allocation of Vacation Time

1. For the primary vacation cycle, the Company will allocate sufficient Vacation Periods to accommodate all vacation periods bid during the primary cycle. No less than six percent (6%) of the Vacation Periods bid during the primary bid cycle will be allocated in each monthly bid period through the year.

2. Subsequent vacation bid cycles will allocate vacation in the same manner, except that all vacation time remaining to be bid in all subsequent vacation bid cycles will be distributed for all of the remaining vacation bid cycles.

3. Prior to the secondary and subsequent vacation cycles, all remaining Vacation Periods will be published.

C. Open Vacation Periods

Any Vacation Periods not bid or assigned or Vacation Periods made available as a result of training cancellations will be posted as they occur. Pilots may trade current vacations with such open vacation time on a first come, first served basis. Open vacation periods will be posted on CCS and will be traded via computer or fax (to Manpower Planning) at anytime.

D. Monthly Bid Vacation

1. Monthly Bid Vacation will be those days in excess of a pilot's Yearly Vacation Election up to a pilot's Maximum Yearly Vacation.

2. The Company will designate by Base, Equipment and Status the monthly Vacation Periods that are available in the following bid period to be taken by pilots having remaining monthly bid vacation entitlement. There will be no obligation either to make particular Vacation Periods or any particular number of Vacation Periods available in a given Base, Equipment and Status. Monthly vacation periods will be made available no later than by the first (1st) Business Day of the bid period and will be awarded by 1000 CT on the seventh (7th)

Business Day of the bid period preceding the award month by 60 days (Effective sixty [60] days prior to the start of PBS).

3. Pilots desiring to use monthly bid vacation will so indicate in their monthly vacation bid, and such vacation will be awarded to the extent available in seniority order. Except that a pilot having vacation entitlement not divisible by seven (7) may bid the odd amount, monthly vacation will be bid and awarded in seven (7) day multiples only.

4. Should the Company elect to offer monthly bid vacation opportunities more in advance of the monthly bid process, it will provide opportunity for all pilots in the Base, Equipment and Status to bid for such vacation, and will award it in seniority order.

5. Pilots in the same Base, Equipment and Status may trade a scheduled vacation period for an equal amount of monthly bid vacation not to exceed the maximum monthly bid vacation (the difference between Maximum Monthly Vacation Days and Minimum Vacation Days) allowed in the Vacation Eligibility Chart (Part 1.D above). Vacations may only be traded in whole blocks as awarded. A pilot trading the monthly bid vacation will assume the scheduled vacation period of the pilot trading scheduled vacation, and conversely a pilot trading the awarded scheduled vacation will forgo his scheduled vacation period and will acquire the monthly bid vacation. Trades must be submitted at least sixty (60) days (Effective sixty [60] days prior to the start of PBS) prior to the published start of the earlier of the two vacations.

6. Monthly Bid Vacation may not be retained beyond the year in which it is to be used. Monthly Bid Vacation days remaining unused on December 31st of each year will be forfeited. As soon as possible, but no later than February 16th of the following year, the Company will make a contribution to the Continental Airlines, Inc. 401(k) Plan account established for that pilot. The amount of the contribution will equal the number of forfeited Monthly Bid Vacation days multiplied by the daily value found in Part 4.A.1 below as of December 31st of the prior year multiplied by the pilot's hourly rate of pay as of December 31st of the prior year.

Part 4 - Pay for Vacations

A. In a vacation month, in addition to the value of all flying actually performed or credited, a Lineholder will receive vacation pay as follows:

1. A pilot's pay for vacation will be three hours and fifteen minutes (3:15) per day, effective April 1, 2005. Effective July 1, 2005, vacation pay will be three hours (3:00) per day. Effective July 1, 2007, vacation pay will be three hours and fifteen minutes (3:15) per day.

2. A pilot will not be paid less than his monthly guarantee unless he elects not to adjust, or to adjust below that value. **[Delete this Paragraph effective after PBS implementation]**

B. In a vacation month, a Reserve Pilot will receive vacation pay as follows:

1. "A" Reserve Pilots will be paid four hours (4:00) for each day of reserve duty, but in no case more than seventy two (72) hours of pay, except as otherwise provided for in this Agreement.

2. "B" Reserve Pilots will be paid four hours and thirteen minutes (4:13) for each Reserve Day, but in no case more than 76 hours of pay, except as otherwise provided for in this Agreement.

3. Additionally, pay for vacation will be three hours and fifteen minutes (3:15) per day effective April 1, 2005. Effective July 1, 2005 vacation pay will be three hours (3:00) per day. Effective July 1, 2007 vacation pay will be three hours and fifteen minutes (3:15) per day.

4. In no case will a pilot be paid less than his monthly guarantee. **[Delete this Paragraph effective after PBS implementation]**

Part 5 - Vacations General

A. When unforeseen circumstances create an operational need, that is, an event severely limiting the availability of pilots in a Base, Equipment and Status, a pilot's vacation may be canceled. Before a pilot's vacation may be canceled, Pilot Manpower Planning will ask for volunteers who are willing to change their vacation. If there are not enough volunteers, then pilot vacations will be canceled in reverse order of seniority. A pilot will be given at least thirty (30) days advance notice of a vacation cancellation unless he agrees to a shorter notice.

B. If a pilot's vacation is involuntarily canceled, he will have the following choices:

1. Choose a vacation, in seniority order, from time available or made available in the remainder of the year of the cancellation, or

2. Choose to have the canceled vacation time added to his next year's vacation, or

3. Elect to have the canceled vacation days treated as Monthly Bid.

C. No pilot's vacation may be canceled for staffing reasons during a month in which any pilot is in a furlough status.

D. If a pilot's vacation has been canceled by the Company and he has incurred non-refundable expenses (i.e., deposits, etc.), the Company will reimburse the pilot for those expenses.

E. A current list of vacation bid results in each Base, Equipment and Status will be posted via CCS.

F. Mutual exchange of vacations between pilots of the same Base, Equipment and Status may be made, provided that pilots must notify Pilot Manpower Planning of the vacation exchange at least sixty (60) (Effective sixty [60] days prior to the start of PBS) days prior to the published starting date of the first affected vacation.

G. A pilot will be paid for vacation at the rate of pay for the Equipment and Status he is flying (or being pay protected) during the bid period(s) of his vacation or, in the case of unused Monthly Bid Vacation, on December 31st of the prior year. Pilots on Equipment with blended pay rates will be paid blended rates.

H. When a pilot changes Base, Equipment and/or Status, he will take his awarded vacation to the new Base, Equipment and/or Status.

I. The year in which a pilot retires or leaves employment at Continental Airlines, he will be paid for vacation accrued during that year and any vacation remaining from the previous year, at the pay rate in effect the day previous to leaving employment or retirement.

8 Deadhead

Section 8 - Deadheading

Part 1 - Definitions

1. Crewmember - "Crewmember," as used in this Section only, means an employee whose name appears on the crew manifest.

2. Company Seniority - "Company Seniority" means an employee's date of hire for pass travel as shown on his JA screen.

3. Deadhead - "Deadhead" means travel by air or by surface transportation to or from a flight or operational assignment at the Company's direction.

4. Off-line Deadhead - "Off-line Deadhead" means travel on any carrier other than Continental Airlines, Inc. Unless specifically stated to the contrary, Deadhead provisions in this Section apply only to on-line Deadhead.

5. Off-pairing Deadhead - "Off-pairing Deadhead" means travel initiated by a pilot, at the beginning or end of a Pairing, by means other than the Deadhead segment.

6. Red-eye Flight - "Red-eye Flight," as used in this Section only, means any flight segment, including Deadhead, with a Report Time between 2200 and 0459, local time as well as any flight segment that is scheduled to be airborne between 0101 and 0459 (inclusive) adjusted to Local Base Time.

   Example - A pilot is scheduled to be airborne on a Deadhead leg from GUM to HNL at 1700 Local Time in GUM. For a IAH based pilot this would not be covered under the Red-eye Flight rules since it would be 0100 in IAH. However, for a EWR based pilot this would be covered under the Red-eye Flight rules since this would be 0200 in EWR.

7. To operate a flight - "To operate a flight," as used in this Section means a Crewmember is Deadheading "to operate a flight" when he is scheduled or Reassigned to operate a flight segment following his Deadhead without an intervening Rest Period.

8. Upon completion of a flight - "Upon completion of a flight," as used in this Section, means a Crewmember is Deadheading "upon completion of a flight" when he is not Deadheading to operate a flight.

9. If the nomenclature for class of service is changed or additional class(es) of service are added during the term of this Agreement, the parties will meet and agree regarding the application of these Deadhead provisions.

Part 2 - Deadhead Procedures

A. Except as provided below, in accordance with the Company's non-revenue travel policy, a pilot Deadheading will be provided first class accommodations when the aircraft has a First Class or Business First cabin available:

   1. For flights over four (4) hours when Deadheading to operate a flight, first class accommodations will be offered prior to any other non-revenue priority listed

in the Company's non-revenue travel policy, except the officers and members of the Board of Directors of the Company (and their spouses when traveling on Company Business).

2. First class accommodations will be offered to Crewmembers Deadheading to operate a flight in the following order: Captains in seniority order, all remaining pilots in seniority order, all remaining Crewmembers in Company Seniority order.

3. First class accommodations will be offered to Crewmembers Deadheading upon completion of a flight in the following order: Captains in seniority order, all remaining Crewmembers in Company Seniority order.

4. First class accommodations for crews containing both Crewmembers who are Deadheading to operate a flight and Crewmembers who are Deadheading upon completion of a flight will be offered in the following order: Captains Deadheading to operate a flight in seniority order, remaining Captains in seniority order, all remaining pilots Deadheading to operate a flight in seniority order, all remaining Crewmembers in Company Seniority order.

5. For flights scheduled for two hours and thirty minutes (2:30) or more when Deadheading to operate a Red-eye Flight or when Deadheading on a Red-eye Flight to operate a flight, first class accommodations will be offered prior to any other non-revenue priority listed in the Company's non-revenue travel policy, except the officers and members of the Board of Directors of the Company (and their Spouses when traveling on Company Business).

B. Crew Scheduling will make the necessary reservation and make a confirmation number available no later than twelve (12) hours prior to the scheduled departure time of the Deadhead segment for those pilots who have been assigned a Deadhead segment more than fourteen (14) hours in advance. Deadheading pilots will be allowed to check-in using internet and e-ticket check-in and seating assignments to the extent such amenities are available for other passengers. Advanced seat assignments will be provided for Deadheading pilots according to the priorities in Paragraph C below. These seating priorities will be programmed into the appropriate computer logic. For assignments made fourteen (14) hours or less in advance, the confirmation number will be made available at the time of assignment.

C. Crew Scheduling will provide Deadheading pilots advanced seat assignments according to the following priorities:

1. Overwing emergency exit rows aisle seats. If overwing emergency exit rows aisle seats are not available, then overwing emergency exit row window seats. If overwing emergency exit row seats are not available, then the most forward available aisle seat, and if no aisle seats are available, then the most forward available window seat. If no window seats are available, then the most forward available center seat.

2. A Deadheading pilot will not be reassigned from a window or aisle seat to a center seat on the same aircraft seating map without his concurrence.

3. If more than one Deadheading pilot is scheduled on a flight, additional Deadheading pilots will be assigned a block of seats near another emergency exit and in accordance with the priority set forth in C.1 above.

4. If seating in emergency rows is unavailable, or if the Deadhead is unscheduled, seating will be assigned first in aisle seats, then in window seats, and only if neither is available, in any other available seats.

5. Upon request, the Company will provide to the Association the data necessary to verify compliance with this Section in the context of a specific claim or dispute.

6. No pilot will be required to ride in the jumpseat if he is Deadheading.

D. Pilots when Deadheading will be paid expenses in accordance with Section 5, Travel Expenses.

E. Deadhead travel will be booked at Company Business Positive Space (PS0-must ride), as directed by the Company. If a pilot misses his Deadhead flight due to a circumstance beyond his control, e.g., too short a connection time, the Company will PS0-must ride him on the next flight or the next connecting flight(s) as soon as possible, and make the appropriate modifications and credits to his Pairing to reflect the additional scheduled duty and Deadhead time for the missed flight. An overnight stay with a Company paid hotel room will be provided upon request of the pilot with Crew Scheduling, if the last flight of the day is missed. (Lost day off option Section 25, Part 15.F may also apply).

F. In the event that the Company decides to require pilots to Deadhead in uniform, it will first inform the Association and provide the Association a reasonable opportunity to meet with Flight Ops management prior to the implementation of such requirement.

G. Off Pairing Deadhead

1. With a minimum of twenty-four (24) hours prior notice to Crew Scheduling, pilots may elect not to travel on Deadhead flight segments which begin a Pairing. Pilots exercising this election will be responsible for their transportation to their new point of origin. They will also be responsible for providing Crew Scheduling with a contact number for use in the event of Reassignment, and for keeping Crew Scheduling informed regarding any alternate travel to the new point of origin. Pilots exercising this election will be required to report to the airport one (1) hour (one hour and thirty minutes [1:30] for international flights) prior to scheduled departure of the first non-Deadhead segment.

2. When a Pairing ends with a Deadhead segment, the pilot may, with prior notice to Crew Scheduling, deviate from such Deadhead segment but will then be responsible for any alternative transportation to another airport. Reserve Pilots may be required to give notice to Crew Scheduling after blocking in on the last operating flight segment and before departure of the scheduled Deadhead segment. (Note: In some circumstances a second call may be required.) Subject to Reassignment, as provided in Section 25 Scheduling, which Reassignment may occur at anytime, including during and after notice of

deviation is given, the Reserve Pilot's request will be approved. The intent of this application to Reserve Pilots is not to require multiple calls, but to define a window when the call must be accomplished.

Example - A Reserve Pilot is assigned a Pairing which flies from IAH to LAS and Deadheads back. Upon arrival in LAS the Reserve Pilot must contact scheduling for release. The scheduler may require that the pilot call back just prior to the Deadhead segment from LAS to IAH in order to confirm that the pilot may deviate from the Deadhead segment. During this second call the scheduler may deny the deviation if the Reserve has been Reassigned to either additional flight segments or Reserve Days.

3. Off-pairing Deadhead as provided in Paragraphs 1 and 2 above will have no negative effect on the pay and credit, including junior manning premium, of a Pairing (except as provided for in Part 3.A below); however, the allowable on-duty hours for a pilot who reports at the airport of departure of the first non-Deadhead segment will be determined using the actual Report Time at the airport of departure of such first non-Deadhead segment.

H. 1. A pilot will not be required to Deadhead on an air carrier that is experiencing a strike by pilots.

2. A pilot will not be required to Deadhead on an air carrier that is experiencing a strike by employees other than pilots, except in emergency situations.

I. Pilots will be required to Deadhead by air only on U.S. carriers operating under FAR Part 121, Continental's Regional and Connection carriers, or foreign air carriers that are equivalent to U.S. carriers operating under FAR Part 121, or, with the pilot's concurrence, other comparable air carriers (e.g., FAR Part 135, Lear Jet operators). An air carrier rejected for safety reasons by the United States Department of Defense will not be used for Deadheading.

J. The Company and the Association will meet and agree prior to requiring a pilot to Deadhead on a cargo aircraft. Unless a one time emergency crisis situation exists when time will not permit meeting and agreeing beforehand, the Company and the Association must have concluded an agreement prior to requiring pilots to Deadhead on a cargo aircraft.

Part 3 - Pay for Deadheading

A. Deadhead time will be paid according to the scheduled time or the actual block time, whichever is greater, except Off-pairing Deadhead pursuant to Part 2.G above which will be paid for the original scheduled block time only.

B. A pilot may request to Deadhead, Company Business Positive Space, on a flight that departs earlier or arrives later than the flight he was scheduled or rescheduled to Deadhead on. Such time for purposes of pay and credit will be the same as the scheduled time for the flight(s) he was originally scheduled to Deadhead on. Approval of such a request will not create additional pay (e.g., rig, junior manning premium, etc.).

Part 4 - Surface Deadheading

A. The provisions of this Part will apply only to Deadhead transportation between airports for the purpose of positioning a Crewmember to operate a flight. This Part will not apply to travel local in nature. That is, it will not apply to travel between an airport and a layover hotel associated with that airport.

B. Surface Deadheading will be paid by dividing the mileage by forty (40) and by multiplying the quotient by the pilot's hourly rate. Mileage will be calculated using AAA mileage or a similar system for international destinations.

C. A pilot Deadheading by surface transportation will not be required to operate the vehicle used in transporting, nor will he be required to operate a personal vehicle or rental vehicle.

D. A pilot required to Deadhead by surface transportation will have his travel arrangements made by the Company. The Company will supply the pilot with an itinerary which includes the name and phone number of the vendor providing the transportation.

E. A pilot will be reimbursed for any ground transportation expense he incurs when surface Deadheading.

F. If, as part of a scheduled or modified Trip Pairing, a pilot is directed by the Company to travel by ground transportation (i.e., surface Deadhead) he will be paid Deadhead pay per Paragraph B above. However, a pilot will not receive Deadhead pay to or from a layover hotel.

G. Duty time for surface Deadhead will be no less than Mapquest.com travel times or a similar system for International Destinations.

9 Misc Flying

Section 9 - Miscellaneous Flying

Part 1 - Definitions

1. CRAF Operation - "CRAF Operation" means a flight operation conducted in accordance with the Company's obligations when the Civil Reserve Air Fleet is activated.

2. Flown by Operations - "Flown by Operations" (FBO) means a flight flown by Management or a Flight Instructor (e.g., administration of training, etc.)

3. Military Theater - "Military Theater" means a country that is a site of military operations and its bordering countries; for example, the Iraqi Military theater includes Iraq and bordering countries (Iran, Kuwait, Qatar, Yemen, Turkey, Oman, United Arab Emirates and Saudi Arabia).

4. MSO Pairing - "MSO Pairing" means a Pairing which contains military Duty Days at an SA rather than known flights and which requires a pilot to be positioned downline at the SA for actual flight assignments.

5. Staging Area (SA) - "Staging Area" or ("SA") means a non-hub location where pilots are physically located for the purpose of operating military or CRAF flights between an SA and a Military Theater, or between an SA and the United States.

6. Test Flight - "Test Flight" means a non-revenue, nonscheduled flight that involves the planned use of an abnormal or special checklist, a determination of the airworthiness of a major system item, or troubleshooting. An "abnormal" or "special" checklist is one not found in QRH or in an Airplane Flight Manual; hence, an ETOPS Checklist is not an abnormal or special checklist.

7. Verification Flight - "Verification Flight" (also referred to as a "Maintenance Flight") means a flight that is performed for the purpose of ascertaining whether a maintenance repair action has successfully resolved the pertinent problem, provided such flight does not involve the planned use of abnormal or special checklists.

Part 2 - Test Flights and Verification Flights

A. All positions on a Test Flight will be staffed by volunteers qualified to perform the duties of the Test Flight. Line qualified Instructor pilots, Line Check Airmen and management pilots may be trained to fly such flights.

B. Unless management pilots are assigned, test flight assignments must be in seniority order of those indicating a desire to fly such flights, subject to qualifications, availability and legality.

C. Normal duty time and pay rules will apply to Test and Verification flying.

D. Assignment for Verification flights will conform to the Open Time Assignment provisions in Section 25, Part 13 and Section 12 - Hours of Service of this Agreement. Known flying will be posted in open time.

Part 3 - CRAF Operations

A. Except as provided in this Part 3, all provisions of this Agreement apply to CRAF Operations.

B. Compensation

1. In addition to his 100% pay and credit, for the greater of the scheduled or actual time for all CRAF flight hours flown, a pilot flying a CRAF mission will receive pay but no credit for fifty percent (50%) of the greater of the scheduled or actual time for all flight hours flown, including Deadhead, from the last point of origin in the United States or its territories until the pilot's return to the first point of landing in the United States or its territories. This entitlement applies to both Lineholder and Reserve Pilots.

2. A pilot on an MSO Pairing will receive pay and credit for the greater of:

   a. Four hours and thirty minutes (4:30) times the number of Calendar Days in the MSO Pairing, or

   b. Flight Time, including all Deadhead (notwithstanding the provisions of Section 25, Part 4.A of this Agreement), flown during the block of days in the MSO Pairing. (Trip protection pursuant to Section 4 of this Agreement), or

   c. The value of the trip rig as provided in Section 4, Part 3 of this Agreement.

C. Scheduling and Assignments

1. The Company may build Pairings and Lines of Time that contain only scheduled military obligation Duty Days, or if known, military obligation Duty Days and flight legs covered by this Part.

   a. Known CRAF flying that is built into Lines of Time will be made available for bid by qualified bidders system-wide who are staffed on the appropriate aircraft.

   b. CRAF flying will be available to all qualified pilots system-wide. That is, there will be no out-of-base open-time pick-up restrictions on CRAF flying. Open-time CRAF Pairings may be picked up by any Lineholder provided that the Lineholder is legal and available to fly on the day(s) picked up.

2. With the Reserve's concurrence, a Lineholder may pick up a CRAF Trip from a Reserve less than ten (10) hours prior to the scheduled Report Time of the Pairing.

3. Subject to FAA Directives, Circulars and the like, the FARs will remain applicable for all operations conducted pursuant to this Part, unless more restrictive provisions are found within this Part or elsewhere within the Agreement.

4. Upon request, the Company will provide PS0 (or equivalent) service charge waived, personal pass travel for a pilot engaged in CRAF flying between his home of record/base and the departure base for the flying.

5. CRAF flying may include Military Staged Operations ("MSO"), operations in which pilots are positioned downline at a staging area to fly military flights, military charters, or CRAF flights, subject to the following rules:

   a. A pilot will have three (3) Calendar Days free from duty between the termination of an MSO Pairing and his next scheduled duty.

   b. For purposes of calculating legality, each Calendar Day of an MSO Pairing will be considered to have a minimum credit value of four hours and thirty minutes (4:30).

   c. MSO Pairings may not be split without the concurrence of Crew Scheduling.

   d. A pilot on an MSO Pairing will not be assigned a phone availability window; however, he will be required to check with Crew Scheduling at 1000 and 1700 LT for flight assignments on Calendar Days for which he does not have a previously scheduled flight/Deadhead assignment. The Company will promptly establish a suitable and convenient method of communication for pilots to satisfy this obligation.

   e. Flight assignments to pilots on MSO Pairings will be made on a first-in, first-out basis.

   f. Any day of an MSO Pairing where no assignment occurs may be designated as a twenty-four (24) hour break, except that this designation may not be made retroactively.

   g. The provisions of Section 3, Part 8.F (Pay and Credit Limits) of this Agreement will apply to a pilot at the time he picks up an MSO Pairing, but will not apply to such pilot's flight assignment(s) while operating such MSO Pairing.

   h. MSO Pairings may be assigned to Reserve Pilots. An MSO Pairing assigned to a Reserve will be considered available for pick up or trade by a Lineholder until noon (local time) of the day before the first Calendar Day of the MSO Pairing. A Reserve Pilot, at his option, may release his Pairing to a Lineholder who desires to pick it up from the Reserve. A Reserve Pilot assigned an MSO Pairing may indicate his desire to release such Pairing to a Lineholder desiring to pick it up by using such means as the Company will designate.

   i. An MSO Pairing that has not been picked up may later be withdrawn.

   j. If an operation covered under this Paragraph ceases and MSO Pairings have been picked up by a Lineholder, those MSO Pairings will be converted to RX Days.

D. Insurance Benefits

1. Business Travel Accident Insurance in the principal sum of five hundred thousand dollars ($500,000) will be maintained for death, dismemberment, or total and permanent disability other than by natural causes as a result of participation in operations conducted pursuant to this Part.

2. A pilot engaged in flying covered by this Part will be provided Pilots' Long-Term Disability Plan coverage with a benefit of one hundred percent (100%) of salary (as opposed to the fifty percent [50%] of Compensation level previously provided) for five (5) years for a disability incurred as a direct result of participation in flying covered by this Part. All other terms, limits, and restrictions of the Pilots' Long-Term Disability Plan will apply, and at the end of the five (5) years the benefit will revert to the greater of fifty percent (50%) of compensation or the then generally applicable benefit.

3. No time limit will be placed on a claim for a benefit under Paragraphs 1 or 2 of this Part.

E. General

In the event involvement in CRAF Operations appears imminent, the parties will meet and agree on hour of service/duty time modifications, staging operations, and hotel accommodations pertaining to such operations as necessary.

Part 4 - Transfer to or from Non-Line Flying, Management Pilot or Flight Instructor Duty

A. A pilot transferred to Non-Line Flying, management pilot or Flight Instructor duty will retain and continue to accrue seniority and longevity, except as provided in Part 6.B below.

B. Management Pilot and Flight Instructor Bids, Awards, and Return to Line Flying.

1. Management pilots and Flight Instructor pilots will bid and be awarded a permanent position as determined by their system seniority in any BES in which they are senior to the most junior pilot in the same Status in which they are bidding.

2. If a pilot engaged in management pilot or Flight Instructor duty returns to line flying duty, he will assume a permanent Base, Equipment and Status that is consistent with his system bid award and seniority. A management pilot or Flight Instructor who is past the effective date of his system bid award will be scheduled for the next training slot that becomes available for his Base, Equipment and Status award.

C. A Vacancy created by a pilot being assigned to Non-Line Flying, management pilot or Flight Instructor duty will be posted and awarded as a permanent or temporary Vacancy, as applicable, unless such pilot is vacating a position in a Base, Equipment and Status in excess of those required in Section 24 of this Agreement. When a Non-Line Flying Pilot, management pilot or Flight Instructor returns to line flying simultaneously with the assignment of another pilot from his Base, Equipment and

Status to a Non-Line Flying Pilot, management pilot or Flight Instructor position, no Vacancy will be created.

Part 5 - Flying by Management Pilots and Flight Instructors

A. During the time that a Continuous Open Time Window (as provided in Section 25, Part 10) is open, a management pilot will be allowed to pick up Open Time provided that the pick-up is limited to:

1. One (1) Trip (with no day or time limit), or
2. Two (2) Trips (multiple segments from Pairings may not be modified into a single Pairing) if the first Trip is two (2) days or less and the total number of days does not exceed four (4) for domestic flying and six (6) for international flying.

B. In addition to the limitations in Paragraph A above, a management pilot will be allowed to pick up a Trip from open time within eleven (11) hours prior to Report Time.

C. The limitations in Paragraph A and B above do not apply to demonstrated pilot hardship emergencies.

D. If a management pilot flies a Trip other than in accordance with Paragraphs A through C above, the Lineholder pilot scheduled to fly that Trip will be paid for the Trip including all applicable overrides (e.g., JMP, etc.) as scheduled, and will not be subject to Reassignment. If a Reserve Pilot was scheduled to fly the Trip, the Reserve Pilot will be returned to his originally scheduled reserve status.

E. A management pilot will fly in the Equipment and Status to which he is entitled by seniority, unless all other pilots assigned to operate that Trip Pairing are management pilots.

F. A Flight Instructor will be allowed to pick up Open Time after lines are built in accordance with the following:

Up to two (2) fly days for the B737 and three (3) fly days for all other Equipment.

G. In addition to the limitations in Paragraph F above, a Flight Instructor will be allowed to pick up a Trip from open time within eleven (11) hours prior to Report Time.

Part 6 - Non-Line Flying and Management Pilot Duty - General

A. In addition to other duties that may be assigned, a line pilot who is a Line Check Airman may participate in the submission of proficiency type reports on probationary pilots and may submit evaluation reports without being considered a management pilot.

B. A pilot who transfers within the Company to a position outside the Flight Operations Department which has no duties directly related to pilots will retain, but cease to accrue, seniority under this Agreement one (1) year after the effective date of the transfer. Upon return to a position within the Flight Operations Department, the pilot will again begin to accrue seniority. (It is understood that such pilot may not undertake such action more than once in his career with the Company.) When such pilot returns

to line flying, he will not bid or be awarded a schedule or a Base, Equipment and Status until his seniority has been adjusted.

Part 7 - FBO, CBA and Management Pilot flying

A. Flown By Operations (FBO)

A Lineholder pilot will be paid the greater of the pay and credit for the original Trip or the Trip flown pursuant to the rescheduling, if any. If a Reserve Pilot was scheduled to fly the Trip, the Reserve Pilot will be returned to his originally scheduled reserve status. The Lineholder will be released from duty for the entire Pairing, or portion of the Pairing from which he has been displaced. The pilot will have no responsibility to the Company for any flying or reserve assignment during the time period covered by the Pairing or portion thereafter, but may be required to Deadhead to his next duty assignment. If the Company has the need to subsequently Junior Man the affected pilot, he will be paid for the Trip Pairing from which he was displaced and, in addition, he will be considered Junior Manned for the additional flying.

Example: The intent of rescheduling, in this paragraph, is in the context of a pilot's rejoining his original pairing. For example, a pilot is FBO'd on the IAH-CLE segment of the following scheduled two day trip:

Day 1
IAH-CLE
CLE-EWR

Day 2
EWR-IAH

The pilot can be rescheduled to DH on that segment and then resume the rest of his pairing in CLE as originally scheduled.

B. Company Business

A pilot replaced for a portion of a Trip Pairing for Company business (CBA) may be Reassigned on previously scheduled Duty Days. A Lineholder pilot must call Crew Scheduling between 0800 and 0900 LBT on each of his originally scheduled Duty Days for Trip assignments. If no assignment is made, the pilot will be released from liability for that day only. A pilot on Company business on a scheduled Day Off (CBO) will receive four hours and thirty minutes (4:30) of additional pay.

C. For proficiency line flying a management pilot must first pick up Open Time. A management pilot may pick up time from a pilot only with the Lineholder's consent, except that a flight designated as an "inaugural flight" may be flown by a management pilot without the Lineholder's consent; however, the Lineholder will be FBO'd for any Trip carrying revenue passengers and/or cargo.

1. A Lineholder pilot voluntarily displaced for management pilot proficiency flying will be released from all duty.

2. A Reserve Pilot replaced by a management pilot will be returned to reserve duty or assigned another open Trip Pairing.

Part 8 - Maintenance, Repositioning, and Ferry Flights

A. Flight Time for a Maintenance Flight, a repositioning flight (non-revenue flight in which pilots move aircraft from one airport to another), and ferry flights (non-revenue flights in which pilots move aircraft to and from Maintenance facilities), will be credited as follows:

1. A pilot assigned to a "stand-alone" maintenance, repositioning, or ferry flight on a Day Off will be paid four hours and thirty minutes (4:30) for the Duty Day or total actual flight and Deadhead time (paid at JMP), whichever is greater, pursuant to Section 3.8.A.

2. A pilot, who voluntarily picks up a "stand-alone" maintenance, repositioning, or ferry flight on a day originally free of duty, will be paid two hours (2:00) for the Duty Day or actual Flight Time, whichever is greater.

3. Maintenance, repositioning, and ferry flights contained within a pilot's Pairing will be paid on the basis of actual value unless actual value for the Pairing is less than the daily minimum (described in Part 8.A.1 above) in which event the daily minimum will apply.

B. Maintenance, repositioning, and ferry flights will be posted in open time pursuant to Section 25, Part 13 of this Agreement.

10 Instructors

Section 10 - Flight Instructors

Part 1 - Definitions

1. AO day - "AO day" means a day scheduled free of assigned duty when the monthly schedule is published.

2. Department - "Department" means the Company's Flight Standards and Training Department or any successor department that is responsible for accomplishing the training, evaluation and certification of the Company's pilots.

3. Event - "Event," except as defined further in this Section, means all training and support Events, Thanksgiving and Christmas Holidays, vacation, project work and work days, proficiency flying, observation flying, line check days, travel days, individual training days (except ASR training), assigned meetings, and unassigned days during a scheduled block of training at a remote training site.

4. Flight Instructor - "Flight Instructor" includes Simulator Instructors, Simulator Check Airmen and APD's.

5. Junior Manning Pay - "Junior Manning Pay," as used in this Section, means one and one-half (1.5) times the rate of pay a Flight Instructor would normally receive for the services performed (sometimes referred to as "Junior Manned."). Junior Manning Pay will not be construed to mean that any scheduling, priority requirement, or other substantive provision of the Agreement is applied, except as expressly stated in this Section.

6. Seniority - "Seniority" means a Flight Instructor's seniority within the Department, (i.e., Departmental Seniority) except as provided in Part 11 of this Section.

7. Training Base - "Training Base" means the Company's principal pilot training facilities, presently located at Houston Intercontinental Airport (IAH).

8. Training Event - "Training Event" means an Event other than Holidays, proficiency/observation flying, travel days and vacation.

9. Training Scheduling - "Training Scheduling" means the Company department responsible for all aspects of Flight Instructors' monthly schedules.

10. W-day - "W-day" means a work day in lieu of a Training Event day.

11. X-day - "X-day" means a guaranteed Day Off on which the Company will not require the Flight Instructor to perform any duty for the Company.

Part 2 - Preamble

The provisions of the Agreement will be applied to the service of the Flight Instructors except as specifically modified by the terms of this Section. In the event of a conflict between any term of this Section and the Agreement, the term of this Section will apply.

Part 3 - Job Functions

A. The "Flight Instructor" position is the primary training and/or checking position in the Flight Standards and Training Department. Flight Instructors will conduct their duties and responsibilities in conformance with the Company's training standards and the Federal Aviation Regulations (FARs).

B. The parties agree that good faith discharge of duties listed herein, in an unbiased manner, will not affect a Flight Instructor's relations with the Company or the Association in any manner. The authorized exercise of good faith, independent judgment in the course of the performance of a Flight Instructor's duties will not result in any recrimination or penalty by either party. The Company will respect Departmental Seniority in dealings with Flight Instructors.

C. Line Qualified Flight Instructors may be assigned any of the following job functions:

1. Pilot instruction in aircraft, flight simulators, other flight training devices, and classrooms.
2. Evaluation and determination of a pilot's progress through training, to include the need for additional training, and evaluation and certification of pilot proficiency as designated by the FAA and as required by FARs.
3. Examination and issuance of FAA pilot certificates as provided in the FAA Aircrew Program Designee (APD) program.
4. Development and administration of human factors training in the flight crew environment.
5. Conduct of Operating Experience (OE) on revenue flights with newly qualified crewmembers.
6. Conduct of contract training of pilots of other air carriers, the military, companies, or agencies of the federal or a foreign government.
7. Assist in conducting flights on the behalf of the Company's Maintenance Functional Test Flight group, to include evaluation of aircraft returned to revenue service, and conduct of ferry flights requiring special airworthiness authorizations in cases of damage, inoperative engine, or systems malfunctions that render the aircraft incapable of revenue service.
8. Assist in the development of normal, abnormal, and emergency aircraft procedures, and of technical material and documentation used in aircraft operations.
9. Detailed documentation of training and proficiency in accordance with the applicable FARs.
10. Assist in liaison with aircraft manufacturers, other air carriers, industry groups, government agencies, and other divisions within the Company regarding technical issues related to the safe and efficient operation of aircraft.
11. General surveillance of Company flight operations for safety and efficiency.
12. Conduct line checks.

13. Other related projects and assignments as dictated by the needs of the fleet and the Department.

D. Non-Line Qualified Flight Instructors may be assigned any of the following job functions:

1. Pilot instruction in flight simulators, other flight training devices, and classroom.

2. Evaluation and determination of a pilot's progress through training, to include the need for additional training, and evaluation and certification of pilot proficiency as designated by the FAA and as required by FARs.

3. Development and administration of human factors training in the flight crew environment.

4. Other related projects and assignments as dictated by the needs of the fleet and the Department.

5. If medically qualified, assist in conducting flights on behalf of the Company's Maintenance Functional Test Flight group, to include evaluation of aircraft returned to revenue service and conduct of ferry flights requiring special airworthiness authorizations in cases of damage, inoperative engine, or systems malfunctions that render the aircraft incapable of revenue service.

Part 4 - Compensation

A. General

Flight Instructors will be paid monthly on the sixteenth (16th) of the month for the previous month's work. Active Flight Instructors will receive an advance on pay on the first (1st) of each month, in an amount equal to thirty (30) times the appropriate hourly rate as described in Paragraph B below. In the event that either the first (1st) or the sixteenth (16th) of the month falls on a Holiday or weekend, a Flight Instructor will be paid on the first (1st) Business Day immediately preceding the weekend or Holiday.

B. Calculation - A Flight Instructor's Total Pay will be the sum of base pay, plus the applicable override, and additional pay (if any). A Flight Instructor's Base Pay will be calculated by multiplying the appropriate hourly rate times ninety (90) hours.

1. Except as provided in subparagraphs B.1.a. through B.1.d. below, the appropriate hourly rate will be the hourly rate published in the Agreement, as amended, for the best/highest Equipment within Status that the most recent system bid award would entitle the Flight Instructor to hold ("best held within Status"). A Flight Instructor will be considered to hold best held within Status without actually bidding for such Position provided the Flight Instructor is senior to the most junior line pilot awarded such Position.

a. The appropriate hourly rate for a Flight Instructor who has the opportunity to upgrade to the next higher Status, but chooses to remain in his current Status, will be the hourly rate for the "best held" in his currently awarded Status.

b. The appropriate hourly rate for a Flight Instructor who intentionally bids down to a lower Status will be the hourly rate for the "best held" in the lower Status position awarded commencing on the first day of the bid period following the award.

c. The appropriate hourly rate for a Flight Instructor who remains fully employed in the Department as a Flight Instructor after attaining the age of 60 will be the hourly rate of $107.33. Such rate will commence the first day of the bid period following the month in which the Flight Instructor turns age sixty (60).

d. The appropriate hourly rate for a Flight Instructor who becomes medically disqualified:

i. If the disqualification occurs while the Flight Instructor is working as a Line Qualified Flight Instructor in the Department, the appropriate hourly rate will be the hourly rate at which the Flight Instructor was being paid at the time of the disqualification. The Flight Instructor's pay will be frozen at such hourly rate until he becomes medically qualified, or until age 60, at which time the hourly rate will become $107.33.

ii. If the disqualification occurred prior to the Flight Instructor entering the Department, the appropriate hourly rate for the duration of the medical disqualification will be $107.33, commencing the first day the Non-Line Qualified Flight Instructor is employed in the Department.

2. Subsequent to a bid award resulting in an hourly rate change for a Flight Instructor, the effective date for the pay status change will be as follows:

a. The first day of the monthly bid period following the bid award for a Flight Instructor whose hourly rate increases, and

b. The published effective date of the bid for a Flight Instructor whose hourly rate decreases.

C. Override pay will be determined by the Flight Instructor's level of qualification. Applicable override pay will be as follows:

Flight Instructor Qualification	Override
Sim Instructor (New Entry)	$500
Sim Instructor	$600
Sim Instructor & Line Check Airman	$700
Sim Check Airman	$900
Sim Check Airman & Line Check Airman	$1,000
APD	$1,100

1. Flight Instructors who enter the Department already qualified as line check airmen will be paid the Sim Instructor (New Entry) override.

2. Flight Instructors advancing in qualification will be paid the higher override commencing the first day of the bid period immediately following the effective date of the new qualification.

3. Flight Instructors transferring from fleet to fleet within the Department will be given written notification of the qualification in which they will be utilized on the new fleet, prior to transfer, and will be paid override as follows:

   a. If the Flight Instructor will be qualified and utilized in the same qualification on his new fleet (the fleet to which he is transferring), the Flight Instructor will continue receiving his then existing override throughout the required training for the new fleet and until such time that he holds the new qualification on the new fleet position.

   b. If the Flight Instructor will not be utilized in the same qualification in his new fleet, the Flight Instructor will be paid the override for the qualification in which he will be utilized on the new fleet. Pay will commence the first day of the bid period immediately following the month in which the Flight Instructor completes any and all required training for the new fleet. In the event the Flight Instructor is required, during the transition to his new fleet, to continue to perform duties in the higher qualification on the former fleet, the change in override will occur the first (1st) day of the bid period following the last Event conducted in the higher qualification.

D. Additional pay may include overtime pay, training instructor additional ("TIA") pay, and Junior Manning Pay.

1. Overtime pay will be paid for any Event a Flight Instructor performs in excess of eighteen (18) Events during a monthly scheduling period. Such extra Events must be authorized by the Flight Instructor's Fleet Manager or the Director of the Department. Additional pay will not be paid if an Instructor's scheduled Event is cancelled. Overtime Events will be assigned as described in Part 15, Paragraph E. Overtime pay will be computed as follows:

   a. If the Flight Instructor voluntarily accepts the extra Event, the pay for such Event will be calculated at one (1) times the Event rate. The extra Event rate is computed by adding the Flight Instructor's base pay and override, and multiplying the result by five point eighty-eight percent (5.88%).

   b. If the Flight Instructor is directed (Junior Manned) to perform the extra Event, the pay for such Event will be calculated at one and one-half (1.5) times the extra Event rate.

2. TIA pay will be paid to any Flight Instructor who performs line flying when the operational needs of the Company so require (the "fly for pay" policy is in effect), and such flying has been authorized by the Director of the Department or the Flight Instructor's Fleet Manager. TIA pay will be paid at the Flight

Instructor's appropriate hourly rate (best held within Status) multiplied by the number of hours flown, subject to the following:

a. If a Flight Instructor is involuntarily assigned to perform line flying on days off, the Flight Instructor will be paid, regardless of the Status flown, at one and one-half (1.5) times the Flight Instructor's appropriate hourly rate (best held within Status) multiplied by the greater of the hours actually flown or four hours and thirty minutes (4:30) (Junior Manning Pay). Such flying will not be counted as an Event or counted towards the Flight Instructor's proficiency flying requirements unless the Trip Pairing extends into a scheduled Event day or into a scheduled proficiency flying day(s).

b. Any portion of the involuntarily assigned flying which extends into a day scheduled for proficiency flying will be modified to correctly reflect the time flown for TIA pay and the time flown for proficiency flying. Any involuntarily assigned flying performed on a scheduled proficiency flying day will be counted as an Event.

E. In addition to the pay determined in accordance with all other provisions of this Section, Flight Instructors will receive payments pursuant to the terms of the Continental Airlines, Inc. Profit Sharing Plan, as amended. Flight Instructors will be eligible for such profit sharing payments without regard to the Pre-Tax Net Income limitations set forth in Section 18 of the Agreement.

F. Sick Pay

A Flight Instructor will be paid and credited for each scheduled and/or assigned Event that he is unable to perform due to illness or injury. Sick days paid and credited to a Flight Instructor will not be charged against the Flight Instructor's sick leave accrual under Section 14 of the Agreement while the individual is staffed in the Department.

G. Compensation for Flight Instructors leaving the Department to return to line flying will be normal Departmental pay (Total Pay) until the effective date of the reassignment. If the Flight Instructor has not started training or is still in training for the new assignment on the effective date of such assignment, the Flight Instructor's compensation will be the same as the compensation paid to a line pilot in training as set forth in the Agreement.

H. A line pilot may be utilized in the Department on a month to month basis as a Flight Instructor. He will be placed on a Paid Leave of Absence (PLOA) from his line Base, Equipment and Status. He may be assigned any of the job functions of a Flight Instructor. A line pilot employed within the Department in PLOA status will be compensated ninety hours (90) hours of flight pay based on the actual Base, Equipment, and Status held by the pilot plus the applicable override. Additional pay for line flying will be in accordance with Paragraph D.2 of this Part. A line pilot who remains employed in the Department in PLOA status in excess of three (3) bid periods will be considered and compensated as a Flight Instructor pursuant to the terms of this Section beginning the first day of the fourth bid period.

I. A line pilot may be utilized in the Department on a day to day basis as a Flight Instructor. He will be placed on Company Business Not Available (CBN) status for each day of duty performed within the Department. He may be assigned any of the job functions of a Flight Instructor. A line pilot employed within the Department in CBN status will be compensated in an amount equal to the value of the Trip or series of Trip Pairings from which the pilot was removed for the days the pilot is needed to perform work within the Department.

Part 5 - Travel and Travel Expenses

A. Travel

1. Positive Space (PS5B) travel will be provided by the Company when necessary to travel to and from any Event unless the Flight Instructor lives within one hundred twenty (120) miles of that training location.

2. Flight Instructors traveling to operate a Trip Pairing, for proficiency flying, OE/Line Check flying, or other assigned flying will be issued PS0 travel authorization to and from the origination point of the Trip Pairing.

3. Flight Instructors will be provided positive space travel for flights to and from their remote Training Events and home or Training Base during any forty-eight hour (48:00) break in training.

4. Flight Instructors traveling positive space (PS5B) may declare themselves "must ride" (i.e., bump revenue passengers) if necessary to guarantee being present for a Training Event. Such declaration need only be justified to the Fleet Manager by voice mail detailing the circumstances of the declaration of "must ride." Flight Instructors will not declare themselves a "must ride" to return home. "Must ride" may be declared on the last available flight to return to the Training Base from a remote Event

5. Designated Examiners (APD) will have a personal travel class of SA2.

B. Flight Instructors will be provided hotel lodging and per diem when conducting Training Events or flying, per Part 5.A.2 above, in locations in excess of one hundred twenty (120) miles from their residences.

1. The per diem rate will be the same hourly rate as specified in the Agreement. This rate will be considered all inclusive except:

   a. With prior approval of the Fleet Manager, Flight Instructors may drive their own cars to Training Events where it is more convenient to drive than to fly. Mileage expense is reimbursed at the then current Company policy rate.

   b. It will be the Company's obligation to provide adequate transportation for Flight Instructors at remote training locations. When necessary, rental cars will be provided at Company expense with the prior approval of the Fleet Manager.

Part 6 - Hours of Service

A. Events will be scheduled so as not to exceed fourteen (14) hours on duty; provided, however, the actual on duty time may exceed fourteen (14) hours due to circumstances beyond the Company's control but in no case will Flight Instructors remain on duty in excess of sixteen (16) hours.

B. The Flight Instructor may waive his Duty Day limitation for the purpose of returning to the Training Base or his residence.

C. A Flight Instructor who instructs in simulator period 3 (approximately 1630-2045) will not be scheduled for simulator period 1 (approximately 0800-1215) on the following day. Similarly, a Flight Instructor who instructs in simulator period 4 (approximately 2045-0100) will not be scheduled for simulator period 1 (approximately 0800-1215) or period 2 (approximately 1215-1630) on the following day, and a Flight Instructor who instructs in simulator period 5 (approximately 0100-0515) will not be scheduled for simulator periods 1, 2, or 3 on the same day.

Part 7 - Vacations

A. Flight Instructors will accrue and will have the number of vacation days to which they are entitled, determined in accordance with Section 7 of the Agreement.

B. Minimum yearly vacation days, as determined pursuant to Section 7 of the Agreement, will be bid and taken. Vacations will be taken within the calendar year following the year of accrual, except that:

1. The Company may cancel vacation due to operational needs. Any cancelled vacation time must be used in the same calendar year, if reasonably possible. If it is not possible to use the cancelled vacation in the same calendar year, the cancelled vacation may be used in the year following the year in which it was to be taken. Carry over of accrued vacation time into the year following the year it was to be taken must be approved in writing by the Staff Vice President of Safety and Standards.

2. If the carry over of unused accrued vacation into the following year is not approved, the Flight Instructor will be paid for such unused vacation.

C. Vacation will be bid, awarded, and taken, in seven (7) day periods. With Fleet Manager approval, seven (7) day periods may be split.

1. The first period will begin on January 1st and the last period will begin on December 25th. The vacation periods will be constructed in accordance with the provisions of Section 7 of the Agreement.

2. Each seven day vacation period will consist of five (5) VA days and two (2) Weekend (WV) days. Each VA day will count as an Event.

3. A Flight Instructor may request that up to seven (7) X-days within any bid period be scheduled adjacent to any vacation period.

4. Prior to the tenth (10th) Calendar Day of the month preceding a vacation month, a Flight Instructor may request to slide the starting date of his vacation

by up to three (3) days earlier or later than his published starting date. Vacation slides resulting in scheduling conflicts may be denied. If denied, the Flight Instructor will be informed by the close of business on the eleventh (11th) Calendar Day of the month preceding the vacation month.

D. Vacation days in excess of the minimum yearly vacation days which are not bid as part of the Flight Instructor's yearly election (monthly bid vacation) and are not used by the end of the year will be paid into the Continental Airlines, Inc. 401(k) plan account established for that Flight Instructor.

E. Vacation bidding will be conducted annually as per the bidding cycles and dates set forth in Section 7 of the Agreement; provided however, Flight Instructors will be permitted to bid up to six (6) single week vacation periods. The additional single week vacation periods will be bid by utilizing an additional bidding cycle beyond those set forth in Section 7 of the Agreement. The additional cycle will be:

Cycle	Open	Bid	Award
Hexanery	November 3	November 10	November 11

F. Vacations will be awarded based upon the Flight Instructor's Department seniority.

G. A Flight Instructor may defer a scheduled vacation period to another period for which a vacant vacation period exists provided the Flight Instructor notifies the Fleet Manager no later than the tenth (10th) Calendar Day of the month prior to the month in which the vacation is to be taken. Deferral of a vacation period with less notice will be subject to the approval of the Fleet Manager.

H. Subject to Part 7.B.1 above, cancellation of scheduled vacation periods will be governed by Section 7 of the Agreement.

Part 8 - Return To Line Flying

A. Flight Instructors returning to line flying will be governed by the following provisions:

1. Flight Instructors returning to line flying will return to the Base, Equipment and Status to which their permanent staffing awards entitle them.

2. The Company will provide a minimum of thirty (30) days notice prior to the first (1st) day of the bid period of the effective date of reassignment to line flying. Flight Instructors requesting to return to line flying will provide the Fleet Manager written notice a minimum of ninety (90) days prior to the first (1st) day of the bid period of the effective date of the reassignment. The ninety (90) day notice requirement may be waived by mutual agreement of the Flight Instructor and the Fleet Manager.

3. Flight Instructors will submit bids for their line flying schedules for the bid period in which they will be returning to the line. If sufficient time does not allow bidding, every effort will be made to construct a Line that approximates the seniority expectations of the Flight Instructor.

4. The provisions of Paragraphs 2 and 3 above will not apply if the Flight Instructor is dismissed from the Department for cause or if the Staff Vice President of Safety and Standards determines that extraordinary staffing or operational requirements prevent compliance. In such situations, the Chairman of the Association's Flight Instructor Local Council will be promptly notified.

B. Flight Instructors returning to line flying will be compensated in accordance with Part 4, Paragraph G of this Section.

C. Flight Instructors requiring training on different Equipment prior to returning to the line flying assignment will begin training at a time determined by the Director. Until such time that they are trained, they will be paid at the rate commensurate with the bid position they hold. Flight Instructors will not incur an equipment Freeze upon returning to line flying as a result of any training triggered by a system bid awarded during their tenure in the Department or as a result of training required for the needs of the Department.

Part 9 - Flying by Instructors

A. Line Qualified Flight Instructors are authorized to maintain qualification on two separate aircraft types (dual qualification) with the approval of the Fleet Manager. The Flight Instructor must maintain qualification and currency, and verify that both are being correctly tracked in the crew records system.

B. If a Flight Instructor is qualified as a Captain but unable to hold a Captain line bid award due to his seniority, the Flight Instructor will only fly as Captain with an all Flight Instructor or management pilot crew. Two (2) such Flight Instructors will not be paired to fly a two (2) pilot aircraft.

C. Observation flying performed by Non-Line Qualified Flight Instructors will be in accordance with Part 121, Appendix H of the FARs, and will be scheduled as provided in the Department's Policy and Procedures manual.

D. Proficiency flying performed by Line Qualified Flight Instructors will be comprised of complete Trip Pairings whenever possible. Such flying will be selected from open time commencing the first day of the bid period in which the Pairing to be flown originates and will be compatible with the Flight Instructor's monthly schedule and his need to fly certain series of his fleet variants or meet quarterly flying time requirements.

1. If a Trip Pairing must be split, the split will be either the front or back portion of the Pairing operating from the station at which the Pairing originated. Trips, whether picked up from open time or FBO, may only be split with the approval of Crew Scheduling. Splitting of Trips which creates a duty rig for line pilots will be denied.

2. Pursuant to Section 9 of the Agreement, if no suitable Open Time exists, a Flight Instructor may pick up time from a Lineholder (FBO) no earlier than three (3) days prior to the departure of the Trip Pairing.

E. Flight Instructors are responsible for ensuring that they maintain their qualifications, proficiency and currency.

1. Flight Instructors who lose their qualifications or currency through no fault of the Company will be responsible for obtaining the necessary training for regaining the lost qualification and/or currency on their own time. Flight Instructors will be responsible for any ancillary expenses, e.g., travel, hotel, etc., associated with regaining such lost qualifications and/or currency.

2. If the loss of qualification and/or currency is caused by the Company, then the necessary training will be treated as a paid Event(s), including extra Events where required, and any ancillary expenses associated with such training will be paid by the Company.

F. Line Qualified Flight Instructors will be required to perform a minimum of twenty (20) hours of proficiency flying each calendar quarter. Such required proficiency flying will include, but not be limited to, aircraft landing currency, special equipment currency, route qualifications, and special airport qualifications. Line Qualified Flight Instructors will be scheduled for and will fly a minimum of two (2) days per month for B-737 and, three (3) days per month for B-757/767 and B-777 fleets of line flying for proficiency.

1. Line Qualified Flight Instructors may move their proficiency flying days to their scheduled off days, excluding vacation days when a Company pilot furlough is in effect, provided that Training Scheduling is notified of such adjustment no later than the time of the Trip pick-up.

2. In addition, Line Qualified Flight Instructors may request that proficiency flying days be placed on certain days of the month and Training Scheduling will accommodate such request(s) to the extent that operations will permit.

G. OE/Non-Departmental line checks conducted by a Flight Instructor will not be considered proficiency flying and will not count towards the Flight Instructor's quarterly requirement.

H. An additional travel day may be authorized for management-directed proficiency flying which originates away from the Training Base; e.g., special equipment, route and special airport qualifications.

I. If and when the "fly for pay" (TIA) policy is in effect, Open Time for pay may be offered or assigned by the Company, but not picked up by a Flight Instructor, outside of the eleven (11) hours prior to Report Time. The applicable Fleet Manager will announce to all his Flight Instructors, via voicemail, that the "fly for pay" (TIA) policy is in effect, and the duration of same.

Part 10 - Leaves of Absence

A. The provisions of Section 13 of the Agreement will apply to Flight Instructor Leaves of Absence, except that:

1. Requests for Leaves of Absence will be submitted to the Fleet Manager in writing and must be approved by the Fleet Manager and Managing Director of Flight Standards.

2. At the Company's discretion, Flight Instructors returning from Leaves of Absence greater than ninety (90) days in duration may be returned to either their position in the Department or to their system bid awarded line pilot BES.

B. Military Reserve and National Guard duty performed by Flight Instructors will be subject to the provisions set forth in Section 13 of the Agreement.

1. Requests will be submitted as a Military Leave of Absence to the Director.

2. Flight Instructors may perform military duties on days off, compensatory days off, or vacation days without loss of pay. There will be no adjustment to pay if a Flight Instructor completes the scheduled month's Events. Military duty that reduces a Flight Instructor's availability will cause an adjustment in pay equal to one Event for Flight Instructors for each day of military service.

3. The Fleet Manager may approve scheduling all X Days and AO days sequentially in order to accommodate military leave.

Part 11 - Furlough

In the event that a Flight Instructor is reduced to furlough status based upon his pilot system seniority, no exception to seniority will be made due to his status as a Flight Instructor within the Department.

Part 12 - Dues Check-off and Union Security

Flight Instructors will be subject to the terms and conditions of Section 29 of the Agreement.

Part 13 - Resolution of Disputes

Disputes will be resolved in accordance with Sections 19, 20, and 21 of the Agreement, provided that the function of the Base Chief Pilot under the Agreement will be performed by the Flight Instructor's Fleet Manager and the function of the Vice President Flight Operations under the Agreement will be performed by the Staff Vice President of Safety and Standards.

Part 14 - Jury Duty/Witness Service

A. Upon receipt of a jury summons, the Flight Instructor will provide the Fleet Manager with a copy of the summons.

B. Upon release from jury duty, the Flight Instructor will provide the Fleet Manager with a copy of a "Statement of Attendance" or equivalent document validated by the summoning authority.

C. The Flight Instructor will be paid and credited for all scheduled Events occurring while the Flight Instructor is serving jury duty.

D. A Flight Instructor appearing as a witness in a legal proceeding at the request or direction of the Company will be paid and credited for the number of scheduled Events occurring during such service as a witness.

E. A Flight Instructor appearing as a witness in a legal proceeding other than at the direction or request of the Company will not be paid or credited for scheduled Events missed as a result of such service as a witness.

Part 15 - Scheduling

A. Monthly scheduling periods will conform to this Part 15.

1. Monthly schedules will be posted to the scheduling system and Flight Instructors will be notified by Company voicemail that such schedules are available, no later than the twenty-third (23rd) Calendar Day of the month preceding the start of the scheduling period.

2. The Company will take all reasonable measures available to avoid changing a Flight Instructor's monthly schedule following publication of that schedule. Any required change will be communicated by the Company to the Flight Instructor by Company voicemail no later than 1830 Central Time ("CT") of the day preceding the day of change. If the Company determines the need to change a Flight Instructor's schedule after 1830 CT hours of the preceding day, the Company will immediately notify the Flight Instructor by voicemail and a confirmed personal contact.

B. A Flight Instructor's schedule will consist of eighteen (18) Events per monthly scheduling period.

1. Unless mutually agreed by the Flight Instructor and the Company, Flight Instructors will be scheduled for no more than one Event or two orals per day.

2. Flight Instructors will normally be scheduled for no more than a maximum of four (4) consecutive days; provided, however, the Flight Instructor may concur, on either a monthly or standing request basis, to be scheduled for more than the maximum four (4) consecutive days. Flight Instructors assigned Training Events at a location other than the Company's Training Base, may be scheduled for a maximum of six (6) consecutive days, including travel.

3. Air travel required in conjunction with an assigned Training Event at a location other than the Company's Training Base, will be scheduled and paid as a separate Event if the Training Event cannot be completed within the same Duty Period as the travel without exceeding fourteen (14) hours. For purposes of determining the application of this provision, travel time will begin thirty (30) minutes prior to the scheduled departure from the Company's Training Base.

4. A Flight Instructor scheduled for a W-day in lieu of a training Event need only contact Training Scheduling by 0900 CT on the scheduled day to determine if he has an assignment for the day. If the Flight Instructor has an assignment with a scheduled Report Time which would result in the Flight Instructor receiving less than nine (9) hours rest prior to reporting, the Flight Instructor's Report Time will be extended if due to: (1) business-related travel, (2) the completion time of the Flight Instructor's previous Event, or (3) other unusual factors. In such situations, the Flight Instructor will notify Training Scheduling by Company voicemail of the adjusted Report Time based on the Flight Instructor receiving nine (9) hours rest prior to reporting for the assignment.

5. In the event of a cancelled Event, the Flight Instructor will be assigned a W-day. Training Scheduling will make every effort to maintain the Flight Instructor's originally scheduled Duty Period times.

6. Subject to Part 4, Paragraph D.2.a. and b, "fly for pay" (TIA), when authorized, will not count as an Event for scheduling purposes nor be permitted on a scheduled Event day.

7. Training will not be cancelled to meet line requirements without the approval of the Director of the Department.

C. Flight Instructors will be scheduled for a minimum of twelve (12) days off during each monthly bid period. The Flight Instructor will be permitted to designate seven (7) days as hard days off (X- days) during each monthly bid period. Training Scheduling will assign all remaining days off that are not designated X-days as AO days. An AO day will be deleted for each WV day.

1. Flight Instructors will notify Training Scheduling of their designated X-days via the Company voicemail system or by other means between the first (1st) and tenth (10th) Calendar Day of the month preceding the start of the scheduling period.

   a. If the Flight Instructor's designation of X-days is received after the tenth (10th) Calendar Day of the month, Training Scheduling may, but will not be required to, accommodate the Flight Instructor's request.

   b. In the case of a deviation in the monthly scheduling period, designation of X-days will be submitted by the tenth (10th) Calendar Day of the month preceding or five days (5) following publication of the notice of the deviation, whichever is later.

2. If, due to the number of Flight Instructors designating the same date(s) as hard days off, the Company would experience a staffing shortage for such date(s), Training Scheduling will schedule X-days for the affected dates based on Department seniority among those Flight Instructors requesting such date(s); provided, however, if the Flight Instructor's X-day request cannot be granted, the Flight Instructor will be notified and given an opportunity to request alternate hard days off.

3. If the Flight Instructor does not designate X-days, the Flight Instructor's schedule will be constructed with all days off designated as AO days; provided, however, the Flight Instructor may request, after the monthly scheduling period has been awarded, that seven (7) AO days be changed to seven (7) X-days with Training Scheduling approval.

4. A Flight Instructor will not be required to check Company voicemail while on a Day Off (X or AO day); provided however, that a Flight Instructor will check Company voicemail after 1830 CT on the last AO, X, or vacation day prior to reporting for his next Event.

5. After the monthly scheduling period has been published, Flight Instructors may request and be scheduled for alternative days off (either X-days or AO days) with the approval of Training Scheduling.

D. Except as provided in Paragraphs 1, 2, and 3 below, Flight Instructors will not be assigned to duty on AO day(s) after the monthly schedule has been published. Should the needs of the Company require utilizing a Flight Instructor on a scheduled AO day(s) (not including overtime Events), the Company will utilize the following steps, in order, to assign an available, qualified Flight Instructor:

1. Assign in reverse Department seniority order to the most junior Flight Instructor with available W-day(s).

2. Select from those Flight Instructors, in Department seniority order, with an AO day who accept the Event. In exchange for accepting the Event, another assigned Event day will be designated an extra X-day.

3. Assign in reverse seniority order to any Flight Instructor with an AO day. The exchanged day will become an extra X-day.

The Company may deviate from the selection process in those instances where special consideration must be given to students requiring additional or specialized training. In such situations, the Chairman of the Association's Flight Instructor Local Council will be promptly notified of such deviations.

E. Overtime Events, either before the monthly schedule is constructed, during the construction process, or after the monthly schedule is awarded, will be offered equitably, based on Department seniority order. No Flight Instructor will accumulate multiple overtime Events while other Flight Instructors have none. If a Flight Instructor is needed for Events not related to his normal fleet type, he will not accumulate inequitable Event totals. A monthly list will be posted of overtime Event awards, by Flight Instructor name(s) for the previous month, by fleet type.

1. Overtime Events will be announced on voicemail to include the Event, date, and time. The voicemail will include a response deadline, after which the overtime Event will be awarded. Should the needs of the Company require utilizing a Flight Instructor for an overtime Event, the Company will select from among those Flight Instructors, in Department seniority order, who accept the Event.

2. Flight Instructors who have been awarded one overtime Event will not receive their next monthly overtime Event until other Flight Instructors, in Department seniority order, have been afforded the opportunity to accept said Events.

F. Remote Assignments

Should the needs of the Company require utilizing a Flight Instructor on a remote assignment, the Company will use these steps, in order, to assign an available qualified Flight Instructor:

1. Select in Department seniority order the senior volunteer living within one hundred twenty (120) miles of the training site.

2. Assign in reverse seniority order to Flight Instructors living within one hundred twenty (120) miles of the training site.

3. Select any volunteer not living within one hundred twenty (120) miles of the training site, so as not to create an extra Event or additional hotel/per diem expense for the Company.

4. If there are no volunteers who would not create an extra Event or additional hotel/per diem expense for the Company, assign in reverse seniority order to those Flight Instructors whose assignment will not create an extra Event or additional hotel/per diem expense for the Company.

5. Assign to the junior Flight Instructor.

The Company may deviate from this selection process in those instances where special consideration must be given to students requiring additional or specialized training. In such situations, the Chairman of the Association's Flight Instructor Local Council will be promptly notified of such deviations.

Part 16 - Benefits

Flight Instructor benefits will be the same as those received by line pilots, per the Agreement.

Part 17 - Departmental Seniority List

Twice yearly, when the Line Pilot Seniority List is published, a Flight Instructor Seniority List will be published.

11 Training

Section 11 - Training

Part 1 - Definitions

1. "Base" for purposes of this Section, means the Base in which a pilot was staffed immediately prior to the commencement of training.

2. "Classroom Training" means all training conducted using a classroom and Instructor led methods. Classroom instruction may include "one-on-one" or group instruction.

3. "Combined Training" means Ground Training and FTD training occurring in a single Duty Day.

4. "Continuing Qualification Program" ("CQP") means a recurring training program designed to maintain qualification under FAR 121, SFAR 58, or similar, subsequently developed programs. Examples of CQP events include proficiency checks (FAR 121.441), recurrent training periods (FAR 121.409), maneuvers validations, line operational evaluations (LOE) and Ground Training.

5. "Distributed Training" means training designed to be accomplished at home, at Base learning centers, or similar non-centralized locations using printed materials, computer based training (CBT), or other similar methods.

6. "Evaluation or Evaluated" means a graded event which measures a pilot's success in completing training, for example, proficiency checks (FAR121.441), LOE, or Line checks.

7. "Flight Training" means training that includes Evaluations and Validations and that is conducted in an aircraft, a full flight simulator, or a Flight Training Device.

8. "Flight Training Device" ("FTD") training means dedicated, scheduled training conducted using a part task trainer or an advanced training device. FTD training may be primarily geared toward systems training, with limited procedural training (FTD-A) or may be primarily geared toward flight profile and flight procedure training (FTD-B).

9. "Graded event" means a training event that is graded pass/fail, satisfactory/unsatisfactory, on a numerical or letter scale, or any combination thereof.

10. "Ground Training" means training other than Flight Training. Ground Training may include normal and abnormal systems operation, operational policy, general aeronautical subjects, and flight procedures.

11. "Home Study Material" means training material designed to be utilized in Distributed Training. Mastery of the material may be demonstrated by a test, which may be electronically administered.

12. "Lead Line Check Airman" means a Line Check Airman designated by the Chief Pilot to assist with administration, scheduling, and tracking of pilots in an Equipment and to perform other assigned duties.

13. "Line Check Airman" means a pilot authorized to conduct operating experience, line checks, area qualifications, special airport qualifications, and other training or observations and evaluations as directed by the Chief Pilot or Fleet Manager.

14. "Operating Experience" ("OE") is the required supervised flying activity of a pilot in line flying operations for qualification in a specific Equipment and/or Status. OE may be initial operating experience ("IOE"), refresher operating experience ("OER"), differences operating experience ("DOE").

15. "Pilot Specific Training" (PST) means training of a pilot, crew, or small group of pilots for a specific nonrecurring reason such as an incident, accident, ASAP ERC decision, or FAA 709 action.

16. "Task" means a maneuver, procedure, crew effectiveness marker, or similar part of a training syllabus. Syllabus periods consist of tasks grouped into one lesson plan.

17. "Validation or Validate" means a graded event that confirms a pilot's progress at defined stages (gates) in training.

Part 2 - Classification

A. Pilot training may be training or qualifying required by governmental regulations or by the Company, for example, ground training, Flight Training, evaluations, Crew Resource Management, TSA training, or other training.

B. The provisions of this Section do not apply to airport and area qualification unless classroom training or simulator training is required.

Part 3 - Notification

A. Prior to the implementation of Training Assignment Bids pursuant to Section 24, Part 3.E, the Company will develop a training and advancement plan after the close of any system, adjustment, or similar bid; will post such plan no later than the time it is loaded into Manpower Solver (or its equivalent); and will update such plan at least monthly. A training and advancement plan will identify the curriculum for a pilot's required training but, for crew pairing purposes, may include more than the minimum curriculum.

B. The Company will post, in plain language (avoiding the use of acronyms), outlines of curricula and curriculum segments, including estimated duration.

C. A pilot will be notified of scheduled days for non-CQP training (see Paragraph A above) not later than the publication date of the monthly staffing report for the month of the scheduled training, but in no case will a pilot be notified less than seven (7) Calendar Days in advance of the commencement of such training. A pilot may agree to a shorter notification for short notice training vacancies. Offers for short notice training will be made as provided in Section 24, Part 3.E.7 of this Agreement. The notice of training will include information and directions pertinent to the training, such as lodging and travel information, contact information, and information regarding the early delivery of training materials.

D. The Company will publish to the pilots tentative training schedules and initial Instructor assignments, when determined, to the extent technology allows. Publication of initial training schedules and Instructor assignments in the training scheduling system (e.g., Manpower Solver) will constitute sufficient notice of such schedules and assignments, provided that a schedule published prior to commencement of training is subject to change during training.

E. Prior to the implementation of Training Assignment Bids pursuant to Section 24, Part 3.E, notice of training assignments will be conveyed electronically (CCS), placed in the pilot's V-File, or communicated by telephone, provided that the Company will attempt to notify by telephone a pilot who fails to acknowledge a computer notification, and will notify by U.S. mail to his address of record, a pilot who responds to neither computer or telephone notice.

F. A pilot will be notified electronically (CCS) at least twenty-one (21) days prior to the first day of the first month in which he is eligible to be scheduled for a CQP event, and will be notified electronically (CCS) at least fifteen (15) days prior to the first day of the month in which he becomes eligible for self-scheduled CQP training or self-directed Distributed Training. Notification will be repeated if a pilot enters his grace month without having accomplished the event.

G. CQP events will be assigned to a pilot after the posting of the pilot monthly schedule awards at the local Base. A pilot may designate up to four (4) days during which he desires not to be assigned his CQP events. If the Company receives such designation within forty-eight (48) hours after posting the schedule awards for the affected month, the pilot will not be assigned his CQP events on those days, unless granting his request would cause the cancellation of a training period or cause him to lose his qualification. [Subject to PBS]

H. The Company may include training assignments in a pilot's monthly bid award and such inclusion is adequate notice of training. The Company will, however, assign a pilot to attend CQP training only after awarding all flying for the applicable bid period. [Subject to PBS]

I. A pilot will receive notice at least two (2) days, exclusive of travel time, in advance of PST, unless the pilot agrees to commence PST on lesser notice.

J. A pilot will be electronically (CCS) notified thirty (30) days in advance and again ten (10) days in advance of his projected loss of recency of experience, currency, or qualification.

K. The Company is not required to provide advance notice of line checks accomplished under the Company's random line check program.

Part 4 - Transportation and Lodging

A. When the Company requires a pilot to attend training away from his Base, it will provide him on-line, round trip, positive space transportation. The pilot may choose to travel between his Base or home and the training facility.

B. If for any reason a pilot is not able to depart at the conclusion of a training event as scheduled, and as a result requires an additional night's stay at the training location, the Company (Either the Training Department or Crew Scheduling after hours) will:

1. Provide suitable lodging, and

2. For CQP events, restore any day(s) off lost in accordance with Section 25, Part 15.F, or Trip protect the pilot in the event of a Trip conflict.

C. When a pilot is required to train away from his Base and has a scheduled duty free period of forty-eight (48) hours or more during such training, he will be provided on-line, positive space, round trip transportation (PS-5 or comparable class) between the training facility and his home or Base (at the pilot's option) in order to accommodate his scheduled duty-free period.

D. Suitable hotel accommodations, in accordance with Section 5, Part 5 of this Agreement, will be provided to a pilot when training is conducted at a location away from his Base and requires an overnight stay or requires scheduled arrival at the location of the training facility more than five (5) hours prior to scheduled commencement of training.

Part 5 - Scheduling

A. Training Duty Periods

1. A Flight Training Duty Day will consist of a briefing, device time (simulator or FTD-B), and a debriefing. Debriefing will not be scheduled to exceed one (1) hour. Ground Training (CBT, FTD-A or classroom) will not be scheduled as a part of the Flight Training Duty Day.

2. Training will not exceed six (6) days during any seven (7) day period and will not exceed ten (10) days in any fourteen (14) day period, subject to waiver by the pilot. If a pilot receives less than an aggregate of two (2) days off for every seven (7) days of training, the days off missed will be scheduled as an extension of training unless the pilot otherwise agrees.

3. Classroom/Combined Training will not be scheduled to exceed eight (8) hours duration exclusive of meal breaks, unless this limitation would result in adding days due to a particular type of required training. The Company may extend Classroom/Combined Training during an established training course of less than five (5) days to ten (10) hours on any two (2) of those scheduled days, but only for the purpose of accomplishing training that otherwise would require an additional training day. The Company will schedule all Classroom/Combined training sessions to be separated by a period of at least twelve (12) hours free from duty.

4. The Company will schedule the starting times of some sessions of recurrent Ground Training held each month in each location at times agreed to between the Staff Vice-President of Safety and Flight Training or his designee and the MEC Chairman or his designee.

5. Simulator training sessions will not be scheduled to exceed five (5) hours, exclusive of brief, debrief, and breaks, and will be separated by twelve (12) hours free from all duty, subject to reduction by up to two (2) hours with the pilot's consent.

6. A pilot scheduled for Classroom Training, simulator training, Validation, or Evaluation will contact Training Scheduling or other designated point of contact immediately should an Instructor not be available at the time scheduled for commencement of the event or for any other scheduling irregularity.

7. A pilot whose training event has exceeded two hours and thirty minutes (2:30) of cumulative delay will receive a two hour (2:00) break, which the pilot may agree to reduce or waive. Except as provided in Paragraph 8 below, the pilot will be subject to a maximum ten hour and forty-five minute (10:45) Duty Day exclusive of debrief or will be rescheduled with a minimum of:

   a. Twelve (12) hours of rest if rescheduled for the next Calendar Day, or, with the pilot's consent, on the following Calendar Day, or

   b. Three (3) Calendar Days advance notice if rescheduled later.

8. The total of the travel time from a pilot's Base, which is not followed by a scheduled rest break of at least nine (9) hours (eight [8] hours actual), to Flight Training or Evaluation and the Flight Training or Evaluation itself will not exceed fourteen (14) hours scheduled without a rest break. Travel time to return the pilot to his Base or home will not be included in the training Duty Period.

9. Unless the pilot agrees in advance, the Company will not schedule a pilot:

   a. To train between the hours of 0100 and 0600 local time, exclusive of briefing and debriefing times.

   b. To train in a contract simulator between the hours of 0230 and 0500 local time, inclusive of briefing and exclusive of debriefing times.

   c. To participate in an evaluation between the hours of 0100 and 0600, exclusive of briefing and debriefing times.

10. A pilot may agree to reduce or to waive any or all of the time limits provided for in this Part 5.A consistent with legal requirements including FARs. Such waiver will, when feasible, be in writing.

11. The number of Crewmembers scheduled or assigned to Flight Training (whether in an advanced training device or in a full flight simulator) will not exceed the normal crew complement of the associated aircraft.

12. A pilot may attend self-assigned ground/classroom training either before or after a flying assignment which occurs in the same Duty Period. Any combination of training and flight assignment within the same Duty Period will not be scheduled to exceed fifteen (15) hours. A pilot may not be scheduled to attend training before a flight assignment in the same Duty Period

unless that Duty Period is preceded by a scheduled Rest Period of at least nine (9) hours. These limitations do not apply to Distributed Training.

B. Off-Duty

1. A pilot will receive minimum domicile rest prior to the scheduled commencement of the first period of a training assignment, provided that the training is in his Base.

2. In any month in which a Lineholder pilot receives training of less than five (5) days duration, his schedule will be adjusted to ensure that a minimum of ten (10) days off are provided exclusive of flight assignments, reserve assignments and training days. [Subject to PBS]

3. When five (5) or more days of training are required and the pilot has not had five (5) consecutive days of training due to an intervening off-duty break, a pilot will have no less than twenty-four (24) hours free from all duty, at the pilot's Base, prior to resuming line flying duties.

4. A pilot who is assigned to training for a period greater than thirty-one (31) consecutive days, will receive within that training period no less than four (4) separate periods of forty-eight (48) consecutive hours free from all Duty with the Company.

5. A pilot will not be scheduled to resume line flying after any training or evaluation with less than twelve (12) hours free of all duty, following scheduled travel time if any, to return to his Base.

6. A pilot may waive any or all of the time limits provided for in this Part 5.B, provided that the waiver will not violate legal requirements including FARs. Such waiver will, when feasible, be in writing.

7. A pilot will not be scheduled for Flight Training or Ground Training on Thanksgiving Day, Christmas Eve, or Christmas Day, nor will he be required to travel to or from such training on those days.

C. When a training assignment is canceled or terminates earlier than planned:

1. An affected Lineholder pilot may be released or Reassigned in accordance with Section 25, Part 8 of this Agreement. The Company will adjust the pilot's schedule as necessary to ensure that the pilot receives the minimum number of Days Free of Duty.

2. An affected Reserve Pilot may be released or placed on reserve assignment on those days that had been designated as Duty Days on his original monthly schedule. The Company will adjust Reserve Days as necessary to ensure that the pilot receives the minimum required number of Days Free of Duty, as provided in Section 25, Part 4.C and Part 6.C (Section 25, Part 7.E.4 effective with PBS implementation).

Part 6 - Conduct of Training

A. Unless the pilot requests otherwise, a pilot who has failed a qualification or continuing qualification LOE will be paired with a Flight Instructor or a pilot of the appropriate Status in the other seat Status for the subsequent LOE.

B. Seat Support

1. When the Company determines that it needs to utilize a line pilot to provide seat support for a simulator or training device event, the training or checking event will not be an Evaluation event as to the pilot serving the seat support function and the Company will not produce or maintain a record of his performance. In the event that a requirement for training of the seat support pilot is identified, the training will be limited to the element(s) identified, and will result in following the Train to Proficiency provisions contained in this Section.

2. As soon as the Company determines that it needs a line pilot to provide seat support for training, it will construct and post a Pairing in open time, provided that, because these assignments are often late notice, they may be in open time for a very short period.

3. A seat support Pairing will consist of a maximum of one (1) simulator period per Duty Period and may not be combined with flight duties in the same Duty Period. It may be assigned to a Reserve if it has not been picked up by a Lineholder.

4. If it is known at least twelve hours (12:00) prior to the Report Time for a seat support Pairing that the FAA will be observing the event, the pilot (Lineholder or Reserve) will be given the opportunity to decline the event.

5. A pilot training with a seat support pilot will receive a normal training session, sharing flying duties in the same fashion as would be the case if both pilots were training.

C. The Company will make its reasonable best effort to optimize scheduling to pair Captains and First Officers during CQP events; provided, however, that such Pairing will not always be possible given the inherent imbalance in the number of Captains and First Officers.

D. The Company will not train Continental pilots and contract customers together in the same training course or segment thereof, nor will it train Continental pilots in a contract facility or displace them to a lower device in order to accommodate contract customers in Continental's advanced training devices.

E. There will be no recording or transmission of data, images or audio from any simulator or training device except as a tool for the debriefing of training or Evaluation periods. The Company will, immediately upon conclusion of each session's debrief, permanently erase all recorded media of such events in the presence of the pilot who received the applicable training.

Part 7 - Training Curriculum

A. The Company will establish written curricula for pilot training in consultation with the Training Steering Committee.

B. No later than the first day of training, pilots entering training will be provided with a course syllabus describing their scheduled training and the grading and performance standards which they will be expected to attain.

C. The Association may, during normal business hours, review the then-current Continental Airlines FAA-approved Flight Operations Training Manual, AQP manual, and their equivalents.

D. The Company will train, Validate, and Evaluate crew resource management (CRM) skills throughout all curricula.

E. The Company will not grade training periods other than Evaluations and Validations and their associated tasks, except that it may progressively Validate individual tasks as proficient.

F. Training in an appropriate environment (ground school or device) will be provided prior to any Validation or Evaluation. Training will commence within sixty (60) days of Evaluation, except for Initial Qualification Line Check, subject to the pilot's availability.

G. Curricula will be designed to allow a normally progressing pilot to accomplish all required items within the regularly scheduled training day, and such curricula will not require a normally progressing pilot to study outside the scheduled training day except for personal review and preparation.

Part 8 - Instructors

A. All Flight Training will be conducted by Instructors designated by the Company who will be employees of the Company qualified in accordance with the Company's FAA-approved training program.

B. All Validations (except systems Validations), Evaluations, and all CQP simulator and/or training device events will be conducted by Check Airmen selected by the Company from the Continental Pilots' System Seniority List.

C. The Company will fill Instructor or Check Airman vacancies by an interview and selection process that gives due consideration to all interested applicants. Pilots may submit resumes at any time. Vacancies will be posted by pilot bulletin. Pilots in the pool of qualified applicants may be selected for interview at any time, using specific criteria that are posted on the Company web site. Successful applicants will be announced by pilot bulletin.

D. Prior to any Flight Training or Operating Experience (OE) training, a pilot will be informed of who the Instructor will be. A pilot may request, and will be granted, no more than two changes of flight Instructor and no more than two changes of Line Check Airman performing OE during any complete course of training. The pilot may make such request orally or in writing to the Instructor or other supervisor, but must as

soon as practical confirm an oral request in writing. A written request or confirmation must include the reason or reasons for the request.

E. Other than designated Line Check Airmen, no Flight Instructors or Check Airmen will be awarded a Line of Time during any bid month in which they are scheduled to be utilized as other than line pilots for the entire month.

F. A line pilot who is utilized as a Flight Instructor or Check Airman after the bid period begins will be removed from his Line of Time for a minimum of five (5) days or the remainder of the bid period, whichever is less.

G. The criteria for Company Instructor qualifications are as follows:

1. Must qualify in accordance with Continental Airlines, Inc.'s requirements.

2. Flight Instructor - must have a minimum of two (2) years or one thousand (1,000) hours as a Continental First Officer and/or Captain.

3. Proficiency Check Pilot (airplane or simulator) - must have a minimum of one thousand (1,000) hours as pilot in command in an FAR Part 121 operation and four hundred (400) hours as a Continental Captain, and, for initial selection only, must hold a current Captain bid.

4. Aircrew Program Designee (Pilot) - must be a qualified Proficiency Check Pilot.

5. All Flight Instructors and Proficiency Check Airman will remain line familiar.

H. Flight Instructors requiring training in different Equipment prior to returning to a line flying assignment will incur an Equipment Freeze from the earlier of the date entering training on the returning Equipment or the bid award date.

I. Human Factors Instructors

1. Human Factors Instructors may be used to teach any dedicated human factors course or to initially train human factors topics.

2. Human factors topics during CQP ground training may be accomplished by specially trained ground instructors.

3. A Human Factors Instructor must have flown as a Captain at a Part 121 carrier in order to instruct in a Captain upgrade curriculum.

Part 9 - Flight Training

A. During an Evaluation event, simultaneous training at any other crewmember station will not be allowed.

B. Unless the pilot being checked agrees to the contrary, Crewmembers at each cockpit station during an Evaluation must be current and qualified. No pilot will be required to complete an Evaluation with another pilot who is not qualified at the time the check is given, or who fails or is unable to perform the duties required of a Crewmember at the crew Status being occupied.

C. Prior to any Flight Training event, the pilot will be given a general outline of the flight plan and a briefing on each maneuver to be performed during the flight. The content of

the briefing will be appropriate to the complexity of the maneuver. No briefing is required for "First Look" maneuvers as defined by the Company's approved CQP curriculum.

D. A pilot will only be Evaluated on tasks that are contained in the FAA-approved curriculum. A pilot's performance will be individually Evaluated and graded, and will not be dependent on the grading of the other pilot. A pilot's crew performance is a component of his individual performance.

E. The Company will make all reasonable efforts to provide continuity of instruction during Flight Training and will endeavor to complete all Flight Training and applicable Evaluations within a period of thirty (30) days after the start of any flight/simulator training program, exclusive of OE and line checks.

F. The Company will make all reasonable efforts to schedule all Evaluations within any initial, upgrade, or transition training program within forty-eight (48) hours of the completion of the applicable training.

G. If requested by the pilot, an available ALPA pilot representative of his choice, who must be a currently qualified Captain on the appropriate Equipment, may be present in the flight deck or simulator, as an observer only, during any session. The Instructor may, after consultation with the Staff Vice President, Safety and Flight Training or his designee, remove such observer from the flight deck or simulator if the observer is disrupting the training or Evaluation.

H. Pilots who are being Evaluated or trained may request the Instructor to remove any observer who does not have a training function. Such request will be approved.

Part 10 - Line Check Airmen

A. A Line Check Airman will have a minimum of one thousand (1000) flight hours of experience as pilot-in-command at Continental Airlines.

B. A pilot qualifying for the first time as a Line Check Airman will have one thousand (1000) total flight hours of experience as pilot-in-command and/or second-in-command on the type aircraft on which he serves as a Line Check Airman (or one year PIC on Equipment).

C. A pilot currently or previously qualified as a Line Check Airman will have six (6) months of line experience on the type aircraft on which he is to serve as a Line Check Airman.

D. A pilot selected to serve as a Line Check Airman for an aircraft type new to Continental is not subject to any of the limitations listed above during the first twelve (12) months after that aircraft's introduction. Flight Instructors certified to conduct Line Check Airman functions will not be subject to any of the above limitations.

E. Specific exceptions to the requirements of this Part may be mutually agreed upon by the Vice-President of Flight Operations or his designee and the MEC Chairman or his designee.

F. Line Check Airman scheduling will be administered by Crew Scheduling in coordination with the Chief Pilot/Assistant Check Pilot and Fleet Manager. A Line

Check Airman may be scheduled to conduct OE line checks, area qualifications, and special airport qualifications as part of, in lieu of, or in addition to his regular monthly line schedule. A Line Check Airman who is a Reserve Pilot will not be scheduled to conduct Line Check Airman functions that will result in his exceeding the monthly reserve guarantee without his concurrence. A Line Check Airman will not be scheduled to conduct Line Check Airman functions exclusively during any bid month without his concurrence. Line Check Airmen may conduct line checks throughout the geographic areas of operation for the type aircraft to which they are assigned. Line checks and OE assigned to reserve Line Check Airmen will be built on a Trip by Trip basis. Specific Lines of Time will not be built for Line Check Airmen holding Reserve Lines. Line Check Airmen who are Reassigned at the end of a Pairing on which they exercise Line Check Airman duties will be provided adequate time for debriefing.

Part 11 - Line Checks

A. A Check Airman conducting a line check will not commence his debrief until the airplane has come to a complete stop at the blocks and the appropriate checklists have been completed.

B. A pilot may be Evaluated with respect to any policy or procedure necessary for line operation or any flight procedure contained in the Flight Operations Manual or Flight Manuals.

Part 12 - Operating Experience

A. During OE a pilot will be considered to be in the Equipment and Status in which he is flying for purposes of scheduling and compensation.

B. OE will be used to reinforce previously trained knowledge and skills in a supervised environment. A pilot will be trained prior to the beginning of OE in the applicable procedures, skills, and technical knowledge (including, for example, ops manual topics, route and airport qualification, unique aircraft equipment or configuration, and aircraft differences).

C. Operational requirements permitting, OE will commence as soon as practical following the completion of training and any off-duty periods associated with such training. A break between training and OE may be allowed, but a pilot who has flown his initial supervised flight assignment for purposes of upgrading will complete all OE without interruption by other assignments.

D. A pilot will be notified of his first OE Trip Pairing a minimum of thirty-six (36) hours prior to the scheduled departure of the Trip. For subsequent OE Trips, a pilot will be notified of his Trip Pairing at least twenty-four (24) hours prior to scheduled departure. These notice requirements may be reduced to ten (10) hours once in any single OE curriculum. A pilot may consent to shorter notice with respect to any of the Trip Pairings in the OE curriculum.

E. The Company will determine a pilot's schedule for OE and, for this purpose, may assign Trip sequences from open time. A pilot may consent to be scheduled in excess of the applicable monthly maximum Duty Days in order to receive OE.

F. Report Times for OE may differ from published Report Times. CMS (or equivalent) will reflect the OE Report Times.

G. A monthly record of OE which is accomplished using Open Time Trip sequences will be maintained by the Company for a minimum of sixty (60) days, and will be made available to the Association upon request.

H. A pilot receiving OE will occupy the flight station for which he is being trained. The Check Airman conducting OE will occupy the other flight station.

I. All other provisions of this Agreement governing line flying apply to OE.

Part 13 - Train to Proficiency

A. The purpose of this Part 13 is to maximize a pilot's ability to successfully complete training and to continue employment as a pilot. As provided below, at a minimum a pilot will receive training sufficient for a normally progressing pilot of average skill to successfully complete the course of training and to be recommended for a check ride.

B. A pilot in initial, upgrade, transition or re-qualification training, who is making acceptable progress, will be given an opportunity to complete the programmed instruction as required in the approved curriculum; however, he may, at his option, and with the Check Airman's recommendation, take any Validation or Evaluation in less than the programmed hours of instruction.

C. For purposes of this Part 13, initial, transition, upgrade, and requalification training each consist of three separate phases -- systems training concluding with a Systems Validation, Flight Training concluding with an Evaluation, and OE concluding in a Line Check. Additional training provided in one phase, completed successfully, will not influence the availability of additional training in subsequent phases.

D. Systems Training

A pilot who is unsuccessful at his Systems Validation will be retrained and then rechecked. If the pilot is still unable to successfully complete his Systems Validation, additional training will be provided as long as the Check Airman determines that progress is being made.

E. Flight Training

1. If a pilot undergoing training in other than a CQP curriculum requires additional training in the opinion of an Instructor, he will be provided a maximum of two (2) additional training sessions, to be increased to three (3) if the pilot did not serve as a pilot with the Company within the twelve (12) months prior to commencement of training. Unless agreed by the pilot and the Check Airman, time as Pilot Not Flying/Pilot Flying (PNF/PF) will be split normally. This additional training will be specifically targeted to the tasks found deficient.

2. Once the additional sessions specified in Paragraph 1 above have been used, or if a Qualification or Continuing Qualification Validation or Evaluation is unsuccessful on the first try, a different Check Airman will be assigned to continue the training. Training will be continued as long as the pilot continues

to make progress. Training may be terminated when the pilot fails to make progress. Progress for purposes of all training provisions is defined as a reduction in the total number of outstanding tasks requiring remediation at the end of each additional period.

Note: For purposes of this Paragraph, Continuing Qualification Maneuvers Validations are not considered unsuccessful until a pilot is unable to demonstrate proficiency after two (2) periods.

F. Operating Experience

A pilot unable to complete OE within the required number of flight hours/segments, as determined by the Training Steering Committee, will be assigned a different Check Airman and training will continue as long as the pilot continues to make progress.

Note: The Base Chief Pilot and/or the Fleet Manager may return a pilot to Flight Standards and Training for additional training at any time. Training will continue as long as the pilot makes progress.

G. A pilot who fails to successfully complete a Validation or Evaluation will be trained prior to a second attempt.

H. Only a Check Airman can determine a failure to make progress.

I. Prior to any termination of training, the Company will, subject to the limitations and restrictions contained in this Section, attempt to meet the specific training needs of the pilot. Such effort will include dedicated training in the deficient areas. This may include additional full flight simulator or Flight Training Device time, one or more Instructor changes (see Part 8.D) if requested by the pilot, training device changes, and changes of simulator partners or support pilots.

J. Nothing in this Agreement will be construed to limit or abridge the Company's right to terminate a pilot's employment subject to the provisions of Section 19. Additionally, nothing in this Agreement will be construed to restrict the Company's ability to offer additional training.

K. Failure to Qualify

1. Initial, Upgrade and Transition Training

a. A pilot who first unsuccessfully attempts to qualify following initial, upgrade, or transition training has the following options:

i. Captain to Captain:

(a). The pilot may be permitted to fly as a First Officer for ninety (90) days in the Base and on the Equipment on which he failed to qualify, provided that he is able to qualify for this Status. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the Base Equipment and Status ("BES"). At the completion of this ninety (90) day period, the pilot will complete a course of retraining as determined by the TRP.

(b). The pilot may return to his previously qualified BES for ninety (90) days, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will complete the original course of training (less systems training) as well as any supplemental training as determined by the TRP.

(c). The pilot may take a ninety (90) day unpaid Personal Leave of Absence. At the completion of this ninety (90) day period, the pilot will complete the original course of training (less systems training) as well as any supplemental training as determined by the TRP.

(d). The pilot may immediately repeat the original course of training (less systems training) on the Equipment for which he failed to qualify, as well as any supplemental training as determined by the TRP.

ii. Captain to First Officer

(a). The pilot may return to his previously qualified Base and Equipment as First Officer for ninety (90) days, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will repeat the original course of training (less systems training) on the Equipment for which he failed to qualify as well as any supplemental training as determined by the TRP.

(b). The pilot may take a ninety (90) day unpaid Personal Leave of Absence. At the completion of this ninety (90) day period, the pilot will complete the original course of training (less systems training) as well as any supplemental training as determined by the TRP.

(c). The pilot may immediately repeat the original course of training (less systems training) on the Equipment for which he failed to qualify, as well as any supplemental training as determined by the TRP.

iii. First Officer to Captain:

(a). The pilot may be permitted to fly as a First Officer for ninety (90) days in the Base and on the Equipment on which he failed to qualify, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative

seniority within the BES. At the completion of this ninety (90) day period, the pilot will complete a course of retraining as determined by the TRP.

(b). The pilot may return to his previously qualified BES for ninety (90) days, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will repeat the original course of training (less systems training) on the Equipment for which he failed to qualify as well as any supplemental training as determined by the TRP.

(c). The pilot may take a ninety (90) day unpaid Personal Leave of Absence. At the completion of this ninety (90) day period, the pilot will repeat the original course of training (less systems training) on the Equipment for which he failed to qualify as well as any supplemental training as determined by the TRP.

(d). The pilot may immediately repeat the original course of training (less systems training) on the Equipment for which he failed to qualify, as well as any supplemental training as determined by the TRP.

iv. First Officer to First Officer

(a). The pilot may return to his previously qualified BES for ninety (90) days, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will repeat the original course of training (less systems training) on the Equipment for which he failed to qualify as well as any supplemental training as determined by the TRP.

(b). The pilot may take a ninety (90) day unpaid Personal Leave of Absence. At the completion of this ninety (90) day period, the pilot will repeat the original course of training (less systems training) on the Equipment for which he failed to qualify as well as any supplemental training as determined by the TRP.

(c). The pilot may waive the ninety (90) day period and repeat the original course of training (less systems training) on the Equipment for which he failed to qualify, as well as any supplemental training as determined by the TRP.

b. For the purpose of being afforded the options outlined in Paragraph 4 below, a pilot who fails in his second attempt to qualify will be considered to have withdrawn from training. Any pilot who fails to qualify for the option selected will be referred to his Chief Pilot for personnel action.

2. Requalification Training

a. A pilot has the following options after the first unsuccessful attempt to requalify:

i. The pilot may be permitted to fly as a First Officer for ninety (90) days in the Base and on the Equipment on which he failed to qualify, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will complete a course of retraining as determined by the TRP.

ii. The pilot may return to previously qualified BES, seniority permitting, for ninety (90) days, provided that he is able to qualify for this Position. During this ninety (90) day period, the pilot will be staffed according to his relative seniority within the BES. At the completion of this ninety (90) day period, the pilot will complete a course of retraining as determined by the TRP.

iii. The pilot may take a ninety (90) day unpaid Personal Leave of Absence. At the completion of this ninety (90) day period, the pilot will complete a course of retraining as determined by the TRP.

iv. The pilot may waive the ninety (90) day period and complete a course of retraining as determined by the TRP.

b. For the purpose of being afforded the options outlined in Paragraph 4 below, a pilot who fails in his second attempt to requalify will be considered to have withdrawn from training. Any pilot who fails to qualify for the option selected will be referred to his Chief Pilot for personnel action.

3. Annual Continuing Qualification Program (CQP)

A pilot who is unsuccessful during his attempt to maintain qualification through a CQP event will be handled in accordance with the Train to Proficiency provisions of this Section. If a pilot is still not successful, his case will be referred to the Training Review Panel (TRP). If a pilot is unsuccessful in completing a full initial (less Ground School) course of retraining and any supplemental training as determined by the TRP, the pilot will be returned to his Chief Pilot for personnel action.

4. Withdrawal from Training

a. A pilot who withdraws or fails to qualify on two (2) consecutive attempts at Initial, Upgrade, Transition, or Requalification training may not withdraw from training once beginning the third attempt.

b. A pilot will be allowed a maximum of six (6) attempts comprised of:

   i. A maximum of three (3) separate bid awards to upgrade to Captain and

   ii. A maximum of three (3) separate bid awards at Initial or Transition to a specific aircraft type (e.g., B-777, B756, B-737).

c. A pilot may voluntarily withdraw from his training attempt at any time except after commencing the second (2nd) attempt of his third (3rd) separate bid award as provided in Paragraphs b.i and b.ii above.

d. A pilot who changes his bid award position while qualifying under the Failure to Qualify provisions will be deemed to have withdrawn and utilized one of the separate bid awards described above for that attempt.

e. A pilot who withdraws from training will be afforded the following options:

   i. He will be permitted to fly as a First Officer in the Base and on the Equipment on which he failed to qualify, provided that he is able to qualify for this Position requiring no additional training. During this time the pilot will be staffed as Surplus Bid Bottom until he is advanced to his bid awarded Position on the subsequent System Bid or Adjustment Bid, and the pilot will be subject to a two (2) year Freeze in Equipment and Status; or

   ii. He will be permitted to return to his previously qualified BES provided that he is able to requalify for this Position and the Position is consistent with the pilot's seniority. During this time, the pilot will be staffed as Surplus Bid Bottom until he is advanced to his bid awarded Position on the subsequent System Bid or Adjustment Bid, and the pilot will be subject to a two (2) year Freeze in Equipment and Status.

   iii. If neither option under Paragraphs 4.e.i or 4.e.ii, above, are available to a pilot (e.g., because his previously qualified Equipment and Status no longer exists) the Company will assign the pilot to any BES which is consistent with the pilot's seniority. The pilot may submit three (3) choices of BES, consistent with his seniority, for the Company to use in making such assignment. During this time, the pilot will be staffed as Surplus Bid Bottom until he is advanced to his bid awarded Position on the subsequent System Bid or Adjustment Bid, and the pilot will be subject to a two (2) year Freeze in Equipment and Status if he is able to requalify in this Position, otherwise his Freeze will be four (4) years in Equipment and Status.

f. BES will be considered consistent with a pilot's seniority if the pilot's relative seniority on the most recent System Bid or Adjustment Bid, as appropriate, is more senior than the most junior pilot holding that BES.

g. A pilot's starting Position for subsequent System Bids or Adjustment Bids will be the BES he occupies under Paragraphs e.i through e.iii, above.

5. A pilot who is staffed in accordance with the provisions of this Paragraph K will not be eligible for pay protection, will not trigger pay protection for any other pilot, and will be paid for the Position he is flying; however, a pilot flying under one of the options outlined in Paragraphs 1.a.i.(a), 1.a.iii.(a), or 2.a.i above will be paid at the rate applicable to his previous Equipment and Status, or the rate applicable to the Position in which he is flying, whichever is greater.

6. A pilot failing three (3) courses of instruction resulting from three (3) separate System Bid Awards, or failing a combination of three (3) consecutive attempts to Upgrade or Transition, will be referred to his Chief Pilot for personnel action.

L. Training Review Panel (TRP)

1. When a pilot has failed to qualify during a scheduled course of training, or failed to complete the retraining resulting from a failure to qualify during annual CQP, a Training Review Panel will be convened.

2. The TRP will be composed of the following members:

a. The Staff Vice-President, Safety and Flight Training, or his designee as Chairman,

b. The Fleet Manager or Assistant Fleet Manager, from the applicable fleet, and

c. The ALPA Training Committee Chairman or designee.

3. The TRP will meet to interview the affected pilot, review the training received and determine if there is a need to supplement the course of training the pilot will receive on his subsequent attempt, if any. During this review, the TRP may:

a. Interview Instructors involved in the failed course of training.

b. Direct a "Fitness for Duty" exam.

c. Consider only matters that may have affected the pilot's training.

4. The pilot appearing before the TRP will be entitled to have an Association representative present.

5. The TRP will attempt to reach consensus regarding the retraining requirements. Should the Panel be unable to reach a unanimous conclusion regarding such training, the decision will be referred to the Vice President of Flight Operations, or his designee, for final decision. No member of the TRP

reviewing training may act as the designee for the Vice President of Flight Operations.

6. When the TRP has finalized the course of retraining, the pilot will be notified and rescheduled.

7. A pilot who fails to meet standards will remain in Active Status unless his employment is terminated or he is removed from Active Status for disciplinary reasons.

8. Different Instructors will be used in subsequent training.

Part 14 - Training General

A. A pilot will not be required to maintain qualifications on more than one (1) type of Equipment.

B. A pilot will not be required to provide or pay for any required training equipment, except for minor items.

C. Training materials, such as current Flight Manuals and CD-ROM courseware, will be made available approximately forty (40) days prior to commencement of training, or as soon as reasonably possible when forty (40) days cannot be provided. Materials may be picked up at the designated location until the first day of class, or may be shipped at Company expense to a valid and confirmed shipping address provided that the request is received no less than ten (10) working days prior to the first day of class. If no timely request in accordance with Part 3.C above is received, training materials will be provided on the first day of class.

D. Except as otherwise provided in this Section, all pilots assigned to training will be removed from regular flying or Reserve Days for the duration of their training period. Such training period will include any travel time necessary to place a pilot in position for training and return him to his Base after training has been completed.

E. A pilot will be debriefed and advised of any unsatisfactory report regarding any phase of his training, and will, upon his request, be provided a written copy of such report.

F. Nothing in this Agreement will be construed to suggest that a pilot whose Airman Certificate is suspended or revoked, either pursuant to Section 709 of the FARs or otherwise, is eligible to fly any Company aircraft prior to the full restoration of the pilot's Certificate.

G. The Company will not assign training or evaluation solely as a disciplinary measure, but it may assign a pilot to training as the result of an accident, incident, ASAP program finding, or as corrective action for a regulatory or flying policy violation and it may separately specify a training requirement in a letter that also contains a discipline decision.

H. The Company may direct a limited or system-wide audit (LOSA or equivalent), conducted from the jumpseat, to assess training needs and effectiveness. Such action will not be used by the Company to assess individual pilot proficiency; to initiate a Company investigation of an individual pilot's or crew's performance or conduct; as a basis to support a decision to discipline or discharge a pilot or require training or

checking of a pilot or to question an auditor about the conduct of a specific flight. The identities of working crewmembers will not be disclosed in any manner and no date that would allow the subsequent specific identification of the crew will be collected or maintained. In addition, a Captain has the right to refuse any such observer access to the flight deck. The Company and the Association jointly endorse such safety programs and encourage all crewmembers to participate.

I. Identified pilot training records that are outside the scope of the Company's FAA approved electronic training records system will not be retained once a pilot has successfully completed or withdrawn from a course of training.

J. Subject to appropriate confidentiality agreements, two (2) designated ALPA Training Steering Committee representatives will be provided with access to the information contained in the training scheduling system (Manpower Solver).

12 Hours

Section 12 - Hours of Service

A pilot's flight and duty time limitations will be governed by Federal Aviation Regulations Part 121 air carrier operations, as may be amended, except as modified in this Agreement.

Part 1 - Definitions

1. Domestic Operations - "Domestic Operations" means Flight Operations involving flights arriving and departing only at airports within the forty-eight (48) contiguous states, Alaska, Canada, and Mexico.

2. Domestic Pilot - "Domestic Pilot" means a pilot scheduled to fly a Trip Pairing containing only scheduled legs that arrive at and depart from airports within the forty-eight (48) contiguous states, Alaska, Canada, and Mexico.

3. Downline Operations - "Downline Operations" means Flight Operations at airports other than the Pairing Origination Point.

4. International Operations - "International Operations" means Flight Operations involving flights arriving at or departing from airports outside the forty-eight (48) contiguous states, Alaska, Canada, and Mexico.

5. International Pilot - "International Pilot" means a pilot scheduled to fly a Trip Pairing that contains scheduled legs that arrive at or depart from airports outside the forty-eight (48) contiguous states, Alaska, Canada, and Mexico.

6. Pairing Origination Point - "Pairing Origination Point" means the first scheduled airport designated in a Trip Pairing to which the pilot reports for duty.

Part 2 - Duty Time Limitations

A. For Domestic Operations:

   1. A Duty Period will commence at the time a pilot is scheduled to report for duty or his actual Report Time, whichever is later, and will continue until fifteen minutes (0:15) after the flight arrives at the blocks (thirty minutes [0:30] when Customs clearance is required) at the point where his duty terminates and is followed by at least a minimum Rest Period as defined herein.

   2. Report Times will be no less than one hour (1:00) prior to the scheduled departure at the Pairing Origination Point, except that Report Times will be no less than thirty minutes (:30) for Trip Pairings beginning with a Deadhead segment. Report Times will be no less than thirty minutes (:30) prior to the scheduled departure for Downline Operations.

   3. Pilots will not be scheduled for a Duty Period in excess of the limits in the table below:

Report Time	Scheduled Duty Time	Maximum Actual Duty Time
0600-1659	13:30	16:00
1700-2159	12:00	13:30
2200-0459	10:30	12:00
0500-0559	12:00	13:30

4. A pilot may elect to exceed maximum duty time limits for the purpose of Deadheading to his Base for Pairing termination or legal rest.

5. The beginning of a Reserve Pilot's phone availability window will be the end of his rest for Domestic Operations.

B. For International Operations:

1. A Duty Period will commence at the time a pilot is scheduled to report for duty or his actual Report Time, whichever is later, and will continue until fifteen minutes (0:15) after the flight arrives at the blocks (thirty minutes [0:30] after the flight arrives at the blocks when Customs clearance is required) at the point where his duty terminates and is followed by at least a minimum Rest Period as defined herein.

2. Report Times will be no less than one hour (1:00) prior to the scheduled departure at the Pairing Origination Point, except that Report Times will be no less than thirty minutes (:30) for Trip Pairings beginning with a Deadhead segment. Report Times will be no less than thirty minutes (:30) prior to the scheduled departure for Downline Operations.

3. Crew complement will conform to the following table. Should the FAR concerning minimum required crew complement change, the Company and Association will meet and agree to any changes to this table:

Scheduled Flight Time	Captain	First Officer	Additional Crewmember(s)
$\leq$ 8 hours	1	1	0
$>$ 8 $\leq$ 12 hours	1	1	1
$>$ 12 hours	1	1	2

4. Pilots will not be scheduled for a Duty Period in excess of the limits in the table below:

Crew Complement	Scheduled Duty Time	Maximum Actual Duty Time	*Pilot Option
Basic Crew or One (1) Additional Crew Member	16:00	17:30	19:30
More Than One (1) Additional Crew Member	18:00	19:30	21:30

*A pilot, at his option, may elect to exceed the Maximum Actual Duty Time limits prescribed in this chart for up to the time indicated under the "Pilot Option" column for the appropriate Crew Complement.

5. A pilot may elect to exceed maximum duty time limits for the purpose of Deadheading to his Base for Pairing termination or legal rest.

C. When two (2) consecutive Duty Periods are separated by less than ten (10) hours block-to-block crew rest, the total of the two Duty Periods cannot exceed twenty-four (24) hours, unless the pilot agrees otherwise. For purposes of this Paragraph only, duty time projections will only be calculated when the pilot transits a Base in which pilots of the same Equipment and Status are staffed. Nothing in this Paragraph will be construed so as to allow a pilot to exceed the limitations of this Section.

Part 3 - Rest Periods

A. Minimum rest at Base is nine (9) hours release to report and ten (10) hours release to report for NYC. This rest may be reduced at the pilot's option.

B. A Domestic and an International Pilot must be given twenty-four (24) consecutive hours off in any seven (7) consecutive Calendar Days provided as follows:

1. A Domestic Pilot must be given the twenty-four (24) hours off at his Base. Every effort will be made to provide a Day Off.

2. An International Pilot on duty for more than six (6) Calendar Days may receive a twenty-four (24) hour break during a Pairing.

C. All required Rest Periods away from Base must be at least nine hours and fifteen minutes (9:15) from block-in to block-out. Rest Periods will be at least nine hours and forty-five minutes (9:45) from block-in to block-out if the Rest Period begins with arrival at one area airport and ends with departure from another (e.g., LGA-EWR).

13 Leaves

Section 13 - Leaves of Absence

Part 1 - Personal Leave of Absence (PLA)

A. General

When the requirements of the Company within a sub-base permit, a pilot will be granted a personal leave of absence (PLA). A PLA will be for a minimum of thirty (30) days. Requests for an initial PLA and extensions of a previously approved PLA will be made in writing or electronically and submitted by the 10th of the month preceding the month in which the PLA commences. Written requests will be filed in the office of the Chief Pilot where the pilot is staffed. Electronic requests will be accomplished using the e-form provided by the Company on CCS. Requests will be granted in seniority order in a sub-base. If the Company finds it necessary to deny a request for a PLA, the reasons for denial will be communicated in writing to the pilot requesting such PLA, with a copy provided to the Association either in writing or electronically. There will be no requirement for a pilot to maintain his Medical Certificate during a PLA so long as no additional financial liability or increased cost is incurred by the Company in relation to the pilot obtaining a Medical Certificate in connection with his return to Active Service.

B. Seniority

A pilot will retain and continue to accrue seniority while on a PLA.

C. Longevity

A pilot will retain longevity for the duration of the PLA and will continue to accrue longevity only for sixty (60) days, or two (2) bid periods, whichever is longer.

D. Benefits

1. Medical/Dental/Vision - Current medical, dental and vision coverages will be continued through the end of the month in which the PLA begins, on the same terms and conditions as apply to an active pilot. Such coverages may be continued thereafter at the pilot's expense at the same rate as the COBRA rate for the duration of the PLA, subject to plan changes and availability. In the event of termination of employment while on PLA, such coverages may be continued thereafter at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law (currently eighteen (18) months) following the last day of the month in which termination of employment occurred, subject to plan changes and availability.

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the PLA begins on the same terms and conditions as apply to an active pilot. Thereafter pilots on PLA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the

time the PLA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement - Vesting, eligibility, and benefit accrual service credit in either CARP or the A-plan will not accrue during a PLA; provided, however, a pilot on PLA will be 100% vested n the A-Plan no later than the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on PLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on PLA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot, through the end of the month in which the PLA begins. Thereafter, a pilot on PLA may continue LOL/LTD coverage for the duration of the PLA, provided that the pilot will be required to pay the entire premium cost (including the portion paid by the Company for active pilots) starting with the month following the month in which the PLA begins, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the PLA. While continuing coverage during a PLA, the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the PLA.

5. Passes - Upon request and with the approval of his chief pilot, a pilot on PLA and his eligible family members may use on-line travel privileges at his active employee pass classification.

E. Return to work

The terms and conditions that will govern a pilot's return to Active Service with the Company from PLA will be those set forth in Part 10 of this Section.

Part 2 - Furlough Leave of Absence (FLA)

A. General

When a pilot is recalled from furlough and desires to take a leave of absence before returning to Active Service with the Company, he will be granted a furlough leave of absence (FLA) upon written or electronic request submitted no later than fifteen (15) days after the first attempted delivery of his recall notice. The request will be filed by the pilot in accordance with the Company's written instructions provided in advance, and will be for a period of at least sixty (60) days but not greater than three (3) years. Upon expiration of the FLA, the pilot will return to the service of the Company at the next opportunity created by a need for additional pilots, in accordance with his seniority.

B. Seniority

A pilot will retain and continue to accrue seniority while on FLA.

C. Longevity

A pilot will retain but will not continue to accrue longevity while on FLA.

D. Benefits

1. Medical/Dental/Vision - Current medical, dental and vision coverages may be continued at the pilot's expense only if COBRA continuation remains available as provided by law (currently eighteen (18) months) following the last day of the month in which active rate entitlement ended, subject to plan changes and availability.

2. Life and Accident Insurance - The granting of an FLA is not intended to affect a pilot's then current life and accident coverage. Pilots may continue life and accident insurance coverage that was available to them while on furlough (if any remains) under their existing terms and conditions.

3. Retirement – Vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan will not accrue during an FLA; provided, however, a pilot on FLA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on FLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - LOL/LTD coverage is not available during furlough leaves.

5. Passes - Pilots on FLA are not eligible to use pass travel privileges.

E. Return to work

The terms and conditions that will govern a pilot's return to Active Service with the Company from FLA will be those set forth in Part 10 of this Section.

Part 3 - Company Offered Leave of Absence (COLA)

A. General

Nothing herein will prevent the Company from offering leaves of absence to pilots. The duration of such leaves will be at the Company's discretion. All Company offered leaves will be granted in seniority order by BES. The Company will consider seniority when granting any extensions.

B. Seniority

A pilot will retain and continue to accrue seniority while on COLA.

C. Longevity

A pilot will retain and continue to accrue longevity while on COLA for purposes of pay, pass travel boarding priority, vacation accrual rate, service pins, and benefit eligibility.

D. Benefits

1. Medical/Dental/Vision - For COLAs offered pursuant to Section 23, Part 4.C, current medical, dental and vision coverages will be continued for the duration of the COLA on the same terms and conditions as are applicable to an active pilot. For all other COLAs, current medical, dental and vision coverages will continue through the end of the month in which the COLA begins, and may be continued thereafter at the pilot's expense at the same rate as the COBRA rate for the duration of the COLA, subject to plan changes and availability. In the event of termination of employment while on COLA, such coverages may be continued thereafter at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law (currently eighteen [18] months) following the last day of the month in which termination of employment occurred, subject to plan changes and availability.

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the COLA begins on the same terms and conditions as apply to an active pilot. Thereafter, pilots on COLA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the COLA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement – Vesting and eligibility service credit in either CARP or the A-Plan will cease to accrue on the earlier of (a) one (1) year following the pilot's last day of Active Service or (b) the A-Plan Freeze Date. Benefit accrual service credit in either CARP or the A-Plan will not accrue during a COLA. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on COLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on COLA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot, through the end of the month in which the COLA begins. Thereafter a pilot on COLA may continue LOL/LTD coverage for the duration of the COLA, provided that the pilot will be required to pay the entire premium cost (including the portion paid by the

Company for active pilots) starting with the month following the month in which the COLA begins, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the COLA. While continuing coverage during a COLA, the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the COLA.

5. Passes - Pilots on COLA and their eligible family members will have on-line travel privileges at their active employee pass classification for the duration of the COLA and may use any buddy or vacation passes in their possession at the time the leave begins.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from COLA will be those set forth in Part 10 of this Section.

Part 4 - Association Leave of Absence (ALA)

A. General

1. A pilot will be granted an Association Leave of Absence (ALA) to accept a full-time elected or appointed position with the Association (MEC). A full-time position, for purposes of this Part, is defined as working one or more complete bid periods for the Association. Shorter ALA leaves, including for example, leaves for a partial bid period(s) will be granted in accordance with the provisions in Section 26, Paragraph M of this Agreement. Unless the Association advises the Company of its need for ALA by the tenth of the month preceding the month in which the leave of absence is to begin, the granting of such leave cannot be guaranteed but will be granted if pilot staffing requirements permit.

2. A pilot will be granted ALA for a period not to exceed eight (8) consecutive years to accept a position with the Association (National) or to accept an executive position with any agency or branch of the Federal Government directly connected with aviation; e.g., FAA, DOT or Congressional Staff. The Company will not be obligated to grant more than two (2) such leaves concurrently.

3. A Pilot who accepts a permanent staff position with either the MEC or National ALPA will not be eligible for ALA.

4. There will be no requirement for a pilot to maintain his FAA Medical Certificate and Airman certifications during ALA so long as no additional financial liability or increased cost is incurred by the Company in relation to the pilot obtaining such certificate(s) in connection with his return to service; provided, however, that the Company will provide training in accordance with Section 11 of this agreement as is necessary for the pilot to regain qualification and currency.

B. Seniority

A pilot will retain and continue to accrue seniority while on ALA.

C. Longevity

A pilot will retain and continue to accrue longevity while on ALA.

D. Benefits

All benefits and accruals will be continued as if a pilot on ALA were on Active Status. The Association will reimburse the Company for the cost of such benefits in the form of fringe override to Trip loss (rollup) if such reimbursements are due as covered in Section 26 of this Agreement. A pilot who terminates employment while on ALA may continue current medical, dental and vision coverages at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law (currently eighteen [18] months) following the last day of the month in which the termination of employment occurred, subject to plan changes and availability. Paragraph 5 below pertains to pilots on ALA. Paragraphs 1 through 4 below only pertain to a pilot for the period immediately following the termination of ALA pursuant to Paragraph A.2 above due to the pilot reaching the limit of eight (8) consecutive years on ALA.

1. Medical/Dental/Vision - Current medical, dental and vision coverages may be continued using COBRA eligibility at the COBRA rate for eighteen (18) months following the last day of the month in which active rate entitlement ended, subject to plan changes and availability.

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the ALA ended on the same basis as for an active pilot. Thereafter the pilot may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the ALA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement – Vesting, eligibility, and benefit accrual service credit in either CARP or the A-Plan will cease to accrue on the earlier of (a) the last day of the month in which the ALA ended or (b) the A-Plan Freeze Date; provided, however, a pilot on ALA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on ALA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - LOL/LTD coverage may not be continued.

5. Passes - Pilots on ALA and their eligible family members will have on-line travel privileges (for non-business travel covered in Section 26 of this Agreement) at their active employee pass classification and will continue to receive and be able to utilize vacation and buddy passes for the duration of the ALA.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from ALA will be those set forth in Part 10 of this Section.

Part 5 - Family and Medical Leave of Absence (FMLA)

A. General

In accordance with the principles of the Family and Medical Leave Act ("the Statute"), except as such principles are specifically modified herein, a Family and Medical Leave of Absence (FMLA) will be offered on the following basis and the pilot will request the leave in writing or electronically in accordance with the Company's written instructions provided in advance:

1. Pilots will be entitled to a maximum of ninety (90) days of FMLA in any rolling twelve (12) month period. A rolling twelve (12) month period is determined by counting backwards twelve (12) full months from the first day of any FMLA. Subject to Paragraph A.5 below, FMLA is unpaid and may be taken for any of the following purposes:

   a. Recovery/rehabilitation from a serious health condition (one which requires in-patient or continuing treatment);

   b. To care for a family member with a serious health condition;

   c. Birth of a child; or

   d. Placement of a child with the pilot for adoption or foster care.

2. A pilot may request that the Company extend an FMLA beyond the cumulative maximum of ninety (90) days in any rolling twelve (12) month period, as provided elsewhere in this Section. A pilot will not be entitled to the benefits of the Statute during such an extension, but will be entitled to the benefits expressly provided by this Section. When the FMLA entitlement has been exhausted, including any extension, no further FMLA will be granted until the pilot has returned to active employment for a minimum of six (6) months during the previous twelve (12) months.

3. Family members for purposes of FMLA are:

   a. Spouse, as recognized in the pilot's state of residence;

   b. Parent, including a biological parent or a person who raised the pilot as a child; or

c. Son or daughter, including biological, adopted, foster, or stepchild, or other minor (under eighteen [18] years of age) for whom the pilot is a primary care giver, or such person over age eighteen (18) if that person is incapable of self care due to a physical or mental disability.

4. A pilot using FMLA to recover from a serious health condition or to care for a family member who has a serious health condition may take the FMLA on an intermittent basis, in accordance with the following, if the treating medical care provider certifies the necessity for so doing:

   a. For purposes of tracking intermittent FMLA usage, the ninety (90) day maximum entitlement described above will be converted to a two hundred fifty (250) hour FMLA bank (based on 83.33 hours per month).

   b. For purposes of tracking intermittent FMLA usage, a pilot will be charged the actual time missed or four hours and nine minutes (4:09) for each day or portion of a day missed for FMLA, whichever is less. Each day of non-intermittent leave used will reduce the available bank by two hours and forty-seven minutes (2:47), and the ninety (90) day non-intermittent allotment will be reduced by one (1) day for each two hours and forty-seven minutes (2:47) of FMLA bank used.

5. A pilot suffering from a serious health condition, a pregnant pilot, or a pilot giving birth (Part 9.A.4 of this Section) may elect to exhaust paid sick leave prior to using FMLA. A pilot may elect to exhaust unused vacation remaining available in the current year prior to beginning FMLA for any of the purposes listed in Paragraph A.1 of this Part.

6. Thirty (30) days advance notice is required for leaves which are reasonably foreseeable, such as the birth of a child, or for planned medical treatment. When practicable, advance notice is mandatory.

7. As provided in the Statute, the Company may require sufficient medical certification prior to granting FMLA in cases where leave is based on sickness or injury. A pilot will be afforded fifteen (15) days from receipt of such request to provide the necessary certification. In accordance with the Statute, the Company may request periodic evidence of continuing eligibility, but no more frequently than once every two (2) months. FMLA will not be considered in any assessment of a pilot's reliability.

8. Once granted, FMLA will not be canceled by the Company.

9. Should the Statute be amended, any amendments will be incorporated herein forthwith, and the parties will promptly meet and agree on the nature and extent of any such changes required to this Section.

10. For events other than the birth or adoption of a child, which are covered in Part 9 below (Maternity/Parental Leave of Absence), a pilot may extend FMLA granted pursuant to Paragraph A by as much as six (6) additional months. The FMLA may thereafter be extended for an additional three (3) months on a month-to-month basis with Company approval, and the pilot will be entitled to

continue his existing employee benefit coverages for the entire duration of such FMLA (including the extension), subject to all of the same terms and conditions as are applicable to active employees.

11. At a pilot's request, the Company will give consideration for light duty and/or VRF lines of flying, for a period of three (3) months, to any pilot who has exhausted the provisions of this Part.

B. Seniority

A pilot will retain and continue to accrue seniority while on FMLA.

C. Longevity

A pilot will retain and continue to accrue longevity while on FMLA.

D. Benefits

1. Medical/Dental/Vision - Current medical, dental and vision coverages may be continued for the duration of the FMLA, on the same terms and conditions as apply to an active pilot. A pilot who terminates employment while on FMLA may continue current medical, dental and vision coverages at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period (currently eighteen [18] months) following the last day of the month in which the termination of employment occurred, subject to plan changes and availability.

2. Life and Accident Insurance - Pilots on FMLA will continue their core life insurance and may continue their optional life and accident insurance coverage at active employee rates during the FMLA

3. Retirement –Vesting, eligibility and benefit accrual service credit in the defined benefit plan will not accrue during a FMLA; provided, however, a pilot on FMLA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan will accrue while the pilot is on a paid status (i.e., paid sick leave or vacation), but not beyond the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on FMLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on FMLA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot, provided that the pilot timely makes the required contributions through that period and maintains his first or second class medical certificate and license as if on Active Status during the duration of the FMLA. While continuing coverage during an unpaid FMLA,

the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the unpaid FMLA.

5. Passes - Except as provided in Part 7.D.5 below (a pilot's own health condition only allows passes for the purpose of receiving medical care), pilots on FMLA and their eligible family members will have on-line travel privileges at their active employee pass classification for the duration of the FMLA and may use any buddy or vacation passes in their possession at the time the leave begins.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from FMLA will be those set forth in Part 10 of this Section. A pilot on leave pursuant to this Part who requests early return from such leave will be returned in the following bid period, subject to the provisions of Part 10 below.

Part 6 - Military Leave of Absence (MLOA)

A. General

A pilot will be granted a military leave of absence (MLOA) for military service or reserve duty in accordance with applicable federal law. Vacation credit will not accrue beyond ninety (90) consecutive days for MLOAs of more than ninety (90) consecutive days, and sick and occupational injury leave will not accrue while on MLOA.

B. Seniority

A pilot will retain and continue to accrue seniority for all periods of MLOA.

C. Longevity

A pilot will retain and continue to accrue longevity for all periods of MLOA.

D. Benefits

1. Medical/Dental/Vision

a. The Company will continue to provide medical, dental and vision coverages on the same terms and conditions as apply to an active pilot (i.e., as if the pilot were continuously employed) for pilots on MLOA through the end of the twelfth (12th) month following the month in which the MLOA began, and will reinstate health care coverage on the day following the termination of MLOA. Following the expiration of that twelve (12) months, medical, dental and vision coverages may be continued at the pilot's expense at the same rate as the COBRA rate for the duration of the MLOA, subject to plan changes and availability. In the event of termination of employment while on MLOA, such coverages may be continued at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law (currently eighteen [18] months) following the last day of the month in which termination of employment occurred, subject to plan changes and availability.

b. A pilot on MLOA will continue to be provided health care coverage for any pay period in which he is entitled to compensation equal to at least fifty percent (50%) of his pay period guarantee.

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the MLOA begins on the same terms and conditions as apply to an active pilot. Thereafter pilots on MLOA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the MLOA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement – Vesting, eligibility, and benefit accrual service credit in either CARP or the A-Plan will continue for the duration of the MLOA, but not beyond the A-Plan Freeze Date, provided that the pilot returns to Active Service or is unable to return to Active Service as the direct result of injury or death incurred in the line of duty. A pilot on MLOA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Upon return from MLOA, the Company will inform the pilot in writing regarding his ability to "make-up" pre-tax and after-tax employee contributions to the 401(k) Plan and the Pilots 401(k) Plan, and to receive Company matching contributions to the 401(k) Plan related to such "make-up" employee contributions, and the Company will make such contributions to the Pilots 401(k) Plan and B-Plan as are required by the Plans and applicable law. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan and Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on MLOA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on MLOA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot through the end of the sixth (6th) month following the month in which the MLOA begins, provided that the pilot makes the required active pilot contributions through that period. Thereafter, LOL/LTD coverage may be continued, provided that the pilot will be required to pay the entire premium cost (including the portion paid by the Company for active pilots) starting with the month following the month in which active rate entitlement ended, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the MLOA. While continuing coverage during an MLOA, the pilot's Compensation under the LOL/LTD Plan will be based on

his pay rate in effect just prior to the MLOA. If coverage has not been continued during the MLOA, it may be resumed upon return to Active Service.

5. Passes - Pilots on MLOA and their eligible family members will have online pass privileges at their active employee pass classification for up to two (2) years, subject to the normal terms and conditions for personal use passes. Emergency pass provisions will be made in case of family emergencies regardless of the length of the MLOA. A pilot will be entitled to a one-way pass for himself and his family to return to their Continental Base following any MLOA.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from MLOA will be those set forth in Part 10 of this Section.

Part 7 - Medical Leave of Absence (MLA)

A. General

A Medical Leave of Absence (MLA) will be granted to a pilot on account of sickness, injury or pregnancy, when the following circumstances exist:

1. The pilot has provided his Base Chief Pilot with proper documentation evidencing his inability to perform the duties of his job on account of sickness, injury or pregnancy; and

2. The pilot has exhausted or elected not to utilize all his paid sick bank, FMLA entitlement, and, where applicable, his paid occupational injury bank, and any unused vacation to which he may be entitled in that calendar year.

3. A pilot who became disabled prior to 1/1/98, and has exhausted Pilot Long Term Disability / Loss of License Plan benefits will be placed on MLA, subject to the provisions of Paragraph E of this Part.

B. Seniority

A pilot will retain and continue to accrue seniority while on MLA.

C. Longevity

A pilot will retain and continue to accrue longevity while on MLA.

D. Benefits

1. Medical/Dental/Vision - Current medical, dental and vision coverages will be continued through the end of the month in which the MLA begins, on the same terms and conditions as apply to an active pilot. Such coverages may be continued thereafter at the pilot's expense at the same rate as the COBRA rate for the duration of the MLA, subject to plan changes and availability. In the event of termination of employment while on MLA, such coverages may be continued at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law (currently eighteen [18] months) following the last day of the month in which termination of employment occurred, subject to plan changes and availability. (Note: A pilot on LOL/LTD

may continue his current medical, dental and vision coverage on the same terms and conditions as are available to active pilots, as addressed in Section 27.)

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the MLA begins on the same terms and conditions as apply to an active pilot. Thereafter, pilots on MLA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the MLA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement - Retirement – Vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan will not accrue during an MLA; provided, however, a pilot on MLA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on MLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on MLA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot through the end of the sixth (6th) month following the month in which the MLOA begins, provided that the pilot makes the required contributions through that period. Thereafter, LOL/LTD coverage may be continued, provided that the pilot will be required to pay the entire premium cost (including the portion paid by the Company for active pilots) starting with the month following the month in which active rate entitlement ended, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the MLA. While continuing coverage during an unpaid MLA, the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the unpaid MLA.

5. Passes - Upon request and with the approval of their chief pilot, pilots on MLA may use on-line travel privileges at their active employee pass classification to travel for the purpose of receiving medical care, except as provided in Section 27 with respect to pilots receiving LOL/LTD benefits.

E. Return to Work

1. A pilot may remain on MLA until he has sufficiently recovered so as to permit him to perform the duties of his job but in no case will MLA extend beyond ten (10) years, commencing on the first day the pilot leaves the active payroll, or twice the pilot's length of service, whichever is less. Such ten (10) year period will increase by one day for each day after July 1, 1997.

   EXAMPLES:

   - A pilot hired 1/1/97 (six [6] years of service) commences MLA on 1/1/03. The pilot can be on MLA the lesser of either 2 X 6 YOS (12 years) or 10 YOS + 2009 days (15 years and 184 days). In this case it would be 12 years.
   - A pilot hired 7/1/87 (fifteen and a half [15.5] years of service) commences MLA on 1/1/03. The pilot can be on MLA the lesser of either 2 X 15.5 YOS (31 years) or 10 YOS + 2009 days (15 years and 184 days, which continues to increase by one day every day). In this case it would be 15 years and 184 days (increasing by one day every day until such time that it reaches twice the pilot's length of service, in this example 31 years).

2. A pilot who remains unable to perform his duties after the expiration of the time period set forth in Paragraph E.1, above, will be removed from the seniority list.

3. A pilot who fails to return to work as soon as reasonably possible after he is no longer precluded from performing his duties on account of sickness or injury will be removed from the seniority list.

4. The terms and conditions that will govern a pilot's return to Active Service with the Company from MLA will be those set forth in Part 10 of this Section.

F. Any dispute regarding a pilot's eligibility for MLA or fitness to return to work will be resolved in accordance with the provisions for resolving such disputes set forth in Section 15 of this agreement.

Part 8 - Emergency Leave of Absence (ELA)

A. General

1. In the event of death or the life-threatening illness of a member of a pilot's immediate family, the pilot will be released from duty for an emergency leave of absence (ELA) for up to four (4) consecutive Duty Days with pay for any one instance. Such a block of consecutive Duty Days may be broken by Day(s) Off (see example below). A pilot will be entitled to no more than two (2) paid instances of ELA for each member of the pilot's immediate family during his employment with the Company. Immediate family members include:

   a. Spouse

   b. Child

   c. Wholly dependent relatives residing in the employee's home (including Stepchildren and Stepparents)

d. Mother

e. Father

f. Brother

g. Sister

h. Grandparent

i. Grandchildren

j. Parent-in-law

k. Domestic Partner

EXAMPLES:

- Pilot "A" is a Lineholder, with a two (2) day Pairing, followed by Days Off and a three (3) day Pairing. He will be released with pay for the two (2) day Pairing and the first two (2) days of the three (3) day Pairing.
- Pilot "B" is a Reserve, with two (2) "R" days, followed by Days Off, and three (3) "R" days. He will be released from duty with pay for a total of four (4) "R" days, the first two (2) "R" days and the first two (2)"R" days of the second block of three (3) "R" days.

2. Extensions of ELA for immediate family members listed above, ELAs for relatives other than the pilot's immediate family, or ELAs for other illness or injury will be granted for up to ninety (90) days without pay at the request of the pilot.

3. An ELA and ELA extensions in excess of ninety (90) days in any twelve (12) month period may be granted at the discretion of the Company. Extensions of ELA and ELA for other than the pilot's immediate family or ELA for other illnesses or injuries may be counted for purposes of FMLA when appropriate.

4. Remains of pilot, or of a pilot's spouse, children or parents will be shipped on-line at no charge.

B. Seniority

A pilot will retain and continue to accrue seniority while on ELA

C. Longevity

A pilot will retain and continue to accrue longevity while on ELA.

D. Benefits

1. Medical/Dental/Vision - Unless the ELA is extended, current medical, dental and vision coverages are unaffected by ELA. Current medical, dental and vision coverage will continue through the end of the month in which the extended ELA begins and may be continued thereafter during extended ELAs at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period as provided by law, (currently eighteen [18] months) following

the last day of the month in which the extended ELA began, subject to plan changes and availability.

2. Life and Accident Insurance - Unless extended, current life and accident insurance coverage is unaffected by ELA. Current life and accident insurance coverage will be continued through the end of the month in which the extended ELA begins on the same basis as for an active pilot. Thereafter, pilots on extended ELA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the PLA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement – Unless extended, vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan are unaffected by ELA. Vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan will not accrue during an extended ELA; provided, however, that a pilot on extended ELA will be 100% vested in the A-Plan no later than the Freeze Date. Only active pilots or a pilot who is treated as an active pilot are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on ELA or extended ELA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - Unless extended, LOL/LTD coverage is unaffected by ELA. A pilot on extended ELA may continue LOL/LTD coverage, on the same terms and conditions as apply to an active pilot, through the end of the first (1st) month following the month in which the extended ELA begins, provided that the pilot timely makes the required contributions through that period. Thereafter, LOL/LTD coverage may be continued during the extended ELA, provided that the pilot will be required to pay the entire premium cost (including the portion paid by the Company for active pilots) starting with the month following the month in which the active rate entitlement ends, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the MLA. While continuing coverage during an extended ELA, the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the extended ELA.

5. Passes - Unless extended, pass privileges are unaffected by ELA. Upon request and with the approval of their chief pilot, pilots on extended ELA and their eligible family members will have on-line travel privileges at their active

employee pass classification for the duration of the ELA and may use any buddy or vacation passes in their possession at the time the leave begins.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from ELA will be those set forth in Part 10 of this Section.

Part 9 - Maternity/Parental Leave of Absence (MPLA)

A. General

1. At the time her medical condition so requires, a pregnant pilot will be entitled to a maternity/paternal leave of absence (MPLA) of up to the greater of ninety (90) days or the length of time medically required, such leave to be inclusive of any FMLA entitlement pursuant to Part 5 above. At the conclusion of this MPLA, she may elect to extend her leave by as much as nine (9) months. In addition she may take her leaves (one of which may be for reasons not related to her medical condition; e.g., visiting Grandparents) in non-consecutive blocks, as long as they are completed within one (1) year of the birth.

2. A pilot will be entitled to a MPLA of up to ninety (90) days, inclusive of any FMLA entitlement pursuant to Part 5 above in conjunction with the birth or adoption of a child. The pilot may, at the time he/she takes his/her leave, elect to extend his/her leave by as much as nine (9) months, but such leave must be taken as a single block of time, and must be completed within one (1) year of the birth or placement.

3. In both cases, the MPLA may thereafter be extended for an additional three (3) months on a month-to-month basis with Company approval, and in both cases the pilot will be entitled to continuation of his/her existing insurance benefits for the entire duration of such leave and extension, subject to all of the same terms and conditions as are applicable to active employees.

4. A pilot who is pregnant may elect to exhaust paid sick leave prior to using FMLA entitlements. A pilot may elect to exhaust unused vacation remaining available in the current year prior to beginning FMLA.

B. Seniority

A pilot will retain and continue to accrue seniority while on MPLA.

C. Longevity

A pilot will retain and continue to accrue longevity while on MPLA

D. Benefits

1. Medical/Dental/Vision - Current medical, dental and vision coverages may be continued on the same terms and conditions as apply to an active pilot, for the duration of the MPLA. In the event of termination of employment while on MPLA, such coverages may be continued at the pilot's expense using COBRA eligibility at the COBRA rate for the COBRA period provided by law

(currently eighteen [18] months) following the last day of the month in which termination of employment occurred, subject to plan changes and availability.

2. Life and Accident Insurance - Current life and accident insurance coverage will be continued through the end of the month in which the MPLA begins on the same terms and conditions as apply to an active pilot. Thereafter, pilots on MPLA may continue all or a portion of their current life and accident insurance coverage if so allowed by the individual life insurance company provider. The Company will provide written notice regarding the pilot's continuation responsibility and contact information for the life insurance provider at the time the MPLA is granted. Continuation will be at the pilot's expense and must be arranged by the pilot directly with the individual insurance company. The premiums for life and accident insurance continuation will be based on conversion rates.

3. Retirement – Except as provided in the next sentence, vesting, eligibility, and benefit accrual service credit in either CARP or the A-Plan will not accrue during an MPLA; provided, however, a pilot on MPLA will be 100% vested in the A-Plan no later than the A-Plan Freeze Date. Vesting, eligibility and benefit accrual service credit in either CARP or the A-Plan will accrue while the pilot is using sick leave (paid), but not beyond the A-Plan Freeze Date. Only active pilots or pilots that are treated as active pilots are eligible for loans from the 401(k) Plan or the Pilots 401(k) Plan. However, if a pilot is inactive or not treated as active for more than twelve (12) months, he may elect to take a distribution from any or all of the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan. Whether or not on MPLA, a pilot will remain eligible for Company contributions to the pilot's accounts under the 401(k) Plan, the Pilots 401(k) Plan and the B-Plan, and for Company payments pursuant to the Nonqualified Plan, with respect to all of the pilot's Compensation (as defined in the Plans).

4. LOL/LTD - A pilot on MPLA may continue LOL/LTD coverage on the same terms and conditions as apply to an active pilot through the end of the sixth (6th) month following the month in which the MPLA began, provided that the pilot timely makes the required contributions through that period. Thereafter, LOL/LTD coverage may be continued provided that the pilot will be required to pay the entire premium cost (including the portion paid by the Company for active pilots) starting with the month following the month in which active rate entitlement ended, and will also be obligated to maintain his first or second class medical certificate and license as if on Active Status during the duration of the MPLA. While continuing coverage during an MLPA, the pilot's Compensation under the LOL/LTD Plan will be based on his pay rate in effect just prior to the MPLA.

5. Passes - Pilots on MPLA and their eligible family members will have on-line travel privileges at their active employee pass classification for the duration of the MPLA and may use any buddy or vacation passes in their possession at the time the leave begins.

E. Return to Work

The terms and conditions that will govern a pilot's return to Active Service with the Company from MPLA will be those set forth in Part 10 of this Section.

Part 10 - Return from Leaves

A pilot returning from a leave of absence will be returned to Active Status as follows:

A. If Training is not required:

1. A pilot who does not require training will be placed on Pay Status beginning the first day the pilot is legal to receive an assignment. A pilot is legal to receive an assignment once he has completed his pre-return obligations, including possessing the required certificates and has completed any required drug/alcohol screens and background checks.

   EXAMPLES:

   - Pilot 'A' informs the Company he is able to return to work on January 1 and the Company agrees, Pilot 'A' completes his pre-return obligations and returns to Pay Status January 1.
   - Pilot 'B' is on an LOA that is scheduled to expire on February 1 and informs the Company he is able to return on February 1. Pilot 'B' completes his pre-return obligations and returns to Pay Status on February 1.

2. Provided the pilot gives the Company thirty (30) days advance written notice of his return from leave and provided that he is reasonably available during that time to complete his pre-return obligations and does so in a timely manner as directed by the Company, he will not be withheld from Pay Status due to circumstances beyond his control such as a delay in receiving results, reports, or clearances from governmental agencies.

   EXAMPLES:

   - Pilot 'A', who provided the Company with at least thirty (30) days advance notice of his intention to return from leave, is scheduled to return on February 1 and takes his drug screening as directed by the Company on January 20; however, due to lab backlog, results are not received until February 3. Pilot 'A' returns to Pay Status on February 1.
   - Pilot "B", who provided the Company with less than thirty (30) days advance notice of his intention to return from leave, is scheduled to return on February 1 and takes his drug screening as directed by the Company on January 20; however, due to lab backlog, results are not received until February 3. Pilot 'B' returns to Pay Status on February 3.
   - Pilot 'C' is scheduled to return on February 1 and takes his drug screening as directed by the Company on January 20; however, the lab misplaces his test, he is required to retest, and the results are not received until March. 1. Pilot 'C' returns to Pay Status on February 1. Because this pilot's delay is extraordinary and he complied with his pre-return obligations as directed by the Company, he is returned to Pay Status on the originally agreed upon date when it was anticipated he could return, in this example February 1,

even if he failed to provide a full thirty (30) days notice and availability as provided in Paragraph 2.

3. A pilot will be placed on Active Status for all benefits and benefit accruals on the effective date of his return to Pay Status.

B. If Training is required:

1. A pilot who requires training upon return from a leave of absence will provide a minimum of thirty (30) days notice prior to his return date to the Company.

2. The pilot will be placed on Active Status for all benefits and benefit accruals on the date given for his return provided he has complied with Paragraph B.1 above.

3. The pilot will be placed on "Lost Qual" (no pay) status until either fifteen (15) days after his return date, or the date training commences, whichever is earlier. A pilot will not be withheld from Pay Status due to circumstances beyond his control such as a delay in receiving results, reports, or clearances from governmental agencies.

EXAMPLES:

- Pilot 'A' is scheduled to return and begin training on February 1 and takes his security screening, as directed by the Company on January 20; however, due to an error in the fingerprinting profile he has to return on February 3 to retake the fingerprinting. Pilot 'A' returns to Pay Status on February 1.
- Pilot 'B' informs the Company on or before January 2 that he wants to return on February 1; however, the first class for his return doesn't begin until February 10. Pilot 'B' will return to Active Status for longevity, and benefits, on February 1 but will not return to Pay Status until he begins class on February 10.
- Pilot 'C' informs the Company on or before January 2 that he wants to return on February 1; however, the first training class following his return does not begin until February 20. Pilot 'C' will return to Active Status for longevity, and benefits, on February 1, but will return to Pay Status on February 15.

4. A pilot will be scheduled in the earliest class that has a vacancy following his return date. The Company will give thirty (30) days notification of training date to the pilot unless there is a mutual agreement between the pilot and Company to reduce the notification period.

EXAMPLE:

- Pilot 'A' informs the Company on January 10 that he would like to return on February 1. The next available training date is February 5. The pilot and the Company agree to begin his training in that class, and the pilot is fully available (i.e., has all required certificates and has completed all required drug/alcohol screens and/or background checks) when the class

begins. Pilot 'A' returns to Pay and Active Status on February 5.

5. If a pilot is not fully available for training on the return date (i.e., does not have all required certificates, or has not completed all required drug/alcohol screens and/or background checks), the thirty (30) day notice period prior to training will begin when the pilot does become fully available for training.

6. Return to work screening will be consolidated to a single visit to the extent legally and practically possible. PS5B fee waived travel, or its equivalent, will be provided for any security, drug and alcohol screening required in connection with a pilot's return from leave of absence.

C. Hotels - Hotel accommodations will be provided if a pilot is required to attend pre-return obligations (e.g., drug/alcohol screens and/or fingerprinting/ background checks, etc.) in a location other than his Base. Return to work screening will be consolidated to a single visit to the extent legally and practically possible.

D. A pilot who fails to return at the conclusion of his leave of absence may be subject to removal from the Seniority List.

E. Upon a pilot's return from a Leave, all benefits will immediately be made available to the returning pilot on the same basis as they are made available to an active pilot who had not taken any Leave, provided however, those periods while on unpaid leave will not count towards the waiting periods for enrollment in any benefit plan.

14 Sick

Section 14 - Sick Leave

This Sick Leave policy establishes a procedure which will provide Sick pay for Flight Time or other duty time lost due to illness or injury.

Part 1 - Definitions

1. "Sick" means unable to perform duties as a flight crewmember due to Sickness.

2. "Sickness" means a personal medical condition of a pilot that renders him unable to perform his duties as a pilot.

3. "Sick Leave" means leave due to Sickness.

4. "Sick Bank" means a pilot's accrued unused hours of Sick Leave.

Part 2 - Accrual

A. A pilot will accrue Sick Leave at the rate of five (5) hours each bid period to a maximum of one thousand three hundred (1,300) hours. A Pilot who had Sick Bank in excess of one thousand three hundred (1,300) hours as of April 1, 2005, will retain that amount but will not accrue Sick Leave until he falls below one thousand three hundred (1,300) hours and will only accrue after that to a maximum of one thousand three hundred (1,300) hours.

B. A pilot will continue to accrue Sick Leave while on paid Sick Leave or vacation, and as provided in Section 13.4.D concerning ALA.

C. A pilot who, as a result of a single Sickness, has used more than two hundred fifty-five (255) hours of Sick Leave will re-accrue Sick Leave at the rate of seven (7) hours each bid period until he re-accrues an amount equal to the amount he used as a result of the single Sickness.

D. A new hire pilot will be credited with twenty (20) hours Sick Leave upon completion of his initial proficiency check. He will begin accruing additional Sick Leave in his fifth (5th) complete calendar month following completion of his initial proficiency check.

Part 3 - Use

A. 1. A Lineholder using Sick Leave to protect his Projected Total Pay for the bid period will be compensated on a Trip by Trip basis, up to the monthly Line construction cap established for his Base, Equipment and Status.

2. A Lineholder who was unable to perform any flying in a bid period as a result of Sickness may use his Sick Bank to protect his Projected Total Pay to a maximum of eighty-five hours and thirty minutes (85:30).

3. A Lineholder with no Projected Total Pay in a bid period due to Sickness may use his Sick Bank to be paid a maximum of eighty-five hours and thirty minutes (85:30).

Lineholder Examples	1	2	3	4	5
Monthy Line Construction Cap	87.50	87.50	87.50	91.00	87.50
Projected Flying	85.50	95.50	95.50	92.00	85.50
Sick Call	10.00	10.00	5.50	12.00	10.00
Actual Flying	75.50	85.50	90.00	80.00	75.50
Dead Head (not in Sk Call)	0.00	0.00	0.00	0.00	10.00
Vacation	0.00	0.00	0.00	0.00	0.00
Training	0.00	0.00	0.00	0.00	2.40
Sick Bank Used	10.00	2.00	0.00	11.00	0.00
Total Pay	85.50	87.50	90.00	91.00	87.90

Lineholder Examples	6	7	8	9	10	11
Monthy Line Construction Cap	87.50	87.50	87.50	87.50	91.00	87.50
Projected Flying	85.50	95.00	75.00	95.00	95.00	87.50
Sick Call	15.00	5.00	15.00	5.00	20.00	87.50
Actual Flying	70.50	90.00	60.00	90.00	75.00	0.00
Dead Head (not in Sk Call)	10.00	10.00	4.00	4.00	10.00	0.00
Vacation	0.00	0.00	22.75	22.75	22.75	0.00
Training	2.40	2.40	0.00	0.00	0.00	0.00
Sick Bank Used	4.20	0.00	0.75	0.00	0.00	85.50
Total Pay	87.10	102.40	87.50	116.75	107.75	85.50

Sick Leave Pay Examples - Lineholder Line construction cap 87.5	
Value of Flying	90.0
Deadhead	0.0
Vacation	21.0
Training	0.0
Projected Total Pay	**111.0**
Picked up Time	0.0
Sick Call	20.0
Adjusted Total Pay	**91.0**
Monthly Line Construction Cap	87.5
Adjusted Total Pay > Line Construction Cap	
Sick Bank time used	0.0
Final Pay	**91.0**

Sick Leave Pay Examples - Lineholder Line construction cap 87.5	
Value of Flying	85.5
Deadhead	0.0
Vacation	21.0
Training	0.0
Projected Total Pay	**106.5**
Picked up Time	0.0
Sick Call	24.0
Adjusted Total Pay	**82.5**
Monthly Line Construction Cap	87.5
Adjusted Total Pay < Line Construction Cap	
Sick Bank time used	5.0
Final Pay	**87.5**

Sick Leave Pay Examples - Lineholder Line construction cap 87.5	
Value of Flying	90.0
Deadhead	10.0
Vacation	21.0
Training	0.0
Projected Total Pay	**121.0**
Picked up Time	0.0
Sick Call	20.0
Adjusted Total Pay	**101.0**
Monthly Line Construction Cap	87.5
Adjusted Total Pay > Line Construction Cap	
Sick Bank time used	0.0
Final Pay	**101.0**

Sick Leave Pay Examples - Lineholder Line construction cap 87.5	
Value of Flying	75.0
Deadhead	10.0
Vacation	21.0
Training	0.0
Projected Total Pay	**106.0**
Picked up Time	0.0
Sick Call	24.0
Adjusted Total Pay	**82.0**
Monthly Line Construction Cap	87.5
Adjusted Total Pay < Line Construction Cap	
Sick Bank time used	5.5
Final Pay	**87.5**

B. A Reserve Pilot who was unable to perform flying during a bid period due to Sickness may use his Sick Bank to protect his Projected Total Pay hours for the bid period up to the Reserve guarantee established for his Reserve status.

1. If a Reserve Pilot is unable to perform any flying for the bid period as a result of Sickness, he may use his Sick Bank to protect his Projected Total Pay hours to a maximum of his Reserve guarantee.

2. A Reserve Pilot with no Projected Total Pay in a bid period due to Sickness may use his Sick Bank to be paid a maximum of his Reserve guarantee.

C. A pilot, at his option, may pick up a Trip subsequent to having used Sick Leave and specify that it is to be credited to his Sick Leave Bank to the extent he has used Sick Leave during the current bid period. The pilot must make this specification at the time the pilot elects to pick up the Trip or the Trip will be added to his Line Value. However, if the pilot has specified that a Trip is to be credited to this Sick Leave Bank, any excess value of the Trip that was picked up over Sick Leave used to that point in the bid period will be added to Line Value.

D. If in a bid period, a pilot's Line Value plus Sick Leave would exceed the monthly Line construction cap for a his Base, Equipment and Status, the pilot's Sick Leave Bank will be reduced only to the extent necessary for the pilot to reach the Line construction cap established for his Base, Equipment and Status.

E. For each Duty Day missed due to Sickness, a Reserve Pilot's Sick Leave will be charged four (4) hours, except as provided in Section 25, Part 11; however, in no case will a Reserve Pilot be paid more or less than the MPG for his Base, Equipment and Status (unless his pay and credit for the bid period exceeds the MPG for his Base, Equipment and Status).

F. A Reserve Pilot must call Scheduling on each Reserve Day on which Sickness precludes the pilot from reporting to work, or specify a definitive period of time he will be unable to report to work at the time he first calls in Sick.

G. When a pilot has called in Sick for every Pairing in a bid period in which he has vacation his pay will be adjusted to a maximum of eighty-five hours and thirty minutes (85:30), with the corresponding amount deducted from his Sick Bank. The pilot may request to move his vacation to a later period in the year if another week is available.

Examples of a pilot calling in sick for the whole month in which he had vacation

Pilot A		**Pilot B**	
Line Construction Cap	87:30	Line Construction Cap	87:30
Value of pilot's line	83:00	Value of pilot's line	90:00
Maximum Sick Leave	60:15	Maximum Sick Leave	62:45
7 days of vacation (3:15)	22:45	7 days of vacation (3:15)	22:45
Pilot's pay hours	83:00	Pilot's pay hours	85:30
Pilot C		**Pilot D**	
Line Construction Cap	87:30	Line Construction Cap	87:30
Value of pilot's line	83:00	Value of pilot's line	90:00
Maximum Sick Leave	37:30	Maximum Sick Leave	40:00
14 days of vacation (3:15)	45:30	14 days of vacation (3:15)	45:30
Pilot's pay hours	83:00	Pilot's pay hours	85:30

H. A pilot electing to utilize his Sick Bank may, at his option, use any amount of hours below the maximum, available to him on a bid period basis.

Part 4 - Proof of Illness

If one of the following has occurred, a pilot may be required to present a written statement from an accredited and licensed healthcare professional, unless the Company requires a physician in which case the Company will pay for the cost of the statement confirming that the pilot was and, if appropriate, currently is unable to perform his regular duties. When a pilot is required to present a written statement, it will be from an accredited and licensed healthcare professional whose expertise is appropriate to the pilot's condition. A pilot will not be required to advise Scheduling as to the nature of his Sickness, but may be required to so advise his Chief Pilot.

A. The Company has reasonable cause to believe that misuse of Sick Leave by the pilot may have occurred, or

B. The pilot's absence from duty occurred in conjunction with his vacation period or a Holiday as defined in Section 2.

Part 5 - International Operations

A. The Company will provide, at no cost to the pilot, all vaccinations recommended by the CDC (Center for Disease Control) for each region visited while on Company duty.

B. All normal Sick Leave availability and notice rules apply to Sickness incurred in international locations.

C. The Company will provide benefits for insured pilots who are in need of medical services when on duty out of the country and will work to minimize the difficulties involved in both receiving such medical care, and in ensuring prompt payment of insured amounts. Pilots will follow all reasonable instructions/procedures applicable to such situations.

D. The Company will, consistent with a pilot's medical situation, ensure the timely return of a pilot to the United States who becomes injured or ill downline.

E. The parties recognize that certain diseases, such as malaria, diphtheria and hepatitis, are extremely difficult to cure regardless of the quality of care and treatment. Consequently, should a pilot who contracts such a disease experience a subsequent recurrence of such disease, he will be entitled to Sick Leave, OI leave and other benefits, as applicable under this Agreement for each such recurrence.

F. A pilot who becomes ill or injured while at an international location will continue to accrue per-diem until he is returned to the United States.

G. Should the Company elect to open a base in an international location, the parties will meet and agree regarding the proper and effective provision of health care services prior to the opening of the base.

Part 6 - Retiree Bridge Medical

A pilot's Sick Leave Bank will be increased at retirement by Sick Leave hours the pilot used within the ten (10) years prior to the pilot's retirement, in accordance with Section 27, Part 6.A.4, for purposes of eligibility for retiree (and survivor) medical benefits elected in accordance with Section 27, Part 6.A and B.

15 Phys Exams

Section 15 - Physical Examinations

Part 1 - Standards

A. Except as provided in Paragraph C in this Part, each pilot must maintain the classification of Federal Aviation Medical Certificate as the Company requires and may be set forth in the Flight Operations Manual. The medical standards required of a pilot will be the standards established by the Federal Aviation Administration as outlined in Part 67, including its waiver policy.

B. The Company will accept any medical waiver and/or statement of demonstrated ability issued by the Federal Aviation Administration that allows a pilot to hold the required class of Medical Certificate.

C. If a pilot does not or cannot maintain the class of Medical Certificate the Company requires of him in his current Status, he must notify the Base Chief Pilot ("BCP") within twenty-four (24) hours of his knowledge of such event, or prior to reporting for duty, whichever is earlier, via email, fax, phone call, or in person. The pilot will be staffed in a Status that his Medical Certificate permits. The pilot will be staffed as provided in Section 24, Part 5.H. He will be staffed as Surplus Bid Bottom and will earn an hourly rate no greater than that applicable to the BES in which he operates, or that which he is entitled to under his current System Bid award, whichever is less. Such pilot will be eligible for pay protection afforded by Section 24 and LOA 36 of this Agreement only with respect to a Position that his system bid and medical certificate allows him to hold. Such pilot (other than a probationary pilot) will be awarded a Vacancy only in a Status that his seniority and his Medical Certificate permit him to hold. Such pilot will be granted a PLA if requested.

Part 2 - Fitness for Duty

A. 1. A pilot may be required to undergo an examination by a doctor of the Company's choosing (a Company Medical Examiner or "CME") to determine whether the pilot is medically qualified to perform his duties for the following:

   a. If the Company has reasonable cause to question a pilot's ability to perform his duties, or

   b. If a pilot has failed his required FAA Medical Certificate examination, or

   c. If a pilot repeatedly claims he is either physically or mentally unable to perform his duties.

   2. Medical qualifications may include not only physiological conditions, impairments and disorders, but also psychological, cognitive or mental impairments, conditions or disorders.

   3. In the case of a failed FAA Medical Certificate, the CME examination will be by a qualified Aviation Medical Examiner.

4. Notification of such requirement will be in writing from the Vice-President, Flight Operations ("VPFO"), or his designee.

B. The pilot may decline to be examined by the first doctor selected by the Company by notifying the VPFO or his designee within two (2) Business Days of his objection via email, fax, phone or in person, in which case the Company will select another CME.

C. The Continental ALPA Master Executive Council (MEC) Chairman or his designee will be immediately notified by the VPFO or his designee of any decision to send a pilot to such an exam; such notice will include the reason or reasons that the pilot is being sent for the exam.

D. No medical tests will be performed on the pilot prior to a final decision on selection of the CME, except that drug and alcohol testing may be conducted in accordance with this Section.

E. 1. A pilot who has been removed from flight status pursuant to A.1.a above will be continued in Pay Status until the CME's determination, as provided in Paragraph K below, has been provided.

2. A pilot who has failed his required FAA Medical Certificate examination or repeatedly claims he is either physically or mentally unable to perform the duties of his job will not be eligible for continuation of pay, but will be eligible to utilize his accrued sick leave. The pilot will also be entitled to apply for disability benefits under the Long-Term Disability (LTD) Plan upon exhaustion of accrued sick leave, subject to the terms of the Plan, as provided in Section 27, Part 4 of this Agreement.

F. A pilot's failure to fully cooperate in the Fitness for Duty process, whether by action or inaction, as determined by the CME, will result in his removal from Pay Status, which status will not be resumed until the impediment is removed. The non-cooperation of a family member will not be determined by the CME to be a failure of the pilot to cooperate.

G. The Company will make every reasonable effort to schedule such examination at a mutually convenient time and place. However, a pilot who cancels the scheduled examination will be removed from Pay Status unless the Company has agreed to the resulting delay.

H. When required for the CME evaluation, Company Business Positive Space travel and reasonable expenses, which conform to the most current corporate expense policy, which will be provided by the Company.

I. The Company will not require a pilot, evaluated pursuant to this Part, to complete an FAA Form 8500-8 until the entire resolution process provided for in this Section, if invoked by the pilot, has been exhausted and the pilot then claims to be unfit for duty.

J. The Company will not report examination results nor seek to have the CME report such results to the FAA until they become final, as provided in Parts 2 and 3 of this Section.

K. The CME will be directed to complete his determination in an expeditious manner following the completion of all medical testing and examination, and the

determination, including the CME's diagnosis, will be provided to the pilot in writing. All information regarding the pilot's examination results provided by the CME to the Company will also be sent to the pilot via overnight delivery within one (1) Business Day of its receipt by the Company.

L. Should the CME determine that the pilot is not medically qualified to perform the duties required of him, the pilot will thereafter be entitled to use accrued sick leave. The pilot will also be entitled to apply for disability benefits under the Long-Term Disability (LTD) Plan upon exhaustion of accrued sick leave, subject to the terms of the Plan as provided in Section 27, Part 4 of this Agreement.

M. Should the pilot dispute the findings of the CME, he may at his own expense employ the services of a qualified medical examiner ("QME"). A pilot wishing to employ the services of a QME must so notify his BCP within five (5) Business Days of the pilot's being provided receipt of the CME's written determination, as provided in Paragraph K above. If the findings of the QME and the findings of the CME differ regarding the pilot's medical qualifications to perform his duties, the pilot may request a final resolution under Part 3 of this Section.

N. If the CME finds the pilot medically qualified to perform his duties and the pilot contests that finding, he will not be eligible to utilize his accrued sick leave, subject to the resolution of any medical dispute.

O. If the CME exam was required because a pilot has failed his regularly scheduled FAA medical examination, the pilot will be allowed to continue utilization of accrued sick leave.

P. The Company will be bound by the findings of its CME(s).

Part 3 - Medical Dispute Resolution Procedures

A. In the case where a medical dispute exists as described in Part 2 above, a pilot may within ten (10) Business Days after either the QME has submitted findings contrary to those of the CME, or the CME has submitted findings contrary to the QME's, request that the QME and the CME mutually select a third, neutral medical examiner ("NME"), preferably a specialist, to examine him.

1. Prior to the examination by the NME, both the QME and the CME will submit the medical findings of all the doctors who have examined the pilot regarding the medical dispute in question to the NME.

2. After receipt of the medical documentation referred to above, the NME will examine the pilot, referring him to any specialist that the NME may believe appropriate. Thereafter, the NME will make a final and binding determination as to the medical dispute in question.

B. If the pilot has been withheld from Active Service by the Company and is found to be medically qualified to perform his duties, he will be paid, as described in Part 4, Paragraph B below, with restoration to his Sick Leave Account of all sick leave he used from the CME determination until his return to Active Service (see examples below) and he will be reimbursed for any reasonable expenses (those which conform to the most current corporate expense policy) required by the NME examination,

including, for example, meals/lodging/ground transportation, phone calls, postage/ shipping, and faxes. In addition, if the pilot has been withheld from service by the Company and is found to be medically qualified to perform his duties, amounts paid by the LTD Plan resulting from the fitness examination requirement, if any, will be reimbursed to the Plan by the Company.

EXAMPLE 1 - Lineholder:

A Lineholder pilot is sent by the Company for a Fitness for Duty exam and removed from Active Service on January 16th pursuant to Part 2.A.1.a above.

As of January 16th, the pilot's January Total Pay for the month of January is projected to be 77 hours.

January Pay: Pay will be equal to 77 hours with no sick bank used.

February Pay: Pay will be equal to eighty-five hours and thirty minutes (85:30) with no sick bank used. Pilot continues to accrue sick leave.

CME determination that pilot is unfit is received on March 1st.

March Pay: Pay will be equal to eighty-five hours and thirty minutes (85:30) with pilot option to reduce to not less than fifty-five hours (55:00), subject to his sick bank balance. Given that the CME has now determined the pilot unfit, the pilot's sick bank will be debited by the same value. The pilot continues to accrue sick leave.

If the pilot elects to challenge the CME determination pursuant to Part 2, Paragraph M above, and the QME determination as to fitness differs from CME determination:

April Pay: Pay and accruals will be on the same basis as they were in March.

Note: At any time during this process, if the pilot is eligible and applies for LTD benefits, he may be paid under the provisions of that plan, following depletion of his accrued sick bank.

If the pilot elects to continue his challenge pursuant to Part 3, Paragraph A above, and the NME determines the pilot is fit effective May 1st.

May Pay: Pilot's sick bank is restored by the cumulative amount used in March and April. May pay is determined by the pilot's awarded pay and credit value.

Note: An amount equal to the LTD benefit paid to the pilot will be reimbursed to the LTD plan by the Company with the next scheduled Company contribution.

EXAMPLE 2 - Reserve:

A Reserve Pilot on a "B" reserve Line is sent by the Company for a Fitness for Duty exam and removed from Active Service on January 16th pursuant to Part 2.A.1.a above.

As of January 16th, the pilot's January Total Pay for the month of January is projected to be 76 hours (his MPG).

January Pay: Pay will be equal to 76 hours with no sick bank used.

February Pay: Pay will be equal to 76 hours if the pilot holds a "B" reserve Line (72 hours should the pilot bid and be awarded an "A" reserve Line) with no sick bank used. Pilot continues to accrue sick leave.

CME determination that pilot is unfit is received on March 1st.

March Pay: Pay will be equal to 76 hours, subject to his sick bank balance. Given that the CME has now determined the pilot unfit, the pilot's sick bank will be debited by the same value. The pilot continues to accrue sick leave.

If the pilot elects to challenge the CME determination pursuant to Part 2, Paragraph M above, and the QME determination as to fitness differs from CME determination:

April Pay: Pay and accruals will be on the same basis as they were in March.

Note: At any time during this process, if pilot is eligible and applies for LTD benefits, he may be paid under the provisions of that plan, following depletion of his accrued sick bank.

If the pilot elects to continue his challenge pursuant to Part 3, Paragraph A above, and the NME determines the pilot is fit effective May 1st.

May Pay: Pilot's sick bank is restored by the cumulative amount used in March and April. May pay is determined by pay/credit flown and MPG.

Note: An amount equal to the LTD benefit paid to the pilot will be reimbursed to the LTD plan by the Company with the next scheduled Company contribution.

C. If the pilot is found to have been medically unqualified to perform his duties during the period of time in question, then his Sick Leave Account will be reduced by the number of hours the pilot has been paid.

D. The pilot will be responsible for the cost of his QME(s) and the Company will be responsible for the costs of its CME(s). The Company and the pilot will split the cost of the NME.

Part 4 - Physical Exams - General

A. Medical records pertaining to pilots will be maintained in a confidential file separate from other personnel records. Any information obtained by, or as a result of, a Company medical examination administered pursuant to Part 2 or Part 3 will be

strictly confidential and will not be divulged except as needed for the procedures described in Part 2 and Part 3, or for safe operation of the airline, or for the defense of any action brought by the pilot or the Association on behalf of the pilot. In the event a pilot fails to pass a Company medical examination, a detailed report of such examination will be made to responsible Company officials on a "need-to-know" basis.

B. During the process outlined in Part 2 and Part 3 above, pay hours for the first full month, and for any partial month, will be determined by the pilot's master schedule. For subsequent full months, pay will be eighty-five hours and thirty minutes (85:30) for a Lineholder pilot and applicable MPG for a Reserve Pilot with Lineholder and Reserve Pilot option to reduce to fifty-five hours (55:00).

C. If a pilot's vacation is canceled due to a scheduling conflict with an examination by a CME or NME, he will be entitled to the benefits provided by Section 7, Part 5.B.

Part 5 - Alcohol and Drug Testing

Sub-part 1 - Testing Occasions

All pilots will be subject to drug and/or alcohol testing to the extent required by applicable federal regulations, and to no-notice drug and/or alcohol testing as provided herein.

A. Random Testing

1. The Company may conduct random drug and/or alcohol testing of pilots any time just before, during, or just after the performance of safety-sensitive duties. A pilot undergoing drug and/or alcohol testing will not, for the purpose of Federal Aviation Regulations be considered to be at rest, until the testing collection process is completed, and the pilot is released.

2. Following positive verification of identity using photographic identification, pilots selected for random drug and/or alcohol testing will be given a written notice, in duplicate, stating the location where the pilot is to report for the collection process, and advising him that refusal or failure to immediately report without a valid reason, and to provide the required urine and/or breath specimen without a valid medical reason will result in termination of the pilot's employment, subject to Section 19 of this Agreement.

B. Post Accident Testing

1. Post accident drug and/or alcohol testing of pilots will be required when the Senior Vice-president, Flight Operations; the Vice-president, Flight Operations; or the Senior Director, Safety and Regulatory Compliance determines that an event has occurred which constitutes an aircraft "accident" as defined in applicable federal regulations and the pilot's performance contributed to the accident and/or his performance can not be completely discounted as a contributing factor to the accident.

2. Pilots required to submit to post accident testing will do so as soon as possible after the accident. If unusual circumstances result in a delay of the testing, the pilot(s) must remain available for alcohol testing for a period of eight (8) hours

following the accident. Drug testing may be required up to thirty-two (32) hours following the accident. (Normally both drug and alcohol test collection will be required, and will be administered at the same time.)

3. Drug and/or alcohol testing will be accomplished as soon as possible after necessary medical aid has been rendered.

C. Reasonable Cause Drug Testing

When reasonable cause (as defined in applicable federal regulations) exists to believe that a pilot is using drugs prohibited by applicable federal regulations, the Senior Vice-president, Flight Operations, the Vice-president, Flight Operations, or the Senior Director Safety and Regulatory Compliance may require that the pilot submit to drug testing. Reasonable cause must be established by direct observation of two (2) management officials, one (1) of whom may be a management designee, and one (1) of whom must be trained in detecting the indications of drug use. The two (2) officials must substantiate and concur in the decision to recommend that the pilot be tested. Once the determination is made, the testing will be done promptly. Reports and observations must be documented.

D. Reasonable Cause Alcohol Testing

When reasonable cause (as defined in applicable federal regulations) exists to believe that a pilot is using alcohol in a way which is prohibited by applicable federal regulations, the Senior Vice-president Flight Operations, the Vice-president, Flight Operations, or the Senior Director, Safety and Regulatory Compliance may require that the pilot submit to alcohol testing. Reasonable cause must be established by direct observation by a management employee who is trained in detecting the indications of alcohol abuse. Once the determination is made, the testing will be done promptly. The reason for any delay will be documented.

Note: Reasonable cause drug and/or alcohol testing may be conducted in connection with domestic and international operations provided that the procedures and requirements set forth in this Agreement apply.

Sub-part 2 - Drug Testing Procedures

A. Specimen Collection

1. The Company may elect to have collections services performed by a third party agency. Upon request, the Company will meet with the Association to discuss concerns regarding particular third party agencies. If the Association communicates a reasonable concern regarding the validity or integrity of the services of a third party agency, which concern does not relate to an isolated incident, the Company will investigate the concern and report the results of the investigation to the Association. If the concern is determined to be valid and it is not appropriately addressed by the third party agency, the Company will cease using that third party for services.

2. Collection and shipment of urine specimens for drug testing will be in accordance with applicable federal regulations.

3. Urine specimens will be split.

4. If testing of the first half of the specimen yields a confirmed negative result, the Company will order that the second half of the specimen be destroyed.

B. Drug Testing Laboratories

Drug tests will be performed only at laboratories certified by the U.S. Department of Health and Human Services ("DHHS") under the National Laboratory Certification Program.

C. Medical Review Officer

1. The Company will designate the medical review officer (MRO). The MRO will be a licensed medical doctor who has knowledge of substance abuse.

2. The MRO will perform his responsibilities in accordance with applicable federal regulations. The MRO will also review confirmed positive "no notice" tests performed in accordance with Continental's policies.

D. Retesting

1. A pilot who has been notified that his test resulted in a confirmed verified positive finding may request a test of the split portion of the specimen provided he does so within seventy-two (72) hours following such notification. At the pilot's option and expense, the split specimen will be analyzed at a different DHHS certified laboratory of the pilot's choosing. If the test of the split specimen fails to confirm a positive finding for drugs on the DOT's list of prohibited substances or their metabolites, the pilot will be reimbursed for the cost of the split sample analysis.

2. Should the test of the split portion of the specimen be negative, then the test will be cancelled by the MRO.

E. Positive Drug Tests

1. After receiving a confirmed positive, but before verifying that result, the MRO will make all reasonable attempts to contact the pilot (including, if necessary, requesting that the Vice-President, Flight Operations direct the pilot to contact the MRO) to discuss the test result.

2. Following the discussion with the pilot and any other appropriate inquiry, the MRO will determine whether to verify the test result.

3. In the event that the MRO verifies the confirmed positive result, he will in addition to any other duties, refer the matter to Continental's Employee Assistance Program Director, who will notify the Vice-President, Flight Operations.

Sub-part 3 - Alcohol Testing

Testing for alcohol will be conducted in accordance with applicable federal regulations by appropriately certified personnel. The Company will not be obligated to preserve breath specimens for retesting. A pilot who has been informed that he has tested positive for alcohol

at a concentration of 0.02 or higher may request that a blood alcohol test be administered. Such testing must be administered as soon after the breath test as is reasonably possible.

Sub-part 4 - Consequences of a Verified Confirmed Positive Drug Test

A. Inadvertent Ingestion

1. Inadvertent and unknowing ingestion of any drug of abuse (or its metabolite) will not be grounds for discipline.

2. The burden of proving inadvertent and/or unknowing ingestion rests upon the pilot.

B. Illicit Drugs

Except as described in Paragraph A above, on his first such occasion, a pilot who has a verified confirmed positive drug test, will be given the following options:

1. Voluntary resignation without eligibility for rehire.

2. Termination for cause. However, a pilot exercising this option who has not performed duties on an aircraft or signed a release to operate an aircraft while impaired by drugs on the DOT's list of prohibited substances will be conditionally reinstated subject to the following terms and conditions:

   a. The pilot must submit to initial evaluation by Continental's EAP Director or the Director's designee. (Eligibility for conditional reinstatement will not be contingent upon a diagnosis of chemical dependency.)

   b. If one is recommended, the pilot must successfully complete the course of rehabilitation recommended by Continental's EAP, including all continuing terms and conditions attached to such course of rehabilitation. The rehabilitation will be directed and facilitated by Continental's EAP, but will be funded entirely by the pilot, except that he will not be precluded from using any insurance benefits to which he is otherwise entitled, including health insurance.

   c. The pilot must execute and deliver to the EAP Director an undated letter of resignation to be used to terminate the pilot's employment should he fail to satisfy any of the terms of this Paragraph B or of the rehabilitation directed by EAP.

   d. During the remainder of his career with Continental, should the pilot subsequently have a drug test that results in a confirmed verified positive finding for a substance or metabolite thereof on the standard panel of ten (10) prohibited substances or for the pilot's prohibited "drug(s) of choice", or have a breath alcohol test which indicates an alcohol concentration greater than 0.02, the undated letter of resignation will be accepted by the Company, and his employment severed.

e. The pilot will commit in writing to remain drug free for the remainder of his career at Continental and will agree in writing to be subject to "no notice" drug testing at the direction of the Company as frequently as the Company may decide for a period of five (5) years from the completion of the formal rehabilitation program. (Following the five [5] year period during which the pilot will be subject to no notice testing, he will be obligated only to submit to such further testing as may be required by applicable federal regulations or this Agreement.)

f. If the pilot fails to comply with the provisions of the conditional reinstatement, termination will result. If the Company terminates the pilot, the only matter that may be grieved is whether or not the pilot has violated the provisions of the conditional reinstatement.

g. Once the Company agrees to allow a pilot to pursue rehabilitation and conditional reinstatement, the opportunity for rehabilitation and conditional reinstatement will not be withdrawn so long as the pilot continues to comply with the requirements of his rehabilitation program.

h. A pilot who is offered conditional reinstatement will be solely responsible for ensuring that he is fully licensed and certified to perform the duties of a commercial pilot.

Sub-part 5 - Consequences of a Positive Alcohol Test

A. When a pilot's breath alcohol test indicates an alcohol concentration between 0.02 and 0.039, he will be retested no sooner than fifteen (15) minutes from the administration of the initial test. If the second test also indicates an alcohol concentration between 0.02 and 0.039, the pilot will not be permitted to resume flight duties until either eight (8) hours have elapsed since the original test, or his breath alcohol test indicates an alcohol concentration of less than 0.02. If the second test indicates an alcohol concentration below 0.02, the test will be considered negative, and the pilot will be permitted to resume flight duties.

B. A pilot whose breath alcohol test indicates an alcohol concentration between 0.02 and 0.039 will be required to submit to an evaluation by Continental's EAP Director or the Director's designee, and if one is recommended, to successfully complete the course of rehabilitation recommended by Continental's EAP Director.

C. A pilot whose breath alcohol test indicates an alcohol concentration between 0.02 and 0.039 twice within eighteen (18) months will, on the second such occasion, be subject to the provisions of Sub-part 5, Paragraphs D.1 and 2 below, except that if he is eligible for and selects option 2 (termination for cause), he will be conditionally reinstated subject to the terms and conditions as stated therein.

D. On his first such occasion, a pilot whose breath alcohol test indicates an alcohol concentration of 0.04 or greater, will be given the following options:

1. Voluntary resignation without eligibility for rehire.

2. Termination for cause. However, a pilot exercising this option who has not performed duties on an aircraft or signed a release to operate an aircraft while impaired by alcohol may be conditionally reinstated subject to the following terms and conditions:

   a. The pilot must submit to initial evaluation by Continental's EAP Director or the Director's designee. (Eligibility for conditional reinstatement will not be contingent upon a diagnosis of alcoholism.)

   b. If one is recommended, the pilot must successfully complete the course of rehabilitation recommended by Continental's EAP, including all continuing terms and conditions attached to such course of rehabilitation. The rehabilitation will be directed and facilitated by Continental's EAP, but will be funded entirely by the pilot, except that he will not be precluded from using any insurance benefits to which he is otherwise entitled, including health insurance.

   c. The pilot must execute and deliver to the EAP Director an undated letter of resignation to be used to terminate the pilot's employment should he fail to satisfy any of the terms of this Paragraph or of the rehabilitation directed by EAP.

   d. During the remainder of his career with Continental, should the pilot subsequently have a breath alcohol test which indicates an alcohol concentration greater than 0.02, or a confirmed verified positive drug test, for a substance or metabolite thereof on the standard panel of ten (10) prohibited substances or for the pilot's prohibited "drug(s) of choice," the undated letter of resignation will be accepted by the Company, and his employment severed.

   e. The pilot will agree in writing to be subject to "no notice" alcohol/drug testing at the direction of the Company as frequently as the Company may decide until he is released from monitoring. (Following the period during which the pilot will be subject to no notice testing, he will be obligated only to submit to such further testing as may be required by applicable federal regulations or this Agreement.)

   f. If the pilot fails to comply with the provisions of the conditional reinstatement, termination will result. If the Company terminates the pilot, the only matter that may be grieved is whether or not the pilot has violated the provisions of the conditional reinstatement.

   g. A pilot who is offered conditional reinstatement will be solely responsible for ensuring that he is fully licensed and certified to perform the duties of a commercial pilot.

Sub-part 6 - No Notice Testing

A. No notice testing is drug and/or alcohol testing administered by the Company in aid of rehabilitation as described elsewhere in this Part. Pilots will be subject to no notice testing under each of the following circumstances:

1. The pilot has submitted to a rehabilitation program requiring no notice testing.
2. A System Board of Adjustment has directed no notice testing.
3. The pilot has had a previous verified confirmed positive drug test result, a breath alcohol test indicating an alcohol concentration of 0.04 or greater, or two breath alcohol tests indicating an alcohol concentration between 0.02 and 0.039 within eighteen (18) months.

B. During the period a pilot is subject to no notice testing, the Company may require no notice drug and/or alcohol testing as frequently as it deems necessary or advisable.

C. No notice testing may be conducted just before, during, or just after the performance of safety-sensitive duties, may be accomplished at any open (business hours) Hub facility location, and may include testing for a substance or metabolite thereof on the standard panel of ten (10) prohibited substances or for the pilot's prohibited "drug(s) of choice."

Sub-part 7 - Voluntary Rehabilitation

A pilot who has not had a verified confirmed positive drug test result or a breath alcohol test indicating an alcohol concentration of 0.04 or greater, or two (2) breath alcohol tests within eighteen (18) months indicating an alcohol concentration of 0.02 to 0.039, may enter voluntarily into any FAA approved drug and/or alcohol rehabilitation program, including any such program recommended by Continental's EAP. A pilot who has voluntarily entered into a rehabilitation program pursuant to this Part will be entitled to use any accumulated sick leave to the extent needed to complete the rehabilitation program. Upon completion of the formal rehabilitation program and appropriate certification by the FAA, the pilot will assume the bid position to which he is otherwise entitled by the terms of this Agreement.

Sub-part 8 - Refusal or Failure to Cooperate

A. A pilot who refuses or fails to cooperate in any drug or alcohol test as mandated by applicable federal regulations or by this Agreement, or in any rehabilitation related testing by refusing to provide a breath or urine specimen, or a breath or urine specimen of sufficient quantity, will be withheld from service without pay pending investigation. If the investigation of the refusal or failure to cooperate fails to find a valid medical reason for the pilot's refusal or failure to cooperate, or, in the case of an insufficient specimen, if a medical evaluation determines that there was no genuine inability to provide the required specimen, he will be terminated.

B. A pilot who refuses or fails to cooperate in any drug or alcohol test as mandated by applicable federal regulations or by this Agreement, or who misses a no-notice test without a valid reason will, upon request, have his circumstances reviewed by the Company. The Company will consider such mitigating circumstances as the pilot may offer, and give those circumstances fair consideration.

C. If, in either case, the Company determines that a valid reason exists, the pilot will be paid in accordance with Section 4, Part 2 for Trips missed during the period he was withheld pending investigation.

D. The Company's decision not to terminate the employment of a pilot who refuses or fails to cooperate in any drug or alcohol test as mandated by applicable federal regulations or by this Agreement, or who misses a no-notice test, will not thereafter be admissible as evidence of disparate treatment or past practice, or in any other way be considered as inhibiting the Company from declining to consider similar facts and circumstances in any other case.

Sub-part 9 - General

A. Consistent with applicable federal regulations and Sub-part 1, Paragraph B.2, above, a pilot will be permitted to notify the Association regarding any matter concerning this Section as soon as possible.

B. Except for no notice testing, any drug or alcohol testing will be limited to that required by applicable federal regulations, and will be performed in accordance with such regulations.

C. In the event that the pilot requests, or applicable federal regulations require, that a blood test be accomplished, the drawing of the blood will only be done by a trained, qualified, medical professional, and only in a clinical setting. The Company will not require blood testing in the no-notice testing program.

D. Nothing in this Section will be construed to require the Company to utilize or compensate a pilot who is not fully licensed and certified to perform revenue flying for the Company.

E. It is the parties intent that this Section be and remain in full compliance with all applicable federal laws and regulations. In the event that any portion of this Section is found not to be in compliance with such laws and regulations, or if later amendments to existing laws and regulations or new laws and regulations are adopted which are not consistent with the provisions of this Section, the parties will meet and confer regarding changes necessary to bring the Section into compliance.

Sub-part 10 - Recovery Programs

A. Monitoring & EAP services will be made available in all domestic crew bases. GUM will be added if approved medical facilities are made available.

B. The Company will conduct a formal review of the recovery program(s) available to pilots through the Company's sponsorship. The parties will meet and agree at least annually regarding the program(s) operation, effectiveness, and problems. When the parties have agreed upon the administration and changes, if any, for the program(s) for the ensuing year, the Company will commit to continuing its participation and sponsorship of such program(s) under the agreed terms for the following year.

16 OJI

Section 16 - Workers' Compensation

A. All OI banks will be frozen on April 1, 2005, for purposes of accrual. OI banks will not be established for pilots hired after February 28, 2005.

B. A pilot will have two (2) options for use of his OI bank:

1. Use his OI hours as described in Paragraphs C and D below for an employment related illness or injury.

2. At retirement, an eligible pilot may use his OI hours to offset the cost of retiree medical insurance as described in Section 14, Part 6 and Section 27, Part 6.

C. 1. A Lineholder who is unable to perform some of his scheduled flying during a month due to an occupational injury may elect to use his OI bank to protect his Projected Total Pay for the month up to the Line construction cap established for his Base, Equipment and Status.

2. If the Lineholder is unable to perform any flying for the month as a result of the injury, he may elect to use his OI bank to protect his Projected Total Pay to a maximum of eighty-five hours and thirty minutes (85:30).

3. A Lineholder with no Projected Total Pay in a month due to his occupational injury may elect to use his OI bank to be paid a maximum of eighty-five hours and thirty minutes (85:30).

D. A Reserve Pilot who is unable to perform flying during a month due to an occupational injury may elect to use his OI bank to protect his Projected Total Pay for the month up to the reserve guarantee established for his reserve status.

1. If the Reserve Pilot is unable to perform any flying for the month as a result of the injury, he may elect to use his OI bank to protect his Projected Total Pay to a maximum of his reserve guarantee.

2. A Reserve Pilot with no Projected Total Pay in a month due to his occupational injury may elect to use his OI bank to be paid a maximum of his reserve guarantee.

E. A pilot may elect to use his accrued sick leave bank to supplement his OI bank payments up to the amounts described in Paragraphs C and D.

F. If a pilot does not elect to use and/or exhaust his OI bank, or has no OI bank, he may use his accrued sick leave bank to provide compensation for his occupational injury in the manner described above for his OI bank.

G. A pilot may not use his OI bank for an illness or injury which is not employment related.

H. A pilot electing to utilize his OI bank as provided in Paragraph C.1 above may, at his option, use any amount of hours below the maximum available to him on a monthly basis.

I. A pilot will not pay over to the Company any Worker's Compensation weekly benefits paid to him under applicable federal and state laws. The pilot's sick bank and/or pay hours for the bid period will be reduced by the amounts he has received in Worker's Compensation benefits within sixty (60) days of the Company receiving notice of payment from the insurance carrier. Amounts paid to the pilot under federal and state laws are considered offsets to pay and not additions to Company payments.

Dollar Example:

Example of OI / Sick Leave offset of payments received from State for OI ($)		
January	Pay Value for service completed (Jan)	$8,000
	Value of time missed for OI (Jan) - paid from SL or OI	$2,000
	Total value to be paid by Company (February check)	$10,000
February	16th of the month check value (Jan)	$10,000
	Pilot receives State OI payment (Jan) - after pay close	$2,000
	Total value paid to pilot (Company pay + State OI)	$12,000
	Pay Value for service completed (Feb)	$10,000
	Minus offset from State paid OI payment	$ (2,000)
	Total value to be paid by Company (March check)	$8,000
March	16th of the month check value (Feb)	$8,000
	Value paid to pilot for two (2) months	$20,000
	Value due to pilot for two (2) months	$20,000

Hour Example:

Example of OI / Sick Leave offset of payments received from State for OI (Hours)		
January	Pilot Line Value for JAN (Hours)	80
	Value of time missed for OI (Jan) - paid from SL or OI	20
	Total value to be paid by Company (February check)	80
February	Pilot pay hours paid by Company (16th)	80
	Pilot receives State OI payment (Jan) - after pay close	20
	Total value paid to pilot (Company pay + State OI)	100
	Pilot Line Value for Feb (Hours)	76
	Minus offset from State paid OI payment	20
	Total value to be paid by Company (March check)	56
March	16th of the month check value (Feb)	56
	Value paid to pilot for two (2) months	156
	Value due to pilot for two (2) months	156

J. A pilot who incurs an employment related illness or injury while engaged in the Company's operations outside the United States and its Territories may use his OI bank if he so elects. Such pilot will be entitled to receive Workers' Compensation benefits as provided in the state of his employment.

K. Should the Company decide to challenge either the right to receive Workers' Compensation or the amount thereof, the decision of the applicable Workers' Compensation Board on such issues, including any appeal therefrom, will be binding on all parties under this Agreement.

Section 17 - Missing, Internment, Hostage, or Prisoner of War Benefits

Part 1 - Definition

"In the service of" means acting in the interests of Continental Airlines, to include time at the layover hotel, transport to and from the layover hotel, and time spent engaging in normal and reasonable activities while on layovers.

Part 2 - Compensation and Benefits

A. Pilots, while in the service of the Company, who become or are reported to be interned, missing or a prisoner or hostage, other than as a result of their own intentional actions, within or without the boundaries of the United States, whether as a result of war, armed hostilities, rebellion, insurrection, hijacking, terrorist act or action of a foreign government, or for any reason materially related to the performance of their required flight or ground duties will, during the period held or missing, be deemed to be in Active Service for all purposes and accruals, including but not limited to seniority, longevity, sick leave, vacation, pension and all other benefit accruals. If, after release, the pilot is medically disabled from returning to flight duty, he will be eligible to use his accrued sick leave, OJI, and disability benefits if he has elected to be in the disability plan. A pilot falling under the provisions of this Section will be entitled to the following benefits, if otherwise entitled to such benefits prior to the period interned or missing, commencing with the time that the pilot fails to report or is otherwise unable to report for duty, until he returns to his home of record:

1. Monthly compensation will be paid at the hourly rate the pilot was last paid prior to the period interned or missing multiplied by the Line construction cap.
2. All applicable benefits, including:
    - Life Insurance
    - Health Insurance (Medical, Dental, Vision)
    - Accident Insurance
    - Disability
    - 401(k) Company Match
3. All Retirement Fund accruals and contributions normally made by either the pilot or the Company on his behalf;
4. Continuation of coverage of all insurance and travel benefits for dependents of said pilot; and,
5. Full accrual of vacation and sick leave credit.

NOTE: Compensation paid under this Section is to be considered pensionable earnings

B. If there is no evidence to indicate that the pilot should be covered by this Section (including the involuntary nature of the disappearance), compensation and benefit payments will terminate after sixty (60) days. If the evidence is inconclusive or

contested, compensation and benefit payments will continue subject to the Company's ability to challenge the payment pursuant to Part 3 of this Section. In cases where payments have been terminated, if later evidence indicates that the pilot does qualify for benefits under this Section, the pilot will be paid retroactively commencing with the date benefits were terminated.

C. In the event that the Association has concerns regarding the security of pilots in foreign locations, the parties will promptly meet and confer regarding appropriate security measures to be taken in light of the risk reasonably expected to be incurred. Any security measures reasonably required will be promptly implemented.

D. If death is established, or if there is a legal presumption of death, death and survivor benefits will be paid. Any dispute arising as to the establishment of death or a legal presumption of death will be handled pursuant to Part 3 of this Section.

E. If the parties are unable to confirm whether a pilot who is interned or unlawfully detained is alive or dead, compensation and other benefits will continue to be paid by the Company to the beneficiaries (or trust account) indicated in the pilot's letter of instruction to the Company for a period of twenty-four (24) months after such pilot was last known to be alive. At the end of that twenty-four (24) month period, if the pilot's status is still unconfirmed, death and survivor benefits will be paid.

F. The spouse, or beneficiary if different than the spouse, of a pilot receiving benefits pursuant to this Section will have the rights and privileges of the pilot Plan participant in regards to the Continental Airlines, Inc. 401(k) Savings Plan. These rights and privileges will include the right to change the contribution amount, direct investments, and initiate Plan loans. Entitlement to these rights and privileges will be subject to the spouse or beneficiary providing a court order or power of attorney acceptable to the Plan Administrator designating the individual to act on behalf of the pilot participant.

G. If the pilot is being involuntarily held or is missing during the annual enrollment period for health and welfare plans the spouse may make the annual elections on his behalf. In the absence of a spousal election, the benefit plan default selection criteria will be utilized in determining the elections for the next year.

H. Changes made by a spouse to eliminate coverage under health and welfare plans will not disqualify the pilot from resuming such coverage upon his return.

I. It will be considered a "qualified lifestyle change" as that term is defined in the Company's benefit plans, when the spouse moves or the pilot returns.

J. Each pilot will be requested to provide the written direction which appears at the end of this Section. Where no such written direction has been provided all monies provided for herein will be held in an interest bearing trust account.

Part 3 - Expedited Resolution of Disputes

The parties agree to arbitrate any dispute filed by the Company or the Association alleging a violation of this Section 17 or challenging a pilot's eligibility for benefits provided under the terms of this Section, 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 Section 21 of this Agreement. The dispute will be heard no later than thirty (30) days following submission to the System Board (subject to availability of the arbitrator but in no case later than sixty [60] days following submission), and will be decided no later than ten (10) days following completion of the hearing, unless the parties agree otherwise in writing.

To Continental Airlines, Inc.:

"You are hereby directed to pay all monthly compensation allowable to me and any other benefits due under the provisions of this Agreement while interned, missing or a prisoner or hostage or resulting from death or any other condition which causes direct payment to be impossible as follows:

_____% of my monthly pay to _____(Name)
_____(Address) as long as living,
thereafter to _____(Name)
_____(Address) as long as living."

"_____% of my monthly pay to _____(Name)
_____(Address) as long as living,
thereafter to _____(Name)
_____(Address) as long as living."

"_____% of my monthly pay to _____(Name)
_____(Address) as long as living,
thereafter to _____(Name)
_____(Address) as long as living."

"The balance, if any, and any amounts accrued after the death of all persons named in the above designations will be held for me, or in the event of my death before receipt thereof, will be paid to the legal representative of my estate."

"The foregoing direction may be modified from time to time or canceled by letter signed by the undersigned, and any such modification will become effective upon receipt of such letter by you."

"Payments made by the Company pursuant to this direction and in accordance with Section 17 of this Agreement will fully release the Company from the obligation of making any further payments with respect thereto."

_____ _____
(Date) (Pilot's signature)

Section 18 - Pilots' Stock Options

Part 1 - Definitions

1. Base Plan - "Base Plan" means the Company's Broad Based Grant of Stock Options Plan.

2. Option - "Option means an option to purchase one share of the Company's Common Stock under a Plan as set forth in this Section 18.

3. Participant - "Participant" means a person who is granted one or more options under the allocation specified in Part 5 below.

4. Supplemental Pilot Stock Option Plan (SPS Plan) - "Supplemental Pilot Stock Option Plan" means the Company's stock option plan dedicated to pilots that is in addition to, and not offset by or against, any entitlement in, or distribution from, the Base Plan.

Part 2 - Eligibility to be a Participant

All persons, including Pilots and Flight Instructors, whose names appear on the Continental Airlines Pilots System Seniority List on April 1, 2005 are eligible for a grant of one or more options under the Base Plan and SPS Plan to the extent of the allocation by the Association under Part 5 below, except for a person who is included in a profit sharing plan for members of Company management or who receives one or more Continental Airlines, Inc. stock option awards pursuant to any Continental Airlines Company compensation plan for members of Continental Company management.

Part 3 - Number of Options

A. On the Grant Date, the Company will grant to the Participants options to purchase the Company's common stock as follows:

   1. Two million five hundred thousand (2,500,000) shares under the Base Plan.

   2. Two million five hundred thousand (2,500,000) shares under the SPS Plan, plus the number determined under Paragraph B.

B. The number of shares subject to options to be granted under the SPS Plan will be grossed up by a maximum of eight hundred thirty thousand (830,000) additional shares to account for expected forfeitures in the Base and SPS Plans. The number of shares subject to options to be granted under this Paragraph B will be calculated and determined by the Company and Association promptly following the determination of the allocation of options under Part 5 below.

Part 4 - Grant Date and Exercise Price

A. The Grant Date of options under the Base Plan and SPS Plan will be the day the ratification of this Agreement is publicly announced.

B. The Exercise (Strike) Price of the options will be the price of the Company's common stock on the close of the trading day on the New York Stock Exchange on the Grant Date.

Part 5 - Allocation

The allocation of the options will be determined by the Association, subject to the approval of the Plan Administrator (which approval will not be unreasonably withheld), and in compliance with applicable law.

Part 6 - Vesting and Forfeitures

A. The options granted under the Base Plan and the SPS Plan will vest in accordance with the following schedule and the ratable vesting formula in Paragraph B:

1. One-third (1/3) on the first anniversary of the Grant Date;
2. One-third (1/3) on the second anniversary of the Grant Date; and
3. One-third (1/3) on the third anniversary of the Grant Date.

B. Ratable Vesting

1. A participant who retires, resigns, is terminated in a sustained termination, or dies between the Grant Date and the first vesting date or between vesting dates will vest (at the next vesting date) in a ratable portion of his options that would have vested on the next vesting date, determined by the number of full months between either the previous Grant Date and the first vesting date or the previous vesting date and the next vesting date as applicable and the date of his termination, retirement, or death (inclusive of such final month), divided by twelve (12).
2. A participant's ratable portion of options as specified under this Paragraph B will vest on the first anniversary of the Grant Date if the participant's ratable portion is determined with respect to the period between the Grant Date and the first anniversary of the Grant Date. A participant's ratable portion of options specified under this Paragraph B will vest on the second anniversary of the Grant Date if the participant's ratable portion is determined with respect to the period between the first and second anniversaries of the Grant Date. A participant's ratable portion of options specified under this Paragraph B will vest on the third anniversary of the Grant Date if the participant's ratable portion is determined with respect to the period between the second and third anniversaries of the Grant Date.

C. A participant's options that do not vest under either Paragraph A or Paragraph B will be forfeited.

Part 7 - Exercisability and Expiration

A. Vested options may be exercised from and after their respective vesting date until they expire effective on the sixth (6th) anniversary of the Grant Date if granted under the Base Plan and effective on the eighth (8th) anniversary of the Grant Date if granted under the SPS Plan.

B. Vested options will not be forfeited and are exercisable from and after the vesting date until their date of expiration under Paragraph A, whether or not the holder is employed by the Company or a Subsidiary of the Company.

C. Unvested options terminate upon retirement, resignation, sustained termination, or death, except for ratably vested options as set forth in Part 6, Paragraph B, above.

Part 8 - Transferability

Options are nontransferable except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order, or with the consent of the Plan Administrator of Base Plan or SPS Plan as applicable.

19 Discipline

Section 19 - Discipline and Discharge

Part 1 - Definitions

1. "Notice" means sent by certified mail, return receipt requested, express delivery, or hand delivery. Fax or e-mail may be used as back-up. Application of any time limits will commence on the earlier of when the notice is actually received or two (2) Business Days following the sending by certified mail either to a local address (from the place sent - e.g., Guam to a Micronesian address, Honolulu to an address within the Hawaiian Islands, Anchorage to an address within the state of Alaska) or from one point within the 48 contiguous United States to an address within the 48 contiguous United States, eight (8) Business Days following any other certified mailing posting, one (1) day after sending by overnight express, and immediately if hand delivered.

2. "Company Business Positive Space" will mean positive space on-line passes with all service charges and fees waived.

Part 2 - Notice and Hearing

A. A pilot will not be disciplined or discharged without just cause and without previously being afforded a hearing before his Base Chief Pilot, or Assistant Chief Pilot if the Base Chief Pilot is unavailable, provided that the pilot has made himself reasonably available for the hearing.

   1. The pilot, Association Representative, and the Association will receive written notice of the hearing adequate to allow the pilot to obtain a duly accredited Association representative(s). The notice will include the hearing date, time, place, and the nature of the subject matter to be discussed. The notice must specifically reference that discipline may be assessed and that the pilot is entitled to an Association representative at the hearing as provided in Part 4 below.

   2. The pilot will have the right to be accompanied to the hearing by a duly accredited Association representative. In no case will any hearing be held without Association representation if such representation is requested.

   3. Fact-finding investigations will be conducted in a confidential manner. Information provided by the pilot whose actions are being investigated will not be provided to civil authorities unless required pursuant to a subpoena or other operation of law.

   4. In cases where there is or is likely to be a concurrent criminal investigation, the Company will consider, on a case-by-case basis, whether to delay the convening of a fact-finding hearing until the conclusion of the criminal investigation. Such a delay will be without prejudice to the Company's right or ability to take subsequent action should it conclude that it is appropriate to do so.

B. Should the Company determine to discipline or discharge the pilot, the Company will furnish him with a written statement of the precise charge(s) against him, with a copy to the Association's Representation Department.

C. Nothing herein will prevent the Company from holding a pilot out of Active Service in Pay Status prior to his receiving notification pursuant to Paragraph A.1 of this Part. A pilot will not be held out of Active Service and Pay Status for a period more than ten (10) days after the effective date of the Notice while a Company investigation is pending, except in exceptional circumstances, such as when a pilot is the subject of a criminal investigation, or where a critical witness is unavailable to provide relevant information. However, in no case will a pilot be held out of Active Service and Pay Status for more than thirty (30) days while a Company investigation is pending if the pilot is otherwise available for Active Service.

Part 3 - Discipline and Discharge Grievance Process

A. A grievance challenging an action of discipline or discharge will be in writing, signed by the affected pilot, and must be submitted to the Vice President - Flight Operations within fifteen (15) Calendar Days after the pilot is notified of the Company's action under Part 2.B above.

B. An investigation and hearing will be held by the Vice President - Flight Operations or his pilot designee, where practicable, within twenty-one (21) Calendar Days after receipt of the Association's written appeal.

C. Within fifteen (15) Calendar Days after the close of such investigation and hearing, a written decision will be issued and sent by certified mail to the grievant. A copy will also be provided to the Association's Representation Department.

D. Further appeal of the matter may be filed by the Association to the Continental Airlines, Inc. Pilots' System Board of Adjustment as provided for in Section 21 of this Agreement by submission to the Board within thirty (30) Calendar Days after the Association's receipt of the Company's decision.

Part 4 - General

A. The pilot will be entitled to have an Association representative present at any step of the grievance procedure and at any other such time a pilot is requested to meet with a member of management where there exists the potential that such meeting may result in disciplinary action being taken against the pilot.

B. Any time limits prescribed in this Section may be waived by mutual consent of the Company, on the one hand, and the grievant or the Association, on the other. In the absence of such agreement, the failure of a pilot to grieve, or to appeal any grievance decision by the Company within the prescribed time limits, or to make himself and any desired representative available for a properly scheduled hearing will cause the action or decision of the Company challenged in the grievance to become final and binding. If any hearing or decision required of the Company under the provisions of this Part is not provided within the time limits prescribed herein, or any extension mutually agreed upon, the pilot may consider the grievance denied and appeal it to the next step in the grievance procedure as specified in this Section.

C. Nothing in this Agreement will be construed to extend the right to arbitrate a grievance concerning his discipline or discharge to a probationary pilot, or to require that such discipline or discharge be based on just cause. However, a probationary pilot will have the right to submit any other grievance. Upon request from the Association, the Company will provide access for the Association's Training Liaison or base representative to any probationary report kept on file as well as a list of pilots on probation.

D. If, as the result of any hearing or appeal as provided herein and in Section 21, the grievant is reinstated and made whole or if the grievant is exonerated by the Company or System Board of Adjustment, he will, if he has been withheld from Active Service and Pay Status, be reinstated without loss of seniority and will be paid for such time lost in an amount which would have ordinarily been earned had such pilot been continued in Active Service and Pay Status during such period. The personnel record will also be cleared of any and all charges related to the matter, to the extent allowed by law. Monetary awards, including interest, must be calculated by the Board upon proof of actual damages by the grievant. In making this calculation, the Board must take into account any pay, benefits, or other actual monetary amounts earned or received by the grievant that mitigate such actual damages. The Company has the right to demand proof of mitigation from the grievant. The Board's jurisdiction to award damages is strictly limited to actual compensatory damages, including interest, and it does not include jurisdiction or authority to award damages in the nature of a penalty; i.e., punitive damages. The Board will have the authority, however, to order a party to comply with any provision(s) of this Agreement as necessary to remedy or correct violations, or to require specific performance of a provision of this Agreement.

E. The periods of time for hearings, decisions, and appeals established in this Section will be considered as maximum periods and when hearings, decisions, and appeals can be handled in a period of less than the maximum time stipulated, every effort will be made so as to expedite such cases.

F. Copies of all notices and decisions will be mailed to the grievant, and the Association's Representation Department.

G. Personnel File

1. A pilot will be permitted to inspect his personnel file and make copies, at his own expense, of any reports contained in such file by making an appointment with his Base Chief Pilot, with reasonable notice, during regular business hours. The term "personnel file" is meant to include all files kept on a pilot that relate principally to the pilot and not a file that merely contains a reference to the pilot's name. For example, personnel files include the P-10 personnel file, P-11 medical file, and the P-12 Pilot Records and Improvement Act (PRIA) file.

2. The Company will not place any negative report, or any other material of an unfavorable nature, in a pilot's personnel file without providing a copy to the pilot. A pilot will be allowed to place in his personnel file his own statement on the incident or report. The pilot will initial the material being placed in his file.

3. A pilot who has not had a documented incident of discipline during an eighteen (18) month period will not have previous matters of discipline, complaint letters, and discussion records used in assessing future discipline or making performance evaluations.

4. A pilot who has not had a documented incident of discipline during an eighteen (18) month period may require, to the extent permitted by law, that all previous letters of discipline, complaint letters, and discussion records, be removed from his personnel file(s).

5. Upon a pilot's request, PRIA materials will be removed at the earliest date permitted by law.

6. Except as provided in Paragraph 5 above, nothing in this Paragraph will apply to training or proficiency records.

H. The Company will provide Company Business Positive Space travel for Grievants and witnesses/ALPA representatives who are employees from their home of record to the place of hearing and return for hearings held pursuant to Part 2 above.

I. When a pilot receives a Missed Trip, his Chief Pilot or Assistant Chief Pilot will promptly (within five [5] Business Days) investigate the circumstances surrounding the event. If the Chief Pilot concludes that the Missed Trip was incorrectly assessed, he will ensure that the pilot's pay is not incorrectly docked, including, when necessary to avoid delay in payment, issuing a special check for any shortage.

J. The Company will not implement or apply any new disciplinary policy without promptly advising the Association. The Company will provide copies of written policies applicable to pilots at the time such policies are issued. This does not apply to internal management directives regarding the application of such policies and/or general management instructions and directives. Electronic availability is sufficient to satisfy the obligation to "provide copies," either by email or by posting on an accessible website.

K. No stenographic report or other form of recording(s) is/are permitted with regard to any hearing conducted pursuant to this section unless the parties mutually agree otherwise.

20 Grievance

Section 20 - Non-Disciplinary Grievances

Part 1 - Definitions

1. "Company Business Positive Space" will mean positive space on-line passes with all service charges and fees waived.

Part 2 - Settlement of Disputes

A. Any pilot, or group of pilots, covered by this Agreement who have a grievance concerning any action of the Company affecting them which has not been settled or resolved in conference with a Company official(s), will use the dispute resolution procedures established herein.

B. Non-Disciplinary Individual Grievances

1. A pilot may file a grievance concerning any action of the Company affecting him. Prior to filing such a grievance, the pilot should discuss the matter with his supervisor in an effort to resolve the matter.

2. Grievances concerning matters other than discipline or discharge, will be in writing, signed by the affected pilot, and will state in reasonable detail the facts upon which the claim is based and the relief sought. The grievance must be submitted to the grievant's Base Chief Pilot within ninety (90) Calendar Days (for administrative or bookkeeping errors, the greater of one hundred eighty [180] days from the event giving rise to the grievance or ninety [90] days from reasonable first knowledge) from the time the pilot knew, or reasonably should have known, of the event(s) giving rise to the grievance, whichever is earlier.

3. An investigation and hearing will be held by the pilot's Base Chief Pilot, or his pilot designee, where practicable, within fifteen (15) Calendar Days after receipt of the pilot's written grievance. Within fifteen (15) Calendar Days after the close of such investigation and hearing, the Company will announce its decision, in writing, by certified mail to the grievant. A copy will also be provided to the Association's Representation Department.

4. If mutually agreed between the Chief Pilot or his designee and the Grievant, hearings may occur immediately before or after a pilot's Trip. In addition, upon such agreement, hearings may be conducted via telephone conference call.

5. If the decision issued by the Base Chief Pilot is adverse to the pilot, the pilot may appeal the matter in writing to the Vice President-Flight Operations. An investigation and hearing will be held by the Vice President - Flight Operations or his pilot designee, where practicable, within twenty-one (21) Calendar Days after receipt of the pilot's appeal. Within fifteen (15) Calendar Days after the close of such investigation and hearing, a written decision will be issued and sent by certified mail to the pilot. A copy will also be provided to the Association's Representation Department. If the decision by the Vice

President - Flight Operations remains adverse to the pilot, the Association may appeal the decision to the Continental Airlines, Inc. Pilots' System Board of Adjustment by proper submission to the Board as provided for in Section 21 of this Agreement, within thirty (30) days after the Association's receipt of that decision.

6. The Company will provide Company Business Positive Space travel for Grievants and witnesses/ALPA representatives who are employees from their home of record to the place of the hearing and return for hearings held pursuant to Part 2.B.5 above.

C. Group/MEC Grievances

1. The MEC Chairman, on behalf of a group of pilots, may file a grievance concerning any action of the Company affecting them. Prior to filing such a grievance, the MEC Chairman should discuss the matter with the Vice President - Flight Operations, in an effort to resolve the matter.

2. Group/MEC Grievances will be in writing, signed by the MEC Chairman or his designee, and will state in reasonable detail the facts upon which the claim is based and the relief sought. The grievance must be submitted to the Vice President-Flight Operations within ninety (90) Calendar Days (for administrative or bookkeeping errors, the greater of one hundred [180] days from the event giving rise to the grievance or ninety [90] days from reasonable first knowledge) from the time the event(s) giving rise to the grievance were known, or reasonably should have been known, whichever is earlier.

3. An investigation and hearing will be held by the Vice President-Flight Operations, or his pilot designee, where practicable, within fifteen (15) Calendar Days after receipt of the written grievance. Within fifteen (15) Calendar Days after the close of such investigation and hearing, the Vice President-Flight Operations will announce the Company's decision, in writing, by certified mail to the grievant. A copy will also be provided to the Association's Representation Department.

4. If the decision issued by the Vice President-Flight Operations is adverse, the Association may appeal the decision to the Continental Airlines, Inc. Pilots' System Board of Adjustment by proper submission to the Board as provided for in Section 21 of this Agreement, within thirty (30) days after the Association's receipt of that decision.

Part 3 - General

A. The grievant will be entitled to have an Association representative present at any step of the grievance procedure.

B. Any time limits prescribed in this Section may be waived by mutual consent of the Company, on the one hand, and the grievant(s) or the Association, on the other. In the absence of such agreement, the failure of a pilot to grieve, or to appeal any grievance decision by the Company within the prescribed time limits, or to make himself and any desired representative available for a properly scheduled hearing, will cause the

action or decision of the Company challenged in the grievance to become final and binding. If any hearing or decision required of the Company under the provisions of this Part is not provided within the time limits prescribed herein, or any extension mutually agreed upon, the pilot may consider the grievance denied and appeal it to the next step in the grievance procedure as specified in this Section.

C. On at least a quarterly basis, the Vice President of Flight Operations and MEC Chairman, or their designees who have full authority to resolve pending grievances, will meet in an effort to resolve such pending grievances arising under this Section and Section 19. They will also discuss scheduling of unresolved grievances for hearing by the System Board of Adjustment.

D. The Base Chief Pilot and the Base Association Representative may establish local schedules for first level non-disciplinary grievance hearings, subject to the approval of the Vice President of Flight Operations and the MEC Chairman or his designee.

E. Decisions rendered pursuant to this Section may not add to, subtract from, or alter in any way the Agreement, but may only interpret or apply it.

F. Disputes resolved at the first level of the grievance procedure or before will be non-precedential and non-referable.

G. It is understood and agreed by the parties that the procedure outlined in this Section will be followed only in cases pertaining to and covering alleged grievances, disputes, claims, and causes of action arising or accruing and filed subsequent to the effective date of this Agreement.

21 System Board

Section 21 - System Board of Adjustment

Part 1 - Definitions

1. "Company Business Positive Space" will mean positive space on-line passes with all service charges and fees waived.

Part 2 - System Board of Adjustment

A. Establishment

In compliance with Section 204, Title II of the Railway Labor Act, as amended, there is hereby established a System Board of Adjustment for the purpose of adjusting and deciding disputes which may arise under the terms of this Agreement and which are properly submitted to it, which Board will be known as the "Continental Airlines, Inc. Pilots' System Board of Adjustment," hereinafter referred to as the "Board." The Company will administer the Board with regard to ministerial matters.

B. Membership

1. The Board will be comprised of three (3) members, one (1) selected by the Association, one (1) selected by the Company, and one (1) neutral member.

2. The Company and the Association will attempt to select the neutral member of the Board from the panel of arbitrators listed below by mutual agreement. If the Company or Association cannot agree upon the neutral member or a method for selecting him within thirty (30) days of the System Board filing, the neutral member will be selected from the panel by the alternate strike method. The list will be reviewed annually, with names added and deleted by mutual agreement, except each party will be entitled to one annual no-cause strike. In addition, arbitrators who become unavailable due to death, retirement, or the like, will have their names removed from the list and a substitute arbitrator will be selected by mutual agreement of the parties.

i. Richard Bloch
ii. Herbert Fishgold
iii. Richard Kasher
iv. John LaRocco
v. Carol Wittenberg
vi. Fred Horowitz
vii. George Nicolau
viii. Gil Vernon
ix. Lawrence Holden
x. Michael Beck
xi. Bonnie Siber Weinstock
xii. Gerald Wallin
xiii. Robert O. Harris.
xiv. Stephen Hayford

xv. Marvin Hill

C. Jurisdiction

The Board will have jurisdiction over disputes between any employee covered by this Agreement and the Company growing out of grievances or out of the interpretation or application of any of the terms of this Agreement. The Board will consider any dispute properly submitted to it by the MEC Chairman when such dispute has not been previously settled in accordance with the terms provided for in this Agreement. The jurisdiction of the Board will not extend to changes in hours of employment, rates of compensation, or working conditions covered by existing agreements between the parties hereto. Decisions rendered pursuant to this Section may not add to, subtract from or alter in any way the Agreement, but may only interpret or apply it.

D. Submission of Disputes

All submissions of disputes properly referred to the Board for consideration will be addressed to the Board with one (1) copy each to the Company and the Association, and one (1) copy for each member. One (1) copy of the submission will be submitted to the neutral member. Such submission will show:

1. question or questions at issue;
2. statement of facts;
3. position of the Association;
4. the understood position of the Company; and
5. the relief sought.

E. Documents, Witnesses, Evidence and Representation

1. The Association will designate its representative and the Company will designate its representative. Evidence may be presented either orally, in writing, or both, and may include video, electronic, or digital information.
2. The System Board will, when requested by the Company representative, by the Association representative, or by an individual member of the System Board, summon any witnesses who are employed by the Company and who may be deemed necessary by either party to the dispute or by a System Board member.
3. Upon Association request, the Company will provide documents, video and electronic and digital information in its sole control upon which it relied in making the decision that precipitated the grievance.
4. Materials removed from a pilot's personnel file as provided in Section 19, Part 4.G cannot be used in System Boards (except to impeach).
5. Complete training records will be provided to the Association and the grievant in training-related matters.
6. The number of witnesses summoned at any one time will not be greater than the number which can be spared from the Company's operation without interference with the services of the Company.

F. Decisions Final

A majority vote of all members of the Board will be competent to make a decision. Decisions of the Board in all cases properly referred to it will be final and binding upon the parties. Board findings and decisions will be in writing and will be rendered within forty-five (45) days from the close of the hearing, or as soon as practicable thereafter.

G. Location of Board Hearings

The Board will meet in Houston, Texas, alternately at the Company's offices and the Association's offices, unless the parties mutually agree that a different location would be preferable.

H. Rights and Privileges of Parties

Nothing herein will be construed to limit, restrict, or abridge the rights and privileges accorded either a pilot, the Association or the Company, or their duly accredited representatives, under provisions of the Railway Labor Act, as amended or other applicable federal and state laws.

I. Expenses - Board Members/Witnesses

1. The expenses of the Board and the expenses and reasonable compensation of the neutral member will be borne equally by the parties. Each of the parties will assume the compensation, travel expense, and other expenses of its Board Member, witnesses, and representatives.

2. The Company will provide Company Business Positive Space travel for Grievants and witnesses/ALPA representatives who are employees from their home of record to the place of hearing and return for hearings held pursuant to this Section.

3. Employee Board Members will, when attending meetings or hearings of the Board, receive Company Business Positive Space travel from their home of record to the point where they must appear as Board Members and return, to the extent permitted by law.

4. Should a hearing be postponed or canceled without the mutual consent of the Company and the Association, the party requesting such postponement or cancellation will bear any and all expenses assessed by the neutral member.

J. Stenographic Report

When it is mutually agreed that a stenographic report is to be taken of any hearing, the cost will be borne equally by both parties to the dispute. In the event it is not mutually agreed that a stenographic report of the proceedings will be taken, any transcripts made by either of the parties will be furnished to the other party upon request, provided that the stenographic costs will be borne equally by both parties.

K. Freedom to Discharge Duties

Each Board Member will be free to discharge his duty in an independent manner without fear that his individual relations with the Company or the Association may be

affected in any manner by an action taken by him in good faith in his capacity as a member of the Board.

L. Briefs

Unless otherwise mutually agreed by the parties, or directed by the Board, post-hearing briefs will be filed thirty (30) days from the receipt of the hearing transcript. It is the parties' intent that in any event briefs be filed no later than ninety (90) days from receipt of the transcript.

M. Schedule

1. The parties desire to avoid accumulating an excessive backlog of properly submitted disputes pending hearing and disposition by the Board.

2. Twice each year, once in March and once in September, the parties will meet for the purpose of soliciting and reserving available dates from arbitrators on the list contained in Part 2.B.2 above, as it may from time to time be amended by the parties. Arbitrators will be asked to reserve dates for each month in the six month period beginning in six months. That is, in March arbitrators will be asked to reserve dates for the following October through March, and in September they will be asked to reserve dates for the period from the following April through September. A minimum of five (5) days in each calendar month will be selected from those proffered by the arbitrators. If the parties are unable to mutually agree upon the arbitrators and/or dates, they will be chosen by alternate selection.

3. Reserved dates will be used to hear pending cases as agreed upon by the parties, provided that contract cases will have priority in even numbered months, and discharge/discipline cases will have priority in odd numbered months, and provided further that the parties may cancel hearing dates by mutual agreement.

22 Seniority

Section 22 - Seniority

Part 1 - Seniority Date

A. A pilot's seniority date will be the date he starts training as a pilot for the Company and his seniority will accrue from that date, except as otherwise provided in this Agreement. If two (2) or more pilots start training on the same date the older pilot will be senior.

B. Once having established a seniority date and relative position on the seniority list under this Agreement, a pilot will not lose that date and relative position, except as provided in this Agreement.

Part 2 - System Seniority List

A. The Continental Pilot System Seniority List consists of the seniority number, name, and seniority date of all pilots covered by this Agreement.

B. Within ten (10) days after January 1 and July 1 of each year, the Company will publish and supply electronically to the Association, a current Continental Pilot System Seniority List as a part of the Flight Operations Manual. The list will contain, in the proper order, the names of all pilots then entitled to seniority. Pilots, other than probationary pilots, will have ninety (90) days after the posting of such lists in which to protest to the Company any error or omission affecting their seniority on the current list, but such protest will be strictly confined to errors or changes occurring subsequent to the posting of the prior Continental Pilot System Seniority List provided, however, such limitations on protests will not apply in the case of a pilot on Leave of Absence as of the date of posting of the seniority list who submits a protest relating to a seniority list posted during his Leave of Absence within ninety (90) days of his return to work if the pilot was not provided with the List via certified mail, return receipt requested, at his address of record when such List was posted.

C. Within thirty (30) days of receiving a seniority protest, the Company and the Association will consult about the resolution of the protest. Any agreement reached between them will be deemed final and binding. In the event that no agreement is reached within forty-five (45) days from the initial submission, the issue may be submitted to the System Board of Adjustment pursuant to the procedure set forth in Paragraph E below.

D. A pilot will have ninety (90) days after completing his probationary period as defined in Part 3 of this Section to submit a protest concerning his seniority position.

E. The Company agrees to arbitrate any protest filed by the Association alleging a violation of this Section 22, Part 2, 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 Section 21 of this Agreement. The dispute will be heard no later than thirty (30) days following the submission to the system board (subject to the availability of the arbitrator but in no case later than sixty

[60] days following submission), and will be decided no later than ten (10) days following completion of the hearing, unless the parties agree otherwise in writing.

Part 3 - Probation

A pilot will be on probation until the earlier of a period not to exceed three hundred sixty-five (365) days of Active Service from the date his training commences (first day of Indoctrination) as a pilot with the Company, or is released for line flying as a Captain, following completion of OE.

Part 4 - Seniority Rights

Subject to other provisions of this Agreement, seniority, in accordance with a pilot's position on the current Continental Pilot System Seniority List, will govern all pilots in case of promotion or demotion to Captain, International Relief Officer, First Officer, or Second Officer, retention in case of reduction in force, assignment or reassignment due to expansion or reduction in flying time, recall after furlough due to reduction in force, monthly Line award, and choice of vacancies.

Part 5 - Seniority General

A. Pilots will retain their seniority and continue to accrue seniority during periods in which they are interned, held prisoner of war, or missing in a hostile environment.

B. Any pilot whose employment with the Company is permanently severed including completion of any grievance process or arbitration relating to the severance of such employment, will forfeit his seniority rights and that pilot's name will be removed from the seniority list.

23 Furlough

Section 23 - Reduction in Force, Furlough and Recall

Part 1 - Definitions

1. Circumstance Beyond the Company's Control - "Circumstance Beyond the Company's Control" means 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 list occurrences has a material and substantial impact on the Company.

2. Furlough Pay - "Furlough Pay" means a monthly payment to a furloughed pilot beginning with the first calendar month following the effective date of his furlough. Each installment will be equal to at least one month of pay unless one half month is all that remains. In addition to the Furlough Allowance as provided in Part 3.A below, Furlough Pay will, at the pilot's option, include either:

   a. The value of the number of the pilot's vacation days accrued in the current year, plus the value of the number of vacation days accrued in the prior year and not used in the current year, multiplied by the pilot's rate of pay at the time of the furlough, divided by the number of months of furlough allowance as provided in Part 3.A below or,

   b. The value of the number of vacation days accrued in the prior year and not used in the current year, multiplied by the affected pilot's rate of pay at the time of the furlough, divided by the number of months of furlough allowance as provided in Part 3.A below. A pilot selecting this option will have his vacation days accrued in the current year available for the year he is recalled.

3. Notice - "Notice" means a communication sent by certified mail, return receipt requested, by express delivery, or by hand delivery, provided that "notice" may include fax or e-mail when used in addition to one of the three (3) forms specified above. Application of any time limits that depend upon a Notice will commence on the earlier of the date of actual receipt of a Notice or the date that is two (2) Business Days following the sending by certified mail either to a local address (from the place sent - e.g., Guam to a Micronesian address, Honolulu to an address within the Hawaiian Islands, Anchorage to an address within the state of Alaska) or from one point within the 48 contiguous United States to an address within the 48 contiguous United States, eight (8) Business Days following any other certified mail posting, one (1) day after sending by overnight express, and the current date if hand delivered.

Part 2 - Furlough Rules

A. 1. Notice of furlough will be sent to a pilot who is to be furloughed at his address of record on file with the Company, at least thirty-two (32) Calendar Days in advance of the effective date of the furlough. If the Notice is sent less than thirty-two (32) Calendar Days prior to the effective date of the furlough, pay in lieu of the Notice will be provided, equal to one month's pay prorated by 1/30th for each day of Notice that is not provided. Pay received in lieu of Notice will be in addition to any Furlough Pay received in accordance with Part 3. If a furlough Notice is cancelled prior to the effective date of the furlough, the affected pilot(s) will not be entitled to pay in lieu of Notice, regardless of when the actual Notice was provided.

Example: If a furlough Notice is sent on September 1st, notifying a pilot who has two full years of service that he will be furloughed effective September 15th, the pilot will be entitled to one-half (½) of a month's pay (15/30) plus one month's furlough allowance, as defined in Part 3.A below. He will be paid through October 30th in this example, unless the furlough Notice is cancelled prior to September 15th, in which case he is not entitled to pay in lieu of Notice nor Furlough Pay.

2. The Association will be promptly notified prior to the initiation of any furlough and will be provided with each list of pilots to be furloughed as such list is developed.

B. At the time of furlough, a pilot will update his current permanent address of record and telephone contact number with the Vice President of Flight Operations or his designee, either on a form provided by the Company or via electronic means. Any subsequent change of address or telephone number must be supplied in writing or via electronic means to the Vice President of Flight Operations or his designee.

C. A furloughed pilot will retain and continue to accrue seniority during the period of furlough. Furloughs will expire at the end of ten (10) years from the effective date of such furlough, or at the expiration of a period equal to the furloughed pilot's length of service with the Company, whichever is longer. There will be no accrual of longevity for any purpose while a pilot is on furlough. A pilot will accrue longevity during the first year or portion thereof that such pilot is on furlough, provided that such pilot had completed one year of service with the Company.

D. The Notice provisions under Parts 2.A and 4.C will not apply if the furlough is caused by a Circumstance Beyond the Company's Control.

E. Furlough Moves

If a pilot is furloughed within twelve (12) months of exercising a Company-paid move, the pilot may, at his option, be returned to his previous Base at Company expense (as provided in Section 6 - Moving Benefits of this Agreement) within twelve (12) months of the effective date of the furlough. A pilot will be eligible for such a move only if the pilot relocates his Residence (as defined in Section 6 - Moving) prior to the Company's issuance of his recall Notice.

Part 3 - Furlough Pay and Furlough Allowance

A. On the effective date of his furlough, a pilot who is furloughed will be entitled to Furlough Pay as defined in Part 1 above and commencement of the periodic payments of the Furlough Allowance component of Furlough Pay based on his years of service in accordance with the following table:

Completed Years of Service	Furlough Allowance
Less than one (one) year of service	None
One (1) full year of service	One-half (½) month
Two (2) full years of service	One (1) month
Three (3) full years of service	One and one-half (1 ½) months
Four (4) full years of service	Two (2) months
Five (5) full years of service	Two and one-half (2 ½) months
Six (6) full years of service	Three (3) months
Seven (7) full years of service	Three and one-half (3 ½) months
Eight (8) full years of service	Four (4) months
Nine (9) full years of service	Four and one-half (4 ½) months
Ten (10) or more full years of service	Five (5) months

A "month of Furlough Allowance" for purposes of this Paragraph will be the average monthly pay for the particular furloughed pilot for the twelve (12) consecutive months just prior to the date of his furlough. "One-half month Furlough Allowance" will be a "month of Furlough Allowance" divided by two (2).

Example: If a pilot with five (5) full years of service is furloughed in a furlough with a September effective date, his taxable earnings (total pay as reflected on his pay register) from September of the preceding year through August of the current year would be totaled (in this example, assume that the total was $100,000), and divided by twelve (12) to determine his month of Furlough Allowance (in this example, $8,333.33).

B. A pilot who is furloughed (including probationary pilots) will be permitted to continue use of his Company pass travel privileges to include himself, family members and designated travel companion at normal boarding priority and subject to normal rules and regulations for a period of six (6) months following the effective date of his furlough.

C. If a furloughed pilot accepts employment at Continental or any of its subsidiaries, he will not be entitled to the provisions of Paragraph A above.

D. Each time a pilot is furloughed he will receive Furlough Pay as provided herein.

Part 4 - Furlough General

A. A furlough will be in the reverse order of system-wide seniority.

B. When the Company determines that the furlough of pilots is necessary, the Company will meet and discuss programs suggested by the Association for the purpose of mitigating the furlough.

C. For a period of at least thirty (30) days prior to the effective date of a furlough, the Company will post an offer of COLA's as provided in Section 13, Part 3. Such COLA's will be available to all pilots who are not subject to the furlough, but the Company will not be required to grant more COLA's than the number of pilots to be furloughed. In the event that, upon expiration of his COLA, a pilot lacks sufficient seniority to hold a position, he will then be furloughed and will be treated for all purposes as a furloughed pilot. Such pilot's furlough allowance will be calculated on the basis of the average pay he received during the twelve (12) months immediately preceding the commencement of the COLA.

   Example: A furlough occurs in September of year one. A pilot with six (6) full years of service (who is not subject to the furlough) accepts an eighteen (18) month COLA, extending from September of year one through February of year three (i.e., having a return to work date of March in year three). A second furlough occurs in September of year two (while the pilot is out on COLA) to which he is subject. When his COLA expires at the end of February in year three, this pilot will be entitled three (3) months of Furlough Allowance, based on his taxable earnings (total pay as reflected on his pay register) from September in the year prior to his COLA through August of year one divided by twelve (12).

D. At active pilot rates and subject to plan changes and availability, a pilot will, through normal payroll deductions, continue current medical, dental, vision, life, accident, loss of license, and ERA coverage while receiving furlough allowance in accordance with the table in Part 3.A. In no circumstance will this period of time be less than one (1) full month following the end of the month in which the pilot is furloughed. Thereafter, a furloughed pilot will be entitled to such COBRA benefits as the law may provide.

E. An opportunity to elect to make changes to benefit elections will be provided immediately upon recall and will continue for a period of at least thirty (30) days thereafter.

F. Furloughed pilots will be able to maintain access to CCS, or its equivalent, in order to keep their standing system staffing bid up to date, access employee reservations, and keep their current address up to date.

G. Sick leave, OJI, vacation, and other accrued but unused benefits will be restored at the time of recall.

Part 5 - Recalls

A. The Association will be promptly notified prior to the initiation of any recall and will be provided with each list of pilots to be recalled as such list is developed.

B. Notice of recall from furlough will be sent to the pilot's address of record on file with the Company. No later than fifteen (15) Calendar Days after the commencement of the measurement period specified in Part 2 for delivery of Notice of recall, a furloughed pilot must provide a Notice to the Company of his intention to return to duty. A furloughed pilot who fails to notify the Company of his intention to return to duty or, within the same period, fails to request a leave of absence as provided in Section 13, or who fails to return to duty on the date specified in the Notice of recall after having timely advised the Company of his intention to return to duty will be administratively terminated unless he has a justifiable reason for failure to do so. The Hardship Committee will review and address these matters.

C. 1. Pilots will be offered recall from furlough in seniority order. When multiple vacancies and/or class dates exist, subject to the needs of the operation, returning pilots will be given the opportunity to bid for these positions in seniority order, or, when necessary to satisfy operational needs or contractual considerations, they may be assigned to their initial recall positions by the Company, provided that they are placed in their bid awarded positions by the effective date of the recall bid.

2. The Company will provide recalled pilots with hotels (upon request) and online positive space passes (for the pilot only and limited to use for commuting to/from work from his home of record) for any pilot whose initial recall bid staffing is not either the Base where he was last actively staffed or the Base and Equipment he is awarded on this recall bid. Hotels may include day before/day after assignment, as required to accommodate the pilot's commute. These benefits will cease when the pilot is advanced to his recall bid Equipment or he changes his Equipment on a subsequent bid, whichever first occurs.

D. Except as provided herein, a pilot recalled from furlough will be guaranteed a minimum of ninety (90) days employment or ninety (90) days pay in lieu thereof.

E. 1. When possible, consistent with regulatory obligations, requirements imposed on a pilot for drug testing/ screening, fingerprinting, issuance of new Company ID's, or other testing/checking by the Company or by Federal Authority (e.g., FAA, TSA, DOT, PRIA requests) as a prerequisite to resuming line flying, will occur as a part of the pilot's assignment to training for purposes of being recalled. If any testing is to occur other than during the pilot's scheduled training period, the pilot will receive PS5B fee-waived travel to/from his place of residence to the designated testing center.

2. A pilot will be considered active for benefits commencement and longevity accrual on the date his training commences, with no waiting periods for insurance coverage.

3. A pilot will not be withheld from Pay Status due to circumstances beyond his control such as a delay in receiving results, reports, or clearances from governmental agencies. This provision is intended to protect a pilot against short term delays that otherwise could negatively affect his Pay Status occasioned by "routine" problems in the processing of such results, reports or

clearances. It is not intended to provide long term salary protection in cases involving lengthy delays over matters that are primarily between the pilot and the government and with which the Company has little or no involvement, such as, for example, a pilot's inability to clarify his immigration work status.

F. Recall Moves

Moving expenses for a pilot recalled from furlough will be provided as follows:

1. A pilot recalled to his last staffed Base who had an unexercised Company-paid move entitlement to that Base at the time of the furlough will retain the move entitlement for the balance of the move period that was available to him at the time of furlough beginning with the date the pilot returns to Active Service.

2. A pilot recalled to a Base other than the one where the pilot was last staffed will receive a paid move as provided in Section 6 - Moving Benefits, except as otherwise provided in Part 2.E above.

3. To be eligible for reimbursement, all furlough moves must comply with the terms and conditions of Section 6.

G. A pilot returning from furlough will receive training in accordance with the provisions of Section 11 - Training.

H. A pilot returning from furlough must possess a valid First Class medical certificate issued within the preceding twelve (12) months.

I. A pilot returning from furlough will be required to serve the remainder, if any, of his twelve (12) month probationary period. For example, if a pilot was employed for three (3) months, then was furloughed and subsequently is recalled, he will be on probation for an additional nine (9) months starting from the effective date of his recall.

J. When recalls occur, a pilot on COLA will be afforded the opportunity, at the pilot's option, to terminate the COLA and return to work before the COLA's expiration. The Company may extend such offers by seniority within an Equipment and Status. If a pilot declines to return early from his COLA, he will be returned into the class that is the next available at the expiration of his COLA. The Company may offer extensions to COLAs so long as the COLA extension contains no lesser conditions than the original COLA.

K. Upon request, the Company will provide single occupancy hotel rooms for recalled pilots during their recall training regardless of their previous or newly awarded Base. This will apply to all training courses, whether short or long.

L. A pilot recalled to GUM will be eligible for a Company-paid move in accordance with LOA #34.

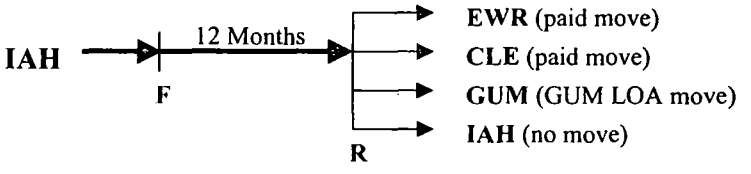
Part 6 - Recall Moves Examples

Key to Examples:

Staffed – IAH, EWR, CLE & GUM Not Staffed – (IAH), (EWR), (CLE) & (GUM)

A = *Advanced* **M** = *Moved* **F** = *furlough* **R** = *Return from recall* **EDoB** = *Effective Date of Bid*

Example 1



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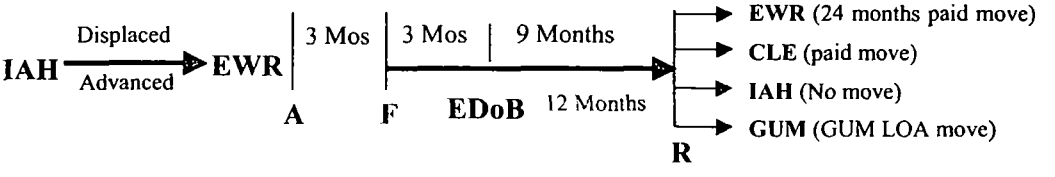

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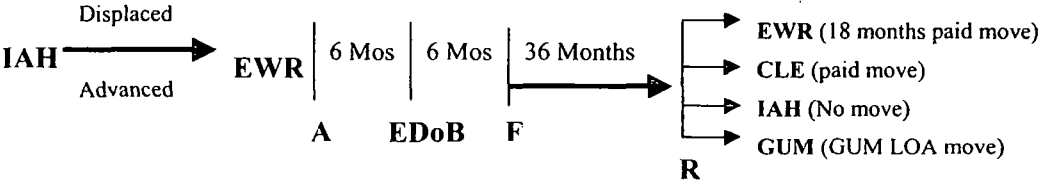

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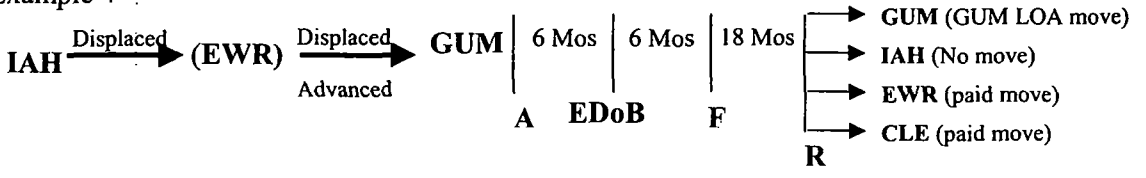

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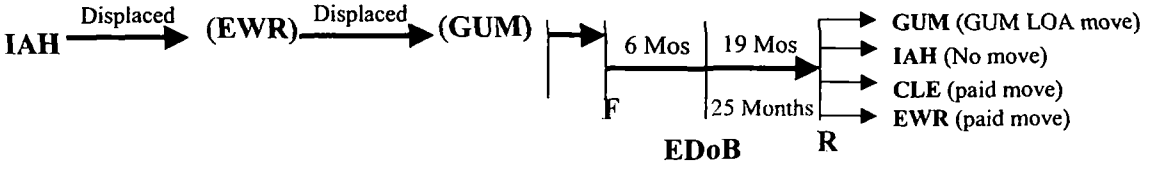
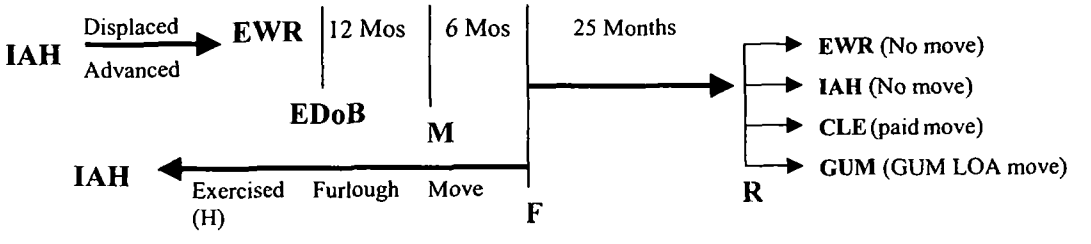


Example 6



Section 24 - Staffing and Filling of Vacancies

Part 1 - Definitions

1. Active pilot - "Active pilot" means a pilot who is not currently a flight instructor, management pilot, or a pilot forecast to be on a long term leave of absence more than 50% of the time between the award date and the effective date of the bid.

2. Bid Award Date - "Bid Award Date" means a date on which bidding closes for a System Bid, Adjustment Bid, or Training Assignment Bid.

3. Hard Period - "Hard Period" means the current bid period and future bid periods during which Training Assignment Awards have been made

4. Pay Protection - "Pay Protection" means the entitlement to the rate of pay that the pilot would have been paid had his training occurred as required by this Section when such rate is higher than the rate of pay for the Equipment and Status in which a pilot is then staffed.

Part 2 - Staffing

A. The number of assignments required to be staffed by Base, Equipment, and Status, not including assignments staffed by management pilots and Flight Instructors or other double-bid pilots on leaves of absence, will be determined for each bid period by application of the following formula:

1.	Scheduled hours for each (including augmented crew positions and including an estimate of Deadhead utilizing the formula prescribed in Section 25.4.A [25.7.D.2 effective with PBS implementation] and rig time pursuant to Section 4.3) divided by 83:30	= # of pilots
2.	Reserve (10% of item #1)	= # of pilots
3.	Charter hours divided by 65:00	= # of pilots
4.	Projected Sick leave man months	= # of pilots
5.	Vacation man months	= # of pilots
6.	Training man months	= # of pilots
Total System pilot requirements		**= sum of pilots**

B. The number of pilots to be staffed in each bid period will be no less than the requirements produced by the above formula. To respond to fluctuations in flying time, sick leave, vacation and training, the denominator of 83:30 in the formula above may be increased separately for each Base, Equipment and Status no more than:

1. A total of fourteen hours (14:00) in any calendar year
2. Four (4) bid periods in any calendar year
3. Three hours and thirty minutes (3:30) in any bid period.

C. No increase in the denominator of 83:30 is allowed with respect to a bid period when a pilot is on furlough.

D. The Company will determine staffing requirements complying with the formula above for each bid period at least ninety (90) and no more than one hundred twenty (120) days in advance of the first day of the bid period.

E. Nothing herein will prevent the Company from staffing more than the minimum number of pilots required by this Part.

F. The Company will determine staffing requirements utilizing but not limited to scheduled flying time, anticipated sick leave, scheduled vacation and scheduled training and reserve requirements.

G. The Association and Company will each identify two (2) representatives to serve on a System Staffing Committee ("SSC"). The SSC will be responsible for advising and assisting the Company's Manpower Planning Department and for reviewing parameters measured for proper staffing of each BES. The Company will provide the SSC currently available utilization reports to assist in this process.

H. Each month the Company and the SSC will review reserve utilization, Junior Manning, rolling of Reserve Days, sick leave, irregular operations, military leaves, charter flying and Special Assignments for each BES. If the SSC determines that a staffing shortage has existed for the previous two (2) months and that an Adjustment Bid, System Bid, or additional training slots in a Training Assignment Bid would remedy the shortage, then the Company will issue the applicable Bid.

Part 3 - Bids

A. All Award processes described below will utilize standing bids on file and the rules contained in this Section.

B. Bid notification posting

1. The Company will post and maintain on the Continental Airlines Flight Operations Web site a list of System Bids, Adjustment Bids, and Training Assignment Bids projected for each of the next twelve (12) bid periods.

   a. The following items will be included on each System Bid Posting, and will be used ten (10) Calendar Days prior to a System Bid award to determine the requirements to be filled:

      i. Anticipated award date.

      ii. Estimated staffing levels by Base, Equipment, and Status. Each BES will include the total number of Active pilots, maximum and minimum requirements, vacancies and/or displacements.

iii. Projected retirements included with the System Bid award for each BES. These retirements will be through the effective date of the System Bid.

iv. Projected effective date.

b. The following items will be included on each Adjustment Bid Posting and will be used five (5) Calendar Days prior to an Adjustment Bid award to determine the requirements to be filled:

i. Anticipated award date.

ii. For each BES in which at least one (1) Vacancy will be awarded, the minimum number of vacancies in each BES will be posted.

iii. Projected effective date.

c. The following items will be included on each Training Assignment Bid Posting, and will be used five (5) Calendar Days prior to a Training Assignment Bid award to determine the requirements to be filled:

i. Anticipated Award date.

ii. Training/Advancement slots (i.e., training start dates) to be awarded for pilots transitioning to each awarded BES from their current BES.

2. The Continental Airlines Flight Operations web site posting referenced above will be updated at least monthly. If there have been no changes since the previous posting, a note will be posted stating that there has been no change in the requirements.

C. System Bids

1. A Pilot Bulletin will be issued announcing a System Bid at least ten (10) Calendar Days prior to a System Bid award date.

2. At least two (2) System Bids must be awarded each calendar year. These awards must occur no more than eight (8) months apart, one in the period January through June and the other in the period July through December.

3. The effective date of a System Bid will not be greater than twelve (12) months after the award date without the concurrence of the SSC. System Bid effective dates will not be delayed except for a Circumstance beyond the Company's Control.

4. The effective date of a System Bid or an Adjustment Bid is the first day of the bid period by which all training resulting from that bid will have begun and by which all advancements resulting from that bid will have occurred.

5. A pilot is considered advanced for Pay Protection purposes on the effective date of a bid, whether or not he has been advanced.

6. Secondary vacancies will be awarded.

7. Displacements may occur on any System Bid award.

D. Adjustment Bids

1. A Pilot Bulletin will be issued announcing an Adjustment Bid at least five (5) Calendar Days prior to an Adjustment Bid award date.

2. Secondary vacancies may be awarded.

3. The number of pilots awarded any BES may not differ by more than twenty percent (20%) or twenty (20) pilots, whichever is less, from the previous System Bid award unless previously agreed to by the SSC.

4. Pilots may only be displaced if they are not staffed in their most recently awarded BES, or are not in the Hard Period for that BES. A pilot can only be displaced due to reductions in his awarded BES or by a more senior pilot that has displacement rights from another BES.

E. Training Assignment Bids

1. A bid notification of training start dates (slots) will designate whether the training start date (slot) is in the first half or second half of a month. More precise bidding of start dates (slots) may be provided if the SSC finds that it is practical to do so.

2. A bid for advancement, e.g. EWR-737-CA to IAH-737-CA, is a bid to be advanced in the selected bid period.

3. Pilots may submit a standing bid for Training Assignments Awards, e.g. early training, delay training, protect vacation, volunteer for short notice.

4. Bidding will close at 1000 CT on the date of the award defined in B.1.c.i above.

5. Training Assignment Awards will:

   a. Be consistent with the pilots most recently awarded System or Adjustment Bid BES.

   b. Use the following priorities to fill the slots:

      i. Earliest System Bid or Adjustment Bid award date, e.g. pilots bidding to EWR 756 CA who were awarded the BES on a System Bid or Adjustment Bid awarded on 2/10/2005 will have priority over pilots awarded the same BES on a System Bid or Adjustment Bid awarded on 4/20/2005.

      ii. Seniority of the pilot in relation to other pilots coming from the same BES. Training slots among these pilots will be awarded in system seniority order.

      iii. Unfilled slots, beginning with the earliest date, will be assigned in inverse seniority order amongst pilots whose System Bid or Adjustment Bid awards have the same effective dates, beginning with the earliest effective date.

6. A pilot may be assigned a Training Assignment Award for training scheduled in the three (3) bid periods prior to the effective date of the bid on which the pilot received his current BES.

7. No training assignments and/or advancements will occur earlier than seven (7) Calendar Days from the Training Assignment Award (thirty [30] Calendar Days for pilots training to/from GUM) without the pilots consent.

8. A pilot who has received a Training Assignment Award is considered to be in the Hard Period.

9. Pilots may volunteer to be advanced into training should slots become vacated. A vacated slot will be filled in the following order:

   a. From volunteers in accordance with Paragraphs E.5.b.i and E.5.b.ii above. The limitations of Paragraph E.7 will not apply.

   b. If there are no volunteers, and there is insufficient time to include the vacated training slots in the subsequent Training Assignment Award, the vacated slots will be filled in inverse seniority order in accordance with Paragraph E.5.b.iii above.

10. If the Company cancels a pilot's Hard Period training, he will be rescheduled to start his training within thirty (30) Calendar Days of the original calendar start date or he will be Pay Protected as of the date that he would have otherwise been expected to complete Operating Experience.

11. Pilots may elect to protect their vacation in lieu of training except within the three (3) bid periods prior to the effective date of their newly awarded BES.

12. Training Assignment Awards take priority over subsequently awarded vacation.

13. A pilot will not be allowed to delay or bypass a Training Assignment Award unless approved by the Vice President, Flight Operations.

Part 4 - Bids General

A. A bid award will be posted no later than three (3) Business Days after the bid award date. Preliminary bid results may be provided if technology is available and deemed practical by the SSC.

B. A pilot's starting BES for a System Bid or Adjustment Bid will be the pilot's most recent System Bid or Adjustment Bid award as adjusted. The adjustment to the pilot's most recent award may be a result of a Base Trade or by placement due to failure to qualify.

C. A pilot may use percentage bidding to bid a relative position within a BES on a System Bid or Adjustment Bid. This percentage will be applied at the time the pilot's bid is processed and will apply to the minimum staffing requirements posted.

D. A pilot within a Hard Period will not be displaced from his awarded System Bid Award or Training Award slot except due to a Circumstance beyond the Company's

Control. A pilot who is not within the Hard Period is subject to being displaced from his awarded Position.

E. If a pilot disagrees with the published results of a bid award, he must file an electronic (e.g., CCS) appeal with Pilot Manpower Planning within ten (10) Business Days of the award. The SSC will review and determine all bid award appeals.

F. A pilot will not be awarded any BES unless he meets the FAR requirements for aeronautical experience to obtain the required certificates.

G. A pilot may update his bid at any time except for the twelve (12) hour period immediately following the closing of a System Bid, Adjustment Bid or Training Assignment Bid.

H. Out-of-Base Benefits

1. A pilot who is not staffed in his newly awarded BES by the effective date of the bid will receive no less than the value of the Line of Time and the number of Days Off he could otherwise hold in his new BES by allowing the pilot to choose between the Days Off and credit value of the actual Line number that matches his seniority or the highest Line number above his seniority in BES that he could have held (Pre-PBS), or the average value of the Lines of Time and number of Days Off of the three (3) pilots awarded Lines of Time without absences for vacation, CQ training, etc., immediately senior and junior to the pilot in his new BES (PBS). In addition, if he resides within one-hundred fifty (150) miles of his newly awarded Base he will receive, as of the effective date of the bid:

   a. Positive space passes (PS-5) between his newly awarded Base and his current Base, and

   b. Hotel accommodations to meet the pilot's bid period schedule, and

   c. Per diem from the origination of the pilot's first Trip to the pilot's last Trip during the bid period.

2. For the purposes of this Paragraph, the effective date of a pilot's newly awarded BES will be considered the effective date of the bid pursuant to which the pilot was first awarded his currently awarded BES, unless he was awarded a different BES on an intervening bid.

3. Provisions of this Paragraph H will not apply to a pilot who has delayed or bypassed training in accordance with Part 3.E.13 of this Section.

I. All bids must be submitted by an electronic means designated by the Company.

Part 5 - Filling of Vacancies / Displacements

A. A pilot may change his BES by using his system seniority and standing bid on file to fill a vacant BES or, by using displacement rights, his system seniority, and his standing bid on file to displace into a BES.

B. For purposes of this Part 5 only, "bid category" is defined as an Equipment grouping and is represented as follows; Category A is considered "higher" than Category B and C, and Category B is considered "higher" than Category C:

Category A - B787, B777
Category B - B757/B767
Category C - B737

C. Should it become necessary to modify any Equipment bid category above, the SSC will determine the proper category placement for the Equipment.

D. An "eligible" pilot (as the term "eligible" is used in this Part 5) is free to bid and be awarded a new BES without restrictions. A pilot will be considered eligible when:

1. He is free of all Freezes. For bidding purposes, a Freeze is considered satisfied if it ends on or prior to the award date of the System Bid or Adjustment Bid being awarded; or
2. He is progressing in Status (FO to CA) except as restricted in L.2 below; or
3. He is progressing in bid category (e.g., Category C to Category B) except as restricted in L.2 below; or
4. He bids new Equipment unless he has been awarded new Equipment within the last two (2) years; or
5. He bids a new Base; first bidding his Present Equipment, then bidding Previously Qualified Equipment and lastly bidding any Equipment; or
6. He becomes displaced.

E. A pilot's standing bid on file will reflect all choices in order of preference. The pilot's standing bid will determine whether or not he is awarded a Vacancy or qualifies for displacement.

F. Bidding of Vacancies

Vacancies occur when there are fewer total Active pilots in a BES than the posted minimum requirements for pilots in a BES. Both eligible and non-eligible pilots may bid for vacancies.

1. An eligible pilot may be awarded a Vacancy on any BES that his seniority and bid preference will allow.
2. A non-eligible pilot may be awarded a Vacancy only on present Equipment that his seniority and bid preference will allow.

G. Displacements occur when the total number of Active pilots in a BES exceeds the posted maximum requirements for Active pilots in a BES. A pilot is displaced when his seniority does not allow him to continue to hold his current BES.

1. A pilot who is displaced will be awarded any BES for which he has bid, system seniority permitting.
2. A more senior pilot, not under a Freeze, may elect to be displaced in lieu of a more junior pilot being involuntarily displaced. In order to use seniority

displacement, a pilot must make this election on his standing bid. A pilot who elects seniority displacement will be subject to the following limitations:

a. If he bids within his Base, he must bid Previously Qualified Equipment before bidding any other Equipment.

b. If he bids outside of his present Base, he is restricted to his present Equipment and Status.

c. Seniority displacement will only be allowed in a BES where posted displacements occur and will not exceed the number of posted displacements.

d. Seniority displacement may not be used to move to a higher Status and/or Bid Category.

e. Seniority displacement is only available to an eligible pilot as defined in this Part.

f. A pilot using seniority displacement to change Bases will not receive a paid move to the new Base.

H. A Displaced Pilot who does not bid sufficient choices will be assigned his present Equipment in the next lower Status in his current Base. If his seniority does not permit that assignment, the Company may assign him subject to his current qualifications.

I. A pilot who has received a Training Assignment Award will not be eligible, as defined in this Part, for System Bid and Adjustment Bid awards that occur during his Hard Period.

J. Equipment Freeze

A pilot may be subject to a Freeze due to a change in BES as provided below. A pilot already subject to a Freeze will not have his Freeze increased unless an "additional" Freeze occurs. Being on a Freeze means the pilot will not be restricted from bidding a different BES except as indicated below for the duration of the Freeze.

1. A pilot will incur a two (2) year Freeze when required training is a course of training other than Requalification Training, e.g., Initial, Transition, or Upgrade Training. Required training is that defined in the Flight Standards & Training AQP Manual. The Freeze period begins the first day the pilot starts training for his Equipment and Status.

2. A pilot being trained on an Equipment type new to the Continental fleet will also be subject to a two (2) year Freeze. He will not be allowed to bid different Equipment during this Freeze.

3. A pilot who bids a newly established (or re-established) Base while under an Equipment Freeze and is awarded different Equipment will receive an "additional" Freeze. The remainder of his current Freeze will be added to the new Freeze.

4. A new Equipment type and new Base will be considered new for twelve (12) months following its initial award date.

5. A pilot who upgrades in Status and remains on the same Equipment will be credited for one half (½) the time spent in the lower Status on that Equipment toward the Freeze. However, a pilot must spend a minimum of twelve (12) months in his new Equipment and Status, e.g. if a pilot has been a 756 FO for one (1) year and then upgrades to 756 CA, his Freeze will be eighteen (18) months.

6. A pilot may be released from a Freeze at the option of the Company.

K. Pilots in the same Equipment and Status may trade Bases if both pilots hold the same Equipment and Status on the most recent System Bid or Adjustment Bid award. The proposed trade must be posted by an electronic or similar means provided by the Company for thirty (30) Calendar Days. The trade will be approved after thirty (30) Calendar Days if there are no valid objections. An objection is considered valid when submitted by a pilot whose seniority is between the seniority of the two pilots who are trading Bases and who is in one of the two BES's being traded.

L. Downbidding

1. A pilot staffed in a BES from which he bids to a lower Status and/or Bid Category when displaced will not be subject to any additional restrictions other than those contained in this Section.

2. A pilot staffed in a BES from which he bids to a lower Status and/or Bid Category when not displaced will not become "eligible" by progressing in Status and/or Category except on present Equipment for two (2) years. This period begins the first day of the bid period in which the pilot is staffed in the lower Status on his present Equipment or the first day of training on new Equipment.

Part 6 - Base/ BES Closure

A. If a BES closes, a pilot waiting staffing to his new BES will be assigned, in system seniority order, based on the pilot's preference and the needs of the Company. The duration of the assignment will be limited to, and not beyond, the effective date of the pilot's bid award. A pilot so assigned will be allowed to bid his seniority within the assigned BES. He will be given all the travel, per diem, and lodging benefits of a special assigned pilot unless assigned to his awarded Base.

B. Notice of closing a pilot BES will be given a minimum of ninety (90) days in advance of such closing. When a pilot's BES is closed, pilot moving expenses will be governed by Section 6 (Moving Expenses) of this Agreement.

Part 7 - Initial Assignments

Newly hired pilots will receive an initial assignment. Initial assignments will be made based on the pilot's preference, in seniority order, from BES vacancies made available to that class of new hire pilots. A newly hired pilot's initial assignment will be his starting BES for the

subsequent System Bid or Adjustment Bid Award. A newly hired pilot will receive an Equipment Freeze.

Part 8 - Special Assignments

A. Special assignments will only be made to fill short-term staffing requirements. A pilot on special assignment is restricted to a maximum of two (2) bid periods in twelve (12) consecutive bid periods.

B. Special assignments in a BES will not exceed four (4) bid periods in any six (6) consecutive bid periods.

C. Involuntary special assignments will be made in reverse system seniority order among all qualified pilots considering all Bases, in the Equipment and Status requiring a special assignment and from where a surplus exists. A pilot who is involuntarily special assigned will bid his system seniority within the BES of the special assignment.

D. A pilot may volunteer for special assignment. Voluntary special assignment will be awarded to the most senior pilot in an overstaffed BES who bids to be so assigned. A pilot who is voluntarily special assigned will bid the system seniority of the most junior pilot who would have otherwise been involuntarily special assigned. The frequency restriction in Part 8.A above will not apply to voluntary special assignments.

E. Minimum Days Off

1. A pilot who is special assigned and is awarded a Line of Time will be considered a regular Lineholder. After his monthly bid is awarded, he will have his Line of Time adjusted, if necessary, to provide a minimum of twelve (12) calendar Days Free of Duty at his home Base. This adjustment will consider Deadhead travel time between the pilot's home Base and his assigned Base. A pilot who is unavailable for duty during the bid period will have his twelve (12) calendar Days Free of Duty prorated in accordance with the table in Section 25, Part 6.M (Section 25, Part 7.I effective with PBS) of this Agreement.

2. A Reserve Pilot will be Deadheaded to and from his assigned Base and home Base only on his scheduled Duty Days. If due to operational requirements at least twelve (12) Days Off at his home Base cannot be achieved, each Day Off missed will be treated as a Day Off lost. A Reserve Pilot who is unavailable for duty during the bid period will have his calendar Days Free of Duty prorated in accordance with the table in Section 25, Part 6.M (Section 25, Part 7.I effective with PBS) of this Agreement.

F. A pilot who is special assigned will receive the following:

1. Hotel accommodations for:

a. A Lineholder to meet all positioning requirements before and/or after a Trip and any other time that the pilot has not been provided Deadhead travel to his home Base.

b. A Reserve Pilot on the days he is scheduled to be on duty. He will not be expected to check in and out with each Trip assignment. If proper time can be given when assigned a Trip and the Reserve is notified that upon Trip completion he will be released to Deadhead travel home, then checking out at that time would be to the mutual benefit of both the Company and the pilot.

2. Per Diem for the time away from Base from the time the pilot is required to leave his home Base to the time when the pilot has Deadheaded back to his home Base.

3. Deadhead pay in accordance with Section 8 - Deadhead, for positioning to and from the assigned Base and home Base to provide the required Days Free of Duty at home Base.

a. For a Lineholder the number of round trips to allow the pilot twelve (12) Days Free of Duty at his home Base will be determined when adjustments are made. Since the Lineholding pilot has the ability to Trip trade within the same parameters as any Lineholder, if he does, then the Company will no longer be obligated to ensure him twelve (12) Days Off at his home Base. The pilot may use the original number of Deadheads, determined by the twelve (12) Day Off requirement, at another time during that bid period but only to meet his scheduled flight assignments during that bid period. All other travel that the pilot does between his assigned Base and home Base may be accomplished with PS-5 passes (not Deadhead) provided by the host Base.

b. A Reserve Pilot will be Deadheaded on Duty Days and he will have his Deadhead time credited to his Line Value.

G. Special assignment benefits as provided in Paragraphs E and F above will apply whether the pilot was voluntarily or involuntarily assigned.

H. Special assignments to Guam may be made for two (2) consecutive bid periods. In such a case the pilot will be provided at least one (1) block of eighteen (18) Days Off at his home Base exclusive of travel days. This block of days off may, at the pilot's option, be split one time such that no more than twelve (12) consecutive Days Off occur in a bid period.

25 Scheduling

Section 25 - Scheduling

Part 1 - Definitions

1. BES - Base (i.e., EWR, CLE, IAH, GUM), Equipment (i.e., B737, B756, B777, B787) and Status (i.e., Captain, First Officer)
2. CONUS - Continental United States
3. CMPOOL - Refers to a display in CCS showing the relationship between open Duty Periods and available Reserve Pilots on a Calendar Day basis throughout a bid period.
4. Normal CMPOOL - A value displayed in CCS as MIN LVL. Normal CMPOOL is set each bid period for each BES by the Company, with review by the SSC, considering reserve requirements based on projected block hours, historical leave data, and historical absence data, taking into account day of week and Holiday considerations.
5. Pairing Origination Point - "Pairing Origination Point" means the first scheduled airport designated in a Trip Pairing to which the pilot reports for duty.
6. Pay and Credit - Time which is credited to both Line Value and pay value.
7. Pay no Credit - Time which is credited to pay value only (formerly known as Add Pay).
8. PBS - Preferential Bid System.

Part 2 - Bid Period

Monthly Bid Periods for bidding, pay, and scheduling are established as follows:

January	30 days	Jan 1 - 30
February	30 days*	Jan 31- Mar 1
March	30 days	Mar 2 - Mar 31
April	30 days	Apr 1 - 30
May	31 days	May 1 - 31
June	31 days	Jun 1 - Jul 1
July	30 days	Jul 2 - 31
August	30 days	Aug 1 - Aug 30
September	31 days	Aug 31- Sep 30
October	31 days	Oct 1 - 31
November	31 days	Nov 1 - Dec 1
December	30 days	Dec 2 - 31

*Leap Year will make February a 31-day bid month.

Should the Company wish to deviate from those bid periods established above by more than two (2) days in any bid period, the Association and the Company must meet and agree on any changes. Whenever the bid periods are changed, a notice of any changes to these periods will be posted via Pilot Bulletin.

Part 3 - Pairings

A. Recommendations will be solicited from the Pairing Construction Committee to establish all Trip Pairings. Pilot input and observation of Pairing construction will occur monthly or as often as such process occurs.

B. A Domestic Pairing will not be scheduled with more than six (6) segments in a Duty Period.

C. The published crew schedules, charter notices, itineraries, and schedule advisories will be used to determine the scheduled segment Flight Time for each Trip Pairing.

Part 4 - Line Construction

A. Lines of Time will be constructed within a range of seventy-four hours (74:00) to eighty-seven hours and thirty minutes (87:30). If a Line of Time includes Deadhead in excess of ten (10) hours, all such Deadhead in the Line in excess of ten (10) hours will be counted as Flight Time when building the Line as provided for in Section 3, Part 6. No Line will be built that exceeds the applicable Line construction cap for that BES. The upper limit of eighty seven hours and thirty minutes (87:30) may be flexed, in each Base, Equipment and Status, no more than:

1. A total of fourteen hours (14:00) in any calendar year;
2. Four (4) bid periods in any calendar year;
3. Three hours and thirty minutes (3:30) in any bid period.

B. Construction Rules - Lineholders

1. Lines will be constructed using all revenue and all known and recurring miscellaneous flying performed by the Company. Any scheduled event, including CI days and Pairings, which contain less than four hours (4:00) average pay per Duty Day may be left in open time at the discretion of the Association's Line Construction Committee. If the Company builds lines of time, such events will be left in open time.
2. Carry-in time will be included on the published lines and will be reflected in the initial published Line Value.
3. Lines will be constructed with a minimum of twelve (12) Days Off in a bid period.
4. Each Line of Time will be constructed to maximize Days Off. Wherever possible, the same or similar quality Pairings, or the best possible matching of similar quality Pairings, will be repeated weekly to achieve maximum Days Off. An additional Pairing or Pairings may be added to bring the overall lines of time up to the BES bid divisor.

5. No Line will be constructed to more than twenty-eight hours and thirty minutes (28:30) in a seven (7) day period during the November through March bid periods, nor more than twenty-nine hours (29:00) in a seven (7) day period during the April through October bid periods for domestic operations, or thirty hours and thirty minutes (30:30) during the November through March bid periods and thirty-one hours (31:00) during the April through October bid periods in a seven (7) day period for international two (2) man operations.

6. Lines of Time will be rank ordered and numbered in the appropriate bid package using the highest number of Days Off to the least number of Days Off. When lines of time have the same number of Days Off, those lines will be sub-sorted by the number of pay hours each Line contains.

C. Construction Rules - Reserves

1. Standard Reserve Lines will be constructed with a minimum of twelve (12) Days Off in a bid period. Days Off will occur at home Base.

2. The number of Reserve Lines for each Status will be noted on the bid package.

3. Each reserve Line will include two (2) blocks of immovable days totaling eight (8) Days Off. In no case will any Day Off period be less than two (2) days.

4. Reserve Lines for international sub-bases may be constructed with the required Days Off in one (1) large block. To facilitate Reserve Lines constructed in this manner, the normal requirement for one (1) twenty-four (24) hour Rest Period every seven (7) days to occur at home Base will be waived. These twenty-four (24) hour Rest Periods may occur during a twenty-four (24) hour period in which a Reserve is not utilized or they may occur during a Trip. This waiver only occurs when a Reserve Pilot is awarded a reserve Line in which all his days occur in one large block or if necessary to accommodate Days Off traded at the pilot's request.

5. Floating Reserve Lines

No more than twenty-five percent (25%) of the staffed Reserves in a BES may be utilized as Floating Reserves. Floating Reserve Lines will be constructed according to the following criteria:

a. After completion of Reserve Conversion Lines, Crew Scheduling will look at availability and make a determination to assign Reserve Days wherever required in order to meet coverage shortfalls with no prior guarantee to the pilot of specific Days Off.

b. Floating Reserve Lines will be constructed with fourteen (14) Days Off.

c. Once Crew Scheduling assigns Reserve Days to the floating Line, those days will be immovable by the Company. Normal Reserve Day trade rules will apply.

d. No single Days Off between Duty Periods.

e. No more than two (2), two (2) Day Off periods can be assigned without the pilot's consent.

f. Normal Reserve phone availability window rules will apply.

g. All Days Off will be at home Base.

h. If the bid process results in an insufficient number of Reserve Pilots being awarded floating Reserve Lines, such lines may be assigned in reverse order of seniority provided the pilot does not have vacation in that month.

Part 5 - Bidding

A. Each pilot will be furnished a bid package prior to a bid period, not later than noon (12:00) on the fourteenth (14th) day of each month.

B. Bid Closing

1. The monthly bid will be posted for at least five (5) days. It will not close before 0900 LBT on the 16th of the month without prior notice.

2. Captains' bids will close at 0900 LBT on the date indicated on the bid package but no later than the 19th of the month. First Officers' bids will close at 0900 LBT the day following the Captains' bid closing.

3. Bid results will be posted in the crew room, electronically, and on the Company voicemail within sixteen (16) hours after their applicable closing time.

4. Unless a pilot has been designated as "surplus-bids-bottom" or has accepted a Voluntary Special Assignment Bid, he will be awarded his bid in seniority order within his BES.

C. A pilot in the Military Reserves requiring time off for a two (2) day Drill Weekend or Military Duty for one (1) group of up to four (4) consecutive days will so indicate. The pilot should attempt to bid around these dates. If unsuccessful, the pilot will automatically be placed on Military Leave for the date(s) of the military duty.

D. Failure to Bid

A pilot who does not bid before the closing, fails to bid sufficient choices, or bids incorrectly, will be awarded the lowest numerical Line of Time, which remains unassigned after all pilots senior to him have been awarded a bid.

E. Eligibility for Monthly Bidding

1. To be eligible to bid and be awarded a monthly Line of Time, a pilot must be current and qualified, or be projected to have completed all required training (exclusive of Initial Operating Experience) prior to the bid period for which he's bidding. Training completion dates will be projected at the time the staffing is posted.

Example: A pilot bidding for December must be projected to complete training by the end of the November bid period.

2. A pilot staffed in a new BES who is not projected to complete training before the end of the current bid period, excluding Initial Operating Experience, will bid and be awarded a Line solely for the purpose of establishing Days Off and pay following completion of his IOE. Using open Trips and/or RX Day(s) for Lineholders and days of phone availability for Reserves, Crew Scheduling will construct time for the balance of the month following the completion of IOE.

3. When, in connection with the opening of a sub-base, a pilot completes training and is not yet staffed in that new sub-base, he may be required to return to his current BES until the effective date of the bid. In that case, he will bid in his current BES in the normal manner and will not be required to undergo any additional training required in his new BES until actually staffed. Alternatively, he may be Special Assigned in his new Equipment and Status to a Base other than his awarded Base, in which event he will be entitled to the benefits of the provisions of Section 24, Part 8, except that such assignment may not exceed two (2) bid periods after the bid period in which the pilot completes IOE. His special assignment benefits will be applied from his previous Base, or his awarded Base if he has moved in conjunction with his new bid award. Whenever possible, a pilot will be Special Assigned to his previous Base, unless the pilot agrees otherwise.

F. Scheduling Restrictions for Low-Time Pilots

1. Low-time (less than one hundred [100] hours in type) pilots will be restricted from being scheduled to fly together. Captains will be awarded their bid choice regardless of experience in type. First Officers will be awarded their bid choice unless they are a low-time pilot and their choice would result in being paired with a low-time Captain. If that should occur, the First Officer will be awarded the next available bid choice that does not create such a conflict.

2. The restriction, which will be based on the most current Flight Time information available in CMS, will also apply to schedule changes, Trip trades, irregular operations and reserve assignments and substitutions.

G. Flying in a Lower Status

1. A pilot may not bid below his permanent BES on a monthly bid without the prior approval of the System Chief Pilot.

2. A pilot utilized at Company request in a lower Status than that to which he is entitled will be paid at the higher Status.

H. Reserve Conversion Lines

1. Reserve conversion lines may be constructed after the bid is awarded, adjustments are completed, and the Line Improvement Window is closed, using Trips available in Open Time and, if necessary, RA Days up to a maximum of five (5). When Reserve conversion lines are constructed, they will be awarded in seniority order to Reserve Pilots who have indicated a preference for them. If an insufficient number of Reserve Pilots bid for conversion lines, they may be assigned to Reserve Pilots in reverse order of seniority except that during a month in which a pilot has vacation he may not

be awarded a Reserve conversion Line unless he bids for such a Line. Additionally, if a Reserve conversion Line is junior assigned, no Trip assignment will be made on designated Holidays or on one day on either side of that Holiday (± 1 day) without the prior approval of the pilot unless the Holiday or the day on either side of that Holiday was an originally scheduled Reserve Day.

2. The minimum Reserve Pilot requirement in a BES may not be decreased in order to award additional Reserve conversion lines.

I. When the number of Reserve Pilots exceeds the number of published Reserve Lines, the lines will be double or triple awarded in seniority order.

J. Under catastrophic circumstances, all lines may be re-built for the balance of the bid period. If there is insufficient time to re-bid the lines, pilots will fly the replacement Trip Pairings subject to FAR limitations. Every effort will be made to construct the pilot's new Line as similar to his original Line as possible, using the same Duty Days and the same original Days Off.

K. Bidding for Voluntary Reduced Flying (VRF)

1. Pilots awarded VRF positions will not be eligible to be awarded floating Reserve Lines.

2. Pilot Manpower Planning will determine the estimated number of VRF positions (if any) to be posted for each BES on a bid month basis. These estimated positions will be posted as soon as possible but no later than the ninth day of the month prior to the bid month in question. Pilots will be awarded VRF positions in seniority order from pilots volunteering through the VRF bid process.

3. Pilots who desire to bid a VRF position will utilize the normal monthly bidding process. This bidding process will be available on the first day of the bid period prior to the bid month in question and will close no earlier than 1300 IAH Local Time on the 13th of that month. The closing date and time will be included along with the posted estimated positions. VRF awards will be posted along with final staffing. A pilot awarded a VRF position will bid for his monthly schedule in the normal manner.

Part 6 - Line of Time Adjustment Rules

A. Adjustment(s) may be made to a Line of Time only during the adjustment phase (immediately after Bid Award and prior to the Readjustment Window opening). Adjustments may be required for paid leaves of absence, projected FAR legality problems, bid period changeovers, and bank time. A Lineholder awarded a Line of Time not requiring adjustment will not have his Line of Time adjusted. A Lineholder may elect to not allow the use of RA Days in the adjustment process to restore any Lost Time. If a pilot who elects not to allow the use of RA Days is not fully adjusted, he will be subject to a corresponding reduction in Line Value and MPG. If the pilot subsequently increases his Line Value above his adjusted guarantee, his guarantee will

increase to equal the Line Value, up to a maximum of the normal Lineholder guarantee outlined in Section 4.

B. After the adjustment phase, other necessary changes to a Line of Time will be made in accordance with the rules for Reassignment.

C. A pilot whose Line has been adjusted will be provided an opportunity prior to the Line Improvement Window to trade an added Trip Pairing or an RA Day(s) with a Trip Pairing from open time. Prior to the Line Improvement Window the pilot's trade will be limited to replacement of any adjusted Trips or RA Day(s). All trades must be in accordance with Part 10 of this Section.

D. A pilot scheduled for a Pairing operating during a schedule changeover period, may either be assigned a replacement Pairing or a combination of Pairing(s) and/or RX Days on originally scheduled Duty Days. The replacement Pairing cannot exceed one (1) Calendar Day more than his original Pairing, subject to the adjustment rules in Paragraph F below. This additional day will be paid and credited four hours and thirty minutes (4:30) or actual time flown on that day, whichever is greater.

E. A pilot whose Line of Time requires adjustment must have twelve (12) Days Off or more during a bid period, unless he agrees otherwise. This number may be prorated for the pilot's absence(s) in that bid period.

F. Monthly Adjustment

1. Adjustments will be made in seniority order and every effort will be made to honor a pilot's indicated preference(s) for his monthly adjustment, and to preserve Line continuity, working conditions, and number of Days Off. Crew Scheduling will not use events which have less than four hours (4:00) average pay per Duty Day for Line adjustments.

2. A Lineholder who has a carry-in Pairing, a Trip conflict, or an FAR legality problem which drops his Line Value more than two hours and thirty minutes (2:30) below his published Line Value will be subject to Line adjustment. The adjusted Line Value will be between the original Line Value minus two hours and thirty minutes (2:30) and Line construction cap.

3. A pilot's Line Value will be his adjusted Line Value unless the adjustment requires the loss of a Day Off, in which event, the Line Value will be the greater of the originally published Line Value plus four hours and thirty minutes (4:30), or the adjusted Line Value.

4. A pilot may require that the Company not use RA Days nor reduce his number of Days Off when adjusting his schedule. In addition, a pilot may require that his Line not be adjusted at all, that the Company not reduce his number of days off, and/or that certain of his originally designated Days Off be protected from adjustment, so long as normal CMPOOL minimums are met at the conclusion of the assignment of reserve conversion and floating Reserve Lines. If normal CMPOOL minimums are not met at the conclusion of the assignment of reserve conversion and floating Reserve Lines, the Company may elect to adjust pilots who have requested no adjustment, but will do so in reverse seniority order and until normal CMPOOL minimums are met. If a pilot elects

one or more of these options, and he is not adjusted, or not fully adjusted, then his Line Value and pay guarantee will be the resulting (reduced) Line Value and pay guarantee.

5. A Line of Time requiring adjustment will be adjusted in the following priority order:

   a. Using the highest value Trips on originally scheduled Duty Days,

   b. Using Trips and/or RA Days on originally scheduled Duty Days,

   c. Using Trips on originally scheduled Duty Days extended by one Duty Day,

   d. Using Trips and/or RA Days on originally scheduled Duty Days extended by one (1) Duty Day,

   e. Using trips adjacent to Trip Pairings scheduled elsewhere in the bid period, protecting the same number of days off,

   f. Using Trips on days other than originally scheduled Duty Days, but protecting the same number of Days Off,

   g. Using Trips and/or RA Days on days other than originally scheduled Duty Days, but protecting the same number of Days Off,

   Note: The term "originally scheduled Duty Days" is defined as those Duty Days published on the pilot's awarded bid Line, including original carry-in days as well as other days that were originally on the Line but were dropped.

6. If a pilot elects not to have RA Days used in the adjustment process, then only steps a, c, e, and f will be used.

7. If a pilot elects to protect his original number of Days Off, then only steps a, b, e, f, and g will be used.

8. If the pilot elects to protect his original Days Off and not allow RA Days to be used in the adjustment process, only step a will be used.

9. No adjustment will be made on designated Holidays or one day either side of that Holiday (± 1 day) without the prior approval of the pilot unless the Holiday or the day on either side of that Holiday was an originally scheduled Duty Day.

10. If the pilot does not restrict the Company in its ability to adjust his Line of flying, his original Line Value minus two hours and thirty minutes (2:30) will be used for pay protection purposes, subject to adjustment during the bid month.

11. All pilots who require adjustment pursuant to this Paragraph F will have access to the Readjustment Window.

G. Military Leave and Unpaid Leave Adjustment

1. A Pairing(s) in conflict with a drill weekend, other military duty or military leave will be removed from that pilot's Line of Time and be placed in open time.

   a. That pilot's Line Value will be reduced by the value of the Pairing(s) removed from his Line of Time. The pilot will be subject to a corresponding reduction in Line Value and MPG unless he requests to be adjusted. If he does request adjustment, both his Line Value and MPG will increase by the amount of the adjustment (MPG not to exceed original MPG). Subsequent increases in time will be added to Line Value only.

   b. A pilot may request to remain on the portion of his Trip before his military reserve days. He may also request that he be placed back on the remaining portion of his Trip following the military duty. This can only occur at a point where the Trip transits the pilot's Base. The pilot's Line Value will only be reduced for the portion of the Trip not actually flown. If necessary, MPG will be adjusted.

   c. A standard Reserve Pilot's MPG will be decreased by one eighteenth (1/18) of the applicable Reserve MPG for each day lost due to drill weekend, military leave, or other military duty in a thirty (30) day month, and by one nineteenth (1/19) of the MPG in a thirty-one (31) day month for each such day lost. A floating Reserve Pilot's MPG will be decreased by one sixteenth (1/16) or one seventeenth (1/17), as appropriate.

   d. No other adjustment related to military leave may be made to a military reservist's Line of Time unless requested by the pilot.

2. A pilot on unpaid leave other than military will also have his MPG and Line Value adjusted as described above. No other adjustments may be made to a pilot's awarded Line of Time when he is on a leave without pay unless requested by the pilot.

H. Vacation Adjustments

1. Lineholders

   a. A pilot will not be responsible for Trips in conflict with a vacation period.

   b. The value of Trips lost due to vacation will be deducted from the pilot's Line Value.

   c. When the pilot's remaining Line Value plus the value of his vacation is more than two hours and thirty minutes (2:30) below his original Line Value, his Line will be adjusted, unless he requests otherwise. The pilot may request that his Line be adjusted to (+ or -) two hours and thirty minutes (2:30) of MPG or request that no adjustment be made. If a pilot's remaining Line Value plus the value of his vacation is less than

MPG, and he requests that he not be adjusted, his MPG will be correspondingly reduced.

d. When a pilot's Line Value is adjusted for vacation, it will be adjusted, using Trips and/or RA Days, to be between the original Line Value minus two hours and thirty minutes (2:30) and Line construction cap. Using the adjustment request process, a pilot may request that no RA Days be used for vacation adjustment. If the pilot so elects, and he is not adjusted or not fully adjusted, then his Line Value and pay guarantee will be the resulting reduced Line Value and pay guarantee. RA Days will not immediately precede or conflict with the first scheduled day of vacation. Pilots may request that adjustments be made that will maximize vacation.

e. Using the adjustment request process, a pilot may request that he remain on the portion of his Trip before his vacation, or that he be placed back on the portion of his Trip following his vacation. This can only occur at a point where the Trip transits the pilot's Base. Line Value will only be reduced for the portion of a Trip not actually flown. If due to irregular operations, the pilot does not transit his Base as scheduled, he will be removed from his Trip when it does transit his Base.

2. A pilot will be given the opportunity to move his vacation up to (+ or -) three (3) days as follows:

a. A pilot who desires to slide his vacation may submit his request in writing to Pilot Manpower Planning before the bid closing date for the month in which the vacation is to occur. Manpower Planning will approve the request unless the slide interferes with a designated Holiday not already covered by the vacation.

b. Alternatively, a pilot who desires to slide his vacation in order to fly an awarded Trip may submit his request using the adjustment request process. Such requests will be awarded after bid awards if the slide will not increase the pilot's vacation pay or result in a staffing shortfall.

I. Training Adjustments

A pilot attending scheduled training will have his Line adjusted as follows:

1. If a pilot's scheduled training is canceled after bid award adjustments are completed, the pilot will be subject to adjustment by the Company in the order specified in Paragraph F of this Part.

2. The pilot will be responsible for flying all Trips on his Line that he is legal to fly that do not conflict with his scheduled training.

3. A pilot's total training time plus the projected bid period flying not in conflict with his scheduled training may be adjusted up as specified in Paragraph F of this Part.

4. If a Lineholder who is in training for less than five (5) days receives less than ten (10) Days Off in the bid period (including Days Off in training), he may

contact Crew Scheduling for Line modification to obtain a minimum of ten (10) Days Off. If a Pairing(s) is dropped due to Line modification, the pilot will be protected for the Trip(s) and subject to Trip(s) rescheduling in accordance with Part 8 of this Section.

J. 1000 Hour Adjustment

1. A domestic pilot who flies in excess of two hundred fifty (250) hours per calendar quarter may be subject to adjustment. He will be contacted before the adjustment.

2. An international pilot will be monitored month to month on a revolving twelve (12) month period to avoid exceeding one thousand (1000) hours.

3. A pilot so adjusted will not be Junior Manned and will not be allowed to increase projected Line Value more than two (2) hours during the bid period.

4. Consideration will be given to scheduled future vacation, known leaves of absence, and the pilot's choice before the adjustment is made.

K. A Lineholder summoned for jury duty may be Reassigned in accordance with Part 8 of this Section.

L. Adjustments for Trip Cancellations Which Occur More Than Twenty-Four (24) Hours Prior to Report Time

1. Adjustments for cancellations will be made by assigning flying and/or RX Days on originally scheduled Duty Days.

2. If the pilot subsequently picks up time, that time will be added to the new Line Value that is a result of the cancellation(s) adjustment.

3. When the Company is unable to adjust a pilot's Line pursuant to Paragraph 1 above, his original Line Value will not be decreased due to the cancellation.

M. Days Off

When availability during a bid is reduced due to leave of absence, Days Off will be prorated in accordance with the following table:

Days Available	Days Off
1-2	0
3-4	1
5-6	2
7-8	3
9-10	4
11-13	5
14-16	6
17-19	7
20-22	8
23-25	9
26-27	10
28-29	11
30-31	12

N. Voluntary Reduced Flying (VRF) Adjustments

1. A VRF pilot must indicate the days on which he desires Trips to be dropped.

2. A VRF pilot will have a pay cap of fifty-five (55) hours. Lineholders will be subject to a reduction in Line Value based upon the value of any Trips dropped. This new Line Value will establish the pilot's MPG for the bid period. In the case of Reserves, there will be a reduction in MPG based upon one eighteenth (1/18) of original MPG for each day dropped in a thirty (30) day month, and upon one nineteenth (1/19) of original MPG in a thirty-one (31) day month.

3. Lineholder Adjustment Procedures

   Trips will be dropped from the pilot's awarded Line as follows:

   a. First, Trip conflicts caused by carry-in, legalities, and non-availability (i.e. vacation, drill weekend, etc.).

   b. Second, Trips will be dropped in the pilot's requested order of priority, one Trip at a time, until the pilot's Line Value is reduced to fifty-five (55) hours or below. Once the Line Value is fifty-five (55) hours or below, no additional Trips will be dropped.

      i. Trips will not be dropped that fly on published Holidays.

      ii. If a pilot indicates specific dates or a range of dates, his request(s) will be honored beginning with the first date indicated, and working toward the last date indicated until his Line Value is fifty-five (55) hours or below.

iii. A VRF pilot who does not indicate dates or does not indicate sufficient date choices to drop his Line Value to fifty-five (55) hours or below will have Trips dropped from his Line beginning from the end of the bid month forward until that pilot's Line Value is fifty-five (55) hours or below.

iv. A Lineholder awarded a VRF position in a bid month in which he has vacation will have Trips dropped and MPG calculated in the following manner:

(a). One to seven (1-7) days vacation: Trips dropped to a forty (40) hour Line Value or below.

(b). Eight to fourteen (8-14) days vacation: Trips dropped to a twenty-five (25) hour Line Value or below.

(c). More than fourteen (14) days vacation: All Trips dropped.

(d). This new Line Value will establish the pilot's MPG for the bid period.

4. Reserve Adjustment Procedures

Reserve Pilots who have been awarded a VRF position will have eight (8) days of duty dropped. Days on duty will be dropped from the Reserve's awarded Line in the following manner:

a. Requests for specific days or ranges of days will be honored in the same manner as Lineholders.

b. Duty Days will not be dropped on published Holidays.

c. If a single Duty Day is left, then that day will be moved to the nearest legal set of Duty Days.

d. A Reserve VRF pilot who indicates no dates or does not indicate sufficient date choices to drop the eight (8) Duty Days will have Duty Days dropped beginning with the first day of the bid month, continuing until eight (8) Duty Days have been dropped.

e. A Reserve awarded a VRF position in a bid month in which he has vacation will have his normal number of Duty Days determined by the vacation policy. That number of Duty Days will then be reduced by eight (8) in the manner detailed above.

f. A VRF Reserve Pilot who becomes a Lineholder through the reserve conversion process will have his Line constructed as close to fifty-five (55) hours as possible. His requested Days Off will be honored where possible.

5. A VRF pilot can make improvements/Trip trades to his Line during the Line Improvement Window. He will be subject to the rules of Line improvement.

Sick leave, bank time, and additional pay policies will be administered in the normal manner based upon the reduced MPG and reduced pay cap.

Part 7 - {Intentionally Left Blank}

Part 8 - Reassignment of Lineholders

A. Reassignment of Lineholders - General

1. A Lineholder who loses a Pairing or a portion thereof (e.g., due to illegality, being out of position, cancellation, consolidation or equipment substitution) may be Reassigned.

   Example - A Lineholder pilot has an IAH-MCO-IAH Pairing which is equipment substituted and he is Reassigned to fly an IAH-MSY-IAH which is scheduled to return the pilot to his Base prior to his original Release time. The Lineholder pilot will be pay protected for the value of the MSY turn or the MCO turn whichever is greater, at normal pay rates.

2. Crew rest disruption will be minimized when making Reassignment notification. Also see Part 15.C.

3. If a Reassignment is scheduled to or actually interferes with the origination of the next Trip Pairing in the pilot's Line of Time, the pilot will be provided a Rest Period in his home Base of at least minimum Base rest before being subject to further Reassignment, except that the pilot may be required to Deadhead to his layover or next station to complete his assigned Trip Pairing.

   Example - A pilot who has two Trips on his Line, a two day Trip (reporting on day-one at 07:00, release on day-two at 15:00) followed by a three day Trip (reporting on day-one at 08:00, release on day-three at 18:00) is subjected to Reassignment due to a mechanical problem on day-two of his two day trip. The Reassignment will not return him to Base (release) until 12:00 on day-one of what was his original three-day trip. This pilot will either be released to Base rest and then become subject to further Reassignment, or may be required to Deadhead downline to rejoin his original Pairing. If the pilot is Reassigned such that he is scheduled to be released later than 1800 on day three of his originally scheduled three-day Pairing, he will receive 100% pay and credit (Line Value) and 50% pay no credit for all time flown (including Deadhead) after the original Pairing termination time.

4. If a Lineholder is Reassigned to perform flying (including Deadhead) which is scheduled to terminate later than his original Pairing termination, he will receive junior manning pay in accordance with Section 3 for the greater of scheduled or actual time flown (including Deadhead) after the original Pairing termination time. Of this pay, 100% will be pay and credit and the 50% will be pay no credit. The original Pairing termination time will be the termination time of the originally assigned Trip Pairing twenty-four (24) hours prior to its origination. If a Day Off is lost, the pilot will have the option of having the Day Off restored in accordance with the Lost Day Off options in Part 15.F of this Section.

5. If a pilot is Reassigned to perform flying (including Deadhead) due to a special airport or area qualification that he possesses, he will receive the Trip Protection of the original Trip Pairing he was scheduled to operate or the value of the Pairing flown, whichever is greater, and he will be paid a fifty percent (50%) override, pay no credit, on the Flight Time flown to and from the special city/area as a result of the Reassignment.

6. If a Lineholder is Reassigned to a phone availability period, hotel accommodations will be provided upon request for the Duty Periods when hotel accommodations would have been provided on the original Pairing. If the phone availability period starts before 10 am, then the hotel room will be available the night before the phone availability window.

7. If a Reassignment from a domestic flight to flight(s) to Mexico or Canada takes a pilot's Flight Time over thirty (30) hours (not including Deadhead) within the previous seven (7) consecutive day period, he will be paid a fifty percent (50%) override, pay no credit, for all Flight Time (not including Deadhead) that is in excess of thirty (30) hours within the previous seven (7) consecutive day period.

B. Reassignment of Lineholders Before Pairing Origination

1. The Reassignment may not be scheduled to interfere with the next scheduled calendar Day Off in the pilot's Line of Time without the pilot's consent.

2. The Reassignment is restricted to the same number of days as existed in the Trip Pairing(s) the pilot lost. If the pilot's assigned schedule consists of one Duty Period Pairings on successive days, he may be given a combination of multiple and/or single Duty Period Reassignments over those same days.

3. When a Lineholder is advised of the loss of either his entire Pairing or the originating portion thereof prior to the origination of the Pairing (i.e., Report Time), he may be released until his next scheduled Trip, or Reassigned as follows:

   a. Given a flight assignment which is scheduled to depart no earlier than two (2) hours before the scheduled departure time of the Trip lost, or

   b. Required to Deadhead to his layover station, or next station to continue his assigned Pairing, or

   c. Placed on RX Day(s) during the days he was scheduled to fly for the Trip Pairing lost.

4. For further provisions, refer to Paragraph A of this Part.

C. Reassignment of Lineholders After Pairing Origination

1. If advised of the loss of his assigned flying after reporting to the airport, the pilot may not be given his Reassignment later than four (4) hours after scheduled Report Time, unless he agrees otherwise. Such Reassignment will not be scheduled to exceed the normal scheduled duty time limits, measured from the original Report Time, as provided in Section 12 of this Agreement. If

the pilot is assigned to a Trip that departs five (5) hours or more after the original Report Time, he will be provided a hotel room upon request.

2. After departing on his scheduled Trip, a Lineholder may be Reassigned, irrespective of the fact that his flight(s) are operating, provided that the Reassignment is scheduled to return him to his Base on the same Calendar Day as his original Trip.

3. Reassignment into Day Off

   a. If no Reserves are available, on the last day of a Trip, when circumstances beyond the Company's control cause irregular operations (e.g., mechanical or weather problems), a pilot may be Reassigned an additional day beyond his original scheduled Trip Pairing termination only if the event which causes the need for the Reassignment becomes known less than three (3) hours from the departure time of the Reassigned Trip. Unless the pilot requests otherwise, the pilot must be scheduled to be returned to his Base within twenty-four (24) hours of the time his initial assignment was scheduled to return him to his Base. The assignment must be scheduled to depart for the purpose of returning him to his Base no more than twelve (12) hours into his Day Off. In the case of international flights, the above twelve (12) hour restriction will not apply if it would cause further crew disruptions. Provided that a Reserve is available to protect the flying, upon request the pilot will be placed on the first available CAL flight to CONUS and then returned to his Base as soon as possible.

      [Note: The term "no Reserves available" is intended to mean that no qualified Reserve Pilot in the system (any Base) and within the same Status can be positioned, (including the use of Deadhead, if necessary) to operate the flight and protect the flying without regard to coverage (CMPOOL) or matching of Duty Periods.]

   b. Before the Company may Reassign a pilot pursuant to Paragraph 3.a above, it must, to the extent time permits and up to thirty (30) minutes prior to the departure time, take the following steps to assign another pilot to such Trips:

      i Seek volunteers from Reserve Pilots willing to accept a short call;

      ii Seek volunteers from pilots on the Voluntary Junior Manning list;

      iii Seek volunteers from qualified pilots flying through or on layover in the station.

   c. If the pilot requests, the Company will replace him with a Reserve Pilot as soon as one becomes available who can be transported to the station on Company aircraft. When necessary to prevent the Reassigned pilot from being held into his scheduled Day Off, the Company will transport the replacement pilot on another carrier, if possible.

d. In connection with any Reassignment pursuant to Paragraph 3.a, the Company will maintain and will provide to the Association and/or the Reassigned pilot, upon request submitted within seven (7) days of the Reassignment, a report to be provided within seven (7) days of the request reflecting:

i A description of the event that triggered the Reassignment;

ii The time the Company learned of the event that triggered the Reassignment; and

iii The names and employee numbers of the pilots called pursuant to Paragraph 3.b, and the times of such calls.

4. A pilot assigned a charter or ferry Trip Pairing that requires a revision may be required to complete the revised itinerary to an on-line station.

5. For further provisions, refer to Paragraph A of this Part.

Part 9 - Reserve Days for Lineholders

[Note: Upon implementation of PBS, all references to RA will no longer be relevant and for all purposes, considered removed from this agreement]

A. An RA Day may be placed on a pilot's Line during the adjustment process or used in constructing reserve conversion Lines. RA Days will be computer tradable.

1. A pilot on an RA Day will be responsible to confirm his assignment in CCS after 1500 LBT on the day prior to the RA Day or a group of RA Days (or if on a flight assignment during that time, as soon as reasonably practicable following the flight assignment) unless he has been previously notified of an assignment. The pilot may be assigned a Trip, a five (5) hour phone availability period, or he may be released. If a pilot is given a phone availability window, his Duty Period will be subject to the limitations outlined in Part 11.B.4 of this Section.

2. If an assignment on an RA Day interferes with the origination of a pilot's next awarded Trip Pairing, he may be Reassigned.

3. A Trip assignment on an RA Day(s) is limited to the RA Day(s) on the pilot's Line. An RA Day where no assignment occurs does not constitute a Day Off.

4. An RA Day has a pay and credit value of four hours and thirty minutes (4:30) or actual Flight Time, whichever is greater. When a multiple day Trip is assigned over consecutive RA Days, the pilot will be paid the greater of the Flight Time during that period or the total value of the RA Days on which he is utilized. It may be necessary to file a pay claim to receive proper pay and credit for this event.

B. An RX Day may be placed on a pilot's Line when he is Reassigned. RX Days will be computer tradable and may be traded for open trips with fewer Duty Periods without regard to Reserve coverage. However, Trip protection will be retained only if the pilot

remains on duty for all of the original RX Days, unless he has been released from duty by Crew Scheduling.

1. A pilot that has a block of RX Days in which one or more days have no protection value associated with them due to cancellation of all flying on that day has the following two options:

   a. The pilot will be required to check with Crew Scheduling 24 hours prior to his original Pairing Report Time. Scheduling must assign him a Trip at least 24 hours prior to the original Pairing Report Time or the pilot will be released for the entire period.

   b. The pilot may drop the block of RX Days without regard to Reserve coverage.

2. A pilot on an RX Day will be responsible for confirming his assignment in CCS after 1500 LBT on the day prior to each RX Day (or if on a flight assignment during that time, as soon as reasonably practicable following the flight assignment) unless he has been previously notified of an assignment. The pilot may be assigned a Trip, or he may be assigned a five hour (5:00) phone availability period, or he may be released. If a pilot is given a phone availability window, his Duty Period will be subject to the limitations outlined in Part 11.B.4 of this Section. A pilot on an RX Day will not be given any assignment or availability window that begins prior to the original Pairing origination time.

3. The pilot's phone availability will end no later than the original Pairing termination time for a single RX Day or the original Pairing termination time on the last day of consecutive RX Days.

   Example 1 - At the time a three (3) day Trip was removed from the pilot's Line, it was scheduled to start at 1000 on the first day and end at 1400 on the last day. The pilot can be assigned a phone availability window that begins no earlier than 1000 on the first day, anytime on the second day, and the phone availability window on the last day ending no later than 1400.

   Example 2 - At the time the Trips were removed from the pilot's Line he was scheduled to operate three (3) single day Trips in a row that started at 1100 and ended at 1800. The phone availability windows must be scheduled to start no earlier than 1100 on the first day and end no later than 1800 on the last day. He may also be assigned a three (3) day Trip that begins at or after 1100 on the first day and returns on his last originally scheduled Duty Day. If the Reassignment is scheduled to return the pilot to his base after 1800 on the originally scheduled last day, all flying after 1800 (including Deadhead) will be paid with a fifty percent (50%) override as Pay no Credit.

4. A Pairing scheduled to operate as one Duty Period over two (2) Calendar Days (on all night flight series) will have only one "RX" day assigned on the second Calendar Day of the original Pairing. If no Reassignment is made, a pilot will be released from "RX" duty in time to obtain proper crew rest for his next scheduled assignment.

C. A pilot who picks up Open Time on an RA Day or an RX Day will be paid the greater of the value of the block of RA, or RX Day(s) or the Trip Pairing(s) actually flown on the block of RA, or RX Days, provided the pilot remains on duty for all of those days.

D. A pilot on an RA, or an RX Day must be able to effectuate a block-out within four (4) hours from initial notification. The pilot may utilize a pager and/or cellular phone or other telephonic-based messaging system; however, he must respond within fifteen minutes (:15) from notification. The four (4) hours above begins at the time the first attempt is made to contact the pilot. Scheduling will call all numbers listed on the pilot's Master Schedule anytime they are attempting to contact the pilot.

Part 10 - Trip Trades, Open Time and Line Improvement Rules

[Note: Upon the implementation of PBS, all references to Line adjustments, Readjustment Window and Line Improvement Window will no longer be relevant and for all purposes considered removed from this agreement]

A. General

1. After bid award and initial adjustments are complete, there will be four (4) (two [2] when PBS is implemented) successive opportunities for pilots to modify their schedules. Opening and closing dates and times for each of these opportunities will be noted with the distribution of monthly Pairings. The opportunities are:

   a. Readjustment Window (minimum four hours [4:00]). Trip trades during the Readjustment Window will be allowed unless the trade would cause the number of open Trips to exceed available Reserves on any day.

   b. Trip Trade Window (minimum six hours [6:00]).

   c. Line Improvement Window (minimum twenty-four hours [24:00]).

   d. Continuous Open Time Window (continuous throughout the bid month).

2. During the Trip Trade Window (6 hour) and the Line Improvement Window (24 hour), minimum Reserve levels in CMPOOL will be set to no more than fifteen percent (15%) of staffed Reserves (rounded to the nearest whole number), except that during the first four (4) days of each bid period, the last three (3) days of each bid period, Holidays, and the day immediately preceding and following any Holiday, will be set to Normal CMPOOL levels.

3. Total scheduled time as a result of Trip trades or pickups may not exceed twenty-eight hours and thirty minutes (28:30) (November through March bid periods) and twenty-nine hours (29:00) (April through October bid periods) in seven (7) Calendar Days for domestic operations, or thirty hours and thirty minutes (30:30) (November through March bid periods) and thirty-one hours (31:00) (April through October bid periods) in seven (7) Calendar Days for international two (2) man operations.

4. Total scheduled time as a result of Trip trades or pickups in international two-pilot operations may not be scheduled to be within thirty minutes (0:30) of violating international 8/24 FARs.

   Example 1:

   A pilot is scheduled to fly a three (3) day, two (2) pilot international Trip. The 3rd day is scheduled for eight hours (8:00). Since the flight is scheduled for greater than seven hours and thirty minutes (7:30), and thus is within thirty minutes (:30) of exceeding eight (8) hours of Flight Time in a Duty Period, the pilot will need to be scheduled for 18 hours (18:00) free from duty after the first Pairing before reporting for another Pairing.

   Example 2:

   A pilot is scheduled to fly a one (1) day Trip worth seven hours (7:00). If he wishes to pick-up a two (2) pilot international Trip on the following day that would cause his total Flight Time to exceed eight hours (8:00) in a twenty-four hour (24:00) period, then he would be required to have fourteen hours and thirty minutes (14:30) rest between the two Pairings (twice his Flight Time since his last rest, plus thirty (30) minutes), and eighteen hours and thirty minutes (18:30) free from duty following the second (2nd) Pairing.

5. Total scheduled time in a calendar month must not exceed ninety-seven hours (97:00) domestic and international two-pilot operations, and one hundred fifteen hours (115:00) international operations involving additional crewmembers in thirty (30) consecutive days. However, these parameters may be exceeded if the trade is executed at a point when actual time completed will allow the trade or pickup of a one (1) day Trip only.

6. A Trip trade may not reduce Line Value below MPG, or further reduce it if already below MPG. A Personal Drop may not reduce Line Value and/or MPG below fifty-five (55) hours, except that a pilot may further reduce his Line Value and MPG in a month containing vacation by a value of three hours and fifteen minutes (3:15) for each vacation day contained with that bid period.

7. Any Trip trade, Trip drop, or pickup which would require that a pilot without the required special qualifications fly a Special Route, Area Qualification or Aircraft Qualification Trip, must be executed at least ten (10) days prior to the Trip.

   a. Such Trips picked up within ten (10) days are subject to being removed from the pilot's schedule without protection.

   b. If the pilot has had the Special Route Pairing on his Line at least ten (10) days prior to the Trip, he may be re-assigned. However, if the pilot is given RX Days as part of the re-assignment, Scheduling must assign him a Trip at least twenty-four (24) hours prior to the original Pairing Report Time or the pilot will be released for the entire period.

8. A pilot may drop a Trip Pairing or a portion of a Trip Pairing with the approval of Crew Scheduling. Trip splits will not result in an increase in Trip Rig pay for a pilot.

   Example: A pilot has a Pairing with fifteen (15) hours of Flight Time that contains a multi-day layover, and ends with an IAH-AUS turn worth two (2) hours of the fifteen (15) hour total. Because the Pairing has a time away from base of eighty (80) hours, the Pairing has a pay value of twenty (20) hours. If the pilot were to split the Pairing so as to drop the AUS turn (worth two [2] hours of Flight Time and three [3] hours time away from base), his pay value for the Pairing would drop by those two (2) hours to eighteen (18) hours.

9. Requests for Personal Drops will be approved based upon coverage and operational needs on a first-come, first-served basis. If a Personal Drop is approved for either a Trip Pairing or a portion of a Trip Pairing, Line Value will be correspondingly adjusted. Minimum pay guarantee will only be correspondingly adjusted if Line Value drops below the pilot's MPG. Personal Drops during the Line Improvement Window (twenty-four [24] hour) must be requested by phone and will be subject to Normal CMPOOL levels.

10. Trip trades or Trip drops for the current or subsequent Calendar Day will be subject to Crew Scheduling approval.

11. A pilot may advertise a Trip, or a portion thereof, to be displayed in open time, or in such other manner as may be agreed upon by the parties. This advertisement may only be made without conditions or restrictions placed upon it by the advertising pilot. The pilot is required to fly his original Trip if no other pilot picks up that flying within twelve (12) hours prior to scheduled departure.

12. Trip drops, Trip trades, Trip splits, or Trip pickups which are not in violation of FARs, do not violate any provision of this Agreement, are within BES, meet all contractual scheduling criteria, and meet Normal CMPOOL requirements (except as provided for in Paragraph A.10) will be approved by Crew Scheduling.

13. "R" Days for Reserve Pilots may be traded with prior approval by Crew Scheduling.

B. Open Time Trades

1. There is no limit on the number of Trip trades.

2. When impacted by a Trip trade, Line Value and, if necessary, MPG will be correspondingly adjusted.

3. Trip trades involving Pairings that transit two (2) bid periods must meet the Trip trade parameters for the current month and must also satisfy them for the next month if the adjustment phase has been completed for that month (once lines are awarded effective with PBS).

C. Open Time Pick-up

1. A pilot who is staffed in the same Equipment and Status in another Base may pick-up Open Time at a Base other than his staffed Base, this is commonly referred to as an Out-of-Base pick-up. This pilot may only pick up this Open Time within eleven (11) hours of scheduled Report Time and may not impact any other Trip on his original schedule. He may not pick up a Trip previously obtained by a Reserve Pilot during either the "A" or "B" Aggressive Pickup Windows. There will be no out-of-base pick-ups allowed involving Guam pilots or Guam Open Time and other pilots and/or Open Time.

2. With the approval of Crew Scheduling, a pilot may pick up a portion of a Trip Pairing in accordance with the following:

   a. The pilot must be otherwise eligible to pick up Open Time.

   b. The split (the portion of the Pairing to be picked up) must be at the beginning or the end of the Trip Pairing.

   c. The first and last segments of a split Pairing must originate from and terminate at, respectively, the pilot's assigned Base. However, two (2) pilots may agree to split a Trip Pairing at any outstation provided that the pilot who flies the airplane to the station where the split occurs will physically confirm the arrival of the pilot who will be operating the outbound Trip (the "Accepting Pilot") at the aircraft, and will remain responsible for operating the Trip until the Accepting Pilot is physically available at the aircraft. The Accepting Pilot must report for check-in at the airport no later than one (1) hour prior to scheduled departure, and must confirm the assignment with Crew Scheduling a minimum of two (2) hours prior to scheduled departure. Deadhead pay will not be paid to either pilot for Deadheads resulting from such split Trips.

   d. Requests to split Trips may only be made on or after the first day prior to the bid period. Unless the split results in a pick-up of more than one (1) Duty Period, such pick-up may only be done less than seven (7) days, but more than twelve (12) hours, before the scheduled departure of the first segment of the original Trip Pairing.

3. A pilot who picks up time in his Equipment in a lower Status will be paid at the pay rate applicable to the Status flown.

D. Trip Trades Between Pilots

1. Pilots may trade Trips with other pilots qualified to fly them. Approval is not required. Except for trades subject to the provisions of Part 10.A.7, trades must be coordinated with Crew Scheduling not later than eight (8) hours before the origination of the earlier Trip. Trades within eight (8) hours are subject to approval of Crew Scheduling.

2. Pilots may trade entire lines (after adjustments are complete) in the same Equipment and Status provided they comply with this Section and there are no FAR legality conflicts. Both pilots must be available for the entire bid period.

3. Reserves may trade equal sets of Days Off provided neither pilot will be on reserve more than six (6) consecutive days as a result of the trade. Immovable Days Off may not be traded for movable Days Off.

4. Trades between pilots operating under the Air Micronesia Certificate and pilots operating under the Continental Airlines Certificate are not permissible.

Part 11 - Reserve Scheduling

A. "A" Reserves

1. "A" Reserve Lines will be awarded each bid period, to no less than the most senior twenty-five percent (25%) of the available Reserves in each Base, Equipment and Status that have indicated during the monthly bid that they wish to be awarded an "A" reserve Line. "A" Reserve Lines will not be assigned to any pilot who has not bid for an "A" reserve Line. The Company and the Association will meet and agree to any change to the twenty-five percent (25%) limitation, with such meeting to occur anytime after six (6) months of PBS implementation.

   Example: IAH B737 FO available Reserves total sixty (60) pilots. Sixty (60) X 25% = 15. Therefore, no less than fifteen (15) "A" Reserve Lines IAH B737 FO will be awarded.

2. A pilot awarded an "A" reserve Line will have an MPG of seventy-two (72) hours.

3. Except when released to a Rest Period, a pilot awarded an "A" reserve Line must be contactable continuously twenty-four (24) hours a day, beginning at 0001 LBT of his first Reserve Day. "A" Reserves completing a Trip assignment are considered contactable beginning upon block-in, provided no additional flying has been added. Reserve Days will terminate at midnight, with phone availability ending at 1200 LBT prior to a Day Off, vacation, training, Association business, or jury duty.

4. An "A" Reserve may be converted to a "B" Reserve in order to serve a telephone availability period in accordance with Paragraph C.6 below. A conversion will be effective when the Reserve has been released to his "B" phone availability period. For each day converted to "B" Reserve greater than two (2) in a bid month, the "A" Reserve will have his MPG increased by one (1) hour.

5. An "A" Reserve may not be required to report for a Trip Pairing or to begin a phone availability period less than nine (9) hours from the first attempt at contact by Crew Scheduling, or when he first becomes contactable on his first day of duty.

6. "A" Aggressive Pickup Window

   a. An aggressive pickup window will be made available to "A" Reserves each day from 0900-1100 LBT for pickup of Trips. During the "A"

Reserve aggressive pickup window, an "A" Reserve may pick-up Trips within his Base, Equipment and Status that:

i. originate on the following day, and

ii. exactly match his Calendar Days of availability, except that a Reserve available for five (5) or more days is allowed to pick up Trips with four (4) Calendar Days of duty, unless the Pairing operates with a double-augmented crew, and provided there are no Pairings in Open Time matching his days of availability, and

iii. do not cause his pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG, except for a pilot who already has a pay value that is greater than four hours and thirty minutes (4:30) less than his MPG, and who has not been released by Crew Scheduling in accordance with Paragraph G.10 below.

b. Pickups during the aggressive pickup window are on a first-come, first-served basis.

c. "A" Reserves that pickup in the aggressive window will be released to their Pairing nine (9) hours prior to report, except that "A" Reserves that pickup Trips that begin on the first day of their reserve block will have no phone availability obligation prior to Pairing origination.

d. Trip Pairings pickedup during the aggressive pickup window by an "A" Reserve are not considered available for Lineholder pickup or trade.

7. "A" Assignment Window

a. An assignment window will occur for "A" Reserves each day from 1100-1200 LBT for assignment by Crew Scheduling of Trips to "A" Reserve Pilots. During the "A" Reserve assignment window, "A" Reserves will be assigned Trips that:

i. Originate on the following day, and

ii. Exactly match their Calendar Days of availability. If there are no "A" Reserves whose Calendar Days of availability match the Trip being assigned, pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

iii. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment.

b. Assignments during the "A" assignment window will be made in inverse seniority order after consideration of Paragraphs 7.a.i, a.ii, and a.iii above.

c. Pilots assigned a Trip during the "A" assignment window will be considered released to the Pairing nine (9) hours prior to report.

d. Trip Pairings assigned during the "A" assignment window are available for Lineholder pickup or trade in accordance with Part 13.C.

e. Further assignments to "A" Reserves may be made in accordance with Paragraphs C, D, E and F below.

B. "B" Reserves

1. A Pilot awarded a "B" Reserve Line will have an MPG of seventy-six (76) hours.

2. Unless released by Crew Scheduling or on a duty assignment, a "B" Reserve Pilot must be contactable during his scheduled phone availability period on each Reserve Day. Reserve duty terminates at midnight, with phone availability ending at 1800 LBT prior to a Day Off, vacation, training, Association business, or jury duty.

3. Subject to the limitations contained in this Agreement, a "B" Reserve will be available for duty assignment at any time during his Reserve Days, except that a "B" Reserve who has not received an assignment by the end of his phone availability periods will not be required to be phone available to receive new assignments until the start of his next phone availability period.

4. A combination of phone availability and duty assignments, not broken by a designated Rest Period of at least nine (9) hours, may not be scheduled to exceed eighteen (18) continuous hours, except that the combination of phone availability and duty assignments may not be scheduled to exceed sixteen (16) continuous hours for Domestic operations. However, a "B" Reserve Pilot who is assigned a flight on an aircraft with crew bunk facilities that is scheduled to depart within the first four (4) hours of his phone availability period will only be limited to the lesser of the provisions of Section 12 - Hours of Service, measured from report, or the Duty Day limitations of the crew currently assigned to the flight; in a case where there is a complete re-crew, the combination of phone availability period and duty cannot exceed twenty-hours and thirty minutes (20:30).

5. A phone availability window will not be scheduled to exceed fifteen (15) hours.

6. A "B" Reserve's phone availability window may be changed, provided that the change does not interfere with an immovable day off and provided further that the Reserve receives a minimum of nine (9) hours rest, or a Base rest following a flight assignment, prior to the start of the new phone availability period. If the Reassignment of phone availability interferes with a Day Off which is not immovable, the Day Off will be restored as provided in Paragraph I below.

7. During any block of Reserve Days when the Company elects to assign either a second phone availability window, or a Trip not preceded by at least twelve (12) hours of crew rest, which starts within twenty-four (24) hours of the start

of the previous phone availability window, it will do so by proffering the change in seniority order to similarly situated (e.g., same Duty Periods, Days Off and availability periods) Reserves in the Base, Equipment and Status. In such event, any phone availability window on his last Duty Period in the block will be no more than eight (8) hours and will terminate no later than 1630 LBT (2130 LBT for a 1500 Reserve).

8. Phone availability periods which follow flight assignments, and are not immediately preceded by a Rest Period of at least minimum Base rest, will be limited by the duty time limitations in Section 12 of this Agreement. (The Duty Day begins with the original Report Time for the initial flight assignment for that Duty Period.)

9. Published Reserve Days spanning midnight will run for twenty-four (24) hour periods beginning with the published phone availability time but terminating at 1200 LBT on the last day.

   a. Any flight assignment extending or scheduled past 1200 LBT on the last day will be considered as extending into a Day Off. See Paragraph I.3 below, and Part 15.F of this Section.

   b. A "B" Reserve Pilot on a 1500 LBT or later Line not on an assignment will be released from phone availability at 0600 LBT on his last Reserve Day. This same Reserve Pilot with vacation or training will have Reserve Days terminate at midnight with a phone availability period ending at 1800 LBT prior to their first scheduled day of vacation, training, Association business, or jury duty.

10. Phone availability periods spanning midnight will run continuously from the start of the phone availability period for fifteen (15) consecutive hours.

11. A "B" Reserve Pilot must be phone available during his specified phone availability period and must be able to effectuate a block out (including Deadhead) within three (3) hours from initial notification.

12. "B" Aggressive Pickup Window

   a. An aggressive pickup window will be made available to "B" Reserves each day from 1200-1300 LBT for pickup of Trips. During the "B" Reserve aggressive pickup window, "B" Reserves may pick-up Trips within their Base, Equipment and Status that:

      i Originate on the following day, and

      ii Exactly match their Calendar Days of availability, except that a Reserve available for five (5) or more days is allowed to pick up Trips with four (4) Calendar Days of duty, unless the Pairing operates with a double-augmented crew, and provided there are no Pairings in Open Time matching his days of availability, and

      iii Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG,

iv Are compatible with their assigned phone availability periods, if applicable.

b. Pickups during the aggressive pickup window are on a first-come, first-served basis.

c. A "B" Reserve will not be assigned a phone availability period for the first day of his Reserve block until after the aggressive pickup window is complete, after which phone availability periods compatible with the Trip picked up may be assigned.

d. A "B" Reserve Pilot who picks up a Trip during the aggressive pickup window will be required to serve any assigned phone availability period

e. A Trip Pairing picked up during an aggressive pickup window by a "B" Reserve is not available for Lineholder pickup or trade in accordance with Part 13.C.

f. Further assignments to a "B" Reserve may be made in accordance with Paragraphs C, D, E and F below.

C. Reserve Assignment Window

1. Assignments will be made available to the pilot in CCS at 1500 LBT on the day before each Reserve Day, and Reserve Pilots will be responsible for confirming their assignments after 1500 LBT on the day prior to the start of their Reserve Day. If, after 1500 LBT a Reserve Pilot's schedule has been amended (i.e. a different window or Trip put on and subsequently removed or changed), the pilot will be notified of such change.

2. Trips remaining in Open Time for the following Calendar Day will be assigned first to "A" Reserves, and then to "B" Reserves, provided that the Trips

a. Originate on the following day, and

b. Exactly match their Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

c. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment, and

d. In the case of "B" Reserves, the Trip is compatible with an assigned phone availability period, unless such period is modified by Crew Scheduling in accordance with Paragraph B.6 above.

3. Assignments during this assignment window will be made in inverse seniority order after consideration of Paragraphs C.2.a, 2.b, 2.c and 2.d above.

4. "A" Reserve Pilots assigned a Trip during this window will be considered released to the Pairing nine (9) hours prior to report.

5. "B" Reserve Pilots assigned a Trip during this window will be required to serve any assigned phone availability period(s).

6. "A" Reserves may be converted to "B" and assigned a phone availability period as outlined in Paragraph A.4 above. For "A" Reserves converted on their first Reserve Day in a block, the phone availability period may begin no earlier than 0001 LBT of their first Reserve Day.

7. "B" Reserves may be assigned to phone availability periods.

8. Trips assigned during this window are available for Lineholder pickup or trade in accordance with Part 13.C.

D. Reserve Proffering Window

Between 1500 and 2100 LBT available Trips will be proffered or assigned as follows:

1. Trips that become open more than ten (10) hours prior to report will be proffered in seniority order to available "A" Reserves, or to "B" Reserves if no "A" Reserves are available, if the Trip(s):

   a. Match Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

   b. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment, and

   c. In the case of "B" Reserves, the Trip is compatible with an assigned phone availability period, unless such period is modified by Crew Scheduling in accordance with Paragraph B.6 above.

2. Trips that become open within ten (10) hours prior to report, but greater than nine (9) hours prior to report, will be assigned to "A" Reserve Pilots, if available, in inverse seniority order if the Trip(s):

   a. Match Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

   b. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment.

3. Trips that become open nine (9) hours or less prior to report, but greater than four (4) hours prior to report, will be proffered in seniority order to available "B" Reserves if the Trip(s):

   a. Match Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

   b. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment, and

   c. Is compatible with an assigned phone availability period, unless such period is modified by Crew Scheduling in accordance with Paragraph B.6 above.

4. Trips that become open within four (4) hours prior to report will be assigned to "B" Reserve Pilots in inverse seniority order if the Trip(s):

   a. Match Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

   b. Do not cause their pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment, and

   c. Is compatible with an assigned phone availability period, unless such period is modified by Crew Scheduling in accordance with Paragraph B.6 above.

5. Should a Trip not be accepted on proffer, it may be assigned to the most junior pilot who satisfies the parameters in Paragraph 1.a through 1.c, or 3.a through 3.c above, as applicable.

6. Trips assigned during this window are available for Lineholder pickup or trade in accordance with Part 13.C.

E. Reserve Nighttime Window

1. Between 2100-0700 LBT Trips that become open will be assigned in inverse seniority order to available "A" Reserves first, then to available "B" Reserves, if the Trip(s):

   a. Match Calendar Days of availability. If there are no Reserves whose Calendar Days of availability match the Trip being assigned, Reserve Pilots in the next higher grouping(s) of Calendar Days of availability will be considered, with pilots who are available for four (4) or more days being considered to be in the same grouping, and

b. Do not cause his pay value to equal or exceed a value more than four hours and thirty minutes (4:30) less than his MPG; if so, the Reserve may be bypassed for assignment, and

c. In the case of "B" Reserves, the Trip is compatible with an assigned phone availability period, unless such period is modified by Crew Scheduling in accordance with Paragraph B.6 above.

2. Available Reserves who are in the appropriate matching days of availability may volunteer for a specific Trip by contacting Crew Scheduling for self-assignment on a first-come, first-served basis.

F. After 0700 LBT, available Trips that originate on the same Calendar Day will be proffered or assigned in accordance with Paragraphs D.1 through D.4 above.

G. Reserve Assignments General

1. Notwithstanding any other language in this Part, when a flight assignment is immediately preceded by a Rest Period, it need only comply with the limitations stated in Section 12 of this Agreement.

2. Nothing in this Part will be construed to allow any flight assignment which exceeds the limitations set forth in Section 12 of this Agreement.

3. A Reserve Day for the purposes of this Part is considered to be a Calendar Day except for published Reserve Days originating on or after 1500 LBT and spanning midnight.

4. A Reserve Day Off or Rest Period will not be designated retroactively.

5. If practical, Trips will not be immediately assigned by Crew Scheduling so as to allow for possible Lineholder pickup.

6. A Reserve Pilot may utilize a pager or other telephonic-based messaging system; however, he must respond within fifteen (15) minutes from notification.

7. Reserve Pilots who have an assignment are still considered Reserves and are not limited to that assignment.

8. Both "A" and "B" Reserves must check their schedules at or after 1500 LBT each day to confirm their assignments for the following Calendar Day.

9. Without regard to the provisions of this Part, Reserve Pilots who have not met FAR consolidation requirements or who require flying to maintain currency may be first assigned.

10. If a Reserve Pilot's credit value is within four hours and thirty minutes (4:30) of his MPG, the Company may elect to release him for any or all of his scheduled Reserve Days in the remainder of the bid period (with no adjustment in MPG), except that the Reserve Pilot will not be released for a single day, other than his last day, without his consent. A Reserve Pilot whose credit value is within four hours and thirty minutes (4:30) of his MPG who has not previously been notified regarding release from remaining scheduled Reserve

Days must contact Crew Scheduling on the day prior to each of his scheduled Reserve blocks no later than 0900 LBT to determine whether he has been released. Should he not be released, he will receive four hours and thirty minutes (4:30) credit times the scheduled Reserve Days in the remainder of that scheduled Reserve block from which he is not released, or the total actual credit time, including Deadhead, flown on those days, whichever is greater.

11. A Reserve Pilot may be assigned a twenty-four (24) hour break to provide schedule compatibility from month to month. It is the pilot's responsibility to check his schedule for the twenty-four (24) hour break assignment.

12. A Reserve Pilot, having originated a Pairing, may not be Reassigned into a block of more than six (6) Calendar Days without being provided an intervening Rest Period of at least minimum Base rest at his Base, unless he agrees otherwise. This will not preclude the Company from originally assigning a Reserve to a Trip in excess of six (6) days.

    For example, if a Reserve Pilot were assigned a four (4) day Trip, he would not be able to be assigned another four (4) day Trip unless he was provided a Base rest between the Pairings since the combination of the two (2) Pairings (without a rest) would extend him to seven (7) Calendar Days.

H. Immovable Days Off

1. A Reserve Pilot may exchange (redesignate) a block of immovable Days Off for a block of movable Days Off of an equal or lesser amount, in which event the previously movable days will become immovable, and the previously immovable days will become movable. Such an exchange must be completed no less than twenty-four (24) hours prior to the first day of the bid period. Reserve Pilots may also trade equal blocks of immovable days with each other, provided that they are in the same Equipment and Status, and are eligible to trade.

2. In the case of a Base that contains international operations, when the required Days Off are constructed in one large block, the first four (4) days will be considered movable and the remaining days immovable.

3. A Reserve Pilot's immovable Days Off will not be changed without his consent.

4. A Reserve Pilot who is not in his Base may be involuntarily rescheduled to remain at a city to fly an aircraft (including Deadhead) which has been delayed due to irregular operations, if it will cause him to be away from his Base on his immovable Days Off, only if no other Reserves are available. Note: The term "no Reserves available" is intended to mean that no qualified Reserve Pilot in the system is available to protect the flying.

5. If a Day Off is lost, the Reserve Pilot will be paid for the Day Off lost or have the Day Off restored, but not both. See Part 15.F, except that if the lost Day Off is paid it will be paid as add pay at junior manning premium rates, or if the Day Off is restored, the restored Day Off and any block of Days Off it touches will be considered immovable.

I. Movable Days Off

1. If operational requirements dictate, movable Days Off for Reserve Pilots may be moved by Crew Scheduling. The move cannot affect the immovable Days Off.

2. If a Reserve Pilot is assigned a Trip Pairing which, at the time of the assignment, is scheduled into a movable Day(s) Off, that Day(s) Off will be moved (rolled) to begin the day following the last Duty Day of that Pairing unless the pilot requests otherwise.

3. If as a result of events that occur after the assignment, a Reserve Pilot flies less than four (4) hours into a Day Off, Crew Scheduling will extend the Day Off. If the pilot flies more than four (4) hours into a Day Off, refer to Lost Day Off Option as described in Part 15.F of this Section. For example:

   a. A Reserve Pilot is scheduled for two (2) Days Off and arrives at 0300 LBT on his Day Off. The Reserve will begin his Days Off from Debrief. He will be available for duty forty-eight (48) hours later.

   b. A Reserve Pilot on a published 1500 LBT or later Line scheduled for two (2) days off arrives at 1500 LBT on his Day Off. The Reserve will begin his Days Off from Debrief. He will be available for duty forty-eight (48) hours later.

4. If a Reserve Pilot is assigned a Trip Pairing that originates within a set of movable Days Off, that entire set of Days Off will be restored to that pilot by Crew Scheduling following the last Duty Day of that assignment, unless the pilot requests otherwise. If the restoration is not possible in the same bid period, Crew Scheduling will restore the entire set of movable Days Off in the following bid period. See Part 15.F of this Section.

5. If a pilot holding a Reserve Line in a then-current bid period bids and is awarded a regular Line in the following bid period, any Trip assigned within a set of movable Days Off that transitions from the end of the Reserve month into the Lineholder month will result in that entire set of movable Days Off lost being restored by Crew Scheduling. Crew Scheduling will restore the set of movable Days Off lost to the pilot or, at the pilot's option, will pay four hours and thirty minutes (4:30) per day added to pay and credit value to the pilot in the Lineholder month. Any carryover from the Trip assignment that falls into Days Off in the Lineholder month will be added to the pay and credit (Total Pay) value in that month. See Part 15.F of this Section.

6. If a movable Day Off is lost, the pilot will be paid for the Day Off lost or have the Day Off restored (not both).

7. At a Reserve Pilot's request a set of movable Days Off may be split with Crew Scheduling concurrence.

8. A Reserve Pilot may request that Crew Scheduling move his Days Off. Crew Scheduling will, subject to the Reserve needs of the airline, attempt to accommodate such request provided that:

a. Movable days may not be added to the end of immovable days.

Note: Movable days which immediately precede immovable days will remain movable. The provisions of this Paragraph will not preclude a pilot's ability to slide his immovable Days Off with Crew Scheduling approval (i.e., a pilot may, with Crew Scheduling approval, slide immovable days and add movable day(s) preceding the immovable days, thus yielding no change in the number of immovable Days Off in that block).

b. The movement of Days Off may not create a one-in-seven legality problem, create a single Reserve Day between off days or reduce Reserve coverage below Company requirements, and must occur entirely within the same bid period.

c. "A" Reserves may trade days of "A" Reserve availability with other "A" Reserves.

d. "A" Reserve Day Off moves may be restricted to prevent more than twenty-five percent (25%), rounded up, of the available Reserves on any Calendar Day within a Base, Equipment and Status from being in an "A" Reserve status.

J. A Reserve Pilot assigned a Trip Pairing that carries into a new month may be required to complete that Trip Pairing even though he may be a Lineholder in the new month. Any pay and credit in the Lineholder month will be applied to the pilot's Lineholder month.

K. A Reserve Pilot may be utilized to cover a flying assignment in another Base; however, a Reserve may not be required to sit Reserve in another Base without his concurrence. Any Deadhead time associated with such an assignment to another Base will be credited toward the pilot's pay and credit value.

L. At the completion of the Reserve Pilot's Trip assignment, the pilot must check his CCS screen. If Crew Scheduling has not added any additional assignment(s) to the pilot's schedule, an "A" pilot is returned to being contactable for a subsequent assignment and a "B" pilot is released to his next scheduled Duty Period or the length of a Base Rest Period, whichever is greater. This Rest Period may be extended in order to provide adequate phone availability coverage for the Reserve's next Duty Period. It is the responsibility of the Reserve Pilot to confirm the starting time of his next phone availability period. However, a Reserve Pilot whose Pairing terminates after 1800 LBT is not required to contact Crew Scheduling if the next Calendar Day is one of his immovable Days Off.

M. A pilot is not required to be telephone available during any Rest Period. A phone call by Crew Scheduling during a Rest Period does not constitute an interruption of the pilot's rest.

N. If advised of the loss of his assigned flying after reporting to the airport, a Reserve may be Reassigned as follows:

1. Given a replacement Trip,

2. Assigned to Airport Standby duty,

3. Placed on a phone availability period.

4. "A" Reserves may be returned to "A" Reserve Status.

O. Should operations require, a Reserve Pilot may be used for "Airport Standby" duty.

1. The Duty Period as an Airport Standby is limited to five (5) hours. An assigned Trip Pairing must have a scheduled departure within that period. If no scheduled departure is assigned within the five (5) hour period, the pilot must be released for at least the length of a Base Rest Period.

2. The five (5) hour Duty Period for a pilot on Airport Standby begins at Report Time.

P. Should a Reserve Pilot call in sick for a Duty Period in which he has also performed flight duties, his sick leave bank will be debited in accordance with the table below:

Flight Time Performed (hours)	Sick Leave Debit (hours)
Less than or equal to 2	4
Greater than 2, less than or equal to 4	3
Greater than 4, less than or equal to 6	2
Greater than 6	1

Examples for 25.11.P

MSY - IAH (less than two (2) hours)	
Pilot flys it to IAH - calls in sick	Sick Leave charged 4 hours
Pilot calls in sick in MSY	Sick Leave charged 4 hours
ORD - IAH (more than two (2) hours but less than four (4) hours)	
Pilot flys it to IAH - calls in sick	Sick Leave charged 3 hours
Pilot calls in sick in ORD	Sick Leave charged 4 hours
LAX - EWR (more than four (4) hours but less than six (6) hours)	
Pilot flys it to EWR - calls in sick	Sick Leave charged 2 hours
Pilot calls in sick in LAX	Sick Leave charged 4 hours
Pilot has a six leg day worth 7 hours and 30 minutes	
Pilot calls in prior to the six leg after flying 6:15	Sick Leave charged 1 hour
Pilot calls in sick before first segment	Sick Leave charged 4 hours

Q. Except for a Reserve Pilot who has aggressively picked up a Trip in a bid period in accordance with Paragraphs A.6 and B.12 above:

1. A Reserve Pilot who is engaged in active Trip assignments for each of eighteen (18) scheduled Reserve Days will have four hours and thirty minutes (4:30) added to his guarantee, and will be compensated for that new higher guarantee or the value of his actual pay value for the month, whichever is greater. To be paid this additional amount a pilot must initiate the pay claim process.

a. This additional guarantee will apply only to a Reserve Pilot who was engaged in active Trip assignments on all eighteen (18) Reserve Days and will not apply to a Reserve Pilot whose eighteen (18) Reserve Days included training, vacation, sick leave, or leaves of absence, or who was otherwise unavailable for Trip assignments on any of those days.

b. The Company may elect to bypass assignment to a Reserve Pilot if fulfillment of the assignment will result in triggering the provisions of this Paragraph, and the Company may elect to do so even if the assignment will then result in another Reserve exceeding a pay value equal to or greater than four hours and thirty minutes (4:30) less than MPG.

2. In any bid period, if a pilot has more than three (3) movable Days Off moved by Crew Scheduling pursuant to Section 25, Part 11.I.1, 2, or 4, or has movable Days Off moved by Crew Scheduling pursuant to Section 25, Part 11.I.1, 2, or 4 on more than two (2) separate occasions, the pilot will have four hours and thirty minutes (4:30) added to his guarantee, and will be compensated for that new higher guarantee or the value of his actual pay value for the month, whichever is greater. To be paid this additional amount, a pilot must initiate the pay claim process.

   a. This provision will not apply to single Days Off (when Reserve Days occur both before and after the off day), unless the single Day Off has resulted solely from Company initiated changes to the schedule.

   b. This provision will not apply to Days Off that are extended due to events which occur after assignment, pursuant to Section 25, Part 11.I.3.

3. The Company may elect to bypass assignment to a Reserve Pilot if fulfillment of the assignment will result in triggering the provisions of this Paragraph and the Company may elect to do so even if the assignment will then result in another Reserve exceeding a pay value equal to or greater than four hours and thirty minutes (4:30) less than MPG.

Part 12 - Check-in Procedure

Pilots are required to check-in either via CCS or with Crew Scheduling no later than ten (10) hours before Pairing report, but no earlier than twenty-four (24) hours before departure time. If no check-in is received by nine hours and thirty minutes (9:30) before Report Time, Crew Scheduling will make every reasonable effort to contact the originally scheduled pilot before a replacement pilot may be assigned to the Trip Pairing. The original pilot will not be restored to the Trip Pairing unless the replacement pilot can be contacted and prevented from reporting to the airport or the replacement pilot agrees to give the Pairing back to the original pilot.

Part 13 - Open Time Assignment

A. All Open Time will be displayed to pilots in the Crew Management System (CMS). Trips which drop into open time due to sick calls, cancellations, illegalities, etc., will

remain in open time for as long as practicable, in order to allow Lineholder access, prior to being assigned.

B. Open time within BES will be assigned in the following order:

1. To a Lineholder who is on Company Business Available status.
2. To a Lineholder on RX duty status.
3. To a Lineholder on RA duty status.
4. To an available Reserve.
5. In seniority order to available Lineholders who have indicated that they desire to be Junior Manned.
6. Junior assigned to a Lineholder in reverse order of seniority (Junior Manning). Junior Manning will be implemented for open Trip coverage only when priorities 1 through 5 have been exhausted, or within three (3) hours of scheduled departure time. A Lineholder who will be required to drop a Trip Pairing which would generate an additional Junior Manning requirement will be bypassed in the first attempt at coverage. Crew Scheduling, when notifying a pilot of such an assignment will clearly state that he is being Junior Manned. All assignments made under the provisions of this Paragraph will be fully documented by Crew Scheduling and forwarded to the System Chief Pilot within twenty-four (24) hours, with an information copy to the affected pilot, the Association, and his Base Chief Pilot within forty-eight (48) hours.
7. After the above steps have been exhausted, a pilot may be used in a lower Status.

C. A Trip assigned to a Reserve will be considered available for pick up or trade by a Lineholder until ten (10) hours before scheduled report, except that a Reserve Pilot may be assigned an Open Time Trip for proficiency flying twenty-four (24) hours prior to scheduled departure, and when so assigned, the Trip will not be available for pickup by Lineholders. Pairings picked up by Reserves via the "A" or "B" aggressive pickup windows in Part 11 will not be available for Lineholder pickup.

D. Reserve Pilots who have been assigned a Trip Pairing are still considered Reserves and are not limited to that Trip Pairing.

Part 14 - FBO, CBA and Management Pilot Flying

A. Flown By Operations (FBO)

A Lineholder whose Trip is Flown by Operations (i.e., administration of training, etc.) will be released from duty for the entire Pairing, or portion of the Pairing from which he has been displaced. The pilot will have no responsibility to the Company for any flying or Reserve assignment, but may be required to Deadhead to his next duty assignment. If the Company has the need to subsequently Junior Man the affected pilot, he will be paid for the Trip Pairing that he was displaced from, plus he will be considered Junior Manned for the additional flying.

Example: A pilot has a three leg Duty Day consisting of a flight from IAH-CLE-EWR. The pilot is then subsequently FBO'd on the IAH-CLE leg but will be subject to Deadhead from IAH to CLE and to rejoin his Pairing.

B. Company Business

A pilot replaced for a portion of a Trip Pairing for Company business (CBA) may be Reassigned on previously scheduled Duty Days. Lineholders must call Crew Scheduling between 0800 and 0900 LBT on each of their originally scheduled Duty Days for Trip assignments. If no assignment is made, the pilot will be released from liability for that day only. A pilot on Company business on a scheduled Day Off (CBO) will receive four hours and thirty minutes (4:30) of additional pay.

Part 15 - General

A. A pilot must notify Crew Scheduling as soon as possible whenever illness will prevent him from fulfilling his scheduled assignment. This may be accomplished through CCS or via telephone to Crew Scheduling. If the pilot chooses to utilize CCS he must do so prior to 0900 LBT of the Calendar Day prior to the scheduled Trip (or Reserve Day) the pilot is unable to operate. He will be expected to fulfill his next scheduled assignment, unless Crew Scheduling is advised the illness will result in an extended absence.

B. Pilots will not be required to advise the Company of their whereabouts during Days Off or while on vacation.

C. Pilots on layovers who are away from their hotel for an extended time will check periodically for messages or arrange other means of contact. Crew rest disruption will be minimized when making Reassignment notification. When Reassignment of a crew member becomes necessary between 22:00 and 06:00 LT, Crew Scheduling will utilize the following guidelines.

1. If the assignment requires the pilot to depart the hotel earlier than originally scheduled, Crew Scheduling will contact the crewmember no earlier than two and one-half (2 1/2) hours prior to the new flight departure time.

2. If the assignment requires the pilot to depart the hotel later than originally scheduled Crew Scheduling will contact the crewmember no earlier than two and one-half (2 1/2) hours prior to original flight departure time.

D. A pilot who believes he may have an FAR legality problem is required to bring it to the attention of Crew Scheduling.

E. All pilots will ensure that Crew Scheduling is provided with a current phone contact.

F. Lost Days Off Options

1. If a Day Off is lost, the pilot must notify Crew Scheduling within twenty-four (24) hours of the completion of the assignment whether he wishes to be paid for the Day Off lost (four hours and thirty minutes [4:30] or scheduled pay on the Day Off, whichever is greater, added to Line Value) or have it restored (not both). If a pilot fails to notify Crew Scheduling, he will be paid for the lost Day Off, and his option to have it restored will be lost.

2. A Day Off is considered lost when a pilot is Reassigned to a Trip Pairing which is scheduled to terminate on the calendar Day Off, or when actual termination of the Trip Pairing occurs more than four (4) hours into a Day Off.

3. If a pilot's choice is to have the Day Off restored, he will designate two choices within the current bid period. Crew Scheduling will honor the pilot's first choice if minimum Reserve coverage allows, but must honor one of the two. If there are insufficient days left in the bid period for restoration, the Day Off must be restored in the following bid period. Bid Line modification may be required, but Line Value and Minimum Pay Guarantee may not be decreased. If in order to provide a restored Day Off, it is necessary to remove scheduled flying from a day other than the restored Day Off, the pilot may be scheduled to resume the balance of his Pairing or be placed on 'RX' day status. A pilot cannot pick up a Trip on a restored Day Off.

G. Under catastrophic circumstances, the Association and the Company will meet and agree on how to rebid and award lines.

25 (PBS)

Section 25.PBS - (PBS Scheduling)

Part 4 - Preferential Bidding System (PBS)

A. Schedules will be constructed for each bid period using a Preferential Bidding System ("PBS"). PBS will be accessible through CCS or a similar system. A pilot will bid for a schedule by submitting his preferences for Days Off, Trip Pairings, and other general Line qualities.

B. The Association and Company will each identify two (2) representatives to serve on a PBS Committee. The PBS Committee will be responsible for advising and assisting in the implementation and administration of PBS. Disputes between the Association-appointed representatives and Company-appointed representatives not first resolved in the PBS Committee will be resolved in accordance with LOA 37.

Part 5 - Continuing Qualification Training Bidding and Award

A. CQP Flight Training will be available for bid between 1000CT on the first (1st) Business Day and 1000 CT on the fifth (5th) Business Day of a bid period.

B. CQP Flight Training will be awarded in seniority order to pilots in Grace, Due, and Early months, based on pilot preferences for all available CQP training periods. If available training periods still remain, other pilots may be assigned in inverse seniority order. Pilots may also be scheduled for CQP Flight Training in other bid periods due to training requirements.

Part 6 - Bidding

A. Bid information for a PBS Bid will be made available to the pilots electronically no later than 1000 CT on the tenth (10th) Calendar Day of the month next preceding the applicable bid period and will include Line construction range, award dates, projected number of Lineholders, projected number of Reserves, Trip Pairings, pilots eligible to bid, and other supplemental bidding information. PBS Bidding will close at 1000 CT on the fourteenth (14th) Calendar Day of the month.

B. Pilots Eligible to Bid

1. Pilots staffed in a Base, Equipment and Status are eligible to bid in a PBS Bid, provided they are scheduled to be available for flying during the applicable bid period. Pilots who are scheduled to complete OE in a bid period will be eligible to bid for flying and Reserve schedules in their staffed Base, Equipment, and Status in that bid period, based on their availability remaining in the bid period after OE. A Lineholder pilot who completes OE earlier than the time blocked for OE on his schedule may pick up Trips or Trip trade. A Reserve Pilot who completes OE earlier than the time blocked for OE on his schedule will be assigned additional Reserve Days.

2. A pilot may only bid in one Base, Equipment and Status for a bid month. A pilot who has bid for one Base, Equipment, and Status with respect to a bid period and who becomes qualified on a different Base, Equipment, and Status

during a bid period will be assigned Reserve Days for the remainder of the bid period following his completion of OE until such time as the PBS Committee determines a process that would enable this pilot, upon completion of OE, to be awarded a Line or Reserve Line for the remainder of the bid period.

C. A rolling calendar will be electronically available in PBS for a pilot to view information that pertains to his schedule including:

1. Carry-in time from the current bid period.
2. Known absences for the upcoming bid period and future bid period.
   a. Vacation (vacation slides and vacation trades for vacations in the future month must be completed prior to the close of bidding for the upcoming bid month).
   b. Training (CQ and other known training).
   c. Other (Military, jury duty, union business, Company Business, etc.).
3. Projected Line credit value for the upcoming bid period based on known absences.
4. Additional information as determined by the PBS Committee.

D. A pilot will be required to maintain a standing bid that will be used in cases where the pilot fails to bid. A pilot will not be able to complete his monthly bid until a standing bid is on file. He will be awarded a schedule based upon his standing bid if he does not submit a monthly bid. The PBS Committee will determine a default bid that will be used if a pilot fails to bid and a standing bid is not on file.

E. A pilot will bid for a schedule by submitting his preferences for Days Off, Trip Pairings, and other general Line qualities.

F. All known absences (e.g., vacation, training (excluding Flight and Ground CQP training), OE, military/drill weekend, Company Business, union business, and leaves of absence) will be credited at two hours and forty-five minutes (2:45) per day for the purpose of Line construction. A pilot may elect to have his absence credit reduced.

G. In submitting a PBS Bid, a pilot may elect to reduce his minimum Days Off in accordance with Part 7, Paragraph I of this Section.

H. Carry-in flying conflicts and FAR illegalities will be avoided in PBS awards. The PBS Committee will determine a process whereby PBS Bid awards will be monitored to prevent a pilot from exceeding the FAR 1,000 hour limitation.

I. A pilot will be notified of modifications made to specific Trip Pairings contained within his bid file. This notification will be promptly transmitted electronically when Scheduling knows that a specific Trip has changed.

J. A pilot who is scheduled for normal retirement or provides advance notification of early retirement during the upcoming bid period may request a specific Trip to fly for his retirement Trip (only one retirement Trip selection will be granted per career). The pilot must make the request no later than the thirteenth (13th) day of the calendar month next preceding the upcoming bid period. If he is legal prior to the bid awards,

the Trip will be removed from the Trip inventory for the PBS Bid and the pilot will be awarded the Trip.

K. A First Officer may designate no more than two (2) Captains with whom he wishes to avoid flying. The First Officer will not be awarded a Trip Pairing with either Captain, but as a result of this request, may be awarded a less desirable Line or even a Reserve Line.

Part 7 - Awards

A. Bidding will close at 1000 CT on the fourteenth (14th) day of the calendar month. Awards will be posted electronically no later than 1000 CT on the eighteenth (18th) day of the same month. The Open Time Window will be closed, to the extent necessary to complete the awards, for Trips that impact the last seven (7) days of the current bid period.

B. In each bid period, schedules will be awarded taking into account pilot preferences, the Line construction range, and Reserve requirements. Lines will be built within the bid period Line construction range of no less than seventy-four hours (74:00) and no more than eighty-seven hours and thirty minutes (87:30). The upper limit of eighty seven hours and thirty minutes (87:30) may be flexed, in each Base, Equipment, and Status, no more than:

1. A total of fourteen hours (14:00) in any calendar year;
2. Four (4) bid periods in any calendar year;
3. Three hours and thirty minutes (3:30) in any bid period.

C. The following credit will apply to a pilot's Line construction range:

1. Trip Pairing hours contained within the bid period, consisting of block, Trip rig, anticipated Deadhead credit (except the first ten [10] hours of Deadhead will not be applied to his Line credit).
2. Credit for known absences (but this credit will be used for the construction of a pilot's schedule only and not for pay).

D. PBS Line Awards

1. Lines will be awarded using all known flying.
2. Deadhead time in excess of ten (10) hours will be credited to Line Value. A pilot may elect to have Deadhead above ten (10) hours not credited to his Line credit.
3. A pilot awarded a Line of flying will be awarded no less than twelve (12) Days Off except as provided in Part 7.I of this Section.
4. Days off between blocks of Trip Pairings will not be less than two (2) days unless the pilot requests otherwise.
5. Schedules will be awarded with domestic Flight Time of not more than twenty-eight hours and thirty minutes (28:30) in any seven (7) consecutive Calendar Days (November through March bid periods) and not more than twenty-nine

hours (29:00) in any seven (7) consecutive Calendar Days (April through October bid periods).

6. Schedules will be awarded with international two-pilot crew Flight Time of not more than thirty hours and thirty minutes (30:30) in any seven (7) consecutive Calendar Days (November through March bid periods), and not more than thirty-one hours (31:00) in any seven (7) consecutive Calendar Days (April through October bid periods).

7. Schedules will be awarded with international two (2) pilot crew Flight Time not to be within thirty minutes (0:30) of violating international 8/24 FARs.

8. A First Officer who has not flown one hundred (100) hours in equipment will not be awarded a Trip Pairing with a Captain who has not flown one hundred (100) hours in Equipment and Status.

9. A pilot whose last day of service prior to retirement falls within a bid period will be credited with the daily credit value to his Line credit, for Line award purposes only, for each day past his last day of service to the end of the bid month. The pilot may elect to not have this value credited to his Line credit.

10. A pilot requiring time off for military duty will provide advance notice to Pilot Manpower Planning of the days needed if known prior to the opening of bidding. The pilot will be credited the daily credit value for days on Military Duty for bid purposes only. The pilot may elect to not have this value credited to his Line credit.

11. Known absences for the future bid period will also be considered in the award in order to prevent a Trip from overlapping the absence.

E. PBS Reserve Awards

1. The number of days of Reserve availability awarded will be determined by the Company to provide daily Reserve coverage based on daily operational requirements, anticipated Reserve vacation, training, Reserve CQ training, historical sick leave, military, Company Business, union business, and like factors affecting pilot requirements.

2. Reserve schedules will be awarded in seniority order in accordance with pilots' expressed preferences for Days Off, immovable Days Off, and "A" Reserve.

3. "A" Reserve will be awarded in accordance with Part 11 of this Section.

4. A Reserve schedule will be awarded with no less than twelve (12) Days Off, except in accordance with the proration table in Part 7, Paragraph I below. The minimum number of Days Off will be two (2) consecutive days, provided that a single Day Off may be awarded on the first day of the upcoming bid period that adjoins a block of Days Off ending on the last day of the current bid period.

5. A Reserve schedule will include two (2) blocks of immovable days totaling eight (8) Days Off. Immovable Days Off may be prorated based on days of availability in accordance with Part 7, Paragraph I. If the prorated immovable

Days Off required are five (5) days or less, the Reserve Line will only include one (1) block of immovable days.

6. Days of Reserve availability may be constructed in blocks of three (3), four (4), five (5), or six (6) days; however, blocks of one (1) or two (2) days of Reserve availability may be awarded at the beginning or end of the month to meet schedule compatibility from month to month.

F. The First Officer position on a Trip Pairing awarded to a designated Line Check Airman for planned training need not be awarded.

G. When the company determines that a Pairing awarded to a Line Check Airman will not be assigned for Line training purposes it will be placed in open time.

H. A pilot will not be awarded a Trip during the time designated on his schedule for OE.

I. A pilot (Lineholder or Reserve) unavailable for Line flying due to vacation, training, military duty, or leaves of absence, will have his minimum Days Off prorated during the PBS Bid award based on the table below, provided that the pilot may elect to further reduce his minimum Days Off by no more than two (2) days:

Days Available	Minimum Days Off	Reserve Immovable Days Off
1-5	0	0
6-7	2	0
8-9	3	1
10-11	4	2
12-13	5	2
14-16	6	3
17-19	7	4
20-22	8	5
23-25	9	6
26-27	10	7
28-29	11	7
30-31	12	8

26 General

Section 26 - General

A. 1. As used in this Agreement, the words "shall" and "will" are synonymous and are mandatory.

2. Where this Agreement provides an option or election to a pilot, or permits a pilot's agreement or consent, or specifies that a pilot may waive an entitlement, the pilot's failure to communicate a timely protest or objection regarding the action at issue to the relevant Company representative (e.g., a Chief Pilot, Assistant Chief Pilot or Crew Scheduler) may be interpreted by management as the pilot's consent or waiver with respect to the action. Whether the pilot's protest or objection is timely will be determined in light of the circumstances.

a. With regard to seeking a pilot's waiver of an entitlement, the parties recognize that confusion and misunderstandings may be minimized or avoided if the relevant Company representative (e.g., Crew Scheduler or Training Scheduler) expressly solicits the waiver rather than assumes that the pilot would assent.

b. Since a pilot's telephone conversations with Crew Scheduling are recorded, it is not necessary for the pilot to confirm his telephonic objection(s) to Scheduling in writing. The pilot should promptly confirm all other objections in writing, either by electronic mail or other form of written communication to his Chief Pilot or Assistant Chief Pilot, to assure that a protest or objection has been noted.

3. Unless otherwise expressly provided, all requirements contained in this Agreement to provide "notice" or to provide "written notice" or to "publish" or to "make available" information, data or documents are fully satisfied by providing an electronic version of such information, data or document, in the case of notice, or by publishing or making such an electronic version available. Electronic versions of data, information or documents will be deemed to be the contractual equivalent of written or hard copies of the same information, data or documents and may be used to satisfy all obligations which would otherwise require hard copy documents, provided that the electronic version is in a format that is in general use (e.g., Adobe Acrobat, Word, Excel, Power Point, etc.), or an electronic delivery vehicle which is in general use by the Company (e.g., CCS, CMS, SONIC, etc. or successor electronic delivery vehicles) at the time the information, data or document is provided.

B. When a pilot's good faith performance of his duties within the reasonable scope of his employment causes him to be named as a defendant or subpoenaed as a witness in any legal proceeding (including one initiated by a fellow employee), the Company will, at its own expense, provide necessary legal representation and indemnify such pilot or his estate against any final money judgment or award rendered against him or his estate. It is expressly understood that these obligations do not apply when the claims arise from the pilot's own gross negligence or intentional misconduct. The Company will not levy a fine upon a pilot or his estate nor will a pilot or his estate be required to

pay the cost of aircraft equipment or other property damaged in the good faith performance of duties within the reasonable scope of his employment.

C. Jury Duty and Witness Service

1. a. A pilot who receives a summons for jury duty, or a notice of jury duty, or a subpoena to testify will inform his immediate supervisor no later than forty-eight (48) hours after receiving such notice or becoming aware of such notice upon returning home from a Trip, vacation, Days Off, or other absence.

b. When deemed operationally necessary by the Company, a pilot will cooperate fully in seeking to be excused from jury duty, or to obtain deferral, or a rescheduling of the jury duty or obligation to testify. The Company will provide assistance to the pilot in obtaining a release from the jury duty or obligation to testify in this instance.

c. A pilot will be excused from regular duties on days when he is required to be present for jury duty.

d. A pilot will not be required to be available to the Company for duty on weekends free from actual jury duty but while still under jury duty obligations.

e. Only those parts of a pilot's schedule that conflict with jury duty will be removed from his schedule.

f. A Lineholder pilot on jury duty will be paid only for the specific Trips or portions of Trips that conflict with his jury service (including those described in Paragraph 1.c above) and which were on his Line at the time he received the notice of jury duty.

g. A Lineholder, including a Reserve conversion Lineholder, will be paid and credited an amount equal to the Line construction cap for that pilot's Base, Equipment and Status for jury duty service encompassing an entire bid period.

h. A Reserve on jury duty will be released with no reduction in his "A" or "B" Reserve guarantee, as applicable.

i. Upon return from jury duty service, a Lineholder may be Reassigned in accordance with Section 25, Part 8, and remaining Days Off and remaining Trips will be flown as set in the pilot's schedule.

j. A pilot on jury duty will retain and accrue seniority and longevity for all purposes during such service.

2. a. A pilot will be excused from regular duties on a day when he is required to be present to testify pursuant to a subpoena in an administrative or judicial proceeding.

b. A pilot who is testifying at the Company's request will be paid one (1) day's pay for each day he is required to be present to testify. For the

purposes of this Paragraph, "one day's pay" is equal to a CBO day (4:30 pay and credit) or the value of Trips lost, whichever is greater.

3. A pilot will be afforded a reasonable amount of time to return to his home of record for jury duty or witness service and to report to his Base at the conclusion of jury duty or witness service.

4. A pilot may be required to provide adequate proof of jury or witness service.

D. The Company will provide the Association with current copies (paper) and electronic downloadable access to all revisions for the following or their equivalents: FOTM, FOM, Aircraft Manuals, Pilot Employee Benefit Handbook(s), Working Together Guidelines, and other policies with application to the pilot workforce.

E. The Company will reimburse the Association for Association flight pay loss as follows:

1. One hundred percent (100%) flight pay loss for the PBS Committee until six (6) full months after PBS is implemented; fifty percent (50%) thereafter from the annual pool of Company paid hours;

2. One hundred percent (100%) flight pay loss for the Investment Committee until 12-31-05; fifty (50%) thereafter from the annual pool of Company paid hours;

3. One hundred percent (100%) flight pay loss for the Training Steering Committee;

4. One hundred percent (100%) flight pay loss for the System Staffing Committee.

In addition to the above Committees, the Company will provide two thousand five hundred (2500) hours of flight pay loss reimbursement annually, on a fifty percent (50%) basis per hour, to be allocated at the MEC Chairman's discretion. The above listed Committees will not count toward the annual cap, except as provided in Paragraphs 1 and 2 above, with respect to the fifty percent (50%) provision. As an example, if the Association Hotel Committee uses seventy (70) hours of flight pay loss in one month as determined under the previous sentence, the Company will credit the Association for thirty-five (35) hours, and the thirty-five (35) hours will count toward the two thousand five hundred (2500) hour yearly cap. The Company will forward to the Association an itemized bill for all other Association flight pay loss, including all wages paid plus an override which covers payroll taxes, FICA, health insurance and other fringe benefits and payroll related expenses, provided that such override shall not exceed thirty-eight percent (38%).

F. The Company will continue to provide monthly Crew Scheduling statistical measurements and reports as requested by the Association.

G. The Association will be provided copies of operational memoranda issued to other employees pertaining to pilots and aircraft operations, e.g. when the cargo door will be closed prior to pushback.

H. There will be no discrimination against employees covered by this Agreement because of age, race, creed, color, sex, sexual orientation, disability, veteran status, Association activity, or national origin.

I. It is the intent of the parties that they be and remain in compliance with all applicable laws and regulations. In the event that it is discovered that any provision of this Agreement or any Company policy or practice which pertains to a mandatory subject of bargaining is in violation or potential violation of any applicable law or regulation, the parties will, in a timely manner, meet and confer for the purpose of curing the violation or potential violation in a way which requires the least change, disruption of the existing circumstances, and additional cost as is possible without negatively impacting the pilots.

J. The masculine pronouns used herein will include the female unless otherwise specified.

K. Continental pilots, including retired pilots and their eligible family members, will be provided the same free and reduced rate travel privileges as extended to other major non-management work groups in accordance with Company policy, as may be amended. The Company will provide a Positive Space Pass for the spouse and pass eligible family members, including a companion traveler, of a retiring pilot when flying his last Trip.

L. The Company will provide a crew lounge for the exclusive use of pilots at all Bases. The Company will solicit input from and meet and confer with the Association regarding recommendations for changes and amenities to the existing crew lounges and will give sufficient advance notice prior to changing such lounges.

M. With reasonable advance notice from the Association, the Company will release pilots to attend to Association business, subject to operating needs.

N. Recorded Data

1. The term "recorded data or information" means data or information derived from a Cockpit Voice Recorder (CVR), Flight Data Recorder (FDR), Quick Access Recorder (QAR), Flight Data Acquisition Unit (FDAU), Central Maintenance Computer (CMC), Aircraft Communications and Reporting System (ACARS), Video Recorder or any other similar onboard recording device.

2. Recorded data or information may be used to investigate an accident or incident, to further approved safety programs as set out in the ASAP or FOQA Letters of Agreement, or for maintenance and aircraft reliability purposes. Except by mutual agreement of the parties; or as required by statute, government regulation, or judicial order; or as provided below, recorded data or information will not be disclosed to any third party. Recorded data or information will not be used by the Company in any legal or administrative proceeding against a pilot(s) involving discipline, discharge, FAR violation, civil liability or criminal penalty nor will it be used by the Company to investigate or initiate discipline. The Company will not monitor individual performance or compliance with policy, directives or regulations with such

data, provided that current routine uses of ACARS data (e.g., on-time reporting, fuel usage reports, Flight Time reports, etc.) may be continued. Such routine uses will not include either use in any legal or administrative proceeding against a pilot(s) involving discipline, discharge, FAR violation, civil liability or criminal penalty or use by the Company to investigate or initiate discipline.

a. Accident or Incident Investigation - The use of recorded data or information during the investigation of an accident or incident will be limited to government agencies responsible for accident or incident investigation and designated members of the accident investigation team, including Company and Association representatives on that team.

   i. Data from a CVR or FDR will only be removed from an aircraft following an accident or incident in accordance with statute, regulations, and directives of responsible government agencies. When data from a CVR or FDR will be removed from an aircraft for review or analysis following an accident or incident, the Association and the pilot(s) involved will be given advance notice of the time and place for such review and be given an opportunity to attend.

   ii. To investigate an occurrence or event not governed by government agency regulations or directives, and if mutually agreed by the parties, data from a CVR or FDR may be removed from an aircraft. When data from a CVR or FDR will be removed from an aircraft under these circumstances, the Association and the pilot(s) involved will be given advance notice of the time and place for such review and be given an opportunity to attend.

3. The Company will notify the ALPA Central Air Safety Chairman of any accident or incident involving a Company aircraft as part of its accident/incident notification system.

4. The ALPA Central Air Safety Chairman or ALPA Chief Accident Investigator will be released from duty to investigate a Continental aircraft accident or incident. They may request additional members of the ALPA Central Air Safety Committee be released to aid in the investigation. Such request will not be unreasonably denied.

5. The Company will provide positive space (PS5 must ride, if necessary) pass travel to and from an accident site for ALPA accident/incident investigation team members.

6. The Company will invite the Association Go-Team members to participate in accident/incident response training and drills.

7. The Company will participate in the ASAP and FOQA programs as detailed in the appropriate agreements between the Company and the Association, and amend and update the current ASAP and FOQA Agreements as necessary.

8. Safety Committee members will be invited to attend monthly Safety Change meetings with the Company

9. ERC & Go Team members will be credentialed appropriately (e.g., ERT).

O. The Company will expeditiously publish this entire Agreement in sufficient numbers, including whenever new Side Letters of Agreement, MOU's, Grievance Settlements, and other documents pertaining to execution of this Agreement are developed, to allow each pilot to be provided with a copy. Hard copies will be available in Chief Pilot offices for distribution to pilots and will also be provided to new-hire pilots during their first week of training. The format for printing will be as previously produced, i.e., Jeppesen-size, perforated, hard bound cover. The Agreement will also be available for electronic download on the Company website.

P. The Company will meet and confer with the Association prior to making any material change to its jumpseat policy.

1. A Captain may accommodate multiple jumpseat riders in available passenger seats after all non-revenue passengers have been accommodated.

2. When a Government agency restricts cockpit jumpseat access, the Company will meet and agree on an amenable solution(s) to restore such access, e.g., CASS.

Q. The Company agrees that it will not levy a fee for the direct deposit of pilots' paychecks. Other compensation or monies, e.g., "on-time bonus checks," will be paid through direct deposit to a pilot if the pilot requests same from the Company.

R. During the life of this Agreement, the Company will continue to provide an Employee Assistance Program (EAP). Should the Company elect to make material changes to the EAP which would directly affect pilots, it will first meet and confer with the Association for the purpose of obtaining the Association's constructive assistance and advice regarding such changes.

S. By the fifteenth (15th) of each month the Company will provide electronically to the Association, in a format to be mutually agreed upon, payroll and dues check-off information, and by the twenty-fifth (25th) of each month staffing information for the next month to include Base, Equipment, Status, and seniority number. System and Adjustment Bid award information will be provided as bids are awarded. On a yearly basis, the Company will provide date-of-hire and date-of-birth information for each pilot. All information will be referenced to the pilot's employee number.

T. The Company will provide Sonic (view only) and CMS/CCS (view only) access, or their equivalent successors, to the MEC Chairman and his designee(s), free of charge, including the following:

CMCLM - Crew member pay claims

CMEMP3 - Employee absence screen

CMFLO - Leg locator

CMLINE - Line value

CMMENU - Menu

CMPD - Pool display

CMPME - Pairing display

CMMSME - Master schedule display

CMCRH - Crew history

CMXRF- Cross reference

CMART- Aircraft routing

CMREG- Pay register

U. New hire pilots will not be required to pay for training.

V. The Company will meet and confer with the Association upon request to review and consider crew rest facilities not only with regard to aircraft in the current fleet but also with respect to aircraft on order or anticipated to be ordered (e.g., B-787).

W. With prior notice from the Association and approval from the Company, pilot V-files may be utilized for communication of Association materials.

X. Telephone calls between a pilot and Crew Scheduling are recorded on a voice-activated system and the recordings are maintained for a period of at least ninety (90) days. Upon request of an Association representative (including LEC representatives) made to the Chief Pilot's office, the Company will provide electronic copies (WAV file or other medium) of calls related to and well prior to any investigatory interviews or grievance hearings.

Y. There will be no recordings of any investigatory interview or grievance hearing without the express agreement of all participants and parties.

Z. The Company will provide the Association with statistical information as contained in its reports to the FAA and other government agencies regarding drug and alcohol test results, positive and negative occurrences as well as test refusals. In addition, the Company will report to the Association the number of no-notice tests and missed no-notice tests. The Association will keep confidential these reports.

AA. The Company will provide the Association a block of sixty (60) minutes to address new hire and recall classes during or immediately after the course of a training day in their first week, exclusive of Fridays, Saturdays, and Sundays.

BB. The Company will not require a pilot to physically sign in at his Pairing Report Time.

CC. The Company will join ALPA in vigorously opposing any legislative or regulatory attempt to have cameras installed in aircraft cockpits.

DD. When a pilot is withheld from Pay Status, he will be so notified, in writing or electronically, by the Company prior to any change in his Pay Status.

27 Insurance

Section 27 - Insurance Benefits

Part 1 - General

A. Insurance Benefits and Insurance Plans.

As used in this Section 27, the terms "Insurance Benefits" and "Insurance Plans" encompass all of the benefit programs and trusts described herein in which pilots participate, whether insured or self-insured and whether funded or unfunded.

B. Changes to Insurance Plans.

1. No Changes for 2005.

The Company will make no changes in any of the Insurance Plans for 2005, other than in the ordinary course of administering such Plans.

2. Certain Changes to Medical Plans Not Allowed.

For the duration of the Agreement and thereafter, the Company will not increase the amount of office visit co-pays, hospital visit co-pays, emergency visit co-pays, urgent care co-pays, specialists' co-pays, out-of-pocket limits, or co-insurance and deductible amounts, and will not change the existing lifetime maximum (unlimited); provided, however, that changes may be made for the optional "build your own" medical options.

3. ALPA Review and Comment on Changes Under Consideration.

ALPA will be permitted to review and comment on health management strategies and plan design changes that the Company is considering to be effective for the medical, dental and vision plans in the ensuing calendar year.

4. Changes Pursuant to Future Legislation.

Should the federal government enact legislation which may affect benefits under an Insurance Plan, the Company and ALPA agree to meet within fifteen (15) days to negotiate benefits which would be consistent with the newly enacted federal legislation and, to the full extent practicable, consistent with the level of benefits previously provided and consistent with the intent of this Agreement. If an agreement is not reached within fifteen (15) Business Days on a matter impacted by the legislation, the parties agree to submit the unresolved matter to final and binding arbitration.

5. Plan Documentation.

To the extent possible, the Insurance Plan and Trust documents and amendments required by this Agreement will be agreed to prior to reaching the Tentative Agreement; otherwise, such documents and amendments will be agreed to no later than six (6) months after the Tentative Agreement.

C. Joint Meetings and Information.

1. Quarterly Meetings.

The Company and ALPA will meet quarterly to discuss issues pertaining to all Insurance Plans.

2. Information Provided to ALPA.

The Company will provide promptly after preparation or receipt, copies of all insurance contracts, Insurance Plan costing (projected and actuarial), actuarial reports, annual reports and summary annual reports. Upon ALPA's request, the Company will provide within twenty (20) Business Days after the request, other reports, participant data, asset performance reports and other information pertinent to any Insurance Plan or trust in which pilots participate. All documents and information provided will be provided electronically if available, and will be subject to ALPA's reasonable use and protection of confidentiality.

Part 2 - Medical Plan Coverage for Active Pilots

A. Medical Plan for Active Pilots.

1. Medical Plans Available.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, will be eligible to participate in domestic medical coverage for himself and his spouse/dependents under any of the health maintenance organization programs or any of the comprehensive medical programs that are made available to any other employees of the Company in that domestic location, or (if eligible) Tricare Supplement, on terms (including but not limited to the participant's premium and other cost-sharing) no less favorable than those made available to any other non-Chelsea employee. Pilots Based in Guam will be eligible to participate in domestic health plans or in Guam-based health plans subject to residency requirements of the plans.

2. Eligibility.

Eligibility for medical plan coverage begins on the first day of the month concurrent with or next following the date that is six (6) months after the pilot's date of hire (or in the case of a pilot returning to service, concurrent with or next following the date that is six [6] months after the later of the date of the pilot's return to service or the pilot's completion of six [6] months of service, counting service before and after the pilot's return to service).

3. Cost of Coverage.

The cost of medical plan coverage will be shared by the Company and the participants. For the duration of the Agreement and thereafter, the aggregate amount of projected participant premiums each year will not exceed 20% of the Projected Total Cost of coverage (aggregate projected Company contributions plus aggregate projected participant premiums).

B. Dental Plan for Active Pilots.

1. Dental Plans Available.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, will be eligible to participate in coverage for himself and his spouse/dependents under any of the domestic dental programs made available to any other employees of the employer in that domestic location on terms (including but not limited to the participant's premium and other cost-sharing) no less favorable than those made available to any other non-Chelsea employee. Pilots Based in Guam will be eligible to participate in domestic dental plans or in Guam-based dental plans subject to residency requirements of the plans.

2. Eligibility.

Eligibility for dental plan coverage begins on the first day of the month concurrent with or next following the date that is six (6) months after the pilot's date of hire (or in the case of a pilot returning to service, concurrent with or next following the date that is six [6] months after the later of the date of the pilot's return to service or the pilot's completion of six [6] months of service, counting service before and after the pilot's return to service).

C. Vision Plan for Active Pilots.

1. Vision Plans Available.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, will be eligible to participate in coverage for himself and his spouse/dependents under any of the domestic vision insurance programs made available to any other employees of the employer in that domestic location on terms (including but not limited to the participant's premium and other cost-sharing) no less favorable than those made available to any other non-Chelsea employee. Pilots Based in Guam will be eligible to participate in domestic vision plans or in Guam-based dental plans subject to residency requirements of the plans.

2. Eligibility.

Eligibility for vision plan coverage begins on the first day of the month concurrent with or next following the date that is six (6) months after the pilot's date of hire (or in the case of a pilot returning to service, concurrent with or next following the date that is six [6] months after the later of the date of the pilot's return to service or the pilot's completion of six [6] months of service, counting service before and after the pilot's return to service).

D. Employee Reimbursement Account (ERA) for Active Pilots.

1. Eligibility.

Each pilot is eligible to participate in an Employee Reimbursement Account. Eligibility begins on the pilot's date of hire or date of return to service.

2. Health Expenses.

An eligible pilot may elect to make pre-tax contributions to an Employee Reimbursement Account which may be used for out-of-pocket medical, dental or vision expenses of the pilot or his spouse/dependents, up to an amount equal

to the lesser of (a) the greater of $10,000 or the amount that any other non-pilot employee may elect, or (b) the maximum amount allowed by law.

3. Dependent Care Expenses.

An eligible pilot may elect to make pre-tax contributions to an Employee Reimbursement Account which may be used for dependent care expenses, in an amount up to the maximum amount allowed by law.

Part 3 - Life Insurance for Active Pilots

A. Basic Life Insurance for Active Pilots.

1. Eligibility.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, is eligible to participate in Basic Life Insurance. Participation begins on the pilot's date of hire and recommences on the pilot's date of return to service.

2. Cost of Coverage.

The Company will pay 100% of the cost of providing coverage for Basic Life Insurance.

3. Benefit.

Under the Pilot Basic Life Insurance Plan, the amount of life insurance coverage is equal to the pilot's pay rate (determined in accordance with Section 3 Compensation) times 1,026. The amount of a pilot's life insurance will be adjusted concurrent with changes to the pilot's pay rate.

B. Business Travel Accident Insurance for Active Pilots.

1. Eligibility.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, is eligible to participate in Business Travel Accident Insurance. Participation begins on the pilot's date of hire or date of return to service.

2. Cost of Coverage.

The Company will pay 100% of the cost of providing coverage for Business Travel Accident Insurance.

3. Benefit.

Under the Business Travel Accident Insurance Plan, if an eligible pilot incurs a covered loss, the 100% benefit is $200,000.

C. Optional Group Life Insurance Plan for Active Pilots.

1. Eligibility.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, is eligible to participate in the Optional Group Life Insurance Plan. Eligibility begins on the pilot's date of hire and recommences on the pilot's date of return to service, subject to the Plan's insurability provisions.

2. Cost of Coverage.

A pilot electing Optional Group Life Insurance coverage will pay 100% of the cost of such coverage.

3. Benefit.

The benefit payable under the Optional Group Life Insurance Plan is a death benefit up to six (6) times the pilot's regular earnings, as elected by the pilot.

D. Optional Group Accidental Death and Dismemberment Insurance Plan for Active Pilots.

1. Eligibility.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, is eligible to participate in the Optional Group AD&D Insurance Plan. Eligibility begins on the pilot's date of hire or date of return to service.

2. Cost of Coverage.

A pilot electing Optional Group AD&D Insurance coverage will pay 100% of the cost of such coverage.

3. Benefit.

Under the Optional Group AD&D Plan, in the event of a covered loss, the 100% benefit is either $50,000, $100,000, $200,000, $300,000, $400,000 or $500,000, in accordance with the pilot's election.

4. Removal of Exclusion.

The AD&D Insurance Plan is amended to remove the following exclusion:

"Travel or flight in or on (including getting in or out of, or on or off of) any vehicle for aerial navigation, if one of your covered dependents is riding as a passenger in an aircraft owned, leased or operated by his or her employer."

Part 4 - Pilot LOL/LTD Plan

A. Amendment or Termination of LOL/LTD Plan.

The Continental Airlines, Inc. Long Term Disability Program for Pilots (Amended and Restated as of April 23, 2002), as amended through the Second Amendment thereof (the "LOL/LTD Plan") may not be amended without the prior written consent of ALPA, unless such an amendment is necessary to keep the LOL/LTD Plan in compliance with applicable law or to maintain the tax-exempt status of the LOL/LTD Plan to the extent that such tax status is applicable and intended by the LOL/LTD Plan's terms and ALPA is provided fifteen (15) days advance notice of such proposed amendment. The LOL/LTD Plan may not be terminated without the prior written consent of ALPA.

B. Eligibility.

Each pilot, including a pilot receiving benefits under the LOL/LTD Plan, is eligible to participate in the LOL/LTD Plan. Eligibility begins on the first day of the month following the pilot's date of hire or if the pilot had previously participated in the LOL/LTD Plan, on the first day of the month following the date of the pilot's return to service.

C. Automatic Enrollment.

A new hire pilot will be automatically enrolled to participate in the LOL/LTD Plan. A pilot may decline or withdraw from participation by providing notice to the Company.

D. Cost of Coverage.

1. General.

The Plan will be funded by a trust to which contributions will be made sufficient to (i) fully fund the actuarial liability for all benefits projected to be paid to participants becoming disabled in the applicable year, plus (ii) fund over three (3) years any surplus or shortfall in the trust as of the beginning of the applicable year. Fifty-five percent (55%) of the contributions to the trust made with respect to each participant will be made by the employer and forty-five percent (45%) will be made by the participants. All employer and participant contributions to the trust with respect to each participant will be recognized by the participant as taxable gross income in the calendar year in which such contributions are made. The pilot's contribution to the Plan will be made on an after-tax basis and the Company's contribution will be imputed as income to the pilot for tax purposes.

2. Monthly Contributions.

All employer and participant contributions will be made monthly.

3. Maximum Participant Contribution.

A participant will not be charged any premium for the participant's Compensation in excess of $180,000 in any calendar year.

E. Changes Effective After Date of Signing.

The following changes to the LOL/LTD Plan are effective for pilots with Date of Disability (as defined in the LOL/LTD Plan) on or after the first day of the month following the date of signing of this Agreement.

1. Amount of Benefit.

The amount of the monthly LOL/LTD benefit (determined before offsets) is equal to fifty percent (50%) of one-twelfth (1/12) of annual Compensation (as defined in the LOL/LTD Plan), with the monthly benefit not to exceed $7,500 per calendar month; provided, however, the amount payable may not exceed $90,000 per calendar year. Benefits are paid monthly in arrears.

2. Offsets to Monthly Benefit.

The benefit determined above will be offset (reduced) by any payment received by the participant in the nature of workers' compensation, sick leave,

Social Security disability insurance, disability benefits under state law or similar government legislation, and any other compensation received from an Employer (as defined in the Plan) and by any payment received from the CARP or the A-Plan; provided, however, there will be no offset for vacation pay received from an Employer, and the offset attributable to any payment under state law or similar government legislation that is subject to taxation will be reduced by the amount of such taxation.

3. Exhaustion of Sick Leave.

In all cases, the pilot must exhaust sick leave in order to receive disability benefits.

4. 90-Day Waiting Period.

Benefits can begin only after a waiting period equal to ninety (90) days after date of disability (whether or not the pilot is paid during such waiting period, for sick, vacation or other leave). The ninety (90) day waiting period applies to each different disability. The ninety (90) day waiting period will not apply to a pilot who had received disability benefits, returned to work, and became disabled for the same cause within twenty-four (24) months after receiving disability benefits.

5. Vacation Pay.

Vacation pay will not offset LOL/LTD Plan benefits. A pilot who is receiving LOL/LTD benefits will also receive vacation pay for previously awarded vacation at the time such awarded vacation would have been taken and paid but for the pilot's Disability. A pilot on LOL/LTD who has accrued vacation for the following year will participate in a bid for vacation under Section 7 in order to determine when his vacation would have been taken. Provided, however, that a Disabled pilot who runs out of sick leave within the ninety (90) day waiting period may elect to be paid for his awarded vacation when he runs out of sick leave to the extent needed to fill out the ninety (90) day waiting period, in which case, if he returns to Active Status during or prior to the start of the previously awarded vacation period, his previously awarded vacation period will be reduced by the period of vacation for which he was previously paid.

6. Termination of Benefit.

Benefits will continue until the earliest of the following events:

a. The participant no longer satisfies the eligibility requirements.

b. The participant is furloughed (but benefits will be reinstated upon the pilot's return from furlough).

c. Termination of the participant's employment with an Employer.

d. The pilot attains the government-established mandatory retirement age in effect at the time the pilot became disabled.

e. In the case of a pilot receiving benefits for a psychological or cognitive disorder, the pilot has received a total of twenty-four (24) months of such benefits in his lifetime. Provided, however, that in the case of a pilot whose Date of Disability preceded the effective date of this Section 27, Part 4.E.6., and whose disability is a psychological or cognitive disorder, the benefits payable to the pilot pursuant to such disability will be neither subject to the twenty-four (24) month lifetime limit nor count against the twenty-four (24) month lifetime limit.

f. The participant dies.

7. Special Issuance for Drug, Alcohol, Substance Abuse Recovery.

In the case of a pilot who has a special issuance related to drug, alcohol or substance abuse recovery, and the pilot later becomes disabled and approved for disability benefits, then payment of disability benefits is contingent on the pilot remaining in monitoring in accordance with the special issuance, to the extent possible, as determined by the Administrative Committee.

8. Right of Reimbursement.

The LOL/LTD Plan will have a right of reimbursement, for loss of income only, when the LOL/LTD Plan has paid disability benefits to a pilot and the pilot later recovers any amount from a third party who is responsible for the pilot's disability. The Plan's recovery is limited to the amount of the award for the pilot's loss of income reduced by the pilot's attorneys' fees.

F. Other Changes to LOL/LTD Plan.

The following changes to the LOL/LTD Plan are effective for any pilot receiving disability benefits, regardless of when his Date of Disability occurred:

1. Under Care of Qualified Health Professional.

In order to receive or continue receiving disability benefits, a disabled pilot must be under the continuing treatment of a "Qualified Health Professional," defined as a person who is a member of a category of health professionals determined to be appropriate by the Administrative Committee for the treatment of the disabling condition, including but not limited to the categories of physician, surgeon, osteopath and chiropractor, as well as any other category of professional designated by the Administrative Committee as a Qualified Health Professional, and subject to such limitations as the Administrative Committee will determine.

2. Travel To and From IME.

If the Administrative Committee requires a participant to be examined by an Independent Medical Examiner (IME), then the Company will provide air travel accommodations to the participant, from a Continental destination to the IME and from the IME back to a Continental destination. Travel from the participant's home to and from the Continental destination will be at the participant's own expense.

3. Certain Cases.

The LOL/LTD Plan will cover the potential post-age 60 benefits of certain pilots previously identified by ALPA who were totally and permanently disabled prior to January 1, 1998, and the CARP/A-Plan offset.

G. Regained Medical Certificate.

1. Notice Required.

A pilot will notify the Company within three (3) Business Days of receipt of regained medical certification. Notice may be given by any means allowed under this Agreement for other notices.

2. Return to Paid Status.

A pilot previously receiving LOL/LTD benefits who regains medical certification will be placed on a paid status not more than fifteen (15) days after the pilot notifies the Company of such regained medical certification.

H. Change in Mandatory Retirement Age.

ALPA and the Company will meet and agree on modifications to the LOL/LTD Plan, if any, that will apply to pilots who disable after a change in the government-established mandatory retirement age.

I. Return of Second Officers.

ALPA and the Company will meet and agree on modifications to the LOL/LTD Plan, if any, that will apply if the Status of Second Officer is returned to the Company.

J. Administration of LOL/LTD Plan.

1. Expenses of LOL/LTD Plan.

The LOL/LTD Plan will be amended to reflect the practice current as of the effective date of the Agreement regarding payment of expenses by the Plan and Company.

2. Administrative Committee.

a. Composition, Quorum and Voting.

The Administrative Committee of the LOL/LTD Plan will be composed of five (5) members, three (3) of whom will be appointed by the Company and two (2) of whom will be appointed by the ALPA MEC Chairman. The post of Chairman of the Administrative Committee will alternate annually between Company and ALPA members. A quorum of the Administrative Committee consists of three (3) members, including at least one ALPA-appointed member. If only one ALPA-appointed member is present, that member will have two (2) votes. If less than three (3) Company-appointed members are present, the Company-appointed member(s) present will have an aggregate of three (3) votes. In the event a decision of the Administrative Committee would be made on the basis of all Company-appointed members voting contrary to all ALPA-appointed members, then the ALPA-appointed

members will have the right to defer the decision to the next regularly scheduled meeting of the Administrative Committee, in order to discuss the matter with advisor(s) of their choosing, and to make such advisor(s) available at such next regularly scheduled meeting, at which time the matter will be further discussed prior to taking a final vote on the matter. At any meeting of the Administrative Committee, the ALPA-appointed members will have the right to be accompanied by advisor(s) of their choosing.

b. Rights and Duties.

In addition to the other rights and duties specified in the LOL/LTD Plan, the Administrative Committee will review and comment on the funding of the LOL/LTD Plan and investments of the LOL/LTD Plan trust.

c. Indemnification.

The Company will indemnify and hold harmless each member (past, present and future) of the Administrative Committee, and each employee of the Company or ALPA who is a delegate of the Administrative Committee, against any and all expenses and liabilities arising out of his administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such individual in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such individual's own gross negligence or willful misconduct. Expenses against which such individual will be indemnified hereunder will include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof. The Company will obtain insurance in support of its duty of indemnification hereunder, consistent with the terms and conditions upon which such insurance is generally available in the marketplace.

3. Plan Administration by Company.

a. General.

The Company will be responsible for administration of the LOL/LTD Plan, including benefit calculations. The Company will be responsible for management of the Administrative Committee in accordance with the terms of the LOL/LTD Plan. The Company will be the ERISA plan administrator, and, along with the Trustee, will be named fiduciaries responsible for managing the assets of the LOL/LTD Plan.

b. Company Reimbursement for Overpayments.

The Company will reimburse the LOL/LTD Plan for any overpayments made on account of any pilot due to administrative error; the Company will seek reimbursement from the recipient of the overpayments.

Part 5 - Disability Insurance under Pilots 401(k) Plan and B-Plan

As provided in Section 28, pilots participating in the Pilots 401(k) Plan and B-Plan will be allowed to purchase insurance from their accounts under the Plans to provide for continued contributions to the Plans in the event of disability.

Part 6 - Retiree/Survivor Medical

A. Medical Plan Coverage for Pilots Who Retire after April 1, 2005.

1. Eligibility of Retired Pilot.

a. Subject to Section 27, Part 6.A.1.b below, pilots who retire after April 1, 2005, at age 55 or older, and their spouse/dependents, are eligible to participate in the same medical plans made available on an ongoing basis to active pilots (to elect at retirement and annually during each annual open enrollment, and upon a qualifying lifestyle change), other than the amount of the premium paid for such coverage. To be effective upon retirement, the retiree's election for retiree medical coverage must be filed within the period commencing ninety (90) days before and ending thirty (30) days after the retirement date.

b. This Section 27, Part 6.A.1.b applies to a pilot who retires before reaching age 59-1/2. To be eligible for retiree health benefits, the pilot must provide the Company with six (6) months advance notice of early retirement; provided, however, that the Company will waive all or a portion of the advance notice period, if operationally feasible, in order of seniority by Base, Equipment and Status. If the pilot has provided the required advance notice of early retirement and later withdraws such notice, the pilot will be ineligible for retiree medical benefits if he retires before reaching age 59-1/2.

2. Retired Pilot Premium for Medical Plan Coverage.

a. A retired pilot must pay a monthly premium for continued medical plan coverage (for himself and his spouse/dependents). Except as provided in Section 27, Part 6.A.2.b below, a pilot may elect to reduce his unused sick bank at retirement (as adjusted at retirement as provided in Section 27, Part 6.A.4 below) to purchase all or a portion of such coverage. The retired pilot's monthly cash premium for such coverage is based on the number of sick leave hours that the pilot elects for monthly reduction from his sick leave bank. The pilot may make an election at retirement and annually each enrollment period and upon a qualifying lifestyle change. The purchase rates are based on the pilot's age at retirement, Years of Adjusted Company Service at retirement, and coverage tier elected, as set forth in Section 27 Exhibit A (applicable to pilots retiring on or after reaching age 59-1/2) and Section 27 Exhibit B (applicable to pilots retiring between ages 55 and 59-1/2). For this purpose, a pilot's Years of Adjusted Company Service will be measured from a pilot's Adjusted Company Service Date, determined by the Company pursuant to its practice in effect on

January 1, 2005. Once a retired pilot's sick leave bank has been exhausted, coverage can be continued, but the retired pilot must pay one hundred percent (100%) of the Projected Total Cost of coverage (determined pursuant to Section 27, Part 7).

b. Tricare Supplement.

This Section 27, Part 6.A.2.b applies only to a retired pilot who elects Tricare Supplement coverage, and only if the Tricare Supplement coverage then in place is similar in all material respects to Tricare Supplement coverage offered in 2005. For any period the retired pilot elects Tricare Supplement coverage, the Company will pay one hundred percent (100%) of the premium costs for such coverage, provided that the premium increase(s) has been in line with overall medical cost inflation, as determined by the Company's actuarial projections. In the event such an annual increase exceeds the Company's projection by more than three hundred (300) basis points, the excess over three hundred (300) basis points may be passed on to the participant as monthly premiums. The maximum premium cost paid by the Company in any given year will be one hundred percent (100%) of the premium charged for the health plan with the most Continental participants. While a retired pilot elects Tricare Supplement coverage, no reductions will be made to the retiree's unused sick leave bank. A retired pilot who elects Tricare Supplement coverage will subsequently be eligible to elect Tricare Supplement coverage or other available coverage, annually during each annual open enrollment and upon a qualifying lifestyle change, in accordance with Section 27, Part 6.A.1.

3. Duration of Continued Coverage.

While a retired pilot is living, coverage elected by the retired pilot may be continued for a covered individual (retiree, spouse or dependent) until the covered individual becomes Medicare-eligible or is no longer a dependent.

4. Adjustment of Sick Leave Bank at Retirement.

a. At retirement, a pilot's sick leave bank will be adjusted as follows:

i. The sick leave bank will be increased by the number of hours remaining in the pilot's occupational injury bank.

ii. The sick leave bank will be increased by the number of hours of sick leave, if any, that the pilot used in the ten (10) years prior to retirement that were used for a medical event or condition that lasted at least ninety (90) days, and that would have met the definition of Disability under the LOL/LTD Plan (whether or not the pilot participated in or received benefits under the LOL/LTD Plan). Provided, however, that the number of hours of sick leave to be restored hereunder will be reduced by the number of hours of rapid reaccrual of sick leave (the number in excess of normal sick leave accrual) that the pilot received after

his return to Active Service from such medical event or condition that are attributable to such medical event or condition.

b. Not later than the end of the month after the month during which the pilot retired, the Company will provide the pilot with its written determination of the number of hours in the pilot's sick leave bank at retirement, as adjusted in accordance with Section 27, Part 6.A.4.a. The pilot will have sixty (60) days following receipt of that written determination to appeal the Company's determination. All appeals will be determined in good faith by the Administrative Committee of the LOL/LTD Plan, and the Administrative Committee's decision will be final and binding.

B. Medical Plan Coverage for Surviving Spouse/Surviving Dependent(s) of Pilots Who Retired after April 1, 2005.

1. Eligibility of Survivor(s) of Retired Pilot.

The surviving spouse and surviving dependent(s) (together, the "survivor[s]") of a pilot who dies after retirement after April 1, 2005 will, if the retired pilot had continued medical coverage until death, be eligible to continue to participate in the same medical plans as made available on an ongoing basis to active pilots (at the pilot's death and annually during each enrollment and upon qualifying lifestyle change), other than the amount of the premium paid for such coverage. To be effective upon the pilot's death, the survivor(s)' election for survivor medical coverage must be filed within sixty (60) days after the pilot's death.

2. Survivor Premium for Medical Plan Coverage.

a. Survivor(s) must pay a monthly premium for continued medical plan coverage. Except as provided in Section 27, Part 6.B.2.b below, the retired pilot's unused sick bank at death may be used to purchase either the Company subsidy only or both the Company subsidy and the survivor(s)' contribution for coverage. The survivor(s) may make a purchase election at the pilot's death and annually during each enrollment period and upon a qualifying lifestyle change. The purchase rates are based on the retired pilot's age and Years of Adjusted Company Service at retirement, and the coverage tier elected by the survivor(s), as set forth in Section 27 Exhibits A and B (using whichever Exhibit had applied to the retired pilot). Once the retired pilot's sick leave bank at death has been exhausted, coverage can be continued by the survivor(s) at one hundred percent (100%) of the Projected Total Cost of coverage (determined pursuant to Section 27, Part 7).

b. Tricare Supplement.

This Section 27.6.B.2.b applies only to survivors who elect Tricare Supplement coverage, and only if the Tricare Supplement coverage

then in place is similar in all material respects to Tricare Supplement coverage offered in 2005. For any period the survivor elects Tricare Supplement coverage, the Company will pay one hundred percent (100%) of the premium costs, provided that the premium increase(s) has been in line with overall medical cost inflation, as determined by the Company's actuarial projections. In the event such an annual increase exceeds the Company's projection by more than three hundred (300) basis points, the excess over three hundred (300) basis points may be passed on to the participant as monthly premiums. The maximum premium cost paid by the Company in any given year will be one hundred percent (100%) of the premium charged for the health plan with the most Continental participants. While survivor(s) elect Tricare Supplement coverage, no reductions will be made to the retiree's unused sick leave bank. Survivor(s) who elect Tricare Supplement coverage will subsequently be eligible to elect Tricare Supplement coverage or other available coverage, annually during each annual open enrollment and upon a qualifying lifestyle change, in accordance with Section 27, Part 6.B.1.

3. Duration of Continued Coverage.

   Coverage elected by survivor(s) may be continued for a covered individual (surviving spouse or surviving dependent) until the covered individual becomes Medicare-eligible or is no longer a dependent.

4. Coordination with COBRA Eligibility.

   A survivor's period of eligibility to continue coverage under COBRA runs concurrent with the survivor's period of continued coverage for retiree and survivor medical coverage hereunder.

C. Medical Plan Coverage for Pilots Who Retired on or Before April 1, 2005, at Age 59-1/2 or Older.

Retiree medical coverage for pilots who retired on or before April 1, 2005, and their spouse/dependents, will be the same coverage as made available on an ongoing basis to active pilots; provided, that no change will be made to the Company's monthly contribution of $740 toward the cost of coverage for each such retiree. The pilot may make the election at retirement and annually during each annual open enrollment, and upon a qualifying lifestyle change.

Part 7 - Projected Total Costs.

As used in this Section 27, "Projected Total Costs" will be determined as follows:

A. Active Pilots.

"Projected Total Costs" of any medical plan for 2006 and for each year thereafter, for active pilots (including all non-retired pilots eligible for active pilot coverage), will be determined by the Company (a) based on the combined experience of all participants in the plan who are active, inactive, retired and on COBRA, and (b) pursuant to the reasonable methodology (including assumptions) that was used to determine projected

total costs for participants in Continental's health plans in 2005 (the "2005 methodology").

B. Retired Pilots.

"Projected Total Costs" of pre-Medicare coverage for the retiree (and retiree's spouse/dependent[s]) under any plan will be the same amount determined by the Company pursuant to Section 27, Part 7.A above with respect to active employees participating in that plan.

C. Survivor(s) of Retired Pilots.

"Projected Total Costs" of pre-Medicare coverage for a retiree's survivor(s) under any plan will be:

1. For the first ten (10) years after the commencement of retiree medical benefits to the retired pilot, the same amounts determined by the Company pursuant to Section 27, Part 7.A above with respect to active employees participating in the plan.

2. After the first ten (10) years after the commencement of retiree medical benefits to the retired pilot, the same amounts determined by the Company pursuant to Section 27, Part 7.A above but based on the combined experience of all participants in the plan who are inactive, retired and on COBRA.

D. Basis for Determinations of Projected Total Costs Provided to ALPA.

By June 15 of each year, the Company will provide ALPA with the methodology and data used to determine Projected Total Costs for the ensuing year, and will consider any comments the Association will submit. By September 1 of each year, the Company will provide ALPA with its final determination of Projected Total Costs for the ensuing year as well as the actuarial report and data upon which such determination is based.

Section 27 Exhibit A

Pilots Retiring on and after Age 59-1/2 and Their Survivor(s) Premium for Continued Medical Coverage*

25 or More Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	13.0 hours	same as active pilot premium	15.9 hours	$0
Pilot + Spouse			12.0 hours		14.6 hours	
Pilot+ Child(ren)			10.0 hours		12.2 hours	
Pilot			9.0 hours		11.0 hours	

15 through 24 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	13.0 hours	2X active pilot premium	15.9 hours	same as active pilot premium
Pilot + Spouse			12.0 hours		14.6 hours	
Pilot + Child(ren)			10.0 hours		12.2 hours	
Pilot			9.0 hours		11.0 hours	

10 through 14 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	13.0 hours	3X active pilot premium	15.9 hours	2X active pilot premium
Pilot + Spouse			12.0 hours		14.6 hours	
Pilot + Child(ren)			10.0 hours		12.2 hours	
Pilot			9.0 hours		11.0 hours	

Less Than 10 Years of Adjusted Company Service at Retirement
For any coverage tier elected, Pilot/Survivor monthly premium is 100% of the Projected Total Cost of coverage.

***Notes**

- References to "Pilot" in Coverage Tier Elected will include references to (a) Pilot's Spouse, after Pilot coverage ends due to Pilot becoming Medicare-eligible, and (b) Survivor(s), after Pilot's death.
- Upon exhaustion of Sick Leave, Pilot/Survivor must pay 100% of Projected Total Cost to continue coverage.
- Projected Total Cost is defined in Section 27, Part 7.

Section 27 Exhibit B

Pilots Retiring Between Age 55 and 59-1/2 and Their Survivor(s) Premium for Continued Medical Coverage*

25 or More Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	13.0 hours	2X active pilot premium	15.9 hours	same as active pilot premium
Pilot + Spouse			12.0 hours		14.6 hours	
Pilot + Child(ren)			10.0 hours		12.2 hours	
Pilot			9.0 hours		11.0 hours	

15 through 24 Years of Adjusted Company Service at Retirement						
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	13.0 hours	3X active pilot premium	15.9 hours	2X active pilot premium
Pilot + Spouse			12.0 hours		14.6 hours	
Pilot + Child(ren)			10.0 hours		12.2 hours	
Pilot			9.0 hours		11.0 hours	

10 through 14 Years of Adjusted Company Service at Retirement				
Coverage Tier Elected	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is	For Monthly Reduction in Sick Leave Bank Of	Pilot (Survivor) Monthly Premium Is
Family	0 hours	100% of Projected Total Cost	15.9 hours	3X active pilot premium
Pilot + Spouse			14.6 hours	
Pilot + Child(ren)			12.2 hours	
Pilot			11.0 hours	

Less Than 10 Years of Adjusted Company Service at Retirement
Continued coverage (other than COBRA) is not available.

Notes

- References to "Pilot" in Coverage Tier Elected will include references to (a) Pilot's Spouse, after Pilot coverage ends due to Pilot becoming Medicare-eligible, and (b) Survivor(s), after Pilot's death.
- Upon exhaustion of Sick Leave, Pilot/Survivor must pay 100% of Projected Total Cost to continue coverage.
- Projected Total Cost is defined in Section 27, Part 7.

28 Retirement

Section 28 - Retirement Benefits

Part 1 - General

A. Retirement Plans

1. Incorporation of Retirement Plans.

The following retirement benefit plans, as such plans are amended from time to time in accordance with this Agreement, are incorporated into, or set forth in, this Agreement:

a. Continental Retirement Plan ("CARP") as of January 1, 2005, as it pertains to pilot participants.

b. Continental Airlines 401(k) Savings Plan as of January 1, 2005, as it pertains to pilot participants.

c. Continental Pilots Retirement Plan (the "A-Plan").

d. Continental Pilots 401(k) Plan (the "Pilots 401[k] Plan").

e. Continental Pilots Defined Contribution Plan (the "B-Plan").

f. Nonqualified Plan. (This arrangement is not incorporated in a plan document and is referred to as a "plan" for convenience only.)

2. Retirement Plans.

As used in this Section 28, the terms "Retirement Benefits," "Retirement Plan" and "Plan" encompass all of the retirement benefits provided by, and all of the retirement benefit plans listed in, Section 28, Part 1.A.1 and the related trusts, together with the Nonqualified Plan as set forth in Section 28, Part 5.

3. Qualified Plans.

All Retirement Benefits will be provided by qualified plans, and all contributions to Retirement Plans will be made as contributions to qualified plans, in each instance to the maximum extent permitted by law.

B. Changes to Retirement Plans

1. Amendment of Retirement Plans.

Except as provided in Section 28, Part 1.B.2 and Section 28, Part 1.B.3, a Retirement Plan may not be amended without the prior written consent of ALPA, unless such an amendment is necessary to keep the Plan in compliance with applicable law or to maintain the tax-exempt status of the Plan to the extent that such tax status is applicable and intended by the Plan's terms and ALPA is provided fifteen (15) days advance notice of such proposed amendment.

2. Changes Pursuant to Future Legislation.

Should the federal government enact any legislation which may affect any Retirement Benefits (e.g., to modify Internal Revenue Code Section 415(c) or 401[a][17]), the Company and ALPA agree to meet within fifteen (15) days to negotiate benefits which would be consistent with the newly enacted federal legislation and, to the full extent practicable, consistent with the level of benefits previously provided and consistent with the intent of this Agreement. If an agreement is not reached within fifteen (15) working days on a matter impacted by the legislation, the parties agree to submit the unresolved matter to final and binding arbitration. Notwithstanding the previous two sentences, if the federal government enacts legislation that modifies the interest rate assumption or mortality assumption that the A-Plan may use to calculate the lump sum optional form of benefit, then the Company may amend the A-Plan to modify such assumptions, provided that the Company amends the CARP in like manner, and further provided that the amount of lump sum benefit calculated under the modified assumptions will not be less than the amount calculated using the following assumptions: pre-retirement and post-retirement interest rate assumption of eight and one-half percent (8.5%), compounded annually, and pre-retirement and post-retirement mortality assumption of UP-1984 Mortality Table.

3. Changes to Qualified Plan Laws.

   If the law is amended to allow higher benefits or contributions in a qualified Retirement Plan, then the Plan will be amended as of the earliest permissible effective date to allow such higher amount provided the change is cost neutral to the Company. If the law is amended to decrease allowable benefits or contributions in a qualified Retirement Plan, then the Plan will be amended as of the latest permissible effective date to incorporate such lower limit.

4. Changes Pursuant to Optional Funding Legislation.

   The Company will not make an election under any optional funding legislation that would eliminate the lump sum benefit option under a Retirement Plan without the prior written consent of ALPA. The Company will continue to confer with ALPA on the impact of pending legislation.

5. Termination of Retirement Plan.

   A Retirement Plan may not be terminated without the prior written consent of ALPA.

6. Plan Documentation.

   To the extent possible, all plan and trust documents and amendments required by this Agreement will be agreed to prior to reaching the Tentative Agreement; otherwise, such documents and amendments will be agreed to no later than six (6) months after the Tentative Agreement.

Part 2 - CARP and A-Plan

A. Spinoff of A-Plan.

A separate pilot-only defined benefit plan will be spun off from CARP, such new plan to be entitled "Continental Pilots Retirement Plan," and known as the "A-Plan." The spinoff will be effective as of the end of the month after the month containing the date of ratification of this Agreement. Subject to Section 28, Part 2.B, the liabilities to be transferred from CARP to the A-Plan will be the liabilities for all Continental pilots, line and management, active, retired and terminated, excluding frozen liabilities associated with the frozen Texas International plan. The assets to be transferred from the trust under CARP to the trust under the A-Plan will be determined pursuant to the required ERISA Section 4044 allocation. Transfer of assets will be made initially on an estimated basis, subject to true-up upon finalization of the ERISA Section 4044 allocation.

B. Management Pilots.

Management pilot participation in the A-Plan is contingent upon receipt of a Private Letter Ruling from the Internal Revenue Service permitting inclusion of management pilots in the A-Plan. The Company will file for a Private Letter Ruling within thirty (30) days of the effective date of this Agreement. Management pilots' liabilities and assets will be transferred at the same time as the transfer of liabilities and assets attributable to other pilots, but the transfer is contingent upon receipt of the favorable Private Letter Ruling. Upon receipt of the favorable Private Letter Ruling from the IRS, the A-Plan will be amended to provide that the accrued benefit of management pilots, who are then active, will be calculated pursuant to the formula applicable to line pilots, as frozen; provided, however, that at the same time the A-Plan is so amended, the Company will contribute in cash to the A-Plan the amount necessary to maintain the funded level of the A-Plan at the same level as determined under the ERISA 4044 allocation without regard to inclusion of the management pilots, or if higher, the amount necessary to satisfy applicable funding requirements of the Pension Funding Equity Act of 2004.

C. Plan Terms.

The initial terms of the A-Plan will be the same as the terms of CARP as it pertains to pilots on the date of spinoff, to the extent practicable, unless otherwise specified in this Agreement.

D. Modifications to CARP and A-Plan Prior to Freeze of A-Plan.

1. Return-from-Strike Credit.

CARP and the A-Plan will be amended to include as Credited Service the period while a pilot was awaiting recall from strike after the date of the Order and Award (October 31, 1985). This provision will be effective September 1, 2005, but will apply retroactively to all participants who retire or otherwise terminate on or after the effective date of this Agreement.

2. Optional Forms of Benefit.

The A-Plan will include the following new optional forms of benefit: 10-, 15- and 20-year certain and life annuities with spouse or non-spouse beneficiaries, and contingent annuities with non-spouse contingent annuitants. This

provision will apply to all participants who retire or otherwise terminate on or after September 1, 2005.

3. Special Provision For Retirement at Age 60.

The A-Plan will honor the pilot's election of an optional form of benefit if the pilot dies within the ninety (90) day period before the elected Benefit Commencement Date at age sixty (60), provided that the pilot has filed all required retirement documents. This provision will apply to all participants who die on or after September 1, 2005. Application of this provision will not result in any reduction in Company-paid life insurance benefits payable with respect to a pilot who dies prior to retirement.

E. Freeze of A-Plan.

1. A-Plan Frozen.

The A-Plan will be frozen in a "hard freeze" effective on the Freeze Date; provided, however, that the A-Plan will not be frozen unless the management pilots' benefits under CARP or the A-Plan, as applicable, are also frozen as of the Freeze Date. A participant's accrued benefit under the frozen A-Plan will be based on his Credited Service, Final Average Compensation, the Average Social Security Wage Base (ASSWB), the Modified Social Security Wage Base (MASSWB) and the x% as of the Freeze Date.

2. Freeze Date.

The Company will provide the forty-five (45) day notice of the freeze amendment, pursuant to ERISA Section 204(h), promptly after the effective date of this Agreement. The Freeze Date is the last day of the month containing the last day of the forty-five (45) day notice.

3. Service after Freeze Date.

Notwithstanding the freeze of the A-Plan, a pilot's service after the Freeze Date will continue to be credited for purposes of attaining Early Retirement Age, eligibility for an Early Retirement Pension, and eligibility for the lump sum optional form of benefit. All of a pilot's service after the Freeze Date that would have been credited under CARP will be credited for these purposes, including but not limited to periods deemed to be service (e.g., periods while receiving LOL/LTD benefits or while on a Company Offered Leave of Absence).

4. Age after Freeze Date.

Notwithstanding the freeze of the A-Plan, a participant's benefits under the A-Plan will be paid based upon the participant's actual age when benefits commence (not his age on the Freeze Date).

5. 100% Vesting.

All participants in the A-Plan will be one hundred percent (100%) vested on the Freeze Date.

F. Benefit Statements.

Not later than six (6) months after the Freeze Date, the Company will provide to each pilot an individual benefit statement under the frozen A-Plan listing all of the data used to determine the pilot's frozen annuity benefit payable at age 60, as well as the calculation of that benefit. The Company will provide ALPA with a draft benefit statement format not later than four (4) months after the Freeze Date, for review and comment. At the same time the Company provides the individual benefit statements to pilots, it will provide copies of the individual benefit statements to ALPA in electronic format.

Part 3 - 401(k) Plans

A. Company Matching Contributions under Continental Airlines 401(k) Savings Plan.

Company matching contributions to the Continental Airlines 401(k) Savings Plan will be made with respect to pilot pre-tax contributions made from compensation paid through the A-Plan Freeze Date; no Company matching contributions will be made with respect to pilot pre-tax contributions made from compensation paid after the A-Plan Freeze Date. Provided, however, that if Company matching contributions continue after the A-Plan Freeze Date on behalf of management pilots under the Continental Airlines 401(k) Savings Plan, then Company matching contributions will be made on behalf of pilots covered by this Agreement (to the Continental Airlines 401[k] Savings Plan or to the Pilots 401[k] Plan, as applicable) to the same extent as for management pilots.

B. Spinoff of Pilots 401(k) Plan.

A separate pilot-only 401(k) plan will be spun off from the Continental Airlines 401(k) Savings Plan, such new plan to be entitled "Continental Pilots 401(k) Plan," and known as the "Pilots 401(k) Plan." The spinoff will be effective as soon as practicable after the effective date of this Agreement. Subject to Section 28, Part 3.C, the Pilots 401(k) Plan will cover all pilots, that is, line and management pilots, whether active, retired or terminated, and the assets to be transferred to the Pilots 401(k) Plan from the Continental Airlines 401(k) Plan will be the assets of all such pilots.

C. Management Pilots.

Management pilot participation in the Pilots 401(k) Plan is contingent upon receipt of a Private Letter Ruling from the Internal Revenue Service permitting inclusion of management pilots in the Pilots 401(k) Plan. The Company will file for a Private Letter Ruling within thirty (30) days of the effective date of this Agreement. Promptly after receipt of favorable Private Letter Ruling, all assets of the management pilots will be transferred from the Continental Airlines 401(k) Plan to the Pilots 401(k) Plan.

D. Plan Terms.

The initial terms of the Pilots 401(k) Plan will be the same as the terms of the Continental 401(k) Savings Plan as it pertains to pilots on the date of spinoff, to the extent practicable, unless otherwise specified in this Agreement.

E. Company Contributions to Pilots 401(k) Plan.

1. The Company will contribute to a pilot's account under the Pilots 401(k) Plan all of the pilot's unused vacation at the end of the Plan Year as specified in Section 7, Part 3.C.6. The contribution will be made on or before February 16 of the year following the end of the Plan Year.

2. The Company will contribute to a pilot's account under the Pilots 401(k) Plan the Variable Contributions as specified in Section 28, Part 3.R at the times specified in Section 28, Part 3.R.

3. There will be no Company matching contributions to the Pilots 401(k) Plan (subject to Section 28, Part 3.A.).

F. Participant Pre-Tax Contributions.

In accordance with IRS 401(k) regulations, participants in the Pilots 401(k) Plan may elect to contribute to their accounts through payroll deduction, a percentage of compensation to the Plan, on a pre-tax basis, to the maximum allowed by law. For a new hire pilot, the Pilots 401(k) Plan will provide for automatic enrollment with pilot pre-tax contributions (by payroll deduction) at five percent (5%) of compensation; however, the pilot may increase or decrease the percentage.

G. Participant After-Tax Contributions.

In accordance with IRS 401(k) regulations, participants in the Pilots 401(k) Plan may elect to contribute to their accounts through payroll deduction, a percentage of compensation to the Plan, on an after-tax basis, to the maximum allowed by law.

H. Discrimination Testing.

1. Participants' pre-tax contributions to the Pilots 401(k) Plan will be subject to required discrimination testing separately from all other employees. In accordance with applicable law, participants' pre-tax catch-up contributions are not subject to discrimination testing.

2. The Pilots 401(k) Plan will be eligible for the nondiscrimination testing safe harbor in 2006 and beyond, as the Company contribution is at least three percent (3%) to each pilot's account under the separate B-Plan. The Company will provide the required safe harbor notice prior to the beginning of each Plan Year.

I. Investment of Accounts.

Investment of all accounts under the Pilots 401(k) Plan will be participant-directed among several diversified core and lifestyle options determined by the Investment Committee (as well as through a brokerage account window pursuant to Section 28, Part 3.J). ALPA will provide the Investment Committee with a model for consideration. The Pilots 401(k) Plan will meet the requirements of ERISA Section 404(c).

J. Brokerage Account Window.

The Company and ALPA will request the Investment Committee to add a brokerage account window that will contain the following components:

1. A pilot may invest in the brokerage account window up to fifty percent (50%) of the pilot's total account balance, with an employee waiver.

2. A pilot investing in the brokerage account window will pay applicable brokerage option fees and trading expenses.

The Investment Committee will add the brokerage account window unless it determines, in good faith, that it would be a violation of ERISA to do so. Neither the Company nor ALPA believes it would be a violation of ERISA to do so.

K. Loans.

The Pilots 401(k) Plan will allow loans up to the lesser of fifty percent (50%) of a pilot's vested account balance or fifty thousand dollars ($50,000). A participant may have up to two loans outstanding at any time (which, together, will be subject to the limit in the preceding sentence and all other IRS limits). Loans will be funded solely from the pilot's investment in the money market fund. The pilot must assure that he has sufficient funds in the money market fund to fund the loan(s) requested.

L. Rollovers.

A participant may roll over to the Pilots 401(k) Plan any retirement plan assets maintained in a tax-qualified plan or individual retirement account, as allowed by law, pursuant to procedures established by the Investment Committee.

M. Plan Procedures.

Detailed plan procedures, such as rollover timing, are documented in the third party plan administrators' plan provisions. The Investment Committee will establish these provisions once it selects the administrative service provider or service providers with respect to the Pilots 401(k) Plan.

N. Master Trust for Assets of B-Plan and 401(k) Plan.

The assets of the B-Plan will be aggregated with the assets of the Pilots 401(k) Plan in a master trust.

O. Optional Contribution Insurance.

The Pilots 401(k) Plan will allow a pilot the option to purchase insurance out of his 401(k) Plan account to provide for continued contributions to the Pilots 401(k) Plan while the pilot is on disability. The insurance provided must be structured to comply with existing precedent set by Private Letter Rulings, as determined by the Company's legal counsel.

P. Order of Abatement.

The order of abatement for purposes of satisfying Internal Revenue Code Section 415(c) will be the same as that applicable to the B-Plan.

Q. Plan Expenses.

All expenses of the Pilots 401(k) Plan will be paid by the Company, except for third party administrative and recordkeeping fees (including third party QDRO and loan collection costs), which will be paid by the Plan (and which may, but need not, be offset by 12[b][1] fees, as determined by the Investment Committee).

R. Variable Contribution to Pilots 401(k) Plan.

The Company will make an annual contribution to the Pilots 401(k) Plan in the amount, and at the times, as provided below.

1. Company Variable Contribution to Be Made On or Before 9-1-06

If Company's Pre-Tax Income* during period 7-1-05 thru 6-30-06	**Then Company will contribute this percentage of each pilot's Compensation** paid during period 7-1-05 thru 6-30-06**	**Contribution to be Attributable to this Plan Year (for purposes of IRC Section 415(c))**
less than $100 million	0%	Plan Year 2005, for portion of contribution attributable to pilot's Compensation paid from 7-1-05 thru 12-31-05 Plan Year 2006, for portion of contribution attributable to pilot's Compensation paid from 1-1-06 thru 6-30-06
at least $100 million but less than $200 million	2%	
at least $200 million but less than $300 million	4%	
$300 million or more	6%	

*"Pre-Tax Income" defined below.

**"Compensation" is defined in Section 28, Part 4.G.

2. Company Variable Contribution to Be Made On or Before 9-1-07

If Company's Pre-Tax Income* during period 7-1-06 thru 6-30-07	**Then Company will contribute this percentage of each pilot's Compensation** paid during period 7-1-06 thru 6-30-07**	**Contribution to be Attributable to this Plan Year (for purposes of IRC Section 415(c))**
less than $100 million	0%	Plan Year 2006, for portion of contribution attributable to pilot's Compensation paid from 7-1-06 thru 12-31-06 Plan Year 2007, for portion of contribution attributable to pilot's Compensation paid from 1-1-07 thru 6-30-07
at least $100 million but less than $200 million	1%	
at least $200 million but less than $300 million	2%	
$300 million or more	2.75%	

*"Pre-Tax Income" defined below.
**"Compensation" is defined in Section 28, Part 4.G.

3. Company Variable Contribution to Be Made On or Before 9-1-08

If Company's Pre-Tax Income* during period 7-1-07 thru 6-30-08	**Then Company will contribute this percentage of each pilot's Compensation** paid during period 7-1-07 thru 6-30-08**	**Contribution to be Attributable to this Plan Year (for purposes of IRC Section 415(c))**
less than $200 million	0%	Plan Year 2007, for portion of contribution attributable to pilot's Compensation paid from 7-1-07 thru 12-31-07 Plan Year 2008, for portion of contribution attributable to pilot's Compensation paid from 1-1-08 thru 6-30-08
at least $200 million but less than $400 million	1%	
$400 million or more	2%	

*"Pre-Tax Income" defined below.
**"Compensation" is defined in Section 28, Part 4.G.

4. **Pre-Tax Income.**

Pre-tax income is defined as, and with respect to each identified twelve (12) month period, the consolidated income before taxes, but after minority interest

of the Company for such twelve (12) month period determined in accordance with GAAP, but calculated excluding any unusual or non recurring items.

Part 4 - B-Plan

A. Establishment of B-Plan.

A separate pilot-only money purchase, defined contribution pension plan will be established, such new plan to be entitled "Continental Pilots Defined Contribution Plan," and known as the "B-Plan." The B-Plan will be effective July 1, 2005. Subject to Section 28, Part 4.B, the B-Plan will cover all pilots, line and management, active, retired and terminated. Due to the implementation schedule, it may be necessary to make the contributions for the first three (3) months after the effective date but no later than September 16, 2005. If this delay occurs, the pilot's account will also be credited with interest equal to seven and one-half percent (7.5%) per annum for the period between the time the contributions were due and the time the contributions are made.

B. Management Pilots.

Management pilot participation in the B-Plan is contingent upon receipt of a Private Letter Ruling from the Internal Revenue Service permitting inclusion of management pilots in the B-Plan. The Company will file for a Private Letter Ruling within thirty (30) days of the effective date of this Agreement.

C. Plan Terms.

Terms of the B-Plan will be similar to the terms of the Pilots 401(k) Plan, to the extent practicable, unless otherwise specified in this Agreement.

D. Participation.

A pilot will participate in the B-Plan (and be eligible to receive Company contributions to his B-Plan accounts) upon the later of the effective date of the B-Plan or the pilot's date of hire.

E. Company Contributions to B-Plan.

The Company will make monthly contributions to each pilot's account under the B-Plan in an amount equal to the following percentage of the pilot's Compensation each month, as defined in Section 28, Part 4.G below.

For Compensation paid during July 2005 through June 2006 - 6.75%

For Compensation paid during July 2006 through June 2007 - 10.00%

For Compensation paid after June 2007 - 12.75%

To the extent legally required, contributions attributable to furlough pay will be paid through the Nonqualified Plan. All Company contributions to the B-Plan are one hundred percent (100%) vested. Company contributions will be subject to such distribution limitations as are necessary for the Pilots 401(k) Plan to satisfy the safe harbor for 401(k) nondiscrimination testing.

F. Timing of Company Contributions.

Company contributions to the B-Plan will be made as follows:

1. With respect to Compensation the pilot is paid on the 16th day of each month, Company contributions will be made monthly, concurrent with such payment, based upon the gross Compensation the pilot is paid on that date (before taxes and deductions). The first contribution is due with respect to Compensation paid during July 2005. Example: For the gross Compensation the pilot is paid on July 16, 2005 (before taxes and deductions), the Company's contribution to the B-Plan that is based on that Compensation is due on July 16, 2005 (subject to Section 28, Part 4.A).

2. With respect to other Compensation that the pilot is paid (e.g., bonuses, retro pay), Company contributions will be made to the B-Plan within three (3) Business Days of such payment.

G. Compensation Defined.

Compensation under the B-Plan is defined as remuneration paid by the Company to a participant (whether before or after separation from service), including but not limited to regular pay, overtime pay, international override, gain-sharing, furlough pay, retro pay, bonuses, and incentive compensation, plus amounts deferred pursuant to Internal Revenue Code Sections 125, 401(k) and the like, but excluding the following: amounts paid pursuant to the Nonqualified Plan, commissions, taxable income derived from group term life insurance, imputed income for LOL/LTD, amounts paid pursuant to other nonqualified plans, distributions from the A-Plan, reimbursements or allowances or advances for expenses (including per diem expenses, relocation expenses and increased cost of living expenses), travel pass benefits, domestic partner benefits, and Company contributions to or benefits paid from any Company-maintained welfare plan.

H. Investment of Accounts.

Investment of all accounts under the B-Plan will be participant-directed among options that are the same as or similar to those available under the Pilots 401(k) Plan (including a brokerage window), as determined by the Investment Committee.

I. Master Trust for Assets of B-Plan and 401(k) Plan.

The assets of the B-Plan will be aggregated with the assets of the Pilots 401(k) Plan in a master trust.

J. Optional Contribution Insurance.

The B-Plan will allow a pilot the option to purchase insurance out of his B-Plan account to provide for continued contributions to the B-Plan while the pilot is on disability. The insurance provided must be structured to comply with existing precedent set by Private Letter Rulings, as determined by the Company's legal counsel.

K. Order of Abatement.

The order of abatement for purposes of satisfying Internal Revenue Code Section 415(c) will be as follows:

1. Portion of Company's Variable Contribution to Pilots 401(k) Plan, made on or before September 1 after end of Plan Year, attributable to pilot's Compensation paid in last six (6) months of Plan Year
2. Pilot After-Tax Contributions to Pilots 401(k) Plan for Plan Year
3. Company Contribution to Pilots 401(k) Plan, made on or before February 16 after end of Plan Year, attributable to pilot's unused forfeited vacation as of end of Plan Year
4. Company Contribution to B-Plan for Plan Year
5. Portion of Company's Variable Contribution to Pilots 401(k) Plan, made on or before September 1 during the Plan Year, attributable to pilot's Compensation paid during first six (6) months of Plan Year
6. Pilot Pre-Tax Contributions to Pilots 401(k) Plan for Plan Year

L. Plan Expenses.

All expenses of the B-Plan will be paid by the Company, except for third party administrative and recordkeeping fees (including third party QDRO and loan collection costs), which will be paid by the Plan (and which may, but need not, be offset by 12[b][1] fees, as determined by the Investment Committee).

Part 5 - Nonqualified Plan

A. Nonqualified Plan.

The Company will establish a nonqualified arrangement (the "Nonqualified Plan") to provide Company contributions that cannot be made to the qualified B-Plan or to the qualified Pilots 401(k) Plan due to the limitations of Internal Revenue Code Sections 401(a)(17) and 415(c).

B. Contributions Limited by Internal Revenue Code Section 401(a)(17).

In the case of a participant with Compensation in excess of the limit under Section 401(a)(17), the Company will pay the pilot an additional amount of cash compensation in the amount that would have been contributed to the qualified B-Plan or qualified Pilots 401(k) Plan but for the limit. Payment to the pilot will be made at the same time as the Company contributions would have been made to the qualified B-Plan or qualified Pilots 401(k) Plan.

C. Contributions Limited by Internal Revenue Code 415(c).

In the case of a participant whose Company contributions for the Plan Year to the B-Plan or to the qualified Pilots 401(k) Plan are limited under Section 415(c), the Company will pay the pilot an additional amount of cash compensation in the amount that would have been contributed to the qualified B-Plan or qualified Pilots 401(k) Plan but for the limit. Payment to the pilot will be made as soon as practicable but no later than February 28 after the end of the Plan Year, except that payments in respect of Variable Contributions that cannot be made to the qualified Pilots 401(k) Plan that are attributable to Compensation during the last six (6) months of a Plan Year will be

made at the same time they would have been contributed to the qualified Pilots 401(k) Plan (i.e., on or before September 1 after the end of the Plan Year).

D. Example.

The chart below provides an Example showing the coordination of contributions under the qualified B-Plan and qualified Pilots 401(k) Plan, and payments under the Nonqualified Plan. The Example assumes the following:

- Pilot's Compensation is $20,000 per month in 2007
- Pilot elects pre-tax contributions of seven percent (7%) of compensation in 2007, no catch-up pre-tax contributions and no after-tax contributions
- Pilot has unused forfeited vacation of $10,000 at the end of 2007
- Limit on pre-tax contributions is $15,500 in 2007; limit on qualified plan compensation under Section 401(a)(17) is $220,000 in 2007; and limit on total qualified plan contributions under Section 415(c) is $44,000 in 2007 (all limits are estimated)
- Company's Variable Contribution is two and three-quarters percent (2.75%) of Compensation paid during the last six (6) months of 2006 and first six (6) months of 2007, and two percent (2.0%) of Compensation paid during the last six (6) months of 2007 and first six (6) months of 2008 (Company's Variable Contributions for these periods are estimated)
- Contributions by or on behalf of pilot reached the 415(c) limit for Plan Year 2006

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Next Feb	Next Sept	Total	2007 Limits
Pay	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	NA		$ 240,000	
Limited Pay	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	-	NA		$ 220,000	401(a) (17) Limit
Qualified Plan Contributions																
B-Plan contribution	2,000	2,000	2,000	2,000	2,000	2,000	2,550	2,550	2,550	2,550	2,550	-	-	-	$ 24,750	
401(k) Plan Pilot Pre-Tax	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	100	-	-	$ 15,500	402(g) limit = $15,50
401(k) Plan Variable	-	-	-	-	-	-	-		3,300 *	-	-	-	-		$ 3,300	
Unused vacation	-	-	-	-	-	-	-	-	-	-	-	-	450		$ 450	
														Total Qualified Plan Contributions:	$ 44,000	415(c) limit = $44,00
Non-Qual Payments	-	-	-	-	-	-	-	-	3,300 **	-	-	2,550	9,550	2,400 ***	17,800	
														Total Non-Qualified Payments:	$ 17,800	

* 2.75% Variable Contribution for Compensation in first six months of 2007
** In lieu of 2.75% Variable Contribution for Compensation in last six months of 2006
*** In lieu of 2% Variable Contribution for Compensation in last six months of 2007

Part 6 - Investment Committee under Pilots 401(k) Plan and B-Plan

A. Establishment.

A single Investment Committee will be established under the Pilots 401(k) Plan and B-Plan, to be composed of five (5) individuals, three (3) appointed by the Company (one [1] of whom will be a management pilot if management pilots participate in the Plan) and two (2) appointed by ALPA. Committee members will have the appropriate level of financial expertise as determined by the party appointing them. The Chairman of the Investment Committee will alternate annually between the Company and ALPA members.

B. Quorum and Voting.

A quorum of the Investment Committee is established with three members (3) present, including at least one (1) ALPA-appointed member. If only one (1) ALPA-appointed member is present, that member will have two (2) votes. If less than three (3) Company-appointed members are present, the Company-appointed member(s) present will have an aggregate of three (3) votes.

C. Advisors.

At any meeting of the Investment Committee, the ALPA-appointed members will have the right to be accompanied by advisor(s) of their choosing.

D. Rights and Duties.

The Investment Committee's duties are to determine (i.e. to select, monitor, remove and replace) investment options, investment managers and service-providers, and other duties as provided in this Agreement and in the Pilots 401(k) Plan and B-Plan.

E. Expenses.

Expenses of Investment Committee members appointed by the Company will be paid by the Company. The reasonable and customary expenses of Investment Committee members appointed by ALPA, that are attributable to their performance of duties to establish the Pilots 401(k) Plan and the B-Plan and get the Plans operational, will be paid by the Company. After the Plans are operational, the expenses of Investment Committee members appointed by ALPA will be paid by ALPA.

Part 7 - Retirement Board

A. Establishment.

A single Retirement Board will be established under the A-Plan, Pilots 401(k) Plan and B-Plan, to be composed of four (4) individuals, two (2) appointed by the Company and two (2) appointed by ALPA. The Chairman will alternate annually between the Company and ALPA members.

B. Quarterly Meetings.

The Retirement Board will meet quarterly to review the status and administration of, and to discuss issues pertaining to, all Retirement Plans and trusts in which pilots participate.

C. Information Provided to ALPA Members of Retirement Board.

The Company will provide to the ALPA members of the Retirement Board promptly after preparation or receipt, copies of all actuarial valuation reports, annual reports and summary annual reports. Upon request, the Company will provide within twenty (20) Business Days after the request, other reports, participant data, asset performance reports and other information pertinent to any Retirement Plan or trust in which pilots participate. All documents and information provided will be provided electronically to the extent practicable.

D. Resolution of Denied Benefit Claims.

The Retirement Board (sitting as a System Board of Adjustment) will determine disputes submitted to it concerning denied benefit claims under the A-Plan, Pilots 401(k) Plan and B-Plan. An arbitrator will be selected from a mutually agreed list of ERISA arbitrators to resolve deadlocks. The individual participant must waive the right to litigate in order for the arbitration to commence. Arbitration costs are to be split, with fifty percent (50%) paid by the Company and fifty percent (50%) paid by ALPA. The arbitrator will act as a fiduciary and has full discretion in making a decision. The arbitrator's decision is final and binding, provided the arbitrator did not violate his arbitral authority.

E. Expenses.

Expenses of Retirement Board members will be paid by the party appointing them.

Part 8 - Indemnification by Company

A. Indemnification of Retirement Board and Investment Committee.

The Company will indemnify and hold harmless each member (past, present and future) of the Investment Committee and Retirement Board and each Employee who is a delegate of the Investment Committee or Retirement Board against any and all expenses and liabilities arising out of his administrative functions or fiduciary responsibilities, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of such individual in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such individual's own gross negligence or willful misconduct. Expenses against which such individual will be indemnified hereunder will include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

B. Indemnification of ALPA.

The Company will indemnify ALPA (and its officers, agents, employees, counsel and elected and appointed representatives) for any and all liabilities, costs and third-party attorneys' fees, resulting from claims made against ALPA (or its officers, agents, employees, counsel or elected and appointed representatives) in connection with the negotiation or establishment of the A-Plan, freeze of the A-Plan, establishment of the Pilots 401(k) Plan, and establishment of the B-Plan; provided, however, that indemnification will not apply to the extent such claims arise out of the gross

negligence or willful misconduct of ALPA (or its officers, agents, employees, counsel or elected and appointed representatives); and further provided, however, that the level of the Company's indemnification will be fifty percent (50%) of the first five million dollars ($5,000,000) of such liabilities, costs and fees, and will be one hundred percent (100%) of the excess over five million dollars ($5,000,000); and further provided, however, that indemnification of ALPA's outside counsel for such liabilities, costs and fees will be secondary to coverage of such liabilities, costs and fees under any insurance policy(ies) maintained by such outside counsel. An indemnitee seeking to be indemnified and held harmless pursuant to this Section 28, Part 8.B, must provide to the Company prompt written notice of the claim as to which the indemnitee seeks to be indemnified and held harmless. The Company will have the right to conduct the defense of such matter with counsel of the Company's choosing and enter into a settlement of such matter. The Company will give reasonable consideration to the wishes of the indemnitee in connection with the matters described in the foregoing.

29 Dues

Section 29 - Dues Check-Off

Part 1 - Dues Check-Off

A. During the life of this Agreement, the Company will deduct on a monthly basis from the earnings of each pilot and remit to the Association, along with an accounting thereof, an amount equal to the Association's usual monthly dues or service charges, and any assessments, provided such pilot voluntarily executes the dues check off form provided by the Association. All check-off forms will be submitted by the Association to the Company, at the following address:

Continental Airlines, Inc.
Human Resources Department
P.O. Box 4607
Houston, TX 77210-4607

For purposes of this Section, the term "earnings" will include all hourly pay, overrides, profit sharing, bonuses and all other airline income received by the pilot in service to the Company.

B. A properly executed check-off form filed before the fifteenth (15th) day of any month will become effective the first (1st) day of the month following its receipt by the Company.

C. A pilot who has executed a check-off form, and who resigns, is otherwise terminated from the employ of the Company, is furloughed, transferred or promoted outside of a craft or class covered by this Agreement, or who enters a non-Pay Status, will be deemed to have suspended his dues check-off assignment and authorization. For a pilot who is furloughed, transferred or promoted outside of a craft or class or who enters non-Pay Status, the dues check-off assignment and authorization will automatically resume when the pilot rejoins the craft or class or reenters Pay Status provided the pilot has not revoked the assignment and authorization in accordance with the provisions with this Section. For a pilot who resigns or is otherwise terminated from the employ of the Company, and is subsequently reemployed, deductions and remittance of Association dues, service charges and any assessments will resume at such time as the pilot executes a new check-off form in compliance with this Section.

Part 2 - Agency Shop

A. Each pilot covered by this Agreement will be required, as a condition of employment, beginning sixty (60) days after the completion of the pilot's probationary period, to (1) be or become a member of the Association, or (2) pay to the Association a monthly service charge as a contribution for the administration of this Agreement and the representation of the pilot. The service charge will be in an amount equal to the Association's regular and usual monthly dues and any assessments (not including fines and penalties).

B. If any pilot covered by this Agreement becomes delinquent in the required payment of the service charge or any assessment, or if any Association member loses membership due to the non-payment of dues or any assessments, the Association may notify such pilot by certified mail, return receipt requested, and by regular U.S. mail, with a copy to the Company's Vice President - Flight Operations, that the pilot is delinquent in the payment of such service charge, any assessment or membership dues as specified herein and is subject to discharge as a pilot for the Company. Such letter will also notify the pilot that the required payment must be remitted within a period of thirty (30) days from the date of the notice or the pilot will be discharged.

C. If upon the expiration of the thirty (30) day period the pilot remains delinquent, the Association may certify in writing to the Vice President - Flight Operations, copy to the pilot, that the pilot has failed to remit payment within the grace period allowed and is to be discharged. The Vice President - Flight Operations will thereafter notify the pilot within ten (10) days of receipt of the certification from the Association that he is to be discharged from the service of the Company ten (10) days from the postmark of the Vice President - Flight Operations' letter, of the reasons for this action, and of his rights under this Section.

D. A pilot who is to be discharged as the result of the provisions of this Section will be entitled to challenge the validity of such action by filing a request for review. If a pilot submits a timely request for review, termination will be held in abeyance pending the review.

1. The pilot must submit, in writing, his request for review within ten (10) days from the date of receipt of notification by the Vice President - Flight Operations as provided in Paragraph 2.C above. The request must be submitted to the Vice President - Flight Operations. The Vice President - Flight Operations, or his designee, will consider the request and render a decision in writing, with a copy to the Association, within a reasonable time not to exceed ten (10) days following receipt of the request for review.

2. The decision of the Vice President - Flight Operations, or his designee, will be final and binding on all interested parties unless appealed by either the pilot or the Association within thirty (30) days from the date the decision was rendered. The appeal will be submitted in writing to a neutral referee who will be selected by the pilot and the Association, using a random method, from a list provided by the American Arbitration Association. A copy of the appeal will be sent to the Company. The decision of the neutral referee will be final and binding on all parties to the dispute. The fees of the neutral referee and all others costs of the proceeding will be borne equally by the pilot and the Association.

E. During the pendency of an appeal by the pilot, pursuant to Paragraph 2.D.2 above, a pilot will be in non-Pay Status and will not be permitted to fly.

F. The Company will not be liable for any claim of loss by any pilot adversely affected by any Company action taken pursuant to a written request by the Association related to the terms of this Section. The Association will defend the Company in any legal proceedings related to such action, and the Association will indemnify and hold the

Company harmless from all costs relating to such legal proceedings, or from any final adverse judgement which results from them.

G. For purposes of this Section, receipt of any notice, certification, request for review, or appeal will be deemed to have occurred no later than five (5) days from the date such document was mailed, provided the document was mailed to the recipient's last known address of record.

Part 3 - Dues Check-Off General

It is understood that the requirements of Part 2 above will not apply to a pilot during periods of time he holds a management position.

ASSIGNMENT AND AUTHORIZATION

FOR CHECKOFF OF ALPA DUES AND ASSESSMENTS, OR SERVICE CHARGES

TO: CONTINENTAL AIRLINES, INC.

I,_____, hereby authorize and direct Continental
Please Print

Airlines, Inc. to deduct from my earnings each month such dues and any assessments as are now or may hereafter be established in accordance with the ALPA Constitution and By-Laws, or a service charge in an amount equal to such dues and to remit such dues or service charges and any assessments to the Air Line Pilots Association, International.
If the checkoff agreement is terminated, this authorization will be automatically terminated. In the absence of a termination of the checkoff agreement, this authorization may be revoked by me at any time following thirty (30) days written notice to Continental Airlines, Director of Human Resources, and the ALPA Membership Services Department by certified or registered mail, return receipt requested.

Amount to be Deducted Each Month - 1.95% Plus any Assessments

Signature of Pilot _____

Address of Pilot _____

ALPA Membership Number _____

Employee Number _____

Date _____

PLEASE RETURN THIS FORM TO ALPA MEMBERSHIP SERVICES DEPARTMENT. ALPA WILL THEN FORWARD IT TO CONTINENTAL AIRLINES, INC., PAYROLL DEPARTMENT.

Disclosure Statement Required by Federal Tax Law:
Dues, contributions, and gifts to ALPA are not
tax deductible as charitable contributions.
However, they may be tax deductible as ordinary
and necessary business expenses.

30 Duration

Section 30 - Duration

A. This Agreement will become effective on the date of signing hereof, will continue in full force and effect through December 31, 2008 except as otherwise specifically provided herein, and will renew itself without change until each succeeding December 31 thereafter unless written notice of intended change is served in accordance with Section 6, Title I, of the Railway Labor Act, as amended, by either party hereto at least sixty (60) days but no more than two hundred seventy (270) days prior to December 31, 2008, and the parties (unless they agree otherwise) will make every reasonable effort to complete negotiations for amendments, if any, to this Agreement no later than December 1, 2008. In addition, if neither party provides such notice prior to December 31, 2008, either party may serve such notice at least sixty (60) days but no more than two hundred seventy (270) days prior to December 31 of any year thereafter.

B. This Agreement and any letters of agreement, letters of understanding and memoranda of agreement entered into by the parties after the date hereof constitute the sole and entire agreement between the parties while they remain in effect.

C. The parties agree that any past practices, employment policies, interim agreements, or other understandings established prior to April 1, 2005, will not create any contractual or legal obligation to continue such practices, policies, agreements or understandings following the effective date of this Agreement.

D. The following documents are incorporated by reference and made part of this Agreement:

1. On-Time Performance Incentive Plan (April 1, 2005)
2. FOQA (April 1, 2005)
3. Domicile/Sub-base Closure (November 30, 1998)
4. LOA re ASAP (April 1, 2005)
5. Extension of FOQA (April 1, 2005)
6. ASAP (April 1, 2005)
7. Midair Hazard Reduction (April 1, 2005)
8. Hardship Committee (April 1, 2005)
9. Pay Protection Settlement Agreement (August 22,2003)
10. Peer Pilot Committee Support (October 30, 2003)
11. One Time Exception - LOL Premium (November 7, 2003)
12. MOU - CMI ASAP (April 1, 2005)
13. Recall (2004) Memorandum of Understanding (January 15, 2004)
14. Retiree Bridge Medical Extension to April 2005 (January 15, 2004)
15. Partnership Accord (April 1, 2005)
16. Cat 5 Final Resolution Letter (August 11, 2004)
17. Commuting Policy Agreement (April 1, 2005)
18. Initial Recall Assignments (August 30, 2004)

19. Retirement Credit Upon return from Military Leave (April 1, 2005)
20. ACARS (April 1, 2005)
21. Age 58 Transition (April 1, 2005)
22. B757 Commitment (April 1, 2005)
23. Board Of Directors Access (April 1, 2005)
24. Company Benefits for Pilots on Test and Verification Flights (April 1, 2005)
25. "Contingencies"/Boeing/Other Labor Groups (April 1, 2005)
26. Deadheading Pilot (April 1, 2005)
27. Electronic Flight Bag/Paperless Cockpit (April 1, 2005)
28. Elimination of Pay Bank (April 1, 2005)
29. Fatigue (April 1, 2005)
30. FFDO (April 1, 2005)
31. Flight Instructors Training Department Scheduling (April 1, 2005)
32. Flight Ops Audit (April 1, 2005)
33. FOQA and ASAP (April 1, 2005)
34. Guam Flying (April 1, 2005)
35. IRO in 3 Coach Seat (April 1, 2005)
36. Pay Protection 1:1 (April 1, 2005)
37. PBS Dispute Resolution (April 1, 2005)
38. Physical Examinations Addendum (April 1, 2005)
39. Pilot Pairing and Line Committee (April 1, 2005)
40. Preferential Interview ATA (April 1, 2005)
41. Preferential Interview Express (April 1, 2005)
42. Reserve Report to EWR (April 1, 2005)
43. Satellite Base (April 1, 2005)
44. Sixth Addendum (April 1, 2005)
45. SMS (April 1, 2005)
46. Staffing FLEX Pre-PBS (April 1, 2005)
47. Stock Buy-Back/ Dividend Restrictions (April 1, 2005)
48. Training Steering Committee (April 1, 2005)
49. Vacation Fly Through (April 1, 2005)
50. Waiver - Section 1113 protections (April 1, 2005)
51. Workers' Compensation (April 1, 2005)
52. Pass Travel While on LOL/LTD (April 1, 2005)
53. CAL Employment of Certain ExpressJet Pilots (April 1, 2005)

E. The following agreements are a part of this Agreement but have intentionally not been printed:

1. Furloughed Pilot's Ability to Resign (September 25, 2002)
2. Joint Statement of Intent Concerning Exigent Circumstances and Exceedance of Section 25 with Pilot Consent (March 30, 2005)
3. Union Pass Classification (March 30, 2005).

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 1st day of April, 2005.

For Continental Airlines, Inc.:

/s/ Mark Moran

Mark Moran
Executive Vice President Operations

/s/ Mike Bonds

Mike Bonds
Senior Vice President
Human Resources and Labor Relations

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

/s/ Dan Casey

Dan Casey
Staff Vice President Labor Relations

/s/ Jackson Martin

Captain Jackson Martin
Manager Pilot Contract Administration

/s/ Tracy Lee

Tracy Lee
Senior Director Labor Analysis

For the Air Line Pilots Association, International:

/s/ Duane Woerth

Captain Duane Woerth
President, Air Line Pilots Association

/s/ Jay Panarello

Captain Jay Panarello
CAL MEC Chairman

/s/ Tom Stivala

Captain Tom Stivala
Chairman, CAL MEC Negotiating Committee

/s/ Rick Muir

Captain Rick Muir
CAL MEC Negotiating Committee

/s/ William Karnes II

First Officer William Karnes II
CAL MEC Negotiating Committee

LOAs

LETTERS OF AGREEMENT

Letter of Agreement

Between

Continental Airlines, Inc.

and

The Independent Association

of

Continental Pilots

Regarding

On-Time Performance Incentive Plan

This LETTER OF AGREEMENT codifies the full participation of Continental Airlines pilots in the Company's On-Time Performance Incentive Plan. Pilots will continue to participate in the On-Time Performance Incentive Plan on the same terms and conditions as applicable to other Continental employees. The plan may not be altered, deleted, or diminished for pilots unless done so on a Company-wide basis.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

Between

CONTINENTAL AIRLINES, INC.

and

THE AIR LINE PILOTS

In the service of

CONTINENTAL AIRLINES, INC.

as represented by

THE AIR LINE PILOTS ASSOCIATION, INT'L

Regarding

FLIGHT OPERATIONS QUALITY ASSURANCE

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. (hereinafter referred to as "the Company" or "Continental") and the air line pilots in the service of Continental Airlines, Inc. as represented by the Air Line Pilots Association, International (hereinafter referred to as "the Association").

WITNESSETH:

WHEREAS, it is the intent of the parties to implement a Flight Operations Quality Assurance (FOQA) program to analyze data for the sole purpose of enhancing safety, and

WHEREAS, the Administrator has issued a letter dated February 9, 1995 (attached hereto and made a part hereof), to the President of the Air Transport Association stating that, "The FAA commits that it will not use information collected by a carrier in a FOQA program to undertake any certificate or other enforcement action against an air carrier participating in such a program or one of its individual employees," and

WHEREAS, the Director, Flight Standards Service, has issued a letter dated April 28, 1997 (attached hereto and made a part hereof), to the Chairman, ATA FOQA Steering Committee stating that the policy of the FAA as articulated in the above-mentioned letter will "continue in effect therefore, until such time as a FOQA rule is issued by the FAA," and

WHEREAS, the parties agree that it is appropriate to initiate a trial FOQA program, given the above assurance, and that such a trial program will terminate eighteen months from the date of implementation of the program unless specific pilot protective provisions are enacted, included, and remain in the Federal Aviation Regulations (FARs) to the satisfaction of both the Company and the Association.

NOW, THEREFORE, it is mutually agreed as follows:

A. DEFINITIONS

1. "FOQA Program" - A program designed to enhance flight safety through controlled analysis of recorded flight data information.

2. "Identifying Data" - Any data or combination of data which allows recorded or collected flight data to be associated with a specific crew member.

3. "Identified Data" - Any recorded or collected flight data prior to removal of all identifying data.

4. "Flight Data Recorder" - Any device, equipment, or system which collects, transmits, or records in-flight data whether installed to monitor pilot, aircraft components, or aircraft performance, or as a consequence of performance of some other function.

5. "Cockpit Voice Recorder" - Any device, equipment, or system which monitors or records a pilot's voice while he or she is on an aircraft.

6. "Information" - Any data transmitted, recorded, or collected by use of a flight data recorder, cockpit voice recorder, or any other recording device. The term "information" will further include tapes, transcripts, reports, papers, memos, statements, studies, charts, graphs, or any other description, analysis, or compilation of data collected by any such equipment.

7. "FOQA Monitoring Team" - A committee of three management pilots appointed by the Company from the Safety Department, and three or more Association representatives selected by the Association's Safety Committee.

8. "Operational Exceedence Event" - An event, as determined by recorded data, indicating that an aircraft was in a situation outside of the normal agreed-upon flight operations envelope tolerances.

9. "Operational Routine Event" - An event in routine operation of statistical interest.

10. "Designated FOQA Monitoring Team Member" - The designated Association's Safety Committee member who is able to identify a crew member associated with collected data and, if the Association-approved exceedence warrants, to interview the associated crew member along with the crew member's LEC representative or his designee.

11. "Gatekeeper" - The person who the Company and the Association mutually agree on who alone will have sole access to and be able to retrieve from the computer, information which would allow the designated Association's Safety Committee member to identify a crew member.

B. FOQA PROGRAM

1. The design, implementation, and operation of a FOQA program will be by mutual agreement between the Company and the Association. Any variation from the agreed-upon FOQA program will require the mutual agreement of the parties prior to implementation. The parties will mutually agree, in writing, to an implementation date for the FOQA program. The agreed-upon

implementation date will be used to determine the duration of the FOQA program trial period provided for in Paragraph G. herein.

2. The FOQA Monitoring Team will oversee the day-to-day operations of the FOQA program and establish necessary policies and procedures to ensure compliance with the provisions of this agreement.

3. The design of the FOQA program will ensure the initial confidentiality and ultimate anonymity of individual crew members.

4. Any violation of the requirements of the agreed-upon FOQA program or the terms herein will cause the immediate termination of the FOQA program and destruction of all data.

5. At a minimum, any FOQA program at Continental Airlines, Inc. will record and examine the exceedences listed in Appendix I of the Flight Safety Foundation report to the FAA on Voluntary Air Carrier FOQA Program DOT Contract No. DTFA 01-92-C-00010.

6. In order to properly support the recording and examining of those exceedences listed in 5. above, any FOQA program at Continental Airlines, Inc. will, at a minimum, monitor all those parameters listed in Appendix J of the Flight Safety Foundation report to the FAA on Voluntary Air Carrier FOQA Program DOT Contract No. DTFA 01-92-C-00010.

7. The establishment of the limits which define an exceedence of any level will be mutually agreed upon by both the Company and the Association. Such exceedence limits will be subject to review and require approval of the Association's Safety Committee.

C. SCOPE

1. Sufficient de-identified data will be maintained to fulfill the requirements of the agreed-upon FOQA program. All de-identified data, and analyses of such data, will be made available upon request to the parties, including the Association.

2. There will be continual evaluation of exceedence values by the parties and all changes, deletions, or additions will be approved by the Association.

3. Any special studies or evaluations require mutual agreement by the Company, the Association's FOQA Monitoring Team, and the Association.

4. FOQA program information (identified or de-identified) will not be released to any third party, except appropriate governmental agencies may be given access to de-identified data on Company property with approval of the FOQA Monitoring Team and the Association. (Note: Any release of information or denial of a request for access to de-identified data will be promptly reported to the Association's Safety Committee.)

D. DATA RETENTION AND SECURITY

1. Identifying data will be removed from identified data as soon as possible, but no later than seven (7) days from the date of acquisition of the data by the Company.

2. Any employee/agent who has contact with any identified data used in a FOQA program will be prohibited from divulging any identifying data to any individual other than a designated FOQA Monitoring Team member. In the event any employee/agent divulges any identifying data to any individual other than a designated FOQA Monitoring Team member, such employee/agent will immediately be removed from any participation in the FOQA program.

3. The Chairman of the Association's Safety Committee will determine the password levels of all members of the FOQA Monitoring Team.

4. The parties agree that the release of data and/or information, as defined in this agreement, without expressed written consent of both parties is strictly prohibited. If either party discovers an unauthorized release they will immediately notify the other party. The unauthorized release will be immediately investigated and corrective action taken to protect all crew members, and the Company, and to prevent additional release of data and/or information. It is expressly agreed and understood that the investigation of the unauthorized release of data as set forth in this Paragraph will be conducted prior to either party's demand for termination of the FOQA program as set forth in Paragraph B.4. of this agreement.

E. DATA USE

1. The sole contact with any flight crew member associated with a specific exceedence event will be through the designated Association's Safety Committee Monitoring Team member and the crew member' s LEC representative or his designee.

2. Only the designated Association's Safety Committee Monitoring Team will be able to identify the individual crew members associated with any specific data.

3. Any notes, memoranda, or other documents used by the designated Association's Safety Committee Monitoring Team member in any contact with any flight crew member concerning a specific FOQA event will be considered "identified data" for purposes of this agreement and will be "de-identified" in accordance with Paragraph D.1. above.

4. At a minimum, the FOQA program may be used for evaluating the following areas:

Aircraft design
Aircraft performance
Aircraft systems performance
Airport operational issues
ATC system operation
Company procedures
Crew performance
Meteorological issues

Training effectiveness
Training programs

Any additional areas of evaluation which the parties may desire to include in the FOQA program must be mutually agreed upon by the Company and the Association prior to implementation.

5. The Company will not use information obtained from a FOQA program, in whole or in part, for discipline or discharge against a pilot.

6. The Company will not use information from a FOQA program to investigate alleged pilot misconduct.

7. Information obtained from a FOQA program will not be used as a basis, in whole or in part, to require a pilot's submission to a non-recurrent proficiency or line check.

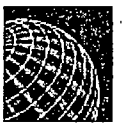
F. The pilot representatives involved in the FOQA program will be displaced with applicable Company-paid flight pay loss from all or a portion of their scheduled trips in a cost effective manner while functioning in this capacity, coverage permitting. The pilot representatives will be reimbursed for applicable per diem expenses, including hotel, meals, and transportation.

This Letter of Agreement will be effective upon signing and will remain in full force and effect and will continue to run concurrently with Section 30 - Duration, of the Pilots' Employment Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental



Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

Capt. Bill Borrelli
President
Independent Association of Continental Pilots
15710 JFK Blvd., Suite 250
Houston, TX 77032

Re: Domicile/Sub-base Closure

Dear Capt. Borrelli:

This will confirm our agreement regarding the application of Section 9, Part 4(A) of the new collective bargaining agreement.

We have agreed that the term "Pilot's system staffing award" will be interpreted to have the meaning set forth in Section 9, Part 2(I)(2) ("... the effective date of a pilot's newly awarded sub-base and status shall be considered the effective date of the bid pursuant to which the pilot was first awarded his currently awarded sub-base and status, unless he was awarded a different sub-base and/or status on an intervening bid."). In the event that a pilot remains assigned pursuant to Section 9, Part 4(A) on the effective date of his system staffing award, the provisions of Section 9, Part 6, including limitations on duration, will apply to any further assignment.

In addition, for purposes of Section 9, Part 4(A) the term "travel" shall include all of the travel benefits described in Section 9, Part 6(F)(3).

Please indicate your agreement by signing one copy of this letter and returning it to the undersigned.

Originally signed November 30th, 1998.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

LETTER OF AGREEMENT

between

CONTINENTAL AIRLINES, INC.

and

THE AIRLINE PILOTS

in the service of

CONTINENTAL AIRLINES, INC.

as represented by

THE AIR LINE PILOTS ASSOCIATION

regarding the

AVIATION SAFETY ACTION PROGRAM (ASAP)

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. (hereinafter referred to as "the Company" or "Continental") and the airline pilots in the service of Continental Airlines, Inc. as represented by the Air Line Pilots Association (hereinafter referred to as "the Association" or "ALPA").

WITNESSETH:

WHEREAS, it is the intent of the Company, and the Association (the "parties") to join with the FAA in the implementation of Aviation Safety Action Programs for Continental Airlines and Air Micronesia (hereinafter referred to as "ASAP programs"); and

WHEREAS, the Company, the Association, and the FAA have entered into Memorandums of Understanding which establish the Continental ASAP program and the Air Micronesia ASAP program; and

WHEREAS, the parties agree that it is required that the Association member of the Event Review Committee (hereinafter referred to as "ERC") established by each ASAP program be readily available for purposes of performing the tasks required under the programs; and

WHEREAS, the parties agree that confidentiality of information submitted by Continental crew members is essential to the success of the programs;

THEREFORE, the Company and the Association hereby agree:

1. The ALPA pilot representative(s) on the ERCs will be displaced from flight duties as necessary to accomplish the work of the ERC with applicable Company-paid flight pay loss from all or any portion of their scheduled trips in a cost effective manner while functioning in this capacity. The ALPA pilot ERC representative(s) will also be reimbursed by the Company for applicable per diem expenses, including hotel, meals, and transportation while performing ERC duties.

2. Any report submitted to the Company by a Continental flight crew member under the ASAP programs will be de-identified including, at a minimum, redacting of the name, flight number and date of occurrence, prior to the Company submitting the report to the Event Review Committee. Upon the report being accepted into the ASAP program, the de-identified information will be provided to the Event Review Committee if, and as, requested.

3. This Letter of Agreement will become effective as of the date of signing and will continue In effect until such time as the Continental Airlines ASAP and Air Micronesia ASAP programs terminate.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Extension of FOQA

April 1, 2005

Captain Fred Abbott
Vice President, Flight Operations
Continental Airlines, Inc.
1600 Smith Street
Houston, TX 77002

Dear Captain Abbott:

This will confirm discussions between Company and Association representatives concerning an expanded use of the Flight Operations Quality Assurance (FOQA) program. Continental Airlines has proposed to extend the FOQA program to allow QAR data transfer over the Air Mic LAN system for flights operating to Tokyo and Hong Kong. The proposed QAR data transfer will be used by Engineering to troubleshoot system problems on our aircraft in Tokyo and Hong Kong. It is my understanding that the data will be encrypted for transmission using 128-bit transmission and routed directly to the Manager, Technical Flight Systems, Captain Doug Wood, in the FOQA office. CAL ALPA has no objection to this extension of the FOQA program provided the following procedures and understandings are maintained:

1. The procedure described above will be used only for data transfers regarding aircraft flight operations at Tokyo and Hong Kong. The transferred data will be used by Engineering and Maintenance solely for the purpose of troubleshooting known maintenance discrepancies at those locations.
2. Each time the above described method of data transfer is utilized the CALALPA FOQA Chairman and the CASC will be notified by telephone and by e-mail of the flight number, date, aircraft type, tail number and maintenance/engineering issue.
3. The CALALPA FOQA Gatekeeper will be kept informed at all times as to the status of the event.
4. Only the CALALPA FOQA Gatekeeper will be permitted to contact the crew.
5. All provisions of the Letter of Agreement between the Association and Continental regarding FOQA, dated September 16, 1998, (the "LOA"), will apply to the proposed data transfer described above, including, but not limited to, all provisions of the LOA relating to Data Retention and Security, and Data Use.

The parties acknowledge and agree that the above understandings address the Company's needs regarding transmission of maintenance data from the specified locations.

Sincerely,

/s/ Jay Panarello
Captain Jay Panarello
CAL MEC Chairman

Agreed: April 1, 2005

/s/ Fred Abbott
Captain Fred Abbott
Vice President, Flight Operations

CONTINENTAL AIRLINES

AVIATION SAFETY ACTION PROGRAM (ASAP)

FOR PILOTS

MEMORANDUM OF UNDERSTANDING

1. GENERAL. Continental Airlines (CAL) is a Title 14 of the Code of Federal Regulations (14 CFR), air carrier operating under Part 121 engaged in scheduled passenger service within the U.S., Europe, Asia, and South America. CAL operates. 300 aircraft, and employs approximately 5000 pilots. The pilots are represented by the Air Line Pilots Association, Int'l.

2. PURPOSE. The Federal Aviation Administration (FAA), CAL, and CALALPA are committed to improving flight safety. Each party has determined that safety would be enhanced if there were a systematic approach for pilots to promptly identify and correct potential safety hazards. The primary purpose of the CAL Aviation Safety Action Program (ASAP) is to identify safety events, and to implement corrective measures that reduce the opportunity for safety to be compromised. In order to facilitate flight safety analysis and corrective action, CAL and CALALPA join the FAA in voluntarily implementing this ASAP for pilots, which is intended to improve flight safety through pilot self-reporting, cooperative follow-up, and appropriate corrective action, This Memorandum of Understanding (MOU) describes the provisions pf the program.

3. BENEFITS. The program will foster a voluntary, cooperative, nonpunitive environment for the open reporting of safety of flight concerns. Through such reporting, all parties will have access to valuable safety information that may not otherwise be obtainable. This information will be analyzed in order to develop corrective action to help solve safety issues and possibly eliminate deviations from 14 CFR. For a report accepted under this ASAP MOU, the FAA will use lesser enforcement action or no enforcement action, depending on whether it is a sole-source report, to address an event involving possible noncompliance with 14 CFR. This policy is referred to in this MOU as an "enforcement-related incentive."

4. APPLICABILITY. The CAL ASAP applies to all pilot employees of CAL and only to events that occur while acting in that capacity. Reports of events involving apparent noncompliance with 14 CFR that is not inadvertent or that appears to involve an intentional disregard for safety, criminal activity, substance abuse, controlled substances, alcohol, or intentional falsification are excluded from the program.

a. Events involving possible noncompliance with 14 CFR by CAL that are discovered under this program may be handled under the Voluntary Disclosure Policy, provided that CAL voluntarily reports the possible noncompliance to the FAA and that the other elements of that policy are met. (See the current version of AC 00-58, Voluntary Disclosure Reporting Program, FAA Order 2150.3A, Compliance and Enforcement Program, and Compliance/Enforcement Bulletin No. 90-6.)

b. Any modifications of this MOU must be accepted by all parties to the agreement.

5. PROGRAM DURATION. This is a submittal to change the status of the program from a Demonstration Program to a Continuing Program with duration of 24 months from the date this MOU is signed by the FAA (following signature by the other parties). This ASAP may be terminated at any time for any reason by CAL, the FAA, or ALPA. The termination or modification of a program will not adversely affect anyone who acted in reliance on the terms of a program in effect at the time of that action; i.e., when a program is terminated, all reports and investigations that were in progress will be handled under the provisions of the program until they are completed. Failure of any party to follow the terms of the program ordinarily will result in termination of the program. Failure of CAL to follow through with corrective action acceptable to the FAA to resolve any safety deficiencies ordinarily will result in termination of the program.

6. REPORTING PROCEDURES. When a flight crewmember observes a safety problem or experiences a safety-related event, he or she should note the problem or event and describe it in enough detail so that it can be evaluated by a third party.

a. ASAP Report Form. At an appropriate time during the workday (e.g. after the trip sequence has ended for the day), the employee should complete the CAL ASAP Web based Form for each safety problem or event and submit it on-line. For the any report involving ATC, or ATC clearance miscommunications or deviation from an ATC clearance, the pilot should note the date, time, place, altitude, flight number, and ATC frequency, along with enough other information to fully describe the event and any perceived safety problem.

b. Time Limit. Reports that the Event Review Committee (ERC) determines to be sole-source will be accepted under the ASAP, regardless of the timeframe within which they are submitted, provided that they otherwise meet the acceptance criteria of Paragraphs 11a (2) and (3) of this MOU. Reports which the ERC determines to be non-sole-source must meet the same acceptance criteria, and must also have been filed within one of the following two possible timeframes:

(1) Within 24 hours (domestic) or 48 hours (international) after the end of the flight sequence for the day of occurrence, absent extraordinary circumstances. For example domestic), if the event occurred at 1400 hours on Monday and a pilot completes the flight sequence for that day at 1900 hours, the report should be filed no later than 1900 hours on the following day (Tuesday). In order for all employees to be covered under the ASAP for any apparent noncompliance with 14 CFR resulting from an event, each crewmember must submit a separate online report. If the company website is not available the reporter may call the ASAP Hotline @ 888-404-2727 or Continental Voice-mail box 4-1684 and leave name, employee number, phone contact number, flight number, event time & date and a brief description of what happened. A completed on-line ASAP form must then be received by the ASAP office within three Calendar Days thereafter. **(If the On-line system is down, an extension for the downtime will be given for affected reports).**

(2) Within 24 hours of having become aware of possible noncompliance with 14 CFR, provided the following criteria are met: If a report is submitted later than the time period after the occurrence of an event stated in Paragraph 6b(1) above, the ERC will review all available information to determine whether the flight crewmember knew or should have known about the possible noncompliance with 14 CFR within that time period. If the ERC determines that the employee did not know or could not have known about the possible noncompliance with 14 CFR until informed of it, then the report would be included in ASAP, provided the report is submitted within 24 hours of having become aware of possible noncompliance with 14 CFR, and provided that the report otherwise meets the acceptance criteria of this MOU. If the employee knew or should have known about the possible noncompliance with 14 CFR, then the report will not be included in ASAP.

c. Non-reporting employees covered under this ASAP MOU. If an ASAP report identifies another covered employee in an event involving possible noncompliance with 14 CFR and that employee has not submitted a separate report, the ERC will determine in a case-by-case basis whether that employee knew or reasonably should have known about the possible noncompliance with 14 CFR. If the ERC determines that the employee did not know or could not have known about the apparent possible noncompliance with 14 CFR, and the original report otherwise qualifies for inclusion under ASAP, the ERC will offer the non-reporting employee the opportunity to submit his/her own ASAP report. If the non-reporting employee submits his/her own report within 24 hours of notification from the ERC, that report will be afforded the same consideration under ASAP as that accorded the report from the original the reporting employee, provided all other ASAP acceptance criteria are met. However, if the non-reporting employee fails to submit his/her own report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate, and for referral to law enforcement authorities, if warranted.

d. Non-reporting employees not covered under this ASAP MOU. If an ASAP report identifies another CAL employee who is not covered under this MOU, and the report indicates that employee may have been involved in possible noncompliance with 14 CFR, the ERC will determine on a case-by-case basis whether it would be appropriate to offer that employee the opportunity to submit an ASAP report. If the ERC determines that it is appropriate, the ERC will provide that employee with information about ASAP and invite the employee to submit an ASAP report. If the employee submits an ASAP report within 24 hours of notification from the ERC, that report will be covered under ASAP, provided all other ASAP acceptance criteria are met. If the employee fails to submit an ASAP report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate, and for referral to law enforcement agencies, if warranted.

7. POINTS OF CONTACT. The ERC will be comprised of one representative from CAL management; one representative from the CAL ALPA; and one FAA inspector assigned as the

ASAP representative from the Certificate Holding District Office (CHDO) for CAL; or their designated alternates in their absence. In addition, CAL will designate one person who will serve as the ASAP Manager, Currently Captain Bruce Tesmer in Flight Standards & Training is the designated ASAP Manager. The ASAP manager will be responsible for program administration, and will not serve as a voting member of the ERC.

8. ASAP MANAGER. When the ASAP manager receives the report, he or she will record the date and time of any event described in the report and the date and time the report was submitted through the company online or Hotline systems. The ASAP manager will enter the report, along with all supporting data, on the agenda for the next ERC meeting. The ERC will determine whether a report is submitted in a timely manner or whether extraordinary circumstances precluded timely submission. To confirm that a report has been received, the ASAP online reporting system sends a receipt number to the reporter when the report is received by the system. The ASAP manager will serve as the focal point for information about, and inquiries concerning the status of, ASAP reports, and for the coordination and tracking of ERC recommendations.

9. EVENT REVIEW COMMITTEE (ERC). The ERC will review and analyze reports submitted by the pilots under the program, identify actual or potential safety problems from the information contained in the reports, and propose solutions for those problems. The ERC will provide feedback to the individual who submitted the report.

a. The ASAP Manager will maintain a database that continually tracks each event and the analysis of those events. The ERC will conduct a 12-month review of the ASAP database with emphasis on determining whether corrective actions have been effective in preventing or reducing the recurrence of safety-related events of a similar nature. That review will include recommendations for corrective action for recurring events indicative of adverse safety trends.

b. This review is in addition to any other reviews conducted by the FAA.

10. ERC PROCESS.

a. The ERC will meet as necessary to review and analyze reports that will be listed on an agenda submitted by the ASAP manager. The ERC will determine the time and place of the meeting. The ERC will plan to meet at least twice a month and the frequency of meetings will be determined by the number of reports that have accumulated or the need to acquire time critical information.

b. The ERC will make its decisions involving ASAP issues based on consensus. Under the CAL ASAP, consensus of the ERC means the voluntary agreement of all representatives of the ERC. It does not require that all members believe that a particular decision or recommendation is the most desirable solution, but that the result falls within each member's range of acceptable solutions for that event in the best interest of safety. In order for this concept to work effectively, each ERC representative will be empowered to make decisions within the context of the ERC discussions on a given report. The ERC

representatives will strive to reach consensus on whether a reported event is covered under the program, how that event should be addressed, and the corrective action or any enforcement action that should be taken as a result of the report. For example, the ERC should strive to reach a consensus on the recommended corrective action to address a safety problem such as an operating deficiency or airworthiness discrepancy reported under ASAP. The corrective action process would include working the safety issue(s) with the appropriate departments at the airline and the FAA that have the expertise and responsibility for the safety area of concern. Recognizing that the FAA holds statutory authority to enforce the necessary rules and regulations, it is understood that the FAA retains all legal rights and responsibilities contained in Title 49, United States Code, and FAA Order 2150.3A. In the event there is not a consensus of the ERC on decisions concerning a report involving an apparent violation(s), a qualification issue, or medical certification or medical qualification issue, the FAA ERC representative will decide how the report should be handled. The FAA will not use the content of the ASAP report in any subsequent enforcement action, except as described in Paragraph 11a (3) of this MOU. **Should consensus not be reached on any single event, the result may include shutting down the entire program. Reaching consensus is the heart of the ERC process. There will be no predisposed position based on past resolutions of reports and no negotiations on future positions i.e. "if you can see it this way, I'll give in on the next one".**

c. It is anticipated that three types of reports will be submitted to the ERC: safety-related reports that appear to involve a possible noncompliance with 14 CFR; reports that are of a general safety concern, but do not appear to involve possible noncompliance with 14 CFR; and any other reports, e.g., involving catering and passenger ticketing issues. All safety-related reports will be fully evaluated and, to the extent appropriate, investigated.

d. The ERC will forward non-safety reports to the appropriate CAL department head for his/her information and, if possible, internal (CAL) resolution. For reports related to flight safety, including reports involving possible noncompliance with 14 CFR, the ERC will analyze the report, conduct interviews of reporting crewmembers, and gather additional information concerning the matter described in the report, as necessary.

e. The ERC should also make recommendations to CAL for corrective action for systemic issues. For example, such corrective action might include changes to CAL flight operations procedures, aircraft maintenance procedures, or modifications to the training curriculum for crewmembers. Any recommended changes that affect CAL will be forwarded through the ASAP manager to the appropriate department head for consideration and comment, and, if appropriate, implementation. The FAA will work with CAL to develop appropriate corrective action for systemic issues. The ASAP manager will track the implementation of the recommended corrective action and report on associated progress as part of the regular ERC meetings. Any recommended corrective action that is not implemented should be recorded along with the reason it was not implemented.

f. When the ERC becomes aware of an issue involving the medical qualification or medical certification of an airman, the ERC must immediately advise the appropriate Regional Flight Surgeon about the issue. The ERC will work with the Regional Flight

Surgeon and the certificate holder's medical department or medical consultants to resolve any medical certification or medical qualification issues or concerns revealed in an ASAP report, or through the processing of that report. The FAA ERC member must follow the direction(s) of the Regional Flight Surgeon with respect to any medical certification or medical qualification issue(s) revealed in an ASAP report

g. Any corrective action recommended by the ERC for a report accepted under ASAP must be completed to the satisfaction of all members of the ERC, or the ASAP report will be excluded from the program, and the event will be referred to the FAA for further action, as appropriate.

h. Use of the CAL ASAP Report: Neither the written report nor the content of the written ASAP report will be used to initiate or support any company disciplinary action, or as evidence for any purpose in an FAA enforcement action, except as provided in Paragraph 11a (3) of this MOU. The FAA may conduct an independent investigation of an event disclosed in a report.

11. FAA ENFORCEMENT.

a. Criteria for Acceptance. The following criteria must be met in order for a report to be covered under ASAP:

(1) The employee must submit the report in accordance with the time limits specified under Paragraph 6 of this MOU;

(2) Any possible noncompliance with 14 CFR disclosed in the report must be inadvertent and must not appear to involve an intentional disregard for safety; and,

(3) The reported event must not appear to involve criminal activity, substance abuse, controlled substances, alcohol, or intentional falsification. Reports involving those events will be referred to an appropriate FAA office for further handling. The FAA may use the content of such reports for any enforcement purposes and will refer such reports to law enforcement agencies, if appropriate. If upon completion of subsequent investigation it is determined that the event did not involve any of the aforementioned activities, then the report will be referred back to the ERC for a determination of acceptability under ASAP. Such referred back reports will be accepted under ASAP provided they otherwise meet the acceptance criteria contained herein.

b. Administrative Action. Notwithstanding the criteria in Paragraph 205 of FAA Order 2150.3A, possible noncompliance with 14 CFR disclosed in a non-sole-source ASAP report that is covered under the program and supported by sufficient evidence will be addressed with administrative action (i.e., a FAA Warning Notice or FAA Letter of Correction, as appropriate).Sufficient evidence means evidence gathered by an investigation not caused by, or otherwise predicated on, the individual's safety-related report. There must be sufficient evidence to prove the violation, other than the individual's safety-related report. In order to be considered sufficient evidence under ASAP, the ERC must determine through

consensus that the evidence (other than the individual's safety-related report) would likely have resulted in the processing of a FAA enforcement action had the individual's safety-related report not been accepted under ASAP. Accepted non sole-source reports for which there is not sufficient evidence will be closed with a FAA Letter of No Action.

c. Sole-Source Reports. A report is considered a sole-source report when all evidence of the event is discovered by or otherwise predicated on the report. Apparent violations disclosed in ASAP reports that are covered under the program and are sole-source reports will be addressed with an ERC response (no FAA action). It is possible to have more than one sole-source report for the same event.

d. Reports Involving Qualification Issues. CAL ASAP reports covered under the program that demonstrate a lack, or raise a question of a lack, of qualification of a certificate holder employee will be addressed with corrective action, if such action is appropriate and recommended by the ERC. If an employee fails to complete the corrective action in a manner satisfactory to all members of the ERC, then his/her report will be excluded from ASAP. In these cases, the ASAP event will be referred to an appropriate office within the FAA for any additional investigation and reexamination and/or enforcement action, as appropriate.

e. Excluded from ASAP. Reported events involving possible noncompliance with 14 CFR that are excluded from ASAP will be referred by the FAA ERC member to an appropriate office within the FAA for any additional investigation and re-examination and/or enforcement action, as appropriate.

f. Corrective Action. Employees initially covered under an ASAP will be excluded from the program and not entitled to the enforcement-related incentive if they fail to complete the recommended corrective action in a manner satisfactory to all members of the ERC. Failure of an employee to complete the ERC recommended corrective action in a manner satisfactory to all members of the ERC may result in the reopening of the case and referral of the matter for appropriate action.

g. Repeated Instances of Noncompliance with 14 CFR. Reports involving the same or similar possible noncompliance with the Regulations that were previously addressed with administrative action under ASAP will be accepted into the program, provided they otherwise satisfy the acceptance criteria in Paragraph 6 above. The ERC will consider corrective action on a case-by-case basis that is appropriate for such reports.

h. Closed Cases. A closed ASAP case including a related enforcement investigative report involving a violation addressed with the enforcement-related incentive, or for which no action has been taken, may be reopened and appropriate enforcement action taken if evidence later is discovered that establishes that the violation should have been excluded from the program.

12. EMPLOYEE FEEDBACK. The ASAP Manager will publish a synopsis of the reports received from flight crewmembers in the ASAP section of the quarterly publication *ASAPUPDATE*. The synopsis will include enough information so that the pilots can identify

their reports. Employee names, however, will not be included in the synopsis. ***De-identified reports will be sent to each Fleet Manager, monthly, for reviews with significant events and trends to be published in the Fleet Newsletter***. The outcome of each report will be published. Any employee who submitted a report may also contact the ASAP Manager to inquire about the status of his/her report. In addition, each employee who submits a report accepted under ASAP will receive individual feedback on the final disposition of the report.

13. INFORMATION AND TRAINING. The details of the ASAP will be made available to all flight crewmembers and their supervisors by publication in the CAL ASAP Update report. Each CAL flight crewmember and manager will receive written guidance outlining the details of the program at least 2 weeks before the program begins. Each flight crewmember will also receive additional instruction concerning the program during the next regularly scheduled recurrent training session, and on a continuing basis in recurrent training thereafter. All new-hire flight crewmember employees will receive training on the program during initial training.

14. REVISION CONTROL. Revisions to this MOU will be documented using standard revision control methodology.

15. RECORDKEEPING. All documents and records regarding this program will be kept by the CAL ASAP Manager and made available to the other parties of this agreement at their request. All the CAL records and documents relating to this program will be appropriately kept in a manner that ensures compliance with 14 CFR and all applicable law (including the Pilot Records Improvement Act). The CAL ALPA and the FAA will maintain whatever records they deem necessary to meet their needs.

16. SIGNATORIES. All parties to this ASAP are entering into this agreement voluntarily.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

LETTER OF AGREEMENT

between

CONTINENTAL AIRLINES, INC.

and

THE AIRLINE PILOTS

in the service of

CONTINENTAL AIRLINES, INC.

as represented by

AIR LINE PILOTS ASSOCIATION

Regarding

MIDAIR COLLISION HAZARD REDUCTION GROUP.

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. (hereinafter referred to as "the Company" or "Continental") and the airline pilots in the service of Continental Airlines, Inc. as represented by Air Line Pilots Association (hereinafter referred to as "the Association" or "ALPA").

WITNESSETH:

WHEREAS, Continental Airlines currently has an approved Flight Operations Quality Assurance ("FOQA") program and Aviation Safety Advisory Program ("ASAP"); and

WHEREAS, the parties entered into a Letter of Agreement ("LOA") to implement the FOQA and ASAP programs referred to above; and,

WHEREAS, the FOQA/ASAP Information Sharing Group through the Midair Collision Hazard Reduction Group ("MCHRG") has requested Continental Airlines' participation in the study of Traffic Collision Avoidance System/Resolution Advisories ("TCAS/RAs"); and

WHEREAS, this information will be used only to help identify high risk areas where TCAS/RAs occur; and

WHEREAS, Section C(3) of the Continental Airlines/ALPA (formerly IACP) FOQA LOA requires that any special studies conducted pursuant to the LOA require mutual agreement between the parties; and

WHEREAS, Section C(4) of the FOQA LOA provides that FOQA program information (identified or de-identified) will not be released to any third party except under the specific circumstances set forth by the LOA; and

WHEREAS, Section D(4) of the FOQA LOA requires that the release of information as defined by the LOA may be obtained only by the expressed written consent of the parties;

NOW, THEREFORE, it is mutually agreed as follows:

1. The parties agree that it is appropriate to authorize release of TCAS/RA parameters and information as specified by this Letter of Agreement to enhance air safety and reduce the threat of mid-air collisions from the date this Agreement is executed through the end of December 2003.
2. The MCHRG has requested and will be provided, specific FOQA de-identified parameters which include the following:
   - Latitude
   - Longitude
   - Altitude (PA)
   - Airspeed (CAS)
   - Vertical Speed
   - Heading (Magnetic)
   - Phase of Flight
   - Month/Year
   - Airport
3. This information will be used only for the sole purpose of identifying high-risk areas where TCAS RAs occur.
4. The results of this study will be presented to ATS Management with the goal of reducing TCAS RAs and the resultant risk of midair collisions.
5. De-identified data released under this agreement will, without exception, be treated and governed in the same manner as FOQA data obtained under the terms of the current LOA between Continental and the Continental Air Line Pilots Association Master Executive Council ("CAL ALPA MEC"), and the explicit provisions of that Agreement which preserve and safeguard the integrity and confidentiality of all information obtained.
6. CAL ALPA approves the release of the specified TCAS/RA parameters to the MCHRG. This information will be supplied through the end of December 2003. TCAS/RA information and parameters may be supplied beyond December 2003 upon the approval of the CAL ALPA MEC Chairman.
7. The Continental Airlines Central Air Safety Chairman ("CASC") will be supplied with a copy of any information generated from this study.
8. The pilot representatives involved in the MCHRG program will be displaced with applicable Company-paid flight pay loss from all or a portion of their scheduled trips in a cost effective manner while functioning in this capacity, coverage permitting. The

pilot representatives will be reimbursed for applicable Per Diem expenses, including hotel, meals, and transportation in accordance with the terms of the current Continental/ALPA Collective Bargaining Agreement.

9. This Letter of Agreement will become effective as of the date of signing and will continue in effect.

Notwithstanding any of the foregoing, either ALPA or the Company may cancel this Letter of Agreement for any reason, by serving upon the other party a written notice of its desire to cancel this Letter of Agreement. On the thirtieth day following service of the written notice, this Letter of Agreement will be deemed null and void and will have no further effect.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

between

Continental Airlines, Inc

and

the Airline Pilots in the Service of

Continental Airlines, Inc.

as Represented by

The Air Line Pilots Association, International

Re: Hardship Committee

THIS LETTER OF AGREEMENT is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

WHEREAS the parties desire to establish a joint committee for the purpose of reviewing and addressing hardship claims,

THEREFORE, the parties hereto agree as follows:

1. As soon as practical after signing this Letter of Agreement, but not later that thirty (30) days after such signing, there will be established a four-member Hardship Committee. The two Company members of the Committee will be the Company's Vice President, Flight Operations and another management member selected by the Company, and the two Association members of the Committee will be the Association's Continental MEC Chairman and another Continental Airlines pilot representative selected by the Association. The Committee may meet in person, by telephone conference call or other convenient means. The Committee will convene as necessary to address submitted hardship claims in a timely manner.

2. The purpose of the Hardship Committee is to consider and act upon requests from individual pilots for relief from their obligations under the Agreement based on a claim that compliance with the Agreement would impose a hardship, including claims relating to Section 23, Part 5.B. The Committee will consider hardship claims that have been submitted in writing by the claimant. Such written submission must specify the basis for the claim, the relief requested and the desired duration of the relief. Each request will be deemed confidential. The information contained within the claim and the disposition of the claim will be shared by members of the Committee with others only on a need-to-know basis.

3. In considering each request for relief, the Committee must be satisfied that the claimed hardship is genuine and sufficient to justify the relief granted. For purposes of this Letter of Agreement, "sufficient" means that the problem giving rise to the hardship claim is not merely an inconvenience, but rather is of substantial gravity and intensity.

4. The Hardship Committee has the authority to grant relief, on an individual basis, only to the extent, and for the duration, the Committee deems necessary to address the demonstrated hardship.

5. When hardship waivers are granted, they will relieve the Company and/or the Association from financial and other obligations under the Agreement that are a direct consequence of the relief granted to an individual pilot by the Committee. For example, should the Committee grant a pilot relief from advancing to a newly awarded Vacancy, that grant will relieve the Company from any pay protection obligation that would be triggered as a direct consequence of the relief granted to the pilot, and the pilot would not be entitled to claim out of base benefits.

6. Decisions of the Hardship Committee will be by majority vote of all of the members of the Committee. In the event of a deadlock, the hardship claim will be deemed to have been denied. Should the Company elect to honor a hardship request that has been denied by the Committee, it will not be entitled to any relief from any Agreement obligations created as a direct consequence of the relief granted.

7. The Company will include in the "Bidding Notes" portion of each System Bid Pilot Bulletin a notification that pilot(s) granted hardship exemptions will not trigger Agreement entitlements or obligations.

8. This Agreement will remain in full force and effect for a period of twelve (12) calendar months from the date indicated below, and will renew itself without change for successive twelve (12) month periods unless either party provides no less than thirty (30) days notice prior to such renewal date.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

SETTLEMENT AGREEMENT

Between the

Air Line Pilots Association, International

and

Continental Airlines, Inc.

In Resolution of Disputes Concerning

PILOT PAY PROTECTION

WHEREAS, the Air Line Pilots Association, International (ALPA) and Continental Airlines, Inc. (CAL) desire to resolve all disputes concerning pilot pay protection and to avoid the costs and uncertainty of submitting such disputes to arbitration,

THEREFORE, the Parties enter into this Settlement Agreement, made by and between ALPA and CAL in accordance with the provisions of Title II of the Railway Labor Act, as amended.

ALPA and CAL hereby agree to the following terms for resolution of all pilot pay protection disputes, whether individual or group claims:

1. Category 1 ("Same-to-Same Status Change") - CAL has corrected any administrative errors and paid all pilots affected by this application of pay protection. CAL and ALPA agree that the methodology applied in this category pay protects a pilot to his former Captain rate of pay in instances where a junior pilot remains staffed as a Captain in the same sub-base from which both pilots were downgraded in status to the same sub-base on the same system bid. For age 58 pilots, their "from" sub-base was considered to be the sub-base of their previous age 58 pay protection entitlement, if applicable. Any affected pilot was paid one hundred percent (100%) of his/her pay protection entitlement.

2. Category 2 ("All-to-Same Status Downgrade") - Retroactively, CAL will pay protect all affected pilots (listed in attachment A to this Agreement) the amounts shown therein (which is equal to fifty percent (50%) of the amount of pay protection calculated) for pilots who:

   (a) were downgraded in status and advanced to their new sub-base on system bids 02-06 through 04-02 and

   (b) were pay protected as, or staffed in, Captain positions in the previous month; where, and for the period in which

(c) a junior pilot who was awarded the same sub-base and status on the same system bid remained staffed and paid in a Captain position.

The Parties agree that Employee # 80348 is, and at all relevant times was, a management pilot and, therefore, shall not "trigger" pay protection for any pilot.

CAL and ALPA agree that the methodology described in Paragraphs 2(a) - 2(c) above will be applied prospectively, and affected pilots will be pay protected at one hundred percent (100%) on that basis. In addition, an Age 58 pilot will be pay protected at one hundred percent (100%) to his/her new Age 58 pay protection entitlement if applicable, under the Parties' prospective agreement on the application of Category 6 Pay Protection, as described in Paragraph 6, below.

A pay protected pilot will be protected at the Captain rate of pay that the pilot earned prior to his downgrade, regardless of the rate earned by the junior pilot still flying as Captain.

3. Category 3 ("Junior Captain Flying Old Position") - ALPA agrees that no pilot will receive pay protection under this Pay Protection Category.

4. Category 4 ("Incumbent Advanced") - Retroactively, CAL will pay protect all affected pilots (listed in Attachment B to this Agreement) at the amounts shown therein (which is equal to fifty percent (50%) of the amount of pay protection calculated) [calculated by application of the Opinion and Award issued by the System Board of Adjustment, Case Number IBB #17 (CAL 01-09, 3.02.061C, and 3.02.073C), Arbitrator LaRocco] for periods beginning with the award of system bid 03-01. Pilots Gooden, Bell, and Ghigna, who were named grievants and/or direct participants in the above-referenced case, will be paid one hundred percent (100%) of their pay protection calculation.

   A pilot released from an equipment freeze will not be eligible for pay protection as a result of being granted the release. In addition, pilots who requested and were granted delays in their training or advancement will not be eligible for pay protection as a result of being granted the delay. However, a pilot shall be entitled to pay protection for which he/she otherwise qualifies under any part of this Settlement Agreement for the time period before a delay request was effective.

   CAL and ALPA agree that this methodology will be applied prospectively, and pilots will be pay protected at one hundred percent (100%). Age 58 pilots will be pay protected at one hundred percent (100%) under the Parties' prospective agreement on the application of Category 6 Pay Protection, as described in Paragraph 6, below.

5. Category 5 ("All-to-Same Pay Category Downgrades") - Retroactively only, CAL will pay protect pilots who file valid pay claims fifty percent (50%) of the amount of pay protection calculated using the methodology advanced by ALPA. Under that methodology, pilots are eligible for Category 5 Pay Protection if:

(a) the affected pilot was downgraded in pay category and/or status and advanced to his/her new sub-base on system bids 02-06 through 04-02; and

(b) the affected pilot was pay protected as, or staffed in, his/her previous pay category and/or status in the previous month; where, and for the period in which,

(c) a junior pilot who was awarded the same sub-base and status on the same system bid remained staffed and paid in a higher pay category.

For purposes of this Agreement, all pilots who were too junior to hold a position on System Bid 02-06 "XAH" will be considered to have held the same sub-base when calculating Category 5 Pay Protection entitlements.

ALPA and CAL will notify pilots of the requirement to file claims to be eligible to receive this retroactive pay protection. Notification will be accomplished by the following means: ALPA and CAL will jointly mail letters to all pilots, ALPA will post a "blastmail," and CAL will publish a pilot bulletin, no later than twenty-one (21) days from the date this Agreement is executed.

ALPA and CAL will both post copies of all System Bids from 02-07 though 04-02 and all monthly pilot staffing reports from October 2001 through the present on their prospective websites to facilitate the filing of the pay claims.

Pilots will be given 30 days from the last publication to file claims. To be considered valid, each claim must provide sufficient information to allow verification of the claim, including at minimum, the pilot's employee number; the system bid in which the downgrade occurred; the pilot's starting sub-base and the sub-base s/he was awarded on the system bid; the name, awarded sub-base and pay protected or staffed position of the junior pilot(s) who is claimed to pay protect the claimant; and time period for which pay protection is claimed under these circumstances. Exceptions to the 30-day time limit will only be allowed by mutual agreement of the Parties for extenuating circumstances including, but not limited to, military service, a pilot who is out of the country for an extended period of time, or other circumstances beyond the pilot's control, which preclude the pilot from filing a claim.

Prospectively, ALPA accepts CAL's position on the interpretation and application of pay protection in these circumstances.

A pay protected pilot will be protected at the rate of pay that the protected pilot earned prior to his downgrade, regardless of the rate earned by the junior pilot still flying in a higher pay category.

6. Category 6 ("Age 58 Bid Award") - Retroactively only, CAL will pay protect pilots at fifty percent (50%) of the amount of pay protection calculated for all affected pilots

(listed in Attachment C) at the amounts of pay protection shown therein, for pilots who:

(a) were age 58 or older on the effective date of the bids (02-06, 02-07, 03-01, 03-01A, 03-08, 03-08A and 04-02); and

(b) were senior to a junior pilot newly awarded a Vacancy in a higher paying sub-base; and

(c) never previously qualified on that equipment type in that status; and

(d) bid that sub-base and status at one hundred percent (100%).

Such pilots will be considered pay protected on the earlier of the effective date of the bid or the date the junior pilot was trained and advanced to his new sub-base and status.

Prospectively, when a System Bid is issued, CAL will publish a list of all pilots who will be newly eligible for the Age 58 bidding provisions in LOA #12. CAL will offer each Age 58 pilot the option to be awarded, and to train and advance to, any sub-base and status that s/he can hold by virtue of her/his seniority. This option will only be available to each pilot on her/his first age 58 bid award. The Age 58 pilot must contact Manpower Planning prior to the closing of the System Bid to exercise this option. For age 58 pilots opting not to be awarded and advanced to a higher paying position, CAL will pay eligible pilots pay protection due at one hundred percent (100%), pilots who meet the criteria of items 6(a) through 6(d) above, except that pilots eligible for age 58 pay protection in each sub-base and status will be the most senior pilots not to exceed the number of vacancies awarded for that sub-base and status. Within each sub-base and status, such pilots will be pay protected at one hundred percent (100%) on the earlier of the effective date of the bid or the date the junior pilot was trained and advanced to his new sub-base and status. Management and supervisory pilots who are "double-bid" will not be counted as occupying a pay entitlement for age 58 pay protection purposes.

In addition, after each new system bid award is issued, CAL agrees to post an addendum to the bid award showing the vacancies held by each Age 58 pilot.

7. Category 7 ("Removal of Pay Protection with Bid Award") - ALPA agrees that no pilot will receive pay protection under this Pay Protection Category.

8. Category 8 ("Junior Captain Flying Old Position After Effective Date") - ALPA agrees that no pilot will receive pay protection under this Pay Protection Category.

9. The Parties agree that, the above provisions notwithstanding, a pilot shall be entitled to receive that pay protection generating the highest amount of compensation for which he is eligible in any given period. However, no pilot shall be entitled to receive protection under more than one pay protection category for any given monthly pay

period. That is, it is agreed that there shall be no "double-dipping" as regards pay protection.

10. Retirement - All monies paid under this Agreement will be used to recalculate FAE for retirement purposes. Pilots who have already retired will have their retirement recalculated and shall be compensated for any additional monies owed in order to make the pilots whole.

11. The Association agrees to withdraw with prejudice all pay protection grievances filed for the categories identified above.

12. In the event that there are any disputes that arise involving the application, interpretation, or administration of the terms and provisions of this Agreement, the Parties will immediately meet to resolve such issues. Should the Parties fail to resolve such a dispute, it is agreed that the matter shall be referred to the System Board of Adjustment under the provisions of the CAL-ALPA Collective Bargaining Agreement.

    Each party hereto represents that he has the authority to enter into this Agreement, and does so freely and without duress.

Originally signed August 22nd, 2003.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement
between
Continental Airlines, Inc
and
the Airline Pilots in the Service of
Continental Airlines, Inc.
as Represented by
The Air Line Pilots Association, International
Peer Pilot Assistance Committee Support

THIS LETTER OF AGREEMENT is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

WHEREAS, subject to reasonable operational requirements, the parties agree to provide flight pay loss and transportation benefits for members of the Association's Peer Pilot Assistance Committee (the "Committee") when such members are participating in necessary training, education, intervention and administration in connection with the Company's Employee Assistance Program (EAP), as described more fully below,

THEREFORE, the parties hereto agree as follows:

1. Committee members shall schedule their pre-planned activities relating to the EAP so as to avoid conflicts with such activities and their flight schedules, and likewise shall not adjust their flying schedules to increase their flight time credit, pay or bank time on days which conflict with pre-planned activities relating to the EAP. The intent of these provisions is to ensure that individuals performing necessary activities relating to EAP should neither lose nor gain compensation or benefits they otherwise would receive by flying the line. The parties recognize, however, that schedule conflicts will occur, and that the EAP activities are of such significance and benefit that flight pay loss reimbursement and Company-provided pass travel are appropriate means to support the Committee's endeavors.
2. The Company will not bill the Association for the flight pay loss, and will reimburse the lodging and reasonable meal expenses in accordance with Corporate policy, for the Chairman and not more than three (3) other members of the Committee, who shall be designated by the Chairman of the Committee, in connection with their attendance at the annual "Ashley Retreat" or such other successor annual event.
3. The Association will reimburse the Company for fifty percent (50%) of the flight pay loss for the Chairman of the Committee and not more than four (4) pilots designated by the Chairman in connection with their attendance at the annual HIMS Training Seminar. Such reimbursement shall be included in the Company's regular monthly flight pay loss billings. It is understood that the pilots designated for such training intend to become active participants with the Committee.
4. The Association will reimburse the Company for fifty percent (50%) of the flight pay loss for not more than two (2) pilots designated by the Chairman of the Committee in

connection with their attendance at "back-to-work conferences" held in conjunction with, and authorized by, EAP. Such reimbursement shall be included in the Company's regular monthly flight pay loss billings.

5. The Association will reimburse fifty percent (50%) of the flight pay loss for the Chairman of the Committee and not more than two (2) other members of the Committee, as designated by the Chairman, in connection with their attendance at the annual review of recovery programs as required in accordance with Section 15 Sub-Part 10.B of the Continental Pilots' Collective Bargaining Agreement. Such reimbursement shall be included in the Company's regular monthly flight pay loss billings.
6. In order to facilitate their participation in scheduled interventions, the Company will not bill the Association for the flight pay loss, if any, incurred by not more than two (2) trained pilot peers authorized by the Director of the Company's EAP services and the Chairman of the Committee to participate in the preparation for, and the conduct of, such intervention(s).
7. In order to facilitate their participation in the activities described in Paragraphs 2. through 6. above, the Company will, upon request, provide the designated Association participants with "Company Business Positive Space" passes (i.e., positive space on-line passes with all service charges and fees waived) to and from such activities. The pilot participant may designate his base, home of record or the CAL MEC office as the point of departure and/or return. Such designation shall not be considered to be precedent for any other such grant of passes by the Company and shall not constitute "past practice," nor be offered or used as evidence in any proceeding.
8. This Letter of Agreement shall run concurrent with the Collective Bargaining Agreement except that it shall be null, void, and of no further force or effect should the parties fail to agree upon continuation of the recovery programs, or if written notice of intended change to this Letter of Agreement is provided not more than ninety (90) prior to each anniversary of its signing and agreement is not reached regarding changes to this Letter of Agreement by the anniversary date.

Originally signed October 30th, 2003.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement
between
Continental Airlines, Inc
and
the Airline Pilots in the Service of
Continental Airlines, Inc.
as Represented by
The Air Line Pilots Association, International

One-Time Exception to Section 23, Exhibit B, Paragraph H

THIS LETTER OF AGREEMENT is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

WHEREAS, on a one-time basis, the parties desire to provide for the "smoothing" of required contributions to the Continental Airlines, Inc. Long Term Disability Program for Pilots (the "Plan") in order to avoid a substantial increase in the level of pilot participants' contributions,

THEREFORE, the parties hereto agree as follows:

As a one-time exception to the provisions of Section 23, Exhibit B, Paragraph H of the parties' collective bargaining agreement dated effective June 25, 1998, and commonly referred to as "Contract '97," solely for the Plan Year beginning January 1 , 2003, the required contribution with respect to Participants who are Company Pilots shall be the same amount as the contributions in effect as of December 31, 2002, for so long as the "Funded Percentage" at the end of each quarter remains above 60%. For these purposes, "Funded Percentage" is determined using (a) the present value of future benefits determined as of December 31, 2002, and then rolled forward to the end of each quarter, and (b) the market value of the Plan's assets as of the end of the applicable quarter.

IN WITNESS WHEREOF, the parties have executed this Letter of Agreement on this 7th day of November 2003 to be effective as of January 1, 2003.

Originally signed November 7th, 2003.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

CONTINENTAL MICRONESIA Inc.
AVIATION SAFETY ACTION PROGRAM (ASAP)
FOR PILOTS
MEMORANDUM OF UNDERSTANDING

Revision 3. December 15, 2003

CMI ASAP

1. GENERAL. Continental Micronesia, Inc. (CMI) is a Title 14 of the Code of Federal Regulations (14 CFR), air carrier operating under Part 121 engaged in scheduled passenger service within Micronesia, Asia, and the Pacific Rim. CMI operates 9 aircraft, and employs approximately 125 pilots. The pilots are represented by the Airline Pilots Association, Int'l (CALALPA).

2. PURPOSE. The Federal Aviation Administration (FAA), CMI, and CALALPA are committed to improving flight safety. Each party has determined that safety would be enhanced if there were a systematic approach for pilots to promptly identify and correct potential safety hazards. The primary purpose of the CMI Aviation Safety Action Program (ASAP) is to identify safety events, and to implement corrective measures that reduce the opportunity for safety to be compromised. In order to facilitate flight safety analysis and corrective action, CMI and CALALPA join the FAA in voluntarily implementing this ASAP for pilots, which is intended to improve flight safety through pilot self-reporting, cooperative follow-up, and appropriate corrective action. This Memorandum of Understanding (MOU) describes the provisions of the program.

3. BENEFITS. The program will foster a voluntary, cooperative, non-punitive environment for the open reporting of safety of flight concerns. Through such reporting, all parties will have access to valuable safety information that may not otherwise be obtainable. This information will be analyzed in order to develop corrective action to help solve safety issues and possibly eliminate deviations from 14 CFR. For a report accepted under this ASAP MOU, the FAA will use lesser enforcement action or no enforcement action, depending on whether it is a sole-source report, to address an event involving possible noncompliance with 14 CFR. This policy is referred to in this MOU as an "enforcement-related incentive."

4. APPLICABILITY. The CMI ASAP applies to all pilot employees of CMI and only to events that occur while acting in that capacity. Reports of events involving apparent noncompliance with 14 CFR that is not inadvertent or that appears to involve an intentional disregard for safety, criminal activity, substance abuse, controlled substances, alcohol, or intentional falsification are excluded from the program.

a. Events involving possible noncompliance with 14 CFR by CMI that are discovered under this program may be handled under the Voluntary Disclosure Policy, provided that CMI voluntarily reports the possible noncompliance to the FAA and that the other elements of that policy are met. (See the current version of AC 00-58, Voluntary Disclosure Reporting Program, FAA Order 2150.3A, Compliance and Enforcement Program, and Compliance/Enforcement Bulletin No. 90-6.)

b. Any modifications of this MOU must be accepted by all parties to the agreement.

5. PROGRAM DURATION. This is a submittal to change the status of the program from a Demonstration Program to a Continuing Program with a duration of 24 months from the date this MOU is signed by the FAA (following signature by the other parties). This ASAP may be terminated at any time for any reason by CMI, the FAA, or ALPA. The termination or modification of a program will not adversely affect anyone who acted in reliance on the terms of a program in effect at the time of that action; i.e., when a program is terminated, all reports and investigations that were in progress will be handled under the provisions of the program until they are completed. Failure of any party to follow the terms of the program ordinarily will result in termination of the program. Failure of CMI to follow through with corrective action acceptable to the FAA to resolve any safety deficiencies ordinarily will result in termination of the program.

6. REPORTING PROCEDURES. When a flight crewmember observes a safety problem or experiences a safety-related event, he or she should note the problem or event and describe it in enough detail so that it can be evaluated by a third party.

a. ASAP Report Form. At an appropriate time during the workday (e.g. after the trip sequence has ended for the day), the employee should complete the ASAP web-based form for each safety problem or event and submit it on-line. For any report involving ATC, or ATC clearance miscommunications or deviation from an ATC clearance, the pilot should note the date, time, place, altitude, flight number, and ATC frequency, along with enough other information to fully describe the event and any perceived safety problem.

b. Time Limit. Reports that the Event Review Committee (ERC) determines to be sole-source will be accepted under the ASAP, regardless of the timeframe within which they are submitted, provided that they otherwise meet the acceptance criteria of Paragraphs 11. a. (2) and (3) of this MOU. Reports, which the ERC determines to be non-sole-source, must meet the same acceptance criteria, and must also have been filed within one of the following two possible timeframes:

(1) Within 24 hours (domestic) or 48 hours (international) after the end of the flight sequence for the day of occurrence, absent extraordinary circumstances. For example (domestic), if the event occurred at 1400 hours on Monday and a pilot completes the flight sequence for that day at 1900 hours, the report should be filed no later than 1900 hours on the following day (Tuesday). In order for all employees to be covered under the ASAP for any apparent noncompliance with 14 CFR resulting from an event, they must each submit a signed report for the same event. If the company website is not available the reporter may call the ASAP Hotline @ 888-404-2727 or voice mail box 4-1684 and leave name, employee number, phone contact number, flight number, event time & date and a brief description of what happened. The ASAP office must then receive a completed on-line ASAP form within three Calendar Days thereafter. (If the On-line system is

down, an extension for the downtime will be given for affected reports provided the employee has phoned the ASAP hotline within the prescribed time limit).

(2) Within 24 hours of having become aware of possible noncompliance with 14 CFR provided the following criteria are met: If a report is submitted later than the time period after the occurrence of an event stated in Paragraph 6b(1) above, the ERC will review all available information to determine whether the flight crewmember knew or should have known about the possible noncompliance with 14 CFR within that time period. If the ERC determines that the employee did not know or could not have known about the possible noncompliance with 14 CFR until informed of it, then the report would be included in ASAP, provided the report is submitted within 24 hours of having become aware of possible noncompliance with 14 CFR, and provided that the report otherwise meets the acceptance criteria of this MOU. If the employee knew or should have known about the possible noncompliance with 14 CFR, then the report will not be included in ASAP.

c. Non-reporting employees covered under this ASAP MOU. If an ASAP report identifies another covered employee in an event involving possible noncompliance with 14 CFR and that employee has neither signed that report nor submitted a separate report, the ERC will determine in a case-by-case basis whether that employee knew or reasonably should have known about the possible noncompliance with 14 CFR. If the ERC determines that the employee did not know or could not have known about the apparent possible noncompliance with 14 CFR, and the original report otherwise qualifies for inclusion under ASAP, the ERC will offer the non-reporting employee the opportunity to submit his/her own ASAP report. If the non-reporting employee submits his/her own report within 24 hours of notification from the ERC, that report will be afforded the same consideration under ASAP as that accorded the report from the original the reporting employee, provided all other ASAP acceptance criteria are met. However, if the non-reporting employee fails to submit his/her own report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate, and for referral to law enforcement authorities, if warranted.

d. Non-reporting employees not covered under this ASAP MOU. If an ASAP report identifies another CMI employee who is not covered under this MOU, and the report indicates that employee may have been involved in possible noncompliance with 14 CFR, the ERC will determine on a case-by-case basis whether it would be appropriate to offer that employee the opportunity to submit an ASAP report. If the ERC determines that it is appropriate, the ERC will provide that employee with information about ASAP and invite the employee to submit an ASAP report. If the employee submits an ASAP report within 24 hours of notification from the ERC, that report will be covered under ASAP, provided all other ASAP acceptance criteria are

met. If the employee fails to submit an ASAP report within 24 hours of notification from the ERC, the possible noncompliance with 14 CFR by that employee will be referred to an appropriate office within the FAA for additional investigation and reexamination and/or enforcement action, as appropriate, and for referral to law enforcement agencies, if warranted.

7. POINTS OF CONTACT. The ERC will be comprised of one representative from CMI management; one representative from the CALALPA; and one FAA inspector assigned as the ASAP representative from the Certificate Holding District Office (CHDO) for CMI; or their designated alternates in their absence. In addition, CMI will designate one person who will serve as the ASAP Manager. The ASAP manager will be responsible for program administration, and will not serve as a voting member of the ERC.

8. ASAP MANAGER. When the ASAP manager receives the report, he or she will record the date and time of any event described in the report and the date and time the report was submitted through the company online or Hotline systems. The ASAP manager will enter the report, along with all supporting data, on the agenda for the next ERC meeting. The ERC will determine whether a report is submitted in a timely manner or whether extraordinary circumstances precluded timely submission. To confirm that a report has been received, the ASAP online reporting system sends a receipt number to the reporter when the report is received by the system.

The ASAP manager will serve as the focal point for information about, and inquiries concerning the status of, ASAP reports, and for the coordination and tracking of ERC recommendations.

9. EVENT REVIEW COMMITTEE (ERC). The ERC will review and analyze reports submitted by the pilots under the program, identify actual or potential safety problems from the information contained in the reports, and propose solutions for those problems. The ERC will provide feedback to the individual who submitted the report.

a. The ASAP Manager will maintain a database that continually tracks each event and the analysis of those events. The ERC will conduct a 12-month review of the ASAP database with emphasis on determining whether corrective actions have been effective in preventing or reducing the recurrence of safety-related events of a similar nature. That review will include recommendations for corrective action for recurring events indicative of adverse safety trends.

b. This review is in addition to any other reviews conducted by the FAA. The ERC will also be responsible for preparing a final report on the demonstration program at its conclusion.

10. ERC PROCESS.

a. The ERC will meet as necessary to review and analyze reports that will be listed on an agenda submitted by the ASAP Manager. The ERC will determine the time and place of the meeting. The frequency of ERC meetings will be determined by the number of reports that have accumulated or the need to acquire time critical information. Due to great geographical distances between the normal domiciles of the CMI ERC members, the ERC may convene telephonically via conference call.

b. The ERC will make its decisions involving ASAP issues based on consensus. Under the CMI ASAP, consensus of the ERC means the voluntary agreement of all representatives of the ERC. It does not require that all members believe that a particular decision or recommendation is the most desirable solution, but that the result falls within each member's range of acceptable solutions for that event in the best interest of safety. In order for this concept to work effectively, each ERC representative will be empowered to make decisions within the context of the ERC discussions on a given report. The ERC representatives will strive to reach consensus on whether a reported event is covered under the program, how that event should be addressed, and the corrective action or any enforcement action that should be taken as a result of the report. For example, the ERC should strive to reach a consensus on the recommended corrective action to address a safety problem such as an operating deficiency or airworthiness discrepancy reported under ASAP. The corrective action process would include working the safety issue(s) with the appropriate departments at the airline and the FAA that have the expertise and responsibility for the safety area of concern. Recognizing that the FAA holds statutory authority to enforce the necessary rules and regulations, it is understood that the FAA retains all legal rights and responsibilities contained in Title 49, United States Code, and FAA Order 2150.3A. In the event there is not a consensus of the ERC on decisions concerning a report involving an apparent violation(s), a qualification issue, or medical certification or medical qualification issue, the FAA ERC representative will decide how the report should be handled. The FAA will not use the content of the ASAP report in any subsequent enforcement action, except as described in Paragraph 11.a. (3) of this MOU. **Should consensus not be reached on any single event, the result may include shutting down the entire program. Reaching consensus is the heart of the ERC process. There wifi be no predisposed position based on past resolutions of reports and no negotiations on future positions i.e., "if you can see it this way, I'll give in on the next one".**

c. It is anticipated that three types of reports will be submitted to the ERC: safety-related reports that appear to involve a possible noncompliance with 14 CFR; reports that are of a general safety concern, but do not appear to involve possible noncompliance with 14 CFR; and any other reports, e.g., involving catering and passenger ticketing issues. All safety-related reports will be fully evaluated and, to the extent appropriate, investigated

d. The ERC will forward non-safety reports to the appropriate company department-head for his/her information and, if possible, internal resolution. For reports related to flight safety, including reports involving possible noncompliance with 14 CFR, the ERC will analyze the report, conduct interviews of reporting crewmembers, and gather additional information concerning the matter described in the report, as necessary.

e. The ERC should also make recommendations to CMI or CAL for corrective action for systemic issues. For example, such corrective action might include changes to CMI flight operations procedures, aircraft maintenance procedures, or modifications to the training curriculum for crewmembers. Any recommended changes that affect CMI will be forwarded through the ASAP Manager to the appropriate department head for consideration and comment, and, if appropriate, implementation. The FAA will work with CMI to develop appropriate corrective action for systemic issues. The ASAP Manager will track the implementation of the recommended corrective action and report on associated progress as part of the regular ERC meetings. Any recommended corrective action that is not implemented should be recorded along with the reason it was not implemented.

f. When the ERC becomes aware of an issue involving the medical qualification or medical certification of an airman, the ERC must immediately advise the appropriate Regional Flight Surgeon about the issue. The ERC will work with the Regional Flight Surgeon and the certificate holder's medical department or medical consultants to resolve any medical certification or medical qualification issues or concerns revealed in an ASAP report, or through the processing of that report. The FAA ERC member must follow the direction(s) of the Regional Flight Surgeon with respect to any medical certification or medical qualification issue(s) revealed in an ASAP report.

g. Any corrective action recommended by the ERC for a report accepted under ASAP must be completed to the satisfaction of all members of the ERC, or the ASAP report will be excluded from the program, and the event will be referred to the FAA for further action, as appropriate.

h. Use of the CMI ASAP Report: Neither the written report nor the content of the written ASAP report will be used to initiate or support any company disciplinary action, or as evidence for any purpose in an FAA enforcement action, except as provided in Paragraph 11.a. (3) of this MOU. The FAA may conduct an independent investigation of an event disclosed in a report.

11. FAA ENFORCEMENT.

a. Criteria for Acceptance. The following criteria must be met in order for a report to be covered under ASAP:

1) The employee must submit the report in accordance with the time limits specified under Paragraph 6 of this MOU;
2) Any possible noncompliance with 14 CFR disclosed in the report must be inadvertent and must not appear to involve an intentional disregard for safety; and,
3) The reported event must not appear to involve criminal activity, substance abuse, controlled substances, alcohol, or intentional falsification. Reports involving those events will be referred to an appropriate FAA office for further handling. The FAA may use the content of such reports for any enforcement purposes and will refer such reports to law enforcement agencies, if appropriate. If upon completion of subsequent investigation it is determined that the event did not involve any of the aforementioned activities, then the report will be referred back to the ERC for a determination of acceptability under ASAP. Such referred-back reports will be accepted under ASAP provided they otherwise meet the acceptance criteria contained herein.

b. Administrative Action. Notwithstanding the criteria in Paragraph 205 of FAA Order 2150.3A, possible noncompliance with 14 CFR disclosed in a non-sole-source ASAP report that is covered under the program and supported by sufficient evidence will be addressed with administrative action (i.e., a FAA Warning Notice or FAA Letter of Correction, as appropriate). Sufficient evidence means evidence gathered by an investigation not caused by, or otherwise predicated on, the individual's safety-related report. There must be sufficient evidence to prove the violation, other than the individual's safety-related report. In order to be considered sufficient evidence under ASAP, the ERC must determine through consensus that the evidence (other than the individual's safety-related report) would likely have resulted in the processing of a FAA enforcement action had the individual's safety-related report not been accepted under ASAP. Accepted non-sole-source reports for which there is not sufficient evidence will be closed with a FAA Letter of No Action.

c. Sole-Source Reports. A report is considered a sole-source report when all evidence of the event is discovered by or otherwise predicated on the report. Apparent violations disclosed in ASAP reports that are covered under the program and are sole-source reports will be addressed with an ERC response (no FAA action). It is possible to have more than one sole-source report for the same event.

d. Reports Involving Qualification Issues. CMI ASAP reports covered under the program that demonstrate a lack, or raise a question of a lack of qualification of a certificate holder employee will be addressed with corrective action, if such action is appropriate and recommended by the ERC. If an employee fails to complete the corrective action in a manner satisfactory to all members of the ERC, then his/her report will be excluded from ASAP. In these cases, the ASAP event will be referred to an appropriate office within the FAA for any additional investigation and reexamination and/or enforcement action, as appropriate.

e. Excluded from ASAP. Reported events involving possible noncompliance with 14 CFR that are excluded from ASAP will be referred by the FAA ERC member to an appropriate office within the FAA for any additional investigation and re-examination and/or enforcement action, as appropriate.

f. Corrective Action. Employees initially covered under an ASAP will be excluded from the program and not entitled to the enforcement-related incentive if they fail to complete the recommended corrective action in a manner satisfactory to all members of the ERC. Failure of an employee to complete the ERC recommended corrective action in a manner satisfactory to all members of the ERC may result in the reopening of the case and referral of the matter for appropriate action.

g. Repeated Instances of Noncompliance with 14 CFR. Reports involving the same or similar possible noncompliance with the Regulations that were previously addressed with administrative action under ASAP will be accepted into the program, provided they otherwise satisfy the acceptance criteria in Paragraph 6 above. The ERC will consider corrective action on a case-by-case basis that is appropriate for such reports.

h. Closed Cases. A closed ASAP case including a related enforcement investigative report involving a violation addressed with the enforcement-related incentive, or for which no action has been taken, may be reopened and appropriate enforcement action taken if evidence later is discovered that establishes that the violation should have been excluded from the program.

12. EMPLOYEE FEEDBACK. The ASAP Manager will publish a synopsis of the reports received from flight crewmembers in the ASAP section of the quarterly publication *ASAP UPDATE*. The synopsis will include enough information so that the pilots can identify their reports. Employee names, however, will not be included in the synopsis. ***De-identified reports will be sent to each Fleet Manager, monthly, for reviews with significant events and trends to be published in the Fleet Newsletter.*** The outcome of each report will be published. Any employee who submitted a report may also contact the ASAP Manager to inquire about the status of his/her report. In addition, each employee who submits a report accepted under ASAP will receive individual feedback on the final disposition of the report.

13. INFORMATION AND TRAINING. The details of the ASAP will be made available to all flight crewmembers and their supervisors by publication in the CAL *ASAP Update* report. Each CMI flight crewmember and manager received written guidance outlining the details of the program at least 2 weeks before the program began. Each flight crewmember also receives additional ASAP instruction on a continuing basis during recurrent training. All new-hire flight crewmember employees will receive training on the program during initial training.

14. REVISION CONTROL. Revisions to this MOU will be documented using standard revision control methodology.

15. RECORDKEEPING. All documents and records regarding this program will be kept by the ASAP Manager and made available to the other parties of this agreement at their request. All the CMI records and documents relating to this program will be appropriately kept in a manner that ensures compliance with 14 CFR and all applicable law (including the Pilot Records Improvement Act). The CALALPA and the FAA will maintain whatever records they deem necessary to meet their needs.

16. SIGNATORIES. All parties to this ASAP are entering into this agreement voluntarily.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

MEMORANDUM OF UNDERSTANDING

Between

CONTINENTAL AIRLINES, INC.

and

THE AIR LINE PILOTS

In the service of

CONTINENTAL AIRLINES, INC.

as represented by

THE AIR LINE PILOTS ASSOCIATION, INT'L

Regarding

Pilot Recalls

WHEREAS, Continental Airlines, Inc. ("CAL" or "Company") has initiated pilot recalls; and

WHEREAS the parties wish to clarify certain issues regarding CAL pilots being recalled to CAL;

NOW, THEREFORE, until superseded by the collective bargaining agreement currently in negotiation, the parties hereby agree as follows:

A. 1. When possible consistent with regulatory obligations, requirements imposed on a pilot for drug testing/ screening, fingerprinting, issuance of new Company ID's, or other testing/checking by the Company or by Federal Authority (e.g., FAA, TSA, DOT, PRIA requests) as a prerequisite to resuming line flying shall occur as a part of the pilot's assignment to training for purposes of being recalled to CAL. If any testing is to occur other than during the pilot's scheduled training period, the pilot shall receive PS5B fee waived travel to/from his place of residence to the designated testing center.

2. A pilot will be considered active for benefits commencement and longevity accrual on the date his training commences, with no waiting periods for insurance coverage.

3. A pilot shall not be withheld from Pay Status due to circumstances beyond his control such as a delay in receiving results, reports, or clearances from governmental agencies.

B. Pilots being recalled to Continental will receive training in accordance with the Flight Operations Training Manual. The provisions of the CBA, Section 14, Part 8, Paragraph H pertaining to a pilot being "given at least at least two (2) warm-up simulator training sessions to refresh his basic pilot skills prior to administering any checks" will not apply. The remainder of Paragraph H of Section 14, Part 8 shall apply. However, a pilot experiencing training difficulty shall not be considered to have failed any portion of his training prior to being afforded at least two (2) simulator periods.

C. Pilots training for the first time on an airplane they have not previously flown shall receive the full course (either initial or transition) of training for that fleet type.

D. Recalled pilots shall be subject to the "train to proficiency" provisions of the CAL CBA. Additional information regarding training may be found in Pilot Bulletin I-04-013.

E. Recall notices to pilots will conform to the requirements of Section 13, Part 1, Paragraph A. of the CAL/ALPA CBA. The minimum ninety (90) days' employment or ninety (90) days' pay in lieu thereof, as provided in Section 13, Part 1, Paragraph F will commence on the recall date provided in the thirty (30) day written notice of recall.

Example:

If the Company sends the pilot a letter on January 1, 2004 informing him he will be recalled on February 1, 2004, and the Company subsequently cancels or postpones the recall, the pilot shall be entitled to ninety (90) days' employment or pay in lieu thereof beginning on February 1, 2004.

Example:

If the Company sends the pilot a letter on January 1, 2004 informing him he will be recalled on March 1, 2004, and the Company subsequently cancels or postpones the recall, the pilot shall be entitled to ninety (90) days' employment or pay in lieu thereof beginning on March 1, 2004.

F. A pilot who has been terminated for cause from XJT or has resigned his employment from CAL or XJT, shall be ineligible for recall to CAL. A pilot's recall to CAL shall not be affected by any letter(s) from XJT indicating that the pilot's lack of response to recall notices resulted in his removal from the XJT pilot seniority list or his "administrative termination." ALPA and the Company shall promptly meet and agree to resolve issues regarding a pilot's eligibility for recall.

G. All pilots returning to CAL must possess a valid First Class medical certificate issued within the preceding twelve (12) months

H. Furlough Leaves of Absence (FLA) will be granted in accordance with the terms of Section 12, Part 2 of the CAL CBA.

I. Only pilots returning from furlough who have not flowed back to XJT shall be required to serve the remainder, if any, of their three hundred and sixty five (365) days probationary period. For example, if a pilot was at CAL for ninety (90) days, then was furloughed from CAL but did not flow back to XJT, and subsequently is recalled to CAL, he shall be on probation for an additional two hundred and seventy-five (275) days starting from his date of recall.

J. Pilots on COLA's shall be afforded the opportunity, at the pilot's option, to be recalled from the COLA before its expiration. If a pilot declines to return early from his COLA, he will be recalled at the normal expiration of his COLA.

K. CAL pilots at XJT, upon being recalled to CAL, shall vacate the XJT seniority list on the effective date of their recall and will not be permitted to remain at XJT. Their re-employment at CAL shall occur simultaneously with the effective date of such recall.

L. Upon request, CAL will provide single occupancy hotel rooms for recalled pilots during their recall training. This shall apply to all training courses, whether short or long.

M. Company provided moves for recalled pilots shall be paid in accordance with the benefits provided by the CAL CBA, and shall not exceed the value of a move from a pilot's furloughed base to his new base, or from a pilot's XJT base to his new base, as applicable. A recalled pilot will be eligible for a Company-paid move if:

1. He is recalled to a base other than the base from which he was furloughed, provided he has not received a paid move post-furlough from either CAL or XJT to his recalled base, or
2. If his recall base is different than his XJT base and he received a paid move post-furlough from either CAL or XJT to his XJT base.
3. Pilots recalled to GUM shall be eligible for a company-paid move in accordance with LOA #2 of the CAL CBA

N. Any dispute arising out of the application or interpretation of this Memorandum shall be resolved utilizing expedited dispute resolution provisions of LOA #7, Section 4.

O. As provided in the CBA, Section 14, Part 13, recalled pilots shall receive 2:51 hours training pay per day.

P. As provided in Section 12, Part 2 of the CAL CBA, furloughed pilots receiving recall notices may, within ten (10) days after the first attempted delivery of the recall notice, elect to take a furlough leave for a period of at least sixty (60) days, but not more than three (3) years from the recall date. Furlough leaves:

1. Are available on a one time only basis at the time of recall, and
2. Are only available to pilots who have been subject to furlough and are being recalled (i.e., not to pilots on COLA who were never subject to furlough), and
3. Are granted without regard to the reason requested. (For example, to allow up to three (3) years for the completion of a pilot's then current activity or employment or to allow up to three (3) years for the completion of a contractual commitment to employment while on furlough, or for any other reason.).

Originally signed January 15th, 2004.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

By and Between

Continental Airlines, Inc.

And

The Airline Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Extension of Retiree Medical Benefits

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas the Company and the Association, for good and sufficient consideration, have agreed to extend the period of eligibility for retired pilots to continue existing medical insurance from "eighteen (18) months after the amendable date of this Agreement" as specified in Section 23 - Benefits, Paragraph F. of the parties' current collective bargaining Agreement commonly referred to as "Contract '97" to and including the date certain of April 1, 2005.

Therefore the parties hereto agree as follows:

Section 23 - Benefits, Paragraph F. of the collective bargaining Agreement between the Company and the Association dated effective June 25, 1998 and commonly referred to as "Contract '97" is hereby amended by deleting the phrase "eighteen (18) months after the amendable date of this Agreement" and substituting therefore the phrase (date) "April 1, 2005".

This Letter of Agreement shall be effective upon signing.

Originally signed January 15th, 2004.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Memorandum of Understanding
By and Between
Continental Airlines, Inc.
And
The Airline Pilots in the Service of
Continental Airlines, Inc.
As Represented by
The Air Line Pilots Association, International

PARTNERSHIP ACCORD
BETWEEN CONTINENTAL PILOTS AND CONTINENTAL MANAGEMENT

WHEREAS Continental Airlines, Inc. ("Company," "Continental" or "CAL") and the airline pilots in the service of the Company as represented by the Air Line Pilots Association, International ("Association" or "ALPA") desire to codify certain understandings regarding their relationship going forward, and

WHEREAS the turmoil in the airline industry beginning on September 11, 2001 and continuing without apparent resolution threatens the very survival of a host of U. S. air carriers, potentially including the Company, and

WHEREAS in such challenging economic and competitive circumstances, it is critical for labor and management to work in concert rather than at cross purposes, and

WHEREAS opportunities for mutual benefit are available for parties willing to avail themselves of such, and

WHEREAS there has been an evolving, business-like and professional relationship between the Continental pilots' MEC leadership and Continental senior management, and

WHEREAS the parties desire to retain and maintain that relationship in the context of an ongoing labor/management partnership,

NOW, THEREFORE the Company and the Association agree as follows:

1. Partnership Elements

The parties recognize that an effective partnership relationship must be based on mutual respect and trust, and that respect and trust derive from a commitment to:

a. Provide each other with comprehensive, reliable information on a timely basis;

b. Give fair consideration to the other party's input (i.e., advice, counsel and recommendations); and

c. Ensure that each party receives a fair share of the financial and economic rewards.

2. Demonstrated Commitment to the Partnership

a. Subject to appropriate, executed confidentiality agreements, the Company will, when requested, continue to provide the Association, the CAL MEC and the CAL Negotiating Committee with current financial and operational data in a timely manner and the Association will likewise provide the Company with timely access to information and its analyses, subject only in each case to conflicting confidentiality obligations.

b. All levels of management, and particularly senior management, will be open to input (advice, counsel and recommendations) from the Association, the CAL MEC Chairman (or his designee) and the Chairman of the CAL Negotiating Committee (or his designee). Upon request, the CAL MEC Chairman (and/or his designee) will be granted the opportunity to meet with a member(s) of the Company's management team. Similarly, upon request by the Company's Chief Executive Officer (or his designee), member(s) of the Company's management team will be granted the opportunity to meet with a member(s) of the CAL MEC's Leadership team.

c. Upon request from the Company's Chief Executive Officer (or his designee), the CAL MEC Chairman will provide senior management (as well as other accompanying members of the Company's management team) the opportunity to address the CAL MEC in session or to have significant issues promptly considered by the CAL MEC. Should accommodating such request require calling a Special MEC Meeting, the Company will cover the reasonable flight pay loss and related expenses directly attributable to convening such Special Meeting.

d. At least once each month, each Base Chief Pilot will convene a meeting with the Association's Local Council Chairman (or his designee) at a mutually convenient time and place for the purpose of exchanging information and concerns regarding matters germane to pilots and Company operations in that base. The object of such meetings will be to resolve local operational issues and to address potential disciplinary problems with a view toward early intervention in cases where discipline may still be avoided by such intervention --including in situations where the Company might otherwise be inclined to administer routine discipline (for example, in cases involving reliability problems) without intervening. In the same manner and for the same purposes, the Senior Director, Training will meet at least once each month with the Association's Instructor Group Local Council Chairman (or his designee). The discussions at such meetings will be "off-the-record" and non-referable.

e. Recognizing that the Association representatives' efforts in carrying out the letter and intent of this Memorandum of Understanding will require a substantial commitment of their time, the Company will pay the Association fifty percent (50%) of the flight pay loss reimbursement associated with the activities of bilateral cooperative committees (e.g., Reserve Scheduling Review Committee, Preferential Bidding Study Committee, Fuel Conservation Committee, etc.) utilized by the parties, provided that such flight pay loss reimbursement obligation will not exceed a maximum of one thousand two hundred (1,200) hours of flight pay loss reimbursement annually, to be allocated at the MEC Chairman's discretion for activities consistent with this Paragraph. The flight pay loss reimbursement specified herein is in addition to, and not offset by, any flight pay loss reimbursement currently provided to the Association pursuant to any agreement, understanding or practice.

3. Collective Bargaining Objectives

a. The parties desire and intend to conclude their current collective bargaining agreement amendment negotiations within a reasonable timeframe.

b. The Company commits to work to negotiate an amended collective bargaining agreement that will provide Continental pilots with their fair share of financial rewards when the Company's financial performance meets mutually agreed benchmarks that are appropriate in the context of the overall economic benefits provided through efficiencies achieved within or outside of the collective bargaining agreement.

c. Unless otherwise agreed by the parties, as negotiations continue to produce agreed amendments to non-economic contract sections, the Company commits to continue the parties' practice of timely implementing such completed sections, subject to approval (ratification) by the CAL MEC, and further subject to approval (ratification) of the completed amended collective bargaining agreement in accordance with the Association's procedures.

4. Communications

a. The parties recognize that being "blind-sided" by one another's public statements can have an adverse impact on their partnership relationship. To avoid such problems, and subject to appropriate, executed confidentiality agreements, the parties commit to provide each other with advance notice of, and, where available, advance copy of their public statements, press releases, etc. that contain significant information that could impact their collective bargaining relationship.

b. All communications will be issued consistent with the spirit and intent of this Partnership Accord. The parties agree that communications will be professional and focused on issues, and the parties agree to avoid

communications that denigrate or contain any derogatory language concerning the other party or individuals.

THIS MEMORANDUM OF UNDERSTANDING will be effective upon signing and will remain in full force and effect until either party serves written notice of termination upon the other, in which case this Memorandum of Understanding immediately terminate and be of no further force or effect. The use of the word "partnership" in this Memorandum of Understanding is not intended to create a partnership arrangement of the type governed by applicable partnership laws.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

CAT 5 Final Resolution Letter

Continental

Continental Airlines, Inc.
1600 Smith HQSEO
Houston, TX 77002

Tel 713 324 2273
Fax 713 324 6507

August 11, 2004

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808A World Houston Parkway
Houston, TX 77032-2475

Dear Jay:

This will confirm our agreement regarding the Category 5 portion of the Pay Protection Settlement. We have agreed that Continental will issue pay protection payments to the pilots on the attached list for the months indicated. This list includes:

- Pilots for whose claims ALPA has identified as requiring "clerical" changes. CAL has modified fields within individual claims and in some cases has created claims in order to affect pay protection entitlement for these pilots, and

- Pilots identified by ALPA as being affected by the "notadv" issue. This reason for claim denial was not applied to these claims and the identified pilots have been considered for pay protection regardless of the fact that they were not advanced to their new sub-bases. We have agreed that, notwithstanding such payments, prospectively pay protection will be paid, as provided in Section 3, Part 12 of the collective bargaining agreement, only for protection related to the "same system staffing award," always being calculated and paid based solely on "a pilot's new system staffing award." That is, pay protection will not be paid based on a prior system staffing award, but will be reanalyzed with each new system staffing award, and the payments reflected in the attached list will not be construed as evidence of or an admission of any sort to the contrary, and

- Pilots identified by ALPA as being affected by the "jrpay" issue. This reason for claim denial was not applied to these claims and the identified pilots have been considered for pay protection regardless of the fact that there was no junior pilot awarded the same sub-base and status on the same system bid who remained staffed and paid in a higher pay category, and

- Pilots identified by ALPA as being flight instructors affected by the timing of their return to line flying. Each of these instructors was considered to be protected from the rate of pay they "likely" would have attained as of October 2001 had they been on the line.

The protections generated by the attached list, in conjunction with the monies already paid July 9th, 2004, constitute the full and final settlement of all claims due under Category 5 of the Pay Protection Settlement Agreement reached between CAL and ALPA. The attached list establishes the entirety of pilots affected and the months in which pay protection for them shall be applied.

Please acknowledge your concurrence by signing one copy of this letter and returning it to the undersigned.

Originally signed August 11th, 2004.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

By and Between

Continental Airlines, Inc.

And

The Airline Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

COMMUTING POLICY

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas, during the course of their negotiations pursuant to Section 6 of the Railway Labor Act, as amended, the Company and the Association bargained amendments to certain provisions of their current collective bargaining agreement that is dated effective June 25, 1998, and is commonly referred to as "Contract '97," and

Whereas, we wish to continue the effect of these amendments, and

Whereas, this policy is instituted in order to help maintain scheduling reliability and increase pilot morale in circumstances where pilots do not reside in their domicile, but instead commute to their flight assignments in a manner consistent with their obligation to report for work, and

Whereas, the Company and the Association desire to implement a Commuting Policy forthwith.

Now, therefore, the parties mutually agree as follows:

A. This Policy is intended to memorialize commuting pilots' protections and assignment rights and obligations when circumstances prevent them from reporting for duty as previously planned or scheduled.

B. A pilot who travels (i.e., commutes) by air, automobile, bus, train, or public transportation from his residence to his duty assignment is expected to exercise prudent judgment and planning regarding checking load factors, flight availability, forecast weather, traffic reports, and otherwise generally "planning ahead" to avoid commuting problems. For example, it is not sufficient for a pilot commuting by air to utilize a flight(s) whose arrival/departure time is likely to be adversely impacted by forecasted weather events. A commuting pilot remains responsible for reporting for all assigned Trip Pairings.

C. A pilot commuting by air who wishes to be considered under this policy must list himself with his Chief Pilot's office as a commuter and must designate a city(ies) on

the Continental/ExpressJet route system where he resides and from which he commutes.

D. A pilot commuting by air, must exercise good judgment and exert every reasonable effort to report for work, including having the legitimate reasonable potential to commute on either of two Continental/ExpressJet flights (i.e., twenty-four (24) hours prior to the first flight's departure time both flights must be under authorization as displayed on employeeRes, including accounting for non-revenue space available travelers that are listed and have either a higher boarding priority or greater seniority than the pilot) that are scheduled to arrive at his domicile or the point of his duty assignment at least thirty (30) minutes prior to his Report Time for such assignment.

1. While a pilot may use jumpseat privileges, for purposes of this Commuting Policy, a cockpit jumpseat(s) is not considered an available seat for commuting purposes.

2. A pilot may utilize two or more airports in proximity to each other for purposes of satisfying the two flights requirement of this Policy (e.g., one flight from Tampa, one flight from Orlando, or one flight from Sarasota) so long as the scheduled departure times between the two flights reasonably allow the pilot to travel by surface transportation (i.e., automobile, bus, train or taxi) from one airport to the other and physically check in at the gate in time for the scheduled departure of each flight.

3. The commuting pilot must be at the gate and have checked in for the flight(s) to be utilized for purposes of this policy.

E. The Company recognizes that unforeseen and not reasonably anticipated events do occur that disrupt a pilot's commuting preparations. When such an event occurs and a pilot is unable to commute to his duty assignment, then provided that the pilot had undertaken the preparatory measures outlined in Paragraph B., above, the pilot will not be disciplined for a "missed trip" or otherwise be subjected to any discipline for failing to appear for duty as assigned, unless such occurrences happen repeatedly. A pilot who is misses an assignment due to his inability to report on a timely basis because of commuting events will not be paid for the missed assignment.

F. When an unforeseen event takes place (e.g., no available seat, weight restriction, delay or cancellation due to unforeseen significant weather at the intended airport of departure or arrival, ATC or aircraft maintenance), affecting the pilot's first commuting flight, the pilot will immediately contact his Chief Pilot/Assistant Chief Pilot and inform him of his situation, including the status of his backup flight. If outside of normal office hours, the pilot will call Crew Scheduling, who will then contact the Chief Pilot on duty who will, in turn, then contact the affected pilot.

G. A pilot will continually update the Company on his commuting progress.

H. The parties have intentionally declined to specify a precise number of instances of being afforded the protections of this Policy. Each invocation of this Policy will be considered an independent event and judged on its own unique circumstances, however repeated invocations of this Policy may be considered in evaluations of a pilot's overall attendance/reliability. It is expected that pilot supervision, particularly

Chief Pilots and their Assistants, must exercise consideration, prudence, and good judgment when evaluating a pilot's request to be afforded the protection of this Policy.

I. In the case where a pilot is physically onboard his first or backup commuting flight and the flight diverts enroute or some other event occurs that prevents the pilot from arriving at his domicile as anticipated, the pilot will call his Chief Pilot/Assistant Chief Pilot as soon as he becomes aware of the situation and is able to make a telephone call. The pilot will continue on to his base and be subject to the options listed in Paragraph J.

J. A commuting pilot who arrives in his base after the first flight of his scheduled Trip Pairing has departed, or after a reserve has been called out to cover the trip will be subject to the following:

1. The Company may elect to reunite a Lineholder pilot with his original trip by Deadheading the pilot down line (no DH pay or credit) to another station or base, or

2. The Lineholder pilot may be given another trip assignment by Crew Scheduling provided such assignment has no more Duty Periods than his originally scheduled assignment. For purposes of a trip assignment priority only, the Lineholder will be considered as having an RX Day, or

3. If the Company elects not to assign the Lineholder pursuant to Paragraph 1 or 2 above, he may pick up Open Time, or

4. If the pilot is a reserve, he may be given either a flight assignment or assigned a Phone Availability Window.

5. If requested by the pilot, the Company will provide a hotel room for a Lineholder pilot who commutes by air and who is in compliance with this Policy if the Lineholder receives no immediate assignment or receives an assignment with a Report Time more than five (5) hours after the pilot arrives at his base. The Company will not be obligated to provide more than the number of nights in a hotel than would otherwise have been provided on the pilot's original pairing.

K. A pilots who commutes by automobile, bus, train, or public surface transportation will be afforded the same privileges contained in this Policy for unforeseen events related to severe unforecasted weather conditions or natural disasters which render roads hazardous or impassable, or enroute mechanical problems, provided that he calls his Chief Pilot/Assistant Chief Pilot as soon as the unforeseen event becomes known and it appears he will not make it to the airport to arrive at his domicile in time for his scheduled report (e.g., road accident, mechanical breakdown, severe weather).

L. Under this Policy, for purposes of a pilot's pay, if a pilot missed his original trip, his pay will be reduced by the pairing's pay value, or portion thereof missed.

1. Any Deadhead to join a new trip or the original trip will not be paid.

2. For a subsequent trip assignment made in accordance with Paragraph J., above, a pilot will be paid as rescheduled, and for purposes of Section 25, Part 8,

Paragraph A.4, the pilot's "original pairing termination" will be that of the rescheduled trip assignment.

3. Reserve Pilots who do not receive either a trip assignment or a replacement Phone Availability Window will have their MPG prorated.

M. This Policy will be applicable to all seniority list pilots, whether Lineholders or reserves.

N. Upon request, pilots will be responsible for providing documentation required by the Company to establish their compliance with the terms of this Policy.

O. Nothing in this Policy will be construed to limit or abridge the Company's existing rights to make assignments/Reassignments as necessary, and consistent with the Collective Bargaining Agreement to protect the operational integrity of the schedule.

P. Should FAA regulations conflict with this Policy, the Company and the Association will promptly meet and agree on a suitable amendment to, or replacement for, this Commuting Policy.

This Letter of Agreement will be effective on the first full bid period following the date of signing, and will remain effective for three (3) full bid periods. Thereafter, it will automatically renew itself for successive periods equal to three (3) bid periods unless either party provides at least fifteen (15) days notice of intent not to renew. In the event such notice is provided, the parties will promptly meet and seek to agree on modifications, additions and/or other changes sufficient to permit the parties to amend and continue, rather than terminate, this Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
1600 Smith HQSEO
Houston, TX 77002

Tel 713 324 5331
Fax 713 324 6507

August 30, 2004

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Jay:

This will confirm our agreement regarding the settlement of Grievance 4.04.090CG regarding initial recall assignments.

We have agreed that recalled pilots covered by this grievance whose initial recall staffing was in neither their last active staffed base nor their recall bid awarded sub-base will, upon presentation of actual receipts for hotel accommodations and/or service charges for CAL on-line passes used for commuting purposes, be reimbursed for such expenses. Reimbursement for such expenses shall be limited to the period of time the pilot remained in the initially staffed position on a temporary basis.

Your signature below will confirm that this settlement constitutes the full and final resolution of this grievance.

Originally signed August 30th, 2004.
April 1, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Retirement Credit Upon Military Return

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Capt. Jay Panarello
Air Line Pilots Association, International
Chairman, CAL/ALPA MEC
3808 World Houston Parkway
Houston, TX 77032-2475

Dear Captain Panarello:

This will confirm our agreement regarding the treatment of retirement credit for certain pilots who are unable to return to Continental from military leaves of absence.

We have agreed that if a pilot intends to return to Active Service at Continental at the termination of his active military service, but is prevented from returning because of an injury or illness (including if such results in the pilot's death) incurred prior to the expiration of the statutorily allowed period for return to Continental, we will regard the illness or injury as having occurred in the line of duty as provided in Section 13, Part 6, Paragraph D.3.

Please acknowledge your concurrence by signing one copy of this letter and returning it to the undersigned.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This letter will confirm our understanding regarding the recording of block out and block in times.

We have agreed that the Company will continue to base the "out" time for pilot pay purposes on the closure of all doors and the release of the parking brake. However, in cases when there are delays between the "out" time transmitted and the time when the aircraft first moves, the "out" time transmitted by ACARS will not be adjusted.

During a gate return, pilot pay will be credited for the time from the initial block-out until the aircraft blocks-in again at the gate, and then will resume upon the secondary block-out.

Aircraft "in" time will continue to be based on first door opening upon gate arrival.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Agreed, this 1st day of April, 2005

/s/ Jay Panarello

Captain Jay Panarello
CAL MEC Chairman

Letter of Agreement

Between

Continental Airlines, Inc.

and

The Air Line Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Regarding

Age 58 Pay Protection

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas the Company and the Association have determined to modify the pay protection provisions of the Collective Bargaining Agreement,

Therefore, the parties hereto agree as follows:

A. Age 58 Pay Protections will cease as of the first day of the April Bid Period (4/2/05).

B. The Company will provide at least eighty-four (84) B737 Captain positions, ninety-five (95) B756 Captain positions, and eighteen (18) B777 Captain positions distributed over the next two System Bids (including Adjustment Bids) projected to occur in the months of April and September 2005. A pilot with an age 58 pay protection entitlement prior to April 1, 2005, will be entitled to vacancies in their pay protected BES prior to all other pilots provided that the pilot bids for and could be awarded the Vacancy. Should the pilot be able to hold his pay protected BES on either of the next two (2) System Bids (including Adjustment Bids), but fails to bid for that BES at one hundred percent (100%) he will not be eligible for the entitlement again.

C. All pilots who bid and are awarded a position on a System Bid (including Adjustment Bids) after April 1, 2005, will be trained to their awarded position unless the VPFO determines that they will not be trained. If such pilot is not trained he will be pay protected as of the projected end date of OE of a more junior pilot who held the same BES on the same System Bid (including Adjustment Bids) but no later than the effective date of the bid.

This Letter of Agreement will be effective on date of signing and will remain in full force and effect concurrent with the provisions of Section 30, Duration of the Pilots' Employment Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This letter will confirm our agreement regarding the Company's purchase of certain aircraft as a condition for pilots to enter into the 2005 Continental Pilot collective bargaining agreement.

The Company has committed and agreed that if the pilots ratify and sign the 2005 Continental Pilot collective bargaining agreement, it will immediately take all actions necessary to consummate the acquisition of the eight B757-300 aircraft, on which it currently has revocable options. Continental will also take all reasonable steps to achieve the delivery schedule of those aircraft as previously announced (one per month beginning in July 2005).

The Company has further committed and agreed that if the pilots ratify and sign the 2005 Continental Pilot collective bargaining agreement, it will promptly take all necessary steps to finalize the acceleration of the delivery into 2006 of the six Boeing 737-800 aircraft that were previously scheduled to be delivered in 2008.

Sincerely,

/s/ Fred Abbott

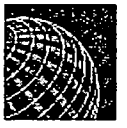
Captain Fred Abbott
Vice President, Flight Operations

Agreed, this 1st day of April, 2005

/s/ Jay Panarello

Captain Jay Panarello
CAL MEC Chairman

Continental



Continental Airlines, Inc.
1600 Smith
Houston, TX 77002

Tel 713 324 5000

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Re: Board Access Protocol

Dear Captain Panarello:

This letter will confirm the commitment I made, as Chairman and CEO of Continental, to extend access to the materials and decisions of the Continental Airlines Board of Directors. I view this as a natural extension of the Partnership Accord that we have been successfully working under since last year. I commit to the following process to serve as the framework under which the Company and the Association can share information related to the actions of the Company's Board of Directors.

Promptly following each regular and special meeting of the Board of Directors, the Company representatives and Leadership representatives (as defined below) will meet to review all Board materials (other than materials concerning confidential compensation and personnel matters, labor updates and litigation involving unions or union members) and to discuss actions taken by the Board. Leadership representatives and their advisors will be subject to the Company's standard confidentiality agreement including restrictions on trading in the Company's securities.

In addition to my participation, Company representatives will include Jeff Smisek, President, Jim Compton, Jeff Misner, and Mark Moran, the Company's Executive Vice Presidents, and Jennifer Vogel, our Senior Vice President and General Counsel (or their applicable successors). Leadership representatives will be the Chairman of the MEC plus one Association designee who will be an active Continental pilot with experience that demonstrates a familiarity with the confidentiality and trading obligations.

By institutionalizing our Board Access Protocol in this way, we have put into place a process that will last beyond our respective tenures.

Sincerely,

/s/ Larry Kellner

Larry Kellner
Chairman & CEO

Benefits for Test Flights

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

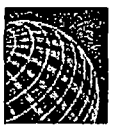
This will confirm the understanding reached during the course of our contract negotiations regarding Company-provided employee benefits for pilots engaged in conducting test flights and verification flights. Throughout the duration of the Agreement, the Company will continue to maintain employee benefits (life, business travel accident, optional life, optional AD&D, disability and group health) that have no exclusion for injury or death that results from a pilot's conducting such test or verification flights.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Continental



Continental Airlines, Inc.
1600 Smith
Houston, TX 77002

Tel 713 324 5000

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Re: Contingencies

Dear Captain Panarello:

This letter will confirm agreement regarding the contingencies to the effectiveness of the recently agreed collective bargaining agreement.

The new collective bargaining agreement will not take effect unless and until:

The Company has achieved a comprehensive restructuring of costs including the achievement of annual cost savings from all U.S. mainland employee groups as set forth in the Company's schedule of such savings. All such savings will be verifiable to the satisfaction of the Association. Should an employee group not ratify its targeted savings under a collective bargaining agreement in a timely fashion, the Association, through the CAL MEC, may waive this provision as to that group; and

The Company has entered into an agreement with Boeing Commercial Aircraft Company, reviewed and verified by the Association:

To be the U.S. launch customer for no fewer than ten (10) B-787 aircraft for delivery commencing in 2009, including the Company's right to cancel up to five (5) such aircraft by June 2006; and

For eight (8) additional B 757-300 aircraft, to augment the current fleet of nine (9) B 757-300 aircraft, with the agreement with Boeing to provide for the delivery of the eight (8) additional aircraft by February 1, 2006; and

For six (6) additional B -737-800 aircraft, to augment the then current projected fleet of ninety (90) B -737-800 aircraft, with the agreement with Boeing to provide for delivery of the six (6) additional aircraft by October 1, 2006.

Sincerely,

/s/ Larry Kellner

Larry Kellner
Chairman & CEO

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This letter will confirm our understanding regarding the circumstances when a Deadheading pilot may be reseated.

As I have stated, and as reflected in the attached bulletin, Deadheading pilots should be changed only to accommodate disabled customer seating.

In addition, customer service agents have been instructed that when Deadheading pilots are unseated as a result of failing to meet check-in requirements, or seat map changes, the situation should be explained to the pilot and the pilot's choice should be offered from remaining available seating.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Agreed, this 1st day of April, 2005

/s/ Jay Panarello

Captain Jay Panarello
CAL MEC Chairman

Airport Services Bulletin

Continental Airlines

Customer Service

C05-31

May 19, 2005

Subject: ***Must Ride Crewmember Seat Assignments***

Effective Date: Immediately

Policy: Must Ride PS0 Crewmembers, also known as deadheading crew, are given advance seat assignments by Crew Scheduling. The order of seating for Must Ride crewmembers is provided contractually.

Must Ride crewmembers' seats should be changed only to accommodate disabled customer seating requirements.

Procedure: When a Must Ride crewmember is unseated, explain the situation to the crewmember and offer seating of their choice from the remaining inventory as follows:

"I apologize that your pre-assigned seat was needed in order to accommodate a disabled customer. At this time, I can offer you a (exit row, aisle, window or best available) seat in row X."

Reference: DRS: GG MUST RIDE
Mary.Jopplin@coair.com 713-324-2367

Electronic Flight Bag

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding the Association's request that the Company establish a "paperless cockpit" and an "electronic flight bag" for pilots.

Continental is desirous of taking advantage of current and expected technology that will help our pilots perform their duties in a more efficient and expeditious manner and, with particular respect to the electronic flight bag, that will minimize or eliminate certain forms of work-related injuries. In furtherance of this objective, I urge the formation of a specific committee comprised of two Company members and two Association members, all of whom are appropriately technologically oriented, to study, evaluate, and make definitive recommendations to my office regarding the matter. It should be the objective of this committee to make a sound business case for Continental to pursue and implement a "paperless cockpit" and electronic flight bag.

The Company desires to have such technology implemented before the anticipated delivery date of the first B-787 aircraft. Let me know when you have appointed two Association members to the committee (shall we call it the Joint Technology Efficiency Committee?) and I will do likewise and facilitate an initial meeting as soon as practical.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Letter of Agreement

Between

Continental Airlines, Inc.

and

The Air Line Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Regarding

Elimination of Pay Bank

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas the Company and the Association have determined to eliminate the Bank Time provisions of the Agreement,

Therefore, the parties hereto agree as follows:

A. Upon the effective date of the new Agreement, all pay bank balances will be frozen. No further accruals or withdrawals will be allowed.

B. All outstanding accrued bank balances will be paid in the pilot paycheck for the first full bid period following ratification of the Agreement.

C. All outstanding balances of deficit bank will be recovered by subtracting a maximum of four (4) hours per month from the Total Pay of pilots with deficit bank, beginning with the pilot paycheck for the first full bid period following ratification, and continuing each bid month thereafter until a pilot's deficit bank is fully recovered.

This Letter of Agreement will be effective on date of signing and will remain in full force and effect concurrent with the provisions of Section 30, Duration of the Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding a pilot who notifies the Company that he is too fatigued to perform an assignment. While the pilot's supervisor (Chief Pilot or Assistant Chief Pilot) will generally investigate the reason(s) for the pilot's fatigue call, the initial interview with the pilot should be satisfied via a telephone discussion and, in any event, the pilot will not be required to meet with supervision on the pilot's day(s) off for that interview.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding Reserve Pilots, reserve conversion Lineholders and Lineholders who desire to attend the FFDO training program. The Company will continue to assist such pilots to secure the necessary block(s) of contiguous days off to attend the requisite FFDO training. Such pilots are urged to coordinate with their Base Chief Pilot or Assistant Chief Pilot and Crew Scheduling to arrange for the necessary days off through grouping of days off or use of unused vacation. Of course, the pilot is expected to involve supervision and Crew Scheduling as far in advance as practical so as to afford the greatest opportunity for a satisfactory outcome.

Once the Preferential Bidding System is implemented, upon sufficient advance notice, the pilot's FFDO Program training class dates can be handled as a planned absence to assure his availability to attend.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Flight Instructor Training Department Scheduling

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Thomas Howard
CAL MEC Representative
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Howard:

In furtherance of the understanding reached during the course of our contract negotiations, the Company is prepared to meet with the Association in order to reach an accord regarding Training Department scheduling. I suggest that the Chairman of the Flight Instructor's Negotiating Committee contact me to establish a meeting to address the matter at our earliest mutual convenience.

Very truly yours,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Continental

Continental Airlines, Inc.
1600 Smith
Houston, TX 77002

Tel 713 324 5000

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Re: Flight Operations Audit

Dear Captain Panarello:

This letter is to inform you that, as you have requested, I have directed Mark Moran, Executive Vice President Operations to oversee an audit of the Flight Operations department policies and procedures. I have also indicated to Mr. Moran that the Association should be consulted as part of the audit. You have explained to me that the concerns of the Association are unrelated to safety, but rather are intended to facilitate a better understanding and coordination between the pilots and the Flight Operations department by ensuring that management both functions and communicates fairly and effectively.

When the audit has been completed, Mark will share the results with you and discuss what steps may be advisable for both the Company and the Association at that time.

Sincerely,

/s/ Larry Kellner

Larry Kellner
Chairman & CEO

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding the currently effective agreements that embody our ASAP and FOQA programs.

As we reviewed those agreements, it became evident that they are in need of revisions to update them and conform them to current policies and practices. I suggest that a task force of two Association representatives and two Company representatives be established to accomplish that objective in a timely manner. Company representatives will be prepared to meet with members of the Association's Safety Committee or such other individuals as you designate to start the ball rolling on this important project. Please have whomever you designate for the task force contact me and we will see that this project gets under way promptly.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Letter of Agreement
By and Between
Continental Airlines, Inc.
And
The Air Line Pilots in the Service of
Continental Airlines, Inc.
As Represented by
The Air Line Pilots Association, International

GUAM FLYING

WHEREAS, pursuant to a "Flight Deck Crew Provisioning Agreement", Continental Airlines, Inc. ("CAL") provides all of the pilots required to staff the flight operations of Continental Micronesia, Inc. ("CMI"); and

WHEREAS, CMI is a separately certificated air carrier, operating in the Pacific Rim, with its principal Base in Guam; and

WHEREAS, the nature of the flight operations conducted by CMI require certain variations from the terms and conditions set forth in the parties' Agreement; and

WHEREAS, the parties wish to provide for certain exceptions and differences to the Agreement to be applied to CMI's operation, as performed for CMI by pilots on the CAL system seniority list; and

WHEREAS, the parties wish to make clear that where the provisions of this Letter conflict with the provisions of the Agreement, as applied to the Guam flying, the provisions of this Letter will govern;

NOW THEREFORE, the parties hereby agree as follows:

A. TERMS

When used in this Letter of Agreement, "Guam Flying" means all flying conducted by Continental Micronesia, Inc., including but not limited to flying conducted from the Guam Base. Definitions used herein are those in the Agreement except as otherwise stated.

B. ADDITIONAL CMI CREW BASES

1. In the event that, during the term of this Letter of Agreement CMI establishes a Base other than Guam the parties will meet for the purpose of reaching agreement upon issue(s) which relate uniquely to such base.

2. Within six (6) months of signing this Letter of Agreement, CMI Management and the Association's Guam Base LEC Representatives will meet and confer regarding the possibility of opening a new Base or satellite Base within the region for passenger and/or cargo operations. The subject matter will encompass the operational efficiencies of such a Base or satellite Base and economic relief to help support such action.

C. FOREIGN BASE ALLOWANCE

1. Pilots staffed to flying Positions in the Guam Base will receive, in addition to all other compensation, a Foreign Base Allowance in the amount of one thousand, one hundred dollars ($1,100.00) per month for each month of Active Service.

2. A pilot assigned or awarded a flying Position in the Guam Base will become eligible for the Foreign Base Allowance when he is initially staffed in Guam and will cease being eligible on the date on which he is permanently staffed elsewhere.

3. At his option, a pilot assigned to Guam who is in his first year of employment will receive an eighteen (18) month Base freeze and be paid using the second-year pay rate (in Status), or no Base freeze and be paid using the first-year pay rate. The monthly advance for a first-year pilot electing to receive the freeze and the second-year pay rate will be fifteen hundred dollars ($1,500.00).

4. A pilot on Company-paid special assignment to the Guam Base will not be eligible for the Foreign Base Allowance.

D. CREW MEALS

1. The Association's MEC Chairman or his designee will select and identify a representative to work with and assist management in menu selection for flights originating in Guam and outlying stations.

2. Crew meals appropriate to the flight duty period will be provided. Bottled drinking water will be provided for the cockpit as part of normal crew meal catering.

E. HOTEL ACCOMMODATIONS

The Association's MEC Chairman or his designee will select a representative to work with and assist management in selecting reasonable hotel accommodations for scheduled pilot layovers. To the extent consistent with timeliness and reasonable economic standards, the recommendations of the pilot representative will be adopted. Any changes made to hotel accommodations will not be implemented unless sixty (60) days advance notice is provided to Association's MEC Chairman or his designee. This sixty (60) day notice may be waived by mutual agreement.

F. HOURS OF SERVICE

1. Nothing contained in the Agreement will be construed or interpreted to prevent scheduling one pairing to end and another to begin in the same Duty Period (i.e., "back-to-back" pairings); provided, however, that rescheduling and Reassignment will be governed by the terms of the Agreement.

2. A Guam based pilot will receive ten hours and thirty minutes (10:30) minimum Rest Period block to block at the Guam Base. This Rest Period may be reduced at the pilot's option.

G. COMAT

A pilot flying for CMI will be entitled to one (1) fee-waived COMAT shipment of two hundred fifty (250) pounds per month. In addition, such pilot will be entitled to a seventy-five percent (75%) discount on all COMAT shipments in excess of two hundred fifty (250) pounds per month.

H. SCHEDULING

Note: After full implementation of the reserve rules for three bid periods the parties will meet and agree on any changes that may be necessary to suit the Guam operation. Further, the parties recognize that additional modifications to Guam Base pilot's scheduling may be necessitated with the implementation of a Preferential Bidding System (PBS).

1. The terms of the Agreement will apply to Guam scheduling, except to the extent modified by this Letter of Agreement.

2. The approximate number of Reserve Lines for each Status will be noted on the bid package.

3. With the consent of the pilot, a reserve day off or Rest Period may be designated retroactively.

4. Minimum downline actual Rest Periods will be nine (9) hours block to block. This period may be waived with the pilot's consent.

5. Guam pairings will not be scheduled with more than six (6) segments in a Duty Period, except for the Guam - Honolulu "Island Hopper," which may be scheduled for seven (7) segments in a Duty Period.

6. Two (2) groups of lines will be constructed in each Guam Equipment and Status for each month of flying (Group A - Compressed flying, and Group B - Uncompressed flying). Compressed flying is a Line of flying which consolidates the flying in the shortest number of consecutive days, thereby allowing the maximum number of consecutive days off. A pilot will designate, by standing bid, amendable each month, as either Group A or a Group B pilot. Bid cutoff for this election will be twenty-four (24) hours prior to the start of Line construction process for that month. Lines will be constructed using pairings appropriate to allow the most time off in each group. If a pilot does not select either group, he will be assigned as a Group A pilot. [Will be subject to PBS implementation]

7. A Standard Reserve will receive twelve (12) days off and a Floating Reserve fourteen (14) days off in a bid period. Days off for Group A reserves will be blocked and considered immovable. Standard Reserve Lines will be constructed so that approximately one-third (1/3) of the Reserve Lines will have days off at the beginning of the month, approximately one-third (1/3) of the lines will have days off at the end of the month and approximately one-third (1/3) of the lines will have days off in the middle of the month.

8. Any scheduled event including carry-in days and pairings which contain less than five (5) hours average pay per Duty Period may be left in open time at the discretion of the Association's Guam Line Construction Committee.

9. Lines of time in Guam will first be categorized by group and then rank ordered by days off.

10. Bid packets will be available electronically no later than 0600 local time on the twelfth of each month. Monthly bids will be posted for a minimum of six (6) days.

11. When a Group A pilot bids and receives a reserve conversion Line, that Line will be constructed with Open Time and assigned in a compressed block to the extent possible. When a Group B pilot bids and receives a reserve conversion Line, that Line will be constructed with Open Time and assigned in the same uncompressed fashion as regular Group B lines.

12. Section 25 Part 11.B.4 will not apply to a Reserve Pilot who is assigned a Trip Pairing for the purpose of covering the Guam-Honolulu "Island Hopper" that departs within the first four hours (4:00) of a phone availability period. This assignment will only be limited by the provisions of Section 12 of this Agreement. Should material operational changes in the Island Hopper occur, the parties will meet to discuss the continued applicability of this Paragraph 12.

13. The provisions of Section 25 Part 4.B.4 (as relates to weekly repetition of pairings), B.5, and C.3 and 4, and Section 25 Part 11.H.2 of the Agreement expressly do not apply to Guam flying, provided that for two (2) pilot crews lines will not be constructed to more than thirty-one hours (31:00) in a seven (7) day period.

14. With the approval of Crew Scheduling, a Reserve Pilot may move one (1) of the "immoveable" days off in his block of twelve (12) days off.

I. AWARDS, ASSIGNMENTS, AND DISPLACEMENTS

A pilot will be provided at least thirty (30) days notice of advancement to a Base, Equipment and Status outside of Guam. A pilot will not be advanced to Guam sooner than thirty (30) days after the close of a system/adjustment bid unless he agrees otherwise, and will receive as much notice of the specific report date in Guam as circumstances allow.

J. TRAINING

1. A pilot assigned to the Guam Base who is scheduled for a CQP (recurrent training, proficiency check, LOFT) on the U.S. mainland will be scheduled to commence such training between the hours of 1300 and 2100 LBT, unless the pilot agrees otherwise. In addition to pay for the training itself, a pilot assigned to Guam Flying who is scheduled for a training event on the U.S. mainland will be paid for two (2) travel days to travel to the training and two (2) travel days to return from the training. If such training is conducted in Asia the pilot will be paid one (1) day of travel, and if it is conducted in Australia, for two (2) days of travel. All travel days will be paid at the rate of two hours and twenty-four minutes (2:24) per day. All travel for training events will be scheduled in

accordance with the duty limitations of Section 12 of the Agreement, unless the pilot agrees otherwise.

2. A pilot required to travel to training will be given a Base Rest Period in Guam prior to departing for training. A pilot returning from training will be given a Base Rest Period in Guam prior to their first pairing assignment or reserve phone availability period.

3. A pilot who was available to attend a required training event offered on Guam and who did not attend will travel to the U.S. mainland at his/her own expense to make up the requirement. Ground training schedules will be published on a quarterly basis in advance in the bid package.

4. Guam Based pilots will be entitled to PS-5 passes to attend training, which may be requested up to thirty (30) days prior to the scheduled training. If, prior to his/her departure to attend training, the event is cancelled or the pilot is unable to attend the training, he/she will return the PS-5 pass to the Chief Pilot's Office in Guam. A pilot based in Guam will receive a PS-0 pass for travel to the training location if the travel is within seventy-two (72) hours of the training event. A pilot returning to Guam from a training event will receive a PS-5 pass.

5. A pilot based in Guam who is remaining in the Guam Base, and who is assigned to training in excess of thirty (30) days (i.e., to change Equipment and/or Status) will have one period of ten (10) consecutive days in the training cycle free from all duty. These days will be considered to be an extension of training for purposes of Section 11, Part 5.A.2 of the Agreement. These provisions can be waived at the pilot's discretion. A PS-5 pass will be provided for travel during this period to and from Guam. A pilot who elects to take this break must notify Training Scheduling at least fourteen (14) days in advance of training.

6. A pilot who is newly assigned to the Guam Base will be given three (3) unpaid days free of duty immediately upon completion of training and prior to traveling to Guam as directed by the Company.

7. Guam based pilots will be trained exclusively on Equipment utilized in Guam Flying. Further, Guam based pilots will be trained exclusively with flight simulators and other training devices that are exclusive to the Equipment utilized in Guam Flying. For example, if Guam Flying is conducted using B-737-800 Equipment, the Guam pilots will be trained in a B-737-800 flight simulator and utilize training devices that reflect the B-737-800, and not other models of the B-737 aircraft that may or may not be in the Company's fleet.

K. MOVING EXPENSES

1. Within one year of initial staffing in Guam, coincident with a pilot's block of monthly days off, a pilot will be provided ten (10) unpaid days free from duty for the purpose of familiarization of his family to Guam. If a pilot elects not to arrange these days in conjunction with a block of days off or does not have a block of days off during any bid period that will accommodate ten (10) days free from duty, a minimum of five (5) days free of duty will be provided.

During the ten (10) day familiarization period, the pilot will be provided a rental car and a hotel room. An extra hotel room will be provided for families with more than one (1) child, and a van will be provided in lieu of an automobile for families with more than three (3) children. Round trip PS-5 (must ride) passes on Continental Airlines to Guam will be provided for the pilot and his immediate family.

2. Pilots transferring or assigned to the Guam Base will be entitled to a paid move to Guam, provided they remain in Guam for a minimum of eighteen (18) months of Active Service. Should a pilot leave the Guam Base for any reason other than being displaced or initial Status upgrade prior to providing eighteen (18) months of Active Service, he will be responsible to reimburse the Company for the paid move to Guam.

3. A pilot who has provided thirty-six (36) months of Active Service on Guam will be entitled to a paid move from Guam. If the pilot leaves Guam after providing eighteen (18) months of service, but prior to completing thirty-six (36) months of Active Service, he will be responsible for a pro rata share of the paid move from Guam. In addition, a move from Guam will be company paid if the pilot is furloughed and elects to return to the U.S., is displaced out of his GUM Equipment and Status, is awarded an initial Status upgrade, retires, or is terminated due to loss of medical or failure to meet standards. The thirty-six (36) month clock will also begin on the date of staffing in Guam.

4. Expense reimbursement from the gateway city to a U.S. destination will be governed by the Agreement.

5. Moving expenses to and from Guam for moves which qualify as Company-paid moves will be governed by Section 6 of the Agreement, except for the following:

   a. The shipping of two (2) automobiles; any additional automobiles at the time of the pilot's move will be arranged for shipment at the Company's rate at the pilot's expense.

   b. A PS-5 must-ride pass for each immediate family member for travel in connection with the move to/from Guam.

   c. If the pilot elects to stay at a Company sponsored hotel (a crew layover hotel) the hotel charges will be paid by the Company.

   d. The transportation costs for two (2) animals, not to exceed a total of two hundred (200) pounds.

6. A rental car and hotel room and meal allowances as provided for in Section 6, in Guam for the pilot and his immediate family members from the time the pilot's goods are received for shipment until the shipping agent issues notice that the goods are available for delivery in Guam, plus four (4) days. Families with more than one (1) child will receive an additional paid hotel room if requested. Families with more than three (3) children will receive a rental van instead of a car. A pilot returning from Guam will be provided these same

rental car and hotel room benefits in his new Base until his household goods arrive from Guam in his new Base plus one (1) day.

7. A pilot who is based in Guam may, within twelve (12) months prior to his retirement date, or within three (3) months after his retirement date, elect to exercise his Company paid move

8. A Guam based pilot who has been awarded a position at a Base on the U.S. mainland and is moving to the U.S. mainland from Guam and would be entitled to a Company-paid move to his new Base may, at his option and with prior notice to the Company, arrange to have his household goods and automobile(s), etc. transported from the U.S. Port of Entry to his residence. In such case, the Company's responsibility for the paid move will end when the pilot's household goods, automobile(s), etc. arrive at the U.S. Port of Entry on the west coast. In connection with the transportation of the pilot's household goods, automobile(s), etc. from the Port of Entry to his residence, the pilot will not be entitled to receive any temporary lodging, days off (paid or unpaid), storage or other benefits specified in Section 6 of the Agreement to which he otherwise would have been entitled had he moved to his new Base.

L. RESOLUTION OF DISPUTES

Although day-to-day supervision of pilots flying for CMI will be the responsibility of CMI and the CMI Chief Pilot, all grievances and disputes which are subject to Section 19 or 20 of the Agreement will be referred to the Chief Pilot / Assistant Chief Pilot designated by CAL to be resolved in consultation with CMI's Chief Pilot. If not resolved at Step 1, all such grievances or disputes will be further handled as provided in the Agreement for Step 2, Step 3, and the System Board of Adjustment.

M. MEDICAL

1. The Company will provide, at no cost to the pilot, all vaccinations recommended by the CDC, (Center for Disease Control) for the region(s) visited while on Company duty.

2. Notwithstanding normal waiting period requirements for medical insurance eligibility, new hire pilots assigned or awarded the Guam Base will not be subject to any waiting period in order to be eligible for medical insurance coverage.

3. If a medical emergency exists requiring evacuation/transportation from Guam or any downline station, the Company will provide the following transportation to the pilot and/or the pilot's spouse and children (or any other person approved by the Guam Chief Pilot or his designee). In the event that the Chief Pilot or designee is unavailable, the pilot may declare to Crew Scheduling that a medical emergency exists and Scheduling will provide appropriate travel arrangements as follows:

   a. Positive Space (must-ride) service-charge-waived on-line passes for the patient and the pilot's spouse and children (or any other person approved by the Guam Chief Pilot or his designee) to Honolulu, (or

other Continental city deemed medically necessary by the treating physician in the event of a life-threatening medical emergency), and

b. Positive Space (must-ride) service-charge-waived on-line passes for required medical attendants, and medical equipment necessary for the transfer (stretcher, medical oxygen, etc.), and

c. PS-5 passes, or if required and authorized by the Guam Chief Pilot, positive space (must-ride) service charge waived on-line passes for the return to Guam for the pilot, the medical attendant, and the pilot's spouse and children (or any other person approved by the Guam Chief Pilot or his designee).

4. In the event of death or serious medical emergency in the immediate family, a pilot may use his accumulated sick leave up to ten (10) consecutive days. Immediate family members include spouse, children, mother, father, brother, sister or parents in law. The Company will provide, round trip passes (PS-5 [must ride] outbound and PS-5 return) from Guam or downline station to a Continental Airlines U.S. mainland station of the pilot's choice for the pilot and his immediate family.

N. GENERAL

1. If a pilot is adversely affected by a disaster in which a Disaster Declaration is issued for Guam by the Governor of Guam or the President of the United States, the Company, upon request, will provide the pilot a hotel for up to ten (10) days.

2. A pilot in the Guam Base will be charged international pass travel rates between Guam, Hawaii and any US gateway city used for the pilot, designated travel companion, family and dependant(s). Travel for individuals using the pilot's Buddy Passes will be allowed unescorted to and from GUM (e.g., IAH-HNL-GUM), and within the CMI system, with the appropriate documentation provided by his Chief Pilot or his designee.

3. The Company will provide a retiring pilot when flying his last trip with the pass privileges specified in Section 26, Paragraph K of the Agreement.

O. DURATION

This Letter of Agreement will be effective upon signing and will run concurrently with the provisions of Section 30, Duration, of the Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This letter will confirm our understanding regarding the cabin rest seating for IROs flying B 756 Equipment.

We have agreed that IROs will have a row of three (3) adjacent coach seats blocked for purposes of cabin rest.

In addition, when a BusinessFirst seat is available the IRO will have priority for that seat over any non-revenue pass travelers, and may choose to occupy either that seat or the row of coach seats for rest purposes.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Agreed, this 1st day of April, 2005.

/s/ Jay Panarello

Captain Jay Panarello
CAL ALPA MEC Chairman

GUM Flying

Letter of Agreement #_

Between

Continental Airlines, Inc.

and

The Air Line Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Regarding

Modification to Pay Protection

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas the Company and the Association have determined to modify the Pay Protection provisions of the Agreement,

Therefore, the parties hereto agree that the Pay Protection provisions found in Section 3, Part 10 of the Agreement effective June 25, 1998 will continue until the Training Advancement Bid as outlined in Section 24 is implemented and the first award is made, except that all pay protection (including those previously triggered) will be extended only on a one-for-one basis. Once a Training Advancement bid is awarded, pay protections will cease and will only be initiated as provided for in Section 24.

This Letter of Agreement will be effective on date of signing and will remain in full force and effect concurrent with the provisions of Section 30, Duration of the Collective Bargaining Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

Between

Continental Airlines, Inc.

and the

Airline Pilots Association, International

Regarding a

Preferential Bidding (PBS) Committee

This letter will confirm our understanding regarding the PBS Committee.

The Company and the Association will jointly design and implement a Preferential Bidding System (PBS) for the purposes of pilots bidding and being awarded monthly schedules.

A PBS Committee will be established in accordance with Section 25, Part 4 and will be comprised by two (2) representatives designated by the Company and two (2) representatives designated by the Association. The responsibility of the Committee will be to develop policy and procedures and provide oversight of PBS to ensure a timely implementation. Thereafter, the responsibility of the Committee will be to maintain and update the PBS to ensure quality control and optimum performance.

The Committee will meet as required, but no less than monthly, during the implementation of the PBS and the12 month period after implementation and no less than quarterly thereafter. Pay loss for the Association representatives will be defined by the Flight Pay Loss agreement.

During the implementation phase the Committee will determine the following:

- Business requirements with the vendor
- Pilot education and training in the use of PBS
- Implementation timeline and procedures
- System acceptance criteria
- Testing criteria
- Equipment for pilot bidding at company locations
- Parallel awards of both bid lines and PBS lines
- Procedure to resolve bidding anomalies
- Final acceptance and cutover

After implementation the Committee will:

- Monitor PBS bidding
- Audit and verify accuracy of bid results
- Provide continuing training as necessary
- Determine system enhancements

- Review Line quality data

In the event the Committee is unable to resolve an issue amongst them, it will be referred first to the Vice President of Flight Operations and the Association's MEC Chairman.

If they are unable to resolve the issue, and the issue is one regarding the interpretation or application of a provision of this Letter or of the Agreement, then it will be submitted for arbitration in accordance with Section 21, except that the matter will be moved to first on the docket of contract cases to be heard by the System Board of Adjustment. The Board will be advised that the matter requires expeditious resolution, oral argument will be preferred unless written briefs are deemed essential by the Board, and the Board will be requested to issue its opinion as promptly as possible.

If they are unable to resolve the issue, and the issue is one regarding a technical matter such as implementation and operation of PBS systems (e.g., minimum amount of time built into lines), it will be submitted to one of a panel of five (5) Experts (with the list of panel members to be developed by the PBS Committee) as soon as possible, but in no event later than three (3) Calendar Days following the Vice President of Flight Operations and the Association's MEC Chairman's inability to resolve the matter. If the parties are unable to agree upon the Expert to be used, one will be selected by alternate strike from the panel. The hearing will take place by telephone conference call if possible and will be informal, recognizing that such matters require expeditious resolution. Presentations will be made by Committee members and the Expert will be requested to render his decision as promptly as possible. The decision may be rendered orally to be followed by written decision as promptly as possible. The expert's decision will be final and binding on all parties.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Physical Exams Addendum

Continental Airlines, Inc. and the Air Line Pilots Association, in an effort to clarify the meaning and intent of certain language in Section 15 - Physical Examinations; Part 2 - Fitness for Duty, Paragraphs E, K, L, and M; and Part 3 - Medical Dispute Resolution Procedures, Paragraph C, agree that as to:

(1) any pilot who does not contest a CME's determination that "the pilot is not medically qualified to perform the duties required of him," and

(2) any pilot who does contest such CME determination, but for whom an NME ultimately concurs with the determination of the CME,

The pilot's Sick Leave Account will not be reduced for the initial period of time he was directed to the Fitness for Duty exam and withheld from flight status until the time the pilot receives the CME's written determination or diagnosis in accordance with Section 15, Part 2.K. (See chart below and time period represented by "Point A" to "Point B.")

A	B
Action: Pilot is directed to Fitness for Duty examination and withheld from flight status. Pay Status: Pilot remains in Company paid status under Section 15, Part 2.E.	Action: CME determines (in writing) that pilot is not fit for duty. Pay Status: Pilot may appeal CME determination and commence use of accrued sick leave.

Pay for such pilot will be in accordance with Section 15, Part 4 - Physical Exams - General, Paragraph B, for the period of time withheld from active flight status until the Pilot receives the CME's written determination that he is not fit for duty. Any reduction to a pilot's Sick Leave Account would only commence with, and be applicable to, the period of time from the pilot's receipt of the CME's written determination that "the pilot is not medically qualified to perform the duties required of him."

The foregoing does not apply to a pilot who places himself on Sick Leave and the Company directs a Fitness for Duty examination to contest that sick leave claim. In this event, the pilot's Sick Leave Account will be reduced accordingly unless the treatment afforded by Section 15, Part 2, Paragraph N, becomes applicable.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Letter of Agreement

Between

CONTINENTAL AIRLINES, INC.

and

THE AIR LINE PILOTS

In the service of

CONTINENTAL AIRLINES, INC.

as represented by

THE AIR LINE PILOTS ASSOCIATION, INT'L

Regarding

Pilot Pairing and Line Construction Committee

THIS LETTER OF AGREEMENT is made and entered into in accordance with the provisions of Title II of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. (hereinafter referred to as "the Company" or "Continental") and the air line pilots in the service of Continental Airlines, Inc. as represented by the Air Line Pilots Association, International (hereinafter referred to as "the Association").

A. The Association will maintain a Pairing and Line Construction Committee structured as follows:

1. The Committee will be comprised of no more than eight (8) regular members and three (3) alternates designated by the Association to perform the functions of both a Pairing Committee and a Line Construction Committee.

2. Up to four (4) members of the Committee may be sent for a period of up to three (3) days designated by the Company to assist in the pairing construction process.

3. Up to seven (7) members of the Committee may be sent for a period of up to three (3) days designated by the Company to assist in the Line construction process.

B. The Company will utilize Committee input to achieve optimum productivity and minimal expense, but will retain final responsibility and authority regarding the pairing and Line construction processes, will determine where the work is to be accomplished. Should it be necessary to remove Committee members, the Company and the Association will meet and confer for this purpose.

Flight pay loss reimbursement for Committee members will be as provided in Section 26, General, of the Agreement. The Association will fund all expenses related to the Committee's work.

This Letter of Agreement will be effective on signing and will continue in full force and effect concurrent with the provisions of Section 30, Duration, of the Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during our contract negotiations regarding employment opportunities at Continental for furloughed ATA pilots.

As you know, Continental has committed to offer employment, in seniority order, to the named ExpressJet pilots covered by the Memorandum of Understanding "Regarding CAL Employment of Certain ExpressJet Pilots" when hiring commences following the recall of the last furloughed CAL pilot. When the Company has satisfied that obligation, should Continental continue to have need for additional pilots, the Company will extend preferential interviews for pilot employment to furloughed ATA pilots. I assure you that Continental will provide the Association with timely notification should the opportunity for such preferential interviews arise, so that eligible ATA pilots may be advised through the Association's resources.

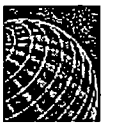
Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Preferential Interview Express

Continental



Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This letter will confirm that before the Company begins hiring pilots, and initiates preferential interviews to pilots of Express Carriers, I will consult with you or your designee about that process, both as to its timing and substance. Further, as we enter into new Express Carrier agreements I will also keep you up to date on our efforts to secure reciprocal rights for Continental Pilots described in Section 1 of the Agreement.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

The new contract requires that some reserves be able to effectuate a departure within three hours of their first contact by Crew Scheduling. With this agreement comes the understanding that, specifically in EWR, local conditions may occasionally make it difficult for a pilot to travel from his home and accomplish pre-flight activities necessary for a safe and efficient flight within this timeframe.

Should a pilot be unable to effectuate a departure within this three hour timeframe, the incident will be subject to an investigation by his supervisor. However, be assured that if the investigation shows the pilot exercises his best efforts at responding within the allotted timeframe, he will not be subjected to disciplinary action for failing to meet this provision of the contract and no record or notation of the investigation will be placed in the pilot's personnel file.

We also understand that a Reserve Pilot given minimum notice of his flight assignment may not be able to comply with the report time requirements of the Flight Operations Manual. He only needs to allow sufficient time to accomplish all items necessary for a safe and efficient flight and an on-time departure. The time necessary for the Reserve Pilot to travel from his residence to the airport, to park, and to accomplish pre-flight activities must be taken into account.

A Reserve Pilot is expected to make sound decisions should it be necessary for him, due to time constraints, deviate from normal parking (if appropriate, the Company will reimburse the associated parking fee), transportation, and participation in pre-flight duties in order to effectuate an on-time departure.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Satellite Base

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association, International
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding the Association's request that the Company investigate the potential for establishing Satellite Bases.

The Company will perform an unconstrained run of all fleets to determine potential airports that could be economically and operationally justified as Satellite Bases when other cost factors, such as layover hotel and per diem expense, are factored in. Should one or more airport locations present such potential, then the Company will meet and agree with the Association regarding the terms and conditions upon which such Satellite Base or Bases would be established.

The Company will consult with two of your designees concerning proposed parameters and computer programming decisions for the unconstrained run and your designees will be welcome as observers of the run.

This undertaking is premised on the Association's commitment to pursue the establishment of any Satellite Base in an efficient and cost effective manner when there is a demonstrated business justification for such base.

Expect the unconstrained run to be completed within two months and I will promptly share the results with your or your designees, and we can proceed from there based on the run results.

Sincerely,

/s/ Fred Abbott

Fred Abbott
Vice President, Flight Operations

Sixth Addendum to the Collective Bargaining Negotiations Protocol Agreement

By and Between

Continental Airlines, Inc.

And

The Airline Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

THIS AGREEMENT is made in accordance with the provisions of the Railway Labor Act, as amended, between Continental Airlines, Inc. ("Continental" or "CAL" or "Company") and the Air Line Pilots Association, International ("ALPA").

WHEREAS, the Collective Bargaining Agreement currently in effect between ALPA and Continental Airlines, dated effective June 25, 1998, and commonly referred to as "Contract '97," is open for negotiations under Section 6 of the Railway Labor Act, as amended, and therefore amendable; and

WHEREAS, the parties had commenced negotiations pursuant to their Collective Bargaining Negotiations Protocol Agreement; and

WHEREAS, during the course of negotiations pursuant to Section 6 of the Railway Labor Act, as amended, Continental and ALPA have bargained amendments to certain provisions of their current Collective Bargaining Agreement; and

WHEREAS, CAL management, on November 18, 2004, issued Employee Bulletin #12 announcing that it was seeking a significant reduction in labor costs, including from pilots, with a target date of February 28, 2005, for implementation of the reductions; and

WHEREAS, the CAL ALPA MEC adopted a resolution on December 16, 2004, directing the Union's Negotiating Committee to prepare to engage in negotiations that address the Company's demonstrated financial need and, consistent with the September 2004 Partnership Accord Between Continental Pilots and Continental Management ("Partnership Accord"), conditioned any resulting tentative agreement on four elements being achieved:

(1) the process must conclude this round of Section 6 negotiations and result in a comprehensive contract settlement that is fair for all segments of the CAL pilot group; and

(2) any such agreement must adequately address the pilots' core issues — scope and job security, pension security and scheduling; and

(3) the CAL pilots' investment must be part of a comprehensive restructuring of the

Company's financial condition with management, other employees, and stakeholders participating; and

(4) any such agreement must provide that CAL pilots will receive a fair and equitable return on their investment so that they will participate in the upside when there is a rebound in the Company's financial condition; and

WHEREAS, in their "Fifth Addendum to the Collective Bargaining Negotiations Protocol Agreement ("Fifth Addendum"), Continental and ALPA had, among other things, agreed to enter negotiations outside of, and expressly not governed by, Section 6 of the Railway Labor Act, as amended, regarding various issues; and

WHEREAS, in their Fifth Addendum, Continental and ALPA expressly preserved their respective rights to bargain further amendments to their current Collective Bargaining Agreement under Section 6 of the Railway Labor Act, as amended;

NOW THEREFORE, the parties agree as follows:

1. Continental and ALPA agree to engage in negotiations pursuant to Section 6 of the Railway Labor Act, as amended, designed to address Continental's demonstrated financial need as reflected in Employee Bulletin #12, while also ensuring that the Continental pilots achieve a fair and satisfactory comprehensive contract that achieves the four elements indicated in the CAL ALPA MEC resolution of December 16, 2004.

2. The parties seek to negotiate an amended successor Collective Bargaining Agreement in a manner that provides for open and effective discussion of all issues proffered by either party.

3. Unless otherwise agreed, the parties agree to meet for negotiations at 3340B Greens Road, Suite 910, in Houston, Texas.

4. Unless otherwise agreed, Continental and ALPA intend that each party's complete Negotiating Committee will meet with the other party's complete Negotiating Committee at the main negotiating table daily in the morning and in the afternoon, Monday through Friday of every week beginning January 25, 2005, until a comprehensive tentative agreement is achieved.

5. Continental and ALPA agree that multiple subcommittees will be established for the purpose of addressing the various issues involved in these negotiations. Each party will assign personnel to its subcommittees as it deems appropriate. No resolution of an issue achieved by any subcommittee will be considered a tentative agreement until approved and adopted by the parties as a tentative agreement on such issue at the main negotiating table.

6. Continental agrees to cover, either by direct payment or reimbursement, all CAL ALPA expenses, including flight pay loss, incurred as a result of these expedited negotiations beginning December 15, 2004, and continuing through February 28, 2005, to a maximum of one million dollars ($1,000,000). Continental also agrees to cover, either by direct payment or reimbursement, all CAL ALPA expenses, including flight pay loss, incurred during the ratification period beginning March 1, 2005, and continuing through March 31, 2005, to a maximum of four hundred thousand dollars

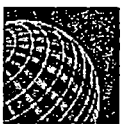
($400,000). Continental further agrees to cover the cost of printing and producing sufficient copies of any resulting amended collective bargaining agreement so that all affected pilots and CAL ALPA staff assigned to the CAL ALPA MEC will receive one (1) copy each, as well as two hundred fifty (250) additional copies being provided to CAL ALPA. Continental also agrees that it will either pay for or reimburse CAL ALPA for its expenses in distributing said copies to all affected pilots.

7. No date is specified for the parties to apply, jointly or separately, for the mediation services of the National Mediation Board. Rather, the parties are free to exercise their rights under the Railway Labor Act, as amended.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental



Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Dear Captain Panarello:

This will confirm the understanding reached during the course of our contract negotiations regarding the establishment and maintenance of a Safety Management System (SMS) program.

As I discussed with your negotiating team, the Company has been developing and implementing a program similar to SMS. We would certainly be willing to meet with whomever you select to explore the SMS concept and see how we could best meld the SMS program with the concepts that the Company already has in place and has been exploring. To that end, please let me know whom the Association has selected to undertake this project and I will arrange for an initial meeting with the appropriate Company representatives and ensure that the effort moves forward expeditiously.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Letter of Agreement

Between

Continental Airlines, Inc.

and

The Air Line Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Regarding

Staffing Flex pre-PBS

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas the Company and the Association have determined to modify the monthly fluctuation in the staffing formula denominator prior to the implementation of the Preferential Bidding System (PBS),

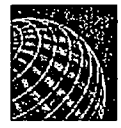
Therefore, the parties hereto agree that, until PBS is implemented, the increases in the staffing formula denominator allowed in Section 24, Part 2.B will only be allowed to increase by Status in each Equipment, except that Guam will be calculated separately for denominator increases. Once PBS becomes implemented, the language of Section 24, Part 2.B allowing increases by Base, Equipment and Status will be governing.

This Letter of Agreement will be effective on date of signing and will remain in full force and effect concurrent with the provisions of Section 30, Duration of the Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Continental



Continental Airlines, Inc.
1600 Smith
Houston, TX 77002

Tel 713 324 5000

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Re: Stock Buybacks and Dividends

Dear Captain Panarello:

This letter will confirm the commitment the Company made in our recent collective bargaining negotiations.

We agreed that the Company will neither buy back its stock for cash nor pay cash dividends on its common stock until the Company has contributed an aggregate five hundred million dollars ($500MM) to the A-Plan.

Sincerely,

/s/ Larry Kellner

Larry Kellner
Chairman & CEO

Letter of Agreement

By and Between

Continental Airlines, Inc.

And

The Airline Pilots in the Service of

Continental Airlines, Inc.

As Represented by

The Air Line Pilots Association, International

Regarding

Training Steering Committee

This Letter of Agreement is made in accordance with the provisions of the Railway Labor Act, as amended, between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

Whereas, the Company and the Association recognize each other's vested interest in providing thorough, complete and efficient training for Continental flight deck crewmembers; and

Whereas, the Company and the Association intend a cooperative and constructive relationship in the development, maintenance, and improvement of training programs, facilities, devices, policies, and procedures, as well as the associated problem solving; and

Whereas, the Company recognizes the value of the Association's input in matters pertaining to training and line operations and will actively pursue such input; and

Whereas, the Association recognizes the Company's right to ultimately manage the training process and the Company's need to conduct training in an efficient and cost effective manner; and

Whereas, the parties desire to operate in a full partnership environment, with full participation in all existing and any new committees and development processes, and to remain current on developments in Pilot Training; and

Whereas, the parties have agreed the final authority and responsibility for all training is retained by the Company;

Now, therefore, the parties mutually agree as follows:

A. A Training Steering Committee (the "Committee") is hereby established for the purpose of providing a system that ensures meaningful input into Flight Standards and Training programs.

1. The Committee will be comprised of two (2) representatives from the Company's Training Department, two (2) representatives from the Flight Operations Department, and two (2) representatives from the Association. All parties will maintain consistency of representation to the extent possible. The Company will provide representative(s) with the authority to direct overall training policy. The Association will provide representatives with a background of instructor or check airman experience. Other pilots with relevant experience and/or expertise may serve on the Committee by mutual agreement of the CAL ALPA MEC Chairman and the Staff Vice President, Safety and Flight Standards.

2. Unless otherwise mutually agreed by the Committee members, meetings of the Committee will be scheduled at least quarterly. The Managing Director of Flight Standards and Training, or his designee, will publish an annual schedule of meetings and provide the Committee members sufficient advance electronic notification of upcoming meetings.

3. The Managing Director of Flight Standards and Training, or his designee, will send agenda items electronically to the committee members seven (7) days in advance of scheduled meetings and request additional items for inclusion. Agenda items may be initiated by any Committee member. An agenda will include all new and unfinished business.

4. The Staff Vice President, Safety and Flight Training will Chair the meetings, or may designate any member of the committee to temporarily replace him.

B. The functions of the Committee will include but not be limited to:

1. Providing timely, conceptual and continuing input into all training design, including content, format and delivery;

2. Previewing new or modified training programs and upcoming continuing qualification scenarios;

3. Reviewing operating training programs;

4. Reviewing application of new training technology;

5. Reviewing simulator and training device conformity, fidelity, and status;

6. Reviewing the balance between quality and cost of training;

7. Furthering discussion of issues identified by Association representatives participating in standing committees such as "Safety Change and Training Development," "Future Vision," "Tech Review" and fleet and cross-fleet flight standards, instructor, and line check airman meetings, as well as AQP review meetings;

8. Reviewing current and proposed regulatory issues affecting pilot training or having pilot training implications;

9. Determining the hours/segments/landings, on a fleet basis, that constitute IOE gates;

10. Reviewing internal and line audit programs and results;

11. Reviewing special airport and area training programs;

12. Development and implementation of a "Training Practices" side letter;

13. Reviewing and developing formal and informal critiques/comments from the pilots;

14. Monitoring and discussing contractual interpretation issues;

15. Such other matters and activities as the parties may from time to time agree upon.

C. The Association will be notified by electronic means sufficiently in advance of all meetings of the type described in Committee function #7 (above) to allow planning for meeting attendance.

D. Subject to execution of appropriate confidentiality agreements, Committee members will have access to all materials necessary for the effective discharge of the duties described herein.

E. Nothing herein will be construed to prevent or preclude the Company from accepting or soliciting direct feedback on training issues from individual pilots.

F. Lack of timely input or participation by the Committee on training matters will not prevent or impede in any way the Company's right or ability to develop, modify, administer or implement pilot training programs.

G. In the event the Company acquires or reintroduces aircraft that require Second Officer training, no such training will be accomplished unless policies and procedures are agreed upon between the Company and the Association and specified in a separate Letter of Agreement.

H. In the event that no suitable simulator is available, the Association and the Company will meet and agree on an appropriate aircraft training curriculum to complete the required training. The scope of the discussions will include, and be limited to, any subject matter of Section 11.

I. Any unresolved disputes regarding the interpretation, application or implementation of this Letter of Agreement including disputes resulting from the inability to reach consensus will first be referred to the Vice President of Flight Operations and the MEC Chairman, or their designees not involved in the dispute, who will have full authority to resolve such disagreements.

This Letter of Agreement will be effective upon signing and continue in full force and effect and will run concurrently with the pilot's Collective Bargaining Agreement unless changed in accordance with the provisions of the Railway Labor Act.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

Vacation Fly Through

Continental

Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
CAL MEC Chairman
Air Line Pilots Association
3808-A World Houston Parkway
Houston, TX 77032

Re: Vacation Flying

Dear Captain Panarello:

This will confirm our discussions regarding the potential for pilots and flight instructors voluntarily electing to fly during their vacation periods.

We have agreed that during times of staffing shortfalls the Company may solicit either pilot volunteers or flight instructor volunteers, or both who desire to maximize income by flying while on their vacations.

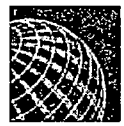
We further agreed that it would be wholly inappropriate to allow pilots or flight instructors to pick up additional line flying while on vacation at a time when pilots are on furlough. And have agreed that the Company will neither solicit volunteers nor allow such flying at any time when pilots are on furlough.

Sincerely,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Continental



Continental Airlines, Inc.
1600 Smith
Houston, TX 77002

Tel 713 324 5000

April 1, 2005

Captain Duane Woerth
President
Air Line Pilots Association
1625 Massachusetts Ave. N.W.
Washington, D.C. 20036

Captain Jay Panarello
Chairman, CAL MEC
Air Line Pilots Association
3808A World Houston Parkway
Houston, TX 77032-2475

Dear Captains Woerth and Panarello:

This letter will confirm our agreement regarding the commitment of Continental Airlines, Inc. ("Continental" or the "Company") to maintain the tentatively agreed collective bargaining agreement (the "Agreement") between Continental and the Air Line Pilots Association, International ("ALPA" or the "Association").

This letter and the commitment it contains will become effective when the Agreement has been ratified in accordance with ALPA's ratification requirements and fully executed by the Association's signatories.

In consideration of the concessions provided by the Agreement, the Company agrees, to the extent and for the period described herein, to forgo certain legal rights that otherwise would be available to the Company in the event that a reorganization case under chapter 11 of the United States Bankruptcy Code is commenced by or against the Company.

Specifically, Continental commits as follows:

Continental believes that the wage, work rule, and benefit concessions provided by the Agreement and the reductions provided by Continental's other employee workgroups will be sufficient for it to execute a successful business plan in connection with the negotiations for the tentatively agreed collective bargaining agreement that will allow the Company to survive the difficult economic circumstances existing today and to prosper in the future. The Agreement has been negotiated in good faith by both parties with precisely that objective. Should Continental nevertheless seek relief under Chapter 11 of the Bankruptcy Code, or should another party file a petition for Chapter 11 relief with respect to the Company, in either

case, within one (1) year from the effective date hereof, then for the period ending eighteen months from the effective date hereof, neither Continental nor any affiliated debtor will file or support any motion or application seeking modification or rejection of the Agreement pursuant to §1113 or modification of pilot retiree benefits under §1114 of the Bankruptcy Code or file or issue a notice of intent to terminate the Continental Pilots' A-Plan (*i.e.,* the new Defined Benefit Retirement Plan for Continental Pilots); provided that, the foregoing restrictions will not apply if the Company's Board of Directors reasonably determines that (a) the Company's financial condition has materially deteriorated from the financial condition projected in the business plan presented to the Association (as adjusted to account for the data set forth in the Company's FIN STMT 02_25_05.XLS presented to the Association on February 25, 2005 and as further adjusted to account for the Company's forward fuel curve calculation also presented to the Association on February 25, 2005) (or is reasonably expected to materially deteriorate within the next ninety (90) days of such determination), whether because of general economic conditions or otherwise, and (b) such material deterioration presents or is reasonably expected to present a reasonable risk that the Company's future liquidity will be materially threatened, it being understood that a filing under Chapter 11 with respect to the Company will not, in and of itself, be considered as evidence of such material deterioration. However, prior to any such determination by the Company's Board of Directors and the Company's filing any such motion or application or filing or issuing any such notice, the Company agrees to provide the Association with notice of the Board of Directors' scheduled deliberations with respect to such determination, to meet promptly with the Association on the amount of and reasons for the projected or actual material deterioration and the material threat to the Company's future liquidity, and to discuss with the Association possible alternatives to such determination and such motion, application, or notice as applicable. Additionally, in any such reorganization case, the Company agrees that it will not object to the appointment of an ALPA representative to the official committee of unsecured creditors (and if the Company is asked by the appropriate party for the Company's views regarding such appointment, then the Company will respond favorably thereto).

Nothing herein will limit the ability of the Company to seek relief pursuant to §1113(e) or §1114(h) if the Company's Board of Directors directs the filing of a motion or application for such relief following its reasonable determination that the Company is entitled to such relief under the standards of §1113(e) or §1114(h), as applicable (provided that, if the Board of Directors directs such motion or action, it may also authorize any action that is a prerequisite to seeking relief pursuant to §1113(e) or §1114(h) to the extent, but only to the extent, such other action is procedurally required in order to pursue relief pursuant to §1113(e) or §1114(g); it being agreed that (i) the Company would not pursue substantive relief under §1113(c) or §1114(g) pursuant to this proviso and (ii) to the extent legally effective for such purpose, the Association may at its option waive, in writing, a requirement, if any, for the Company to file a motion pursuant to §1113(c) or §1114(g) as a prerequisite to seeking relief pursuant to §1113(e) or §1114(h) as applicable). Prior to a determination of the Board of Directors that the Company is entitled to relief under §1113(e) or §1114(h), however, the Company will provide the Association with notice of the Board's scheduled deliberations with respect to such determination, meet promptly with the Association to discuss the reasons for the potential determination, and discuss with the Association possible alternatives to such determination and such motion or application.

Waiver – Section 1113 protections

If, consistent with and as permitted by this letter, the Company files a motion or application for relief under § 1113 or § 1114, or a notice of intent to terminate the Continental Pilots' A-Plan, nothing herein will (i) relieve the Company from complying with the applicable requirements of the Bankruptcy Code and/or ERISA, (ii) prevent the Association from opposing such relief and/or termination, or (iii) otherwise be construed as the consent of the Association to such relief and/or termination.

Each individual executing this waiver letter is doing so only in his or her capacity as a representative of the entity that he or she represents, and not in his or her individual capacity. Accordingly, no director, officer, agent or employee of either party to this waiver letter will be charged personally or held contractually liable by or to any other party under any term or provision of this waiver letter or because of his or her execution or attempted execution hereof or any alleged or attempted breach hereof.

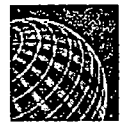
Very truly yours,
Continental Airlines, Inc.

By: /s/ Larry Kellner
Larry Kellner
Chairman and Chief Executive Officer

Agreed, this 1st day of April 2005.

By: /s/ Jay Panarello
Captain Jay Panarello
CAL MEC Chairman

Continental



Continental Airlines, Inc.
Flight Operations HQSFO
1600 Smith
Houston, TX 77002

Tel 713 324 8447
Fax 713 324 8540

April 1, 2005

Captain Jay Panarello
Chairman, CAL MEC
Air Line Pilots Association
3808A World Houston Parkway
Houston, TX 77032-2475

Re: Workers Compensation

Dear Captain Panarello:

This letter will confirm our agreement regarding Continental Airlines, Inc.'s ("Continental" or the "Company") commitment to maintain our current practice as regards the filing of workers' compensation claims.

Workers' compensation claims for injuries sustained while in the service of the Company may, of course, be filed in accordance with applicable state law, regardless of where the injury is sustained. However, Continental retains the right to challenge inappropriate filings and does not encourage forum shopping.

Very truly yours,

/s/ Fred Abbott

Captain Fred Abbott
Vice President, Flight Operations

Letter of Agreement
Between
Continental Airlines, Inc.
and
The Air Line Pilots in the Service of
Continental Airlines, Inc.
As Represented by
The Air Line Pilots Association, International

Regarding

Pass Travel While on LOL/LTD

THIS LETTER OF AGREEMENT is made in accordance with the provisions of the Railway Labor Act, as amended, by and between Continental Airlines, Inc. ("Company") and the Air Line Pilots Association, International ("Association").

WHEREAS the Company and the Association have determined to modify the Pilot LOL/LTD provisions of the Agreement dated June 25, 1998.

THEREFORE, the Company and the Association hereby agree that for the duration of the Agreement, the Company will provide SA3 passes for personal travel to pilots during their Eligible Disability.

THIS LETTER OF AGREEMENT will be effective on date of signing and will remain in full force and effect concurrent with the provisions of Section 30 - Duration, of the Collective Bargaining Agreement.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman

MEMORANDUM OF UNDERSTANDING

Between

CONTINENTAL AIRLINES, INC.

and

THE AIR LINE PILOTS

in the service of

CONTINENTAL AIRLINES, INC.,

as represented by

THE AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

Regarding

CAL Employment of Certain ExpressJet Pilots

WHEREAS, the Air LinePilots Association, International ("ALPA" or "Association) and Continental Airlines, Inc. ("CAL" or "Company") recognize that the expectations of certain ExpressJet ("XJT") pilots regarding their then apparently imminent hiring by CAL were dramatically upset by the events of September 11, 2001; and

WHEREAS, ALPA and CAL wish to clarify the specifics that will apply to the offers of employment to certain XJT pilots by CAL;

NOW, THEREFORE, the parties hereby agree as follows:

A. When CAL has completed the recall of all pilots currently on the Continental pilots' system seniority list and has need for additional pilots, it will offer the next 112 CAL new hire pilot positions to the 112 XJT pilots ("Pilots") named on the list attached to this Memorandum of Understanding ("MOU") in the order of their XJT seniority, and pursuant to the terms and conditions contained in this MOU.

B. Pilots will be offered employment at CAL, provided that they remain employed at XJT until such offer is extended by CAL, and provided further that CAL will not be obligated to offer employment to any Pilot who fails to satisfy CAL's normal pre-employment screening requirements, including criminal background checks, drug screening, and any other government-imposed requirements as well as a review of the pilot's flight and personnel records.

C. CAL will offer employment in accordance with its determination of the need for new hire pilots and will only delay the start dates of employment for reasons relating solely to CAL's business and Flight Operations needs. Offers will be extended in writing no less than fourteen (14) days prior to the first day of training. CAL will have no further obligation to any Pilot who, without CAL's prior consent, fails to report or to any Pilot who declines the offer of employment.

D. Effective on their date of hire at CAL, Pilots will be credited with the number of hours of sick and occupational injury bank at CAL as they had available at XJT on their last

day of employment at XJT. Thereafter, accrual of sick and occupational injury bank time will be in accordance with the terms of the CAL Agreement

E. Effective on their date of hire at CAL, Pilots will be credited with the same number of days of vacation (available to be used in the year of their hire) as they had remaining to be used in that year when they left their employment at XJT. Pilots' vacation accrual rates (prorated for their first year of CAL employment) will be the greater of:

1. The vacation accrual rate they had at XJT on April 1, 2002, or
2. The vacation accrual rate to which their years of service at CAL and the CAL Agreement otherwise entitles them.

F. Beginning on their initial date of hire, Pilots will be paid at the greater of:

1. The pay rate they were receiving at XJT on April 1, 2002 or
2. The pay rate to which their years of service at CAL and the CAL Agreement otherwise entitles them.

G. Pilots will be eligible to enroll in CAL health and welfare programs effective on their date of hire and will not be required to serve any waiting period for such benefits.

H. Effective on their date of hire at CAL, Pilots will have a pass boarding priority date calculated to include the time of their employment at XJT.

I. Effective on their date of hire at CAL, Pilots will be entitled to enroll in CAL's pilot 401(k) Savings Plan and will thereafter receive a CAL matching contribution in accordance with the CAL Agreement.

J. Except as otherwise expressly provided in this MOU, Pilots will be treated as CAL new hire pilots in all respects, and will be subject to the same terms and conditions of employment as are all other CAL new hire pilots.

AGREED, this 1st day of April, 2005.

Continental Airlines, Inc.:	Air Line Pilots Association, International:
/s/ Fred Abbott	/s/ Jay Panarello
Captain Fred Abbott Vice President, Flight Operations	Captain Jay Panarello CAL MEC Chairman