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IBT AIRLINE DIVISION

-and-

**UNITED AIRLINES (“UAL”)
and
CONTINENTAL AIRLINES (“CAL”)**

RALPH S. BERGER

Mediator

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REPORT AND RECOMMENDATIONS

Facilitated by Mediator Ralph S. Berger, meetings with business agents and representatives from the IBT Airline Division (David Bourne, Bob Fisher, Ed Gleason, Esq., Clacy Griswold, Paul Alves) were held on March 15, 2012, April 17, 2012, May 16, 2012, and June 12, 2012 to discuss a panoply of issues relating to the integration of seniority lists of mechanics/technicians currently employed by United Airlines (“UAL”), by Continental Airlines (“CAL”) and by Continental Micronesia (“CMI”). On June 20, 2012, shop stewards also participated, as did Denis Duffey, Jr., Esq., co-author of the Opinion Letter referred to below. Meetings of members of the Seniority Integration Committee followed. This Report and these Recommendations reflect the consensus reached by a majority of participants in the aforementioned meetings.

1. In accordance with the May 16, 2012 Opinion Letter issued by the Spivak Lipton law firm regarding the applicability of the Consent Decree (dated April 30, 1976 and amended on March 2, 1995) to seniority integration, a

“Company date of hire” approach with any adjustments should be utilized for purposes of lay off and recall. (See Article 4.D of the UAL contract.)

2. May 2, 2010 should be utilized as the date on which “constructive notice” of the UAL/CAL/CMI merger was given. Therefore, employees hired by UAL, CAL, or CMI after that date will be considered newly hired employees of the merged company for purposes of seniority.

3. Article 4 (Seniority) of the UAL contract should be used as a template. Section C.1 thereof will be modified to eliminate references to “classification seniority” and instead deal with “Craft seniority.” Employees hired or transferred into a Craft will be placed on that Craft Seniority List on the first day they work in the Craft.

4. Ties in seniority shall be determined in the following manner:

a. Results of a coin toss will determine seniority order when there are ties in the merged list in the following order and will determine one place at each tie: 1-CMI, 2-UAL, and 3-CAL. Based on that coin toss, the Committee has determined that the first tie shall be in the order of CMI, then UAL, and then CAL. The next tie shall be broken by UAL, then CAL, and then CMI. The third tie shall be in the order of CAL, then CMI,

and then UAL. All subsequent ties are to be broken in this sequence throughout the remainder of the list.

b. Following the date of ratification, ties in Craft seniority with respect to all new hires hired on and after such date of ratification, should be broken first by Company seniority dates and then by giving preference to the employee with the lower number of the last four digits of his Social Security number. If a tie still exists, then birth dates in a calendar year will be examined (month and day only) with the earliest date in the year being the most senior.

5. Current language should be eliminated and replaced with language stating that once an employee has attained a Craft Seniority date, that date is retained when moving to other classifications within the same Craft.

6. Employees should have 120 days from the date of ratification to register any challenges to the newly integrated seniority lists. Absent a challenge within this period of time, the list will be considered correct and may thereafter be challenged only under extenuating circumstances. References to "classification seniority" should be eliminated in other paragraphs of this Section.

7. The amalgamated Agreement should specify that current UAL 4. G. refers to the loss of "Craft" seniority.

8. In terms of supervisory or special assignments, the Agreement should specify that employees promoted to said positions will continue to accrue seniority for only the first six months on a cumulative basis while working management. If a management or administrative employee desires to voluntarily return to a vacancy in a Craft covered by this Agreement, he may use his Craft seniority to bid for such available vacancy. No employee on the seniority list will be furloughed, surplusd or bumped as the result of a return to the unit of a management or administrative employee. Employees covered by the Agreement, including those with recall rights, at the time a vacancy occurs have priority to vacancies over those not covered, including those in supervisory positions who wish to return to a Craft position. When employees in management or administrative positions are involuntarily demoted, or reduced due to a Reduction-In-Force, they may exercise their Craft seniority to return to positions in Crafts in which they hold seniority. In no event will an employee be furloughed, surplusd or bumped as the result of a return to the unit of a management or administrative employee.

9. On the CAL side-Dates of hire for CAL employees will be the date of hire listed unless adjustments need to be made. There is a need for additional information from the Company in order to determine the dates of hire for CAL and CMI employees relating to pass through agreements. There is also a need to verify the accuracy of the dates.

10. On the CAL side-In terms of the management adjustments referred to above (see Paragraph 8), the “look back” period should not extend beyond January 1, 1999. One may continue to accrue seniority for six months; then seniority is frozen. This means that 180 cumulative days of time spent in promoted status during the lifetime career of any individual will trigger the provisions in Article 4. Company service will be adjusted in accordance with the terms of the Consent Decree (see Paragraph 1 above). An employee performing managerial duties may not come back until all those on furlough have returned or been afforded the opportunity to do so and have declined.

11. Employees working at CAL but with recall rights to UAL--UAL seniority should be reinstated for those currently working at CAL and holding recall rights to UAL. Said employees will regain their Consent Decree seniority as of the date of the amalgamation. For purposes of bidding vacancies outside their current station, these employees will be afforded the right to use their former UAL seniority. For the purpose of Craft seniority adjustments, CAL employees with recall rights to UAL will hold two positions on the seniority list, i.e., their s-CAL date and their s-UAL date. Their s-UAL date should not be used until certain triggers are met. They should regain their UAL craft seniority only in the following circumstances:

a. If a vacancy exists and a position is to be filled in a station where there is currently a s-CAL employee(s) with recall rights to s-UAL to that same station/point--If the vacancy is filled by recalling such employee from the recall list who is a current employee of s-CAL and he is the most senior bidder, then he will get his s-UAL seniority restored. If the station headcount has not increased by the above action, the vacancy will be offered to the next person with a bid on file. If the next person also has s-UAL recall rights, then he too will regain his former s-UAL class seniority. This will continue until the position is filled and the station headcount is increased to the desired level.

b. When the position is filled by system bid—if after amalgamation an employee is working at a CAL station and has recall rights to UAL, he may use his former UAL class seniority to bid a system vacancy at another station. If awarded the bid, he will regain his former UAL class seniority for all bidding purposes.

12. Leave adjustments

a. It will be necessary to adjust Company seniority of those s-CMI and s-CAL employees who did not accrue said seniority during times of furlough.

b. For those on the s-CAL and s-CMI seniority lists--it will be necessary to adjust Company service for leave periods in the same manner as those which have previously been adjusted on the s-UAL list. The current UAL language for adjustments should be utilized in this regard.

13. Outstanding issues: Once pass through agreement information is obtained from the Company, the dates of hire on the CAL side need to be determined. (See Paragraph 8 above.) Additionally, the following lists need to be created: Craft List, Consent Decree List, Furlough List, Station List, Lead List, Inspection List, and Management List.

Respectfully submitted,



RALPH S. BERGER

DATE: March 1, 2013