



District 142

Continental • ExpressJet • Micronesia • Gulfstream

Weekly Update



The Update Message from the International Association of Machinists and Aerospace Workers

Friday, January 12, 2007

Merger Talk Raises Pension Tension - Dear Continental Flight Attendant: Many questions have been raised since the press began reporting rumors of a possible Continental and United Airlines merger. The Machinists Union has not been contacted by either airline regarding the published merger rumors, nor do we have direct knowledge of any merger discussions. However, in order to protect our members at both carriers the Machinists Union must proceed as if a merger is imminent so we are prepared for any eventuality. Given the under-funded status of the Continental Airlines Pension Plan (CARP) and the history of United Airlines' pension plans, protecting Flight Attendant pensions is one of the important issues we are studying. As Continental Flight Attendants prepare to vote on a transition from Continental's plan into the IAM National Pension Plan (NPP), it is important to address the effects a merger could have on both plans. If a merger does occur and Continental Airlines is the surviving carrier, we believe the stability of the already unsound CARP will be shattered by the immediate inclusion of more than 20,000 United Airlines Flight Attendants and other employees. Single employer pension plans like CARP expect to grow gradually over long periods of time. The sudden addition of a significant number of participants would quickly create new benefit liabilities which CARP cannot absorb, forcing it to be frozen or terminated. If Continental survives a merger, CARP will not. Continental has already agreed to the NPP and because of its size, diversity, and healthy funding level the NPP regularly accepts large employee groups and can survive a merger with United. In the event United Airlines is the surviving airline, we fear the outlook for CARP would be just as bleak. When United was in bankruptcy they cut a deal with the Pension Benefit Guaranty Corporation (PBGC), the government agency that insures defined benefit pension plans, to terminate all of United's pensions. As part of the arrangement, United is prohibited from establishing any new pension plans for a ten-year period. United went to great lengths to dispose of the pension plans it sponsored and dump their liabilities on the U.S. government. United will not take over sponsorship of CARP or any other pension plan. In short, CARP has no chance of surviving a merger. Because no single employer controls the IAM National Pension Plan, the Machinists Union successfully negotiated the NPP to replace the failed United plans for our members – an agreement that was "blessed" by the PBGC. United's Flight Attendants, however, are not IAM members and were left without any pension. In fact, the only employees at United still earning a government insured, defined benefit pension plan are IAM members. Since both United and the PBGC have accepted the NPP for United's current IAM members, the NPP can survive a Continental-United merger. If Continental is not involved in a merger, CARP will still be under-funded and Flight Attendants' retirement security will remain endangered. If Continental and United merge, we are concerned that CARP will be a casualty of the merger regardless of which carrier survives. Because CARP's future is in jeopardy, it makes sense to transition into the NPP now. This will help freeze Continental's CARP liabilities for Flight Attendants, helping to preserve the lump sum option. At the same time, Flight Attendants can move forward with a fully-funded pension plan that will earn you additional retirement benefits. Flight Attendants already vested in a previous company sponsored retirement plan (such as CARP or a 401-K plan) carry over their time in the previous plan for the purposes of vesting in the NPP and qualifying for its generous early retirement benefits. Upon retirement, Flight Attendants vested in both plans will receive TWO retirement checks, one from CARP and one from the NPP. There are many

still unanswered questions regarding any possible Continental-United merger. One thing, however, is clear. The only secure retirement option for Flight Attendants is the IAM National Pension Plan. Sincerely and fraternally, Tom Higginbotham, President – Directing General Chairperson – IAM District 142.

District 142 will be conducting a ratification vote on an amendment to the IAM / CAL Bargaining Agreement covering “**PENSION BENEFITS**” while employed by Continental Airlines.

Ballots will be mailed to your address on file with the Union on January 17, 2007. Ballots must be received by District Lodge 142 no later than February 13, 2007.

Additional information and details will be forthcoming. Please make any address updates at:

www.iamdl142.org/fa or call District Lodge 142 at 816-452-6646.

ExpressJet Charter Update – Charter Flying (Corporate Aviation Specialist) Negotiations - Your negotiating committee – including your elected ExpressJet representatives from IAH, EWR & CLE – met with company negotiators yesterday to try and complete a Charter Flying Agreement. The company responded to the Union’s last proposal covering work rules, scheduling, and working conditions related to charter flying. There was limited progress on scheduling and other issues, but absolutely no progress at all regarding pay! The additional responsibilities, onerous working conditions, long duty days, and a laundry list of additional Flight Attendant duties, demand that we receive far more pay for this operation than the company’s first - and so far - only pay offer of 2 dollars per hour above the current contractual charter rates. Yesterday’s XJT pay offer did not improve by even one penny. So far the company refuses to budge on pay rates. You deserve far more money for working this operation and we will do everything we can to insure that you receive it. We are now in the process of confirming additional dates for further negotiations this month. We will keep you advised of further developments as they occur. Thanks for your understanding, patience and support. Sincerely and fraternally, Art Teolis, Julie Fritchen & Brian Wozniak, IAM District 142 General Chairpersons; and Charles Douglas (EWR), Nichole Washington (CLE) & Kate Romanausky (IAH), Negotiating Committee.

Continental Flight Attendants can now view a Pension Video entitled “Secure Your Future” that features fellow flight attendants discussing the differences and benefits of the IAM National Pension Plan as it relates to CARP. To view the entire video online, go to www.iamdl142.org/fa right now. Learn more about what you have to gain by transitioning to the IAM National Pension Plan. Visit the NPP website at www.iamnpp.org for more information.

We would like to encourage all members to attend your Local Lodge business meeting. Each base must have a quorum to conduct business. The following is a schedule for upcoming meetings:

Newark: Tuesday, February 13th, 3:00 p.m. at the Doubletree Airport Hotel.

Cleveland: Thursday, February 8th, 1:00 p.m. at 669 North Rocky River Drive.

Houston: Tuesday, January 16th, 1:00 p.m. at 15710 JFK Blvd.

Guam: Wednesday, January 17th, 4:00 p.m. at the Airport Conference Room.