



May 14, 2008

*Below is a continuation of our Merger Q&A series.*

*Please visit [nwaafa.org](http://nwaafa.org) for a complete list of previously answered questions.*

## Merger: Questions & Answers

*Question 21: What will happen to our 401K plan if we merge with Delta?*

*Answer:* In the event of a merger loans will in all likelihood be continued either by the NWA plan or transferred to the Delta plan. There are choices about how the 401(k) plan would be treated in a merger and some choices will be smoother for plan participants than others. In all events, individual accounts balances will be maintained. There is not an absolute requirement on plan sponsors to continue both plans or to maintain loans from both plans but it is highly unlikely that Delta would not accept NWA plan loans.

*Question 22: Is the NW pension plan underfunded or has NWA met its obligations to the pension fund? Which is accurate?*

*Answer:* The NWA pension plan is significantly underfunded, as is the Delta Plan. Significant underfunding has been a characteristic of airline plans generally for the past 5 to 7 years. A significantly underfunded status is a prerequisite for the special airline funding provisions of the Pension Protection Act of 2006 (<http://www.dol.gov/EBSA/pensionreform.html>). These provisions were enacted precisely to help these seriously underfunded plans. The extended funding provisions allow the plans that elect to have 17 years rather than 7 years to bring the plans up to an appropriate level of funding. There are specific formulas to determine the required levels of funding at certain times. Actuaries do this kind of calculation and certify what the plan's funding level, and therefore compliance with the PPA, is at required times. Underfunding, in a generic kind of way, is a determination that the assets in the plan are insufficient to meet all the liabilities (all the accrued benefits under the plan) under certain assumed asset valuations, interest rates on earnings in the future, and other factors. These are very complicated calculations and generally are done with extremely conservative rates and assumptions. This is not to say, though, that serious underfunding is not a great concern. Remember also that the plan liabilities include all accrued benefits that need to be paid out over the next 40 or more years so it is not a "today" kind of cash flow problem. There are still billions of dollars in these plans and paying current benefits is not an issue.

But, yes, the NWA plan is seriously underfunded.

The second piece is simply a statement that the company presently is meeting the current funding obligations required under the airline extended funding provisions of the PPA.

So, the answer is that both statements are correct – they are just saying different things.

*Question 23: When will the Delta Flight Attendants vote for AFA-CWA?*

*Answer:* The National Mediation Board (NMB) has scheduled the representational election at Delta allowing Flight Attendants to vote for the AFA-CWA. The schedule is as follows:

April 23, 2008 - Voting material mailed to all eligible Delta flight attendants

April 23, 2008 - Phone and internet voting will open

May 28, 2008 - Votes will be counted at 2:00 pm EDT

*Question 24: Northwest and Delta executives initially assumed a position of being anxious to see ALPA's seniority integration negotiations resolved before a merger is announced. Why, when neither management team has historically presumed to care what happens with its unions?*

*Answer:* Executives from both sides are concerned about seniority integration, but not because they would prefer to live in perfect harmony with their employees.

It may seem that both Delta and Northwest executives have a soft spot in their hearts for the contentment of their pilots. This public relations benefit to recent consolidation talks appears to be fading, with stories in the media now showing NW and DL executives have become more confrontational about ALPA's inability to settle seniority integration outside of binding arbitration.

Delta and Northwest senior managers cannot immediately reap the *enormous* benefits of airline consolidation if operations still exist independently. Case in point, the US Airways/America West merger: two years after an announcement, US and HP flight crews have not merged

operations. The “combined” carrier is not living up to its potential for investors or stakeholders, not the least of which are executive management teams.

But let’s not leave out the desires of hedge fund investors, who pumped capital into the bankrupt carriers in exchange for stock. This new breed of nearly unregulated corporate owners planned for their investments to exponentially increase when industry consolidation

*“We have some of the strongest scope and successor language in the industry...”*

occurred. They are by no means interested in long-term involvement with either airline. The goal was to get in, get richer and get out.

A delay in combining the operations of Delta and

Northwest is postponing projected earnings imagined when the reorganized carriers first emerged from bankruptcy. Senior executives want a merger to go smoothly strictly for financial reasons, not to win favor from employees.

Our focus needs to stay on our role in any merger. Flight attendants – not just pilots – deserve a seat at the table, fair and equitable seniority integration, and contract improvements on a par with the other employees who make this airline successful, and who will determine the ultimate fate of any merger.

*Question 25: I am a new hire, currently on probation. Will there be furloughs if Northwest merges with another airline?*

*Answer:* Neither executive team has indicated that furloughs are in the business plan. Northwest CEO Doug Steenland said in a press release that “every effort will be made to achieve [capacity reductions] through attrition.” According to Delta CEO Richard Anderson, “necessary reduction of approximately 1,300 positions” would be accomplished “through attrition, retirements, limited hiring and the introduction of...voluntary programs.” These statements were made in the context of each airline operating separately, without any merger agreement. Now that a merger has been announced executive management teams may implement other cost saving measures.

What is certain is that provisions in our contract protect us in the event of a reduction in force (see Section 12 – Filling of Vacancies; and Section 14 – Reduction in Force and Recall). But without a union contract and a voice in negotiations, flight attendants at Delta will continue to hear comments like this from Delta’s President and Chief Financial Officer Edward Bastian: “...we are deferring any decision on 2008 pay increases until we better understand the outlook for our business. We remain committed to moving toward industry standard pay over time; however, it is important that we proceed cautiously in the current economic and fuel climate.” Delta’s “policy manual” is subject to the winds of economic change and whim of senior executives. At Northwest, any change to our ratified contract, in the form of workrules, pay or benefits, must be negotiated. We have a contract with an amendable date that cannot be unilaterally altered. In the event we merge with another union

airline, our agreement remains in effect and is legally enforceable until a combined agreement can be reached that builds upon what we already have.

Delta flight attendants deserve a seat at the table and the protections of a union contract as members of the Association of Flight Attendants-CWA.

*Question 26: If federal regulators approve a merger with Delta Air Lines, are we still bound to the pay concessions sanctioned by the U.S. Bankruptcy Courts until 2011?*

*Answer:* Management has indicated that if the merger with Delta goes forward we will remain entirely separate workforces for a significant period of time while the details are put in place. If the Delta flight attendants win their union representation election in the meantime (the vote count will begin at **1400 EDT May 28**) we can then immediately start to negotiate for improvements in one combined contract.

If Delta flight attendants lose their representation election, there will be another election for the combined Delta/Northwest workgroup when the National Mediation Board (NMB) determines that the merger has taken effect and created a “single transportation system.” That NMB determination is unlikely to occur until early 2009, the current expectation for combining operations according to NW/DL executives. If we win that second election, we would immediately begin to negotiate for improvements in one combined contract.

If we lose both elections, we will lose our union representation and our contract, and it will be up to Delta management to decide our pay and workrules. With no contract to follow and no collective bargaining rights, bankruptcy era concessions could stay in place well beyond 2011, and we would have no legal right to negotiate improvements.

*The first line of defense in protecting our contract and our bargaining rights is to eliminate the risk of losing our union at Northwest.* It is in our best interest to organize Delta flight attendants to preserve our 60-year history of union representation at NWA. Delta flight attendants deserve a seat at the table as well. Offer to help Delta flight attendants in their fight to win representation for the first time in Delta history. Volunteering at a Get-Out-The-Vote call center during the Delta AFA-CWA representation election is the easiest way to show our support, and winning this election is the best case scenario moving into this merger. Contact flight attendant activists for more information at: [gotv@deltaafa.org](mailto:gotv@deltaafa.org). Call centers open in ATL, DCA, FLL, and SLC.

*Question 27: If DL votes in AFA, how soon can we start negotiating a new contract?*

*Answer:* Immediately. As described above, if AFA-CWA wins the Delta election we would start negotiations for a contract covering the combined flight attendant workforce. We’ll be seeking improvements in pay and workrules and will take advantage of the merger to renegotiate our contract. But, first things first: we won’t have an opportunity to negotiate unless we help the Delta flight attendants win their representation election, or, if necessary, we win an election for the combined work-

force when the merger goes forward. The sooner we get to the bargaining table the better; we want to get an early start on our negotiations, so we need to make sure AFA-CWA wins representation rights for the combined group.

Our AFA-CWA leaders, negotiators and attorneys are prepared to fight to restore what was lost in the bankruptcy era. We can participate in this fight by helping to bring Delta flight attendants the strength of the world's largest flight attendant union as we join forces together at the world's largest airline.

*Question 28: Depending on who's doing the talking, this deal with Delta is either a "merger" or an "acquisition." Does it matter which term is used, as far as our scope language and seniority protections are concerned?*

*Answer: The words "merger" and "acquisition" can certainly evoke different reactions. One sounds more like a partnership, a marriage of equals, while the other seems to imply control, something dominated or owned. While our emotional reactions to these words are very real – especially when details of the proposed transaction remain guarded – no matter what management or the media call this deal, the reality is that job security, seniority rights and scope protections in Section 1 of our contract remain unaffected by semantics.*

We have some of the strongest scope and successor language in the industry, the culmination of years of collective bargaining with union representatives determined to protect us in exactly a moment like this in airline history. Northwest management has always fought to dilute the protections we've gained in Section 1. Even in bankruptcy, though, we knew that allowing the Company to chip away at this language would only subject us to an uncertain future in a world of consolidation. Our seniority protections in Section 1.E. (Labor Protective Provisions, or LPPs) are augmented by legislation in this year's Omnibus appropriations bill which created a minimum standard of "fair and equitable" seniority integration in a merger. Even more important than that federal authority is the Seniority Merger Policy and Procedures in Section X of our AFA-CWA Constitution and Bylaws, which guarantees that when two AFA-CWA-represented carriers engage in any consolidation transaction, the full, current seniority of each flight attendant shall be protected.

Our contract, the new federal law and the AFA Constitution and Bylaws have all been drafted very broadly so that the protections apply whether the transaction is labeled a "merger," or an "acquisition," or something else. As a practical matter, we still have the same protections regardless of what the airline executives call this deal.

We realize that none of these practical protections will eliminate our natural reaction to the words "merger" and "acquisition." Our emotional connection to our history as Northwest flight attendants and our perceived loss of that identity in the near future may cause many of us real anxiety. In the coming days and weeks, our EAP representatives will be providing helpful information and support as we begin this phase of our careers together with our peers at Delta.

*Question 29: Is it true that Delta is interfering with the representation campaign and preventing AFA-CWA ac-*

*tivists from speaking directly to other flight attendants at bases?*

*Answer: Voting in the Delta flight attendants' representation election began on April 23 and, as expected, Delta management is continuing its years-long battle to prevent its employees from attaining power at the bargaining table.*

Reports have come in from around the Delta system already this afternoon, citing subtle and not-so-subtle intimidation of flight attendant activists by Delta managers. From Boston to Los Angeles, AFA-CWA supporters at Delta have been harassed and threatened by Inflight management for attempting to answer election questions for colleagues, or for distributing information to others interested in union representation.

While this is no surprise to those of us who have any experience with the anti-union tactics at Delta, many Northwest flight attendants almost

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can't imagine this kind of blatant violation of our right to organize. In fact, if management at Northwest were to attempt such intimidation against us for participating in our union, we have a contractual right to representation in our defense.

The Railway Labor Act (RLA) states, "No carrier, its officers, or agents shall deny or in any way question the right of its employees to join, organize, or assist in organizing the labor organization of their choice, and it shall be unlawful for any carrier to interfere in any way with the organization of its employees..." Twenty-six members of the U.S. Senate sent a letter to both Richard Anderson and Doug Steenland, in anticipation of the Delta vote, urging neutrality in this election. Your union leaders at Northwest AFA-CWA and the Delta AFA-CWA Organizing Committee sent a similar letter to Anderson two days after the merger announcement. You can add your name to this letter by signing a petition at [www.petitions.com/petition/RAAnderson/?e](http://www.petitions.com/petition/RAAnderson/?e).

On April 24, AFA-CWA International Vice President Veda Shook testified in front of the House Committee on the Judiciary at its Taskforce on Competition and Policy Antitrust Laws hearing, "Competition in the Airline Industry." Veda echoed our MEC and LEC leaders in support of the right of our colleagues at Delta to finally attain representation without interference, and in recognizing the conditions that must be met for a merger to be successful for all airline employees. Please visit the Government Hearings and Documents page of our website, [nwaafa.org](http://nwaafa.org), and click on the icon to watch this important hearing. Members of Congress will be able to ask questions of the participants, and will bring their recommendations to the Department of Justice before it issues a decision on the merger. A Senate hearing was held as well, and written testimony was provided from AFA-CWA to the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights on "An Examination of the Delta-Northwest Merger."

## Got questions? Get answers!

AFA-CWA leaders want to know what's on your mind. Now, [questions@nwaafa.org](mailto:questions@nwaafa.org) is the best way to get accurate answers to the merger questions everyone's talking about. We will feature two questions per week, which will appear in a special Merger Q & A email. If the facts are important to you, send us your questions today. We'll use the most common and most illuminating questions to help everyone comprehend the issues surrounding a potential merger. Call **888-3-NWA-AFA** or **800-424-2401** (press 1, then 170#) for weekly hotline updates. Sign up to receive union emails at [www.nwaafa.org](http://www.nwaafa.org).



## Brace for IMPACT!

The MEC Member Engagement Committee has launched a new team of member advocates, **IMPACT** (Informed Membership Participation & Activism Communications Team).

**IMPACT** Leaders will serve as informed member advocates while flying the line. **IMPACT** Leaders will provide current and factual information to the membership and deliver feedback from the members to the Member Engagement Committee. This input will then be passed to officers or committees in order to keep a finger on the pulse of the membership and address questions and concerns. Nothing can replace one-on-one, member-to-member communications. **IMPACT** Leaders will be assigned ten fellow Flight Attendants to call and keep informed as part of a system-wide phone tree. As an **IMPACT** Leader, you are the conduit through which this dialogue between the members and officers is maintained.

We will be providing **IMPACT** Leaders with brightly colored bag tags and lanyards that will identify them to members as informed member advocates. In our communications, Flight Attendants will be advised that they are welcome to approach an **IMPACT** Leader to ask questions, receive information and offer feedback.

If you are interested in becoming a member of **IMPACT**, please contact our Member Engagement Committee:  
**IMPACT@nwaafa.org**



Northwest Flight Attendants  
Association of Flight Attendants-CWA, AFL-CIO  
501 Third Street, NW  
Washington, DC 20001

