



March 4, 2008

Merger: Questions & Answers

The following questions and answers regarding mergers have been researched by AFA-CWA attorneys. As additional information is gathered, it will be reported in hotline messages, on Union bulletin boards, and on Local and MEC websites. Archived Q&As will be listed on the "Email Communications" page of our website, nwaafa.org.

Question 1: If there's a merger, could we lose our Union representation and our contract?

Answer: Yes, we could. If there's a merger, there will be a representation election at the merged airline unless the other group of Flight Attendants is already part of AFA-CWA. If less than a majority of the combined group casts a vote we would lose our union and our contract immediately.

Here are two possible scenarios if Northwest and Delta announce a merger (the most probable consolidation, according to industry analysts):

Scenario A: If Delta Flight Attendants enter a Northwest merger *without* union representation.

If the Delta Flight Attendants are still non-union at the time of a merger, the National Mediation Board (NMB) will call a representation election for the entire combined group of flight attendants from the two airlines. This election is automatic if at least 35% of the combined Delta and Northwest Flight Attendant workforce either belongs to a union or has signed a union card. Delta presently has about 14,000 Flight Attendants (thousands of whom have already signed AFA-CWA cards) and Northwest has about 8,000, so we would meet that 35% threshold ($14,000 + 8,000 = 22,000 \times 35\% = 7,700$ either represented by or having signed a union authorization card).

Then we would have to win the election, and that requires 50% + 1 of the combined workforce to cast a vote (or, using the approximate numbers above, 11,000 + 1). Not casting a vote has the same effect as voting against Union representation. Once we meet the threshold of 50% + 1 turnout, then all we need is a majority of the votes CAST. If we assume the example of a combined workforce of 22,000, we will need 11,001 voters to participate, and of those we would need 5501 votes for AFA to win.

If a majority cast a vote, then the union with the most votes wins. If less than a majority cast a vote, we would lose our Union representation and our contract.

Scenario B: If Delta Flight Attendants enter a Northwest merger *with* AFA-CWA as their Union.

If Northwest merges with Delta, and DL Flight Attendants vote in AFA-CWA as their Union before the NMB declares the merged airline to be a "single transportation system," then both groups are part of AFA-CWA, and Union representation would continue. We would still have the protection of our current contract, until we negotiate a new one for the combined group.

Question 2: We know the Delta Flight Attendants are in the middle of an organizing campaign. If they file for a representation election before a merger is announced, will the election proceed?

Answer: National Mediation Board precedent indicates the election would go forward, regardless of a merger announcement. For example, when US Airways announced an acquisition and merger with Pacific Southwest Airlines (PSA) in the 1980s, the PSA Flight Attendants quickly petitioned for an election in order to protect their seniority. The NMB went forward with the election despite the pending merger, allowing the PSA Flight Attendants to vote in AFA in time to lock in their seniority. (According to the AFA-CWA Constitution and Bylaws, the "seniority date" is "*the date from which each flight attendant accrues competitive [bidding] seniority as a flight attendant on her/his current seniority list.*")

Question 3: What will happen to our seniority?

Answer: After intense pressure from AFA-CWA activists, new seniority merger protection language in the omnibus budget bill recently passed through Congress despite objections by airline lobbyists. This now provides a seniority "floor" in airline mergers, but not

complete seniority protection. If there's a merger with a non-Union airline (for example, if Delta FAs are not yet organized at the time of the merger), then the law provides a process for "fair and equitable" seniority integration, up to arbitration by an outside arbitrator if the parties cannot agree on terms. This should prevent what happened to the TWA Flight Attendants when they were stapled to the bottom of the American seniority list, but it isn't foolproof: US Airways pilots thought they would end up on top using an identical process, yet the arbitrator ultimately ruled against them and they *lost* seniority.

Now, more than ever, we need to show our unity - to management, to each other and to the Delta Flight Attendants.

If the Flight Attendants at both of the merging carriers belong to AFA-CWA, then seniority will be integrated on the basis of the merger policy in the AFA-CWA

Constitution and Bylaws, which supercedes federal legislation in such cases. Under AFA-CWA policy, everyone's full current seniority (as defined in the C&B) at both carriers is protected, and the lists are merged together on that basis.

Question 4: Do we have to vote again?

Answer: If the Delta Flight Attendants win AFA-CWA representation in a separate election prior to the merger, then there would be no need for the Northwest Flight Attendants to vote again. *But if the Delta Flight Attendants are still non-union at the time of the merger, then there will be another vote* to determine Union representation for the combined Flight Attendant workforce. As noted earlier in this Q & A, that election will be held under NMB rules.

Like previous representation elections, *at least 50% + 1 of the combined Flight Attendant group must cast a vote, or the result would be no union and no contract.* If less than a majority of the combined workforce casts a vote we would lose our contract -- including our scope language and all Union representation -- immediately. Management would then be free, for example, to outsource our flying, change our scheduling rules, cut our sick leave, or do anything else they wanted to do. *That's why it is so important that we all stand together and that everyone cast a vote for AFA-CWA representation if there is an election.*

Question 5: Delta seems to have it much better than we do, so why do we need a Union?

Answer: Delta *does not* have it better overall than we do. In fact, many of DL's workrules are much worse than ours. Things we take for granted are unheard of at Delta, like having access to the seniority list to guard against seniority violations. And, things that we have fought for at Northwest are not part of the "policy manual" at Delta - they have no 4:15 minimum duty day, and sick time cannot be carried over into the following year. There

are many other examples where their current workrules at Delta are worse than ours, but remember: *the biggest difference is that there is no legally enforceable contract at Delta and management can and does change the pay, benefits and working conditions whenever it wishes.* If Delta management decides to cut their pay, change their seniority or outsource international flying, they just do it because there's no legally binding contract to prevent it.

Delta's Flight Attendant unit costs are the lowest of the major legacy carriers, substantially lower than ours, overall. Ask yourself, if their costs are lower, what's the first thing the controlling management group will try to do after a merger? If there's no contract and no Union, management will cut our costs even more to bring us in line with Delta. Don't fall for the management propaganda: yes, Delta's hourly rates are higher than ours, but the full package doesn't add up. Management would love to have a free hand to outsource our jobs and impose conditions even worse than those forced upon us by the U.S. Bankruptcy Court. If you're not crazy about this concessionary contract, negotiated under the constraints of bankruptcy, *imagine your life without any contract.*

Question 6: What is the Union doing for us?

Answer: Your Union leaders have adopted a strategic action plan to secure our contract and our representation rights in the event of a merger. AFA-CWA's professional negotiators and attorneys are working closely with our Northwest MEC leadership to monitor developments and prepare for a merger. Once there's an announcement of a merger involving Northwest, we will evaluate the specifics and determine our best course of action. We have already set the groundwork by establishing conditions for support of a merger, and we will be aggressive in pursuing an agenda that protects the rights of all Northwest Flight Attendants. Any merger plans that are announced will be reviewed with respect to our scope language and appropriate steps will be taken to enforce our Union contract.

We also are working hard to organize the Delta Flight Attendants so there won't need to be another election for the combined group. *If Delta Flight Attendants come into a merger as part of AFA-CWA already, we eliminate the risk of losing our contract and our Union representation.* We have redoubled our efforts to mobilize Northwest Flight Attendants in support of organizing efforts at Delta as our best first line of defense. We are focused on retaining our contract and our representation rights, and preparing for negotiations in a post-merger environment.

Question 7: No way do I want to lose our contract and our Union. How can I help?

Answer: Get involved in your future! Volunteer to spread the facts about Union membership to our peers at Delta and within the ranks at Northwest: Contact your

LEC officers today (contact information can be found on our website at nwaafa.org). If we all volunteer to grow our Union by bringing AFA-CWA to Delta Flight Attendants, we will help protect our contract, maintain our Union representation, and increase our strength at the bargaining table during the airline industry's profit surge in consolidation.

Question 8: Why should I wear my Union pin?

Answer: The AFA-CWA pin is the outward sign of support for our Union. Now, more than ever, we need to show our unity - to management, to each other and to the Delta Flight Attendants. Management monitors how many Flight Attendants are wearing a pin as a way to gauge how strongly we support the Union, whether in an organizing campaign or during ongoing negotiations. Wearing the pin is the easiest way of showing that we are unified and working together to protect our contract and our representation rights. If you don't have a Union pin, contact a Local Executive Council officer (information available on the "Contact" page of our website, nwaafa.org).

Question 9: How can I stay informed about what's happening in my Union?

Answer: With so much at stake, it more important than ever to stay informed and stay involved. There is a lot of misinformation circulating from management and others. We will provide you the latest info and accurate facts as the process unfolds. Visit your Local and Master Executive Council websites, read what's posted on Union bulletin boards throughout the system, sign up for Union email (http://www.unionvoice.org/nwa_afa/join.tcl). And become active! Ask questions, get answers, and share your knowledge with other Flight Attendants. It is *our* Union, it is *our* future, it is *our* shared responsibility to protect it.

Question 10: What happens to our frozen pension plan if we merge with Delta?

Answer: Most likely, nothing will happen to the NWA Defined Benefit Pension Plan (the NWA DB Plan).

Outside of bankruptcy, the NWA DB Plan can only be terminated in one of two situations: First, any defined benefit plan can be terminated *only* when the plan is fully funded. (This is known as a *standard termination*.) But the NWA DB plan is significantly under-funded, so a standard termination is not possible. Second, a *distress termination* is possible when the plan sponsor (a) proves that it will only be able to stay in business if the plan is terminated, or (b) shows that the costs of the plan "have become unreasonably burdensome ...solely as a result of a decline of" the workforce covered by the plan, and (c) the federal government's Pension Benefit Guaranty Corporation (PBGC) approves such termination. In the context of a merger, a distress termination is highly unlikely. If a plan is "terminated" it does not disappear; it's turned

over to the PBGC and the agency administers the plan going forward, guaranteeing the accrued benefits up to a limit. The vast majority of Flight Attendants fall within the limits so their accrued benefits would be protected. Under the extended airline funding provisions of the Pension Protection Act of 2006 (PPA), which both Delta and NWA have elected for their DB Plans, we believe it likely that both plans will remain frozen at least until required levels of funding under the PPA are achieved.

Question 11: What's the pension situation at Delta; didn't they dump it on the PBGC?

Answer: No, Delta did not terminate its DB Plan and turn it over to the PBGC. Delta converted its Flight Attendants' traditional defined benefit plan to a cash balance plan in 2003. Their plan was frozen in late 2005. The Delta plan does have federal benefit guarantee protections from the PBGC, just like our NWA plan.

Unlike the NWA DB plan, under the Delta Cash Balance Plan, there is an *offset for Social Security benefits*. This means that the benefit calculated and paid under the terms of the DB Plan are *reduced* according to a formula based on Social Security benefits received by a Plan participant. That offset persists even though the Plan is frozen, and it is now subject to litigation.

If we maintain our union and our contract we negotiate our own future on pensions and other issues. If we lose representation, our contract will cease to exist and we'll be at the mercy of Delta management, or whoever runs the combined airline, as to future pensions and related issues. Our current frozen plan would stay in place (until such time as it could be terminated as described above) but it would be up to management to decide on any additional benefits or improvements to the Plan that are allowed under the Employee Retirement Income Security Act (ERISA) or the PPA. While the plans remain frozen, new hires would not accrue benefits or vesting service credit even though they might meet the definition of an employee under the plans.

Question 12: If the Delta Flight Attendants are still non-union at the time of a merger and the National Mediation Board calls for a representation election for the entire combined group of flight attendants from the two airlines, will the ballot will say specifically AFA, as in "Do you want AFA-CWA as your bargaining representative?" or will it simply say "Do you want union representation?"

It is our Union, it is our future, it is our shared responsibility to protect it.

Answer: The ballot will have AFA-CWA listed by name, along with a line for a write-in vote for another union. Any other union that can demonstrate support of at least 35% of the combined workforce can also be on the ballot.

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Got questions? Get answers!

AFA-CWA leaders want to know what's on your mind. Now, 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 **888-3NWA-AFA** for weekly hotline updates.

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
866-795-4AFA (press option 4)