



# United/Continental Merger News



October 2010

[www.unitedafa.org](http://www.unitedafa.org)

October 1, 2010

Ladies and Gentlemen:

Today is an historic day for our airline as the financial merger transaction closes and the new United Airlines is established. Our future is bright as this merger provides great opportunity for us. The true benefit of a merger is realized through an operational integration and Flight Attendants are a key part of that process and the future success of United Airlines. Airline management has great incentive to work with labor to achieve operational integration and our Union is prepared to protect and advance our careers every step of the way as the world's largest airline can also become the world's best airline.

At the heart of any successful merger is collaboration to bring the best qualities of each formerly separate entity together. As Union Members we know what can be accomplished when we stand together and bring out the best in each other. The success of United Airlines and our participation in that success will be directly related to our Solidarity. With great opportunity often comes great challenge. The hard work is still before us. There is no doubt that we are ready to take on any challenge in light of these opportunities to advance our careers.

Let us understand the process and take each step together as it comes. To date we have taken part in the first phase of a merger with critical oversight by participating in Congressional hearings and conducting numerous transitional discussions with management. During this first phase we also sought an immediate cooperative agreement with the current collective bargaining representative of Continental Flight Attendants to capitalize on the leverage this merger creates by working together as soon as possible. Today, despite the close of the corporate transaction there will still be two separate airlines until a number of important issues are resolved.

As integration begins with the second phase of the merger, passengers and employees won't see many immediate changes as a result of the deal closing. Some signage may change and we will start to see new airplane livery, but both United and Continental Airlines will largely operate as they do now. Each airline will run its own customer-service and marketing activities with separate workforces as work intensifies to bring the companies together.

By 2013 the third and final phase of the merger will take shape after a complete integration of the two airlines. Our new Company expects to generate up to \$900 million more a year in revenue than the two generated separately and realize up to \$300 million in cost savings. The goal is a large, well-run company that generates about \$30 billion in annual revenue by carrying about 144 million passengers to 370 destinations in 59 nations. This holds promise for all at the new United Airlines.

The integration phase of this merger is not going to be that simple. There are huge labor and operational components that will have to be harmonized in order for those efficiencies to be obtained. While it makes analytical sense, integration can only be accomplished by dedication and commitment to a successful outcome that recognizes the hard work of Flight Attendants and other front line workers. Integrating United and Continental airlines – bringing together the very different operating styles, workforces, fleets and corporate cultures - in a way that works for our community and the passengers we serve will be an enormous undertaking.

As the new airline adopts the United name, our Company is targeting early 2011 to start blending passenger-service operations. Shared check-in kiosks and airport signs will appear next year in a process called "Customer Day One." Other operational changes such as considerable training and joint websites probably won't occur until about 2012, when United expects to receive a Single Operating Certificate from the FAA.

*“ Together we can negotiate not only the goals for pay, benefits and work rule improvements defined by you but also those that are reflective of the potential associated with a world-class global airline. ”*

*(Letter continued on page 2)*



(Letter continued from page 1)

We begin the integration phase today and already there have been new management appointments, and a good amount of work intended to begin alignment of policies and practices for both employees and passengers. An election for Union representation, seniority integration, more negotiations and the issuance of a Single Operating certificate by the Federal Aviation Administration are all critical and important milestones to be accomplished before the practical effects of the merger are realized. It will take another 12 to 18 months before an operational integration will take shape in earnest.

For us, seniority integration (reviewed in detail on page 5) and Contract negotiations (reviewed in detail on page 8) are on the horizon. Before either of these issues are resolved our community will make a major decision for our future. In accordance with the regulations overseen by the National Mediation Board (NMB) we will choose a Collective Bargaining representative (reviewed in detail on page 3). This will be a seminal moment for our community and our future rests upon the outcome of this election.

The process is fairly straightforward; however, it will be complicated by competing interests between our community of Flight Attendants and the representative of the Continental Flight Attendants who seeks to challenge our right to retain dedicated Flight Attendant representation at the new United Airlines.

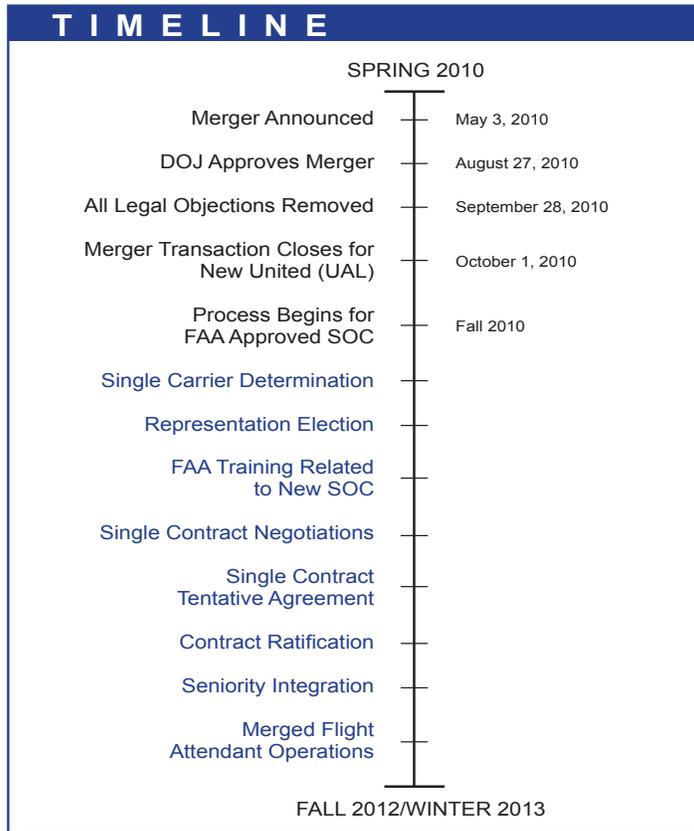
During the course of a lifetime, most of us only make a few truly major decisions. These might include whether or not to change jobs, what college to attend, who to marry, how many children to have, which home to buy, when to retire, and with whom shall we align our interests, hopes and aspirations in friendship. These comprise some of the most important and difficult decisions we ever make. Yet there are other decisions we make that also hold major consequence. For example, we elect representatives to our local, state and federal government. Often we align our decision-making with those representatives who we share like values and have a proven track record, those who are responsive and understanding. Electing a collective bargaining representative is another major decision for our future.

Prospects for the eventual integration of the two airlines' Flight Attendants will improve significantly upon the conclusion of the requisite representation election. The combined United/Continental route network offers clear opportunities for the post-merger Flight Attendants. The depth and breadth of the combined route network, together with our focus on improved pay, benefits and working conditions will put our airline in a strong position to deepen its global reach and improved prospects for everyone.

United Airlines Flight Attendants made this day possible with our hard work and sacrifice. For an airline merger to be truly successful, it has to be a partnership benefiting employees, management, shareholders, and passengers. In the best interests of this merger we have an opportunity to change the current dynamics in our negotiations. It is the right time for our airline to make a fresh start by finishing the business of shared sacrifice and shared reward. Recognize the opportunity before us as we work to set our airline apart to lead the industry. This is the time for United Airlines Flight Attendants to bring home the industry's leading Flight Attendant Contract.

We anticipate a positive future ahead for United Airlines and our community of Flight Attendants. As we move forward and welcome Continental Flight Attendants we will continue to explore the range of opportunities for our community throughout the merger - careful to preserve our rights so as to be able to take advantage of all options available to us. Together we can negotiate not only the goals for pay, benefits and work rule improvements defined by you but also those that are reflective of the potential associated with a world-class global airline. Our Solidarity will lead us to our future success.

In Solidarity,  
  
Greg Davidowitch, President



“ Electing a collective bargaining representative is another major decision for our future. ”



## Merger Process

On May 3, 2010 United and Continental announced a merger. Mergers are complex transactions with various steps to complete prior to an operational integration. This timeline includes the steps that would lead to an integrated Flight Attendant operation.

### Shareholder Approvals

September 17, 2010 the Shareholders of each airline approved the merger.

### Government Approvals

August 27, 2010 the **Department of Justice (DOJ)** approved the United/Continental merger.

September 2, 2010 the airlines announced the new United will submit a plan to the **Federal Aviation Administration (FAA)** for approval of a Single Operating Certificate - retaining the Continental operating certificate and the United repair station certificate. Currently, United and Continental each have an air carrier certificate and a repair station certificate. Continental Micronesia currently has a separate operating certificate. United's plan is to combine Continental Micronesia with Continental under one operating certificate in advance of the integration between United and Continental.

Once a plan is approved by the FAA it could take up to 15-18 months for finalization and award of a Single Operating Certificate (SOC). Executives expect the SOC to be awarded by the FAA in the first half of 2012.

### Objections

September 28, 2010 – all legal objections dismissed from court.

### Merger Transaction Close

October 1, 2010 the merger transaction closed and the new United Airlines was established. The operational merger is critical for the “synergies” that executives tout will produce \$1 billion cost savings and revenue generation by 2013.

“In order to get the synergies and cost benefits, you really have to go to a single entity,” said airline consultant Robert Mann at RW Mann & Co in a September 29, 2010 Reuters article.

The incentive for executives to achieve an operational merger creates leverage for us in negotiations for a single Contract - where we work together with former Continental Flight Attendants to create the industry's leading Flight Attendant Contract for all of us.

## Representation

In a merger where two different Unions represent the same craft or class of workers and each of the Unions represent at least 35% of the combined work group; typically there is call for a representation election. In order for the election to move forward the National Mediation Board must first make the determination the new company qualifies as a “single carrier.”

### Application for NMB Single Carrier Determination

After the merger transaction closes and the new United Airlines is established, the Unions may file an application with the National Mediation Board (NMB) seeking an investigation to determine whether the new United is a “single transportation system.”

There are numerous criteria used to determine this including:

- published combined scheduled or combined routes;
- standardized uniforms;
- common marketing,
- markings or insignia;
- integrated essential operations such as scheduling or dispatching;
- centralized labor and personnel operations;
- combined or common management corporate officers and board of directors;
- combined workforce; and
- common or overlapping ownership.

It may not require each of these criteria to be met prior to the NMB making a single carrier determination. AFA will file an application for an investigation when we believe there is sufficient evidence for the NMB to determine the new United is a single transportation system.

During the NMB's investigation – conducted on a case-by-case basis for each individual work group - AFA remains the certified representative of the United Flight Attendants and continues to administer the United Flight Attendant Contract.

### Single Carrier Determination – Single Transportation System

Following an investigation, the NMB finds that the merger of United and Continental has created a single carrier. Once this step is completed AFA-CWA will file an application for a Union representation election, including the combined United/Continental Flight Attendant workforce.

### NMB Representation Election

The NMB establishes an election period including dates for the tally and final count. Preliminary discussions with the NMB indicates the agency is aware of issues unique to international mail and potential remedies to provide for smooth voting procedures in all locations. Balloting instructions will be sent by the NMB to the Flight Attendants' home address on file with the airline. The NMB typically conducts an electronic voting process.

*(Continued on page 4)*



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### **Certified Bargaining Representative**

If a majority of Flight Attendants make the decision to retain our representation in the Union of Flight Attendants and for Flight Attendants, AFA wins the election and becomes the certified bargaining representative for the new United Flight Attendants. AFA would administer both pre-merger Contracts separately for each group, with Flight Attendant representatives from each pre-merger airline, until a single Contract is negotiated. With AFA as the representative, our Contract goals are determined by all Flight Attendants through new surveys and our negotiations are focused solely on Flight Attendant issues. The Negotiating Committee would include representatives from each pre-merger airline and this committee would work with our professional negotiators, attorneys and other advisors to achieve our collective goals for improvements in a new single Contract.

### **Seniority Integration Process**

Review this process on page 5 of this newsletter.

### **New Single Contract Negotiations**

A review of negotiations is included on page X of this newsletter. Once negotiations conclude with a Tentative Agreement, the combined Flight Attendant AFA Members will vote on ratification of the new single Contract.

### **One Contract / One Seniority List**

AFA holds the combined seniority list, reviewed by all Flight Attendants in the combined workgroup, until a new Contract is negotiated and ratified. Management is encouraged to work with us for a new single Contract in order to complete the operational merger with the integration of Flight Attendant operations with the combined seniority list.

## **Ask Questions – Get the Truth**

**T**here is a great deal of misinformation circling through social media, email and word of mouth. Be sure to check the facts with your Union. This merger will bring change and there's enough to keep up on without creating more stress or concern based on false information. AFA will post the latest information and answer your questions as they come. Please check the official information from AFA, and ask questions when you have them. The following are some answers to questions we have already received.

### **Contract**

#### **In a merger does one Flight Attendant Contract act as the surviving Contract for the combined group?**

No. The Contract for each respective Flight Attendant group remains in place until a single Contract is negotiated and ratified by the combined Flight Attendant workforce. If AFA represents the combined work group, our Union negotiates for a new single Contract with the best provisions from each separate Contract based on the goals defined by the entire Flight Attendant community at the new United Airlines. The Negotiating Committee would include representatives from each pre-merger airline and this committee would work with our professional negotiators, attorneys and other advisors to achieve our collective goals for improvements in a new single Contract.

### **Seniority**

#### **How does our AFA Merger Policy work with the McCaskill-Bond Amendment that provides for an arbitrator to consider “fair and equitable” seniority integration?**

The McCaskill-Bond amendment does not supersede our AFA Merger Policy. The law provides a floor, a minimum, to protect Flight Attendant seniority; it is there in the absence of a Union policy that provides a “fair and equitable” integration. AFA helped write the language and get it passed into law to protect Flight Attendant seniority and ensure that one Union could not simply decide to place another seniority list at the bottom of their seniority list. The law ensures that without agreement, the issue would go before an arbitrator to determine a “fair and equitable” seniority integration.

AFA's policy meets the standard of “fair and equitable.” Your seniority - including an accounting for any differences in Flight Attendant seniority start date, ie. before training/after training - is protected under the AFA Merger Policy. There is no legal challenge to this policy. If the combined Flight Attendant group is represented by AFA, then the AFA Merger Policy determines seniority integration.

#### **When will the seniority list integration take place?**

Seniority list integration typically takes place after the issue of Union representation is resolved through a vote conducted by the National Mediation Board. The Machinists could agree to work with AFA now on this issue and every other issue affecting Flight Attendants – we have invited them to work with us for the best interests of Flight Attendants. So far they have declined to do so. If their decision to remain isolated persists the seniority integration process will not take place until after the representation election.

*(Continued on page 6)*



# AFA Seniority Protection

**...with AFA you know how your seniority will be protected.**

“What will happen to my seniority?” That’s the question every airline worker asks in every merger. With AFA, the answer is in black and white in AFA’s “Merger Policy and Related Employee Protective Provisions.” Every Flight Attendant retains her or his schedule bidding seniority. This is commonly referred to as date-of-hire seniority. The entire process is implemented by elected Flight Attendant representatives from each group to ensure any discrepancies in seniority determination at each airline are resolved in a consistent manner on the combined list.

Throughout the history of airline mergers groups of workers have been treated differently. Court decisions and seniority arbitration awards, even when referred to as a “fair and equitable seniority integration,” rarely leave anyone with the feeling of being treated fairly or equitably. A recent example is the arbitrator’s decision in the case of the US Airways pilots. That arbitrator decided “fair and equitable” meant many US Airways pilots’ should lose seniority and go to the bottom of the combined list when merging with the former America West pilots.

AFA has not always had the seniority merger protections we have today. In some mergers, Flight Attendants spent the majority of time fighting with each other over seniority, only to end up unhappy with the final results anyway. These corporate transactions were dividing us against ourselves at precisely the time we needed to be working together for the best Flight Attendant contract. We knew something had to be done. Since AFA established the current procedures for seniority merger– with the protection of each Flight Attendant’s seniority – AFA members have had certainty in what can be a very unsettling and uncertain time. AFA has implemented the policy successfully over a dozen times.

On May 5, 2010 the AFA-CWA United Master Executive Council (MEC), made up of the 14 AFA Local Council Presidents at all United Flight Attendant base locations, unanimously voted that the seniority of Flight Attendants at Continental will be treated as if they were AFA Members, consistent with the AFA Constitution and Bylaws.

The Flight Attendant representatives from each airline review the specific conditions associated with each Flight Attendant’s inflight seniority date, including former seniority arbitration awards, leave of absence seniority adjustments, conditions for the trigger of seniority accrual, etc. This work is extremely detailed, giving each Flight Attendant full credit for her/his seniority.

Our AFA-CWA Constitution and Bylaws requires the merger policy process starts right away. After the announcement of the merger AFA posted election notices for the Seniority Merge Integration Committee representing United Flight Attendants. At the last meeting of the MEC the two representatives on the committee were elected: AFA SFO Council 11 Member Rosemary Howard and AFA BOS Council 27 Member James Hurley.



Rosemary began her flying career at United Airlines in January of 1985 and during her six month probationary period she honored the ALPA strike and stood with her AFA sisters and brothers on the picketline. Rosemary has served on the AFA Grievance Committee, Membership Engagement Committee and worked as a long-time member of the AFA EAP/ Professional Standards Committee. She also has a background in finance.



James began his flying career with United in July 2006, and previously he worked 7 years as a Flight Attendant at Continental. James is a Council Representative in Boston and he handles the responsibilities of Local Scheduling Chairperson and Reserve Chairperson.

Next, each Flight Attendant at both carriers is notified by certified mail of her/his seniority date.

- Each Flight Attendant in turn has an opportunity to question the results.
- If any adjustment for training date differences is made, such adjustments cannot result in a Flight Attendant changing relative positions on her or his own (pre-merger) seniority list. This prevents anyone from jumping over you on your own list as a result of such an adjustment for training dates. The effects of earlier furloughs, leaves of absence, mergers and other factors remain in place for both groups in the current seniority merger process.
- Once corrections and adjustments are made, if any, each Flight Attendant’s bidding seniority is finalized and the seniority lists are merged into one combined list and the list is certified.
- Only upon reaching an agreement with the new United Airlines over a merged Collective Bargaining Agreement is the list then delivered to the company for implementation at the time of the merger of operations. This helps to encourage management to reach an agreement with us because they need the list to finalize the operational merger.

This final step helps to insulate our seniority from the whims of airline management as they decide whether to buy, sell, merge or acquire the airlines where we work. The fate of our seniority should never hinge on a corporate decision that is outside our control. Our focus should always stay on using the best provisions of each Contract to create a new industry-leading Contract with the terms and conditions desired by the combined Flight Attendant group.

More information on the AFA-CWA Merger Policy may be found in the Airline Merger section of [www.unitedafa.org](http://www.unitedafa.org).



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If the election is in favor of AFA then all Flight Attendants are represented by AFA and the AFA Merger Policy moves forward as described in black and white. The AFA Merger Policy spells out the process and keeps us working together while every Flight Attendant's seniority is protected. This way we can focus on negotiations, and use our power by standing together to get the best single contract; one that combines the best of both contracts.

### **Question: Is there an example of use of the AFA Merger Policy where there were different Unions involved?**

Yes. American Eagle is represented by AFA. The airline is a product of a merger between four airlines - Simmons, Wings West, Flagship and Executive - with representation by three different Unions - AFA, APFA and TWU.

A representation election took place to determine which Union would be the representative of the combined work group. AFA won and then the AFA Merger Policy was used to implement seniority integration (Flight Attendant Seniority, referred to by some as date-of-hire).

## **Representation Election**

### **When in the process do the Unions petition for a representation election?**

When we believe that the UAL/Continental merger meets the National Mediation Board's ("NMB") criteria for a single transportation system, AFA will file an "Application for Investigation of a Representation Dispute" with the NMB. If the NMB agrees that the merged carriers are now a single carrier, the NMB will declare that a representation dispute exists, and will call for an election.

### **Can one Union petition for an election on their own?**

Yes, once the combined airline could meet the criteria for a single transportation system, one Union can petition for an election on their own to trigger the process.

### **Will Flight Attendants on voluntary furlough or leaves of absence be eligible to vote in a representation election conducted by the NMB?**

All Flight Attendants on the seniority list are eligible to vote in the representation election, regardless of leave status. Flight Attendants who are on the seniority list and working in a management position for the airline are not eligible to vote.

### **Can Flight Attendants based in an International domicile participate in a representation election?**

It is AFA's strongly-held position that Flight Attendants based in International domiciles are eligible to vote in a representation election.

The NMB, the federal agency in charge of conducting representation elections under the Railway Labor Act ("RLA"), 45 U.S.C. § 151 et seq., the federal law governing labor relations in the airline industry, publishes eligibility guidelines for employee participation in a Union representation election. One of its rules states that: "Only employees based within the United States and/or its possessions are eligible." Section 9.209, NMB Representation Manual.

The rationale for this rule is clear: only employees covered under the RLA can participate in an NMB election. Because the RLA generally does not apply to those airline employees working outside the United States or its territories, normally they are ineligible to vote.

United, however, has voluntarily and affirmatively applied the RLA to all Flight Attendants on the United Flight Attendant Seniority List no matter where they are based. Though the NMB has not directly ruled on the eligibility of United Flight Attendants based in International domiciles, because United has consistently treated all its Flight Attendants as if they were based in the U.S., the Union is confident that the NMB will allow all United Flight Attendants to vote - even those based overseas.

The NMB is not in the business of disenfranchising workers from the process. The parties involved in this issue are AFA, United and the Machinists' Union.

1. AFA believes the facts strongly support all United Flight Attendant's right to vote in a representation election and we are prepared to defend this position through all legal means available.
2. United has made its position clear through numerous employment documents and nearly 20 years of collective bargaining.
3. We find it hard to believe the Machinists would seek to disenfranchise United Flight Attendants by arguing against their right to vote.



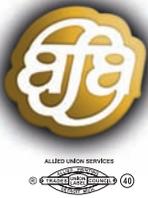
On September 16, 2010 nearly 100 AFA Members from each of our 14 Local Councils around the world attended a one-day seminar to learn about the merger process. These Flight Attendants are now setting up meetings locally to share what they learned about the transition to an operational merger, single Contract negotiations, AFA structure and a representation vote. Flight Attendant volunteers came to the seminar energized and eager to help provide factual information to their flying partners about the merger and our union’s role to protect and advance Flight Attendant issues. AFA is committed to ensuring everyone has all of the information necessary to cast an informed vote in a representation election and help all of us make the best decisions together for our future.

These volunteers will also be eager to hear from you about your questions, concerns or ideas to ensure all of us are involved in the process. We can achieve great improvements for Flight Attendants as we work together and welcome Continental Flight Attendants to join our solidarity. This merger is full of opportunities and we will ensure that our Union makes the most of them to protect and advance our careers as we set a new standard for the industry at the world’s largest airline and the industry’s leading Flight Attendant Contract. Your voice is a part of our collective strong voice for our profession.





# United/Continental Merger Information



ASSOCIATION OF FLIGHT ATTENDANTS CWA, AFL-CIO

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## Summary of Negotiations

### Section 6 Negotiations

Our focus remains on the improvements you have determined are important. Our work to negotiate improvements under Section 6 of the Railway Labor Act (RLA) does not change. We remain committed to the RLA Section 6 process for improvements as it provides a definitive path to Contract conclusion. It has oversight by the National Mediation Board to provide an equal playing field and deadlines.

### Transition Agreement Discussions

Separate from Section 6 negotiations we met with management to discuss a Transition Agreement, which will address issues specific to running the operation during a transition to an operational merger. The Transition Agreement will address how the operations will run separately until they can be merged. Our Contract remains in full force and effect throughout the transition to an operational merger.

### Section 6 Negotiations at Continental

Negotiations with Continental management has resulted in a new tentative agreement for Continental Flight Attendants. Continental Flight Attendants will now vote on ratification of that agreement. Improvements reached in those negotiations are good for United Flight Attendants too as it improves our combined bargaining position.

### Single Contract Negotiations

While the financial merger transaction is complete, the operational

merger takes much longer to complete, typically over a 12-18 month period. Critical to the operational merger is one Flight Attendant Contract. Unless the Machinists union agrees to accept AFA's proposal to take advantage of the leverage created by the merger and begin that process jointly now, negotiations for a single Contract must wait until representation issues are resolved. AFA negotiations for a single Contract would include extensive surveys and Member feedback gathered from both pre-merger United and Continental Flight Attendants to determine our collective goals.

We believe Flight Attendants will best be served if we all work together. Until representation can be decided through an election we can work together on issues important to Flight Attendants. We remain undaunted by the Machinist's refusal to cooperate. This merger presents a landscape that can benefit Flight Attendants greatly and we will capitalize on this opportunity.

We have the opportunity to gain Contractual improvements for Flight Attendants both through our current Section 6 negotiations as well as the inevitable single Contract negotiations – combining the best of the pre-merger Continental Flight Attendant Contract and United AFA Contract. United Airlines Flight Attendants will get a pay raise and other improvements identified by you as important. We expect the world's leading airline to produce the world's leading Flight Attendant Contract.