



ASSOCIATION OF FLIGHT ATTENDANTS - CWA, AFL-CIO  
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June 30, 2005

Ladies and Gentlemen:

Today our Contract has been unilaterally changed. United management, working hand-in-glove with the Pension Benefit Guarantee Corporation (PBGC), has for many months sought to terminate our contractually mandated pension plan. The PBGC announced last week that it would initiate the termination of our pension plan on June 30; as a result, our accrual of pension benefits under our defined benefit pension plan will end today and the PBGC will begin the process of taking over trusteeship of our plan from United.

This shameful step is the ultimate affront to the dedicated Flight Attendants and other professionals who built this great airline. As if to mock us and our hopes for a decent retirement Glenn Tilton's \$4.5 million pension trust remains untouched. He tells people he earned his pension. He has the audacity to say "it's in my Contract." Well, we earned *our* pensions too, and until today our pension was in *our* Contract.

We will continue our three-pronged fight to preserve our retirement security. First, we are pushing for a legislative solution on Capitol Hill. Second, our attorneys are challenging the company and the PBGC in court. And, third, we will implement CHAOS™ strikes if that's the only way to persuade the Company to restore our pension plan.

This unilateral change to our Contract – termination of our pension plan – triggers our right to strike. Under the Railway Labor Act (RLA), a unilateral change to our Contract is prohibited; when such a change is made without our consent we have the right to strike in response. We are at a very serious crossroads so let's be absolutely clear: we don't want to strike but we will if that's the only way to preserve our retirement and to protect our careers.

CHAOS strikes may now begin at any time.

Be prepared at all times and know the current code word. Any CHAOS strikes will be carefully targeted to maximize our impact and minimize the risks. Our GUTS (Gear Up To Strike) list is long and still growing; if you have not already volunteered please do so now to give us maximum flexibility in planning for CHAOS strikes. Those not on the GUTS list should also be prepared; CHAOS must be targeted for strategic impact and *all* Flight Attendants may ultimately be called upon to support the strike effort. Do not take action on your own; strike only upon direction from AFA.

AFA's trademarked CHAOS strategy employs carefully targeted strikes. CHAOS stands for "Create Havoc Around Our System™" and has been successfully employed by AFA at a number of other airlines. Tactics are adapted to the specific circumstances at each airline, making it difficult for management to predict how and when a strike may occur. Actual strike targets are a closely guarded secret. There will be extensive reports in the media about CHAOS, many speculating on when and where we will strike. Today's Chicago Tribune, for example, carries a headline that we might strike on Friday. We must all understand that the media is very interested in our campaign. Their coverage is an essential part of what makes CHAOS effective. But you should always rely first on the Union as your source of accurate

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information about CHAOS events and developments. We have announced that today's actions by the Company and the PBGC have triggered our right to strike, but we have not yet said we are going to strike at a specific time or place.

Meanwhile, we continue to aggressively pursue legal and legislative solutions to preserve our pension plan. Our attorneys have appealed the decision of the bankruptcy court that approved the deal that United entered into earlier this spring with the PBGC. Under the terms of that agreement the Pension Benefit Guarantee Corporation is to receive about \$1.5 billion from the airline to settle its bankruptcy claim. In return, the PBGC agreed to initiate the termination of the company's four main pension plans, including our plan. Our attorneys have also filed an appeal with the US Court of Appeals for the DC Circuit challenging the PBGC's actions.

On the legislative front, last week saw the first breakthrough in our battle for a legislative solution to the pension crisis. The house, by about a 30-vote margin, adopted an amendment to a must-pass transportation bill that would bar the PBGC from spending funds in taking steps to terminate our pension. That bill if passed by the Senate and enacted into law, would effectively stop the PBGC from acting. We are also continuing to lobby hard for passage of HR 2327 and S 1158, the legislation that would impose a moratorium on pension plan terminations. This legislation would buy time for our legal appeals and would give Congress the opportunity to consider long-term solutions for the pension crisis.

We call on United management to return to the bargaining table and engage in a good faith effort to seek alternatives to the termination of our defined benefit pension plan. Over the course of the past several months we have proffered many solutions and encouraged United to join with us in seeking solutions to maintain our retirement security. United's sole focus at the bargaining table, in the courts and in public comments is that our pension plan must go – no alternatives are acceptable to this management. This hard line position is short sighted and naïve and does not lend itself to a successful reorganization. AFA made a good faith detailed proposal to United April 4th that would have maintained our plan by addressing current management's stated concerns. The proposal contemplates funding our plan utilizing a combination of equity, cash and other financial instruments to meet the plan's current funding obligations. The minute United is willing to discuss alternatives to termination of our pension plan we will return to the bargaining table and work out a solution that meets the needs of our Flight Attendants.

As our fight to save our pensions continues to escalate we must stay focused, and we must stay unified. Our solidarity is what gives us the strength and the power to continue to pressure United to back off their demand that our pension plan be terminated. We will strike if we must, but with CHAOS management won't know, and the passengers won't know when or where or how we will strike. That element of surprise is what will maximize our impact on the company. While this makes our strategy more complex and more difficult for all of us, that's the task we have before us. We are confident that our Flight Attendant community is up to the challenge. Stay calm, stay focused, and stay informed.

In Solidarity,

  
Greg Davidowitch  
President

  
Helen McArdle  
Vice President

  
Shirley Barber  
Secretary-Treasurer