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Special points of interest:

- Mergers Possible
- Profit Sharing
- Stock Options
- EEMK Grievance
- XJT Charter

Volume 2 Issue 1

January 2007

Happy New Year!

Serving Cleveland

XJT Charter Language

On Monday, December 18, 2006, we filed a Temporary Restraining Order requesting the court to force the Company to abide by the status quo provisions of the Railway Labor Act. A hearing was held today on this request. In light of our filing the Company advised the court they would abide by the status quo of the Collective Bargaining Agreement and will negotiate the provisions of the charter operation in accordance with Letter of Agreement 6. We urge the flight attendants that will fly these upcoming charters to be vigilant in monitoring the Company's requirement to comply with the terms of the current agreement. Negotiations on this issue will resume in early January. We look forward to successfully concluding this matter to the benefit of everyone involved. Your continued patience and support will assure a fair and equitable resolution.

Pension Planning

After several weeks of pension presentations, a few misconceptions have come to light; first, all Flight Attendants will receive full vesting credit for all prior airline service. This means that the years of service you accrued at prior airlines that were eventually merged into Continental count toward your vesting (service time) in the NPP. Secondly, CARP's years of service is capped at 30 years. If you have been at Continental 30 years or

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Continental Examines Future

Continental Airlines, concerned about being dwarfed by larger competitors, would consider a merger if necessary to maintain its competitiveness, its chief executive said. "If the landscape of the US airline industry does indeed change, we'll do what we need to do to act in the best interests of you (employees), our customers, our shareholders and the communities we serve," CEO Larry Kellner said in a recorded message to employees. US Airways last week made an \$8 billion bid for larger, bankrupt rival Delta Air Lines. Analysts expect the offer to spark counter-bids or other combinations. The statement positions Continental, the number 4 US carrier, as another potential player in industry deal-making, alongside United Airlines. Discount carrier Southwest Airlines has expressed interest in picking up assets that might have to be unloaded following a deal. But unlike United, which has long been a proponent of consolidation, Continental would be a reluctant participant, concerned about

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Profit Sharing

Contrary to popular belief, Continental Airlines Flight Attendants are eligible to receive profit sharing. Per Letter of Agreement number 29 in the back of your contract, the profit sharing will be divided according to the formula included therein. 30% of the first \$250 million will be divided as follows.

- ◆ 50% divided based on the percentage of cuts taken by each work group.
- ◆ 50% based on the total payroll of each work group.

Please read LOA 29 in the back of your contract for further information. Profit Sharing will be distributed February 15 based on your elections with the company. For those who did not specifically elect to deposit their profit sharing into their 401K; you will be issued a check on February 15, 2007.

Union Meetings

January's meeting will be on Thursday, the 11th at 1pm. February's meeting will be the 8th at 1pm. Meetings are the second Thursday of the month. Please make the effort to come. The meeting is at 669 N. Rocky River Drive, Berea. Check the website for a map. www.2339C.org

“ You can't reason someone out of a position they didn't reason themselves into.” - author unknown

Rumor Control

1. The IAM Pension Plan is regulated by the government.
2. If the IAM leaves, you still get everything earned in the NPP up to that point; the plan would just freeze—you do not lose it. However, we must be IAM in order to participate in the plan and no other “Flight Attendant Union” has one to offer its members.
3. The Company cannot implement PBS for CAL Flight Attendants.

Pension Planning Cont.

longer, you are no longer accruing any additional benefit for each year of service you remain employed after 30 years. Lastly, by transitioning to the NPP, you will begin to accrue an additional pension benefit that you can receive when you retire. If you are vested in CARP (money stays there) and the NPP you will receive **two checks** upon retirement: **one** from CARP and **another** from the NPP. Visit the NPP website at www.iamnpp.org.

Stock Options

Flight Attendants are entitled to exercise their stock options beginning February 1, 2006. As stated in the Stock Option Letter of Agreement, Flight Attendants are entitled to option a total of 120 shares with the first 40 being available in February. The subsequent one third is available February 2008 and the last third is available February 2009. The strike price is \$20.31 and is the fixed price at which you option or “buy” the shares. The only money that changes hands is what is sent to you as a net profit. The buy and sell is done at the same time as a single transaction. The difference between the option price and the market price is what you keep. Example:

\$40.31 (Market Price)
 - \$20.31 (Strike Price)
 = \$20.00 (Profit)

As long as the current market price is higher than the strike price - it is a good deal. If the market price is lower, then you do not want to exercise your options as you will lose money.

Log on to www.benefitaccess.com to access your Continental/Solomon-Smith-Barney Account.

EEMK Grievance Update

The case has been denied. In accordance with the C.B.A. and the R.L.A., the case has been appealed to the President of the Company; a meeting is being scheduled. A denial at this step will result in the scheduling of arbitration before a neutral arbitrator for final resolution of this grievance. We will update you with information as it becomes available.

CAL Future Cont.

the implications of staying on the sidelines, analysts speculate. “The creation of a competitor even larger than American Airlines would not be good for us in the long run,” Kellner said. “Our preference is to remain independent and continue our growth plan.” IAM General Vice-President Robert Roach responded to the media reports by saying; “*The Machinists Union has not been contacted by United or Continental about any potential merger. The IAM is fully prepared to defend the wages, contracts and defined benefit pension plans earned by our 25,000 members at United and Continental. The IAM’s Transportation Merger Team is also prepared to respond to any airline merger scenario. In the event a United-Continental merger did occur, United’s Flight Attendants could gain the defined benefit*

pension plan currently enjoyed by our United Airlines members and being ratified by our Continental Flight Attendants.” The IAM represents 16,000 United Airlines Ramp & Stores, Public Contact, Food Service, Fleet Technical Instructor, Maintenance Instructor, Security Officer and Food Service employees. United’s IAM members are the airline’s only employees to successfully negotiate a defined benefit pension plan in bankruptcy, the multi-employer IAM National Pension Plan. The Machinists Union also represents more than 9,000 Continental Airlines Flight Attendants; the highest paid Flight Attendants in the industry. Already the largest union at Continental, the IAM has active organizing campaigns underway for the airline’s Fleet Service, Passenger Service and Reservation employees.



Financial Services Available to Local Lodge Members. Great service and rates—with discounts. Cleveland and Pittsburgh locations through service centers. Open an accounts online at: www.pghcentral.com

