

MERGER



WATCH

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www.goiam.org/transportation

Action Needed to Help Block Mergers

The IAM is part of a coalition of consumer advocates, political leaders and passenger rights groups who oppose airline mega-mergers. International President Buffenbarger has contacted every state's Governor and each U.S. Senator and House Representative asking them to block airline mergers, but we need your help.

All IAM members, and all airline industry workers regardless of employer or union, are asked to contact their elected representatives and urge their opposition of airline mergers that will only benefit executives and bankers.

Pre-written emails or your own personal message can be easily sent from the IAM website, www.goiam.org/transportation.

Some reasons for the IAM's aggressive opposition to airline mergers include:

Hubs Will Be Eliminated

All the major airlines operate a hub and spoke system. A combination of two or more airlines will create a redundancy of hubs, forcing the closure or substantial reduction in flights at some hubs. This will lead to a

great loss of jobs at not only the airlines involved, but also the dozens of service companies that support airline operations in hub cities.

Service Frequency Will Be Reduced

If two airlines merge, frequency of flights between cities they both serve will be reduced. A major goal of airline mergers is to reduce capacity, which means fewer seats available for travelers.

Competition Will Be Diminished

Fewer airlines and fewer flights mean fewer choices for consumers. This leads to higher fares.

Jobs Will Be Lost

Airline employees lost jobs after the 9/11 attacks. They lost jobs after painful bankruptcies. Airline mergers are just another avenue for cut even more jobs. This will lead to increase unemployment, as well as a reduction in taxes paid by airline workers and the money they spend in their communities.

Customer Service Will Deteriorate Further

Customer service in the airline industry is legendary – legendarily poor. Merging two major airlines will force executives to pour resources into

integrating the two companies and two different corporate cultures. This means customer service will not be a focus the combined airline.

Pension Obligations Will Be Jeopardized

Many airlines have frozen or terminated pension plans. If a merger takes place between two major airlines with company-sponsored pension plans, and the combined airline ultimately fails, the pensions will be forced onto the Pension Benefit Guaranty Corporation (PBGC). If, for example, a Delta-Northwest combination failed, the PBGC would be burdened with more than \$7 billion in liabilities. The PBGC has already expressed concerns about such a scenario.

A Merger Will Do Nothing to Lower Fuel Prices

Airlines cite high fuel prices as a reason to merge, but the cost of a gallon of fuel for two individual airlines will be the same as for one large airline.

If airline executive spent as much time running their airline and improving their product as they do searching for the next big deal, the industry would be better for passengers, employees and the communities the airlines serve.