



MERGER WATCH

The International Association of
Machinists and Aerospace Workers

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Machinists Warn of Pension Default in Merger Meltdown

The International Association of Machinists and Aerospace Workers (IAM) today warned Congress that a Delta Air Lines/Northwest Airlines merger would jeopardize workers pensions and the stability of the government's pension insurance system.

"Northwest's 12,500 IAM-represented employees are the only group at the airline with an active defined benefit pension plan," said IAM General Vice President Robert Roach, Jr., at a House Health, Education Labor and Pension Subcommittee hearing on the impact the proposed merger will have on workers. "Our members' pension plan is at risk if the merger is approved."

Noticeably absent from the hearing were the CEO's of both companies. "The fact that Richard Anderson and Doug Steenland chose not to attend the only hearing that focused on the merger's impact on employees shows how low a priority employees are in the merger," said Roach. The airlines instead sent individuals who claimed they were unqualified to answer several of the Committee's questions.

In addition to the potential loss of the current pension plan for Northwest's 12,500 IAM members, the merger puts the solvency of the Pension Benefit Guaranty Corporation (PBGC) into question.

If the combined giant airline fails and needs bankruptcy court protection, the frozen company-sponsored pension plans could be forced onto the PBGC. This would burden the PBGC with more than \$15.6 billion in additional liabilities on top of its \$13.1 billion deficit for fiscal year 2007.

"Northwest's IAM-represented employees have enjoyed the benefits of a secure union work environment for more than 60 years," said Roach. They labored for the day when they could retire with dignity and financial security. The ill-advised Delta-Northwest merger will jeopardize everything they have worked for while destroying two once-great airlines and threatening the solvency of our nation's pension insurance agency."

The IAM's complete testimony is available at www.goiam.org/mergers.