Testimony Submitted To

The House Subcommittee On Commercial and Administrative Law

On

H.R. 4677, the "Protecting Employees and Retirees in Business Bankruptcies Act of 2010

May 25, 2010

By

Janette Rook

President, Master Executive Council at Northwest Airlines / Delta Air Lines

Association of Flight Attendants-CWA, AFL-CIO

Association of Flight Attendants-CWA, AFL-CIO
501 Third Street, NW
Washington, DC 20001
202-434-0574

Good morning, and thank you Chairman Cohen for holding this important hearing. We are truly fortunate to have someone like yourself and Chairman Conyers in the position to help shape a reform of corporate bankruptcy laws so that what I and too many workers around this country have faced the past several years does not happen again. My name is Janette Rook and I am the Master Executive Council President of the Association of Flight Attendants-CWA, AFL-CIO at Northwest Airlines, now Delta Air Lines. I am also here today on behalf of AFA-CWA's 55,000 members at 22 airlines around the country.

In July of 1998, I earned my wings to fly with Northwest Airlines, a carrier with an historic past and a promising future. A union contract, negotiated since the mid-1940's, was handed to each and every one of my graduating class and was, to me, just as important a part of my new career as the wings I had earned. The Northwest flight attendant union contract, like my airline, had its own proud past and provided good pay, benefits and working conditions. It was a legally binding agreement between the company I served and me and my co-workers. The contract contained signatures of company executives and flight attendant negotiators who all agreed to abide by the words contained in the contract. I put my trust in that agreement with the knowledge that government institutions were in place to protect those words on the paper and that the laws of the land provided assurances and protections that those written words would be honored. I also believed that company executives would honor their agreements and honor their word.

Mr. Chairman, I testify today to tell a different story about how the laws of my country failed to protect employees in the aviation industry, and allowed corporate executives and an army of outside consultants to plunder the assets of my company and to exploit the bankruptcy laws to enrich themselves at the expense of thousands of workers. My testimony today is about my experience at Northwest Airlines, but my experience, unfortunately Mr. Chairman, is an all too common story that occurred to thousands of aviation workers at many airlines.

The lives of so many airline workers and retirees have been devastated by the exploitation of corporate bankruptcy. I witnessed how management used the bankruptcy laws like a weapon to obliterate pay, pensions, healthcare and the jobs of hard-working Americans. The depth of my experience and the devastation experienced by the workers I represent will only be summarized in this testimony; there is simply too much to tell. But to put my testimony in the best context possible, there is something you should know.

Mr. Chairman, Northwest employees were told in an official company publication to pull things out of the trash, shop at thrift stores and cut coupons as a way to handle the 40 percent pay and benefits cuts we experienced during bankruptcy. This was their financial planning seminar for us, in short. While corporate executives and consultants were granted excessive pay packages by the bankruptcy court, my co-workers were told to accept hand-me-downs and contact local food pantries. This

insult to the dignity of Northwest employees best exemplifies why this hearing is so important today and why Congress must enact H.R. 4677.

Something must be done to level the playing field so that bankruptcy is no longer a "business strategy" that simply transfers money to executives' pockets and the coffers of lawyers, bankers and financiers who profit during bankruptcy while those who have negotiated a fair wage and decent benefits and working conditions are forced, by law, to take drastic pay cuts, face devastated health care and retirement benefits and the risk of outsourced jobs. Some of my fellow co-workers were forced to file bankruptcy while executives received so-called performance bonuses and were issued stock in the reorganized company valued at millions.

On September 14, 2005, Northwest Airlines filed for Chapter 11 bankruptcy protection in the Southern District of New York. This was my airline's first bankruptcy filing in its 79 year history and would be the last. Minutes before, and in the same court, Delta Air Lines filed for Chapter 11 bankruptcy protection. These filings set in motion, under the protection of bankruptcy law, drastic cuts in hourly pay of up to 40 percent and a series of other cuts in benefits for employees at both airlines.

When Delta and Northwest managements completed their slash and burn plan to employee wages and benefits, they announced a merger of the two carriers on April

14, 2008. My fellow flight attendants at Delta Air Lines did not have union contract protections during bankruptcy like we had at Northwest Airlines.

It soon became clear that Northwest executives were poised to use the bankruptcy process to extract draconian pay and benefit cuts on employees and those executives were going to exploit the bankruptcy laws to attempt an end run around our contract. Ultimately, Northwest executives failed to succeed in ripping up our contract, but along the way, they exploited loopholes in existing bankruptcy law to attempt to force concessions on our group and to deny us the greatest bargaining leverage we have - the right to strike.

Management's assault on our contract and the right to enforce our contract began when the company attempted to abrogate our agreement in bankruptcy court with a motion pursuant to Section 1113 of the Bankruptcy Code. This motion came with a message from management that negotiating a restructured agreement was not an option for them and they intended to impose draconian pay and benefit cuts on flight attendants with the stroke of a pen. The court implemented a tentative agreement reached between negotiators, but rejected by the members. Our small victory in court to limit pay and benefit cuts to the negotiated agreement was no consolation prize by any means. The cuts were deep and painful to flight attendants. Negotiators had reached a second tentative agreement that softened the concessions, but was still painful. The bankruptcy court denied our union's motion to impose that agreement.

Northwest executives also attempted to use the bankruptcy laws to outsource our work to the lowest bidder. We relied on remaining contractual protections and a public campaign to save our jobs. We thought that our country's bankruptcy laws protected workers, but instead, the laws were used against us at every turn. Mr. Chairman, this is another reason this Congress must pass H.R. 4677.

Meanwhile, at other carriers such as United, Mesaba, Midwest, Delta and US Airways, corporate executives at those carriers used the bankruptcy laws to impose drastic pay cuts and to destroy the pensions and health care protections for retirees. Across the industry, management had the green light from bankruptcy courts that it was open season on employee wages and benefits.

Management attempted to use the bankruptcy code to circumvent collective bargaining in order to destroy the voice of the hard-working people of the middle class by cutting union jobs and obliterating the protections and benefits negotiated and earned by union members. Management and their consultants convinced bankruptcy court judges that the only problem with the airline industry was that airline workers are paid too much, that the courts should impose the pay and benefit cuts and that negotiating face to face with their own employees was not an option. Their strategy – unfortunately for airline workers – was devastatingly effective. Airline employee wages, benefits and work rules across the industry were soon slashed to levels not seen in decades.

The story that unfolded at Northwest and Delta and other airlines in bankruptcy would have been difficult to imagine only ten years ago.

Bankruptcy is not new to the airline industry, Mr. Chairman. There have been over 150 airline bankruptcies since the industry was deregulated in 1978, with at least twenty-one since September 11. Unfortunately, we have a fresh reminder of airline bankruptcy with the Chapter 11 filing by Mesa Airlines on January 5, 2010. Mesa flight attendants ratified a new contract in February, 2010 after difficult negotiations. So far, management has not requested concessions.

This committee has the extraordinary opportunity now to send a message of hope to Mesa employees, and all workers who may soon fall victim to bankruptcy law exploitation, that Congress has heard the stories today in this hearing and that reform is coming.

As this Committee looks into whether the current bankruptcy system is fair to workers, I think you will agree that there was nothing fair about this process from the perspective of the workers. H.R. 4677 restores fairness, restores trust and provides the framework for an orderly restructuring and reorganization when a company, and most importantly its employees, face bankruptcy.

One hundred forty thousand airline workers have lost their jobs over the past eight years. Workers who were not forced out have lost pensions or had them frozen at levels that prevent a decent retirement and forcing workers to work years beyond their plans. We have seen our wages cut by as much as 20 to 40 percent. And that's just the beginning. Management has forced changes in work rules that cause us to work many more hours at reduced pay, and to be away from our homes and our families for more days every month. Meanwhile, our executives have reaped millions of dollars in compensation.

When employees looked for protection in the laws of our land, we found no advocate. Instead, we found that the odds were stacked against us and we discovered an industry-wide management strategy that systematically intended to ignore decades of collective bargaining history and precedent. Management no longer wanted to negotiate with workers and instead looked at their own employees as just another creditor in bankruptcy court.

At Northwest, they used the bankruptcy courts to deny workers a fundamental right to strike, under the process defined in the Railway Labor Act (RLA) and mediated by the National Mediation Board (NMB). Under the cover of bankruptcy laws, management won a U.S. District Court case that eliminated our right to strike when management attempted to impose pay and working conditions on us and attempted to abrogate our contract. Our appeal to the U.S. Court of Appeals for the Second Circuit was unsuccessful. We were left with no leverage to bargain for better

concessions. Management used the courts to eliminate the one threat that would have forced them to negotiate fairly. H.R. 4677 restores the right to self-help in the bankruptcy process. This is leverage that workers need to keep the company honest.

Many of our flight attendants – and many other airline workers – have had their lives destroyed by these bankruptcies, and by management's use of the law to force devastating cuts on the employees.

These most recent rounds of bankruptcy have been especially devastating. One needs to look no further than the numbers. At several of the airlines represented by AFA-CWA, which have gone through bankruptcy, the slashing of union jobs has been dramatic. At ATA Airlines when the company entered bankruptcy on October 26th, 2004 the company had 1,946 active flight attendants and when the carrier ceased operations in April, 2008, there were just over 700 flight attendants at the airline. Aloha Airlines had 440 employed flight attendants on December 1, 2004. By April, 2007, Aloha employed just 386 flight attendants before ceasing operations in April 2008.

US Airways had 7,790 active flight attendants when they entered bankruptcy and almost five years later, their number of active flight attendants was down to 4,770. The nearly 12,000 flight attendant jobs cut at United Airlines is another chilling example. At the same time, there are more passengers traveling today than there

were in the year 2001 prior to these cuts, resulting in an unprecedented productivity increase.

Over a five year period between 2002 and 2006, annual flight attendant costs at ATA were reduced from $62 million a year to $38 million. At Northwest the costs went from $631 million to $533 million. US Airways went from $623 million to $267 million. At United the annual costs went from $1.4 billion to $945 million, and prior to the cuts the 27,000 flight attendants only comprised 7.1% of the total labor cost at our airline.

The painful cuts absorbed by the employees were repeated, numerous and stretched out over several devastating years of uncertainty. US Airways went through bankruptcy twice, with multiple rounds of concessionary bargaining each time.

Once again, Northwest management used the law and the threat that all benefits would be cut off as a hammer to beat drastic cuts out of the workers who had invested their entire working lives in the airline. The same anti-worker attack occurred at Delta Air Lines.

The bottom line, Mr. Chairman, is that the law allowed management to do what they did. The bankruptcy court gave its blessing to almost each and every management request in court. A law designed to give extra protection had been turned on its head, and was now another weapon in management's arsenal.

As if the cuts in wages, work rules and medical benefits were not enough, Northwest management also froze our pensions, as did other carriers in bankruptcy. Still other major carriers struggled to protect their pension promises with help from Congress, but management at United and US Airways walked away from their promises and used the bankruptcy process to destroy pensions. AFA-CWA fought to save those pensions, using every legal avenue at our disposal. Unfortunately, in the end, tens of thousands of flight attendants found themselves facing an uncertain retirement as the bankruptcy court approved a legal maneuver by management that made an end run on the pension protections in the law. Congress never envisioned that bankruptcy laws and pension laws would be twisted into results like this.

United management, like the executives at other airlines, claimed the impact of the pension termination may be mitigated, assuming that United flight attendants work an extra nine years to recover the benefit levels they had in their defined benefit plan. Their analysis disregards the present value of money and also makes a number of highly unlikely financial assumptions. Especially ridiculous is their formula assumption that flight attendants would receive a four percent annual wage increase every year between the date of termination and the date of retirement, at the same time that wages were being cut an additional 9.5% in a second round of Section 1113 labor contract cuts. That simple statement, obviously misleading, is designed to confuse and mislead workers and others. Nevertheless, the self-serving

statement is typical of the assertions airline management makes on this specific issue as well as numerous others and all under the protection of the law.

Is there any fairness in the current law regarding termination of pension plans in bankruptcy? The only pension plans that survived bankruptcy at many carriers is management's pension plan. United Airlines CEO, Glenn Tilton, was careful to shield his own pension from termination. Prior to the bankruptcy he executed a legal maneuver, putting his $4.5 million pension into a trust that successfully insulated it from the bankruptcy. Is it fair that the law allows this drastic disparity of treatment between employees of a bankrupt company? Obviously not.

Personal bankruptcies have become commonplace among airline workers and with good reason when earnings are slashed 20, 30 and even 40 percent. At Mesaba Airlines, management's demands for cuts in wages would have reduced some flight attendant's pay to less than $10,000 per year <u>*before*</u> taxes. That is nothing short of corporate-induced poverty, shifting responsibility for a living wage from the company to the taxpayers.

Finally, no consideration of the fairness of the current bankruptcy process would be complete without mention of the issue of management bonuses and compensation. If the current system had any element of fairness it would not allow massive bonuses and incredible compensation packages for the very executives who took these

companies into bankruptcy in the first place, and who then inflicted massive pay cuts on the workers under color of law.

But, that is exactly what happens. A huge bonus for executives of a bankrupt corporation is simply wrong in light of the enormous sacrifices made by the workers during the course of the bankruptcy. They often give lip service to the concept of pay for performance, but the reality is much different: huge bonuses while workers take cuts. Management typically demands that the workers' concessions be locked in for four, five or even six years. But for management employees they steadfastly refuse to make any long-term commitment to such cuts, while making very modest up front cuts to give the appearance of fairness.

While airline employees have shouldered the heavy financial burden of the bankruptcy process, airline management has suffered incredibly little – if any at all – sacrifice. While the front line employees have seen their numbers slashed, pay drastically reduced, benefits eliminated and work rules destroyed, the upper management level employees reap unearned rewards.

Our experience with management compensation at Northwest, US Airways and United illustrates that management compensation in the bankruptcy process is simply out of control. Too many airline employees are obligated to work under four additional years of concessions following the date of exit from their carrier's bankruptcy. There is little to no evidence that airline executives have agreed to

make any sacrifices. To the contrary, 800 members of management at United and Northwest received a windfall in compensation during bankruptcy and cashed in on an excess of $800 million in compensation packages. After destroying the careers of United employees, United's CEO alone reaped over $40 million, 2000 times the pay of a first year flight attendant. The bonuses were awarded regardless of their past or future performance. When judges ruled on compensation packages they commented on union objections to those excessive packages and acknowledged our concerns, but essentially said there was nothing they could do about it because the law did not give them the authority to second guess management compensation, or a standard by which to determine "how much is too much." H.R. 4677 curbs excessive executive compensation during the bankruptcy process.

If the executives' interests were to be aligned with those of the workers they too would need to experience the grief associated with losing their home, losing their jobs, or not being able to make ends meet. At some point, the greed exhibited by corporate executives must be stopped. That time is now.

This profiteering comes predictably at the expense of the dedicated workers who strive daily to ensure our airlines' viability and success. The prospect of a select group of executives rewarding themselves at the expense of flight attendants and other employees adds fuel to a simmering fury and to a relationship void of trust. Companies with overly-generous salaries and very lucrative management profit sharing programs – far above any reasonable measure for a company in bankruptcy

– simply cannot pass the test of fairness in using the current law to force billions of dollars in annual concessions from employees.

In the beginning of most bankruptcy filings, airline management talks a good game about protecting employees and promotes that they intend to treat employees fairly in this process. Unfortunately, the record reflects an entirely different reality. In every instance, employees have been forced to make life-changing sacrifices while executives are richly rewarded. In light of the sacrifices made by the dedicated front-line workers whose commitment has been critical to the success of these airlines, these snatch-and-grab schemes by management not only evidence poor judgment, but also reflect downright avarice.

Mr. Chairman, my testimony, unfortunately, can be repeated in the near future if we don't act now. The airline industry is indeed volatile and events, such as oil price spikes, can spoil what looks like a hopeful recovery. Left unchecked, airlines can once again use the laws of our land to destroy careers and cause chaos to family budgets. You can stop it by passing H.R. 4677.

H.R. 4677 is entitled "*Protecting Employees and Retirees in Business Bankruptcies Act of 2010"* and I implore you, on behalf of thousands of AFA-CWA members, and tens of thousands of workers in the airline industry, and many more hundreds of thousands of workers in other industries: fix the bankruptcy law before there is any more devastation. Put an end to management abuses and their use of the

bankruptcy laws as just another business tactic to cut costs and line their own pockets. Level the playing field for the workers we represent. Enact this law that provides protection to employees during bankruptcy restructuring. Restore the value system that says a company must honor dedicated workers who are committed to the success of their companies and restore the balance and level playing field that occurs when parties engage in collective bargaining.

Again, thank you Chairman Cohen for the opportunity to testify today. I look forward to answering any questions that you or any members of this Committee may have.

Preparing for a Financial Setback

Living on less is never easy, but with a little planning and a positive attitude, you should be able to weather most financial storms. NEAS, your employee assistance program, makes financial counseling and education available to you through BALANCE, a financial fitness program. BALANCE counselors can help you develop a savings and spending plan, manage your debt, review your credit history, take the necessary steps to buy a home or protect the one you've got, or set up a plan of action to reach your goals. So, take a deep breath, relax, and review the following tips that you can help make any setback smooth and (almost) painless.

For more information on how to access BALANCE and other services NEAS offers, call 1-877-464-4009 or log onto www.neas.com.

PRAGMATIC PLANNING

- Now is the time to take stock of what you can do to avoid being hit with a financial shock later. Avoid the urge to procrastinate – Mark on your calendar the date that you will have to live on less.

- Anticipating a tax refund? If so, beat the rush and file your taxes as soon as possible so you don't have to wait for much-needed cash.

- Put money aside in a special "piggy bank" or savings account for the occasion.

- Start thinking about generating money by selling an asset. This can include everything from having a garage sale to selling stock (just beware of capital gains taxes for next year).

BUDGETING BASICS

- Financial planning begins and ends with a realistic budget. If you haven't reviewed your goals, assets, income, expenses, and debt in a while (or ever), now is the time to do it. Sit down and do the numbers crunch. It is worth the effort.

- Once you have an accurate idea of where your money is going each month, take a good, hard look at it. Are there areas you can reduce or eliminate? Just how important is the $4 morning muffin and coffee? Five times per week will run you $80 a month. This is your opportunity to analyze when and how you spend your money – and make positive decisions about what you may want to change.

- Track your expenses. It's a great habit to get into, and you may be able to prevent "money leakage" – the fast cash $40 that seems to evaporate before you leave the ATM machine. By plugging the holes now, you can save more efficiently for the times when you will really need it.

SAVVY SAVING

- Emergency savings are for times like this. If you have saved some money, pat yourself on the back – you deserve it. Take out only what you need and spend prudently.

- If you do not have a savings account to fall back on, don't despair. However, this is a good example of a situation where an emergency savings would be helpful, and may be the perfect motivation to start one. Ask your employer to have money deducted from your paycheck and deposited into a savings account. Three to six months of accessible expenses is standard.

SMART SHOPPING

- Consider every purchase – Do you need it? Do you need it now? Can you get it for less somewhere else? Asking yourself these questions will help you become a savvy shopper in both flush and tough times.

- Buy in bulk – but only if you can afford it. It doesn't make sense to buy a 50 pound bag of cat food, even if it is a great deal, if you really only have enough for a box that will last the week.

- If there is a farmers market in your area, you can take advantage of the freshest produce for "dirt" cheap prices.

- Use coupons to save on food costs. But beware – you may be tempted into buying something you would never otherwise purchase simply because it seems like such a bargain. Do you really need four packs of triple A batteries, or orange-confetti cake frosting?

- Cut entertainment costs by renting videos rather than going to the movies. Or take advantage of the movies available on the cable or satellite service you already pay for.

- Eat at home rather than going to restaurants – even fast food is often more expensive than a home cooked meal. If you do go out, try eating at cheaper restaurants or take food out rather than eating in the restaurant to save on tips and drinks.

- Save on supplies – use sponges rather than paper towels, a multi-purpose cleaner instead of several specialized ones, and recycle newspapers, bottles and cans. You will help save the earth while saving money!

CREDIT CONTROL

- If you find you can't pay your bills, contact your creditors and explain your predicament – you may be able to avoid a late payment fee, particularly if your payment history has been consistent. A phone call is good, but a letter is better, as you will have tangible evidence of your efforts. Keep copies of all correspondence and maintain a log of telephone communications, complete with a representative's name and time of call.

- If you have credit card debt, pull out your most recent statements and check your present annual percentage rates. Are they higher than you remembered? Or simply too high for you to be comfortable with? If so, it may be time to make some changes:

- Give your current creditors a chance. If you have been a good customer, remind them of it, and ask for an interest rate reduction. A five-minute phone call can make for huge savings.

- Consider transferring your balances to low interest cards or those with extremely low "teaser" rates. Be sure to evaluate the transfer offers carefully though – How long does the offer last? Is the APR 5.9% or 5.9% plus the prime rate of interest? How long is the grace period – you may not want to go from a 30 to a 20 day grace period. What is the punitive interest rate for late payments? They can be as high as 36% -- quite a jump from the original offer.

- Credit card debt is expensive. And frustrating. If you feel you have been treading water or watching the balance grow rather than plunge, go back to your budget and consider making changes. A $2,000 balance with a 19% interest rate may take 30 years to repay if you just make the minimum payment – and that's if you never make another purchase on it!

- Debt consolidation may be an option. A Debt Management Plan is designed to help consumers repay their debt in three to five years by offering interest rate reductions (depending on the creditor), one monthly payment, and a commitment from you to not get into further debt. A BALANCE counselor can help you determine if the Debt Management Plan is appropriate for you.

Finally, remember that planning ahead is key to being prepared for tomorrow. BALANCE can help you understand your present and future financial options. If you need help with your budget, credit report, long term planning, consumer issues, or debt management, contact NEAS for a referral.

Keep reading for a list of quick money-saving tips.

101 Ways To Save Money

1. Set your thermostat to 64 and turn it down to 60 at night.
2. Use the phone book instead of directory assistance.
3. Use coupons at the grocery store.
4. Carpool.
5. Ask for generic prescriptions instead of brand name.
6. Do your own nails.
7. Rent out a room or garage.
8. Replace 100 watt bulbs with 60 watt.
9. Make long distance calls at night and on weekends, instead of mid-day, mid-week.
10. Throw pocket change in a jar and take it to the bank when it's full.
11. Always grocery shop with a list.
12. Buy spare parts for your car at the junkyard.
13. Go to museums on free days.
14. Quit smoking.
15. Get hand-me-down clothes and toys for your kids from family and friends.
16. Meet friends for coffee instead of dinner.
17. Request to get interest on the security deposit for your apartment.
18. Take a shorter shower.
19. Write letters instead of calling.
20. Brown bag your lunch.
21. Make your own baby food.
22. Use public transportation.
23. Drop duplicate medical insurance.
24. Buy old furniture at yard sales and refinish it yourself.
25. Apply for scholarships and financial aid.
26. Exercise for free - walk, jog, bike, or get exercise videos from the library.
27. Form a baby-sitting cooperative with friends and neighbors.
28. Buy your clothes off season.
29. Go to a matinee instead of an evening show.
30. Share housing with a friend or family member.
31. Hang clothes out to dry.
32. Do not use your calling card.
33. Volunteer two hours a month for reduced cost food through the Share Program (800-499-2506).
34. Change the oil in your car yourself regularly.
35. Get pre-approval from your medical insurance company before undergoing any procedures or tests.
36. Buy "no frills" vitamins.
37. Take a date for a walk along the beach or in the woods.
38. Make cards and gifts for friends.
39. Shop in thrift stores.
40. Have the water company do an audit so you are not charged sewage fees for water used in your garden.
41. Refinance your mortgage.
42. Grocery shop on double coupon days.
43. Trade down your car for a less expensive, lower maintenance one.
44. Convert your cash value life insurance to term.
45. Shop around for eyeglasses.
46. Don't be shy about pulling something you like out of the trash.
47. Recycle.
48. Move to a less expensive place to live.
49. Use low flush toilets or water saving devices in the tank.
50. Drop unneeded telephone services like call forwarding or caller ID.
51. Buy fruits and vegetables in season.
52. Avoid using your ATM card at machines that charge a fee.
53. Bicycle to work.
54. Shop around for auto insurance discounts for multiple drivers, seniors, good driving records, etc.
55. Ask your doctor for samples of prescriptions.
56. Borrow a dress for a big night out, or go to a

consignment shop.

57. When you buy a home, negotiate the sales price and closing costs.
58. Turn the hot water heater down and wrap it with insulation.
59. Never grocery shop hungry.
60. If you qualify, file for Earned Income Credit on your taxes.
61. Shop around for prescriptions including mail order companies (Medi-Mail 800-331-1458, Action Mail Order Drugs 800-452-1976, and AARP 800-456-2277).
62. If you pay for childcare, make use of the dependent care tax credit or your employer's dependent care flexible spending account.
63. Buy, sell, and trade clothes at consignment shops.
64. Shop around for the lowest banking fees.
65. Caulk windows and doors.
66. Iron your own shirts.
67. Plan your weekly food menu before shopping.
68. Buy a good used car instead of a new model car.
69. Purchase all of your insurance from the same company to get a discount.
70. Cut your cable television down to basic.
71. Go to an optometrist for routine vision tests or to change an eyeglass prescription.
72. Buy pre-owned toys and children's books at garage sales.
73. Have potluck dinners with friends and family instead of going out.
74. Use the library for books, video tapes, and music.
75. Inspect clothing carefully before purchasing it.
76. Don't use your dishwasher dry cycle; open the door and let them air dry all night.
77. At the grocery store, comparison shop by looking at the unit price.
78. Make your own coffee.
79. Use old newspapers for cat litter.
80. Shop at discount clothing stores.
81. Skip annual full mouth X-rays unless there is a problem; the ADA recommends X-rays every 3 years.
82. Water your garden at night or early in the morning.
83. Shop around for long distance rates.
84. Hand wash instead of dry cleaning.
85. Grow your own vegetables and herbs.
86. Shop around for auto financing.
87. Donate time instead of money to religious organizations and charities.
88. If you are leaving a room for more than five minutes, turn off the light.
89. Shop at auctions or pawn shops for jewelry and antiques.
90. Keep your car properly tuned.
91. Request lower interest rates from your creditors.
92. Trade in old books, records, and CDs at book and record exchanges.
93. Pay bills the day they arrive; many credit card companies charge interest based on your average daily balance.
94. Buy software at computer fairs.
95. Search the internet for freebies.
96. Compost to make your own fertilizer.
97. If your car has very little value, you probably only need liability insurance.
98. Cut the kids hair yourself
99. Increase your insurance deductible.
100. Buy in bulk food warehouses.
101. If your income is low, contact utility companies about reduced rates.

May 12, 2006

Subject: Flight Attendant Tentative Agreement

Dear Flight Attendants:

As you know, the Company reached a Tentative Agreement with the PFAA on March 1, 2006, as part of its ongoing labor cost restructuring process and voting on that agreement is now underway.

Since the announcement and distribution of the TA, the Company has received hundreds of questions regarding its contents. While each Flight Attendant must decide how s/he will vote, it is important that accurate information is provided to aid in that decision-making process. As a result, the Company is taking the following actions:

- This communication briefly addresses the contents of the TA, and the ramifications should it fail.

- An email address (TAQ&A@NWA.COM) has been established for your use. Please send any questions you have regarding the proposed agreement to this address.

Questions and the answers will be communicated via CENTRY and posted to ATLAS frequently throughout the voting period. Persons submitting questions will not be identified.

While nobody welcomes wage and benefit reductions, the Company's position is different today from any point in history. We are operating in bankruptcy, and the Company's survival depends on successful restructuring. Reducing labor costs is one component of the broader restructuring plan. To date, each of our unions as well as our salaried employees has done its part to secure the future of the airline by reaching agreements that provide the necessary savings targeted as part of an overall labor cost reduction of $1.4 billion. The implementation of each of these deals is contingent upon each of the others; if one group fails to provide the required savings, the Company cannot proceed with implementation of any of the agreements. Therefore, with ratified agreements with ALPA, IAM/COFPS, ATSA, NAMA and TWU, and a hearing on the motion to reject the IAM/ESSC Agreement scheduled for May 15, it is increasingly imperative that Flight Attendant savings be achieved now.

While providing $195 million in annual savings, the pending Flight Attendant agreement will:

a. Preserve international flying for PFAA-represented Flight Attendants and avoid approximately 800 additional furloughs otherwise required by the redirection of this flying to Foreign National Flight Attendants.

b. Provide an Early Out/Severance Program for a minimum of 1200 Flight Attendants who elect to separate from employment with payouts up to $27,000.

c. Allow Flight Attendants wishing to offset wage reductions via increased flying to do so through implementation of a higher monthly maximum (80 – 100 hours per month, with an 87 hour line average), and by increasing Reserve guarantee from 75–80 hours per month. Further information regarding the actual impact on base pay will be posted on ATLAS.

d. Allow more productive flying, due to the elimination of the 8-in-24 domestic duty restriction, and the expansion of 30-in-7 to 35-in-7 domestically. High value turns will be increased, and high density turns will be added, increasing flexibility and allowing Flight Attendants to complete monthly flying requirements in the fewest days possible.

e. Provide those Flight Attendants who are involuntarily furloughed with a preferential right of hire at Compass Airlines (Northwest's new regional subsidiary) without requiring them to relinquish recall rights to NWA.

f. Maximize the potential to avoid termination of the Flight Attendant Defined Benefit (DB) Pension Plan. This would be accomplished by freezing the DB Plan and replacing it with a Defined Contribution (DC) Plan that would be amongst the most generous in the airline industry. The DC Plan would also deliver higher (enhanced) benefits to Flight Attendants should DB Plan termination become unavoidable.

g. Provide Flight Attendants with a comprehensive, company-wide medical plan administered by Blue Cross/Blue Shield.

h. Maintain significant protections for Flight Attendants in the event of a subsequent merger.

Conversely, if this TA fails to ratify, the Company does not have the luxury of returning to the bargaining table for Round 2. The implementation of labor cost reductions must begin immediately. Northwest will seek to implement terms and conditions that:

a. Do not include an Early Out or Severance Program.

b. Assign 30% of international flying to Foreign National Flight Attendants.

c. Require additional furloughs of PFAA-represented Flight Attendants beginning in July 2006.

d. Reduce or eliminate labor protective provisions associated with mergers.

e. Eliminate the "me too" clauses that provide certain rights to Flight Attendants should other groups receive more favorable treatment in specific areas (i.e., pension, distribution of equity or claims in lieu of equity, etc.).

A perception has been publicly communicated that Flight Attendants are hopeful for a quick return to the bargaining table – potentially with a different bargaining representative – and an improved offer. Those hopes, if they exist, are misplaced. The Company recognizes and respects the right of our Flight Attendants to select their representatives. Representation in no way affects the undeniable fact that the Company requires and must promptly obtain, through a consensual agreement or imposed terms, $195 million in annual savings from its Flight Attendants.

While these facts may be unwelcome, they are true. The decision facing our Flight Attendants today is the most important decision you have collectively faced. It is important that you have complete and accurate information as you carefully consider the alternatives. Please use the e-mail address above to ensure that all of your individual questions are answered.

In closing, we do recognize and appreciate deeply the economic sacrifices you and your families have already made, and those we are asking of you now. You have done a phenomenal job of continuing to serve our customers with grace and dignity in these very difficult times.

Sincerely,

Suzanne Boda

Suzanne Boda

Congress of the United States
Washington, DC 20515

November 17, 2005

Mr. Doug Steenland
President and Chief Executive Officer
Northwest Airlines
2700 Lone Oak Parkway
Department A1030
Eagan, Minnesota 55121

Dear Mr. Steenland:

We write to express concern regarding recent reports of Northwest Airlines' proposal to outsource the vast majority of flight attendant positions on international flights with foreign nationals. While we understand that Northwest must make hard financial decisions to emerge from bankruptcy, we strongly urge you to reconsider outsourcing these U.S.-based, safety critical flight attendant jobs to non-U.S. citizens.

Implementation of this proposal would mean the loss of approximately 2,600 U.S.-based flight attendant jobs with union-negotiated protections and benefits. In addition to the impact these lay-offs would have on families and communities across the country, we are concerned about the potential impact on the overall safety and security of the U.S. passenger aviation system. In a post-September 11th era, it is of the utmost importance that any foreign nationals hired are properly subjected to meaningful security and background checks, consistent with the background checks of all U.S. flight attendants. We also have concerns that this proposal could hinder effective communication and coordination between the in-flight cabin and cockpit and with passengers in a serious in-flight emergency.

Again, we strongly encourage you to reconsider Northwest's proposal to outsource U.S.-based flight attendant jobs with foreign nationals.

Sincerely,

Carolyn B. Maloney
CAROLYN B. MALONEY
Member of Congress

Jim Ramstad
JIM RAMSTAD
Member of Congress

Carolyn McCarthy

John F. Tierney

Ed Case

Rob Simmons

Adam Smith

[illegible]

Joe Baca

Mike H. Michaud

Shelley Berkley

Mike Doyle

Jay Inslee

Ginny Brown-Waite

Ron Kind

Frank Pallone Jr.

Melissa L. Bean

Jim Marshall

Stephanie Tubbs Jones

Jim McDermott

Betty McCollum

[illegible]

[illegible]

[illegible]

[illegible]

Leonard L. Boswell

Debbie Wasserman Schultz

Neil Abercrombie

Michael E. Capuano

Dennis J. Kucinich

Barbara Lee

Jane Harman

Ed Pastor

Alcee L. Hastings

Bart Gordon

George Miller

[illegible]

Jim Moran

Sam Farr

Raúl M. Grijalva

Emanuel Cleaver

Hilda L. Solis

John Conyers Jr.

Bill Pascrell Jr.

Marcy Kaptur

Bart Stupak

Jared Polis

Nick Rahall

Robert [illegible]

Rosa L. DeLauro

Collin C. Peterson

Dale E. Kildee

[illegible]

Tom Allen

Peter DeFazio

Martin O. Sabo

Sherrod Brown

Lucille Roybal-Allard

Charles B. Rangel

John Barrow

Charlie Melancon

Tim Ryan

Eliot L. Engel

Edward J. Markey

Danny Davis

Thaddeus McCotter

Doug [illegible]

Jerrold Nadler

John M. McHugh

John D. Dingell

Nick Lampson

Stephen Lynch

Bob A. Brady

John Lewis

Jim Davis

Julia Carson

Lynn C. Woolsey

Corrine Brown

Tom Tancredo

Robert Wexler

Russ Carnahan

Brian Higgins

Danny K. Davis

Tim Holden

Steve Israel

Daniel Lipinski

Rick Renzi