

amalgamation negotiations, the Union insisted on completing negotiations with both United and Continental individually and securing separate, stand-alone collective bargaining agreements with them. Once both collective bargaining agreements were amended and ratified, the Union could then enter into negotiations to amalgamate the two roughly equivalent contracts. The carriers reluctantly acquiesced to the Union's demand.

(1) Stand-Alone Negotiations Relating To Pensions

The Union and Continental completed their negotiations for an amended collective bargaining agreement covering the Continental mechanics and related employees and the bargaining unit ratified it in late 2010. Armed with that new contract as a minimum standard, the Union then focused on completing negotiations to amend the stand-alone United mechanics and related collective bargaining agreement.

In December, 2010, United signaled its desire to reach a stand-alone collective bargaining agreement covering the mechanics and related employees. In so doing, it acknowledged that such an agreement had to include a solution providing defined benefit retirement security for the mechanics and related employees.

The bargaining parties from United and the Union met in Chicago on December 9, 2010 and discussed retirement solutions. Both sides acknowledged that an eventual amalgamation of the United and Continental mechanics and related employees bargaining units required a single retirement benefit program for the combined bargaining unit. The management representatives expressed their belief that the only way to provide retirement security for the combined group of mechanics and related employees would be to include the United mechanics and related employees in the CARP. Having expressed that opinion, however, the management representatives then explained why it was impossible at that time to include the United mechanics and related employees in the CARP.

In this regard, the management representatives explained that they could not include any of the United work groups into the CARP because each of those work groups were parties to "me-too" agreements providing that if any one of those groups secured pension coverage in a single-employer defined benefit pension plan, the other groups would be entitled to the same pension coverage. By including the mechanics and related employees in the CARP, the management representatives explained, the United pilots would also be eligible for CARP coverage by virtue of their "me-too" agreement. Because Continental had, prior to the Merger, elected to take advantage of the PPA's special airline rules providing for extended funding amortization periods for both the CARP and Continental pilots' frozen defined benefit pension plan, the United mechanics and related employees would be deemed CARP "successor" employees under PPA Section 402(g). For the same reason, the United pilots also could have