

STRENGTH IN UNITY

Airline Pilots Securing Their Future Through ALPA

Delta, Northwest Pilots Ratify Deals after Months of Negotiations

In recent talks at the bargaining table with the managements of Northwest Airlines and Delta Air Lines, ALPA successfully negotiated new agreements that avoided work stoppages by pilots and the possibility of intervention by bankruptcy judges.

The agreements pave the way for an eventual reemergence from bankruptcy for both airlines.

ALPA negotiators hope the agreements will result in a successful restructuring of these carriers, protect jobs, and position Delta and Northwest pilots to benefit from a successful outcome.

Delta pilots approve tentative agreement

Pilots of Delta Air Lines ratified a new agreement with management in May, which would provide about \$280 million in annual cost savings to the airline. Delta management had filed an 1113(c) motion in bankruptcy court, seeking to void its contract with pilots so it could impose its own terms. The new deal narrowly averted a strike by Delta's 5,930 pilots, who vowed to walk off the job if their contract was thrown out.

Under the terms of the 4-year deal reached by negotiators on April 14, Delta's pilots would take a 14 percent wage cut and would agree not to block any effort by the airline to terminate the pilots' significantly underfunded pension plan.

The agreement also includes a \$650 million interest-bearing note with a 15-year term, and a \$2.1 billion unsecured claim by pilots. The deal replaces an interim agreement negotiated in 2005.

The Pension Benefit Guaranty Corporation (PBGC), the federal government's pension insurer, opposed the agreement, saying that the contract violated provisions of the Employee Retirement Income Security Act of 1974. The PBGC filed an objection with the bankruptcy court, saying that the unsecured pilot notes and bankruptcy claim that ALPA negotiated with Delta's management were compensation for the termination of the pilots' defined-benefit plan. The agency further charged that those provisions of the agreement were not proposed in good faith, nor did they represent sound business judgment. The PBGC asserted that, if the court accepted the agreement, Delta's other creditors would not have any opportunity to object to the provisions during future consideration of Delta's plan of reorganiza-

tion. In late May, the bankruptcy judge did approve the pilots' agreement, despite the PBGC's objections.

Capt. Lee Moak, chairman of the Delta Master Executive Council, says, "We will continue the fight to protect our contract. The Delta pilots have made unprecedented concessionary sacrifices on the order of billions of dollars to save our company."

Capt. Moak had pointed out, "It is in everybody's best interest—the airlines, our employees, the traveling public, and ultimately the taxpayer—that this deal be approved to allow Delta to successfully reorganize and exit bankruptcy."

Delta pilots have taken substantial wage and benefits cuts in the past in an effort to help the airline get its financial house in order. In 2004, the pilots agreed to a 5-year deal that gave Delta's management \$1 billion in annual concessions. Delta has been operating under Chapter 11 bankruptcy protection since September 2005. The airline hopes to emerge from bankruptcy in 2007.

Northwest pilots ratify contract

Pilots of Northwest Airlines ratified a labor agreement in May that will preserve important pilot job protections while



During the Delta pilots' "March on Headquarters" in April, Capt. Buzz Hazzard and his son, Nathan, stand in front of the Rat, which the pilots positioned for a perfect view of the airline's general operations headquarters. Shortly after the March, pilot negotiators reached a tentative agreement with management; line pilots ratified it in May.



PHOTOS: JAN W. STEENLIK

ABOVE: Capt. Alex Strickland (Continental), a member of ALPA's Flight Time/Duty Time Committee, makes a point during the ALPA Scheduling Seminar, which the Committee hosted March 28–29 in Phoenix, Ariz., for members of MEC scheduling and negotiating committees and other interested parties. RIGHT: More than 100 pilots, including some from Austria, Jamaica, Mexico, and the United Kingdom, attended the Seminar, which focused on preferential bidding systems (PBSs) and included presentations by seven PBS software vendors. ALPA plans to hold more scheduling seminars in the future.



reducing pilot costs by \$358 million. Northwest's management has been seeking \$1.4 billion in annual labor savings from employees, saying that it needs concessions to successfully reorganize the airline. The pilots' agreement is the latest effort to cut costs at the airline to help it emerge from bankruptcy.

Sixty-three percent of Northwest pilots voted in favor of the 5½-year contract, with 95 percent of the 4,801 eligible pilots casting ballots.

Pilots and management began negotiations in October 2005, after management filed an 1113(c) motion in bankruptcy court seeking to void labor contracts and impose management's terms. Northwest pilots had voted to authorize a strike if the court threw out their contract.

Negotiators reached a tentative agreement on March 3, successfully avoiding the bankruptcy judge's decision and a potential walkout by Northwest pilots.

The new agreement continues a 23.9 percent pay cut, which was previously negotiated as an interim concession in November 2005.

The new deal provides significant protections against

outsourcing of mainline flying. Under the agreement, all airplanes with more than 76 seats will be flown by the mainline with Northwest pilots. The agreement also ties the allowable number of airplanes between 51 and 76 seats to the creation of a new Northwest affiliate that can fly those jets, in part with furloughed Northwest pilots, and the number of larger airplanes placed into revenue service at the mainline.

Pilots will receive an \$888 million unsecured claim in the airline, be entitled to profit-sharing and success-sharing bonus payments, and achieve annual rate increases that start in January 2008.

"This agreement is a painful but necessary part of a successful restructuring of Northwest Airlines," says the Northwest pilots' Master Executive Council chairman, Capt. Mark McClain. "Now is the time for Northwest pilots to unite and begin looking forward to our company's successful emergence from bankruptcy."

The deal will not go into effect until Northwest's management has successfully negotiated contracts with its other employee groups. Workers represented by the Professional Flight Attendants Association and the International Association of Machinists have been considering tentative agreements of their own. Baggage handlers rejected an earlier management proposal, but—at press time—were evaluating a revised agreement that would cut their pay by 11.5 percent. So far, airline pilots have taken the largest pay cut of Northwest's employees.

Northwest pilots also made concessions in December 2004, when they agreed to a 15 percent pay reduction worth \$265 million annually. Northwest Airlines has been operating under Chapter 11 bankruptcy protection since Sept. 14, 2005.—Gavin Francis, Staff Writer