





United Pilots Lead Airline Out Of Bankruptcy

"My fellow Americans, our long national nightmare is over."—President Gerald R. Ford

By C. David Kelly, Senior Communications Specialist, United MEC

It would be understandable if each pilot at United Airlines uttered former President Gerald Ford's famous quotation upon United's emergence from bankruptcy. Indeed, United's long financial nightmare is over. After journeying through 3-plus years of economic despair, United Airlines emerged from the clutches of Chapter 11 bankruptcy reorganization on February 1—a day of rebirth made possible by the sacrifice, dedication, and resilience of United's pilot group.

"Throughout the course of United's bankruptcy, the company time and again had to rely on this group for leadership," says Capt. Mark Bathurst, United Master Executive Council chairman. "The character, determination, and sacrifice of this pilot group have given United Airlines the tools necessary to succeed after the bankruptcy. Management must now execute as they have informed the world and the business community they would. No excuses. No second chances. No missed opportunities."

United's bankruptcy hasn't been easy for the airline's pilots. Their wages were cut 30 percent in May 2003 and another 11.8 percent in January 2005. United also drastically altered pilot work rules in 2003. In addition to lost wages and work rule changes, United pilots opposed the termination of their defined-benefit pension plan. But ultimately, as did all other employee groups at United, the pilots saw management convince

the bankruptcy judge that the plans could not survive if United was ever going to exit Chapter 11. In all, United pilots provided their airline—which was twice denied loan guarantees from the Air Transportation Stabilization Board, a panel established to help struggling airlines after 9/11—with more than \$3 billion in total savings.

"We have provided management with the capital it claimed it needed to restructure this airline and to make it competitive and profitable for the future," says Capt. Bathurst. "No United employee group sacrificed more than the pilots. United has repeatedly stated that our money and our concessions would be put to good use. Management must now use those resources wisely."

Longer work hours, decreased wages and benefits, and the Pension Benefit Guaranty Corporation takeover of the United pilots' defined-benefit pension plan all make the life of today's United pilot far different from that of pre-bankruptcy days. United pilots also find themselves working under increased scrutiny and tension laid out by a flight operations management dead set on inflicting unnecessary demands on the pilot group.

The onerous Absence Management System, or AMS, is a perfect example. The program also is referred to as management's sick leave and attendance monitoring program. The program subjects United pilots to being called on the carpet for using sick

leave benefits provided in their collective bargaining agreement. ALPA has aggressively fought this program, reminding United management that unique medical certification requirements and mandates under federal law require airline pilots to not operate aircraft unless they are physically and mentally fit for flight. The way AMS has been applied runs contrary to this mandate.

"This is not the type of treatment we expect—or deserve—for all we have sacrificed since United's bankruptcy began," says Capt. Bathurst. "United's management has the opportunity to start a new day in its relations with its employees, especially its pilots. We stand ready to work with management to sustain growth and profitability. We will not, however, be treated with disrespect."

Capt. Wendy Morse, United MEC vice-chairman, says, "The pilots of United Airlines are the reason the airline exited bankruptcy. Our safety record speaks for itself. Over the past three years, we've worked longer for less; yet, the professionalism and dedication of United's pilots were on display each day of United's bankruptcy case. Through times of uncertainty, stress, and personal challenges, we have stepped forward and performed flawlessly. Pilots have lost homes, been forced to commute to distant domiciles to work, and have less time with their families. Our efforts, professionalism, and dedication to this airline's future command respect."

Possible challenges ahead

During the past 3 years, bankruptcy has become part of the vernacular of the U.S. airline industry. If comments from airline CEOs, analysts, and business reporters are any indication, *consolidation* could very well become the next hot-button word in the airline industry's lexicon.

As United approached bankruptcy exit, CEO Glenn Tilton repeatedly bandied the term around during speeches to various business groups across the country. Having built a reputation as a consolidator during his days with Chevron/Texaco, Tilton

has many predicting that he will recycle those skills at United.

ALPA is prepared to protect the interests of its pilots if such an occasion arises. Capt. Bathurst cautions that United can ill afford to hastily merge with another airline without evidence that such a marriage would benefit the airline—and United's pilots—in the long term.

"We are just walking out of bankruptcy," he says. "We need a chance to catch our breath. We certainly don't know what the future holds. Much depends on the business community. We have equipped United's management with the resources to operate on its own, assuming it properly executes the company's reorganization plan."

"Regardless of what happens concerning possible consolidation," Capt. Bathurst says, "we have a duty to protect our pilots who have given so much to United Airlines. We will protect the careers of our pilots to ensure that management doesn't squander our assets on some wayward enterprise. We may not be able to stop consolidation, but we won't roll over and play dead."

Protecting what's left

The battlefield scars from United's bankruptcy case are clearly visible. The pilots' contract now has only limited resemblance to the agreement negotiated in 2000. The United MEC is fighting hard on a daily basis to protect what remains. Grievance filings are approaching all-time highs, and the System Board of Adjustment's calendar for 2006 is already full.

Bankruptcy was basically a way for management to hide behind the judge's robes and to gut the pilots' contract. United management exercised its rights under Chapter 11 to get what it demanded. The pilot group's bargaining leverage was deeply diminished by having management, the debtor-in-possession financiers, and all potential exit lenders state publicly that United could not exit bankruptcy unless fundamental contractual changes were extracted from the employees. The judge repeatedly bought into this premise, as evidenced by his rulings.

"Now it's time for management to

step up on its own and address the issues that could again make this airline a great place to work," says Capt. Bathurst. "The company must now deal with us on a direct basis, without the protection of bankruptcy. We sacrificed plenty over the past three years. We do, however, have a contract, and we will fight to have it enforced. If the cost of doing business in our post-bankruptcy world is a record number of System Boards of Adjustment, so be it. Contractual compliance coupled with improving quality of work life is on this MEC's plate, front and center."

Expecting a new approach

The pilots of United Airlines have given management the tools to build a new tomorrow. Along with those tools is the expectation that management will abandon the practices and labor relations philosophies that helped steer the airline toward bankruptcy a little more than 3 years ago.

Capt. Bathurst says that management doesn't have the luxury of reverting back to a business-as-usual approach. United's pilots have made a business decision regarding United's future. The group has invested too much to have it squandered.

"Our expectations for this management team are high," says Capt. Bathurst. "Its members have to realize that the airline can ill afford reverting back to their old ways of treating employees with disrespect and lack of interest. This new beginning comes with no guarantees for success. We've provided the tools. It's now up to management to make it work."

"No one has invested more or has higher expectations for the future than our pilots," he says. "United has fundamentally remade itself into that which it says it has to be to compete. In a U.S. economy that has clouds looming on the horizon and in a competitive environment for which the bottom is not yet established, United has the business plan and the route structure to seize the opportunity to excel. Our pilots will be watching, and fully participating, to ensure that United does just that." 🔄