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### Union chief says NWA is facing bankruptcy

#### Pilots urge shared labor concessions

May 19, 2005

**BY MARTIN J. MOYLAN**  
 KNIGHT RIDDER NEWSPAPERS

**Northwest Airlines** will land in Chapter 11 bankruptcy before long if other unions don't join its pilots in giving the struggling carrier hundreds of millions of dollars in annual wage and other labor-cost concessions.

That warning Wednesday didn't come from Northwest's executives, but from the head of its pilots union.

"It is time for everyone at our airline to face reality," Mark McClain, chairman of the master executive council of the **Northwest Airlines Air Line Pilots Association**, wrote in a union newsletter. "The fact is our company is in financial jeopardy, and the other unions need to join us in an effort to ensure NWA's viability."

By the fourth quarter of this year or first quarter of 2006, the airline may suffer devastating losses that push it into bankruptcy, McClain forecast.

Eagan, Minn.-based Northwest has lost about \$2.8 billion on its operations since the start of 2001. And without big labor cost cuts, it expects more losses.

The pilots say they get Northwest's predicament on labor costs, too. Last November, the pilots agreed to a 2-year bridge concessionary agreement that saves Northwest \$265 million a year.

The idea was to give Northwest some financial breathing room and time to get other labor groups to agree to wage and other givebacks. But time is running out, says McClain.

"The time has come for all union leaders to move beyond denial and anger and act responsibly for the good of their members," McClain said in the newsletter.

The **Aircraft Mechanics Fraternal Association** did not appreciate McClain's lecture. By July, Northwest will have laid off about 4,400 of that union's members since the start of 2001.

"AMFA has already given more than any other labor group -- \$350 million plus in headcount reductions," said Jeff Mathews, the union's contract coordinator. "It is presumptuous of Capt. McClain to expect us to allow the wholesale elimination of our members' jobs to preserve the pilots' jobs and their lucrative pensions."

"I can understand what Mark is saying," said Bobby De Pace, president of District 143 of the **International Association of Machinists**, which represents most of the airline's ground workers. "There is an urgency. But we're not going to rush our process."

De Pace added that his members are not the problem. At Northwest and in the

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industry, they've been among the lowest-paid workers, he said.

"To me the talk of bankruptcy is fear mongering, at best," said Jeff Gardner, vice president of the **Professional Flight Attendants Association**, the union that represents Northwest flight attendants. "I want to see the proof."

In another key cost area, Northwest is stepping up its calls on Congress to pass pension reform in the wake of bankrupt **United Airlines'** successful bid last week to shed its pension obligations.

United won bankruptcy court approval to end its pension plans, leaving a \$6.6-billion liability with the **Pension Benefit Guaranty Corp.**, the federal agency that insures pension plans.

United, which has operated under bankruptcy protection since December 2002, argued it no longer could afford the pay and benefits promised in the agreements.

Northwest, **Delta Air Lines** and **American Airlines** are backing legislation that would give them 25 years to make payments to their underfunded pension plans. Northwest says its plans would be frozen, protecting benefits already earned by participants, and they would be replaced by 401(k)-style defined contribution retirement plans.

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