

Airline Labor Concessions Timeline

Aug 2002	<ul style="list-style-type: none">– US Airways was the first airline to file for bankruptcy. The company won an ATSB loan after negotiated concessions from unions worth \$950 million.
Dec 2002	<ul style="list-style-type: none">– Aloha convinced its employees to take 10% pay cuts to qualify for an ATSB loan and avoid bankruptcy.– Hawaiian Airlines achieved primarily work rule concessions from its unions worth tens of millions after filing for bankruptcy.– United negotiated concessionary agreements with all unions except the IAM, attempting to avoid a bankruptcy filing. United was forced to file without the necessary agreements, and the court imposed interim relief on the IAM. By May, six year agreements worth \$2.56 billion a year were in place.
Mar 2004	<ul style="list-style-type: none">– US Airways round 2 was completed as the pilot DBP was terminated by bankruptcy court after sweeping concessions in 2002.
May 2004	<ul style="list-style-type: none">– American successfully restructured all labor contracts and avoided bankruptcy, securing agreements worth \$1.8 billion a year.
Jun 2004	<ul style="list-style-type: none">– Air Canada unions agreed to \$560 million USD in concessions after filing for bankruptcy.
Jul 2004	<ul style="list-style-type: none">– ATA pilots agreed to 43 million in concessions over two years.
Oct 2004	<ul style="list-style-type: none">– ATA flight attendants agreed to concessions worth \$24 million in October, not enough to stave off a bankruptcy filing.– Not long after unsuccessfully negotiating more major concessions, US Airways filed for bankruptcy in September. The bankruptcy judge imposed 21% interim pay cuts in October on all US Airways contract employees.– Alaska outsourced a significant number of maintenance and cleaner jobs to save a reported \$35 million per year.– US Airways negotiated new labor agreements under bankruptcy court protection worth \$1 billion per year – on top of the 2002 concessions of \$950 million.
Nov 2004	<ul style="list-style-type: none">– Delta pilots ratified a long sought cost cutting deal that would cut pay 32.5%, cap the DBP, and ultimately save \$1 billion per year. The non-pilot labor cost component of the Delta transformation plan reduced all non-pilot pay by 10%, changed benefits and work rules. The total annual value of the changes is an estimated \$2.6 billion.– Northwest pilots agreed to a \$265 million concessions package.
Dec 2004	<ul style="list-style-type: none">– In November, Continental announced a plan for across the board labor cost reductions totaling \$500 million. Although no agreements have been reached with unions, \$169 million in non-union cuts were announced for various groups in December and January. The Company hopes to implement all give backs by February.
Feb 2005	<ul style="list-style-type: none">– Continental achieved consensual restructuring goal of \$500 million in labor concessions. Approximately \$170 million was from non-union employees, with the remainder coming from the Company's unions.
Apr 2005	<ul style="list-style-type: none">– Aloha, which filed for bankruptcy on December 30, achieved its final concessionary deal with mechanics. The value of the concessions was \$36 million, and included a second 10% pay reduction from all employees. Similar agreements were ratified by ALPA in January and AFA in February.– Bankruptcy court terminated UAL defined pension plans and turns them over to the PBGC. The agency will guarantee \$6.6 billion of the \$9.6 billion funding deficit. Annual savings for united is estimated at \$625 million.– AMFA reached a consensual deal with United worth \$96 million as the court heard testimony on a Company motion under section 1113c for contract rejection. Concessions had already been wrung out of pilots, flight attendants and other groups. The IAM has yet to agree to a deal worth \$176 million. The Company expects \$725 million in additional savings annually if everything falls in place. Including pension savings, annual labor concessions would total a staggering \$3.91 billion compared to pre-bankruptcy levels.
May 2005	<ul style="list-style-type: none">– Hawaiian achieved a concessionary deal with ALPA, the final hurdle on the road to exiting bankruptcy. The Company invoked 1113c prior to getting the deal. Mechanics ratified a new agreement in February and flight attendants agreed to a new contract in March. The price tag for these concessions has not been publicized.– Alaska wins a 26% reduction in pilot wages along with work rule changes due to an interest arbitration that relies on comparators that have taken significant wage cuts over the past two years. Deal is reportedly worth \$80-\$90 million per year. The Company also announces the outsourcing of Seattle ramp services, possible due to a very weak scope clause in the ramp contract.

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Airline Labor Concessions Timeline (Continued)

Aug 2005

– Northwest's 4,400 AMFA mechanics went on strike after Northwest Airlines refused to reduce its demand for \$176 million in annual concessions that included 1650 job cuts and a 25.5% pay reduction. Northwest hired replacement workers and imposed wages and working conditions. Negotiations continued through December, as Northwest upped its savings target to \$203 million and reduced its mechanic headcount to 880 through outsourcing.

Sep 2005

– Following its bankruptcy filing, Delta revealed its Transformation Plan which would cut labor costs by an additional \$930 million by the end of 2007, \$325 million of which would come from pilots. The plan calls for cutting between 7000 and 9000 jobs.

Oct 2005

– Bankrupt Delta subsidiary Comair announced it would reduce non-union labor costs by \$5.2 million and seek cuts from union pilots, flight attendants and mechanics of \$17.3 million, \$8.9 million and \$1 million, respectively. Pilots ratified their agreement in January 2006 with a slim 50.6% voting in favor. Seven hundred mechanics approved a 2% pay reduction in February. Teamster flight attendants, who have reportedly been asked to take pay and benefits cuts of up to 38%, authorized a strike on March 26, 2006.

Dec 2005

– The judge overseeing the Aloha Airlines bankruptcy approved a plan to terminate all defined benefit plans and turn them over to the PBGC. He agreed with management reasoning that the Aloha could not secure exit financing with the plans in place. No savings value is available.

Feb 2006

– United flight attendants ratified a deal that replaced their defined benefit pensions with a defined contribution plan.

Mar 2006

– IAM customer service agents and equipment service employees at Northwest returned a split decision on a \$190 million concessions package, with the latter group turning down the deal that included an 11.5% pay cut. Northwest has asked the bankruptcy judge to reject the ESE contract so it could impose terms.

– Under the threat of contract rejection, Northwest pilots agreed to a second round of concessions valued at \$361 million and flight attendants ratified a concessionary agreement saving the company \$195 million annually. Approximately 1000 pilot jobs would be cut and around 75% of international flight attendant positions would be outsourced as a result of the deals.

Apr 2006

– Bankrupt since October, Mesaba continued negotiating to seek labor cost savings of \$17.1 million a year, including \$10 million from unionized pilots, flight attendants, and mechanics. Mesaba is proposing across the board pay and benefits cuts of 19.4%.

– Delta pilots tentatively agreed to concessions prior to an arbitrators ruling that may have resulted in a pilot strike. The Company was asking for \$305 million.



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