

IAM Preserves Pensions at Northwest Airlines

In the latest episode of the U.S. airline saga, Northwest Airlines emerged from a 20-month stay in Chapter 11 bankruptcy, but without eliminating IAM labor contracts, health benefits or defined benefit pensions for more than 17,000 IAM members at the carrier.

In September, 2005, Northwest became the fourth major U.S. carrier to file for bankruptcy protection since 2001, following United Airlines, US Airways and Delta. In each case, airline executives sought to dissolve contracts, eliminate retiree health care benefits and walk away from employee pension plans.

Using hard-won legal experience and by educating members about surviving court-supervised restructuring, the IAM negotiated significantly better terms than any other employee group at Northwest.

IAM members at Northwest are now the only union members with a defined benefit pension, the IAM National Pension Plan, which takes the place of the company pension plan that was frozen as part of the bankruptcy restructuring.

Other employee groups at the carrier are left with a 401(k) plan that offers no guarantee and places the investment risk on employees themselves.

District 143 members at Northwest also won a major victory one month before the carrier entered bankruptcy. A New York Supreme Court judge ordered the airline to pay more than \$211 million to settle an IAM lawsuit over a promise to repay concessions granted in 1993.

Many observers expected the judgment to be wiped out in bankruptcy court, but IAM attorneys were able to ensure payment to affected

employees prior to the carrier emerging from bankruptcy.

IAM representatives also won significant health care savings for NWA retirees and sold unsecured claims on behalf of IAM members at Northwest for \$143 million, which will be distributed directly to members and retirees.

"Northwest Airlines' executives may congratulate each other for successfully emerging from bankruptcy, but the true heroes are the rank-and-file IAM members who made the difficult decisions when they needed to be made," said Transportation GVP Robert Roach, Jr.



IAM members at Northwest Airlines were the only employee group at the carrier with a defined benefit pension plan after the carrier emerged from bankruptcy.

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