



# Mesaba Negotiations Update



September 16, 2006

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## Judge Overturns Bankruptcy Court's Original Decision

This past week Federal District Court Judge Michael Davis overturned the bankruptcy courts decision on our case. This means that Mesaba management does not have the authority to impose its drastic terms on the employees of Mesaba. While he did find that most of the Bankruptcy Judge's decision did not contain reversible error, he said that in two key areas the court had erred. First, Judge Davis said that management must negotiate over snap back provisions. His position was that not only did the law require it but surely it was only fair that the employees have the opportunity to benefit from any improvement in Mesaba's economic position as management would. Second, he said that the court failed to consider whether MAIR Holdings should and had shared fairly and equitably in any proposed cuts.

He remanded the case back to the bankruptcy court for any further proceedings. We do not have any indication from Mesaba management as to whether they will return to court.

## AFA and Mesaba Meet

On Friday September 15, 2006, your negotiations team met with Mesaba management for the first time in over 100 days. The purpose of the meeting was for Management to explain in further detail their cash flow issues as mentioned in a press story from earlier this week. In addition there was discussion of the possibility of liquidation if they do not have agreements in place with AFA, ALPA, and AMFA. They also meet with ALPA and are planning to meet with AMFA on Monday September 18, 2006.

They are planning to give the annual insurance review next week and we are hopeful that they will finally give us a proposal to consider.

## Mesaba Flight Attendants Win Right To Retain Contract

*Minneapolis, MN* - Mesaba flight attendants, represented by the Association of Flight Attendants-CWA (AFA-CWA), won a decisive victory in federal district court yesterday when Judge Michael Davis overturned an earlier decision that gave the company permission to reject the contracts of their employees. Mesaba management had been threatening to impose a 19.4 percent wage and benefit cut, which would have reduced the annual income of some Mesaba flight attendants with a family of four to under \$10,000 after paying for insurance benefits.

"This is a monumental victory for Mesaba workers and employees everywhere," said Tim Evenson, Mesaba Master Council Executive President. "We hope that this decision will encourage current management – if they remain in control of the airline – to come back to the table for productive discussions – this time with a proposal that is fair. Over 100 days ago, we presented the company with a cost savings proposal that met their targeted concessions. We have heard nothing from them since. It is time for management to drop the litigation and negotiate fairly with the flight attendants."

Under bankruptcy law, a company may obtain permission to abrogate its labor contracts if it can prove to the court that negotiations have been unsuccessful and the concessions necessary for the reorganization are, among other things, "fair and equitable to all parties." Earlier this year, the bankruptcy court rejected the company's first 1113(c) motion and recommended that management return to the bargaining table. Since then, management only met with AFA-CWA for two bargaining sessions, and began the first meeting by renewing their threat to seek a court order to reject the contract. In July, the bankruptcy court granted the company's second 1113(c) motion, but Judge Davis' decision yesterday overturned that decision.

"This decision gives Mesaba flight attendants hope – hope that all their hard work will not go in vain, hope that their careers will be protected from management's overreaching demands. We have worked hard over the years to build a successful airline and we are committed, along with all Mesaba employees, to restoring our company to the great airline it once was," said Evenson.

*For over 60 years, the Association of Flight Attendants has been serving as the voice for flight attendants in the workplace, in the aviation industry, in the media and on Capitol Hill. More than 55,000 flight attendants at 20 airlines come together to form AFA-CWA, the world's largest flight attendant union. AFA is part of the 700,000-member strong Communications Workers of America (CWA), AFL-CIO. Visit us at [www.afanet.org](http://www.afanet.org).*

## Court Tramples NWA Flight Attendants Right to Strike

*CHAOSTM Strike Preparations Continue During Appeal*

**New York** - Flight attendants at Northwest Airlines, represented by the Association of Flight Attendants-CWA (AFA-CWA), vowed to continue their fight against drastic pay cuts and the rejection of their contract despite an injunction issued today by the U.S. District Court in New York. CHAOSTM strike preparations will continue while the union files an appeal.

"Management and the courts can gang up on us but they cannot defeat us," said Mollie Reiley, Interim Master Executive Council President for AFA-CWA at Northwest. "This is yet another example of how the legal system fails to protect working families. The courts continue to cater to corporate America. But we have a warning for the executives at Northwest and across this country who think they can litigate greed: this fight isn't over. Our crusade to protect our careers has only begun; not only for Northwest flight attendants, but for all flight attendants who will walk in our footsteps."

On July 31, Northwest management unilaterally imposed over \$200 million in cuts to wages, benefits and work rules on the flight attendants. Those same terms were earlier rejected by over 80 percent of the flight attendants. The terms consisted of over 40 percent reductions in salary and benefits, and more than a 20 percent increase in work hours.

AFA-CWA issued the company notice of the flight attendants' intent to exercise their right to strike as early as August 25 at 9:01 pm CDT. Normally under the Railway Labor Act, any unilateral change in a contract triggers a right to strike, but today's ruling trampled that long-standing labor law principle.

"We believe this decision is obviously an incorrect reading of the law and the rights of workers in the United States. We will appeal," said David Borer, AFA General Counsel. "Northwest's executives cannot expect to take over a billion dollars from the flight attendants without consequences. We will continue to aggressively defend our members' right to demand fair wages and working conditions."

*For over 60 years, the Association of Flight Attendants has been serving as the voice for flight attendants in the workplace, in the aviation industry, in the media and on Capitol Hill. More than 55,000 flight attendant, including 9,000 at Northwest, come together to form AFA-CWA, the world's largest flight attendant union. AFA is part of the 700,000-member strong Communications Workers of America (CWA), AFL-CIO. Visit us at [www.nwaafa.org](http://www.nwaafa.org)*



**The Mesaba Labor Coalition will be hosting a phone conference for all employees on:**

**MONDAY, September 18, 2006 at 1:00pm CT**

**1 (800) 230-1074**

Please begin to call in 10 minutes prior to the phone conference so the event can begin promptly. We will have our lawyers and your union representatives on the conference call to answer your questions. When you call in please provide the operator with your name and telephone number. We have taken steps to eliminate the problems and delays which we have had in the past and expect a smooth start to the call; we hope that you will join us.

### Corrections:

While we strive to provide you the most accurate information in these newsletters, occasionally errors are made.

In last weeks edition the article about lobbying in Washington, DC and how we met with many members of Congress to spread the message about Mesaba's bad faith negotiations mistakenly forgot to include Jason Stein for his participation.



**WEEKLY NEGOTIATIONS HOTLINE**

**1-800-424-2401, press 1, then 730**

**Updated every Friday**

**[www.mesabaafa.com](http://www.mesabaafa.com)**

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- CHAOS Strike Center - 877-894-8823
- CHAOS Assignment Line – 800-424-2401, ext. 735
- Weekly Hotline – 800-424-2401, press 1, then 730
- Mesaba-AFA Website – www.mesabaafa.com
- AFA Website – www.afanet.org
- Mesaba Labor Coalition – www.mesabalabor.org

## Judge voids Mesaba's power to force cuts

Stripped of its legal hammer, the regional airline has two options in its confrontation with its unions: negotiate or liquidate.

### Liz Fedor, Star Tribune

Mesaba Airlines' power to impose concessions on its unionized workers was taken away Wednesday by U.S. District Judge Michael Davis.

Davis determined that U.S. Bankruptcy Judge Gregory Kishel erred in mid-July when he granted the airline the authority to nullify existing labor contracts with its pilots, flight attendants and mechanics. Ruling on an appeal by the carrier's unions, Davis decided that Mesaba didn't negotiate in good faith and failed a legal test requiring it to be "fair and equitable" in spreading the pain of its bankruptcy restructuring.

Without the authority to force pay cuts on union workers, Mesaba management now is left with two immediate options: liquidate a key provider of regional air service or negotiate deals that union workers will ratify.

Mesaba President John Spanjers warned Mesaba's 3,300 employees last week that they must quickly reach deals with the company or the carrier would impose labor cuts or "cease flight operations." "We need to move from the court back to the bargaining table for real this time," said Nick Granath, an attorney for the Aircraft Mechanics Fraternal Association (AMFA). "This is not working for them to keep litigating this."

Mesaba, based in Eagan, filed for bankruptcy protection in Minneapolis in October. Nine months ago, it asked its unions to accept 19.4 percent labor cuts in contracts that span six years. Mesaba has been unable to secure deals meeting that target, and management cannot get its hands on \$24 million in debt financing unless it reaches its labor savings goal.

"While we are disappointed with Judge Davis' decision and will review all of our legal options to address his concerns, we are committed to successfully restructuring this company," Spanjers said in a statement Wednesday. "What remains unchanged is the company's need to find a solution quickly to ensure the survival of the airline." He emphasized a desire to "reach consensual agreements with each work group."

Mesaba said it has scheduled meetings with the three unions "to share detailed information about the company's cash position, which is quickly deteriorating."

The pilots union offered 14 percent labor savings over three years, and pilot negotiators said in early August that they did not want to return to the table until Mesaba demonstrated substantial movement. *(Con't on next page)*

This newsletter is produced throughout the negotiations process and during the CHAOS Strike if it is necessary. Any suggestions or comments for current or future editions should be sent to a member of the Negotiations Committee.

*(Con't from previous page)* "If the company cannot pay competitive rates to the employees who work here, we'll simply have to work someplace else," said Tom Wychor, chairman of the Mesaba pilots union.

Carla Rogat, vice president of the Mesaba flight attendants union, said all of the unions want to join management in saving the company. But she stressed that for the airline to be worth saving, it must offer a viable future for employees.

She said Davis' ruling creates an opportunity for Mesaba to compromise with labor. "They can't simply use the courts to force their view of the world," she said.

In mid-July, Kishel approved Mesaba's request to void its current contracts. But he required the carrier to give the unions 10 days' notice. Mesaba has never given notice.

While Davis ruled that Mesaba met a majority of the legal standards for a contract to be abrogated, he wrote that he reversed Kishel because of "Mesaba's refusal to negotiate snap-back provisions" that would provide some ability for employees to get better compensation if the airline's financial condition improves.

Davis also said Mesaba failed "to demonstrate that its proposals fairly and equitably spread the burden of reorganization among all relevant affected parties particularly MAIR."

MAIR Holdings is Mesaba's Minneapolis-based parent company.

The unions have repeatedly criticized MAIR for taking money from Mesaba in recent years but distancing itself from its subsidiary when Northwest Airlines reduced Mesaba's fleet and missed payments.

*(Reprinted from the Star Tribune -9/14/06)*

## **Mesaba says crisis could come within six weeks**

The bankrupt carrier said cash could run low enough to prompt a move toward liquidation.

Liz Fedor, Star Tribune

Mesaba Airlines management warned Friday that it must secure concessionary deals with its unions in the next two to six weeks or face a cash crisis that could trigger liquidation, according to the pilots union at the carrier.

"The employees are looking at the choice of personal liquidation or corporate liquidation," said Tom Wychor, chairman of the Mesaba pilots union. "This pilot group will not ratify a substandard agreement that will undercut their futures in the industry, whether at Mesaba or somewhere else." He added that the pilots want to do a deal and have offered Mesaba labor savings of 14 or 15 percent.

In December, bankrupt Mesaba asked for 19.4 percent labor cuts from its pilots, flight attendants and mechanics. On Wednesday, U.S. District Judge Michael Davis in Minneapolis reversed a bankruptcy judge's ruling that gave management the power to void labor contracts and impose concessions. The decision has created a new urgency for Mesaba to secure deals.

"We are focused on negotiations, but we are also reviewing all of our legal options," Mesaba spokeswoman Elizabeth Costello said. She did not comment on the amount of time that Mesaba has left before facing the possibility of liquidation.

Costello said top management met with leaders of the pilots and flight attendants unions Friday and will have a similar session with the mechanics union Monday. "We wanted to share with them the detailed financial information about the serious situation of the company," Costello said.

No talks have been held with the pilots union in about six weeks, and Wychor said his group is waiting for a better offer from the company before resuming talks. The last negotiations with the flight attendants were held in June, and the airline last bargained with the mechanics in mid-July.

*(Reprinted from the Star Tribune -9/16/06)*

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