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Pilots Agree to Pay Cut at Northwest

By [JEFF BAILEY](#)

CHICAGO, March 3 — Pilots at [Northwest Airlines](#) agreed yesterday to a \$358 million annual pay cut, averting the threat of a strike and positioning the carrier for a potentially rapid exit from bankruptcy.

All the major employee groups have now reached agreements with Northwest, though some remain to be ratified by workers.

The carrier, based in Eagan, Minn., still needs to reduce its debt by billions of dollars, rework its relationships with regional airlines and possibly raise fresh capital. But it has made significant progress since filing for bankruptcy protection on Sept. 14.

"I think it's going to be a very quick bankruptcy," said Roger King, an analyst at CreditSights.

Mr. King credited the bankruptcy judge overseeing the Northwest case, Allan L. Gropper, with keeping the pilots and management in talks beyond a Wednesday deadline.

Negotiators for the Air Line Pilots Association, representing Northwest's 5,000 pilots, had little leverage beyond the threat of a strike.

"The tentative agreement is a painful but necessary part of a successful restructuring," said Mark McClain, a pilot and chairman of the union's Northwest unit. The union's leadership was to begin considering the agreement last night and, subject to its approval, the contract would then go to members for a vote.

In 2004, the pilots agreed to about \$250 million in annual concessions. Then in November, they agreed to a temporary annual cut of \$215 million. The company pushed successfully to increase the size of that second pay cut to \$358 million, as part of \$1.4 billion in labor cost reductions.

Union and company officials would not discuss the specifics of the agreement. But more than a week ago, Douglas M. Steenland, chief executive of Northwest, indicated that the company would use existing Northwest pilots to fly whatever regional jets it eventually acquires to replace its huge and aging fleet of DC-9's.

A threat to place those pilot jobs in a unit not covered by the Air Line Pilots' contract had been a factor in pilots' voting to approve a strike should talks fail.

Northwest's flight attendants reached a tentative deal for \$195 million in givebacks on Wednesday.

The airline has also reached deals with its ground workers.