I’m honored to be here today and to represent the 61,000 members of the Air Line Pilots Association, International. As the president of ALPA, I want to thank Jamie Baker, and all at JPMorgan, for the invitation.

When I came before you last year, I was the newly elected leader of the world’s largest pilots union. I told you then that the days of labor giving and subsidizing the airline industry were over. I promised that ALPA would ignite unprecedented unity among airline pilots and mobilize them to work as one to restore the pilot contracts that have been eviscerated during bankruptcy.

Throughout the bankruptcy era, airlines came to pilots to ask for deep concessions. Pilots answered the call and rescued their airlines from economic ruin. With the post-9/11 bankruptcy era behind us, the pilots who have sacrificed billions in salary, work-rule, and quality-of-life concessions now expect—and demand—a return on the tremendous investment they made.

When the price of oil soars, management considers that a fixed cost and makes adjustments to business plans so that the airline can remain viable. Management must also take this same philosophy with its pilots. When ticket prices need to increase to pay for oil, airlines do it. When ticket prices need to be raised to repair pilot contracts, airlines must do it then, too.

While it is true that each airline’s collective bargaining agreements are negotiated at different times and that labor costs don’t shift as uniformly as fuel costs, ALPA is diligently pursuing a more narrow salary range across the industry to bring all pilots back to where they belong in terms of pay and benefits.

With each new contract and a compressed range, our pilots will stair-step to a higher pay scale and a more robust benefit package, and the industry will not compete on pilot cost differentials.

ALPA has garnered remarkable success already. The power of an international union truly shines during collective bargaining agreement negotiations, when pilots decide the terms of their negotiations. We will fight as one to restore retirement security, quality of life, safety-based work rules, and reasonable wages across our industry, so that ALPA pilots receive what they need for their families and what they have earned in their careers.
As airlines emerged from bankruptcy, the stage was set for a new bargaining cycle outside the confines of a biased and unfair bankruptcy courtroom. Pilots seized the opportunity. Airlines such as United and Northwest woke up and realized that the deep cuts they had been able to obtain by exploiting the bankruptcy process were too deep and were destroying their operations. And the delays last summer showed that the airlines had cut too far. To their credit, both airlines have negotiated letters of agreement with their pilots, taking the first steps toward correcting the worst of the provisions and giving their pilots their rightful reward for saving their airlines.

But this is only the beginning. In late-2006, we set the bar at FedEx by establishing positive wage, work-rule, and benefit patterns. Of the 93 percent of all eligible FedEx pilots who voted, 94 percent voted in favor of the new collective bargaining agreement. Both numbers are a tribute to the timeless power of pilot unity.

While United and Northwest have exhibited foresight in taking initial action to begin to make whole the pilots who helped build their airline, we’ve seen success at several smaller airlines, too.

After an unconscionable two-and-a-half years of negotiations plagued by management foot-dragging, Ryan International Airlines recently reached a contract that gives its pilots an average 40 percent pay increase during the life of the four-year contract, in addition to notable improvements in retirement, scheduling, vacation, and training. The trend continued with positive contracts at ASTAR Air Cargo and at Atlantic Southeast Airlines.

In Canada, ALPA has won a positive tentative agreement with Calm Air, a small-jet airline that operates in Northern Saskatchewan and Manitoba.

Now, we are in new negotiations at Alaska, Continental, Hawaiian, Pinnacle, Mesa, and others, and, yes, we are ready.

I speak for every one of ALPA’s more than 61,000 members when I say that we will spare no effort to advance this trend—pilots will relentlessly demand a return on their tremendous investments.

When I spoke with you last, I told you that individual pilot groups at individual airlines would become a thing of the past. I intended to band all airline pilots together—my motto was “If one ALPA pilot has a problem, all ALPA pilots have a problem.” It still is.

To show you what I mean, take ALPA’s Strategic Preparedness and Strike Committee. Since I directed its launch in July 2007, our unity efforts have met with
overwhelming success. Thousands of line pilots have come together in solidarity.

When the call goes out, our union pilots stand shoulder to shoulder, regardless of their airline. I’m certain that you’ve seen the news coverage of ALPA rallies, informational picketing, and family awareness events from Fort Lauderdale to Anchorage and many, many points between.

And speaking of the news media, I believe that it has played a role in a myth--or at least a misunderstanding--that I would like to dispel here today. In the last few months, I have fielded many questions from those in the financial community as to why ALPA is so opposed to mergers, or why ALPA is holding up the process.

I stand before you to affirm that ALPA recognizes that mergers and consolidation are likely to take place and that ALPA, like you here today, will evaluate each one and support only those that make sense for our companies and for our members’ careers. I have maintained from the start of my term that no merger will be successful unless the airlines’ pilots are fully involved from the beginning.

Many investors in the airline industry are in it for the short term. However, pilots are the ultimate long-term investors. Pilots are in the airline industry and, more specifically, invested at their respective airlines for the long haul—two, three, and even four decades.

When we consider mergers, our analysis is not based on whether we’ll get a short-term bump in the stock price; rather, we intensely evaluate how this will affect the rest of our careers. We recognize that economic ebbs and flows may create the need to redesign our industry’s corporate landscape. But as the long-haul investors, we will back a redesign only if doing so makes sense for the companies in which we have so much invested.

The fact is that successful mergers take time. When management involves their pilots as they must--and many have come to us--it triggers an intense and, yes, sometimes lengthy, process during which ALPA determines whether the merger makes sense for the individual airlines and their pilots, but to try it without doing that upfront leads to disastrous consequences.

We’re not naïve about the challenges of merging two businesses or about the singularities of the airline industry. Just as I would thoroughly examine and inspect my airliner before takeoff because I hold both the authority and responsibility for my crew’s and passengers’ safety, as the leader of the world’s largest pilots union, I owe it to each and every one of our members to ensure that any merger proposal is exhaustively scrutinized from every angle.

I think this is one of the largest misconceptions about how we as pilots consider
mergers. I often receive questions from the financial community along the lines of “Don’t you realize that, without consolidation, when the next downturn hits, the airlines will be right back where they were a few years ago?” This question and others like it imply that we’re focusing only on today. Let me assure you that nothing could be further from the truth. We realize that, long after many stakeholders have sold their positions and moved on to the next deal, we will be the ones living through the real merger—the integration, the software glitches, and implementing all those ideas that looked great on paper.

Most of you probably are not aware of ALPA’s resources, so I think it is worthwhile to briefly explain how we go about evaluating a potential transaction from the pilot perspective and how we avoid “short-term thinking.”

When a proposal is put forth or when we proactively request it, ALPA concentrates a team of internal and external advisors to perform a vast array of financial and other analyses. We want to know whether this consolidation will result in a viable and profitable airline and what are the likely risks and rewards for the pilots. We ask ourselves questions such as:
* What will be the effect on job security and growth potential?
* How does the merged airline’s plan compare to the stand-alone plans?
* What are the synergies and disconnects between the two enterprises?
* Who is pushing for the merger, and do they have the best interests of the enterprise as their priority?
* What is the likelihood of getting regulatory approval for this merger?
* What are the differences in corporate cultures?
* Will the two airlines involved become so myopic about the merger that they fail to aggressively manage the other elements of the airline?

And finally, each pilot and pilot group begins the thought process that has been well-documented in the news media: how will this affect my seniority and what are the ramifications?

I realize that almost no one here today works in an industry in which seniority has such a dominant role in an employee’s life. Let me explain why it’s so important.

In short, a pilot’s seniority number determines virtually everything about his or her work life and career; it determines when I work, the airliner I pilot, the routes I fly, when I can take vacation, whether I am eligible for a promotion, and whether I will be furloughed in hard times. For airlines, seniority lists mean reduced training costs and the ability to retain more experienced pilots.

It’s a career. It’s similar to tenure for teachers, but it determines even more about my life. It also explains why pilots are loathe to leave their airline to work elsewhere, only to begin again at the bottom of another seniority list. And it also
explains why mergers and seniority lists are so intertwined, and, to put it very simply, why seniority is never for sale.

So, you see that ALPA takes any potential merger extremely seriously. Pilots must be involved, and the process we undertake to establish our endorsement or opposition to a given merger proposal is exhaustive.

As Delta and Northwest and other potential mergers come to the forefront, you can be assured that the Air Line Pilots Association, International, will be tireless in pursuing the interests of its pilots.

I look forward to working with the leaders of this industry to continue to make it stronger and more stable for all who depend on it. Thank you again for the invitation to speak, and I will be happy to answer any questions.