

United approves sale to workers

The board of directors of United Airlines has approved the \$5 billion sale of the major US carrier to union workers, leading to the creation of the nation's largest employee-owned company.

Before the deal is finalised, members of the Air Line Pilots Association and the International Association of Machinists must approve it, as must the shareholders.

The deal calls for wage cuts of as much as 15% and other labour concessions. Wages for union member will then be frozen for the five years. About \$3.5 billion of the purchase price comes from wage and benefit concessions, with the remainder coming from productivity gains.

In return, the employees, including 8,000 pilots and 28,000 rank-and-file machinists, get a minimum 53% stake in the airline. This could grow to 63%, depending on performance of company stock during the first year of worker majority ownership.

United's 19,000 flight attendants had dropped out of the negotiations, but have been invited to participate in the employee stock-ownership plan.

The agreement with the participating unions also includes a no-strike clause for the dura-

tion of the initial investment period, as well as comprehensive job protection. The unions involved have agreed to submit the agreement to their membership for ratification no later than 31 January. The airline and the unions expect to finalise the deal by 15 March.

The agreement also calls for union support of a low-cost operation within United, code-named U-2, which will stick to markets within 1,200km

(650nm). About 15% to 20% of United's pilots would work for the short-haul, low-cost, start-up airline.

Stephen Wolf, United's chairman and chief executive, would step down, as would John Pope, the airline's president and chief operating officer. The unions have selected Gerald Greenwald, former vice-chairman of Chrysler, to succeed Wolf, if the buy-out goes ahead. □

accounting and flight scheduling, from AMR for C\$150 million a year. Air Canada is proposing the same services for C\$70 million and would hire an extra 1,000 Canadian employees to operate them.

The Air Canada offer included a ten-year non-competitive agreement barring Canadian from launching competition on any of the routes it sold.

Canadian is pressing on with the consummation of the AMR deal, provided that it can extricate itself from the Gemini reservation system it shares with Air Canada.

Air Canada is to appeal against a tribunal decision allowing the Gemini dissolution to go ahead. □

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Hanson was suing Dee Howard for non-delivery.

Dee Howard had argued that it was unable to complete the One-Eleven re-engineering programme, halted in 1991, because BAe did not supply technical information needed for certification. Insiders consider it unlikely that Dee Howard, or Alenia, will proceed with plans to sue BAe. □

There is no confirmation of reports circulating within Dee Howard that the company, owned by Italy's Alenia, agreed to pay Hanson \$16 million in a pre-trial settlement. Charles Schwartz, the lawyer representing Salian, says that Dee How-

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Chinese among bidders for Lake

Lake Aircraft is negotiating with three groups which have signed letters of intent (LoIs) to purchase the US amphibian manufacturer. One of the bidders is a Chinese company, says Lake president Armand Rivard.

The pending sale was confirmed as Lake's Chinese agent signed an LoI to buy a further 40 Renegade amphibians, which follow the initial 20 already destined for China (*Flight International*, 15-21 December, 1993, P21).

Delivery of the first ten aircraft on firm order has begun, Rivard says, and a formal acceptance ceremony will take place in China in January.

The company has been on the market for about 18 months because its owners, the Rivard family, feel that they cannot afford to exploit the export potential for Lake's Renegade and Seawolf.

All three groups with which Lake is negotiating have agreed to maintain the existing management team, Rivard says. □

Lawsuit settlement brings end in sight for Tay-powered One-Eleven dispute

Dee Howard settles One-Eleven suits

Dee Howard has "resolved" law suits relating to its cancelled programme to re-engine the British Aerospace One-Eleven with Rolls-Royce Tay turbofans.

The suits were filed by UK company Salian International, which provided finance for the programme, and by the UK's Hanson, which supplied chairman Lord Hanson's private One-Eleven for re-engineing.

Keith Kaiser, a lawyer acting for San Antonio, Texas-based Dee Howard, confirms that both lawsuits have been resolved, but refuses to classify them as settlements.

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Dutch to buy Fokker 60

The Netherlands defence ministry has approved the purchase of four Fokker 60 utility aircraft.

The Dutch Parliament is expected to sign the deal by 1 February, clearing the way for a two-year programme leading to delivery of the first aircraft in March 1996.

The development cost is put at NLG263 million (£92.6 million) with an extra NLG30 million for programme management, training and technical support. NLG30 million is being provided by the Dutch economic-affairs ministry.

The aircraft will be stretched by 1.62m over the Fokker 50 and be fitted with a large cargo door, strengthened floor, medical evacuation and troop-carrying equipment and self-defence electronics.

The Dutch aircraft builder says that it will offer a 60-seat civil version of the aircraft "...if the market demands it". □

