

# Delta pilots brace for rejection of contract

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New York — The leader of Delta Air Lines' pilots said the union is preparing for the federal bankruptcy court to possibly reject their labor contract as early as next week.

"We're preparing for a possible rejection," said Lee Moak, chairman of the Air Line Pilots Association. He said the union still wants a "consensual agreement" on cost cuts with the airline but that pilots are prepared to call a strike.

"Let's be clear here. We truly believe that this is a case of self-defense," said Moak. "We believe we can strike."

Moak's comments came as the federal bankruptcy court in New York continued its eighth day of hearings on Delta's motion to void the contract and impose \$325 million in pilot cost cuts, including a 19 percent pay cut.

If the judge agrees to reject the contract, Delta says it could impose its terms.

"We will not willingly work without a contract," said Moak. The union says it has offered concessions valued at \$150 million annually, including a 9 percent pay cut.

Union leaders are meeting Thursday in New York, where they could consider authorizing a strike vote.

Such a decision would be the first step in a weeks-long process, according to union officials. Even if a majority of the union's 6,000 members voted to authorize a strike — a ballot process that would require at least two weeks to complete — the union's leaders might never call one.

The union, which has long warned that a contract rejection could result in a devastating strike for the hobbled airline, likely is seeking more leverage as sporadic talks with Delta have shown little apparent results.

Judge Prudence Beatty has repeatedly urged the two parties to reach a settlement.

Opening Tuesday's hearing, she asked, "I'm assuming that we are still here because we do not have a resolution?"

"That is correct," responded Jack Gallagher, Delta's attorney.

Delta has argued in court that the union is barred by the Railway Labor Act from a strike or other labor action without going through protracted mediation and a 30-day cooling-off period.

"Our strong preference continues to be to negotiate in good faith to reach a consensual agreement that is in everyone's best interest," said Delta spokesman John Kennedy.

Delta's lawyers say Beatty must rule on the so-called Section 1113 motion — named after a section of the bankruptcy code — by Dec. 16.

If Beatty doesn't rule next week, Delta says it can impose pilot pay cuts under Section 1113, but people involved in the case say the company might agree to an extension if it fears that Beatty could deny its motion.

Indeed, Beatty has said she wants more time as the trial on the issue has dragged into its third week. On Tuesday, the airline's last witness, Delta labor relations Vice President Geraldine Carolan, began testimony. ALPA is planning to call more than a dozen witnesses. More hearings are scheduled for today and Friday.

In court on Tuesday, a group of retired Delta workers said the carrier improperly made millions of dollars in severance payments from a trust fund meant for disabled employees.

The group represents non-pilot retirees, some of whom are disabled. It asked the judge to bar Delta from using trust funds to make additional severance payments and to return any unauthorized disbursements made since Delta's bankruptcy filing, plus interest. If Delta doesn't repay the funds, the group said it will seek permission to sue the airline.

Delta paid \$22 million in severance claims from 2002 through 2004 and expects to pay an additional \$14 million this year, the group said.

Delta spokeswoman Chris Kelly said the company "strongly believes it has acted properly."

Bloomberg News contributed to this article.