

AP

## Delta, Retirees Reach Benefit Deal

Thursday October 5, 5:54 pm ET

By Harry R. Weber, AP Business Writer

### Delta Reaches Agreement With Retirees on Medical Benefit Changes

ATLANTA (AP) -- Delta Air Lines Inc., which is operating under bankruptcy protection, reached an agreement Thursday with thousands of retirees on changes to medical benefits that will save the nation's No. 3 carrier about \$50 million annually.

The deal, which would need to be approved by a bankruptcy court judge, covers a portion of roughly 42,000 pilot and non-pilot retirees, their spouses and survivors, Delta spokeswoman Betsy Talton said.

A hearing is scheduled for Oct. 19.

Delta, which has lost more than \$16 billion since January 2001, has been restructuring all elements of its business as it seeks to emerge from Chapter 11 protection by the middle of 2007. A particularly thorny issue has been cuts to retirement benefits. Pilots already agreed to allow the airline to terminate their pension plan.

For non-pilots, Thursday's agreement means that certain retirees will go from paying no premiums for their health care coverage before reaching 65 to paying a portion of the cost of their coverage, court papers say. Others will go from paying 10 percent to 25 percent of the cost and others will go from paying 22 percent to 35 percent of the cost. Those non-pilot retirees currently over 65 will be eligible for a \$50 monthly subsidy toward the premium for medical and prescription drug coverage. There also are changes to medical benefits for pilot retirees under the agreement.

Delta has agreed to place limits on further changes to certain of the cost-sharing percentages through 2010 and to establish a fund that will include premium subsidies for certain retirees who experience hardships from the changes.

The benefit changes will become effective on Jan. 1, if approved.

"There are no happy faces in bankruptcy court," Dean Gloster, a lawyer for a committee that represents some of the retirees, said. "But Delta agreed to protections for the remaining retiree medical benefits that we could never have gotten in litigation."

In a letter Thursday to retirees, Robert Kight, vice president of compensation, benefits and services at Delta, said the airline's goal has been to find ways to restructure its costs.

"Together we created solutions that have addressed this situation sensitively and equitably within the range of what the company can now afford," Kight wrote.