

# **Delta shareholders approve Northwest merger**

Atlanta Business Chronicle - by [J. Scott Trubey](#) Staff Writer

**Delta Air Lines Inc. and Northwest Airlines Corp. shareholders Thursday overwhelmingly approved merging the two carriers into what could become the world's largest airline.**

Delta officials said 99 percent of eligible shares were cast in favor of the merger, while approximately 98 percent of Northwest shares approved at their meeting in New York. Northwest shareholders will get 1.25 shares of Delta stock for each share they own if the merger is approved by regulators.

Delta shareholders also approved giving current and future employees up to 15 percent equity in the merged airline upon completion of the combination.

Delta CEO Richard Anderson said the merger puts the combined carrier on solid financial footing to mitigate the difficult financial environment.

"It is a different merger, we're merging two carriers that are financially and operationally the strongest airlines in the industry," Richardson said at the Delta shareholders meeting at the **Georgia International Convention Center** in College Park, Ga.

The combined airline would achieve \$2 billion in efficiency savings by 2012, officials said.

Though the outcome was expected, the historic shareholder vote marks another major milestone toward the combination of Atlanta-based Delta (NYSE: DAL) and Eagan, Minn.-based Northwest (NYSE: NWA).

The new Delta will be based in Atlanta and will provide customers access to more than 390 destinations in 67 countries. Together, Delta and Northwest will have more than \$35 billion in aggregate annual revenues, operate a mainline fleet of nearly 800 aircraft and employ approximately 75,000 people worldwide.

Delta Chairman Daniel Carp would remain the chairman of the combined board and Anderson would remain the company's CEO.

Four major independent proxy advisory firms came out in support of Delta's merger with Northwest. **Institutional Shareholder Services**, **Glass-Lewis**, **Proxy Governance** and **Egan-Jones** recommended the combination and endorsed a vote for a proposed amendment to Delta's broad-based employee compensation program.

On Sept. 22, the **Federal Aviation Administration** accepted plans by the carriers for a single operating certificate for the combined airline. Delta said it hopes to obtain the single operating certificate within 15 to 18 months.

The merger must still pass muster with **Department of Justice** regulators before it is approved. It cleared the **European Commission** this summer.

The proposed merger is expected by the end of the year.

A lawsuit in a California federal court to stop the combination is set for trial in November. Anderson declined to comment about pending litigation, citing company policy.

"We are still focused on that timeline [of closing the merger by year's end] and believe we can accomplish that timeline as stated," he said.

Though the merger has drawn criticism from some of the carriers' labor groups, most have been resolved. Delta and Northwest pilots approved a joint contract in August.

Lee Moak, a Delta captain and the president of the Delta Air Line Pilots Association, said Delta and Northwest pilots remain committed to making the merger successful.

"This will be the first truly global U.S. airline as we move forward and we think that's a great thing," he said. Though pilots approved the joint contract in August, seniority issues remain.

"We're working through the seniority list integration and we continue to dissect the issues there and we're confident that's going to go quite well and right now we're still committed to a negotiated solution," Moak said. "However, we believe that if we end up with an arbitrated decision that will work out for the merged carrier also. We'll be done with everything by December."

Not all in attendance were in approval of the deal. A group representing retired Delta pilots admonished Delta executives because current employees will receive equity in the combined carrier but retired pilots won't. The pilots asked Anderson to reinstate the defined pilot pension plan that was eliminated when Delta entered Chapter 11 protection in 2004.

Anderson said the decision on terminating the pension program is final.

Outside the College Park convention center, the **International Association of Machinists and Aerospace Workers** (IAM) protested the merger. Many held signs railing against the merger. IAM also protested at the **AXA Equitable Center Auditorium** in New York, where Northwest shareholders met.