

# Delta shareholders approve Northwest merger

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Delta Air Lines and Northwest Airlines moved closer to a historic deal to create the world's biggest airline when shareholders approved their merger in separate meetings Thursday.

Delta said 99 percent of the votes cast were in favor of the deal, while at Northwest 98 percent were in favor. Nearly 70 percent of eligible votes were cast.

"Our merger with Northwest is an exciting event in Delta's history," Delta chairman Daniel Carp said during the meeting at the Georgia International Convention Center in College Park.

The green light by shareholders leaves federal regulators' approval as the last big hurdle before the merger can be closed.

Delta expects the Department of Justice's antitrust branch to issue a decision later this year. If the Justice Department approves, Delta expects to quickly close the deal.

Executives say the combined carrier, to be called Delta and based in Atlanta, would benefit from an expanded international route system and would be better positioned to withstand economic turbulence.

Delta shareholder Frank Hartley said he expects the merger will "enable the company to thrive and protect shareholder interests."

Hartley added that there are "always risks," including the the Justice Department decision and the airline's ability to maintain customer and employee satisfaction as it merges employee groups.

In the stock-swap deal, Northwest shareholders would receive 1.25 shares of Delta stock for each share they own.

Delta said shareholders also approved an employee compensation plan that includes allocating 15 percent of stock to Delta employees. About 92 percent of votes cast were in favor of the compensation plan, according to Delta.

The combined carrier would be called Delta and based in Atlanta, with Delta chief executive Richard Anderson as the chief executive at the helm.

Anderson said after the shareholder meeting that leaders of the two airlines had "done an enormous amount of pre-planning. ... and we continue that work unabated." He also said the airline would add about 30 new destinations in 2009.

At the meeting, retired Delta pilot Wendell Lewis, who is a trustee for the Delta Pilots Pension Preservation Organization, voiced concern that Delta would not pay for retired Delta pilots' pensions since the airline terminated its pilot pension plan during bankruptcy, but would pay for the pensions of former Northwest pilots after the merger. Their pensions were frozen but not terminated.

"This is simply not right," Lewis said. The pilots pension group in a letter had asked Delta to consider supplemental payments or reinstating the pension plan. Delta replied that it would not make those moves.

Other retirees questioned Delta's executive compensation.

Also objecting to the merger was the International Association of Machinists, which represents ramp workers and others at Northwest.

Outside the Delta meeting site, demonstrators from the machinists union and other labor groups wore signs that read "Say no to Northwest-Delta merger, save my airline from another bankruptcy."

"Usually the people who suffer from this are employees," said Allan Wojcik, an organizer for the machinists union, which hopes to represent mechanics at the merged airline.

Separately, a case filed in U.S. District Court in the Northern District of California claiming the merger could substantially lessen competition and lead to higher ticket prices and less service is scheduled to go to trial Nov. 5.

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