

# Delta says pilots' offer not enough

Analysis of company's financial need is flawed, airline says

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Delta Air Lines said Thursday its pilots are wrong in their contention that nearly \$91 million in concessions they are offering is enough to help the struggling carrier return to profitability and compete with discount rivals.

The comments came a day after Delta's pilots union disclosed in a bankruptcy court filing what it is offering the company. The nation's third-largest carrier wants \$325 million in concessions from its 6,000 pilots and is asking the court to reject the pilot contract to allow Delta to impose the cuts unilaterally.

A showdown in U.S. Bankruptcy Court in New York looms, with a hearing set for Nov. 16 to discuss the company's motion to reject the pilot contract. An unrelated court hearing dealing with rejection of aircraft leases was scheduled for Thursday.

In court papers filed Wednesday night, the Air Line Pilots Association said the \$90.7 million average annual concessions over four years it has offered Delta is sufficient to help the Atlanta-based company meet its stated goal of reducing its pilot costs per available seat mile.

But company spokesman John Kennedy said Thursday that the union's analysis is flawed.

"Therefore, its conclusions are erroneous," Kennedy said.

Kennedy said Delta management is open to negotiating with the union, but he stressed that the targeted cuts the company is seeking are essential.

"Our financial situation is urgent and the \$325 million need for concessions from the pilots is real," he said.

Kennedy added, "These numbers are solid. They've been agreed to by everyone, the court, all those people that have looked after them for months and months."

The cuts would be on top of \$1 billion in annual concessions the pilots agreed to in a five-year deal reached in 2004.

The union court filing said Delta's Sept. 14 bankruptcy was not because of its labor contract, or competition from discount carriers, but was caused by soaring fuel costs.

The union said that if Delta rejects the pilot contract, that would give pilots the right to strike, and the union warned a walkout would devastate Delta.

Kennedy declined to speculate on the possibility of a strike.

A union spokesman did not immediately return a call Thursday seeking a response to Delta's comments.

Atlanta-based Delta has lost nearly \$10 billion since January 2001. The company was scheduled to release its third-quarter results later Thursday.

Delta has said that although it expects a more than \$2 billion loss this year before one-time items, it believes it will return to profitability two years from now if, among other things, it can get the pilot concessions it is seeking and jet fuel doesn't get more costly.