

Delta To Seek Termination Of Pilots' Pension Plan

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ATLANTA (AP)--Delta Air Lines Inc. will file a request Monday to terminate its pilots' pension plan, the company's chief executive said Friday.

But the nation's third-largest carrier still holds out hope that pension reform will save other employees' retirement plans.

In a letter to U.S. Sen. Johnny Isakson, that also was sent to other members of Congress, Delta CEO Gerald Grinstein said Delta will ask that the pilots' pension be terminated effective Sept. 2. UAL Corp.'s United Airlines, the nation's No. 2 carrier, did the same thing when it was in bankruptcy protection.

The move was expected and Grinstein said the Atlanta-based airline is still seeking pension reform in Congress, though he acknowledged it will have to happen soon if other employees' pensions are to be preserved.

"The unfortunate reality is that even if a pension reform bill containing airline relief passes, unless the pilot plan is terminated, Delta cannot successfully restructure and emerge from bankruptcy," Grinstein wrote.

He added that the relief Delta is seeking is necessary "if we are to preserve tens of thousands of jobs and provide ongoing service to tens of millions of customers in local communities around the world."

Once the notice is made to the Pension Benefit Guaranty Corp. on Monday, the company will seek approval by a judge. There likely will be objections, though the pilots, for their part, have agreed not to object.

The letter to Isakson, a Georgia Republican who has been pushing for pension reform in Congress, also was sent to more than a dozen other members of Congress.

Grinstein had told the Associated Press during an interview in Paris on June 2 that Delta would file the pension-termination request soon,

but he didn't set a date. Friday's letter was the first time a date was mentioned.

In a memo to pilots after the letter went out, union spokeswoman Kelly Collins said only that the union would address pilots' questions at a later date. Reached by telephone, Collins declined further comment.

As part of a recently approved \$280-million-a-year concessions deal agreed to by the pilots, Delta has promised the pilots a \$650 million note in the event the pension is terminated. Delta also has promised the pilots a \$2.1 billion unsecured claim. The PBGC has argued that money belongs to the agency, a claim the company has rejected.

Delta has lost more than \$14 billion in the last five years. It filed for bankruptcy last September and since then it has cut more jobs, rejected aircraft leases and reaped cost savings through pay cuts for employees.

In the United case, the PBGC dropped its opposition to the Elk Grove Village, Ill.-based airline's plan to terminate its employees' pension plans after reaching a settlement with the company that promised the agency up to \$1.5 billion in notes and convertible stock in the reorganized company.

As for other Delta employees' pensions, Grinstein said in his letter there is an urgent need for pension reform in Congress that would allow the company to spread out its contributions to the plan over many years.

"That sense of urgency is shared by Delta employees and their families who have conveyed their concerns to Congress through almost 56,000 letters, emails and phone calls since the campaign began," Grinstein wrote.