

Delta Pilots Say Airline Has Walked Away From Talks

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ATLANTA -- Delta Air Lines' pilots union said the airline has walked away from negotiations over \$325 million in annual concessions that the company says it needs as it restructures under bankruptcy court protection.

The Atlanta carrier, the third-largest in the U.S. in terms of traffic, threatened to proceed with filing a bankruptcy-court request to void its contract with the union, the Air Line Pilots Association said in a message to its members. Delta had said it was delaying filing such a request, known as an 1113 motion, while the two sides tried to reach terms for an agreement.

Negotiators for Delta and the union have been meeting for the last two weeks, but the union said there has been little movement on the part of management. John Culp, a union spokesman, said no new talks were scheduled, though the two sides could meet again during the 51-day period that begins when Delta files its court motion. If the two sides don't reach agreement in that time, a judge could impose contract terms.

The two sides had hoped the talks would avert a fight in court, which other bankrupt carriers and their unions have done. The pilots are Delta's only major union. Delta executives in recent weeks have said the company's restructuring plan calls for a set level of cuts from the pilots, which are necessary as the company sheds obligations in bankruptcy. Delta filed for Chapter 11 on Sept. 14.

Anthony Black, a Delta spokesman, said the company hadn't yet filed its court request to void the pilot contract. "While Delta remains open to reach a consensual agreement to achieve its necessary pilot-costs reductions, the urgency of our financial situation requires that we move forward quickly," he said.

The union said that, on Monday night, Delta negotiators presented their latest proposal, which "amounted to an ultimatum" to reach agreement within about three hours or face off in bankruptcy court. The proposal was virtually unchanged from the company's initial offer, which included wage and benefits cuts and the extension of a program that lets Delta bring recently retired senior pilots to fly for the carrier when there are potential staffing shortages. The program is unpopular with many active union pilots, who believe the retirees occupy high-paid slots that otherwise would go to active pilots.

(This story and related background material will be available on The Wall Street Journal Web site, WSJ.com.)

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