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# Merger memo from Delta executives to employees

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As news of the **Delta Air Lines Inc.'s \$17.7 billion merger** with **Northwest Airlines** broke, Delta executives sent the following memo to Delta employees:

## Internal Memorandum

**Date: April 14, 2008**

**To: All U. S. - Based Delta Employees**

**From: Richard Anderson and Ed Bastian**

**Subject: DELTA AND NORTHWEST MERGE: MAKING OUR DELTA A STRONGER DELTA**

Today we announced that Delta and Northwest have reached an agreement to merge, creating America's premier global airline. The merger maintains each of the commitments we made to you in our February 26 memo regarding Delta's terms for consolidation: the company is named Delta, headquartered in Atlanta; the seniority of our people is protected; the existing pension plans of our employees and retirees are maintained; the network is expanded; our plans for international growth are strengthened and accelerated; and, most importantly, there is even greater job security with more career opportunities for our people.

I will be the Chief Executive Officer and Ed will remain President and CFO. Dan Carp, the Chairman of Delta, will be the Chairman of the Board of the combined company. In addition to World Headquarters in Atlanta, the combined company will have executive offices in Minneapolis/St. Paul, New York, Amsterdam, Paris and Tokyo.

Together with the worldwide Northwest team, we will preserve a winning culture and spirit - the "Delta Difference" - that defines who we are. We are pleased about what this transaction will mean for the people of Delta and Northwest, as employees will directly participate in the growth and future success of the combined company. The transaction allows us to make the following additional commitments to our U.S.-based employees:

- Non-pilot employees of Delta and Northwest will participate in the benefits of the combined airline by receiving a 4 percent equity stake in the new company upon closing. The stock will be allocated based upon relative payrolls of the companies and your individual earnings.

- Upon closing of the merger, Delta frontline employees will receive pay increases that will continue our progression toward industry-standard pay for all workgroups by the end of 2010.
- There will be no involuntary furloughs of frontline employees or hub closures as a result of this transaction.
- Delta and Northwest employees will enjoy reciprocal pass privileges on both airlines' worldwide networks, beginning as soon as possible during the regulatory review process.
- Delta pilots will participate in the benefits of the combined airline through a new four-year agreement that facilitates the integration of the carriers and realization of the combined revenue synergies. With respect to Northwest pilots, Delta is committed to use its best efforts to reach a combined Delta-Northwest pilot agreement, including resolution of pilot seniority integration, prior to the closing of the merger.

In the past, we have said that we were not interested in doing a deal for the sake of doing a deal. Our need to respond to the pressures of dramatically rising fuel costs and a softening U. S. economy drove us to take a closer look at all options to strengthen our future. In the last few weeks, five U. S. carriers have filed for bankruptcy, four of which are being liquidated. We believe that consolidation in the airline industry is inevitable and we want to control our future. Combining our companies creates an airline with the size, scale and global presence to weather economic downturns and compete long-term in the global marketplace.

We are beginning another chapter in Delta's distinguished history, which has included the acquisition of four large airlines - Chicago and Southern in 1953, Northeast in 1972, Western in 1987 and PanAm in 1991. These acquisitions define who we are today.

We wanted to be a first mover and choose the very best partner that would preserve the Delta culture and create a promising future for you. Northwest is an ideal choice for Delta because it is an industry leader in key complementary international markets with employees who are committed to winning in the global marketplace. As a combined carrier, we will be the #1 airline in the United States. In addition, we will be the #1 U. S. carrier to Japan; #1 U. S. carrier across Europe; #1 U. S. carrier in Africa; #1 U. S. carrier in the Middle East and India; #2 U. S. carrier in Asia; and the #2 U. S. carrier in Latin America.

This merger also strengthens the SkyTeam alliance and secures its leadership position in an increasingly competitive global airline environment. It ensures that the combined company will have the resources to speed product development and maximize the benefits of a larger network.

Combining Delta and Northwest will take time and a thoughtful integration plan. It is expected that the regulatory review process will be completed later this year. During this time, a detailed integration plan will be created by a committee made up of leaders and employees from both airlines.

It is the goal of Delta to harmonize the pay and benefits of all of the workgroups over time. As a general rule, the non-union employees of Delta enjoy higher pay and benefits than their Northwest counterparts.

During the integration of the two carriers, Delta's frontline, non-contract employees will continue to receive pay increases in keeping with Delta's commitment to move frontline employees to industry-standard pay by the end of 2010. Northwest's contract frontline employees will continue to receive pay increases in accordance with their existing collective bargaining agreements.

Upon completion of the merger, the status of union representation among the various workgroups, along with the status of Northwest's union contracts, will be resolved through the appropriate governmental processes.

We are committed to providing regular, timely updates and communications to answer your questions and keep you informed of each step in the process. Check DeltaNet for details of upcoming employee events where you can learn more.

We believe the Delta-Northwest merger gives us the best opportunity to make "Our Delta a Stronger Delta." We have fought hard to save Delta from many challenges in the past - September 11th, bankruptcy, a hostile takeover attempt and the unprecedented rise in fuel prices. We are confident that we will again show the world that Delta does business a different way and we will continue to do what is right for our employees, our customers, our shareholders and the communities we serve.

Thank you for everything you do.

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