

PBGC Appeals Approval of Delta Agreement

Wednesday June 7, 5:13 pm ET

By Harry R. Weber, AP Business Writerok

ATLANTA (AP) -- The government's pension insurer Wednesday appealed a bankruptcy court judge's approval of the \$280-million-a-year concessions agreement between Delta Air Lines Inc. and its pilots.

The appeal by the Pension Benefit Guaranty Corp. filed with the U.S. District Court in New York was terse and did not make an argument.

An appeal of the May 31 ruling by U.S. Bankruptcy Judge Adlai Hardin was expected.

In accepting the deal, Hardin rejected claims by the PBGC that it should receive the compensation the pilots were promised if their pension is terminated.

Delta's chief executive, Gerald Grinstein, said Friday the nation's third-largest carrier will file its request to terminate the pilots' pension "fairly soon."

Delta has said it will vigorously defend the agreement it reached with its pilots union in April. The deal was later approved by the rank-and-file pilots. Delta spokeswoman Chris Kelly said Wednesday that the airline remains confident the deal will survive the appeal.

The agreement, which runs through 2009 and replaces an interim pact agreed to in December, includes an initial 14 percent pay cut for pilots and assurances the pilots union won't fight any company effort to terminate the pilots' pension.

Hardin determined in the end that the agreement was in the best interest of the airline.

Hardin rejected the PBGC's main argument, that a deal between Delta and the pilots union was illegal.

He said the company's promise of a \$650 million note for the pilots if the pension is terminated "did not render a private agreement between an employer and union illegal."

Separately, a retired pilots group had objected to the deal out of concern that Delta deal would ultimately reduce their benefits based on the pension being terminated. But their objection was resolved through a settlement with Atlanta-

based Delta.

No timetable was set for a ruling on the PBGC's appeal.