



Delta Pilot Staffing -- 2012-2016

We had not planned to address staffing issues other than those already provided in previous communiqués, since a *detailed* discussion calls for forward looking projections and assumptions. There have been some questions and, unfortunately, a lot of rumors perpetuated, which have no basis in fact concerning the impact on pilot staffing resulting from the shift in flying from DCI to mainline due to the Tentative Agreement (TA). If pilots are considering these impacts in relation to our TA, then that consideration should be based on facts and not internet rumors and disinformation. Our only aim is to ensure that your decisions are made on solid information and not on contrived arguments.

In addition to staffing changes associated with the TA, other effects on pilot staffing and hiring include cumulative retirements over the next few years and planned fleet changes that were announced prior to the TA. Projecting future pilot staffing for Delta is difficult without making some basic reasonable assumptions. The assumptions used here are generated from historical data that has proven to be quite accurate, year over year.

Assumptions and methodology:

Fleet:

- DC-9s will be phased out by the end of 2013
- MD-90 fleet grows by 30 aircraft to 65 by the end of 2013, 5.5 crews per aircraft
- B-717s arrive by listed schedule below, 7 crews per aircraft (typical for new type)
- 737-900s and 757s are staffing neutral

Aircraft Adds	2012	2013	2014	2015	2016
MD-90	10	20	0	0	0
B-717	0	16	36	36	0

Retirements:

Regardless of any early retirement program offered, we know some pilots will retire before age 65, whether through personal choice or medical disability. Since not all pilots will reach age 65 before they retire, we need to find a reasonable model that helps predict future retirements. Using a historical analysis as a predictive model, we find that pilots will retire as they age based on the following schedule.

Age	60	61	62	63	64	65	(Average) 62.7
Attrition	10%	15%	20%	20%	20%	15%	100%

For example, if 100 pilots reach age 60 in 2013, we can predict that 10 would likely retire in 2013, 15 would likely retire in 2014, 20 would likely retire in 2015, and so on. Using this schedule, we can predict that the average retirement age is 62.7, which closely correlates to the actuarial analysis performed during the SLI hearings that predicted an average retirement age of 62.4. As a cross-check to the accuracy of this model, a comparison was made between the numbers of pilots scheduled to reach age 65 in any given year based on the original merged seniority list from 2008 and the June 1, 2012 seniority list. This comparison shows a close correlation with the predictions above. The following table shows the number of pilots who would reach age 65 in a given year based on the original merged seniority list compared to how many are left today.

Number of Pilots Who Would Turn 65 in a Given Year at the Time of the Merger	Year	Number of Pilots Left Who Will Turn 65 in a Given Year based in the June 1, 2012 Seniority List
25	2012	13
148	2013	85
239	2014	132
280	2015	195
332	2016	258
390	2017	353
477	2018	456
563	2019	542
653	2020	642
834	2021	820
884	2022	873
840	2023	827
824	2024	814

Let's look at an example. Pilots who were born in 1950 will reach mandatory retirement in 2015. At the time of the merger there were 280 pilots in this group. The table below shows the expected attrition over time based on the predicted schedule:

Pilots on list born in 1950 – total of 280	2010	2011	2012	2013	2014	2015
Predicted % of 280 to retire	10%	15%	20%	20%	20%	15%
Predicted # of retirements by year	28	42	56	56	56	42

Now let's look at what has happened to date since the merger. Using the first chart above and interpolating five months into 2012, we would expect 93 pilots from this group to have already retired, leaving 187 pilots from the group still active. The *actual* number remaining at the beginning of June was 195, which aligns closely with the predicted schedule.

For the RMA retirement program (dependent on the ratification of the TA), the most conservative assumption is that the oldest 300 pilots will retire. Using this assumption, we can then decrement future retirements accordingly, based on the predicted schedule described above. The chart below shows predicted retirements

(including the RMA) through the end of 2016. The following table shows predicted retirements including those associated with the RMA for the next five years. Note that 50 pilots have already retired this year.

	2012	2013	2014	2015	2016
Retirements	300	223	347	401	495

Productivity:

The changes to the scheduling sections of the Tentative Agreement may result in a *net* loss in pilot staffing of approximately 125 positions. This number is net of all changes to the contract including bid period adjustments, change to ALV/TLV, changes to reserve, increased pay for vacation, increased pay for CQ Training, and all other changes associated with this TA.

Summary:

The following tables show staffing changes resulting from the factors described above (fleet changes, productivity increases, and predicted retirements) both with and without a ratified TA:

	2012	2013	2014	2015	2016
Retirements	350	253	267	401	495
DC-9	-100	-175	0	0	0
Productivity	-125	0	0	0	0
MD-90	110	220	0	0	0
B-717	0	224	504	504	0
Net Per Year	235	522	771	905	495
Cumulative	235	757	1528	2433	2928

Staffing Change *With* Ratified TA

	2012	2013	2014	2015	2016
Retirements	224	298	347	401	496
DC-9	-100	-175	0	0	0
Productivity	0	0	0	0	0
MD-90	110	220	0	0	0
B-717	0	0	0	0	0
Net Per Year	234	343	347	401	496
Cumulative	234	577	924	1325	1821

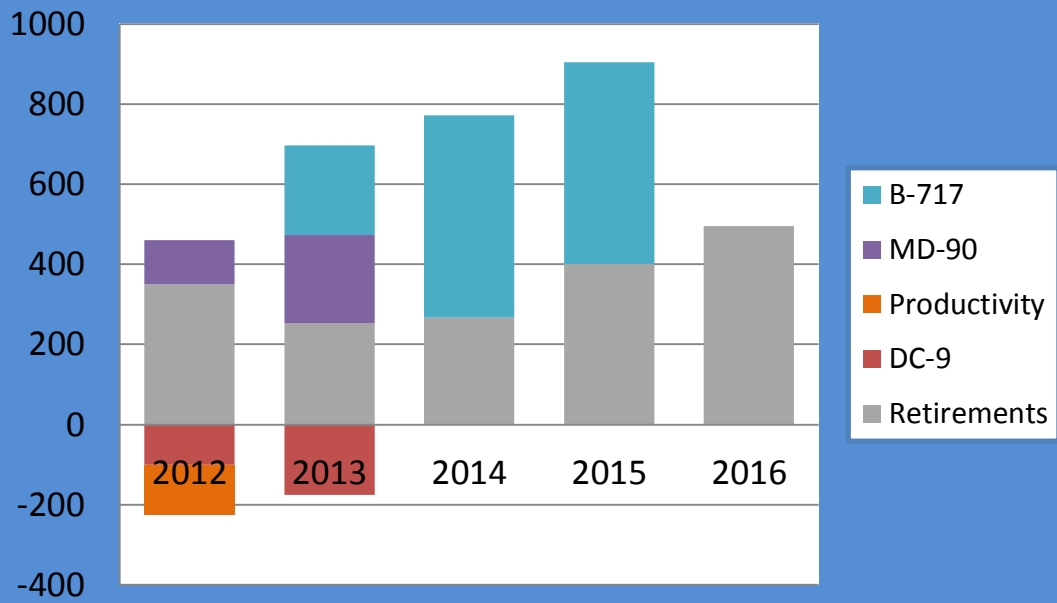
Staffing Change *Without* Ratified TA

The tabulated data shown above is presented in graphical form on the following two pages.

Effects of Individual Staffing Changes

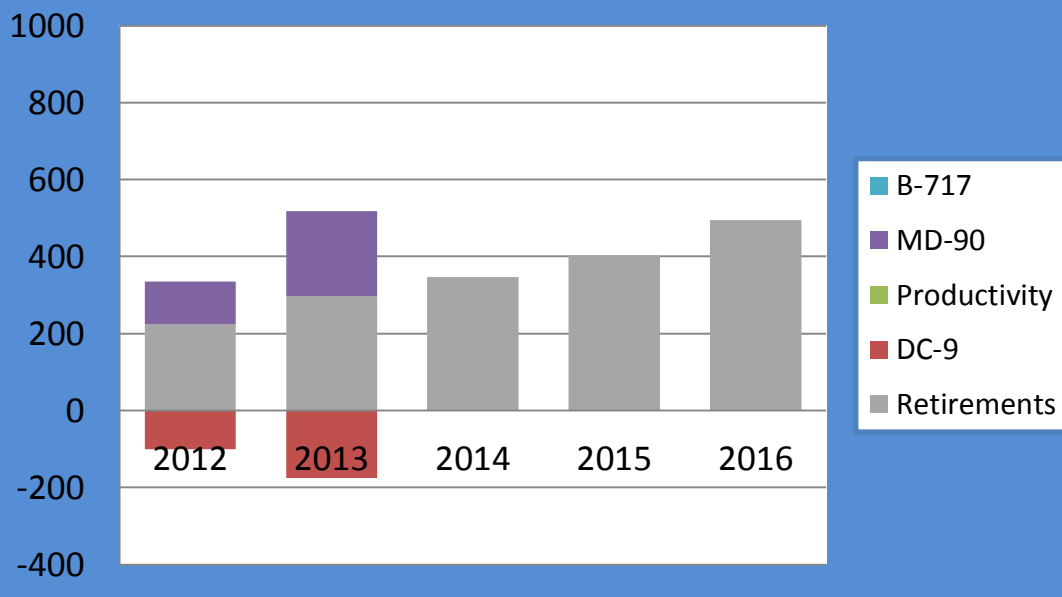
Effects of Individual Staffing Changes

With TA



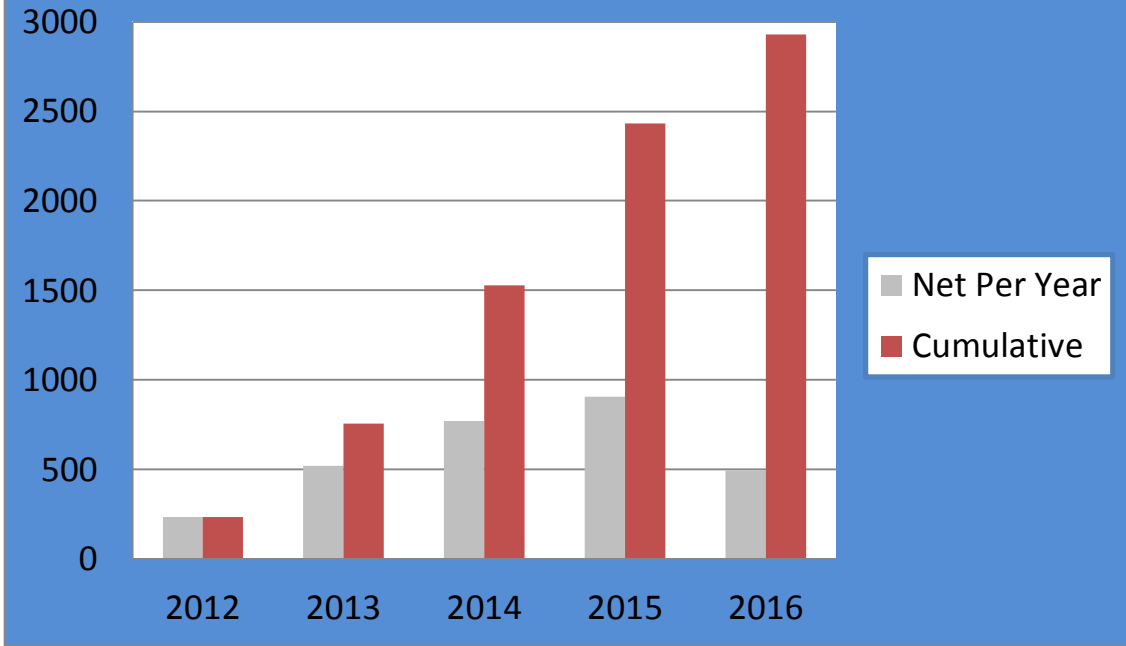
Effects of Individual Staffing Changes

Without TA

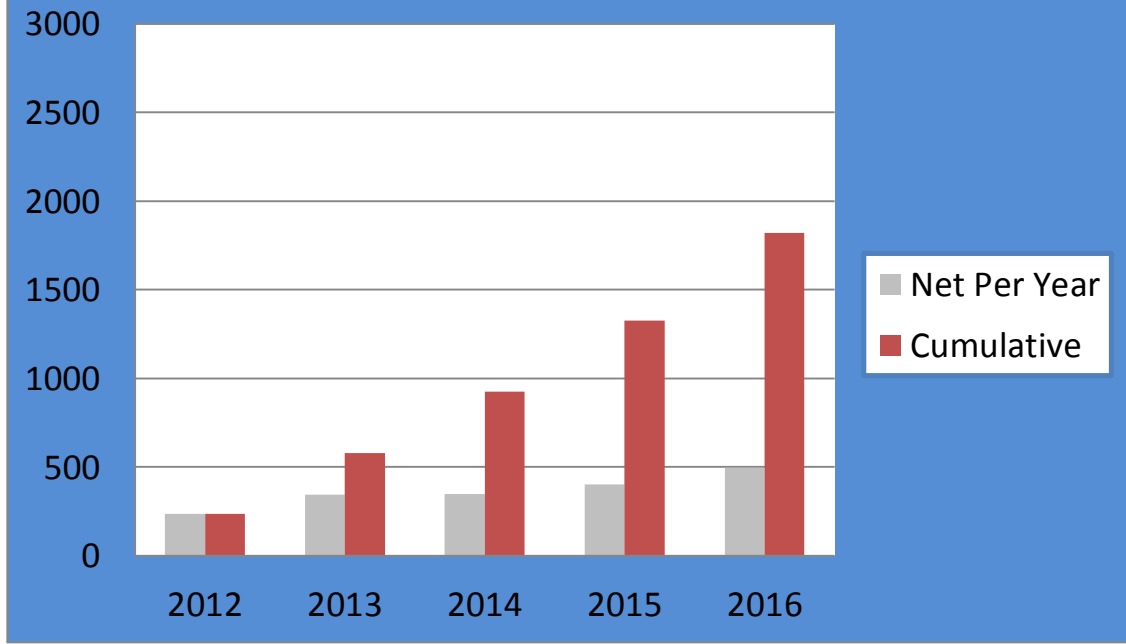


Predicted Staffing Changes

Yearly(net) and Cumulative Staffing Change With a Ratified TA



Yearly(net) and Cumulative Staffing Change Without a Ratified TA



Conclusion:

The analysis described in this *Touch & Gos* is based on flat system-wide capacity, which is less than what Delta is predicting. If capacity grows, the staffing differences predicted above would be even greater. Under the TA, there are hard caps placed on the number of DCI aircraft and therefore all growth flying must go to mainline. Flight Operations recently announced that they are prepared to begin the pilot hiring process as early as the fourth quarter of this year. This is consistent with the analysis contained in this *Touch & Gos*. Once the hiring starts, it will likely continue at a steady pace for several years.