

FROM THE CHAIRMAN

100 HARTSFIELD CENTRE PARKWAY, SUITE 800, ATLANTA, GA 30354 404-763-4925



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Dear Fellow Pilot,

Just over six weeks ago, the MEC Negotiating Committee and Delta management met to exchange contract openers. Since then, the negotiating teams for both parties have been meeting almost daily, frequently for hours on end, a pace that one would normally not expect to see until the late stages of negotiations, typically months or even years *after* a contract's amendable date. Much work remains, but the progress to date has been significant thanks in large part to both parties' commitments to reach a comprehensive agreement. Your union has dedicated every necessary resource to these negotiations, and the Company has demonstrated a commensurate dedication to the process; decision makers have been at the table from the outset.

In short, while there are no guarantees, if negotiations continue as they have to date, there is reason to believe that we *could* reach a tentative agreement with Delta management within a matter of weeks, well over half a year *before* our contract's amendable date. If we are able to reach a comprehensive agreement on this timeline, it would be unprecedented, not only at Delta, but within the industry.

So how is this possible? The short story is that if we are able to reach a near-term comprehensive agreement, it will be due to an unusual confluence of preparation, commitment and opportunity.

We have all witnessed and in many cases experienced first-hand the often glacial pace of negotiations under the Railway Labor Act. In recent years, we have watched as other pilot groups have been mired in protracted negotiations, while any eventual gains fall victim to or are tempered by losses associated with the time-value of money. In my March 9 *Chairman's Letter*, I wrote that contract negotiations can and often do take months and even years to complete, during which time an increased probability exists that external strategic and economic events can have an unanticipated impact on those negotiations. That is a primary reason why your MEC decided to capitalize on opportunity by seeking a comprehensive agreement on an expedited timeline.

Delta management has often led the industry over the last few years with strategic moves that continue to capture market share. A number of airline analysts believe that Delta has a several year strategic lead over its competitors. Important components of maintaining that momentum going forward will include, among other things, the refinement of Delta's long-term business plan and the rationalization of Delta's fleet. Therein lies the opportunity. In any negotiation, both parties typically have wants and needs. The Delta pilots have clearly expressed through the contract survey, and through contact with their local reps, the issues that we need to have addressed during these

Section 6 negotiations. Likewise, management also has issues they'd like to address. Your MEC believes that by addressing each other's issues and seeking mutually beneficial solutions in a rational manner, we will not only return immediate and ongoing value to the Delta pilot group, but also forge a path to significantly increase mainline flying through an increase in pilot block hours—and importantly, the *ratio* of pilot mainline to non-mainline block hours. We believe this approach is consistent with Delta's long-term fleet plan and is in the best interests of the Delta pilots and Delta Air Lines.

Pilot mainline block hours, perhaps more than any other metric, are a direct measure of Delta pilot jobs. While neither the MEC nor I are at liberty to discuss the many detailed moving parts of the current negotiations at this point, I will say this: The time to capitalize on opportunity is now, but that opportunity is also fleeting. If we are *not* able to reach an agreement in the near-term, we will likely revert to negotiations along a more traditional Section 6 timeline. Your MEC is prepared for either timeline and will not compromise the product for the sake of expediency, but let me be perfectly clear. I believe the best outcome for the Delta pilots and Delta will result from continued efforts to reach an expedited agreement within the next several weeks. If we *are* able to reach a tentative agreement in the near-term and the MEC ratifies that agreement, it will only be because your elected representatives:

- Believe it is the right agreement at the right time, and
- Do not believe that proceeding down the traditional Section 6 timeline will result in a contract that provides greater value to the Delta pilots

I will offer the following observation. I have been with Delta for 22 years this month. In that time, I have served as a local council first officer representative, Strategic Planning Committee chairman, Negotiating Committee chairman, and now as MEC chairman. In all that time, I can say without any equivocation that the negotiations currently underway are unlike any I have experienced. If we are able to reach a comprehensive tentative agreement and it is ratified by the MEC, you will be provided with extensive information in the form of contract language, *Negotiators' Notepads* and road shows throughout the system. The Delta Pilot Network will also be staffed to answer any questions you might have. Once you have had time to become fully familiar with the agreement, it will be sent to you for membership ratification.

Your expanded negotiating team will meet at an increasingly aggressive pace with Delta management in the coming weeks. You can expect to receive a *Negotiators' Notepad* late next week, which will provide you the viewpoint from those actually at the table, and I look forward to the possibility that in my next *Chairman's Letter*, I am able to report that we have successfully concluded negotiations.

Respectfully,



Tim O'Malley
Chairman
Delta Master Executive Council
Air Line Pilots Association, Int'l