



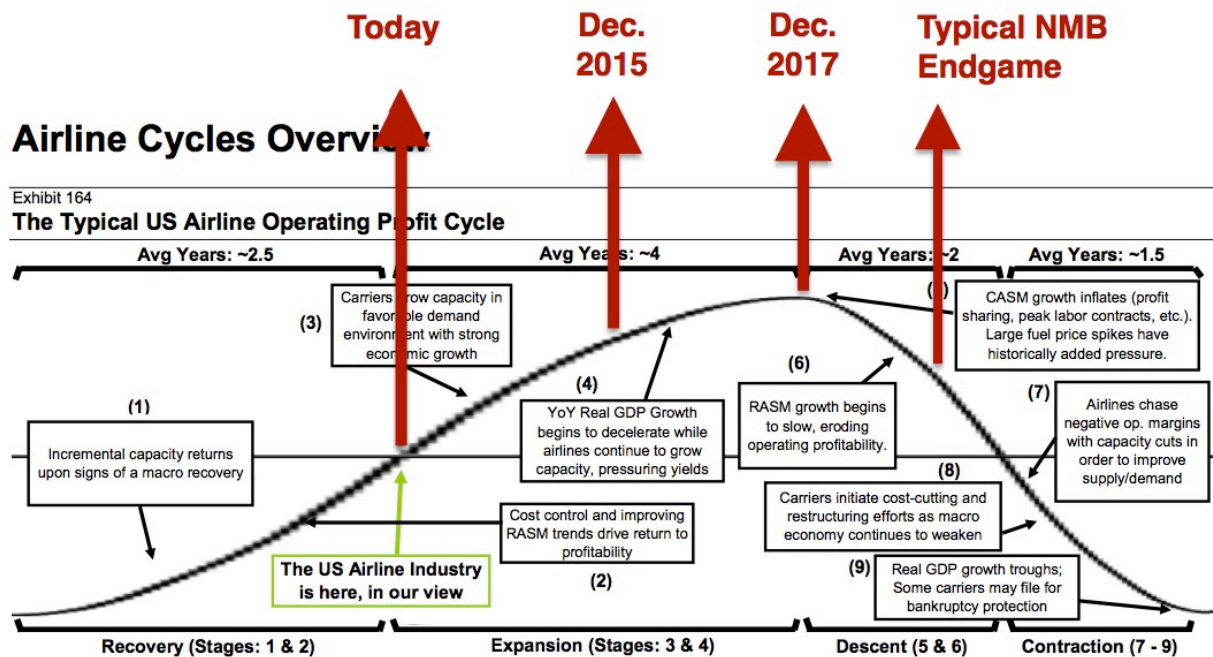
December 05, 2013

## Getting Out of Our Own Way

The Delta pilots stand on the verge of a new set of opportunities in collective bargaining. Renewing a card with the DPA jeopardizes those opportunities and hobbles our ability to capitalize upon them.

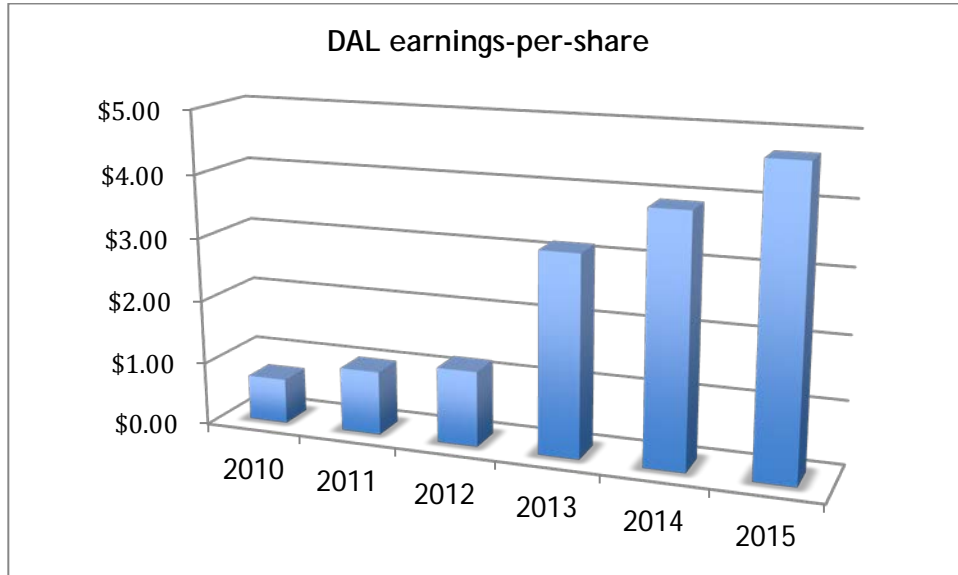
What makes the upcoming negotiating environment different from any recent previous set of circumstances is the upswing our industry has been enjoying since emerging from bankruptcy in 2006. In recent years we have seen a measure of consistent profitability bolstered by industry consolidation and capacity constraint that has overcome a recession at home, and no small amount of economic uncertainty abroad. The lesson from recent years is that our industry has - thirty-five years after deregulation - found a way to make money, in both difficult and favorable economic conditions. The current upswing is projected to last a few more years, and there is an opportunity for the Delta pilots to negotiate a second "up" contract in the same expansionary cycle, *before* the next downturn.

Below is a graphic that displays the Airline Cycle and where certain financial analysts estimate the industry is currently situated within the cycle. There are some who believe the cycle may be more mature, but the current outlook is optimistic for the Delta pilots. It should also be noted that delays, whether unforeseen or self-imposed, threaten to draw out negotiations into the declining portion of the industry cycle. Like it or not, we have a lot less leverage during cyclical downturns.



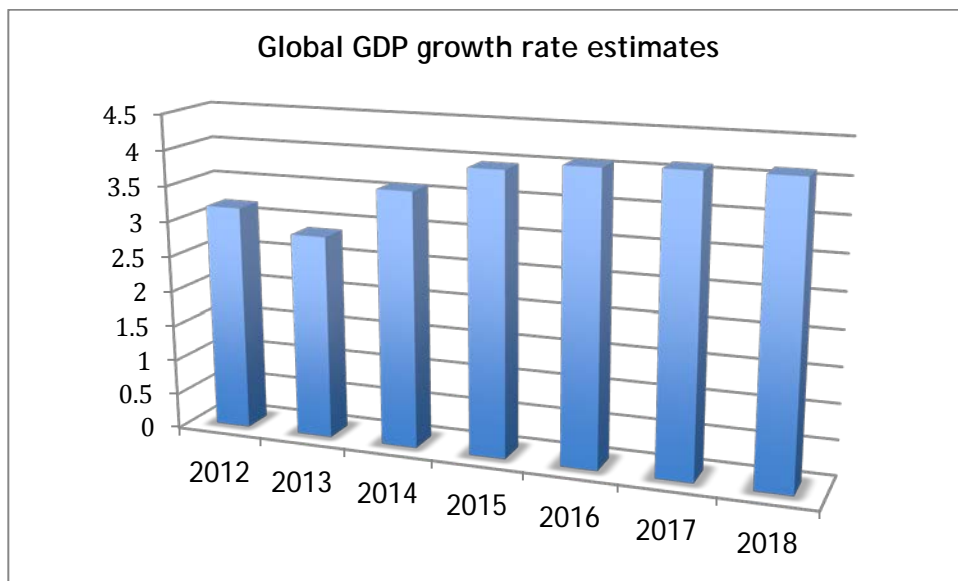
Source: Morgan Stanley

Those same analysts also predict some success for Delta Air Lines, as the graph below forecasts Delta's earnings per share:



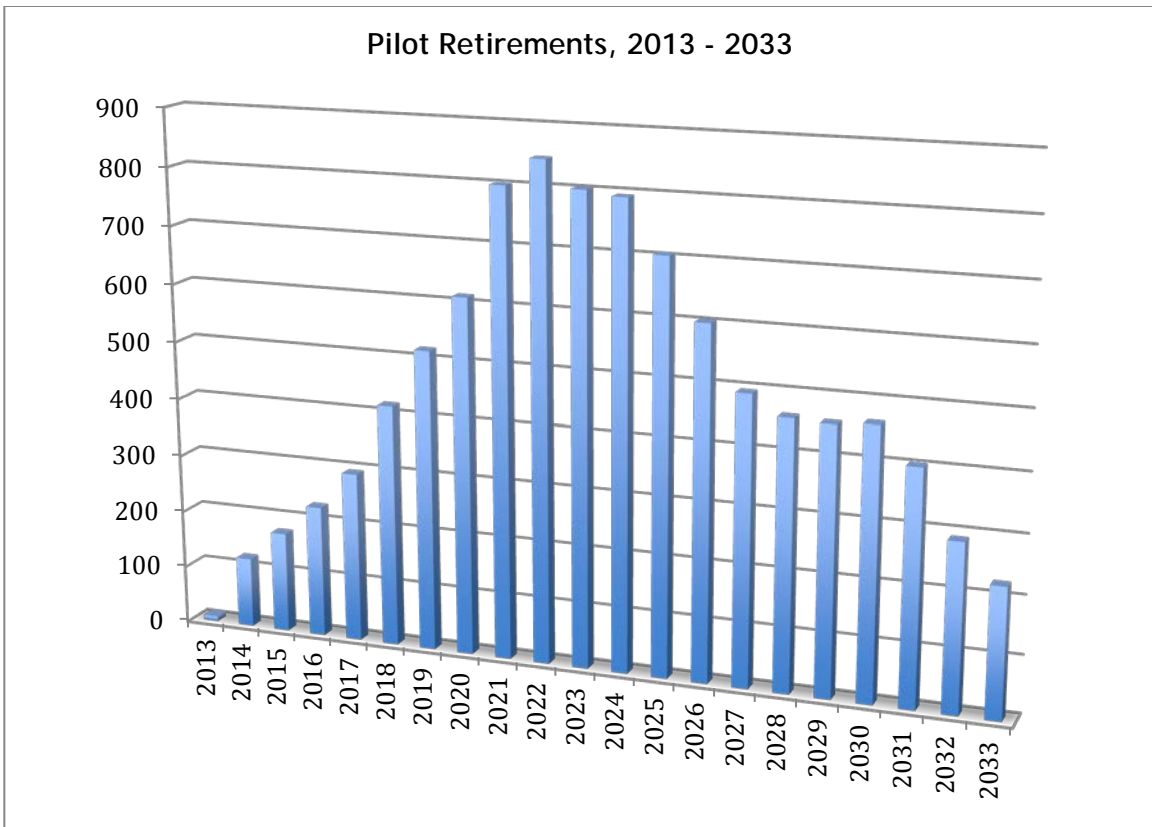
Source: Morgan Stanley

Global GDP growth rates indicate a positive negotiating environment as well:

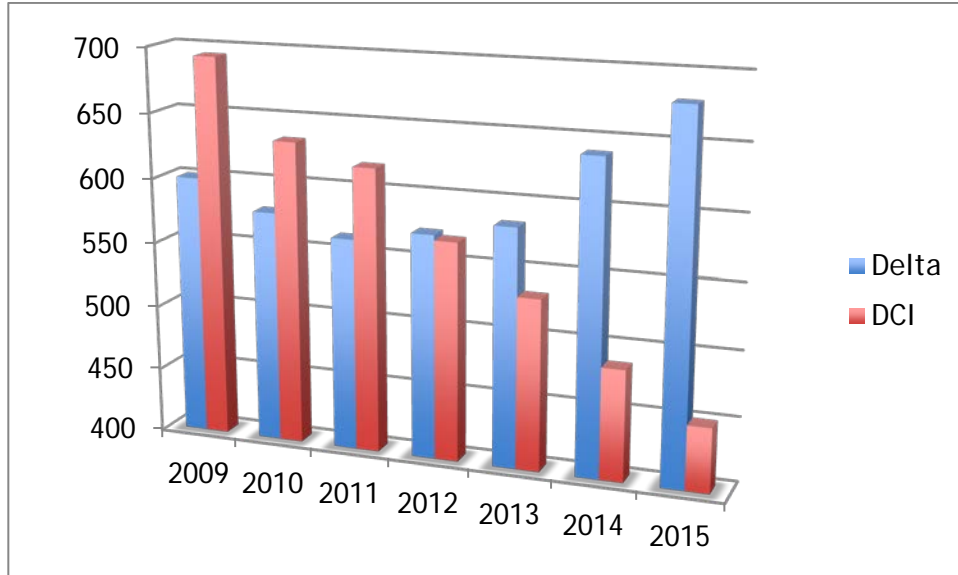


Source: International Monetary Fund

The positive economic and financial factors aside, there are also two internal forces at work in our airline that will have significant consequences for the Delta pilots. Many of us are expected to reach age 65 soon, going from a trickle to a deluge in less than a decade:



The second factor is fleet growth. The chart below shows domestic mainline and regional fleet changes.



Delta's future network plans will undoubtedly require innovative approaches to overcome training challenges imposed by retirements and fleet growth. We need to be ready to seize upon the opportunities when they appear.

All the information and analyses is positive and encouraging, but those charts don't say a thing about the ability of the Delta pilots to capitalize on the opportunities. The lesson of C2K (Contract 2000 at Delta) is that the best contractual gains happen when the company is earning record profits in a favorable economic cycle, with an incredibly well prepared, tight-knit pilot group intent on success.

C2012 demonstrated what was possible when scheduled negotiations intersect with a passing opportunity, and a strong, well-prepared union was capable of taking advantage of the situation to negotiate improvements to the Pilot Working Agreement.

C2015 offers a combination of the positive factors essential to successful negotiation: a favorable environment for the industry, a profitable company, and a number of opportunities that could offer the leverage we need resulting in another agreement before the expansionary cycle ends.

Your Delta MEC and ALPA are ready *today* to seize on the opportunities of tomorrow, with a strong, experienced pilot Negotiating Committee, backed by the best professionals in the business.

Just as important as having a union leadership ready to seize opportunity, is a unified pilot group that supports their union. Disunity neutralizes our leverage, weakens the negotiators' hand, and imperils the continued success of the Delta pilots.