

June 4, 2004

Chairman
Delta Air Lines Master Executive Council
Air Line Pilots Association

Dear Captain Malone,

Throughout the whole period of our *negotiation* for mid-contract concessions, there has been one overriding certainty... that bankruptcy was not in the best interests of the pilots and should be avoided at all costs.

Yet we are only weeks or a couple months away from just such an event. I hate to say...I told you so, but I did!

Why are we there?

Number (1)... We can no longer “borrow” to sustain liquidity,
Number (2)... Management has a firm believe in its demands for a specific minimum “correction,” and
Number (3)... The MEC’s weak economic assessment and its apparent fear of capitulation have rendered it incapable of action.

In February of 2004, everyone knew that Delta was struggling financially. Nonetheless, ALPA National’s EF&A analysis (*conflict of interest?*) suggested that bankruptcy was at least a year away. The airline would be in no position to justify a “filing” earlier than the beginning of 2005. That was wrong. Many of us believed it then and tried to convince the MEC... to no avail.

The MEC was purportedly convinced that management would be forced to come back to the table by the end of spring due to its increasing obligations. The problem with that logic is that the industry has changed. It is restructuring. The government doesn’t care. The passengers certainly don’t. And management no longer has the time or stomach for the lengthy collective bargaining process. It no longer has the heart. It no longer has to negotiate in good faith and “follow the process.” *ALPA just doesn’t get it!*

The B-word doesn’t strike fear in the minds of this new management team. Each assumed their new positions with the understanding of the company’s situation and the possibilities that lie ahead. The new management team probably sees bankruptcy as a real possibility, and perhaps, the best solution. Management’s job is to get this airline’s costs competitive with the LCC’s...not to placate sacred cows!

At this point it is simply easier for management to let nature take its course. If they get no capitulation from the pilot group (*unlike our wise brethren at AMR and NWA*), then it can simply file for bankruptcy and force the correction... a major one.

By anyone’s numbers, including ALPA’s own, even with full concessions from the pilots, other employees and restructuring savings, this airline would only be marginally more competitive. We could achieve 9.0 CASM versus the current 10.7 CASM. *Truthfully, that’s not quite enough!*

Bankruptcy and court imposed reorganization is the only correction that assures our airline’s return to competitiveness with the LCCs. That is why management will *most likely* let the cards fall where they fall.

So... what do we do?

1. **Reset our thinking.** ALPA needs to place its preferred processes of collective bargaining and bi-lateral negotiations on the back burner. It needs to get a deal done...now...before bankruptcy.
2. **Provide a proactive, unilateral concession** that will help return the company to profitability and position it to compete in the new industry.

Offer a 30% reduction in pay from today's book rates

Increase the cap to 85-hours as furloughs are returned

Extend Section 6 contract until Dec 2005

Commence negotiations on some productivity issues, such as scope, training, etc.

Perhaps- Issue pilots 1000 shares each of stock at \$7.00 per share, redeemable beyond 12 mos.

If we had done this in February 2004, the pain may have been must less.

It is not capitulation, if the MEC is able to "avoid" bankruptcy. All but the most junior pilots fear the impact of bankruptcy. Therefore, most pilots will see concessionary action by the MEC as a good move, one that will help save this great airline and position us for an earlier return to competitive growth!

With pensions and jobs at risk, the stakes are simply too high to sit back and wait for something that isn't going to happen. Management does not have to act in good faith. Its new team will feel no ownership of the company's impending demise. ALPA is risking too much by its patience.

It is simply inexcusable for this pilot group to sit idle while Rome burns. We cannot sit back and witness the demise of the greatest airline in the world. We owe it to every Delta family member that has come before us... to take action. What would Woolman, Dolman, and Garrett say?

In short, if the MEC does not avoid bankruptcy for a failure to act, it will be held accountable.

Sincerely,

Marc D. Wall
Captain, B-767 ATL