

# Delta, Pilots May Be Moving Closer to Agreement

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Delta Air Lines and its pilots union have agreed to resume formal negotiations this week, signaling that momentum is building toward agreement on concessions the company insists it must have to save at least \$1 billion annually.

The two sides have been in on-again, off-again talks regarding a concessions package for more than 15 months, as Delta piled up massive losses and drifted steadily toward a bankruptcy-court filing.

The Air Line Pilots Association, which represents 7,500 Delta pilots, earlier countered the company's \$1 billion-dollar request with an offer most recently valued at as much as \$705 million.

But the prospect of achieving a pilots' agreement appear to have improved significantly in recent days, as a result of a company-imposed 10% wage cut for the airline's 49,000 nonunion U.S. employees, including executives, and a vote last week by pilots that overwhelmingly endorsed a company request for permission to hire recently retired pilots as private contractors. A surge of early retirements had threatened to disrupt operations and push the airline into bankruptcy.

The union has long insisted that any concessions would be conditioned on Delta also getting contributions from other employees, vendors and creditors. The company says it is in discussions with various holders of its crushing \$20.6 billion debt load, seeking concessions that would lower its costs. In particular, the pay cut among other Delta workers is increasing pressure on the pilots group to act to save their airline, and a growing number of rank-and-file pilots say they don't want to repeat the standoff at US Airways, where a dissident pilot group has blocked a vote on a proposed concessions deal.

Still, discussions between Delta and the pilots union remain tenuous. An agreement could go awry or be delayed. Chris Renkel, a union spokesman, said the newly scheduled talks shouldn't be interpreted to mean that an agreement is imminent. He also said the interim agreement on early retirements, approved by 90% of pilots who voted, isn't indicative of how pilots might vote on a much larger concessions package.

"The pilots are willing to do what's necessary as part of the restructuring plan," he said. "We understand the company's financial situation." Delta declined to comment on the negotiations. Company officials warned again this week that a pilot agreement must be reached "within weeks" to avoid a bankruptcy filing.

Some pilots have said in recent interviews that the vote demonstrates that the views of pilots have shifted as their leaders made the case for concessions. Many pilots who months ago were willing to accept only a 15% wage cut have now come closer to the company's most recent demand of a 30% cut. "It was a referendum that confirmed that the pilots have been willing to step up," said a senior pilot who is a former member of the union's executive council.

Mr. Renkel says the two sides have been having informal discussions on work-rules issues, which are generally time-consuming and centered on highly technical details. The union's negotiating team indicated previously to members that once agreement is reached on work-rules issues, other details of a new contract should come more quickly.

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