



COUNCIL 44

COMMUNIQUÉ

DELTA AIR LINES

June 21, 2015

Compensation

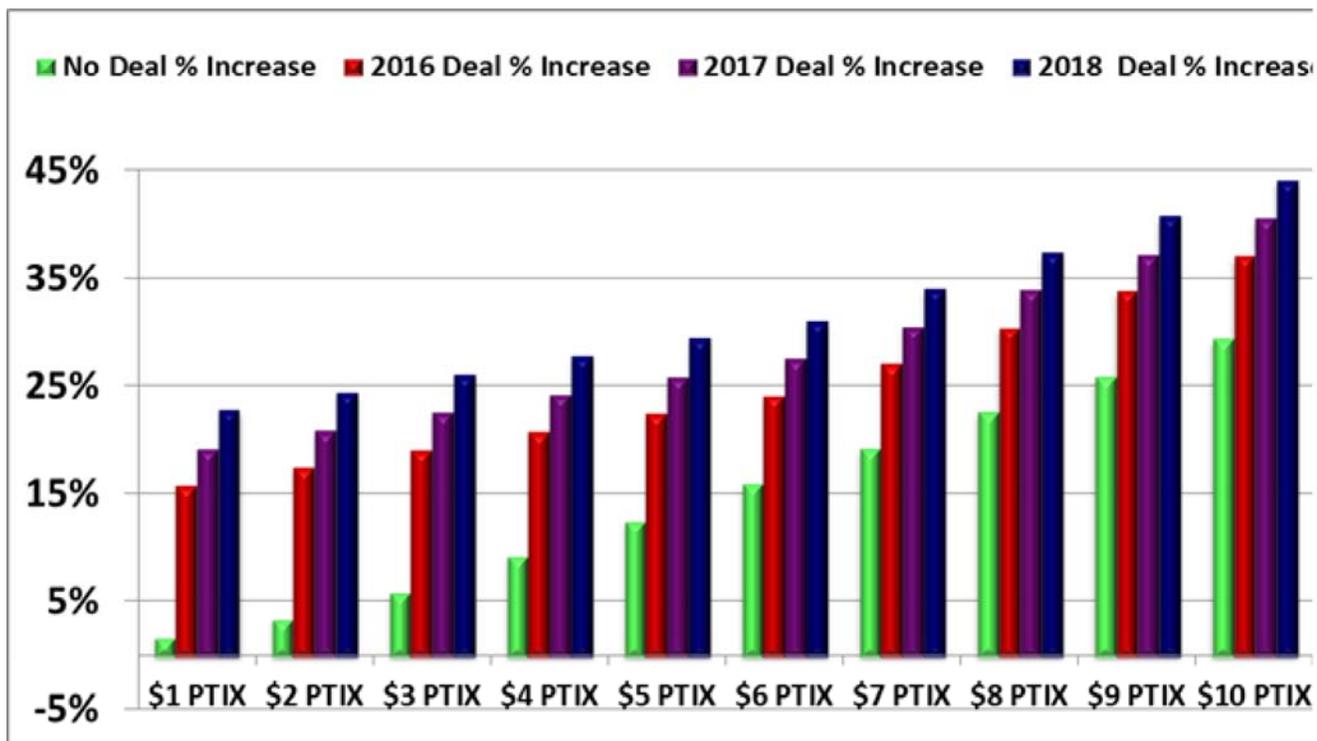
The voting window for C2015 will open soon and it is important for you to have a firm understanding of the facts before voting on our collective future. Our recent time in the pilot lounge speaking with many of you indicates that there is a great deal of incorrect information on the tentative agreement being spread through social media. We will make every effort to correct the record so that you can cast an informed vote on an agreement that will have lasting implications for your family and your career as a Delta pilot. This first subject specific *Communiqué* will focus on your number one issue: Compensation. We will address scope, work rules, and benefits in follow on *Communiqués*.

Pay: Pay raises are 8% early, followed by annual raises of 6%, 3%, and 3% starting with January 1, 2016. Compounded, these raises are 8% on July 1st, 14.48% on January 1, 2016, 17.9% on January 1, 2017 and total 21.45% twenty-four months after the amendable date on January 1, 2018. Just two years after the amendable date the average Delta pilot's monthly income will increase \$3,500/month, or put another way an increase of \$42,000/year. The Delta pilot pay rates will be industry leading, the highest ever negotiated at either Delta or Northwest and the highest ever negotiated at any airline, plus we will retain an industry leading profit sharing plan

Profit Sharing: Our Profit Sharing Plan is based on Delta's pre-tax income as defined in our contract; we refer to this as PTIX. PTIX is not the same as the Delta's GAAP reported pre-tax income. For example, last year's profit sharing payout was based on a PTIX of just under \$6B, yet the GAAP reported pre-tax income was \$4.537B. A portion of our profit sharing was converted to pay raises. Please see this [YouTube video](#) for an explanation of the profit sharing conversion. Our profit sharing plan remains in place from the first dollar of profit upward. If Delta makes \$6B PTIX or more, the maximum impact to your profit sharing pay would equate to 5.74% under the new contract.

Profits are difficult to predict in a volatile industry, so it is best to see how this

conversion affects your compensation at various levels of profitability. In the context of overall compensation, we created the “Deal / No Deal” chart below. It shows what our C2015 TA overall compensation looks like relative to our current PWA for various levels of profitability (\$ billions):



As you can clearly see, under all levels of profitability the Delta pilots earn significantly more with this deal, than without. Contrary to Facebook, outside websites, and the rumor mill, there are no scenarios where any level of profit sharing under our current PWA and possible 3.B.4 raises connected to current raises at APA or United Airlines will exceed the C2015 TA combination of pay and profit sharing. **None.**

These pay raises impact many other areas of our contract making those areas more valuable: vacation pay improvements, training pay improvements, DC contributions, and even increasing our portion of the shareable pool of PTIX. Don't forget, there is no profit sharing on profit sharing; only profit sharing on pay, and pay rates compound, whereas profit sharing will dilute in value. In other words, a percent in pay rates is worth more than a percent in profit sharing.

Together this is how we have fought our way back from bankruptcy. If you choose ratify this agreement it will build on our post merger momentum, which has propelled us to the top of the industry in compensation, and allows us to focus on tomorrow and the next opportunities.

The facts are that with this agreement you will receive a raise early, a total of

21.45% compounded pay rate increases within 24 months of the amendable date, and if profits continue, an industry leading profit sharing plan.

We ask that you get the facts, consider all the circumstances and make an informed decision.

In our next *Communiqué's*, we will address sick, work rules and scope.

Fraternally,

Hermon, Dave, Armando and David

Air Line Pilots Association, International
www.alpa.org

If you wish to unsubscribe, please [click here](#) to login and update your Standard Mailings/E-Mail Distribution Lists preferences.