



MERGER WATCH

The International Association of
Machinists and Aerospace Workers

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Machinists Urge Northwest, Delta Shareholders to Scuttle Merger

The International Association of Machinists and Aerospace Workers (IAM) today announced it has contacted Northwest Airlines Corporation and Delta Air Lines Incorporated shareholders to voice concerns over the proposed Northwest-Delta merger.

“I urge shareholders of Delta and Northwest to protect their interests and speak out to oppose this proposed merger,” said IAM International President R. Thomas Buffenbarger. “In addition to my concern with the treatment of employees in the proposed merger, I also believe that this transaction destroys shareholder value by combining two vastly different entities with few expected synergies.”

The Machinists Union sent letters outlining their concerns to the largest 60 percent of each company’s shareholders. The IAM’s letters are available at www.goiam.org/mergers.

Among the financial hurdles that the combined airline would face is a crushing long-term debt burden of \$15 billion. Additionally, the proposed merged company would have a serious lack of liquidity with a working capital deficiency of \$1.03 billion. Moreover, pension deficits would amount to an unfunded pension liability of over \$7 billion. Since the merger was announced, Northwest stock has lost 41 percent of its value and Delta stock has lost 44 percent of its value.

“To date, Delta and Northwest have failed to provide shareholders with a convincing argument that consolidation would increase shareholder value,” said Buffenbarger. “The checkered history of airline mergers since deregulation has shown us that they inevitably result in disgruntled customers, turmoil within the workforce, and diminished returns.”