NEGOTIATORS' NOTEPAD
A PUBLICATION OF THE NEGOTIATING COMMITTEE

January 16, 2023 **23-03**

Negotiators' Notepad 23-03: Global Scope

This Negotiators Notepad will discuss the Global Scope agreement for consideration by Delta pilots, which is the first of its kind in our industry. The agreement establishes numerous new protections that aim to capture upside growth in widebody flying, as well as mitigate downside risk. This agreement is designed to be a comprehensive, forward-looking arrangement of contractual requirements that is a result of many lessons learned over the last several decades. Please review this Notepad, accompanying PWA language, and other upcoming educational communications as this agreement is a significant departure from numerous past practices, and will become the bedrock of our PWA going forward.

Highlights of the Global Scope Agreement:

- Flying is measured in Block Hours (BH)
- Delta Global Flying must match no less than one BH for every one BH our Global Partners collectively grow on defined flying
- If Partner Global Flying retracts, Delta Global Flying cannot decrease more than one BH for every one BH our partners collectively shrink
- Delta must match all defined Partner Global Flying, not just flying performed by Joint Venture partners
- All widebody aircraft, and ***any*** supersonic capable aircraft are included
- Measurements for compliance are on a quarterly basis with no buffers or cure periods
- Contractual widebody staffing remediation a mandatory remedy for shortfall in Delta flyin
- Theater protections with BH minimums for Delta flying in the Atlantic, Pacific and Americas theaters
- Consolidates multiple existing widebody scope agreements into a single framework

A Brief History

Northwest and KLM made airline history in 1997 by signing the first airline Joint Venture (JV) agreement. In 2007, pre-merger Delta and Northwest, alongside KLM and Air France, applied for anti-trust immunity which resulted in the 2009 Transatlantic Joint Venture (JV) between Delta and Air France/KLM.

Since then, Delta has dramatically expanded the use of codeshares, JVs and ownership stakes in foreign partners. Over the following 10+ years, Delta management invested over $5 billion acquiring ownership stakes in foreign carriers.

As Delta increased both the number of foreign partners, and influence in those carriers, the share of widebody flying operated by Delta pilots on Delta metal contracted. In 2012, Delta operated 171 widebodies. However, by 2019, Delta's widebody fleet had shrunk to 154, and it became the norm to see multiple foreign partners' A380s and 747s parked next to a Delta 757 or 767 or read media reports of widebody aircraft orders for JV partners and increased US flying by those partners.

Over time, management's public messaging evolved to statements that Delta's "future is global" with promises of "equitable growth" in the future. In the several years leading up to the COVID pandemic, the Delta MEC attempted to engage management on numerous occasions to establish contractual protections which would ensure these growth commitments would be fulfilled. However, it was not until the Delta MEC pressed CEO Ed Bastian on their concerns over the expanding list of Delta's foreign partners at an MEC meeting in March 2021, that a commitment was made to finally make Global scope protections a reality.

After nearly two years of negotiations over the terms of the agreement, and subsequent contract language writing, this agreement ensures Delta pilots will receive an equal share of long haul widebody flying alongside Delta's Global partners.

1:1 Growth

Simply stated, if Delta's Global Partners collectively add BHs, Delta must match that BH growth on a 1:1 basis. *For example, if a Global Partner adds a daily roundtrip flight to and from the US generating 20 additional BHs, Delta will be required to increase long haul widebody flying in kind by adding at least 20 daily BHs.* Global Scope casts a wide net to include as many partner carriers and routes as possible. In the past when Delta added partners, those partners represented a potential threat to Delta flying. Under Global Scope, more partner flying requires contractual growth for widebody Delta metal.

1:1 considers both the upside during periods of growth, as well as the downside during periods of contraction. For downside protection, Delta cannot contract faster than its Global Partners. *If Delta's Global Partners collectively shrink by 500 BHs in a measurement period, Delta, at most, may only decrease flying a maximum of 500 BHs.*

Block Hour (BH) Metric

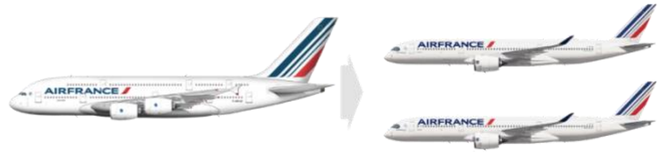
The primary goal of the Global Scope agreement is to protect and increase Delta widebody jobs. While, ASMs (Available Seat Miles), and EASKs (Equivalent Available Seat Kilometers) all have their individual strengths, BHs flown on Delta widebodies most closely correlates with the availability of widebody jobs to our pilots. In addition, the decision to utilize BHs as a measurement is a clear advantage while all available fleet plans for the foreseeable future include Delta up-gauging its widebody fleet while our partners are down-gauging their widebody fleets.
Delta's fleet has traditionally included a large number of smaller gauge widebody aircraft, such as the 767-300ER. The long-term fleet replacement trend is to add larger gauge A330NEO and A350 aircraft to the Delta fleet. If the flying balance in Global Scope between Delta and partners were to be measured in capacity (ASMs or EASKs), Delta would require fewer A330 and A350 aircraft to replace capacity as older, smaller jets retire over the next decade, with fewer pilots and fewer BHs producing the same number of ASMs or EASKs.

3 767-300ERs can be nearly replaced with only 2 A330s. Flying the same number of ASMs or EASKs on larger aircraft would reduce BHs and Delta widebody jobs.

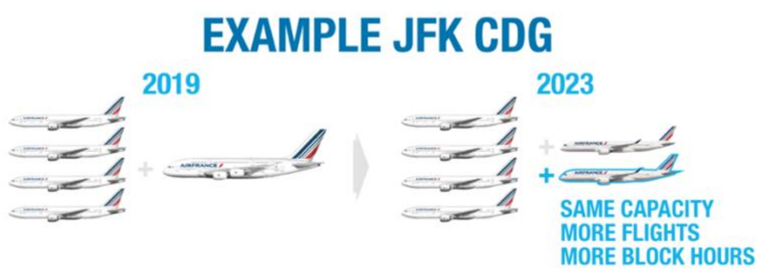
Air France, KLM and Virgin Atlantic have retired all of their 747s and Air France has retired their A380s. Most of LATAM's widebody fleet is made up of 767s and 787s while Delta has taken LATAM's entire A350 order book. Korean Air still flies 747s and A380s, but has announced the retirement of all quad-jets in the coming years. Additionally, Airbus and Boeing have terminated production of the A380 and 747 respectively.

As a point of reference, the baseline level of Delta Global flying, which all 1:1 growth will be compared to, has been established by measuring flying in 2019, prior to the COVID pandemic. This lookback captures much of the downgauging that has happened since then, as outlined above. The baseline, and associated methodology, will be discussed later in this document.

As Delta's Global Partners renew their fleets with twin-jet 787s, A330NEOs and A350s, the average gauge of our partners widebodies since 2019 is trending down. Even if there is no growth by Delta's Global Partners, they will require more flights and BHs on 787s, A330s and A350s to produce the same capacity as produced by their larger gauge A340, 747 and A380 widebodies. If the balance between Delta and Global Partner flying were to be measured in capacity, an increase in flights by our partners would not require an increase in Delta flights due to partner capacity remaining unchanged. Conversely, Global Scope will capture the BH growth of Delta's partners and Delta will have add BHs to match its partners, and those BHs will be matched with larger Delta jets as we continue to up gauge our fleet.



For example, in 2019, Air France had a fleet of 10 A380s and operated six A380 routes to North America. They have since retired their A380 fleet and replaced them with smaller gauge A350s and 787s. For Air France to generate the same capacity as it did on A380 routes in 2019, nearly twice the aircraft and twice the BHs are required when using the smaller twin-jets that are now in its fleet plan. With Global Scope measured in BHs, the BH increase in Air France flying is captured and will require Delta to increase its pilot BHs to match.



Aircraft Type

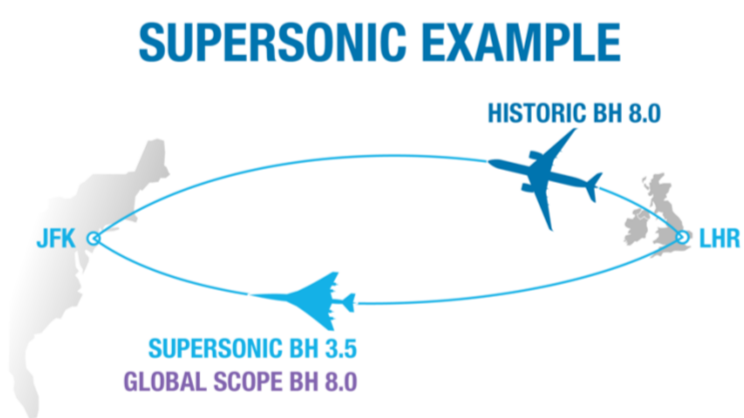
For ***<u>any</u>*** Delta or Global Partner BHs to be considered part of Global Flying, flights ***must*** be operated by either:

1. Widebody aircraft
2. Supersonic Capable aircraft (can be a narrowbody or widebody)

Under these provisions, narrowbody Delta transoceanic flights are not part of Global Scope. The same rules also apply to the Global Partners. Currently Delta does fly some transoceanic flights on narrowbodies, and Delta can continue doing so, but that flying ***will not*** qualify as Delta Global Flying and the BHs produced by such flying will not count towards the BH requirements of Global Scope.

Historically, Delta operated a limited amount of narrowbody flights between the US and Europe while Air France, KLM, and Virgin Atlantic exclusively operated widebody aircraft on trans-Atlantic routes. While Global Scope does not prevent Delta from flying transoceanic routes on a 757, or A321NEO, Delta is incentivized via the Global Scope agreement to add widebody flights in order to meet the 1:1 growth requirement of Global Scope.

A potential future threat of using BHs as the measurement metric would be for a Global Partner to operate a faster aircraft that produces fewer BHs over the same routes. To address this issue, flights on supersonic aircraft will come with a BH handicap. *For example, if Virgin Atlantic flies a supersonic aircraft on a 3.5-hour flight between JFK and LHR, and a non-supersonic aircraft historically flies that same flight in 8 hours, then Virgin Atlantic's 3.5-hour flight will be counted as 8 BHs for purposes of Global Scope.*



Although supersonic capable aircraft are not currently in service, Virgin Atlantic, along with United and American, do have aircraft like this on order and the Concorde was once part of Air France's fleet. These aircraft may not come into revenue service for a number of years, or may never be utilized at all, but if they are, the Delta pilots will be protected.

Geography

Defining the geography of this agreement, or which routes qualify as Global Flying, is another vital component to this agreement. Keep in mind that ***only*** Delta flying which is included in Global Scope may be used to meet the growth requirement, and any flying which does not qualify will not be considered.

Included in Delta Global Flying:	*Excluded Delta Flying:*
All flights on widebody or supersonic aircraft operated by Delta **a. to/from the United States in the:** **1) Atlantic Theater,** **2) Pacific Theater,** **3) Americas Theater.** **b. on Fifth Freedom flights (excluding intra-North American Fifth Freedom Flights).**	**1. Flights from the mainland US to/from Canada or Mexico, even if part of a JV** **2. Flights between North America and the Caribbean** **3. Transcon and other domestic flights within the lower 48** **4. Flights between the lower 48 and Alaska** **5. FCFs, Ferry, Cargo only flights, Charters (including MAC flights, but regularly scheduled charters as part of a JV do count)**

Under the current PWA, ***Section 1*** only requires Delta to grow its flying if there is a negotiated production balance with a JV Partner. One of Global Scope's strengths is that it considers more than just JV partner flying. Delta Global Flying must match the BHs generated by all flights on widebody or supersonic capable aircraft, collectively, operated by our Global Partners covered by this agreement, including its affiliates or contract carriers.

Included Partner Flying (any of the following):	*Excluded Partner Flying:*
#1. **Flying that is subject to a profit/loss agreement (a JV is an example of a profit/loss agreement)** ***#2.*** **Flying by carriers where Delta has a 20% or greater ownership stake that operate to/from the United States and/or US Territories that: crosses the 1) Atlantic, 2) Arctic, 3) Pacific, or 4) Operates to/from South America** ***#3.*** **Any flight that carries Delta code, that is *not* covered by *#1* or *#2* above, during any month in which the Company or any Company affiliate books or tickets under the Company's or Company affiliate's designator code, reserves, blocks, and/or purchases for resale:** **1). More than 30% of the total passengers are Delta passengers in any month on a pair of flight segments (e.g., JFK-NBO-JFK or AMS-BOM-AMS) will count towards Global Scope** **2). A monthly average of more than 120 passengers are Delta passengers will count towards Global Scope** **Note: Flying that meets these criteria is still subject to the limits under *Section 1 E.2*.**	**1. Flights from the mainland US to/from Canada or Mexico, even if part of a profit/loss agreement** **2. FCFs, Ferry, Cargo, Charters (a regularly scheduled charter as part of a JV does count)**

As is customary with former production balance agreements, while the Global Scope Agreement is in effect, some default PWA requirements are suspended for flying that is covered by Global Scope. The default restrictions under ***Section 1 E. 2. a.*** and ***b.*** do not apply to included Partner Global Flying covered by ***#1*** and ***#2*** above. In addition, the Pacific Block Hour Floor under ***Section 1 E. 2. e.*** will not apply while the Global Scope Agreement, and associated Pacific Theater floor is in effect. Lastly, the block hour requirements under ***Section 1 E. 8.*** will not apply to Partner Global Flying while the Global Scope Agreement is in place.

All other requirements under Section 1 remain in full effect, in addition to the Global Scope Agreement.

#1 - Flying that is subject to a Profit/Loss Agreement

Global Scope includes flying subject to a JV, regardless of whether the flights have Delta code or not. Currently, Delta has 3 JVs that are subject to Global Scope that cover different geographies with different foreign carriers. Not all flying in a JV is isolated to and from the United States. Under the proposed Global Scope agreement Delta Global Flying may have to match Partner Global Flying that never touches the United States or its territories.

Global Partners:
Air France/KLM/Virgin Atlantic
Geography:
Flights between:
1) Europe and North America,
2) North America and French Polynesia

If Air France, KLM, or Virgin Atlantic add flying between Europe and Canada, Mexico, or the United States, such flying will contribute to Partner Global Flying growth that Delta must match.

Global Partners:
Korean Air (Asiana not yet integrated with Korean Air)
Geography:
Flights between:
1) Korea and the US,
2) Hawaii and Seoul,
3) Hawaii and Tokyo

Once government authorities allow Asiana to be integrated into Korean Air, Asiana flights that cover the same geography will be a part of Global Scope. Currently, Asiana flights do not carry Delta code and are not subject to our scope.

Even though a Japanese carrier is not in this JV, flying between not only the US and Korea, but 5th Freedom Korean Air flights between Hawaii and Tokyo, must be considered as part of Global Partner flying. *For example, prior to COVID, Korean Air Flight 01 flew between Tokyo and Honolulu. If Korean Air were to restore that route to their current flying, it would be included in Global Partner flying.*

Global Partner:
LATAM
Geography:
Flights between:
1) US and South America,
2) Canada and South America

For instance, Argentina is excluded since there is no Open Skies agreement in place and LATAM does not fly between Argentina and the US or Argentina and Canada.

LATAM did not operate flights between Canada and South America pre-COVID, and they still do not operate any today. If LATAM were to grow and add flying to Canada, that flying must be considered as part of Partner Global Flying as a result of being part of the JV agreement.

Even though Global Scope automatically captures foreign partner flying that is part of a profit/loss agreement, as defined in ***#1*** above, the default protections in ***Section 1 E. 7.*** **<u>will still apply</u>**. These protections force Delta to, at a minimum, fly at least 4 weekly roundtrips between the US and the home country or countries of a foreign carrier that is in a profit/loss agreement with Delta. This language ensures Delta does not leave all flying to and from a country to a foreign carrier.

#2 **- Carriers where Delta has a 20% or greater ownership stake, their flights that operate to/from the United States and/or US Territories that:**

1) **Crosses the Atlantic**
2) **Crosses the Arctic**
3) **Crosses the Pacific**
4) **Operates to/from South America**

Currently there is no provision in ***Section 1*** which forces Delta to add flying when a carrier, in which Delta has an ownership stake, adds any flights to or from the United States or its territories. Going forward, flying performed by a foreign carrier to and from the United States, and its territories, in which Delta holds a 20% or greater ownership stake, regardless of whether the foreign carrier flights carry the Delta code, will be considered Partner Global Flying. Virgin Atlantic is presently the only carrier today where Delta has an ownership stake of at least 20%.

Virgin Atlantic
Virgin Atlantic's flying between the UK and the United States or its territories qualifies as Partner Global Flying. This flying is also covered under the Blue Skies JV, where Virgin Atlantic is a member. Although Virgin Atlantic qualifies as a Global Partner under two provisions of Global Scope, the BHs for individual qualifying flight segments are not counted twice for the purposes of compliance.

Along with the provisions in **#2**, the requirements of ***Section 1 E. 3.*** **<u>will still apply</u>**. Once Delta has a greater than a 25% ownership stake, Company flying block hours scheduled in any month between the United States and any country from which the foreign air carrier operates to or from the United States, will not be less than the Company flying block hours scheduled between the two countries in the same month of the twelve-month period prior to the month in which the Company's ownership level first exceeds 25%.

***#3* - Any partner flight that has Delta code, *not* covered by *#1* or *#2* above, during any month in which the Company or any Company affiliate books or tickets under the Company's or Company affiliate's designator code, reserves, blocks, and/or purchases for resale:**

1) More than 30% of the total passengers are Delta passengers in any month on a pair of flight segments (e.g., JFK-NBO-JFK or AMS-BOM-AMS) will count towards Global Scope
2) A monthly average of more than 120 passengers are Delta passengers will count towards Global Scope

This provision is <u>*in addition to*</u> the current ***PWA Section 1 E. 2.***, which sets a cap how many passengers Delta can place on its partners:

a. No more than 40% of the passenger seats in any month on any pair of flight segments in a city pair (e.g., CDG-ATL-CDG)
b. No more than 175 passenger seats per flight segment a monthly average (e.g., CDG- ATL or ATL-CDG)

Currently the PWA does not have a mechanism that requires Delta to add flights when the number of passengers being put on foreign carriers gets close to, or exceeds the ***1 E. 2.*** limits. While the ***Section 1 E. 2.*** limits <u>**will still apply**</u>, Global Scope includes the BHs of partner flights when the number of Delta passengers on a foreign carrier exceeds the new, lower threshold of 30% of seats or 120 passenger limits.

Some JV partners operate flights that are outside the scope of a JV but carry the Delta code. *For example, KLM carries Delta code on widebody flights between Mumbai (BOM) and Amsterdam (AMS). If the number of Delta passengers exceeds the limits listed in **#3**, the total BHs of all KLM flights between BOM and AMS for that month will become Partner Global Flying and for every month in which the 30%/120 Delta passenger thresholds were reached on that route as part of the applicable quarterly measurement period .*

Theater Protections

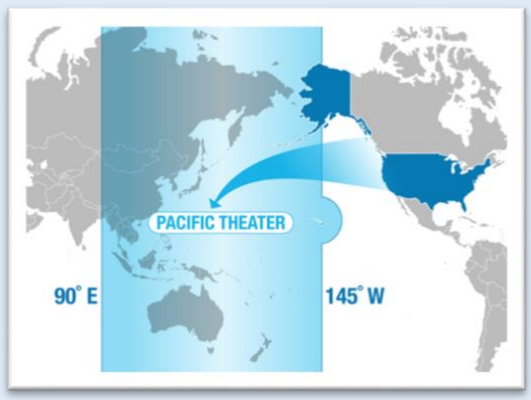
While Global Scope allows some Delta flying to be added and moved between theaters, it has built-in block hour floor minimums for the Atlantic, Pacific and Americas theaters. The BH floor minimums have been established based on historic flying levels in each theater, based on 80% of the total flying Delta performed during 2018 and 2019 combined. Theater BHs Floors are measured each quarter on a rolling 8 quarter lookback, beginning with the measurement period ending 4Q 2025. If Delta Global Flying goes below any of these BH floors, Delta will have to remediate any shortfall in any theater by adding widebody pilot positions.

The **Atlantic Theater** is defined as flying on all routes between the United States, and any point East of longitude 30° W and West of longitude 90° E.

The minimum Delta flying allowed in the **Atlantic Theater** is 667,558 BHs during any 8-quarter measurement period.

The **Pacific Theater** is defined as flying on all routes between the United States and Hawaii, and flying on all routes between the United States and any point West of longitude 145° W (excluding any points in North America) and East of longitude 90° E.

The minimum Delta flying allowed in the **Pacific Theater** is 326,618 BHs during any 8-quarter measurement period.



The **Americas Theater** is defined as flying on all routes between the United States and a point in South America.

The minimum Delta flying allowed in the **Americas Theater** is 76,223 BHs during any 8-quarter measurement period.

Recovery Period and Baseline

During the pandemic, Delta reduced its international flying more than its Global Partners. Because of that, a major issue which had to be accounted for in Global Scope, was to ensure Delta Global Flying fully recovers from the COVID pandemic, prior to giving Delta "credit" for BH growth under Global Scope.

While Delta is recovering our international network, growth ***in excess of 1:1 is required*** to regain our pre-COVID share of flying compared to our Global Partners. Therefore, applying the 1:1 growth requirement immediately would leave Delta pilots permanently disadvantaged from the effects of the pandemic.

To solve this problem, the agreement contains a recovery period that makes sure Delta has returned to their pre-COVID share of flying prior to transitioning to the 1:1 growth requirement. This is accomplished by establishing Delta's pre-COVID ratio of flying, compared to our partners, for calendar year 2019. Based on the current Global Partners (Air France, KLM, Virgin Atlantic, Korean Air, and LATAM), Delta's ratio in 2019 was approximately 51.3%, however this lookback ratio will be formally established after 4Q 2023 based on the partners at that time.

After Delta has regained its pre-COVID share of flying, the 1:1 growth requirement is first applied with the full-year 2024, 4-quarter measurement period. However, as Delta regrows international flying throughout 2023 and 2024, specific flying targets must be met at quarterly checkpoints.

In Q1, Q2, and Q3 of 2023, Delta must perform greater than a specified number of system-wide widebody BHs. These BH minimums maintain an upward trajectory which will require Delta to continue redeployment of our existing widebody fleet, and also take deliveries of aircraft which are currently on order.

Quarter	Flying Required
Q1 2023	150,000 Widebody BHs
Q2 2023	184,000 Widebody BHs
Q3 2023	208,000 Widebody BHs
Q1-Q4 2023	No less than 2019 Ratio vs. Partners
Q2 2023 - Q1 2024	No less than 2019 Ratio vs. Partners
Q3 2023 - Q2 2024	No less than 2019 Ratio vs. Partners
Q4 2023 - Q3 2024	No less than 2019 Ratio vs. Partners
Q1-Q4 2024 and beyond	1:1 Growth compared to Partners

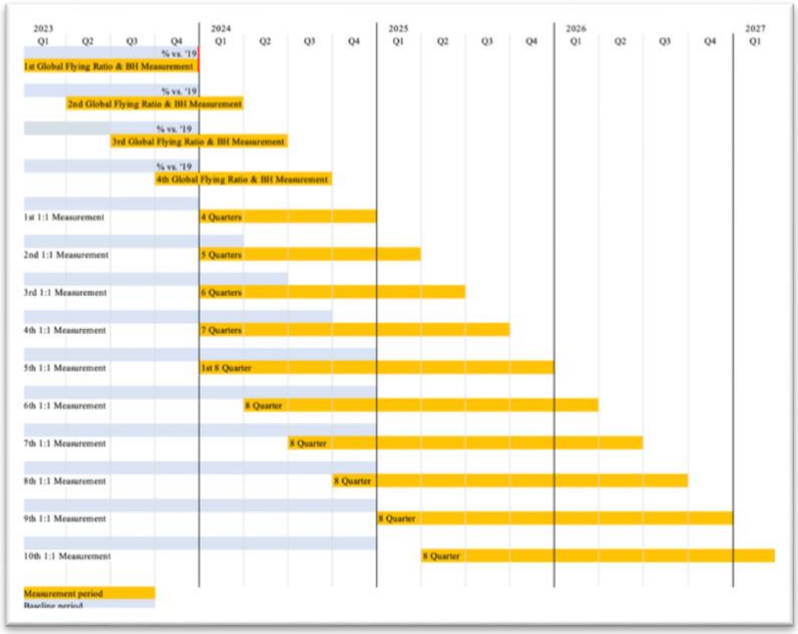
If Delta does not meet the above requirements, remediation is due.

At the end of full year 2023, a 4-Quarter lookback will be completed in which Delta Global Flying will be compared to our Partner Global Flying. Delta's share of flying can be no less than the previously established 2019 baseline ratio, which means that the first stage of recovery has been completed. However, keep in mind that at this time, even though Delta's share of flying will be recovered, the total level of flying for Delta and its Global Partners will likely still be below the pre-COVID levels of 2019.

While Delta continues to recover international flying to pre-COVID levels, Global Scope requires Delta to maintain the 2019 ratio of flying throughout 2024, when total flying levels are projected to finally be fully recovered.

Transition to 1:1

Global Scope, once the transition is over, requires an 8-Quarter measurement period, measured quarterly. However, in Q4 2024, a full 8-quarter lookback period would envelop much of the post-pandemic recovery period. For this reason, the 1:1 measurement period will start with a 4-quarter lookback, in Q4 of 2024, after Delta has regained its share of flying compared its Global Partners. Then, as each quarter progresses, the measurement period will transition by growing each quarter into a 5-quarter, 6-quarter, 7-quarter, and finally a full 8-quarter measurement period, ending Q4 2025. This illustration demonstrates the various measurement periods and baselines as Global Scope transitions from pandemic recovery to the ongoing 1:1 requirement.



Entry & Exit of Global Partners -or- Geographic Changes to JV Agreements

To assure Global Scope is durable, there is a contractual mechanism accounting for changes in JV agreements or ownership stakes which may occur that cause the addition or removal of Partner Global Flying. A central element of this provision is to make sure that the addition or deletion of Partner Global Flying will not adversely affect the Delta Pilot's share of total Global Flying.

Entry of a Partner

One issue that has consistently arisen in enforcing scope was that, by the time a production balance with a JV could be negotiated, the JV partner or partners would have already ramped up their growth in anticipation of the partnership. In such a case, Delta pilots would have missed out on the opportunity to match the JV growth.

For example, in the Korean Air JV, Korean Air added BHs to the US after the JV was announced, but before the JV formally began. However, Delta did not see similar growth across the Pacific during the same time. To compound matters, the PWA did not have any mechanisms that would have required Delta to add flights while Korean Air began to flood the US market with their widebody metal.

Global Scope has closed this loophole.

See the below hypothetical example using China Eastern becoming a JV partner

1) *On June 6, 2027, it is announced China Eastern will enter into a (or join an existing) profit/loss sharing arrangement with Delta at a future date.*
2) *In the 24 months ending on June 30, 2026 (12 months prior to announcement), China Eastern performed 50,000 block hours that would have qualified as Partner Global Flying. Those 50,000*

BHs will be added to the Global Partner BH baseline upon implementation of the profit/loss sharing arrangement.

3) *On February 14, 2029, Delta implements the profit/loss sharing arrangement with China Eastern.*
4) *In the eight-quarter measurement period ending March 31, 2029, China Eastern performed 60,000 BHs of Partner Global Flying.*
5) *For purposes of determining compliance, 60,000 BHs will be added to the Partner Global Flying for the current measurement period ending March 31, 2029.*
   The additional 10,000 BHs that China Eastern grew during the period leading up to the formal commencement of the JV will contribute to the Partner Global Flying growth that must be matched by Delta.
6) *For each subsequent measurement period, China Eastern's Partner Global Flying will be included for purposes of calculating the growth requirements of Global Scope.*

Another scenario considered by this section addresses Delta acquiring a 20% or greater ownership stake in a new Global Partner.

In this example, Delta takes such an ownership stake in China Eastern.

1) *Delta takes a 20% ownership stake in China Eastern on March 5, 2027.*
2) *In the 24 months ending on March 31, 2027 China Eastern performed 50,000 BHs that would have qualified as Partner Global Flying.*
3) *China Eastern's contribution to the baseline will be 50,000 BHs.*
4) *For each subsequent measurement period the China Eastern's Partner Global Flying will be included for purposes of calculating the growth requirements of Global Scope.*

If a Global Partner were also to have a qualifying ownership stake in addition to being a partner, their Partner Global Flying BHs would not be counted twice, but the earlier (more advantageous to Delta pilots) baseline measurement would be used.

Exit of a Partner

If a Global Partner leaves a JV, or Delta's ownership stake drops below 20%, their contribution to the Global Partner baseline will be deleted. Delta's Global Flying cannot decrease nor will it be reduced due to the exit of a Global Partner. In effect, if a Global Partner exits, the growth they have contributed to Partner Global Flying must be retained for purposes of Global Scope compliance. See the below hypothetical example:

Step 1
January 1, 2023 to December 31, 2024 8 Quarter BH Baseline

Delta:	**100,000**	Global Partners:	**110,000**
		Global Partner #1	40,000
		Global Partner #2	40,000
		Global Partner #3	30,000

Step 2
April 1, 2026 to March 31, 2028 8 Quarter Measurement Period

Delta:	**135,000**	Global Partners:	**145,000**
		Global Partner #1	55,000
		Global Partner #2	50,000
		Global Partner #3	40,000

Delta and the Global Partners both grew by 35,000 BHs above the baseline in Step 1.
Delta is at the minimum level of compliance by matching the 35,000 BHs of Global Partner growth.

Step 3
Global Partner #3 no longer a Global Partner as of 1 April 2028
Adjusted BH Baseline

Delta:	**100,000**	Global Partners:	**70,000**

Global Partner Adjusted Baseline: 110,000 BHs (initial 8 quarter Baseline in Step 1) - 40,000 BHs (Global Partner #3's contribution for the 8 full quarters prior to their exit) = 70,000 BHs

Step 4
Next 8 Quarter Measurement Period
July 1, 2026 to June 30, 2028

Delta:	**140,000**	Global Partners:	**110,000**
		Global Pamter #1	55,000
		Global Partner #2	55,000

Delta is at the minimum level of compliance by matching the 40,000 BHs of Global Partner growth, which includes Global Partner #3's 10,000 BHs of growth before they exited.
Despite Global Partner #3's exit as a Global Partner and subsequent reduction to the Global Partner Baseline, Delta's 1:1 BH compliance minimum is not reduced due to the exit of a Global Partner

Change in Geography of a Profit/Loss Agreement
Global Scope accounts for, and places further restrictions on, future flying if Delta and its partners decide to modify the geographic boundaries of flying covered by an existing profit/loss agreement. In the event that a geographic area was no longer included in an existing agreement, Delta is restricted from placing its designator code or selling seats on any flights by a Global Partner which would have previously been covered by the agreement for a period of 5 years.

Example: If Mexico were to be excluded from the Blue Skies JV commercial agreement, Delta would no longer be able to place its designator code or sell any seats on flights by any Global Partner to/from Mexico and Europe, or to/from Mexico and French Polynesia, for five years from the effective date of such removal. Additionally, the Global Partner baseline will be adjusted by subtracting the impacted Mexico flying, consistent with the methodology applied to the exit of a partner.

Additionally, if a profit/loss agreement's geographic boundaries are modified to encompass additional flying, Global Scope applies the same methodology as is applied to the entry of a new JV partner.

Example: If the Korean Air JV were to include flights to Canada, all the new flights would be handled consistent with the provisions under the "Entry of a Partner" section above.

Remediation
The primary objective of Scope is the protection of Delta Pilot jobs. When ***Section 1*** violations have occurred in the past, the grievance process is governed by the Railway Labor Act.

Experience with grievances, arbitrations and settlements has shown that the current grievance process inherently favors the company. It is often an Arbitrator who decides on the penalty for scope violations, and more often than not, that penalty is financial. To date, no financial remedy has been sufficient to restore the career opportunities lost when foreign airlines perform Delta flying. Even past multimillion-dollar settlement payments have not provided sufficient deterrent for violations of our scope provisions. Without meaningful consequences when scope violations occur, there is little deterrent to prevent violations in the first place.

In light of this, the Global Scope Agreement remedies any shortfall in BHs with accretive, verifiable, additional Delta widebody Pilot positions.

The key take-aways from this section are:

- Remediation is directly based on the shortfall in BHs, which is then converted to a fully augmented crew on widebody aircraft (two CAs & two FOs)
- Remediation occurs with any shortfall in 1:1 flying levels, any shortfall in theater flying levels or any shortfall during the transition period 2023-2024
- Remediated pilots ***can only*** go to the A350, A330, or 767-400
- Positions are accretive regardless of additional flying or historical surplus
- Remediated positions must remain in place for the length of the violation period
- All remediated pilots must be converted no later than first bid period following six full bid periods following the quarter in which there was a BH shortfall
- Remediation does not excuse a violation. While it penalizes the company for not matching partner growth, the Company must still do so in the following measurement period. If this does not occur, further additional remediation will be required

Should a quarterly compliance report indicate that there is a shortfall in Delta flying, that shortfall will be converted into increased widebody staffing requirements over and above the current requirements found in ***Section 22 C.*** (the "Staffing Formula"). These are known as "remediated positions".

When addressing increased staffing requirements, one of the core goals was to ensure that any such remediation provides accretive, measurable gains in widebody positions. Critical importance was placed on ensuring these remediated positions would not simply be lost in ordinary excess staffing which often occurs naturally (such as the ramp up before widebody deliveries, or seasonal staffing). Thus, the remediation formula accounts for historical "overstaffing" of positions in excess of staffing formula requirements. Remediated positions are added in addition to actual staffing, as calculated by the staffing formula but also including historic "overstaffing".

To establish the number of pilot jobs that must be remediated, the BH shortfall which caused a violation in a measurement period must first be determined. The number of BHs are converted into a monthly average by dividing the total shortfall by the number of bid periods in the violation period. This monthly average shortfall is then converted to a monthly average pilot hour shortfall by multiplying the BH shortfall by 4. This allows remediation to assume a full augmented crew (two Captains and two First Officers) on all flights. That result is divided by 53, which is the historical number of BHs per bid period, per widebody pilot. This results in the total number of "remediated positions".

Next, the average level of staffing over and above the ***Section 22 C.*** staffing formula requirements during the measurement period is calculated. This is done on a percentage basis, for both summer and non-summer staffing periods, to capture the additional positions that exist due to historical excess staffing. *For example, if, in the applicable measurement period, the A350 Captain position is overstaffed relative to the staffing formula by an average of 4% in non-summer months, then the baseline level of staffing before any remediation is added during non-summer months would be the staffing formula required headcount, plus 4%.*

As BHs increase or aircraft are added, this increase is captured in the ***Section 22 C.*** staffing formula, and thus an increased number of pilots are required under the existing formula. Remediated positions (along with the historical level of overstaffing) must then be added "on top of" required staffing per the formula, and are not absorbed into existing pilot growth.

To meet these increased staffing requirements, the Company must add staffing in either the A350, A330, or 767-400 (or any other aircraft which pays the top pay rate) via an Advanced Entitlement bid to meet the increased staffing requirements. The Company must continue to maintain those additional positions throughout the remediation period, and may do so with additional AE bids.

Such remediation must remain in place for 24 months, starting in the first bid period following six full bid periods after the quarter in which there was a BH shortfall. All pilots added due to remediation requirements must be converted into their new categories by this deadline to be in compliance with the provisions of the Global Scope LOA.

Improved "Force Majeure"
In the event that a "circumstance over which the Company does not have control" causes a flying shortfall within Global Scope, the Company must provide written notice to ALPA of individual city pairs and the total number of BHs which are affected. Only the city pairs affected by the event are considered, and all other Global Flying under Global Scope must remain in compliance. During the Transition Period, Delta cannot use a manufacturer's delay in delivery of new aircraft to claim "Force Majeure."

In addition, new restrictions have been added to limit the circumstances in which the Company can claim the current "force majeure" exception due to manufacturer delivery delays of new aircraft. To enforce these new restrictions, Delta will supply ALPA with a detailed fleet and network plan, including the actual schedule of aircraft deliveries for the following year, no later than Q4 of the year prior. Further, any manufacturer delay of a new aircraft must be:
1) the cause for non-compliance on an individual city pair,
2) unknown to Delta prior to supplying the detailed fleet and network plan
3) more than 45 days

Conclusion
Global Scope is a major modification to how ***Section 1*** handles Delta's global partners, and will be submitted to membership for consideration on whether it should become a permanent addition to our PWA. Global Scope represents an industry-first, comprehensive, forward-looking approach to make sure that Delta pilots' careers are protected as Delta continues to grow its list of foreign partners and expand its international operations.

Thank you for taking the time to read and understand this detailed agreement, and please don't hesitate to reach out to the Negotiating Committee or your local elected representatives to ensure all your questions are answered. In addition, the upcoming TA roadshows will also contain a briefing and Q&A on the Global Scope agreement.

This negotiation has transcended several current and former Negotiating Committee members, MEC's, MEC Administrations, Scope Committee members, and professional ALPA staff members and would not have been possible without the exceptional amount of diligence and teamwork by all involved. Thank you to those who have contributed to this agreement.

Fly Safe,
Eric, Brandon, and Rich