

## **Delta Family-Care Disability & Survivorship Plan Fact Sheet 12/9/2005**

### **Statement:**

On December 5, the court appointed committee representing Delta's retirees filed a motion with the court asserting that the Delta Family-Care Disability and Survivorship Trust improperly paid for benefits other than under the Delta Family-Care Disability and Survivorship Plan (the "D&S Plan"). Delta disagrees with the filing and its accompanying press release. Delta believes that it has acted properly and that the position the committee has taken is not correct. Delta is preparing a response to the Retiree Committee motion that will be filed with the bankruptcy court.

Here are some important facts to remember:

- Delta has made NO proposal to change the monthly survivor benefits under the D&S Plan.
- We believe the Trust has been administered properly and in accordance with applicable law.
- We have fully and publicly disclosed in both the Chapter 11 proceedings and well before, the fact that various types of benefits are paid from the Trust.
- Trusts like these are qualified to pay benefits from other plans, such as severance plans.
- The Trust pays benefits under the D&S Plan as well as several other plans as provided for by law.
- The Trust has never paid severance benefits for Delta executives. The Trust has only paid severance to Delta people below the level of Director.
- Unlike pension plans, Trusts that fund these kinds of benefits are not required to be funded.

### **Background:**

Delta's Disability and Survivorship Plan provides many benefits including, disability, life insurance and monthly benefits to eligible surviving family members of a deceased employee or retiree. Active employees, as well as retirees, are eligible for many of these benefits. Delta has provided benefits under the D & S Plan for over 30 years.

One of the resources used for providing benefits under the D & S Plan is the Trust. However, unlike defined benefit pension plans, the benefits under the D & S Plan do not have to be provided exclusively by the Trust.

The money in the Trust is not earmarked solely for the D & S Plan. Instead, it can be the source of payment for other non-pension plans including various severance plans for general managers and below.

### **Q1 Has Delta proposed any changes to retiree benefits under the D&S Plan?**

A1 No.

### **Q2 Has Delta done something wrong?**

A2 We believe Delta has acted properly and we disagree with the Retiree Committee's assertions. Delta fully intends to vigorously contest the Retiree Committee motion.

### **Q3 Who is obligated to make payments under the D & S Plan?**

A3 There are four separate entities involved: Delta, the D&S Plan, the Trust and Delta,s various Severance Plans. The D&S Plan and the various Severance Plans provide for the payment of benefits as defined by their terms. Delta sponsors these plans and provides them with the resources they need to pay the benefits. Delta established the Trust as a convenient, tax-efficient means of paying non-pension benefits.

### **Q4 What does the retiree motion allege?**

A4 The Retiree Committee motion alleges that Delta is making improper payments from the Trust to Delta employees, including payments for severance and certified sick time. Contrary to these allegations, however, we believe the law allows a trust such as this to pay a wide range of non-pension benefits.

### **Q5 What does the Retiree Committee,s motion seek to do?**

A5 Among other things, the Retiree Committee has asked the court to stop severance, furlough and other payments from the Trust it considers to be unauthorized, and to force Delta to repay to the Trust tens of millions of dollars paid out in allegedly wrongful payments to non-executive Delta employees over the past few years.

### **Q6 Are sick pay and severance payments to employees allowed from the Trust?**

A6 The law allows Trusts such as this to make payments for a variety of non-pension benefits to employees including severance, sick leave, disability benefits, monthly survivor benefits and life insurance.

### **Q7 Is Delta required to maintain certain funding levels for the trust?**

A7 No. Unlike a pension fund, there is no requirement to have a trust for these benefits and if one is established there are no requirements for this type of a trust to be funded to any particular level.

### **Q8 Did Delta hide the fact that the trust was being used to fund employee severance and certified time?**

A8 No. In fact, this information was made clear in motions filed by Delta on the first day of its bankruptcy proceeding. Moreover, the fact that benefits other than disability and survivorship benefits have been paid from the Trust has been noted in numerous documents. All affected employees were informed in 2003 that the 100% disability pay protection in the form of certified time would be a benefit provided by the D&S Plan.