

February 28, 2006

Retirement and Insurance Alert

Liquidity Shortfall, Lump Sums and Retirement

As we have previously reported, our Defined Benefit Retirement Plan is seriously underfunded and at risk. This situation has been worsened by management's decision to stop funding our Plan. As a further result of management's action, our Plan entered liquidity shortfall on September 30, 2005, and remains in liquidity shortfall today. This shortfall imposed on management the obligation to make supplemental payments to our Plan, but management has declined to make those payments as well. Under the law, therefore, because of this continuing liquidity shortfall, our Plan has been prohibited from making lump sum payments to any pilots who retired after October 1, 2005.

The liquidity shortfall calculation is run at the end of each calendar quarter. It compares the total of a Plan's liquid assets at the end of the quarter to an adjusted total of three times the Plan's disbursements over the 12-month period ending on the same date. In bankruptcy court filings in October 2005, Delta management and the Committee of Unsecured Creditors estimated that our Plan's liquidity shortfall would end March 31, 2006. As recently as January 24, 2006, the Plan actuary provided estimates also showing the liquidity shortfall would likely end March 31, 2006. As you know, however, the Plan's independent fiduciary has now announced that it is likely the liquidity shortfall will not end March 31, 2006; if it does not end and if management continues not to make required supplemental contributions, then lump sums will continue to remain unavailable.

The reason for this development is that management has been advised that it followed an incorrect method of allocating the liquid and illiquid assets among the Plans in the Master Trust holding all of the assets of Delta's Defined Benefit Plans and our Money Purchase Pension Plan. Delta management had previously attributed only liquid assets to our Plan for purposes of determining the liquidity shortfall and had attributed all of the illiquid assets in the Master Trust to the other plans participating in the Master Trust. Under this method, our Plan would probably not show a liquidity shortfall as of the end of the current quarter. Management, however, has appointed Fiduciary Counselors, Inc. as the Plan fiduciary, and Fiduciary Counselors has advised management that the liquidity shortfall must be measured on a different basis: namely, by assuming that all of the liquid and illiquid assets in the Master Trust are allocated on a pro rata basis among all the plans participating in the Master Trust. Under this direction, Fiduciary Counselors has estimated that, unless there are changes in the portfolio, our Plan will continue to be in liquidity shortfall at March 31, 2006.

Delta's Benefit Funds Investment Committee, comprised of four senior Delta managers, determines the investments in the Master Trust. The Investment Committee could direct the sale of some or all of the illiquid investments between now and March 31; if enough of those investments were sold and converted to liquid assets, our Plan actuary estimates it would be possible to pass out of liquidity shortfall effective March 31. We have been informed by Fiduciary Counselors, Inc., that no such sale or conversion is currently contemplated by the Benefit Funds Investment Committee. Final determination of our Plan liquidity will be determined when actual Plan investments at March 31 are known.

Looking ahead, if there is no change to the ratio of liquid to illiquid assets, or if management does not make required supplemental contributions to our plan, and if all other actuarial assumptions be met, the Plan actuary estimates that our Plan will remain in liquidity shortfall at least through September 30, 2006.

Pilots who have retired since October 1, 2005 and pilots retiring in the future will receive annuity payments for their earned qualified retirement benefit, but will not receive a lump sum until the Plan comes out of liquidity shortfall. Other events may preclude the payment of lump sums or other benefits in the future, or may affect the size of annuity payments, including Plan termination or pension reform legislation. If the Plan remains in place and passes out of liquidity shortfall, and if lump sums are otherwise payable, pilots who retired when the liquidity shortfall restrictions are in effect will be eligible to receive the balance of their calculated lump sum payment with respect to their qualified benefit. Fiduciary Counselors, Inc., has informed us that lump sum payments will be made in the order in which the completed retirement applications were received at the Employee Service Center.

Our Plan is in crisis due primarily to management's decisions. Despite their public position calling for legislative relief to support our Plan, management has made it clear by their actions they will not fund our Plan while in bankruptcy. Pilots should believe management's actions, not their words. Today our Plan is funded at less than 55% of its current liability; this amounts to a shortfall of over \$1.8 Billion. Because of management's actions, earned lump sum benefits are not being paid. Absent funding, our Plan will terminate, placing the rest of our earned accrued retirement benefit in the hands of the PBGC. We present this to you for your consideration in making an informed retirement decision. While our Plan is experiencing a liquidity shortfall, no pilot who retired since October 1, 2005 and no pilot who elects to retire in the future will receive a lump sum from our Retirement Plan.

Fiduciary Counselors, Inc., has been very open in communicating with your ALPA R&I team. ALPA will keep you informed to the best of our knowledge of events that will have an impact on our Retirement Plan. If you have questions, please contact your ALPA LEC elected representative, or call your R&I Committee at 1-800-USA-ALPA.

Fraternally,

Roger White, MEC R&I Committee Chairman