

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :
 : Case No. 05-17923 (PCB)
 :
 DELTA AIRLINES, INC., et al., : (Chapter 11)
 :
 Debtors. : (Jointly Administered)
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**REPORT OF THE UNITED STATES TRUSTEE
REGARDING SOLICITATION PROCESS FOR
FORMING RETIREE COMMITTEE**

TO: THE HONORABLE PRUDENCE CARTER BEATTY
UNITED STATES BANKRUPTCY JUDGE

The United States Trustee for the Southern District of New York (the “United States Trustee”) files the following report in connection with the formation of a retiree committee, as follows:

1. On or about September 22, 2005, the Delta Air Lines Retirement Committee (“DALRC”) filed an application to appoint a retirement committee under 11 U.S.C. § 1114(d) (the “DALRC Application”).
2. On or about September 23, 2005, DP3, Inc. d/b/a Delta Pilots' Pension Preservation Organization ("DP3") filed an amended motion to appoint an official committee of retired pilots (the "DP3 Amended Motion").
3. At a hearing on October 27, 2005, the Court granted the DALRC Application and directed the appointment of a non-pilot retiree committee under 11 U.S.C. § 1114(d) in these cases. The Court provided guidance that the committee should be composed primarily or exclusively of members of the DALRC. The Court further requested that the United States

Trustee's office assist in the appointment of a committee.

4. At the October 27, 2005 hearing, the Court noted that the DP3 Amended Motion was premature, and stated that: (1) DP3 could at a later date renew its motion to appoint a separate 1114 pilot retiree committee on a showing of appropriate facts, and (2) the Debtors could at a later date move to add pilots to the non-pilot retiree Committee.

A. The Form Of Notice To Retirees

5. After the hearing, the United States Trustee conferred with counsel for the DALRC, as well as counsel for the above captioned debtors (the "Debtors") and the official committee of unsecured creditors (the "Committee"). The United States Trustee circulated a draft letter to be sent to non-pilot retirees and a proposed acceptance form for retirees wishing to serve on a committee.

6. The DALRC, the Debtors and the Committee approved of, or had no objection to, the letter and acceptance form, both of which were filed with the Court on November 2, 2005. The letter and acceptance form are annexed hereto as Exhibit A.

B. The Scope Of Notice To Retirees

7. The United States Trustee has conferred with counsel for the DALRC, as well as counsel for the Debtors and the Committee, regarding notice of the letter and the acceptance form.

8. The parties agreed to post the letter and acceptance form at the following websites:

-<http://www.dalrc.org>.

- <http://www.deltadocket.com>.

- <http://www.dlretiree.info>.

9. The United States Trustee has not noticed each non-pilot retiree by mail. The United States Trustee is guided by the fact that: (a) the Court indicated that it wanted to focus on the DALRC members (and board members), but not every non-pilot retiree is a member of the DALRC; (b) the DALRC counsel believes that posting the letter and acceptance form on the DALRC website will provide sufficient notice to DALRC members; and (c) the Debtors believe that posting the letter and acceptance form on Delta websites listed above will provide notice to a large percentage of retiree members, whether they are members or not.

B. The United States Trustee's Recommendations

10. The deadline for returning acceptance forms was the close of business on November 4, 2005. The United States Trustee received 12 acceptance forms from DALRC members, and two acceptance forms from non-DALRC members.

11. The United States Trustee has reviewed the acceptance forms and recommends the following seven individuals who are willing to serve as members of a committee of retirees:

Candidates

1. John Hoover;
2. Robert G. Adams;
3. Hollis L. Harris;

4. Cathy Cone;
5. Theodora Cohen;
6. G. Barry Braender; and
7. William H. Hutcheson.

12. Attached as Exhibit B are copies of completed Questionnaires from these candidates willing to serve. In making her determination, the United States Trustee sought to include representatives from major employee groups, other than pilots. After consultations with the DALRC and the Debtors, the United States Trustee has identified the following major groups: (a) the flight attendants, (b) technical operations (mechanics), (c) reservation agents, (d) airport customer service agents, and (e) supervisory and administrative employees. The United States Trustee believes that the above list of candidates contains representatives from all five groups, none of whom would hold a majority position on a committee.

13. The United States Trustee notes that the DALRC posted on its website a recommended slate of seven proposed committee members for the consideration by its members. The DALRC conducted an on-line election, and the slate of seven received overwhelming support. As of November 8, 2005 at 2:30 p.m. EST, there were over 3000 votes in favor of the slate out of 3100 total votes. The United States Trustee's recommendations duplicate the DALRC's slate with one exception: G. Barry Braender, who is a member of the DALRC, was not on the DALRC's slate (and Mike Podett, not chosen, was on the slate). The United States Trustee chose Mr. Braender because, in addition to his work at other units of Delta, he served as a flight controller. He had a connection to the Professional Airline Flight Control Association, the only Delta union other than ALPA. He was a member of this union from 1982 until his

retirement in 2001.

14. The United States Trustee received one objection, from Don Scheu, in the form of an email. After reviewing the slate of candidates offered by the DALRC, Mr. Scheu objected to the appointment of Hollis Harris and Robert Adams to the committee. He stated that “[h]aving a past CEO or CFO or Senior VP is insulting to the working people at Delta.”

15. The United States Trustee has sent a draft of this report to the DALRC, the Debtors and Committee, and these parties have indicated that they have no objection to the proposed candidates. The United States Trustee also sent a draft of this report to Don Scheu.

16. Annexed hereto as Exhibit C are the acceptance forms for candidates that are not recommended by the United States Trustee.

17. As the completed acceptance forms contain certain sensitive information, the United States Trustee is not filing exhibits B and C of this report on the Electronic Filing System.

WHEREFORE, the United States Trustee requests that this Court enter the order annexed hereto as Exhibit D appointing a retiree committee comprised of the candidates identified above.

Dated: New York, New York
November 9, 2005

DEIRDRE A. MARTINI
UNITED STATES TRUSTEE

/s/Greg M. Zipes
Greg M. Zipes
Attorney (GMZ-4539)
33 Whitehall Street
21st Floor
New York, NY 10004
(212) 510-0500

U.S. Department of Justice

Office of the United States Trustee
Southern District of New York

33 Whitehall Street
21st Floor
New York, New York 10004

(212) 510-0500
Fax: (212) 668-2255

November 2, 2005

Re: Delta Air Lines, Inc., et al.
Case No. 05-17923 (PCB) (Jointly Administered)

TO THE NON-PILOT RETIREES OF DELTA AIR LINES, INC.:

At a hearing on October 27, 2005, the Court directed the appointment of a non-pilot retiree committee under 11 U.S.C. § 1114(d) in these cases. The Court provided guidance that the committee should be composed primarily or exclusively of members of the Delta Air Lines Retirement Committee ("DALRC"). The Court further requested that the United States Trustee's office assist in the appointment of a committee.

If you wish to serve on this retiree committee, please complete the attached acceptance form and return the acceptance form to my office by facsimile **by the close of business on Friday, November 4, 2005**, with the original by mail.

The United States Trustee expects to file a report containing appointment suggestions with the Court.

If you have any questions, please do not hesitate to contact the undersigned at your earliest convenience.

Very truly yours,

DEIRDRE A. MARTINI
UNITED STATES TRUSTEE

By: /s/ Greg M. Zipes
Greg M. Zipes

Enc.

**OFFICE OF THE UNITED STATES TRUSTEE FOR THE
SOUTHERN DISTRICT OF NEW YORK
33 WHITEHALL STREET - TWENTY FIRST FLOOR
NEW YORK, NEW YORK 10004
Tel. No. (212) 510-0500**

RETIREE COMMITTEE ACCEPTANCE FORM

Re: Delta Air Lines, Inc., et al.
Case No. 05-17923 (PCB) (Jointly Administered)

**PLEASE RETURN BY FAX OR SOME OTHER MEANS SO IT
IS RECEIVED NOT LATER THAN:
November 4, 2005 at 5:00 p.m.**

PLEASE TYPE OR PRINT NEATLY AND CLEARLY:

The undersigned creditor is willing to serve on the Committee of Retirees:

- A. RETIREE'S NAME, ADDRESS, TELEPHONE AND FACSIMILE NUMBERS,
ALONG WITH EMAIL ADDRESS:

- B. JOB TITLE(S) HELD WITH DELTA:

1. Please state the Department in which you were employed at the time of your
retirement:

2. What was your job title at the time of your retirement?

- C. ACTUAL YEARS OF SERVICE WITH DELTA: _____

1. If there was a break in employment with Delta, please state the reason(s)
and the period(s) of time: _____

2. Date and reason for separation from Delta: _____

3. Have you ever worked for Delta as a non-employee consultant? If yes, explain.

D. ARE YOU CURRENTLY RECEIVING RETIREE MEDICAL BENEFITS FROM DELTA?

E. WHAT IS THE AMOUNT OF THE MONTHLY PAYMENT YOU ARE CURRENTLY RECEIVING FROM DELTA'S PENSION PLAN? (check one:)

Less than \$1000__ Between \$1000 and \$2000__ Between \$2,000 and \$3,000 __ More than \$3,000__

F. WHAT IS YOUR CURRENT AGE? _____

G. ARE YOU A MEMBER OF THE DELTA AIR LINES RETIREMENT COMMITTEE, OTHERWISE KNOWN AS THE DALRC?

Yes____ No____

H. WHAT OTHER SPECIAL SKILLS OR EXPERIENCE DO YOU BRING TO A SECTION 1114(d) COMMITTEE, AND IS THERE ANY OTHER INFORMATION YOU BELIEVE IS RELEVANT TO YOUR APPOINTMENT TO THE SECTION 1114(d) COMMITTEE?

SIGNATURE: _____ **PRINT NAME** _____

DATE: _____

• KINDLY ANSWER ALL QUESTIONS SO THAT THIS FORM CAN BE PROCESSED PROPERLY WITHOUT DELAY.

• THIS IS NOT A PROOF OF CLAIM FORM. PROOFS OF CLAIM ARE FILED WITH THE CLERK OF THE BANKRUPTCY COURT, NOT WITH THE UNITED STATES TRUSTEE.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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ORDER (1) GRANTING APPLICATION OF DALRC TO APPOINT A RETIREMENT COMMITTEE, (2) APPROVING REPORT OF THE UNITED STATES TRUSTEE, (3) ADJOURNING APPLICATION OF DALRC TO AUTHORIZE EMPLOYMENT OF COUNSEL, AND (3) ADJOURNING MOTION OF DP3 TO APPOINT AN OFFICIAL COMMITTEE OF RETIRED PILOTS

Upon the application of Delta Air Lines Retirement Committee (“DALRC”) to appoint a retirement committee under 11 U.S.C. § 1114(d) dated September 22, 2005 (the “DALRC Committee Application”); and the DALRC application to authorize employment of counsel dated September 22, 2005 (the “DALRC Counsel Application”); the DP3, Inc. d/b/a Delta Pilots’ Pension Preservation Organization (“DP3”) emergency motion to appoint to appoint an official committee of retired pilots (the “DP3 Emergency Committee Motion”); the DP3 amended motion to appoint to appoint an official committee of retired pilots dated September 14, 2005 and September 23, 2005 (the “DP3 Amended Committee Motion”); and the DP3 emergency motion to shorten time for responding to document requests dated October 18, 2005 (the “DP3 Discovery Motion”); and the Court having jurisdiction to consider the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the pleadings being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and

due and proper notice having been provided, and it appearing that no other or further notice need be provided; and the Court having reviewed all of the pleadings with respect to the DALRC Committee Application, the DALRC Counsel Application, and the DP3 Motion, and having held a hearing on October 27, 2005, with appearances of parties in interest noted in the transcripts thereof, and having reviewed the report of the United States Trustee dated November 9, 2005 (the "Report"); and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND that it is appropriate to order at this time the appointment of a committee of retired non-pilot employees of Delta Air Lines, Inc. pursuant to 11 U.S.C. § 1114(d);

ORDERED that the DALRC Committee Application is granted as set forth herein;

ORDERED, that the Report of the United States Trustee is adopted and the United States Trustee's recommendations therein are approved;

ORDERED, that the following retirees, as set forth in the Report, are approved as the official committee of retirees:

ORDERED that the DALRC Counsel Application is marked off pending formation of the committee described above;

ORDERED that the DP3 Emergency Committee Motion is withdrawn;

ORDERED that the DP3 Amended Committee Motion is adjourned without date; and

ORDERED that the DP3 Emergency Discovery Motion is withdrawn.

Dated: _____

By: _____

HONORABLE PRUDENCE CARTER BEATTY
U.S. BANKRUPTCY COURT JUDGE