



06-12

June 21, 2006

Retirement and Insurance Alert
Termination of the Delta Pilots Retirement Plan

Dear Fellow Pilot,

On Monday, June 19, 2006, Delta Air Lines delivered to the Pension Benefit Guaranty Corporation (PBGC) a formal Notice of Intent to Terminate the Delta Pilots Retirement Plan (Retirement Plan), our qualified defined benefit (DB) plan, effective September 2, 2006. Management has informed us that they also intend to terminate the nonqualified Bridge and Supplemental DB plans shortly thereafter. Attached you will find “Frequently Asked Questions on Plan Termination.” As we have told you, we expect the Company to file in the Bankruptcy Court for approval to terminate our Retirement Plan, as our plan is severely under-funded. The following are some pertinent statistics regarding our qualified and nonqualified DB plans:

Estimated current liability:	\$4.1 Billion
Estimated assets:	\$1.6 Billion
Estimated current liability funded level:	39 percent (\$1.6 Billion/\$4.1 Billion)
Estimated additional funding required for ongoing plan:	
Current Law:	\$1.6 Billion in the next 4 years plus future annual funding requirements
Proposed 20-Year Relief:	\$165 Million per year for 20 years
Annual nonqualified payments from Supplemental and Bridge plans:	\$80 Million per year increasing with time
Pilots eligible to retire 9/30/06:	1782
Potential lump sums payable on 9/30/06:	approximately \$900 Million
Required liquidity shortfall contribution if half the eligible pilots retire:	\$900 Million-\$1.2 Billion
Estimated PC-3 funded level:	80 percent

In November 2005, we stood before you and told you that the “stars must align” for our Retirement Plan to survive. They have not. Our Retirement Plan is failing for several

reasons. First, since the fall of 2001 we entered a “perfect storm” of declining asset values, low interest rates, and a large number of retirements. Also, ERISA, the law that governs funding of qualified DB plans, prohibits companies from making tax-deductible funding contributions when the plan is fully funded. Our Retirement Plan was over 140 percent funded as recently as 2000. ERISA also doesn’t require realistic funding contribution levels during lean years. Prior to bankruptcy, Delta funded our Retirement Plan at the minimum required by law. Our Retirement Plan has declined from that 140 percent funded level to just 39 percent funded in 6 years. Since entering bankruptcy last September, approximately \$109 million in required contributions to our Retirement Plan have not been made. Finally, adequate legislation did not pass in a timely manner that would allow Delta to amortize its large unfunded obligation over a more reasonable period.

We still ask for your support of pension reform legislation, specifically for passage of the Akaka language embodied in S1783, the Senate bill for pension reform legislation. The Akaka amendment would apply the full PBGC age 65 guarantee to pilots who retire at the FAA mandatory retirement age. This amendment would provide an increase of 54 percent compared to the current age 60 guarantee. Also, pension reform legislation is essential for the survival of Delta’s non-contract pension plan, and for the plans at other air carriers.

Letter of Agreement 51 addressed what would happen if our Retirement Plan terminated. Our current targeted Defined Contribution Plan (DC Plan) matrix will revert to a flat 9 percent, with all pilots receiving Company contributions of 9 percent of their earnings to their accounts as of the first contribution after Retirement Plan termination. LOA 51 also requires that a \$650 million Note be issued to the pilot group no later than 120 days after bankruptcy exit.

We hope that you find the attached Frequently Asked Questions regarding pension plan termination informative and useful. There is also a compilation of R&I information available to you at www.deltapilots.org. During the coming weeks you can expect to receive updates on the distribution of your funds from the Money Purchase Pension Plan, an updated retirement calculator added to our website, information on the newly negotiated Roth 401(k) feature, and several other topics. We will also update this FAQ as new information becomes available on the status of our Retirement Plan. If you have any questions, please do not hesitate to contact us at 800-USA-ALPA, or e-mail our Senior Employee Benefits Specialist Karen Browne-Fleck at Karen.Browne@alpa.org.

Fraternally,

MEC R&I Committee
Captain Roger White
Captain Kevin Powell



**TERMINATION
OF
DELTA PILOTS RETIREMENT PLAN
FREQUENTLY ASKED QUESTIONS**

On June 19, 2006, the Company issued a Notice of Intent to Terminate (“NOIT”) the Delta Pilots Retirement Plan in a voluntary “distress termination,” designating September 2, 2006 as the Date of Plan Termination (“DOPT”). In LOA 51, ALPA agreed not to oppose the termination.

In this FAQ, we have assumed that the Retirement Plan will terminate on September 2, 2006, but it is still possible that the Pension Benefit Guaranty Corporation (“PBGC”) could seek an “involuntary termination” of the Retirement Plan at an earlier date. It is also possible that the bankruptcy court will not approve the plan termination as of the specified date. This FAQ is a preliminary list of questions addressing the termination; it will be updated periodically to incorporate additional questions as they arise.

This FAQ is divided into five Parts:

- A. Introduction – Overview of Our Retirement Program*
- B. Plan Termination Procedures – Bankruptcy Court and PBGC*
- C. PBGC – Overview of Rules Applied to Determine Benefits Payable After Plan Termination*
- D. Special Rules and Circumstances*
- E. Pending Legislation*

A. Introduction – Overview of Our Retirement Program

A1. What is the Delta Pilots Retirement Plan?

The Delta Pilots Retirement Plan (the “Retirement Plan”) is the *qualified* defined benefit pension plan maintained on behalf of Delta pilots and their eligible beneficiaries and survivors. Assets of the Retirement Plan are held in the associated tax-exempt trust. Important events concerning the Retirement Plan include the following:

- December 31, 2004 – The Retirement Plan was frozen in a “soft freeze,” meaning that your Credited Service was frozen as of December 31, 2004, but your Final Average Earnings (FAE) could still increase after that date.
- July 31, 2006 – The Retirement Plan will be frozen in a “hard freeze,” meaning that your benefit will be fully frozen as of that date and your FAE will no longer be allowed to increase after that date. (Your FAE will be the greater of your FAE on December 31, 2004 or July 31, 2006, or if earlier, the date of your retirement or other termination of employment.)
- September 2, 2006 – Per Delta’s NOIT, the Retirement Plan will be terminated as of this date, known as the “Date of Plan Termination,” or “DOPT.”

A2. How does the Retirement Plan fit into our entire retirement program at Delta?

The retirement program for pilots consists of seven retirement plans, including defined benefit (DB) and defined contribution (DC) plans. The Retirement Plan is one of four plans that, together, are designed to provide the Formula Benefit (see Q&A A3); there is also a fifth plan for former Western pilots that may offset the benefits of the other DB plans described below. You might participate in some but not all of these five interrelated plans:

1. **Retirement Plan.** The Retirement Plan is the *qualified* DB pension plan. As a qualified DB plan:
 - The amount of benefits payable from the Retirement Plan each year after you retire may not exceed the “Annuity Benefit Limit” of Section 415(b) of the Internal Revenue Code.
 - The amount of your earnings counted under the Retirement Plan each year while you are still employed may not exceed the “Compensation Limit” of Section 401(a)(17) of the Internal Revenue Code.

The *nonqualified* retirement plans, discussed below, were designed to provide amounts that would exceed these limits.

2. **Bridge Plan.** The Bridge Plan is a nonqualified, unfunded DB plan, established in 1985 to provide retirement benefits to participants (and their eligible beneficiaries and survivors) that cannot be provided under the qualified Retirement Plan due to the Annuity Benefit Limit of Section 415(b) of the Internal Revenue Code. Like the qualified Retirement Plan, the nonqualified Bridge Plan was frozen in a soft freeze on December 31, 2004 and will be frozen in a hard freeze on July 31, 2006.

The Annuity Benefit Limit restricts the amount of benefits that may be paid from the qualified Retirement Plan each year during your retirement, in the form of a single life annuity. The limit is adjusted actuarially for benefits paid in a form other than a single life annuity (e.g., a 50 percent lump sum or a joint and 50 percent survivor annuity). As applied to Delta pilots, the Annuity Benefit Limit may restrict benefits in the case of early retirement but does not restrict benefits for most pilots retiring at or near age 60 (meaning that most pilots retiring at or near age 60 are due no benefits under the Bridge Plan). Following are the most recent Annuity Benefit Limits under Section 415(b), for captains and first officers:

Plan Year beginning July 1	415(b) Annuity Benefit Limit (retirement at age 60)
2006	\$175,000
2005	\$170,000
2004	\$165,000
2003	\$160,000
2002	\$160,000
2001	\$140,000
2000	\$135,000

Appendix A sets forth the Section 415(b) Annuity Benefit Limits applicable to benefits that begin at ages below age 60.

3. Supplemental Annuity Plan. The Supplemental Annuity Plan is a nonqualified, unfunded DB plan, established July 1, 1996 to provide retirement benefits to participants (and their eligible beneficiaries and survivors) that cannot be provided under the qualified Retirement Plan due to the Compensation Limit of Section 401(a)(17) of the Internal Revenue Code. Like the qualified Retirement Plan and the nonqualified Bridge Plan, the nonqualified Supplemental Annuity Plan was frozen in a soft freeze on December 31, 2004 and will be frozen in a hard freeze on July 31, 2006.

The Compensation Limit restricts the amount of earnings that may be considered under the (qualified) Retirement Plan each year during employment. The Compensation Limit restricts benefits significantly for many pilots under the frozen Retirement Plan, meaning that many pilots have earned benefits that would be payable under the (nonqualified) Supplemental Annuity Plan. Following are the most recent Compensation Limits:

Plan Year beginning July 1	401(a)(17) Annual Compensation Limit
2006	\$220,000
2005	\$210,000
2004	\$205,000
2003	\$200,000
2002	\$200,000
2001	\$170,000*
2000	\$170,000*

*\$200,000 for pilots still employed on 7-1-2002

4. Money Purchase Pension Plan (“MPPP”). The MPPP is a qualified DC pension plan, pursuant to which individual accounts are maintained for pilots and their eligible beneficiaries and survivors under the associated tax-exempt trust. The MPPP was established effective July 1, 1996 and delivers through individual accounts a portion of a pilot’s retirement benefits determined under the Formula Benefit. The MPPP was funded solely with monthly Company contributions equal to 5 percent of each pilot’s pay (up to the applicable Compensation Limit each year) from July 1, 1996 through December 31, 2004. Pilots’ account balances have continued to increase or decrease after December 31, 2004 based on the MPPP’s investment performance. (Some participants also had accounts prior to July 1, 1996 when this plan was known as the Delta Pilots Target Benefit Plan. These accounts, to the extent they remain in the plan, were frozen in 1996, subject to continued allocation of investment gain and loss.)

The monthly annuity equivalent of a pilot’s account under the MPPP offsets his Formula Benefit. The offset is first made to the benefits that would be provided by the nonqualified plans and then, if any MPPP benefit remains, to the benefits that would be provided by the Retirement Plan. Pursuant to LOA 51, the MPPP will be terminated June 30, 2006 and all of its assets will be distributed to participants over the next few months. The monthly annuity equivalent of a

pilot's MPPP account upon distribution, projected to the age the Retirement Plan benefits begin, will still be used to offset his Formula Benefit in the same order as originally provided (first offsetting nonqualified plan benefits, then Retirement Plan benefits).

5. Western Pilots D-Plan ("Western D-Plan"). The Western D-Plan is a qualified DB pension plan, established January 1, 1986 to provide retirement (and survivor) benefits to former Western pilots (and their eligible beneficiaries and survivors) based on their service prior to October 1, 1987. The Western D-Plan was frozen effective October 1, 1987. In certain cases, a pilot's benefit under the Western D-Plan offsets a portion of his Formula Benefit.

Pilots also participate in two DC plans, the Delta Pilots Defined Contribution Plan and the Delta Family Care Savings Plan, as follows, but accounts under these two plans do not impact benefits payable under the other five plans:

1. Delta Pilots Defined Contribution Plan ("Pilots DC Plan"). The Pilots DC Plan is a qualified DC pension plan. The Pilots DC Plan was established January 1, 2005 to provide additional retirement benefits after the soft freeze of the Retirement Plan on December 31, 2004. The Company currently makes monthly contributions to pilots' accounts under the Pilots DC Plan, in accordance with the contribution grid established pursuant to LOA 46. Pursuant to LOA 51, the contribution grid will no longer apply after termination of the Retirement Plan; at that time, Company contributions to the Pilots DC Plan will be uniform, at 9 percent of each pilot's pay (up to the Compensation Limit).
2. Delta Family Care Savings Plan ("401(k) Plan"). This is a qualified DC plan that includes the 401(k) program. The Company currently makes monthly contributions of 2 percent of each pilot's pay (up to the Compensation Limit). Pilots are currently permitted to make both pre-tax and after-tax contributions, subject to the limits set forth in the 401(k) Plan, and pursuant to LOA 51, will soon be permitted to make such contributions to the maximum extent allowed by law.

A3. What is the Formula Benefit?

For each pilot, the Formula Benefit is the highest of the benefits determined under the FAE Formula, the Delta Minimum Pension Formula and the Northeast Minimum Pension Formula. In this FAQ, we will consider only the FAE Formula, since it is used to determine the retirement benefits of most pilots still on the seniority list.

A4. What is the Formula Benefit under the FAE Formula?

In general, under the FAE Formula, your Formula Benefit is an annual benefit (payable monthly), commencing at normal retirement age (age 60), equal to:

2.4 percent x Your Years of Credited Service as of 12/31/2004 (25 year max) x Your FAE

In general, your FAE is defined as the annual average of your earnings in the 36 consecutive calendar months during which your earnings were the highest, out of your

most recent 120 calendar months of employment. Your FAE is the higher of your FAE determined on 12/31/2004 (the date of the Retirement Plan “soft freeze”) or your FAE determined on 7/31/2006 (the date of the Retirement Plan “hard freeze”), or if earlier, the date of your retirement or other termination of employment.

The benefit amount determined under the FAE Formula is subject to adjustment, as follows:

- Reduced for early retirement (reduction is .25 percent per month for each month by which commencement of benefits precedes the pilot’s attainment of age 60)
- Reduced actuarially to reflect payment in a form other than a single life annuity for the pilot
- Reduced by a fixed amount (maximum of \$259/month at age 62) in recognition of a portion of the benefits payable under the federal Social Security program, prorated for less than 25 years of Credited Service at 12/31/2004
- Reduced actuarially by a portion of the benefits payable from the Western D-Plan, for some former Western pilots
- Reduced to reflect charges for optional coverage under the Supplemental Pre-Retirement Survivor Benefit option after September 1, 2001 (and for QPRSB coverage both before and after September 1, 2001, if applicable – see Q&A D17)
- Reduced actuarially to reflect benefits payable to the pilot’s alternate payee under a Qualified Domestic Relations Order (QDRO)

The Formula Benefit is intended to be provided through a combination of four plans (the MPPP and three DB plans), as discussed in Q&A A2 above.

A5. What will happen to my benefits under the nonqualified Bridge Plan and nonqualified Supplemental Annuity Plan?

LOA 51 provides that ALPA will not oppose the Company’s termination of the nonqualified Bridge Plan and nonqualified Supplemental Annuity Plan, if such termination occurs after termination of the qualified Retirement Plan. In its NOIT, the Company stated that it will terminate the nonqualified plans shortly after September 2, 2006. No benefits have been paid under these plans since the Company filed for bankruptcy on September 14, 2005, and we believe no benefits will be paid after the plans are terminated.

The Delta Pilots’ Pension Preservation Organization (DP3), an organization that represents many retired Delta pilots, recently entered into a settlement agreement with Delta and the unsecured Creditors Committee. The agreement, subject to bankruptcy court approval, settles DP3’s litigation on behalf of retired pilots for unpaid benefits from the nonqualified plans, for the period beginning September 14, 2005 and ending on the date the nonqualified plans are terminated. It does so through a combination of administrative and prepetition bankruptcy claims. DP3 has stated it intends to pursue a claim for unpaid benefits from the nonqualified plans for periods after termination of the nonqualified plans.

B. Plan Termination Procedures – Bankruptcy Court and PBGC

B1. Will the Retirement Plan terminate on September 2, 2006, as stated in Delta's Notice of Intent to Terminate ("NOIT")?

In its NOIT dated June 19, 2006, Delta informed participants that the Retirement Plan will terminate in a "distress termination" on September 2, 2006, the DOPT. A voluntary distress termination is the voluntary termination of a DB plan by the employer, where the plan is underfunded, i.e., the plan's assets cover less than 100 percent of the plan's liabilities.

The Company's voluntary distress termination of the Retirement Plan as of September 2, 2006 is subject to approval by the bankruptcy court and the PBGC.

B2. What standards will the Bankruptcy Court and the PBGC apply in determining whether to approve the distress termination?

We expect the Company will soon file a motion in bankruptcy court requesting approval of the Company's voluntary distress termination of the Retirement Plan. In LOA 51, ALPA agreed not to oppose such a motion.

Under the Employee Retirement Income Security Act ("ERISA"), the bankruptcy court may approve the distress termination only if it determines that, unless the Retirement Plan is terminated, the Company (and each member of the Company's controlled group of corporations) will be unable to pay all of its (and their) debts pursuant to a plan of reorganization and will be unable to continue in business outside of Chapter 11. The PBGC will approve the termination if it determines that these and other procedural requirements have been satisfied.

It is also possible that the PBGC could institute proceedings to terminate the Retirement Plan in an "involuntary termination." An involuntary termination is the termination of a DB plan by the PBGC (not by the employer), where the plan is underfunded. The PBGC may institute the involuntary termination of a DB plan based on the occurrence of any one of several alternative criteria. One of these criteria has already been met in the case of the Retirement Plan, i.e., the Company's failure to meet the applicable minimum funding standards under ERISA.

B3. In general, what happens to the Retirement Plan following a distress or involuntary termination?

The process is the same whether the Retirement Plan is terminated in a voluntary distress termination or an involuntary termination. Soon after termination of the Retirement Plan, the PBGC will take over both the assets and administration of the Retirement Plan. All assets and liabilities of the Retirement Plan will be determined and valued as of DOPT. The PBGC will pay benefits under the Retirement Plan, determined as of DOPT, based on the value of the assets of the Retirement Plan, determined as of DOPT. (For this purpose, the PBGC also considers as assets the value of the recoveries it expects to obtain from Delta with respect to its claim in the bankruptcy court, excluding the determination of funded benefits in Priority Category 3, discussed in Part C, below.) All determinations are made "as of DOPT". Any investment gains or losses on the assets, subsequent to DOPT, inure to the benefit or detriment of the PBGC.

C. PBGC – Overview of Rules Applied to Determine Benefits Payable After Plan Termination

C1. What benefits does the PBGC pay?

The PBGC insures and pays only the retirement and survivor benefits that have been earned under the *qualified* Retirement Plan, subject to the limitations discussed below. The PBGC does not insure, and will not pay, any benefits earned under the nonqualified Bridge Plan or the nonqualified Supplemental Annuity Plan. If you have earned benefits under the nonqualified plans, it is important to keep in mind that the PBGC will take into consideration only your accrued benefit under the *qualified* Retirement Plan when determining the amount of benefits payable following termination, in accordance with the rules discussed below.

Disability benefits for pilots are provided under the Delta Pilots Disability and Survivorship Plan (D&S Plan), not under the Retirement Plan. Such disability benefits will continue to be paid by the D&S Plan (not the PBGC).

C2. How does the PBGC determine benefits payable from the terminated Retirement Plan?

ERISA requires the PBGC to assign all benefits and assets of the Retirement Plan among six specified "Priority Categories." The PBGC determines benefits covered by each Priority Category and allocates assets to each Priority Category in succession, beginning with Priority Category 1 and ending with Priority Category 6. All of the assets are first allocated to provide benefits covered by Priority Category 1; any remaining assets are then allocated to provide benefits covered by Priority Category 2; any remaining assets are then allocated to provide benefits covered by Priority Category 3, and so forth, until all of the assets run out. In other words, the PBGC applies all of the assets of the Retirement Plan to provide all of the benefits covered by one Priority Category before it applies assets, if any remain, to provide benefits covered by the next Priority Category. Please note that the PBGC applies available assets to the benefits *covered* by a Priority Category, which may be less than the participant's total qualified accrued benefit (and, as noted, does not include any nonqualified benefits).

The Retirement Plan has no benefit liabilities covered by Priority Categories 1 and 2. Therefore, the PBGC will assign all of the assets of the Retirement Plan to provide benefits covered by Priority Category 3. Assets are expected to provide only 80-85 percent of the benefits covered by Priority Category 3. The PBGC will allocate the assets pro rata among all participants' benefits covered by Priority Category 3. Because assets will run out in Priority Category 3, no assets will remain for Priority Categories 4, 5 or 6.

Note: For illustrative purposes, we will use 80 percent as the estimated funded percentage of Priority Category 3 benefits, but the actual funded percentage of Priority Category 3 as of DOPT may be higher or lower than 80 percent, as determined by the PBGC.

C3. What benefits are covered by each of the Priority Categories?

Priority Category 1 (PC-1) – PC-1 covers that portion of each individual's accrued benefit attributable to his own voluntary contributions to the Retirement Plan. There are no benefits under the Retirement Plan attributable to voluntary contributions.

Priority Category 2 (PC-2) – PC-2 covers that portion of each individual's accrued benefit attributable to his own mandatory contributions to the Retirement Plan. There are no benefits under the Retirement Plan attributable to mandatory employee contributions.

Priority Category 3 (PC-3) – PC-3 covers benefits for:

- (a) each participant (and survivor) whose retirement (or survivor) benefit was in pay status at least three years prior to DOPT, and
- (b) each participant (and survivor) whose retirement (or survivor) benefit could have been in pay status at least three years prior to DOPT.

Benefits described in (a) or (b) have equal priority.

Applying these rules to the Retirement Plan, PC-3 would cover the benefits of all active and retired pilots who are age 53 or older on September 2, 2006, since such persons either had retired or could have retired by September 2, 2003. PC-3 would also cover the benefits of all survivors in pay status on September 2, 2003 (as well as the survivors of pilots who died since September 2, 2003 if the pilot was at least age 50 on September 2, 2003).

The amount of the benefit covered by PC-3 is either the amount in pay status on September 2, 2003 or the amount that would have been in pay status on September 2, 2003 had the participant retired on September 2, 2003, based on his Credited Service, FAE, MPPP balance and age at that time. For a participant who was younger than age 60 on September 2, 2003, the benefit determined as of September 2, 2003 would be subject to the Retirement Plan's early retirement reduction for benefits commencing prior to age 60. The Retirement Plan provides a reduction of 3 percent per year (.25 percent per month) for pilots retiring prior to age 60.

Benefits covered under PC-3 are based on the Retirement Plan's provisions in effect five years prior to DOPT, i.e. September 2, 2001. Any benefit increase that has occurred since September 2, 2001 would be ignored in the calculation of PC-3 benefits (see Q&A C6 below).

Since there are no benefits covered under PC-1 or PC-2, and the assets are not sufficient to go beyond PC-3, the PBGC will apply *all* of the assets of the Retirement Plan to provide benefits covered under PC-3. For purposes of this FAQ, we have assumed that assets of the Retirement Plan will be sufficient to cover only 80 percent of the benefits covered by PC-3. If that assumption is correct, then the PBGC will provide only 80 percent of each individual's benefit covered by PC-3. This funded PC-3 benefit guaranteed by the PBGC is a fixed amount. If you are currently active or you retired after September 2, 2003, the PC-3 benefit amount is not dependent on your age when you begin receiving benefits.

Once the Retirement Plan terminates, the PBGC will assert an unsecured claim in the bankruptcy court for the Retirement Plan's unfunded benefits. The PBGC must share with participants a portion of whatever recoveries it obtains from Delta on its claim. Such recoveries may allow the PBGC to increase the percentage of your PC-3 benefits to be paid.

Priority Category 4 (PC-4) – PC-4 covers the benefits that are guaranteed by the PBGC, *whether or not any assets remain for allocation to PC-4*. For plans terminating in 2006, the PBGC guarantees payment of a participant's accrued benefit, up to a maximum amount of \$47,659.08 per year at age 65 (including all benefits payable under PC-1 through PC-4). The PBGC schedule in effect when a pension plan actually terminates is the schedule used to determine the guarantee amounts that apply to participants of a terminated plan. Any future increases to the PBGC guarantee amounts will not apply to participants of a plan that has already terminated.

The PBGC guarantee amount is phased-in for benefit increases that have not been in effect for five full years prior to DOPT. For benefit increases first effective during the five years prior to DOPT, the PBGC guarantee amount is phased-in, at 20 percent per year (or if greater, up to \$20 in monthly benefit per year), beginning on the effective date of the plan amendment that increased benefits. For example, a benefit increase first effective three years before DOPT would be 60 percent phased-in at DOPT.

The PBGC guarantee applies to a participant's benefits under the plan without regard to when the participant is (or was) eligible to retire. The maximum guarantee amount (\$47,659 in 2006) applies to a participant who is exactly age 65 on the *later* of his benefit commencement date or DOPT. The PBGC guarantee for a retired pilot who has already commenced his benefits would be based on the retired pilot's age as of DOPT, using the PBGC schedule in effect on plan termination. The PBGC guarantee for an active pilot would be based on his age as of the date he actually retires and commences his Retirement Plan benefit, using the PBGC schedule in effect on DOPT. This amount is increased for participants who are older than age 65 and decreased for participants who are younger than age 65.

The maximum PBGC guarantee amount that applies at any given age is based on a benefit payable in the form of a single life annuity. The guarantee amount is adjusted for benefits payable in a form other than a single life annuity (e.g., a joint and 50 percent survivor annuity).

Appendix B sets forth the PBGC schedule of guaranteed benefits, for ages 50 through 70, for plans terminating in 2006.

Priority Category 5 (PC-5) – PC-5 covers all other vested benefits under the Retirement Plan. Since assets of the Retirement Plan run out in PC-3, the PBGC will pay no benefits covered by PC-5.

Priority Category 6 (PC-6) – PC-6 covers all other benefits under the Retirement Plan. Since assets of the Retirement Plan run out in PC-3, the PBGC will pay no benefits covered by PC-6.

C4. How does PBGC take into account my benefit under the MPPP?

The PBGC considers your benefits under the Retirement Plan *net* of the reduction made for your MPPP account. The actuarial equivalent of your MPPP account is first applied to offset your nonqualified benefits under the Bridge Plan and the Supplemental Annuity Plan, and then, if any portion of your MPPP account remains, it is applied to offset your benefits under the Retirement Plan. The PBGC will consider the *net* benefit determined

under the Retirement Plan after this offset as your qualified accrued benefit for purposes of allocation among the Priority Categories.

C5. What is the general impact of the termination on my benefits under the Retirement Plan?

In general, the PBGC will pay the following, assuming that our Retirement Plan terminates September 2, 2006, that the funded percentage of PC-3 is 80 percent, and that the PBGC does not treat post-retirement increases in the Annuity Benefit Limit as increases pursuant to plan provisions that have not been in effect for five years as of DOPT for purposes of PC-3:

- (a) Pilots who retired before September 2, 2001 — Greater of (1) or (2) below:
 - (1) Approximately 80 percent of the qualified benefit the pilot was receiving as of September 2, 2003 (PC-3 benefit), or
 - (2) 100 percent of the qualified benefit the pilot is receiving immediately before September 2, 2006, up to the maximum PBGC guarantee amount (PC-4 benefit, per Appendix B)

- (b) Pilots who retired on or after September 2, 2001 but before September 2, 2003 — Greater of (1) or (2) below:
 - (1) Approximately 80 percent of the qualified benefit the pilot was receiving as of September 2, 2003, adjusted to eliminate all benefit increases under the Retirement Plan since September 2, 2001 (PC-3 benefit), or
 - (2) 100 percent of the qualified benefit the pilot is receiving immediately before September 2, 2006, adjusted to phase-in any benefit increases under the Retirement Plan since September 2, 2001, up to the maximum PBGC guarantee amount (PC-4 benefit, per Appendix B)

Note: In the case of a retired pilot who received the 50 percent lump sum, the benefit payable by the PBGC will be subject to adjustment as described in Q&A C8.

- (c) Active pilots age 53 or older on September 2, 2006, and retired pilots age 53 or older on September 2, 2006 who retired on or after September 2, 2003 — Greater of (1) or (2) below:
 - (1) Approximately 80 percent of the qualified early retirement benefit the pilot would have been entitled to receive if he had retired September 2, 2003, adjusted to eliminate all benefit increases under the Retirement Plan since September 2, 2001 (PC-3 benefit), or
 - (2) 100 percent of the qualified benefit the pilot is entitled to receive under the Retirement Plan as of September 2, 2006, adjusted to phase-in any benefit increases under the Retirement Plan since September 2, 2001, up to the maximum PBGC guarantee amount (PC-4 benefit, per Appendix B)

Note: In the case of a retired pilot who received the 50 percent lump sum, the benefit payable by the PBGC will be subject to adjustment as described in Q&A C8.

- (d) Active pilots under age 53 on September 2, 2006 — Lesser of (1) or (2) below:
 - (1) 100 percent of the qualified benefit the pilot is entitled to receive under the Retirement Plan as of September 2, 2006, adjusted to phase-in any

benefit increases adopted under the Retirement Plan since September 2, 2001, or

- (2) The maximum PBGC guarantee amount (PC-4 benefit, per Appendix B)

C6. Benefit increases made during the five years before DOPT are not covered by PC-3 and are phased-in under PC-4. What benefit increases have been made under the Retirement Plan since September 2, 2001, and how will they be treated under PC-3 and PC-4?

The actuary for the Retirement Plan has identified several benefit increases under the Retirement Plan since September 2, 2001. ALPA is presently analyzing how these increases must be treated for purposes of determining benefits under PC-3 and phase-in of the PBGC guarantee amount under PC-4. As of this date, no final determinations have been made by the PBGC. Following are the most significant benefit increases since September 2, 2001, as well as the Retirement Plan actuary's view of how they should be treated:

- Both the Annuity Benefit Limit under Section 415(b) and the Compensation limit under Section 401(a)(17) of the Internal Revenue Code have increased since September 2, 2001. (See the tables in Q&A A2 contained in the discussions of the nonqualified Bridge Plan and nonqualified Supplemental Annuity Plan.) The actuary for the Retirement Plan believes that, for purposes of PC-3, the Annuity Benefit Limit in place on September 2, 2003 (without regard to the increase due to the Economic Growth and Tax Relief Reconciliation Act of 2001), and the Compensation Limit in place on September 2, 2001, will apply, and that for purposes of PC-4, the increases in both of the limits since September 2, 2001 will be phased-in.
- For retired pilots receiving one-half of their benefit payments in the form of a variable annuity, variable increases have occurred since September 2, 2001, although the variable benefit unit actually decreased from April 1, 2001 through April 1, 2004. The actuary for the Retirement Plan believes that, for purposes of PC-3, the variable benefit in pay status on April 1, 2004 will apply (because it is lower than the benefit in pay status on September 2, 2001), and that for purposes of PC-4, 20 percent of the variable increase of April 1, 2005 will be phased-in and 0 percent of the variable increase of April 1, 2006 will be phased-in.

C7. Please provide examples of how to calculate benefits in PC-3 and PC-4 under our Retirement Plan.

The following examples are for general informational purposes only. They do not take into account many of the intricacies of the Retirement Plan, such as the Social Security Offset, Money Purchase Pension Plan Offset, changes made to the Retirement Plan within the 5-year period prior to DOPT, variable benefit increases, etc. All of these examples assume the DOPT is September 2, 2006 and benefits are payable in the form of a single life annuity (no 50 percent lump sum).

In reviewing these examples, it is important to keep in mind that benefits under the Retirement Plan include only *qualified* retirement benefits, and do not include any benefits that were intended to be provided under the nonqualified Bridge Plan and nonqualified Supplemental Annuity Plan.

PC-3 Examples:

Example 1: Assume that on DOPT a retired pilot is age 67, has been retired for seven years and has an accrued benefit of \$7,000 per month under the Retirement Plan. Since this pilot has been retired for more than three years at DOPT, the benefit he is currently receiving would generally be the benefit that was in pay status three years prior to DOPT. In that case, the PC-3 benefit would be \$7,000.

Therefore, if assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$7,000 per month.

If assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$5,600 (\$7,000 times 80 percent) per month.

Example 2: Assume that on DOPT a retired pilot is age 61, has been retired for one year and that his monthly FAE was \$12,000. Assume also that he had completed 25 years of Credited Service precisely on 12/31/2004. His benefit under the Retirement Plan is \$7,200 per month.

In calculating the pilot's PC-3 benefit, we need to determine what benefit he would have received if he had retired on September 2, 2003, three years prior to the DOPT, when he would have been age 58. Since Credited Service was frozen at 12/31/2004 and he had completed 25 years of Credited Service precisely on that date, he would have had approximately 23-2/3 years of Credited Service on September 2, 2003. Since the pilot was then only 58 years old, he would have been subject to an early retirement reduction of 6 percent (3 percent per year for each of the 2 years prior to age 60). Assuming that the pilot's monthly FAE as of September 2, 2003 was also \$12,000, his PC-3 benefit would be approximately \$6,407 [2.4 percent times 23-2/3 years times \$12,000 times (1 – 6 percent)]. If his FAE was lower as of September 2, 2003, the PC-3 benefit would be lower.

Therefore, if assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$6,407 per month.

If assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$5,126 (\$6,407 times 80 percent) per month.

Example 3: Assume that on DOPT an active pilot is age 57 and that his monthly FAE is \$10,000. Assume also that he had completed 25 years of Credited Service precisely on 12/31/2004. This pilot has an accrued benefit under the Retirement Plan of \$6,000 per month, payable at age 60.

In calculating the pilot's PC-3 benefit, we need to determine what benefit he would have received if he had retired on September 2, 2003, three years prior to the DOPT, when he would have been age 54. Since Credited Service was frozen at 12/31/2004 and he had completed 25 years of Credited Service precisely on that date, he would have had approximately 23-2/3 years of Credited Service on September 2, 2003. Since the pilot was then only 54 years old, he would have been subject to an early retirement reduction of 18 percent (3 percent per year for each of the 6 years prior to age 60). Assuming that the pilot's monthly FAE as of September 2, 2003 was also \$10,000, his PC-3 benefit would be approximately \$4,658 [2.4 percent times 23-2/3 years times \$10,000 times (1 –

18 percent)]. If his FAE was lower as of September 2, 2003, the PC-3 benefit would be lower.

Therefore, if assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$4,658 per month, payable at such time that the pilot actually retires and commences his benefit, regardless of age at that time.

If assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$3,726 (\$4,658 times 80 percent) per month, payable at such time that the pilot actually retires and commences his benefit, regardless of his age at that time.

Note that the pilot's actual age when benefits commence does not impact the PC-3 guarantee amount.

PC-4 Examples:

Example 1: Assume a retired pilot is age 67 on DOPT, has been retired for seven years and has an accrued benefit of \$5,000 per month under the Retirement Plan. Since this pilot has been retired for more than three years at DOPT, the benefit he is currently receiving would generally be the benefit that was in pay status three years prior to DOPT. In that case, the PC-3 benefit would be \$5,000.

Therefore, if the assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$5,000 per month. So his entire benefit would be payable under PC-3.

However, if assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$4,000 (\$5,000 times 80 percent) per month. But the PBGC dollar guarantee for a 67 year-old is \$4,805.62 per month. If the funded PC-3 benefit is only \$4,000 per month, this pilot would also be entitled to a benefit in the amount of \$805.62 per month from PC-4 to bring his total PBGC guarantee up to the \$4,805.62 per month level. Under legislation proposed by Senator Akaka (discussed below in Part E), the age 67 PBGC dollar guarantee would be \$7,393.27, and this pilot would be entitled to a benefit in the amount of \$1,000 per month from PC-4 to bring his total PBGC guarantee up to his \$5,000 per month accrued benefit level.

Example 2: Assume an active pilot age 44 with 20 years of Credited Service has an accrued benefit at DOPT of \$6,500 per month, payable at age 60. Because this pilot was not eligible to retire three years prior to DOPT, he does not receive any benefit in PC-3. If he retires at age 60, his benefit under the Retirement Plan will be \$2,581.53 per month (\$3,971.59 under the legislation proposed by Senator Akaka), which is the PBGC dollar guarantee for a participant commencing benefits at age 60. If he retires at another age, his benefit will be based on the PBGC dollar guarantee for that age.

C8. I retired before the liquidity shortfall and received 50 percent of my Formula Benefit in a lump sum. How will the PBGC account for my receipt of the lump sum?

The maximum PBGC guarantee amount will be reduced (but not below zero) by the amount of annuity the pilot “gave up” by electing to receive the lump sum.

If the pilot retired before September 2, 2001, his initial PC-3 benefit (prior to applying the PC-3 funded percentage) will be the benefit he was receiving as of September 2, 2003, i.e. the net benefit remaining after the lump sum was paid out. (Note: We have ignored the possibility that the PBGC may treat post-retirement increases in benefits due to increases in the Annuity Benefit Limit after September 2, 2001 as increases pursuant to plan provisions that have not been in effect for five years as of DOPT.)

If the pilot retired on or after September 2, 2001 and is covered by PC-3, the PBGC will reduce his initial PC-3 benefit (prior to applying the PC-3 funded percentage) to take into account the lump sum payment he received. The PC-3 benefit will be determined by calculating the qualified benefit the pilot would have received if he had retired on September 2, 2003 (adjusted to eliminate all benefit increases adopted under the Retirement Plan since September 2, 2001 and ignoring the fact that when he actually retired he elected the lump sum). That amount will then be reduced by the amount of annuity he “gave up” by electing to receive the lump sum. The PC-3 funded percentage will be applied to that reduced benefit.

If the pilot retired on or after September 2, 2003 and is not covered by PC-3, the PBGC will reduce his PC-4 guarantee amount (per Appendix B) by the amount of annuity he “gave up” by electing to receive the lump sum.

The following examples are for general informational purposes only. They do not take into account many of the intricacies of the Retirement Plan, such as the Social Security Offset, Money Purchase Pension Plan Offset, changes made to the Retirement Plan within the 5-year period prior to DOPT, variable benefit increases, etc. All of these examples assume the DOPT is September 2, 2006 and the pilot elected and received the 50 percent lump sum. In reviewing these examples, it is important to keep in mind that benefits under the Retirement Plan include only *qualified* retirement benefits, and do not include any benefits that were intended to be provided under the nonqualified Bridge Plan and nonqualified Supplemental Annuity Plan.

Example 1: Assume that on DOPT a retired pilot is age 67, has been retired for seven years and has an accrued benefit of \$7,000 per month under the Retirement Plan. If he elected to receive the 50 percent lump sum at retirement, he would currently be receiving a benefit of \$3,500 per month. In this case, the PC-3 benefit would be \$3,500.

Therefore, if assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$3,500 per month because the lump sum would be ignored.

If assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$2,800 (\$3,500 times 80 percent) per month.

The PBGC also reduces the pilot’s PC-4 guarantee by the annuity he “gave up” by receiving the lump sum. The PC-4 guarantee at age 67 is \$4,805.62 per month. Now we need to subtract the \$3,500 annuity he “gave up” by receiving the 50 percent lump sum. The result is a net PC-4 guarantee of \$1,305.62 (\$4,805.62 minus \$3,500) after adjusting

for the lump sum he received. If the funded portion of his PC-3 benefit was less than \$1,305.62, he would receive additional benefits from PC-4 to bring the total up to the \$1,305.62 PBGC guarantee for PC-4. If PC-3 is 80 percent funded, his funded PC-3 benefit of \$2,800 would exceed the PC-4 guarantee of \$1,305.62, and therefore, he would receive \$0 under PC-4.

Example 2: Assume that on DOPT a retired pilot is age 61, has been retired for one year on DOPT, and that his monthly FAE was \$12,000. Assume also that he had completed 25 years of Credited Service precisely on 12/31/2004. His benefit under the Retirement Plan is \$7,200 per month. If he elected to receive the 50 percent lump sum at retirement, he would currently be receiving a benefit of \$3,600 per month.

To calculate his PC-3 benefit we need to determine the initial PC-3 amount as if he had not received a lump sum payment, and then reduce it by the amount of annuity he “gave up” by electing the lump sum. In calculating the pilot’s initial PC-3 benefit, we need to determine what benefit he would have received if he had retired on September 2, 2003, three years prior to the DOPT, when he would have been age 58. Since Credited Service was frozen at 12/31/2004 and he had completed 25 years of Credited Service precisely on that date, he would have had approximately 23-2/3 years of Credited Service on September 2, 2003. Since the pilot was then only 58 years old, he would have been subject to an early retirement reduction of 6 percent (3 percent per year for each of the 2 years prior to age 60). Assuming that the pilot’s monthly FAE as of September 2, 2003 was also \$12,000, his PC-3 benefit would be approximately \$6,407 [2.4 percent times 23-2/3 years times \$12,000 times (1 – 6 percent)]. If his FAE was lower at that time, the PC-3 benefit would be lower. Now we need to subtract the \$3,600 annuity he “gave up” by receiving the 50 percent lump sum. The result is a net PC-3 benefit of \$2,807 (\$6,407 minus \$3,600) after adjusting for the lump sum he received.

Therefore, if assets were sufficient to cover 100 percent of the benefits in PC-3, the benefit payable for this pilot under PC-3 would be \$2,807 per month.

If assets are sufficient to cover only 80 percent of PC-3 benefits, the benefit payable for this pilot under PC-3 would be \$2,246 (\$2,807 times 80 percent) per month.

The pilot’s PC-4 guarantee is also reduced by the annuity he “gave up” by receiving the lump sum. The PC-4 guarantee at age 61 is \$2,859.54 per month. Now we need to subtract the \$3,600 annuity he “gave up” by receiving the 50 percent lump sum. The result is a net PC-4 guarantee of \$0 (\$2,859.54 minus \$3,600, but not less than zero) after adjusting for the lump sum he received. In this case, the pilot will only receive a PBGC guarantee based on the funded portion of his PC-3 benefit.

Example 3: Assume that on DOPT a retired pilot is age 52 and has been retired for one year. Because he is under age 53 on DOPT, he is not covered by PC-3. Assume his benefit under the Retirement Plan is \$4,800 per month. If he elected to receive the 50 percent lump sum at retirement, he would currently be receiving a benefit of \$2,400 per month. The PC-4 guarantee at age 52 is \$1,548.92 per month. Subtracting the \$2,400 annuity he “gave up” by receiving the 50 percent lump sum, the result is a net PC-4 guarantee of \$0 (\$1,548.92 minus \$2,400, but not less than zero) after adjusting for the lump sum he received. In this case, the pilot will be entitled to receive no further benefits after DOPT.

C9. If I retire before termination of the Retirement Plan, will my benefit be in a higher Priority Category, with a higher claim on the Retirement Plan's assets?

No. A pilot's level of Priority Category is not affected by whether the pilot retires before or after DOPT. When a plan is terminated in a distress termination, the plan's assets will be allocated among (and in the order of) the six Priority Categories discussed above. Under these Priority Categories, a retired participant has no higher claim on the assets than does an active participant. Furthermore, for purposes of PC-3, where all of the Retirement Plan's assets will be allocated, a participant's level of priority would be determined based on whether the participant is *eligible* to retire as of the date three years prior to DOPT, not whether the participant has *actually* retired.

C10. Retirement Plan participants may currently elect for their benefits to be paid in the form of a single life annuity, a joint and 50 percent survivor annuity or a joint and 50 percent contingent annuity (ignoring the 50 percent lump sum option that is no longer available). What benefit payment forms will PBGC allow?

If a participant is already retired and receiving benefits on DOPT, the PBGC will continue the form in which the benefits are being paid after DOPT, and the participant cannot change that form. However, we have been advised that, in the case of pilots who have retired since October 1, 2005 and who elected but have not received a lump sum due to the liquidity shortfall, the PBGC will allow a new election for the value of the remaining unpaid lump sum.

For benefits not already in pay status as of DOPT, the PBGC makes distributions available in the following forms: single life annuity; joint and 50 percent, 75 percent or 100 percent survivor annuity; 5-, 10-, or 15-year certain-and-continuous annuity; and joint and 50 percent survivor "pop-up" annuity (in which case, if the designated beneficiary dies first, the participant's benefit "pops up" to the level that would have been paid in the form of a single life annuity).

The PBGC does not pay benefits in the form of a lump sum or partial lump sum (other than for very small lump sums). In fact, the Retirement Plan may not pay lumps sums or partial lump sums after June 19, 2006, the date the Company issued the Notice of Intent to Terminate. This means that no lump sum payments can be made after June 19, 2006, even if the Retirement Plan were to come out of liquidity shortfall.

D. Special Rules and Circumstances

D1. Will the termination of the Retirement Plan and nonqualified plans have any impact on my other retiree benefits from Delta?

No, with the following exception. Under LOA 51, the Company contributions to the Pilots DC Plan will be a flat 9 percent of earnings for all pilots, rather than the percentages from the contribution grid in LOA 46.

D2. When may I start my benefit once the Retirement Plan is terminated?

In accordance with the provisions of the Retirement Plan, once you reach age 50, you may start your benefit after you retire or otherwise terminate your employment with Delta. Age 50 is the earliest date at which you are eligible to begin receiving benefits under our Retirement Plan.

D3. Will the PBGC adjust my benefit annually for increases in cost-of-living?

No; there are no cost-of-living adjustments. We also believe that the PBGC will not pay any variable increases for pilots receiving variable benefits from the Retirement Plan.

D4. What happens to the Retirement Plan during the transition from Delta to the PBGC?

During the transition, the plan administrator must continue to carry out the normal operations of the Retirement Plan, such as processing retirement applications and paying benefits. However, pursuant to PBGC guidelines, the plan administrator must reduce benefits to the levels estimated to be payable under the PBGC's Priority Categories. The purpose of these guidelines is to reduce the possibility of overpayments that the PBGC would seek to recoup later (see Q&A D6 below).

D5. Please explain the process the PBGC will follow in adjusting benefits payable after DOPT in accordance with the Priority Categories.

The PBGC's benefit determination process is a two-step process. Based on its initial analysis of the Retirement Plan's assets and liabilities as of DOPT, the PBGC will initially adjust benefits to retired pilots and to pilots as they retire in the future, as necessary, to pay PBGC-determined "estimated benefits." Then, following a period of time during which the PBGC will conduct a complete analysis of the Retirement Plan's assets, liabilities and recoveries, the PBGC will make a final benefit determination for each participant. The PBGC's stated goal is to get the final benefit determinations completed within three years after DOPT. The PBGC will notify each participant of its final benefit determination, and will provide the opportunity for each participant to appeal this final benefit determination within the 45-day period following such notice.

D6. After the PBGC makes its final benefit determination, what happens if the benefits I have been receiving since DOPT turn out to have been too high or too low?

If the participant has been underpaid since DOPT based on the PBGC's final benefit determination, then the PBGC will pay the participant the amount of such shortfall in a lump sum payment with interest following the final benefit determination. If the participant has been overpaid since DOPT, the PBGC may recoup the overpayment, allowing the participant to repay the excess amount without interest. Repayments may be made in a lump sum, or by having future monthly benefit checks reduced until the overpayment has been repaid, or by making repayments in installments if there are no future monthly benefit payments from which deductions may be made.

D7. I retired before the liquidity shortfall and received 50 percent of my Formula Benefit in a lump sum. Will the PBGC be able to recover any part of the lump sum from me?

The PBGC has no authority to recover from a participant any benefit payments made from the Retirement Plan before September 2, 2003, but does have the authority to “recapture” a portion of benefit payments made after September 2, 2003. In general, the amount the PBGC may recapture is equal to the total of benefit payments made to the participant during the three-year period beginning September 2, 2003, minus the sum of (a) the amount that would have been paid in the form of a single life annuity during such period plus (b) the amount equal to the present value of his future benefits payable by the PBGC after DOPT. Although it has this authority, we understand (based on past experience) that the PBGC would not likely seek to recapture any portion of the partial lump sum payments that have been made to retired participants after September 2, 2003, since the lump sum payments were not being made in anticipation of the Retirement Plan terminating but rather were made in the ordinary course of plan administration.

D8. Will my Social Security benefits be reduced if my Retirement Plan benefits are paid by the PBGC?

No. No reduction will be made to your Social Security benefits, whether your Retirement Plan benefits are paid by the Retirement Plan or by the PBGC. Although your net Retirement Plan benefit is calculated after application of the offset attributable to your Social Security benefits (maximum of \$259/month at age 62), this reduction has no impact whatsoever on the actual amount of your Social Security benefits.

D9. Will my military retirement benefit be reduced if my Retirement Plan benefits are paid by the PBGC?

No. There is no relationship between your Retirement Plan benefits and your military retirement benefits.

D10. If I am age 61- 1/2 when the Retirement Plan terminates, will the PBGC apply the guarantee for age 61 or age 62?

The PBGC guarantees for ages between full years are pro-rated to the nearest full month, using straight line interpolation. For example, using the 2006 PBGC schedule, the PBGC guarantee for age 61 and 6 months would be \$2,998.55 per month (which is halfway between the \$2,859.54 guarantee for age 61 and the \$3,137.56 guarantee for age 62).

D11. If my benefit under the Retirement Plan is less than the PBGC guarantee, will I receive the PBGC guarantee amount following a termination of the Retirement Plan?

No. If your benefit covered by PC-4 is less than the PBGC guarantee amount for your age and payment form, this simply means that your benefit covered by PC-4 would be fully insured by the PBGC. In this situation, you would receive your full benefit covered by PC-4 at the time you actually retire.

D12. I am a furloughed pilot age 30 and have an accrued normal retirement benefit of \$2,000 per month, payable at age 60. If I wait until age 60 to commence my Retirement Plan benefit, will I be entitled to receive my accrued benefit of \$2,000?

Yes. Your \$2,000 normal retirement benefit payable at age 60 would be fully insured by the PBGC, since it is lower than the maximum PBGC guarantee of \$2,581.53 at age 60.

If, however, you retire early and commence your benefit prior to age 60, your benefit would be calculated with the early retirement reduction of 3 percent/year (.25 percent/month). Such reduced benefit would be protected up to the PBGC guarantee applicable to your age when you commence your benefit. The earliest date you may commence your benefit is age 50. If you retired and commenced receiving your benefit at age 50, your calculated benefit would be \$1,400/month (\$2,000 x 70 percent), but you would receive only \$1,390.06/month, the PBGC guarantee amount at age 50.

D13. How will the PBGC guarantee apply to the Joint and 50 percent Survivor Annuity and the Joint and 50 percent Contingent Annuity Benefit?

The PBGC guarantee amounts are all expressed in the form of a single life annuity. The guarantee amounts must be converted to actuarial equivalent amounts for benefits paid in other forms. The dollar amount of the guarantee will be lower for benefits paid in the form of either a joint and 50 percent survivor annuity or a joint and 50 percent contingent annuity, and will be determined by the PBGC using applicable actuarial assumptions.

D14. May I commence my Retirement Plan benefit while working for Delta?

No. The Retirement Plan requires that a participant retire or otherwise terminate employment with Delta in order to begin receiving benefits. The earliest retirement age under the Retirement Plan is age 50. A participant who terminated employment prior to age 50 may commence benefits only on or after attaining age 50.

D15. May I commence my Retirement Plan benefit while working for Delta Global Services (DGS)?

Yes, as is currently allowed by the Retirement Plan.

D16. If a married pilot dies prior to commencing his Retirement Plan benefit, would his spouse's survivor benefit be protected by the PBGC guarantee? What if a single pilot dies prior to commencing his Retirement Plan benefit?

If a married pilot dies before commencing his Retirement Plan benefit, his surviving spouse is entitled to receive the Qualified Pre-Retirement Survivor Benefit (QPRSB). The QPRSB is a monthly benefit payable to the pilot's surviving spouse's equal to 50 percent of the amount the pilot would have received, assuming he had retired on the day before his death (or if he was under age 50, assuming that he had survived to age 50 and then retired), and elected to receive his benefit in the form of a joint and 50 percent survivor annuity. If the pilot was not yet age 50 when he died, the surviving spouse's benefit may begin when the pilot would have attained age 50. The PBGC will continue to provide the QPRSB to surviving spouses, whether the pilot's death is before or after the DOPT.

If a single pilot dies before commencing his Retirement Plan benefit, no survivor benefits are payable under the Retirement Plan.

If a married pilot or single pilot dies after commencing his Retirement Plan benefit, benefits will be payable to the pilot's survivors only if survivor benefits are provided under the form of benefit the pilot elected.

D17. Will the PBGC charge Retirement Plan participants for QPRSB coverage?

Generally, no, since QPRSB charges no longer apply to the benefits of pilots still on the seniority list. However, if a participant has a benefit that was subject to QPRSB charges under the terms of the Retirement Plan applicable to that participant, then the PBGC will apply those charges.

D18. Will the PBGC charge Retirement Plan participants for Supplemental Pre-Retirement Survivor Benefit coverage (SPRSB)?

We do not know whether the PBGC will continue to allow pilots the option to be covered for this benefit. If the PBGC does allow continued coverage, we expect charges would be applied for such coverage in a manner similar to the way the Retirement Plan currently charges for such coverage. Charges are made by applying an appropriate reduction to benefits when they become payable.

D19. I am the surviving spouse of a Delta pilot and am receiving a survivor's benefit from the Retirement Plan. Will my benefit be protected in a distress termination?

The same rules apply whether the survivor's benefit is paid as a result of the pilot's death before retirement or after retirement. If the survivor benefit has been in pay status for three years as of DOPT, then the survivor benefit will be covered by PC-3. Assuming PC-3 is 80 percent funded, then only 80 percent of the survivor benefit will be paid under PC-3.

If the survivor benefit has been in pay status for less than three years as of DOPT (i.e., the participant died after September 2, 2003), then the survivor benefit will be in PC-3 only if the participant's retirement benefit would have been in PC-3. That is, the survivor's benefit will be in PC-3 if the participant was at least age 50 by September 2, 2003. If so, then for purposes of determining the amount of the survivor's benefit covered by PC-3, the participant will be deemed to have died on September 1, 2003.

Survivor benefits are also payable under PC-4, up to the maximum PBGC guarantee amount (per Appendix B).

D20. If part of my Retirement Plan benefit was assigned to my former spouse under a QDRO, will each of our benefits be protected by the PBGC guarantee?

Together, the pilot and the alternate payee under the QDRO share the PBGC guarantee amount that would have applied to only the pilot had there been no QDRO.

D21. Are Retirement Plan benefits paid by the PBGC taxable?

Yes. Your benefits under the Retirement Plan are taxable whether they are paid directly from the Retirement Plan or by the PBGC.

D22. Currently, the monthly premiums I pay for coverage under the Delta's retiree medical and dental plans are deducted from my monthly Retirement Plan check. How will I pay those premiums after the PBGC takes over the Retirement Plan payments?

After the transition of the Retirement Plan to the PBGC, we expect, based on prior experience, that retirees covered under the Delta medical and dental plans will be billed directly by Delta or its agent.

D23. Will the PBGC provide for electronic deposit of my monthly Retirement Plan benefit checks?

Yes.

D24. How will the Western D-Plan benefits for former Western pilots be impacted by the termination of the Retirement Plan?

Termination of the Retirement Plan does not affect benefits payable under the Western D-Plan. If the Western D-Plan is later terminated in a distress or involuntary termination in which PC-4 is not fully funded by Western D-Plan assets, then participants in the Western D-Plan will be subject to the PBGC guarantee amount aggregation rules discussed in Q&A D25 below.

D25. I am a former pilot of Eastern, Pan Am or TWA. When I retire from Delta, I will also be receiving a benefit from the PBGC with respect to my prior airline's terminated plan. Will my receipt of these other benefits affect the benefits I receive from the PBGC under the Delta Pilots Retirement Plan?

Generally, the PBGC aggregates an individual's benefits from two or more terminated plans for purposes of applying the PBGC maximum guarantee. However, such aggregation applies only with respect to benefits payable by the PBGC from *its funds*.

The Eastern pilots' plan was 100 percent funded through PC-4, which is the PBGC guarantee, and partially funded through PC-5. Because the PBGC will use none of its own funds to pay benefits under the Eastern plan, former Eastern pilots who also have a benefit under the Delta Pilots Retirement Plan will be entitled to receive the full PBGC guarantee with respect to the Delta Pilots Retirement Plan.

The situation is different under the TWA and Pan Am pilots' plans. PC-4 benefits were not 100 percent funded by plan assets in either of these plans. Therefore, to the extent that a participant had a benefit payable under PC-4 from either of these plans, the portion of such benefit funded by the PBGC's assets will reduce the PBGC maximum guarantee amount (per Appendix B) that is available to that pilot with respect to the Delta Pilots Retirement Plan.

D26. What benefit will I receive upon termination of the Retirement Plan if I am entitled to a benefit both as a pilot participant and as the surviving spouse of a pilot?

The PBGC does not aggregate benefits with respect to two or more participants when applying the PBGC guarantee. If a pilot is entitled to a monthly pension benefit in her own right under the Retirement Plan and to a monthly survivor benefit with respect to her deceased husband who was also a pilot, the PBGC will not aggregate the two benefits when determining the maximum PBGC guarantee. This individual would be entitled to a separate PBGC guarantee for each of the two benefits.

D27. When I begin receiving benefits from the PBGC, will I be eligible for the Health Coverage Tax Credit?

The Health Coverage Tax Credit (HCTC) may apply to an individual who is age 55 or older, receiving benefits from the PBGC, not eligible for Medicare or Medicaid, and enrolled in a qualifying health plan. The tax credit is equal to 65 percent of the amount of health insurance premiums paid by the eligible individual. The HCTC is administered by the HCTC Program, within the IRS. After receiving information from the PBGC, the HCTC Program sends eligible individuals the HCTC program kit, including an application. You may go to <http://www.irs.gov/individuals/article/0,,id=109956,00.html> for more information.

D28. Where can I find out more information about the PBGC and its rules?

Go to www.pbgc.gov.

E. Pending Legislation

E1. Please explain what funding relief would be provided to DB plans maintained by airlines, under the legislation presently pending before Congress.

On November 16, 2005, the Senate passed S 1783, the Pension Security and Transparency Act of 2005. Prior to passage of S 1783, two amendments affecting airline DB plans were adopted. One amendment provided that special 20-year funding relief could be elected for passenger airline DB plans. The second amendment incorporated the language from S 665, a bill previously introduced in the Senate by Senator Akaka. That language provides for potentially higher PBGC dollar guarantees for pilot participants in terminated DB plans.

On December 15, 2005, the House passed HR 2830, the Pension Protection Act of 2005. It has no airline-specific relief provisions and does not contain the Akaka amendment language included in S 1783.

A Conference Committee was appointed by the House and Senate early in March, 2006 to resolve the differences between the two bills. When the House appointed its members to the Conference Committee, it also passed a non-binding resolution asking its conferees to accept the airline funding relief provisions of the Senate bill as well as the language providing for potentially higher PBGC dollar guarantees for pilots of terminated defined benefit plans (the Akaka amendment).

The Conference Committee is continuing to try to arrive at a compromise bill that both the House and Senate can agree on. Unfortunately, they have already missed two self-imposed deadlines (April 15 and Memorial Day), and have now set July 4 as their new target. We are hopeful that they will reach agreement shortly, and ALPA has been urging them to do so.

E2. Could the Retirement Plan be saved under the pending legislation?

Even with the 20-year funding period provided in S 1783, the Retirement Plan is not likely to survive the bankruptcy process. Among other reasons, the amount of annual

cash contributions required for the Delta Pilots Retirement Plan, even under the relaxed funding rules, might affect Delta's ability to attract financing sufficient to fund an exit from bankruptcy. While the legislative funding relief may allow Delta to maintain the non-contract employees' DB plan after bankruptcy, due to the lower contribution requirements for that plan, it is unlikely that it can save our Retirement Plan.

E3. I understand that the pending legislation provides for an increase in the PBGC maximum guarantee for pilots forced to retire at age 60. Would the Retirement Plan be covered by that provision?

Yes. The language added to S 1783 by the Akaka amendment could be very important to the Delta pilots. As explained earlier, the PBGC dollar guarantees are based on the age of the pilot at the later of the date his benefit commences or DOPT. The Akaka amendment would allow pilots to receive the full age 65 PBGC dollar guarantee at the FAA mandatory retirement age (currently age 60). As presently worded, the Akaka amendment would apply to the Retirement Plan even if the legislation is enacted after the DOPT.

E4. If the Akaka amendment is enacted, what would be its impact on benefits payable under our Retirement Plan?

The table set forth in Appendix C illustrates how the PBGC dollar guarantees would be impacted by the current Akaka amendment language. You can see that, under the Akaka amendment, the PBGC maximum guarantee amounts would be approximately 53.85 percent higher than they are without the Akaka amendment.

APPENDIX A

Annuity Benefit Limit under Section 415(b) for Early Retirement Before Age 60

Age at Retirement (when benefits commence)	Annuity Benefit Limit under Section 415(b) of the Internal Revenue Code (Single Life Annuity)*			
	2003	2004	2005	2006
60	\$160,000	\$165,000	\$170,000	\$175,000
59-11/12	136,251	140,509	144,766	149,024
59-10/12	135,427	139,659	143,891	148,123
59-9/12	134,603	138,809	143,015	147,222
59-8/12	133,779	137,959	142,140	146,321
59-7/12	132,955	137,110	141,264	145,419
59-6/12	132,131	136,260	140,389	144,518
59-5/12	131,307	135,410	139,514	143,617
59-4/12	130,483	134,560	138,638	142,716
59-3/12	129,659	133,711	137,763	141,814
59-2/12	128,835	132,861	136,887	140,913
59-1/12	128,011	132,011	136,012	140,012
59	127,187	131,162	135,136	139,111
58	118,190	121,884	125,577	129,271
57	109,985	113,422	116,859	120,296
56	102,486	105,689	108,891	112,094
55	95,617	98,605	101,593	104,581
54	89,313	92,104	94,895	97,686
53	83,516	86,126	88,736	91,345
52	78,175	80,618	83,061	85,504
51	73,246	75,535	77,824	80,113
50	68,689	70,836	72,982	75,129

*Limit is adjusted for benefits paid in a form other than a single life annuity.

Note that for ages below age 59, straight line interpolation would be used for ages between the integer ages shown.

APPENDIX B

PBGC MAXIMUM GUARANTEES FOR QUALIFIED DB PLANS TERMINATING IN 2006		
PARTICIPANT'S AGE ON LATER OF BENEFIT COMMENCEMENT DATE OR PLAN TERMINATION DATE*	PBGC MAXIMUM GUARANTEE (Single Life Annuity)*	
	MONTHLY	ANNUAL
70 (1.66 x limit)	\$6,592.84	\$79,114.08
69 (1.49 x limit)	\$5,917.67	\$71,012.04
68 (1.34 x limit)	\$5,321.93	\$63,863.16
67 (1.21 x limit)	\$4,805.62	\$57,667.44
66 (1.10 x limit)	\$4,368.75	\$52,425.00
65 (100 percent of limit applies at 65)	\$3,971.59	\$47,659.08
64 (.93 x limit)	\$3,693.58	\$44,322.96
63 (.86 x limit)	\$3,415.57	\$40,986.84
62 (.79 x limit)	\$3,137.56	\$37,650.72
61 (.72 x limit)	\$2,859.54	\$34,314.48
60 (.65 x limit)	\$2,581.53	\$30,978.36
59 (.61 x limit)	\$2,422.67	\$29,072.04
58 (.57 x limit)	\$2,263.81	\$27,165.72
57 (.53 x limit)	\$2,104.94	\$25,259.28
56 (.49 x limit)	\$1,946.08	\$23,352.96
55 (.45 x limit)	\$1,787.22	\$21,446.64
54 (.43 x limit)	\$1,707.78	\$20,493.36
53 (.41 x limit)	\$1,628.35	\$19,540.20
52 (.39 x limit)	\$1,548.92	\$18,587.04
51 (.37 x limit)	\$1,469.49	\$17,633.88
50 (.35 x limit)	\$1,390.06	\$16,680.72

**The PBGC guarantee is higher for ages above 70, lower for ages below 50, and actuarially adjusted for benefits paid in a form other than a single life annuity.*

Note: For participants in PC-3, the PBGC guarantees the amount of the participant's PC-3 benefit funded by the plan's assets, if such amount is higher than the amount shown in this table.

APPENDIX C

**EFFECT OF AKAKA AMENDMENT ON
PBGC MAXIMUM GUARANTEE AMOUNTS
FOR PILOTS**

PARTICIPANT'S AGE ON LATER OF BENEFIT COMMENCEMENT DATE OR PLAN TERMINATION DATE*	CURRENT 2006 PBGC MAXIMUM ANNUAL GUARANTEE <i>WITHOUT AKAKA AMENDMENT</i> (Single Life Annuity)*	ESTIMATED 2006 PBGC MAXIMUM ANNUAL GUARANTEE <i>UNDER AKAKA AMENDMENT</i> (Single Life Annuity)*
70	\$79,114.08	\$121,713.96
69	\$71,012.04	\$109,249.32
68	\$63,863.16	\$98,251.08
67	\$57,667.44	\$88,719.24
66	\$52,425.00	\$80,653.80
65	\$47,659.08	\$73,321.68
64	\$44,322.96	\$68,189.16
63	\$40,986.84	\$63,056.64
62	\$37,650.72	\$57,924.12
61	\$34,314.48	\$52,791.60
60	\$30,978.36	\$47,659.08
59	\$29,072.04	\$44,726.16
58	\$27,165.72	\$41,793.36
57	\$25,259.28	\$38,860.44
56	\$23,352.96	\$35,927.64
55	\$21,446.64	\$32,994.72
54	\$20,493.36	\$31,528.32
53	\$19,540.20	\$30,061.92
52	\$18,587.04	\$28,595.40
51	\$17,633.88	\$27,129.00
50	\$16,680.72	\$25,662.60

**The PBGC guarantee is higher for ages above 70, lower for ages below 50, and actuarially adjusted for benefits paid in a form other than a single life annuity.*

Note: For participants in PC-3, the PBGC guarantees the amount of the participant's PC-3 benefit funded by the plan's assets, if such amount is higher than the amount shown in this table.