

ALPA'S Information on Stock Warrants

January 30, 2006

FAQ

January 2006 Distribution of Stock Warrants

Q1: Why were stock warrants recently distributed to Delta pilots?

A1: Delta pilots recently received stock warrants pursuant to the court-approved settlement agreement in a class action lawsuit involving the Delta Pilots Retirement Plan (the "Plan"). The Plan is the defined benefit pension plan that covers all pilots, active and retired, and that was frozen as of December 31, 2004.

The federal district court in Atlanta had jurisdiction over the lawsuit, following the consolidation and transfer of several individual lawsuits filed in other federal district courts in 2001.

Q2: Why were my stock warrants sent by The Garden City Group, Inc.?

A2: Although the stock warrants were issued and distributed by Delta, actual dissemination of the warrants was accomplished by The Garden City Group, Inc. a third-party settlement administrator. The Garden City Group, Inc. has established a website with information about the settlement, at www.deltapilotspensionbenefitssettlement.com.

Q3: Who are the parties to the lawsuit?

A3: As part of the settlement, the court certified the lawsuit as a class action. As so certified, the class of plaintiffs consists of active pilots and pilots who retired since about 1989, and, where applicable, beneficiaries and alternate payees (see Q&A 7 below for details). The defendants are Delta, the Plan and the Administrative Committee for the Plan (a committee appointed by Delta).

Q4: What were the issues in the lawsuit?

A4: The plaintiffs claimed that, although the Plan was being administered in accordance with its terms, several of the Plan's terms violated the Employee Retirement Income Security Act (ERISA). In one claim, the plaintiffs alleged that the Plan's method of calculating the 50% lump sum payment did not provide a participant with the full value of the variable annuity otherwise payable under the Plan. The other claims involved the Plan's minimum benefit provisions, applicable only to pilots who were employed by Delta on or before February 1, 1972.

Q5: What was the Association's position on these claims?

A5: The Association was neither a plaintiff nor a defendant in the lawsuit, but has closely monitored the case from the start. The court denied the Association's motion to intervene in the case as an interested party but allowed the Association to file a brief stating its position with respect to the case. In its brief, filed in January 2005, the Association agreed with the defendants, stating that the Plan's terms did not violate applicable law.

Q6: When was the case settled?

A6: The case was settled pursuant to a settlement agreement dated May 19, 2005. The court conducted a fairness hearing and approved the settlement on September 6, 2005. Under the settlement, the defendants admit no improprieties in the terms or administration of the Plan. Although implementation of the settlement was initially stayed pursuant to Delta's bankruptcy filing on September 14, 2005, Delta requested the bankruptcy court's approval to proceed with implementation of the settlement. The bankruptcy court approved Delta's request on November 10, 2005, allowing the settlement to be implemented. *The terms of the settlement and its implementation are final, and no longer subject to appeal or other challenge by any individual or entity.*

Q7: Under the settlement, who receives what?

A7: The settlement agreement categorizes the plaintiffs entitled to payments into two Subclasses. As described below, one Subclass receives stock warrants and the other Subclass receives cash.

1. The Lump Sum Subclass consists of all Delta pilots who were employed by Delta on January 1, 2005, and all Delta pilots who retired before January 1, 2005 and had elected the Plan's 50% lump sum benefit, and, where applicable,

beneficiaries and alternate payees. Under the settlement, this Subclass has received non-transferable stock warrants from Delta. See the following Q&A's for details on these warrants. In the aggregate, the stock warrants entitle the holders to purchase one million shares of Delta common stock. The number of warrants actually distributed to each member of the Subclass was determined based on the pilot's years of service or, if applicable, the pilot's date of retirement. The distribution ranged from 16 to 144 stock warrants per Subclass member.

2. The Minimum Benefit Subclass consists of retired Delta pilots who had both (a) been actively employed on or before February 1, 1972 and (b) retired on or after January 1, 1990, and, where applicable, beneficiaries and alternate payees. This Subclass will share in \$16 million, consisting of \$15.5 million payable from the Plan's assets and \$500,000 payable by Delta (after payments are made to plaintiffs' attorneys to cover fees and expenses of the litigation and administration of settlement). Although the settlement provides that each member of this Subclass is to receive a single cash payment of his share of the \$16 million, the amounts payable by the Plan will be paid in the form of an annuity unless and until the Plan no longer has a liquidity shortfall or the court issues an order permitting payment of the lump sum settlement amounts.

Q8: What is a stock warrant and what is it worth to me?

A8: The stock warrants distributed to each member of the Lump Sum Subclass entitle the holder to purchase shares of Delta common stock at the warrant's stated exercise price, prior to the warrant's stated expiration date.

The warrants were issued and distributed in four series, each with a different exercise price. The exercise prices are \$2.96 per share for Series A, \$5.46 per share for Series B, \$7.96 per share for Series C and \$10.46 per share for Series D. Pursuant to the settlement agreement, the exercise price of \$2.96 per share for Series A was based on the market price of Delta stock during the five trading days preceding the date of the settlement agreement (May 19, 2005), and the exercise prices for Series B, C and D were established as \$2.50, \$5.00 and \$7.50 higher, respectively. Each pilot's share of warrants was divided equally among the four series. All of the warrants expire December 23, 2010 (five years after the date of issuance).

A warrant has no value unless and until the market price of Delta common stock exceeds the warrant's exercise price. Since the market price of Delta common stock is currently less than \$1.00 per share, the warrants currently have no value.

Q9: How does Delta being in bankruptcy affect the exercise of these warrants?

Q9: The warrants may be exercised even though Delta is in bankruptcy, but that would not be appropriate unless and until the market price of Delta common stock exceeds the warrant's exercise price.

Q10: Will the warrants have any value after Delta emerges from bankruptcy?

A10: It is our understanding that these warrants permit only the purchase of Delta's **existing** common stock. When Delta reorganizes and emerges from bankruptcy, it is very likely that Delta's **existing** common stock will be canceled and new common stock issued to different parties and individuals (e.g., creditors, investors and employees). Since it presently appears unlikely that the share price of Delta's **existing** common stock will ever exceed the warrants' exercise price, the warrants presently are expected to have no value. **However, since this determination is not completely resolved, and in any event, since market conditions may change, it is recommended that you keep these warrants in a safe place pending further information and developments.** As we get further information, we will pass it along.