

This is Gary Beck with the weekly Flight Operations update on Friday, October 14th. This week I'd like to discuss Thursday's All Pilot letter from Ed Bastian and other members of our leadership team and announce the upcoming Jerry Grinstein Pilot Road Show in Atlanta and subsequent Delta Leadership Base Visits.

As you know, Delta has identified an additional \$3 Billion in annual cost savings that we must realize by the end of 2007. These savings are necessary if we are to emerge from bankruptcy as a viable enterprise in the marketplace that defines the reality of the modern airline industry. This harsh reality amplifies the need to speed our progress through transformation and better align our costs with Delta's new competitive set. To do so, Delta must establish a more competitive pay and benefit structure for its entire employee group that is more closely in line with the restructured legacy carriers and LCCs.

Through significant sacrifices we've made together over the past year, our progress towards this goal has been steady but not sufficient due to mounting external forces beyond our control. The unfortunate reality remains that our employee costs, on the average, are higher than those of the carriers that currently set both market fares and our resulting revenue levels. This disparity is even more pronounced for pilots than any other work group. The resulting cost savings required for each work group, although significant, are largely market-based and essential to fairly compete and meet the financial demands set by our creditors.

Along these lines, fuel remains a considerable obstacle to our recovery. Accompanying historically high costs of crude oil, we now have the burden of incurring skyrocketing refining cost add-ons. With many refineries still affected by the devastation of Hurricanes Katrina and Rita, a trend reversal is not expected anytime soon. Including refining costs, and based on the best information available, we anticipate Delta's fuel costs for October to amount to over 40% of our expected revenue for the month.

Without question, timing is more critical now than ever before. Cooperation between the Company and the Airlines Pilot Association must be strong and speedy if we are to protect our mutual interests and secure our ultimate survival. With that said, the Company's interest is in negotiating a timely agreement with the Association that achieves the necessary cost reductions. The Company would be pleased if that could be done without filing a motion under Section 1113 of the bankruptcy code. To facilitate this and allow additional time, on Tuesday morning Delta presented to the Association with a proposal for a two-step process that calls for an interim agreement to be reached by October 26th followed by further negotiations for the remaining, necessary cost savings. If successful, the Company will again forego the filing of an 1113 motion while a comprehensive agreement is negotiated. However, if the comprehensive agreement cannot be finalized by November 18th, the Company will file an 1113 motion in order to

establish a firm timeline for the cost savings necessary for our survival. It must be understood that even if the 1113 motion is filed, a negotiated settlement is not precluded ^ rather, it simply provides a timeline during which the negotiations must conclude. We believe this process presents both sides a viable roadmap to a timely agreement, which is essential to our survival.

In a effort to provide you with the most accurate information available, establish a clear picture of where our company stands financially and where we are going, Jerry Grinstein and other key executive leaders will address Delta,s pilots on Wednesday, October 19th, at the Georgia International Convention Center from 9:30 AM until 12:00 PM. Additionally, representatives from Network and Crew Resources will join Steve Dickson and myself the following week as we conduct Delta Leadership Base Visits in Los Angeles on October 24th and Salt Lake City on October 25th. The Company is also planning additional executive road shows in the near future. Our goal is to keep you well informed on the status of our transformation, our finances, and our progress through reorganization. Please contact your Base Chief Pilot,s Office for more details. I strongly encourage your participation in these meetings and look forward to speaking with you soon.