



Our Mission Statement

To work to preserve the earned pensions, health insurance and other benefits paid by Delta Air Lines to retired Delta pilots, their dependants and survivors.

www.dp3.org

New! [DP3 BLOG](#)

November 27, 2006

***\$719 million in claims agreed to for lost post-termination
NQ benefits;***

***Claims are 100% of the present value of lost NQ
pensions;***

Total non-qual claims top \$800 million

Dear DP3 member and others;

After months of negotiation, we are happy to announce that DP3 has reached an agreement with Delta and the Unsecured Creditors Committee that will provide a total of approximately \$719 million in individual allowed claims for lost non-qualified post-termination pension benefits.

Each pilot's individual allowed claim represents 100% of the present value of that pilot's lost monthly benefits over his or her expected life span. Each life-by-life claim was calculated using an agreed methodology.

The aggregate total of these 3,100-plus individual claims is approximately \$719 million.

This post-termination claim is in addition to the pre-termination claim agreement reached earlier this year between DP3, Delta and the Unsecured Creditors Committee in the amount of approximately \$82.3

million. The pre-termination claim includes a \$9 million administrative claim that is payable in cash at 100 cents on the dollar.

The total of all allowed claims from pre- and post-termination unpaid non-qualified pension benefits is approximately \$801.1 million.

Both the balance claim and the post-termination claims are allowed general non-priority unsecured claims.

A Post-Termination Covered Pilot (PTCP) is any pilot who retired prior to the termination date of the non-qualified pension plans and who, absent termination of the non-qualified plans, would otherwise have been entitled to receive benefits under the non-qualified plans as of the non-qualified plans' termination date which is expected to be Sept. 2, 2006.

Alternate payees, survivors and contingent beneficiaries previously receiving non-qualified benefits will also share in the settlement.

The calculations will be based on two factors: (1), a 7.2% discount rate to present value 100% of unpaid non-qualified post-termination claims beginning Sept.2, 2006, and (2), a life expectancy estimated using a mortality table based on the RP 2000 sex distinct mortality combined healthy table, with no [blue or white] collar adjustment, projected to 2006 with Scale AA. (This is the actual name of the mortality table! It is posted on the www.dp3.org web site for your review.)

In other words, a PTCP will receive an allowed claim for 100% of the present value of future unpaid post-termination non-qualified benefits over the pilot's life expectancy. This present value—which is required by law—is analogous to the method used to determine lump sum amounts taken at retirement when an annuitized income stream was similarly reduced to present value.

The present value claim amounts for each individual may be quite substantial, depending on the amount of lost monthly non-qualified benefits and a pilot's age. Since there is no simple formula or plug-in calculator that will allow us to reliably predict each individual's benefit at this time, our actuaries will soon provide a table that will enable you to roughly estimate your individual present value claim.

We will publish this table on the www.dp3.org web site as soon as it is available. Check the web site and the new **DP3 BLOG** at <http://www.dp3org.wordpress.com> for the announcement.

Delta has agreed to send each covered pilot an individual letter in a few weeks detailing the total amount of that pilot's claims (the cash

administrative claim, the balance claim and the post-termination claim) calculated according to court-approved methodologies.

An exhibit is included with the court filing that gives a representative example of how the post-termination claims will be calculated. You can find the documents via www.dp3.org and <http://deltadocket.com>.

Allowed non-priority unsecured claims may be sold upon receipt at market rates, currently trading in the 45-50% range but such rates are always subject to change.

The claims may also be held until Delta's plan of reorganization is confirmed and it exits bankruptcy. At that time Delta will likely issue a new security (probably stock) to non-priority unsecured creditors that may be held or traded as desired.

No later than 60 days after the entry of an order approving this stipulation, the Debtors will amend their claim schedules filed with the court to list the amount of the Post-Termination Claim for each individual Post-Termination Covered Pilot, alternate payees, survivors and contingent beneficiaries covered by this agreement, as well as the amount of the non-qualified administrative claim and the balance claim for each Covered Pilot (as defined in the original stipulation entered in June 2006).

The balance claims and the post-termination claims (which will be paid only, if as expected, the non-qualified plans are terminated), will be deemed temporarily allowed solely for the purposes of voting to accept or reject the Debtors' plan of reorganization in the amounts set forth in the Retired Pilot Schedule Amendment once it is entered.

The non-qualified cash administrative claim shall be paid on, or as soon as reasonably practicable, after the effective date of the Debtors' plan of reorganization. In the event the non-qualified plans are not terminated, the Debtors shall apply the amounts paid to each Covered Pilot on account of the non-qualified administrative claim to the amounts that it may otherwise owe such Covered Pilot.

Neither DP3 nor its professionals shall seek or receive any reimbursement of fees or expenses in connection with the post-termination claim, from the Debtors or from the claim itself.

The agreement provides for exculpation, as well as limited indemnification for legal fees, for DP3 and its current or former officers, directors, trustees, advisors and professionals relating to this agreement.

Objections to the agreement must be filed in compliance with the Case Management Order and be received by the court on or before 4pm on Dec. 13, 2006. A hearing on the stipulation will be held Dec. 20.

Nearly five months of research, study, due diligence and negotiations involving DP3 Trustees, lawyers, actuaries and other professionals from DP3, Delta and the Unsecured Creditors Committee, have led to this agreement.

DP3 has never taken an all-or-nothing approach to defending pension benefits while trying to ensure the future security of retired pilots.

From the very first day, we have taken a strategic view of the unpleasant realities of bankruptcy and the financial certainties that drive decisions for the debtor, the creditors and lenders under Chapter 11.

After that first day, DP3 has been a constant presence in—and out—of the courtroom, ensuring that the face and the sacrifice and the needs of retired pilots were recognized and respected through the efforts of our Trustees, attorneys and professionals.

Our goal has not wavered--that when this horrible chapter is over, all retired and disabled pilots, their survivors and dependents, will have retained, recovered or preserved the greatest part of their earned retirement and medical benefits that was possible.

DP3's early and continuing litigation was part of that goal; our involvement with the disability offset calculation was part of that goal; fighting persistently and successfully for a pilot-only 1114 committee was part of that goal; questioning the methods used in calculating PBGC benefit estimates is a continuing part of that goal; negotiating an \$83 million claim for lost pre-termination non-qualified benefits was part of that goal, and now, another \$719 million in claims will go to retired pilots and their families who lost their post-termination non-qualified pensions.

If quixotic and emotionally appealing efforts to "save our pensions" should fail, what then? Where is plan B? If we can't realize the unlikely dreams of once again receiving 100% of our pensions forever, that bankruptcy somehow never happened and that bells once rung could be unrung, what would happen next?

It is DP3, alone, which has had the vision, done the work and stayed the course to help put hundreds of millions of spendable cash dollars back into retirees' families' pockets as a partial offset to lost pension benefits.

DP3 has been on the ground and in the trenches of this bankruptcy from the beginning: strong, consistent, realistic, patient and productive. That will continue.

As one of our members recently wrote to a friend, “[other groups and individuals] view the world the way we wish it were; DP3 is the reality.”

We believe that this agreement is the best available outcome for the thousands of retired Delta pilots and their families who have lost their non-qualified monthly pension benefits to bankruptcy.

We continue to appreciate your steadfast support and encouragement without which this agreement would not have been possible.

The DP3 Board of Trustees

Jim Gray, Chairman; Jim Bomar, Vice Chairman; Bill Wirth, Treasurer; Roger Ross, Secretary; Richard Colby; Don Mairose and John Mills