

DP3 MEMBERSHIP UPDATE December 16, 2006

The DP3 Board of Trustees met in day-long Executive Session on Friday, Dec. 15, 2006, with three of our attorneys and six professional advisors.

On Friday, Dec. 15, Judge Hardin signed an order approving the settlement reached between DP3, Delta and the Unsecured Creditors Committee on post-termination non-qualified benefits. No objections were filed. This brings the total of allowed general unsecured claims awarded to retired Delta pilots to more than \$800 million. Delta now has 60 days to amend its creditor schedules with the court to include the approximately 3,100-plus individual claims created by the agreement.

We have begun an interview and selection process to choose an investment banking firm to structure and assist in the sale of the claims for those who may wish to do so. We will provide more detailed information in January. Please read material already posted on our web site about similar claim sales so that you may become familiar with some of the concepts.

ALPA sold \$600 million of its \$2.1 billion unsecured claim last week for \$0.65 on the dollar. The market is volatile and unpredictable and so the value of our allowed claims may vary between now and when our claims are recorded and can be brought to market. It is not necessary to wait until Delta emerges from bankruptcy to sell the claims; and generally, it's only days before the sale proceeds are sent to the individual pilots who sold them.

Turning to our qualified pensions... Beginning in early January, Delta will send each affected pilot a letter, a work sheet, a line-by-line detailed explanation and a Q&A summary that will explain how the revised Feb. 1 PBGC estimated benefit amount was calculated. Representative sample calculations, along with a more comprehensive Q&A may be posted on the Delta Retiree Info web site within a few days.

We have been told that several hundred—a majority—of the 1,045 pilots who previously received a zero dollar annuity check will see their Feb. 1 estimated benefit increase to positive amounts following this recalculation. Since the pot of money remains the same, others will see a reduced amount Feb. 1. This also means that several hundred more pilots may be able to take advantage of the Health Coverage Tax Credit (if otherwise eligible) since they will then be receiving a benefit from the PBGC once it assumes trusteeship of the qualified plan.

We anticipate that the \$2.2 billion unsecured claim and the \$225 million note negotiated between Delta, the PBGC and the Unsecured Creditors Committee will provide 100% of each pilot's calculated PC3 benefit and possibly some PC5 benefit by the time the PBGC makes its final calculations. Here is what Delta says about the recovery claim on its web site:

"The majority of the proceeds from the unsecured claim and the note provided to the PBGC will ultimately increase benefits to Pilot Plan participants as required under the ERISA statutory provisions. We anticipate that these important recoveries will help improve the funded status of the Pilot Plan such that all category PC-3 benefits will be fully payable and some PC-5 benefits will get funded as well. It is important to realize however, that these calculations will be done by the PBGC, and we do not anticipate these recoveries will be reflected in payments from the PBGC until they complete their own review and determination of benefits payable to retired pilots, which could take an extended period. We will work with the PBGC to the extent possible to try to keep this period to a minimum."

Thanks for supporting DP3. The Board and I wish each of you a Merry Christmas and all the best in the New Year.

Jim Gray,
Chairman