

EXHIBIT B

Section 1114 Pilot Retiree Committee Agreement Term Sheet

October 4, 2006

I. GENERAL TERMS AND SCOPE

A. Except as specifically modified herein, all provisions and administrative practices regarding healthcare coverage for Retired Pilots (as defined below in (I)(C)) shall remain the same as in effect on August 1, 2006, and the parties reserve all rights otherwise available to them under such provisions and practices (except as such rights are otherwise modified herein). Provided however, that any inconsistency between said provisions and practices and this Term Sheet shall be resolved in favor of this Term Sheet. Provided that this Term Sheet is approved by the Court by December 31, 2006, this Term Sheet shall go into effect on January 1, 2007.

B. Pursuant to the May 31, 2006 Stipulation and Consent Order Under Bankruptcy Rule 9019 Between Delta Air Lines, Inc. and the Pilot Retiree Committee (“**Stipulation**”), persons represented by the Section 1114 Pilot Retiree Committee (“**1114 Pilot Committee**”) include: (a) pilots who retired from Delta on or before June 1, 2006 (or from Western Airlines, Inc. prior to its April 1, 1987 merger with Delta); (b) pilots employed, or formerly employed, by Delta who on June 1, 2006 will be age 60 or over, not on the Delta pilots’ system seniority list, and eligible for Delta health and welfare benefits; and (c) survivors (as defined below in (I)(E)) who are entitled to health and welfare benefits from Delta through decedents who met the conditions set forth in clauses (a) or (b). Survivors, as set forth in paragraph (c) of the Stipulation, include individuals who are entitled to health and welfare benefits from Delta through decedents who (1) died while actively working or on disability prior to age 60 and (2) would have met the conditions set forth in clause (b) of the Stipulation had they lived. This Term Sheet applies to persons represented by the 1114 Pilot Committee, other than those pilots who retired from Western Airlines, Inc. prior to its April 1, 1987 merger with Delta (“**Western Retirees**”).¹

C. Those persons described in (a) and (b) of the Stipulation as set forth in Section (B) above (other than Western Retirees) are referred to in this Term Sheet as “**Retired Pilot(s)**.”

D. For purposes of this Term Sheet: (1) “**Pre-1997 Retiree**” refers to a Retired Pilot who retired on or before January 1, 1997 and pilots who retired under the 1996 Special Early Retirement Program regardless of their date of retirement; and (2) “**Post-1997 Retiree**” refers to: (i) a Retired Pilot who retired

¹ Healthcare coverage for Western Retirees is not changed by this Term Sheet.

after January 1, 1997 (other than those who retired under the 1996 Special Early Retirement Program) and on or before June 1, 2006; and (ii) a Retired Pilot who is described in clause (b) of Section (B) above.

E. For purposes of this Term Sheet, “**Survivor**” means a spouse of a deceased Retired Pilot who receives monthly survivor income benefits from the Delta Pilots Disability and Survivorship Plan following the Retired Pilot’s death.

**II. DELTA PILOTS MEDICAL PLAN (“DPMP”)
CONTRIBUTION PERCENTAGES²**

A. The Service Related Premium shall be eliminated.

B. Except as otherwise provided in this Term Sheet, for purposes of determining the contribution percentage of a dependent spouse/child or a Survivor of a Retired Pilot, the age of the dependent spouse/child or Survivor shall be used.

C. Under Age-65 Provisions

1. Contribution Percentage of Retired Pilots or Dependent Spouses Who Are Under Age-65³

Subject to the footnotes indicated in the table below, the following contribution percentages apply to a Retired Pilot or dependent spouse during the time that his or her attained age corresponds with the applicable age band shown on the table below (Pre-60 or Age 60-64). By way of example, a Retired Pilot who is 59 years old on January 1, 2007 will have a contribution percentage of 100%. When he turns age 60, his contribution percentage will change to 51%, until he reaches age 65.

Age of Retired Pilot or Spouse	
Pre-60	Age 60-64
100% ⁴	51% ⁵

² All percentages reflected on the following charts apply to the applicable pre-65 and age-65+ DPMP rates. Rates are the full cost as determined by Delta of the medical and dental coverage in which the Retiree is enrolled. This includes the total cost payable by Delta and/or the retiree.

³ The contribution percentage for eligible children is 100%.

⁴ The contribution percentage is 51% for the spouse of a Pre-1997 Retiree who is age 60 or over.

⁵ If a Retired Pilot age 60-64 has commenced his retirement benefit from the Delta Pilots Retirement Plan and is not Health Coverage Tax Credit (“**HCTC**”) eligible solely because he will (...continued)

2. Contribution Percentage of Survivors Who Are Under Age-65

Subject to the footnote indicated in the table below, the following contribution percentages apply to a Survivor during the time that her attained age corresponds with the applicable age band shown on the table below (Pre-60 or Age 60-64). By way of example, the future Survivor of a Post-1997 Retiree who is 59 at the time of the Retiree's death will have a contribution percentage of 100%. When she turns age 60, her contribution percentage will change to 51%, until she reaches age 65.

	Age of Survivor of Pre-1997 Retiree		Age of Survivor of Post-1997 Retiree	
	Pre-60	Age 60-64	Pre-60	Age 60-64
Survivors of Retired Pilots Who Died Before 1/1/2007 (Current Survivors)	22%	22%	28% for 2007 31% for 2008 and beyond	28% for 2007 31% for 2008 and beyond
Survivors of Retired Pilots Who Die On or After 1/1/2007 (Future Survivors)	51% ⁶	51% ⁶	100%	51% ⁶

(continued...)

not (or does not) receive a payment from the Pension Benefit Guaranty Corporation ("PBGC"), then after the end of the calendar year and subject to proof of HCTC ineligibility reasonably satisfactory to Delta, such Retired Pilot shall be eligible for a refund from Delta of an amount equal to 16% of the DPMP rate for that year for himself and, if his spouse is also age 60-64 and otherwise HCTC eligible (but for no PBGC payment), a similar refund for his spouse. This refund procedure will apply until the first calendar year after the PBGC has finalized all pension benefit calculations from the Delta Pilots Retirement Plan ("**First Calendar Year**"). For the First Calendar Year and thereafter, a Retired Pilot or spouse who has provided sufficient proof of HCTC ineligibility (for the reasons described above) to Delta for the period following the PBGC's issuance of its final pension benefit calculations, will be required to pay only 35% of the DPMP rate, instead of receiving the refund, for the remainder of the period that he or she is between the ages 60 and 64. No Retired Pilot or spouse who is under age-60 as of January 1, 2007 shall be eligible for the refund; such individuals, however, shall be eligible for the refund or 35% contribution percentage upon reaching age 60 if they meet the criteria set forth in this Note. No Retired Pilot shall be eligible for the refund or the 35% contribution percentage for himself or his spouse after he reaches age 65. No spouse is eligible for the refund or 35% contribution percentage after the spouse reaches age 65.

⁶ If a Retired Pilot age 60-64 has commenced his retirement benefit from the Delta Pilots Retirement Plan and is not HCTC eligible solely because he will not (or does not) receive a payment from the PBGC, and that Retired Pilot dies prior to reaching age 65, then after the end of the calendar year and subject to proof of HCTC ineligibility reasonably satisfactory to Delta, such (...continued)

3. Under age-65 Retired Pilots, their spouses and Survivors shall, upon turning age 65 (and without the necessity of additional medical testing or any exclusion for pre-existing conditions), have the ability to participate in the DPMP or in another plan or program affiliated with Delta that provides medical benefits to retirees age 65 or over (“**age-65+**”), subject to the eligibility and other rules of such plan or program (“**Alternative Plan**”). No Retired Pilot, spouse, or Survivor who is under age-60 as of January 1, 2007 shall receive a subsidy from Delta for medical or other health coverage once such person reaches age 65; such individuals, however, shall be permitted, upon reaching age 65, to participate in the DPMP or an Alternative Plan, subject to the rules of the Alternative Plan.

4. An under age-65 eligible spouse of an age-65+ Retired Pilot shall have the ability to select coverage in the DPMP, provided the Retired Pilot enrolls in the DPMP or in an Alternative Plan, subject to the rules of the Alternative Plan.

5. Retired Pilots, their spouses or Survivors who are initially eligible for the HCTC but, due solely to a subsequent recalculation of the pension benefit amount payable by the PBGC, become ineligible for the HCTC (because they no longer receive a payment from the PBGC) shall be permitted to immediately elect coverage in the DPMP at the applicable DPMP rates, subject to the applicable contribution percentages. Such individuals who also meet the criteria for the refund specified in either Note 5 or Note 6 of (II)(C) also shall be eligible for such refund if they otherwise meet the criteria outlined therein.

D. Age-65+

1. Pre-1997 Retirees and their spouses and Survivors who are age-65+ each will receive an \$80 per month subsidy to be applied against the medical premium under the DPMP or Alternative Plan (together with the subsidy described below in (D)(3), the “**Age-65+ Subsidy**”), but only if the Retiree and spouse or Survivor is enrolled in the DPMP or Alternative Plan. Retired Pilots and their spouses and Survivors will be required to pay the balance of the premium for the DPMP or Alternative Plan.

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Retired Pilot’s Survivor shall be eligible for a refund from Delta of an amount equal to 16% of the DPMP rate for that year, but only if she also is otherwise HCTC eligible (but for no PBGC payment). This refund procedure will apply until the First Calendar Year. For the First Calendar Year and thereafter, a Retired Pilot’s Survivor who has provided sufficient proof of HCTC ineligibility (for the reasons described above) to Delta for the period following the PBGC’s issuance of its final pension benefit calculations will be required to pay only 35% of the DPMP rate, instead of receiving the refund. No Survivor shall be eligible for the refund or the 35% contribution percentage after she reaches age 65 (or after the deceased Retired Pilot would have reached age 65 had he lived).

2. Pre-1997 Retirees, their spouses and Survivors who are age-65+ each shall be eligible for reimbursement of the monthly Medicare Part B premium in the amount of \$93.50 under the same conditions of eligibility in existence prior to the commencement of these chapter 11 cases.

3. Post-1997 Retirees and their spouses and Survivors who are age-65+ each will receive a \$65 per month subsidy to be applied against the medical premium under the DPMP or Alternative Plan, but only if the Post-1997 Retiree and spouse or Survivor is enrolled in the DPMP or Alternative Plan. Retired Pilots and their spouses and Survivors will be required to pay the balance of the premium for the DPMP or Alternative Plan.

4. No eligible, age-65+ recipient may receive more than one Age-65+ Subsidy. (That is, where both spouses are also Delta retirees, they shall each receive only one per month subsidy, and they will not each receive two per month subsidies. If an age-65+ Retired Pilot, spouse, or Survivor is also entitled to a subsidy under Term Sheet with the Section 1114 Non-Pilot Retiree Committee, such recipient shall not receive both subsidies, but shall receive the higher of the two subsidies to which he or she is entitled.)

5. Beginning on January 1, 2008, the subsidies and reimbursement described above in paragraphs (D)(1)-(3) shall be adjusted annually on January 1 based on the change in the Consumer Price Index – Urban Wage and Clerical Workers (“CPI-W”) for the 12-month period ending in July of the previous year. There is a maximum of a 3% increase for any year, and there shall be no adjustment for any decrease in the CPI-W.

6. Upon attaining age 65, Retired Pilots, spouses and Survivors age 60 and over as of January 1, 2007 shall be eligible for the applicable Age-65+ Subsidy as described above in paragraph (D)(1) or (D)(3); otherwise, recipients eligible for the subsidies described above in paragraphs (D)(1) and (D)(3) are closed groups.

III. DISABILITY

Delta hereby withdraws any proposed changes to the Delta Pilots Disability and Survivorship Plan.

IV. DPMP PLAN DESIGN

A. The pre-1997 DPMP plan designs shall be eliminated. As Delta and the Air Line Pilots Association, International (“ALPA”) previously have agreed, for 2007, the post-1997 DPMP plan design shall remain in effect with no changes.

B. The DPMP plan design for Retired Pilots shall continue to track the DPMP plan design for active pilots, as negotiated from time to time by ALPA.

V. OTHER CONSIDERATIONS

A. This Term Sheet, and the agreement reflected herein, were entered into in the context of a settlement. Nothing contained herein may be used by either Delta or the Committee as evidence or support for any legal or factual position in any litigation, including without limitation, in any litigation related to the scope of section 1114 of chapter 11 of title 11 of the United States Code (“**Bankruptcy Code**”) and/or whether a specific benefit, level of benefit, plan design or premium level is covered by section 1114 of the Bankruptcy Code (“**section 1114**”).

B. Delta agrees that it will not propose or support any chapter 11 plan that does not contain an exculpation of the 1114 Pilot Committee, and each of its members, advisors, attorneys, actuaries, agents and representatives at least as favorable as any exculpation provided in such plan to Delta’s officers, directors, employees, advisors, attorneys, accountants, actuaries, investment bankers, consultants, agents and other representatives.

C. Delta will indemnify and hold harmless the 1114 Pilot Committee, its members, counsel, actuaries, and financial advisors (each an “**indemnitee**”) from any loss, liability, damages, and costs directly resulting from any third party lawsuits with respect to the negotiation and support of this agreement. Such indemnification and hold harmless obligation will not apply to: (1) any lawsuit resulting from the intentional misconduct or gross negligence of the indemnitee, (2) as to the particular indemnitee(s) making the statement at issue, any lawsuit resulting from any statement made by the indemnitee(s) that materially incorrectly describes the agreement, or (3) any lawsuit against any indemnitee that has breached its obligations under paragraph (V)(E). An indemnitee seeking to be indemnified and held harmless pursuant to this paragraph must provide to Delta written notice within seven business days of service upon the indemnitee of the lawsuit as to which the indemnitee seeks to be indemnified and held harmless. Notice should be provided to Delta Air Lines, Inc., Attention: General Counsel, 1040 Delta Boulevard, Atlanta, Georgia, 30320. Delta will have the right to conduct the defense of such matter with counsel of Delta’s choosing and enter into a settlement of such matter. Delta will give reasonable consideration to the wishes of the indemnitee in connection with the matters described in the foregoing sentence.

D. Delta agrees, during the pendency of these chapter 11 cases, that it will not seek relief under section 1114 unless Delta is in imminent risk of its debtor in possession financing being accelerated based on an imminent breach in the financial covenants in its debtor in possession financing, Delta has used its best efforts to obtain a waiver of such default but has been unable to secure such a

waiver, and Delta would not be able to obtain such a waiver without further section 1114 relief.

E. The 1114 Pilot Committee agrees to support, in court and in its communications, including, but not limited to, communications with Delta retirees, Delta's motion pursuant to sections 363 and 1114(e)(1)(B) of the Bankruptcy Code to approve this agreement (the "**Approval Motion**"), and such support from the Chairman of the 1114 Pilot Committee and its professionals shall include, but is not limited to, the giving of testimony in support of the Approval Motion. The members of the 1114 Pilot Committee agree not to oppose the Approval Motion in court, in communications, or otherwise. The 1114 Pilot Committee and each of its members agree not to oppose, in court and in their communications (including, but not limited to, communications with Delta retirees), the Section 1114 Non-Pilot Retiree Committee agreement. Delta shall promptly file a motion to approve this Term Sheet and shall diligently seek approval for that motion.

F. This agreement shall be binding upon any successor or merged company or companies or any successor in control of Delta.

G. The Bankruptcy Court shall retain jurisdiction over any disputes arising from (i) the terms of this agreement or (ii) section 1129(a)(13) of the Bankruptcy Code.

H. Delta shall permit a Retired Pilot, spouse, or Survivor otherwise eligible for COBRA under the DPMP due to the contribution percentage increases reflected in this Term Sheet to elect COBRA until the later of: (1) 60 days after the date that the participant receives his or her COBRA election notice; or (2) 60 days after the date that the PBGC has commenced issuing payments to Retired Pilots.

I. Delta and the 1114 Pilot Committee agree to work together to determine the amount of pre-petition claims resulting from the changes described herein. Nothing in this Settlement Term Sheet shall prejudice the rights of the parties with respect to the fixation of amount or allocation of such pre-petition claims.