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To: Delta Pilot Retirees and Survivors
From: Rob Kight
Date: November 6, 2009
Subject: 2010 COBRA Option and the HCTC

IMPORTANT INFORMATION ABOUT THE 2010 COBRA OPTION AND THE HCTC

In the recent letter from Delta announcing the open enrollment period for 2010 benefits, we informed you that you would have a one-time COBRA option to elect coverage under the Delta Family-Care Medical Plan in 2010. As described in that letter, this was a voluntary offering of COBRA on Delta's behalf, and it was our belief, from information received and experience over the last three years, that this form of COBRA coverage should be qualifying coverage for purposes of the Health Coverage Tax Credit (HCTC) program.

Unfortunately, last week, Delta received a call from the Policy Director for the HCTC Program who informed us that **they will not consider this voluntary offering of COBRA to be qualifying coverage for HCTC purposes**. This means that you would be required to pay the full cost of the coverage and would be **unable to access the HCTC to help pay for it**.

The Policy Director told us that they had received a copy of our letter and reviewed it at high levels within the Internal Revenue Service, the agency with ultimate jurisdiction over eligibility for the HCTC. Delta does not know why this letter was supplied to the HCTC Program and escalated within the government. Nevertheless, we have spent the last week exploring any and all options for pursuing a change in this decision by the IRS. However, they remain firm that a voluntary offering of COBRA coverage by an employer does not qualify for purposes of HCTC access.

In light of this decision, here is how things will work for 2010 enrollment. **Please read this carefully:**

- Retiree enrollment is open until **11:59 Eastern Time on November 17, 2009**. If you have elected the COBRA option you should go back into the enrollment tool and change your election prior to this date:
 - **For those who retired on or before June 1, 2006**, a separate option you have available to you is retiree coverage (rather than the "COBRA Option") under the Delta Family Care Medical Plan. In the enrollment tool, this displays as either the Standard Medical option or the Out of Area Medical Option, depending on your zip code, and the High Value Option. This retiree option is the exact same coverage you would have had under the Standard/Out of Area COBRA option or the High Value COBRA option, respectively. However, the premium is equal to 100% of the cost of the coverage, rather than 102% of that cost as with the COBRA option.
 - **For those who retired after June 1, 2006**, your retiree coverage options are under the Account Based Healthcare Plan. In the enrollment tool, these options display as the Gold HRA, Silver HRA, Diamond HSA, Ruby HSA or PPO Option A. You do not have the Delta Family-Care Medical Plan available as one of your retiree options. The premium for these options is 100% of the cost of the coverage, rather than 102% of the cost of the Family-Care plan medical option as would have been the cost with the COBRA option.
 - **You will not qualify for a company subsidy if you remain in the retiree coverage of the Delta Family Care Medical Plan or the Account Based Healthcare Plan (for those who retired after June 1, 2006). You pay 100% of the cost of the coverage.**
 - On the other hand, if you or an eligible dependent are between age 60 up to age 65, **you may qualify for a Company subsidy if you choose the Delta Pilots Medical Plan.**

- If you have chosen the COBRA option and have not changed your election by November 17, 2009 when the enrollment period closes, your election will automatically be changed to the Standard Medical Option or Out of Area Option, depending on your zip code. If you retired since June 1, 2006, your election will be automatically changed to the Gold HRA Option. You pay 100% of the cost of the coverage if you are enrolled in either of these options, rather than the 102% of the cost required by the COBRA options. This higher COBRA cost and the unavailability of the HCTC for the COBRA option makes the COBRA option no longer viable as a 2010 medical benefit offering.
- Also, recall that:
 - Virtually every state now offers coverage that is HCTC qualified, so you may want to explore that option, or
 - You may have an external source of coverage that is less expensive.
 - In either of these cases, you may want to opt out of Delta coverage during this open enrollment period.

We know there has been a great deal of frustration among Delta pilot retirees with respect to accessing comprehensive medical coverage that will qualify for the HCTC. We regret that this COBRA option will not be the solution we believed it would be for you either. We will continue to explore other alternatives that may be available to assist you in qualifying for the HCTC.

Sincerely,



Rob Kight
Vice-President – Compensation, Benefits & Services