

Objection Deadline: February 9, 2007 at 4:00 p.m. (prevailing Eastern Time)
Hearing Date: February 22, 2007 at 2:30 p.m. (prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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: **In Re:** : **Chapter 11 Case No.**
: : **DELTA AIR LINES, INC., et al.,** : **05-17923 (ASH)**
: : **Debtors.** : **(Jointly Administered)**
: :
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**MOTION TO APPROVE SUPPLEMENTAL TERM SHEET BETWEEN
THE DEBTORS AND SECTION 1114 PILOT RETIREE COMMITTEE**

Delta Air Lines, Inc. (“**Delta**”) and those of its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”),¹ respectfully represent:

¹ The Debtors are the following entities: ASA Holdings, Inc.; Comair Holdings, LLC; Comair, Inc.; Comair Services, Inc.; Crown Rooms, Inc.; DAL Aircraft Trading, Inc.; DAL Global Services, LLC; DAL Moscow, Inc.; Delta AirElite Business Jets, Inc.; Delta Air Lines, Inc.; Delta Benefits Management, Inc.; Delta Connection Academy, Inc.; Delta Corporate Identity, Inc.; Delta Loyalty Management Services, LLC; Delta Technology, LLC; Delta Ventures III, LLC; Epsilon Trading, LLC; Kappa Capital Management, Inc.; and Song, LLC.

Background and Jurisdiction

1. On September 14, 2005, each Debtor commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. On March 17, 2006, pursuant to section 1114 of the Bankruptcy Code, this Court ordered the appointment of an official committee (the “**Pilot Committee**”) to represent retired pilot employees of Delta.
3. On October 4, 2006, Delta and the Pilot Committee reached agreement as to the Section 1114 Pilot Retiree Committee Agreement Term Sheet (the “**Term Sheet**”), which provided for the modification of healthcare coverage for retired pilots.
4. On October 5, 2006, Delta filed a Motion to Approve Agreements Between the Debtors and Section 1114 Retiree Committees to Modify Retiree Benefits (Docket No. 3336). This Court entered an order approving this motion on October 19, 2006 (Docket No. 3428).
5. Pursuant to the Court-approved Term Sheet, Delta and the Pilot Committee agreed to work together to determine the amount of unsecured non-priority claims resulting from changes described in the Term Sheet. Accordingly, Delta and the Pilot Committee have expended considerable effort on negotiations and on January 22, 2007 reached the agreement as contemplated by the Term Sheet.
6. This new agreement is embodied in the Supplemental Section 1114 Pilot Retiree Committee Agreement Term Sheet (the “**Supplemental Term Sheet**”), attached hereto as Addendum A, which sets forth the agreement between Delta and the Pilot

Committee regarding the method of calculation of claims and allowance of unsecured non-priority claims resulting from the modifications to retiree benefits described in the Term Sheet.

7. The Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and may be determined by the Bankruptcy Court. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

8. By this motion (the “**Motion**”), pursuant to section 1114(e)(1)(B) and section 363(b) of the Bankruptcy Code, Delta seeks approval of the agreement between Delta and the Pilot Committee² regarding the methodology for the calculation of and allowance of the unsecured non-priority claims resulting from the changes described in the Term Sheet.³ The Official Committee of Unsecured Creditors in these chapter 11 cases (the “**Creditors’ Committee**”) has analyzed the calculation methodology underlying the Supplemental Term Sheet and has authorized the Debtors to represent that the Creditors’ Committee has no objection to the instant Motion.

² This Court previously held that an agreement between Delta and the Pilot Committee pursuant to section 1114(e)(1)(B) of the Bankruptcy Code with respect to retiree benefits does not require Court approval. Oct. 19, 2006 Hr’g Tr., 76:16-76:20 (“It is perfectly clear from the statute that Court approval of these two agreements is not required. What that means, in effect, is that I really don’t have the power to disapprove it, but I wouldn’t disapprove it if Court approval were required under the statute.”).

³ This Motion provides only a summary overview of the Supplemental Term Sheet. The Supplemental Term Sheet itself, and not this Motion, govern the terms and conditions agreed to by Delta and the Pilot Committee. In the event of any inconsistency between this Motion and the Supplemental Term Sheet, the Supplemental Term Sheet shall govern and this Motion shall not be referenced to resolve interpretive disputes. Failure to describe in this Motion any provision of the Supplemental Term Sheet shall not affect such provision’s enforceability.

Overview of the Supplemental Term Sheet

9. The Supplemental Term Sheet provides, among other things, for the methodology for the calculation of claims and allowance of unsecured non-priority claims for “Retired Pilots” and “Survivors” (as these terms are defined in the Supplemental Term Sheet).

10. In particular, each Retired Pilot⁴ and Survivor enrolled in the Delta Pilots Medical Plan (the “**DPMP**”), the Delta Family-Care Medical Plan (the “**FCMP**”) or the Alternative Plan (as defined in the October 4, 2006 Term Sheet) in 2006 and 2007 will receive an unsecured non-priority claim equal to the present value of the difference for all future years between: (1) the Delta-provided retiree medical benefit (consisting of medical, prescription drug and dental coverage) that the Retired Pilot (and, if applicable, any “Dependent Spouse,” as that term is defined in the Supplemental Term Sheet) or Survivor would have received had the program not been modified as set forth in the Term Sheet (the “**Former Benefit**”), and (2) the Delta-provided retiree medical benefit that the Retired Pilot (and, if applicable, any Dependent Spouse) or Survivor will (or would) receive under the settlement as set forth in the Term Sheet (the “**Current Benefit**”).

11. The aggregate amount of unsecured non-priority claims calculated in this way (the “**Aggregate Amount**”) is estimated to be approximately \$440 million. The estimated amounts by category are outlined on page 1 of Exhibit 1 to the Supplemental Term Sheet.

⁴ The claim of a Retired Pilot shall compensate such Retired Pilot for both the modification to such Retired Pilot’s own retiree healthcare and, if applicable, the retiree healthcare of any Dependent Spouse. The claim of a Retired Pilot, however, shall not separately compensate the Retired Pilot for any modifications to the retiree healthcare of a dependent child. The Debtors believe that the agreed methodology for calculating the claims of a Retired Pilots sufficiently compensates each such Retired Pilot for any loss associated with the retiree healthcare of dependent children.

12. In addition, because Retired Pilots (and, if applicable, Dependent Spouses) and Survivors *not* enrolled in retiree medical coverage under the DPMP, the FCMP or the Alternative Plan in either 2006 or 2007 may have a contingent and unliquidated claim because they retain a contractual right to “opt-in” to such medical coverage in the future, the Supplemental Term Sheet provides for an unsecured non-priority claim in the amount of \$2,100 for each such Retired Pilot (and, if applicable, Dependent Spouse) and Survivor.

13. Pursuant to the Supplemental Term Sheet and Rule 1009(a) of the Federal Rules of Bankruptcy Procedure, Delta will amend its schedules to allow individual unsecured non-priority claims consistent with the methodology set forth in the Supplemental Term Sheet and will provide customized and individual notice of such claims to the applicable claimants. These notices will be mailed to each applicable claimant, together with a copy of the instant Motion and an explanatory letter from Delta.

14. Additionally, and importantly, should the Court grant the relief requested, no proofs of claim need be filed by individual claimants for the claims calculated pursuant to the Supplemental Term Sheet, unless such claimants challenge the calculations as applied to their specific individual data, such as their retirement date.

The Supplemental Term Sheet Has Been Entered into Pursuant to the Debtors’ Sound Business Judgment and Should Be Approved

15. Section 363(b) of the Bankruptcy Code authorizes a debtor, after notice and a hearing, to “use” property other than in the ordinary course of business. Courts in the Second Circuit and elsewhere have required that decisions to use property outside of the ordinary course of business be based upon the sound business judgment of the

debtor.⁵ As Judge Lifland has written, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986).

16. The Debtors seek to enter into the agreement set forth in the Supplemental Term Sheet because it represents a consensual resolution to what otherwise likely would have been unpredictable, time-consuming and costly litigation with either the Pilot Committee or the retired pilots themselves. The Supplemental Term Sheet represents resolution of the method of calculation of claims resulting from changes in contractual benefits. Without a uniform method of calculation, Delta could be faced with thousands of proofs of claims filed by individuals all using different methods and arguments to calculate the section 1114 claims. Contesting such claims would be extremely time consuming and could potentially lead to inconsistent results for like kinds of claims. The agreed method of calculation resolves such issues in a fair and uniform way. Moreover,

⁵ See *Official Comm. of Unsecured Creditors of LTV Aerospace & Def. Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992) (a judge determining a section 363(b) application must find from the evidence presented a good business reason to grant such application); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *Official Comm. of Unsecured Creditors of Enron Corp. v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27-28 (S.D.N.Y. 2005) (standard under section 363(b) is evidence of a good business reason); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (“courts are loath to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence” (citing *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992))); *Official Comm. of Unsecured Creditors v. Raytech Corp. (In re Raytech Corp.)*, 190 B.R. 149, 151 (Bankr. D. Conn. 1995) (explaining that the standard under section 363(b) is evidence of a good business reason); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting that the standard for determining a section 363(b) motion is “good business judgment”); see also *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986) (holding that a bankruptcy court can authorize an action under section 363(b) “when a sound business purpose dictates such action”); *In re Phoenix Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987) (stating that judicial approval of a section 363 motion requires, *inter alia*, that a good business reason exist for the requested relief).

the Debtors seek to enter into the agreement embodied in the Supplemental Term Sheet because it is within the range of potential outcomes had the Debtors sought to litigate the issues resolved by the Supplemental Term Sheet.

17. When determining whether to approve a proposed settlement, a bankruptcy court need not decide the numerous issues of law and fact raised by the settlement, but rather should “canvass the issues and see whether the settlement fall[s] below the lowest point in the range of reasonableness.” *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983) (internal quotation marks omitted); *see also In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993) (citing *W.T. Grant* for the proposition that a “court need not conduct a ‘mini-trial’ to determine the merits of the underlying litigation”). In deciding whether a particular settlement falls within the “range of reasonableness,” courts traditionally consider the following factors:

- (a) the probability of success in the litigation;
- (b) the difficulties associated with collection;
- (c) the complexity of the litigation, and the attendant expense, inconvenience and delay; and
- (d) the paramount interests of creditors.

See, e.g., Six West Retail Acquisition, Inc. v. Loews Cineplex Entm’t Corp., 286 B.R. 239, 248 n.13 (S.D.N.Y. 2002) (citing *Nellis v. Shugrue*, 165 B.R. 115, 122 (S.D.N.Y. 1994)).⁶

18. Applying these principles to the agreement embodied in the proposed Supplemental Term Sheet, the Debtors submit that the agreement is well within the “range of reasonableness” of potential claims:

⁶ Although *Six West* and *Nellis* approved settlements pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, their guidance is nonetheless instructive for reviewing an agreement submitted pursuant to section 363, which is closely related to Rule 9019 if not the statutory source for motions made pursuant to that Rule. *See Hicks, Muse & Co., Inc. v. Brandt (In re Healthco Int’l, Inc.)*, 136 F.3d 45, 50 (1st Cir. 1998) (suggesting that “absent some clear Code source for the substantive power to approve settlements [under Rule 9019] . . . Congress [may have] envisioned section 363 as that source”).

(a) **Probability of Success in Litigation:** It is not disputed that the Retired Pilots have an unsecured non-priority claim against the Debtors as a result of modifications to retiree benefits pursuant to the Term Sheet. If no agreement had been reached as to claims calculation, litigation would have ensued to establish the amount of the unsecured non-priority claims resulting from the modification of benefits. If the Court found against Delta on this issue, such a ruling might have resulted in claims and recoveries far more extensive than those granted pursuant to the Supplemental Term Sheet, thereby greatly diluting the recoveries of each other creditor. The Debtors submit that the Supplemental Term Sheet – which provides for claims calculation for those enrolled in the DPMP with an Aggregate Amount estimated to be approximately \$440 million – falls within the range of reasonable outcomes of such litigation.

(b) **Difficulties Associated with Collection:** As Delta is not seeking to recover any damages here, this factor is not directly applicable here. However, as with any litigation, any victory by Delta with respect to claims valuation would be subject to appeal and consequential delay, which would be an unpalatable result for many Retired Pilots.

(c) **Complexity of the Litigation, and the Attendant Expense, Inconvenience and Delay:** Any litigation with respect to claim valuation could have resulted in numerous depositions, expert actuarial witnesses, additional discovery and a multi-day trial with potentially numerous adversaries that would have imposed great costs on the Debtors' estates. Additionally, the Supplemental Term Sheet obviates the need for individual claimants to file proofs of claim and therefore avoids the extraordinary burden that would be placed on individual retirees and on the Debtors and their estates to evaluate, respond to and/or litigate each claim. The interests of judicial economy are therefore also served by the approval of the Supplemental Term Sheet.

(d) **Paramount Interests of Creditors:** Finally, the Debtors have appropriately exercised their fiduciary duties in determining that the paramount interests of creditors are best served by the Supplemental Term Sheet, which lends certainty and finality to what otherwise could be lengthy, expensive and unpredictable litigation(s). Moreover, as noted above, the Creditors' Committee does not object to the instant Motion.⁷

⁷ Among the other factors that may be considered are, *inter alia*, the competence and experience of counsel who support the settlement and the extent to which the settlement is truly the product of "arm's-length" bargaining, and not of fraud or collusion. See *In re Frost Bros., Inc.*, No. 91 Civ. 5244 (PNL), 1992 U.S. Dist. LEXIS 18301, at *16 (S.D.N.Y. Dec. 2, 1992) (citing *In re Texaco Inc.*, 84 B.R. 893, 902 (Bankr. S.D.N.Y.) (citations omitted), *appeal dismissed*, 92 B.R. 38 (S.D.N.Y. 1988)). In light of the extensive negotiation that has resulted in the Supplemental Term Sheet and the high level of professionalism and capability already demonstrated by the Pilot Committee's counsel in these cases, it is submitted that these factors have been amply satisfied.

19. For the foregoing reasons, the Debtors submit that the Supplemental Term Sheet is well within the range of reasonableness of possible outcomes that Delta would have achieved through litigation concerning claim valuation and represents a sound exercise of the Debtors' business judgment.

**The Supplemental Term Sheet Is Among the Types of
Compromises Favored by the Chapter 11 Process**

20. The Debtors submit that the agreement embodied in the Supplemental Term Sheet is among those types of compromises strongly favored in chapter 11 because it strikes a balance between (i) the interest of the Debtors to settle claims without costly litigation and the attendant need to evaluate a vast number of additional proofs of claim, and (ii) fairness to Delta's retirees, who have provided years of valuable service to Delta, and to other constituencies in these cases. Settlements are "favored and, in fact, encouraged" in bankruptcy. *Nellis*, 165 B.R. at 123; *see also Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968) ("Compromises are a normal part of the process of reorganization. In administering reorganization proceedings in an economical and practical manner it will often be wise to arrange the settlement of claims as to which there are substantial and reasonable doubts.") (internal citation and quotation marks omitted); *Hass v. Hass (In re Hass)*, 273 B.R. 45, 50 (Bankr. S.D.N.Y. 2002) (Hardin, J.) (approving settlement of claims under section 727(a) in a chapter 7 liquidation case and noting that "[c]onsensual resolution of litigation has been favored in the law from time immemorial, whether by the parties themselves, or through mediation or other techniques of dispute resolution").

21. Moreover, the settlement embodied in the Supplemental Term Sheet is entitled to substantial deference. *See, e.g., Smart World Techs., LLC v. Juno Online Servs., Inc. (In re Smart World Techs., LLC)*, 423 F.3d 166, 175 (2d Cir. 2005) (A debtor’s “duty to wisely manage the estate’s legal claims is implicit in the debtor’s role as the estate’s only fiduciary. As fiduciary, the debtor bears the burden of maximizing the value of the estate, including the value of any legal claims. Courts have thus concluded that in some instances, fiduciary duty requires the chapter 11 debtor to pursue a cause of action, but in other instances may require settlement.”) (citations, footnote and internal quotation marks omitted). Although a decision to approve a compromise or settlement is within the sound discretion of the bankruptcy court, *see Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991), a court should not substitute its own judgment for that of the debtor, *see In re Neshaminy Office Bldg. Assocs.*, 62 B.R. 798, 803 (E.D. Pa. 1986). This rule “reflect[s] the considered judgment that little would be saved by the settlement process if bankruptcy courts could approve settlements only after an exhaustive investigation and determination of the underlying claims.” *Purofied Down Prods.*, 150 B.R. at 522-23.

22. In light of the foregoing, the Debtors respectfully (i) submit that the Supplemental Term Sheet results from the sound exercise of the Debtors’ business judgment and is a fair resolution of the contested issues resolved therein and (ii) request that the Court authorize Delta’s entry into the Supplemental Term Sheet under sections 1114(e)(1)(B) and 363(b) of the Bankruptcy Code.

**The Pilot Committee Is Entitled to General Exculpation from
Liability with Respect to the Supplemental Term Sheet as a Matter of Law**

23. In chapter 11 proceedings, official committees like the Pilot Committee are entitled to qualified immunity from suit as a matter of law with respect to the actions they take within the scope of the authority conferred upon them by statute or the court. *See, e.g., In re PWS Holding Corp.*, 228 F.3d 224, 246 (3d Cir. 2000); *Pan Am Corp. v. Delta Air Lines*, 175 B.R. 438, 514 (S.D.N.Y. 1994); *Philip v. L.F. Rothschild Holdings, Inc. (In re L.F. Rothschild Holdings, Inc.)*, 163 B.R. 45, 49 (S.D.N.Y. 1994); *In re Refco Inc.*, 336 B.R. 187, 190 & n.2 (Bankr. S.D.N.Y. 2006); *ABF Capital Mgmt. v. Kidder Peabody & Co. (In re Granite Partners, L.P.)*, 210 B.R. 508, 516 (Bankr. S.D.N.Y. 1997). In order to overcome this qualified immunity, a party challenging the actions of an official committee or its members must plead and prove willful misconduct or ultra vires activities. *See PWS Holding*, 228 F.3d at 246; *Pan Am*, 175 B.R. at 514. The Debtors respectfully request that any order granting the instant Motion reflect this standard of liability, which already applies to the Pilot Committee as a matter of law.

Waiver of Memorandum of Law

24. Because the relevant issues of law are addressed herein, the Debtors respectfully request that the Court waive the requirement pursuant to Rule 9013-1(b) of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York that the Debtors file a separate memorandum of law in support of this Motion.

Notice

25. Consistent with the procedures described in the Court's Order Approving Notice, Case Management and Administrative Procedures entered October 6, 2005 (Docket No. 660) (the "**Case Management Order**"), the Debtors have served notice of this Motion on (i) the Core Parties (as defined in the Case Management Order), (ii) the Pilot Committee, (iii) Retired Pilots and Survivors and (iv) the Non-ECF Service Parties (as defined in the Case Management Order).

26. **Pursuant to the Case Management Order, the relief requested herein may be granted without a hearing if no objections are timely filed and served in accordance with the Case Management Order. In order to comply with these procedures, any objections must be filed on the Court's ECF System and copies thereof served on the following parties on or before February 9, 2007: (i) Davis Polk & Wardwell, 450 Lexington Avenue, New York, NY 10017, Attn: Marshall S. Huebner, Esq., (ii) Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, NY 10022, Attn: Daniel H. Golden, Esq., Lisa G. Beckerman, Esq., and David H. Botter, Esq., (iii) Stinson Morrison Hecker LLP, 1850 North Central Avenue, Suite 2100, Phoenix, AZ 85004, Attn: Alisa C. Lacey, Esq., and Christopher Graver, Esq., (iv) Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, Suite 2100, New York, NY 10004, Attn: Greg M. Zipes, Esq., (v) Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549, Attn: Michael A. Berman, (vi) Securities and Exchange Commission, 3 World Financial Center, New York, NY 10281, Attn: Nathan Fuchs, (vii) Internal Revenue Service, 290 Broadway, New York, NY 10008, Attn: Sid Brown and (viii)**

Bankruptcy Services LLC, 757 Third Avenue, New York, NY 10017, Attn: Robert Saraceni.

27. A party without access to the Court's ECF System may file an objection by mailing a copy thereof to the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, NY 10601-4140, Attn: Awilda Rodriguez so that it is actually received on or before February 9, 2007. Parties who file objections in this manner must also serve such objections on the parties listed in the preceding paragraph.

28. Pursuant to the Notice Regarding E-Mails and Faxes Sent to the Court entered by the Bankruptcy Court on September 21, 2006 (Docket No. 3242), sending letters, objections and other correspondence to the Bankruptcy Court via fax or email is improper and, absent prior permission, will not be accepted, reviewed or otherwise considered, unless the party has demonstrated to the Court s/he cannot communicate with the Bankruptcy Court by any other method. All faxes and e-mails received by the Bankruptcy Court without prior approval will be disregarded and not considered filed with or received by the Bankruptcy Court for any purpose.

29. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE, the Debtors respectfully request the Court grant the Debtors the relief requested herein and such other and further relief as is just and proper.

Dated: January 24, 2007
New York, New York

By: /s/ Timothy Graulich
John Fouhey (JF 9006)
Marshall S. Huebner (MH 7800)
Benjamin S. Kaminetzky (BK 7741)
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**UNITED STATES BANKRUPTCY COURT
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DELTA AIR LINES, INC., et al., : **Chapter 11 Case No.**
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**ORDER APPROVING SUPPLEMENTAL TERM SHEET BETWEEN
THE DEBTORS AND SECTION 1114 PILOT RETIREE COMMITTEE**

Upon the motion dated January 24, 2007 (the “**Motion**”)¹ of Delta Air Lines, Inc. (“**Delta**”) and those of its subsidiaries that are debtors and debtors in possession (collectively, the “**Debtors**”),² pursuant to section 1114(e)(1)(B) and section 363(b) of the Bankruptcy Code, for an order approving the Supplemental Term Sheet; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, *Acting C.J.*); and consideration of the Motion and the requested relief being a core

¹ Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Motion.

² The Debtors are the following entities: ASA Holdings, Inc.; Comair Holdings, LLC; Comair, Inc.; Comair Services, Inc.; Crown Rooms, Inc.; DAL Aircraft Trading, Inc.; DAL Global Services, LLC; DAL Moscow, Inc.; Delta AirElite Business Jets, Inc.; Delta Air Lines, Inc.; Delta Benefits Management, Inc.; Delta Connection Academy, Inc.; Delta Corporate Identity, Inc.; Delta Loyalty Management Services, LLC; Delta Technology, LLC; Delta Ventures III, LLC; Epsilon Trading, LLC; Kappa Capital Management, Inc.; and Song, LLC.

proceeding that the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Pilot Committee being the court-approved “authorized representatives” of pilot retirees under section 1114 in these cases; and due and proper notice of the Motion having been provided; and it appearing that no other or further notice need be provided; and the relief requested in the Motion being contemplated by the Term Sheet approved by this Court on October 19, 2006, and the relief requested in the Motion being in the best interests of the Debtors, their estates, their creditors and all other parties in interest in these cases; and entering into the Supplemental Term Sheet representing a prudent exercise of the Debtors’ business judgment; and the Debtors having articulated good, sufficient and sound business justifications and compelling circumstances for entering into the Supplemental Term Sheet; and the Court having reviewed the Motion [and having held a hearing with appearances of parties in interest noted in the transcript thereof]; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor; it is hereby

FOUND that, taking into account the general uncertainty, expense, inconvenience and possibility of delay entailed in litigation generally, the agreement embodied in the Supplemental Term Sheet attached to the Debtors’ Motion is well within the range of reasonable outcomes that may have resulted from litigation; and it is further

FOUND that the Supplemental Term Sheet is in the best interests of the Debtors’ estates and in the best interests of creditors; and it is further

FOUND that, based on the foregoing, the Supplemental Term Sheet represents a sound exercise of the Debtors' business judgment; and it is therefore hereby

ORDERED that the relief requested in the Motion is hereby granted; and it is further

ORDERED that, pursuant to section 1114(e)(1)(B) and section 363(b) of the Bankruptcy Code, the Supplemental Term Sheet is authorized and approved in all respects; and it is further

ORDERED that the Debtors, pursuant to section 363(b) of the Bankruptcy Code, and in their sole discretion, are authorized to enter into the Supplemental Term Sheet and to execute, deliver, implement and fully perform any and all obligations under the Supplemental Term Sheet and all related instruments, documents and papers and to take any and all actions reasonably necessary or appropriate in connection thereto; and it is further

ORDERED that the methodology for liquidating unsecured non-priority claims set forth in the Supplemental Term Sheet is hereby approved in all respects, and the claims scheduled by the Debtors are hereby finally allowed for all purposes (and are not subject to reconsideration under section 502(j) of the Bankruptcy Code or otherwise), subject only to the applicable claimants' right to file a proof of claim on or before March 12, 2007 at 5:00 PM (prevailing eastern time) and otherwise in compliance with the procedures set forth in the Notice of Amendment to Schedules of Assets and Liabilities and of Subject Creditor Bar Date (Docket No. _____), which Notice has already been mailed to each applicable claimant; and it is further

ORDERED that the only remaining basis for filing a proof of claim which disputes the amount of the particular claim scheduled by the Debtors is that the applicable claimant has a good faith belief there has been an error with respect to either (i) the personal data used to calculate the claim or (ii) the mathematical calculation of the claim. Proofs of claim that purport to dispute the methodology set forth in the Supplemental Term Sheet and used to calculate the claim need not be addressed by the Debtors and their agents; and it is further

ORDERED that the failure to specifically describe or include any particular feature of the Supplemental Term Sheet in this Order shall not diminish or impair the effectiveness of such feature, it being the intent of this Court that the Supplemental Term Sheet be approved in its entirety; and it is further

ORDERED that the Court shall retain jurisdiction with respect to any disputes arising from this or other actions to interpret, administer or enforce the terms and provisions of this Order; and it is further

ORDERED that the Pilot Committee, and its respective current or former members, advisors, professionals, or agents (including any attorneys, financial advisors, actuaries, and other professionals retained by the Pilot Committee, but solely in their capacities as such) shall not have or incur any liability to any retiree, spouse, survivor or other beneficiary for any act or omission in connection with, related to, or arising out of the section 1114 process, retiree healthcare, or the negotiation and execution of the Supplemental Term Sheet, including all documents ancillary thereto and all decisions, actions, inactions and alleged negligence or misconduct relating thereto, except with

respect to bad faith, willful misconduct or ultra vires acts as determined by a final order of this Court; and it is further

ORDERED that the notice procedures satisfy Bankruptcy Rules 2002, 6004, 9014, 9019 and Local Bankruptcy Rules 6004-1(a) and 9006-1 by providing the counterparties with notice and an opportunity to object and be heard.

Dated: _____, 2007
White Plains, New York

UNITED STATES BANKRUPTCY JUDGE