

Negotiator's Notepad
September 21, 2005

Your Negotiating Committee received a formal proposal from management on September 12, 2005. This is a comprehensive, deeply concessionary package that includes proposed changes in numerous sections of our PWA. Management placed the value of their proposed pilot concessions at \$325,000,000 per year.

The first part of the Company's presentation was made by Chief Financial Officer Ed Bastian. Mr. Bastian explained why the Company is seeking \$325,000,000 in concessions from the pilot group. The presentation was based on how the corporation would operate in bankruptcy and achieve the necessary financial margins to emerge from bankruptcy. The second part of the presentation was an explanation by the Company's chief negotiator and legal counsel on why the company wants a compressed timeline to conclude negotiations and why the pilots needed to participate on a consensual basis in the restructuring of Delta. The details of the proposal were then presented in summary form.

The next stage of our process is for ALPA to analyze this proposal. We met on September 13th with management to begin evaluating the costing model they have prepared. This will be an ongoing process. This is the same process we went through to evaluate the concessions we provided to the Company in Letter #46 last fall.

The Company's summary proposal is attached. To elaborate on some of the topics, we have added explanatory notes in italics after the items. It is important to note, if you want to review the specific references stated in the summary, you must look at the re-written sections of the PWA that resulted from Letter #46. These are available as PDF documents on the www.deltapilots.org website. There are a few sections that are not complete due to PBS issues and therefore are not yet available. The posted sections have been reviewed numerous times and the references should be accurate.

The MEC completed a meeting in Atlanta on September 21st. They received a financial update and status report on the bankruptcy proceedings, and reviewed management's proposal. Next, we will analyze the costing data underlying the company's proposal and receive additional information related to the company's business plan. The MEC will then reconvene in the near future to receive the analysis from the Negotiating Committee and professional advisors and provide direction to the Negotiating Committee. We will keep you updated as we proceed.

Note: ALPA Negotiating Committee comments are in italics embedded in the original company document.

MANAGEMENT'S SUMMARY OF DELTA'S PROPOSED CHANGES
TO THE
PILOT WORKING AGREEMENT

September 12, 2005

The following proposals are not represented or intended to be an exhaustive listing of all the changes that may be submitted to the Association by the Company for consideration during the course of negotiations.
(Note: All cites are to latest incorporation documents)

Section 1 - Scope

- Section 1 B. 17. c. Redefine permitted aircraft type to permit 200 79-seat jets
- Section 1 E. and F. Delete required minimum flying, planned percentages and minimum international flying
- Section 1 H. Delete poison pill
- Section 1 J. Delete furlough provisions

Section
3 - Compensation

- Section 3 A. 5. Minutes under on rotation basis
(Aggregate for entire rotation - greater of scheduled block time or actual block time)
 - Section 3 B. Reduce composite hourly rates by 19.5%,
establish rate for 100-seat jets
(\$88.93 Captain/\$60.74 F/O year 12, \$82.26 Captain/\$44.01 F/O year 2)
 - Section 3 C. and D. Delete international and night pay
 - Section 3 H. Improve profit sharing plan to provide 15% payout at first dollar and 20% on pre-tax income over \$1.5B; delete stock option plan
- Section 5 - Lodging and Expenses

- Section 5 B. 1. & 2. Establish per diem at \$1.80 domestic and \$2.05 international

Section 6 - Relocation

- Section 6 Modify relocation provisions to provide for paid move only if pilot moves to his new base
(Within 125 miles of the new base; in addition, Company will pay a lump sum of \$1000 in lieu of paying for house hunting, rental car, etc.)

Section 7 -
Vacation

- Section 7 A. 5. Change value of vacation day to 2:45 hours
- Section 7 B. 1. a. Eliminate fifth and sixth weeks of vacation and change rate of accrual

(Year 1 - 8, 2 weeks/Year 9 - 15, 3 weeks/Year 16 and up, 4 weeks)

- Section 7 F. 1. Company may proffer to liquidate vacation (Similar to clause in Letter #44)

Section 9 - Miscellaneous Flying

- Section 9 B. 2. Remove pay protection when administrative pilot flies open time

Section 12 - Hours of Service

- Section 12 A. 15. Reduce release time to 15 minutes
- Section 12 A. 17. Relief crew may be two first officers
- Section 12 A. 19. b. 1) Reduce report time to one hour for Hawaii flights
- Section 12 D. Change duty time limitations (Report 0600-1759, 13:30 hour duty day/Report 1800-0559, 12:00 hour duty day)
- Section 12 H. and J. Delete duty period average
- Section 12 I. Increase duty period minimum to 3:00
- Section 12 K. Delete duty period credit
- Section 12 L. 1. Reduce rotation credit to one for four
- Section 12 M. 1. & 2. Modify application of credit rules (Essentially, no pay guarantee for a rotation value as it is constructed - just the greater of, on a rotation basis, the rotation credit, sum of DPMs or total block time)

Section 14 - Sick Leave

- Section 14 C. Delete accident leave (For an injury on duty - only sick leave available)
- Section 14 E. 1. a. and b. Establish sick leave benefit that provides full pay/credit for the first 20 hours of sick leave and 60% pay and full credit for hours used thereafter; establish 60 hour supplemental bank (The supplemental bank can only be used once in a pilot's career, and would equate to raising a pilot to full pay for a period of approximately 2 months)

Section 21 - Furlough and Recall

- Section 21 B. 3. Reduce furlough pay (To a maximum pay of 3 months pay for a pilot with over 6 years of longevity)
- Section 21 B. 8. and 10. Eliminate scheduling restrictions when pilots on furlough

Section 22 - Filling of Vacancies

- Section 22 A. 19. Delete TLV

- Section 22 C. Modify PBS staffing formula to reduce position requirement
(Allows company to operate at 95% of formula requirement without a need to pay protect any pilots)
- Section 22 G. 1. Increase category freeze from 24 to 36 months
- Section 22 G. 4. First Officers in Delta 100 seat operation may only bid to Delta 100 seat Captain positions

Section 23 - Scheduling

- Section 23 N. & O. Reorder open time coverage steps
- Section 23 S. 2. a. 1) Allow Company to assign reserve to ALV plus 15
(Reserve pilot not considered full until ALV +15 hours)
- Section 23 S. 11. and 12. Eliminate payback days if reserve green slips on X-day
- Section 23 U. 3. Reduce IA premium pay from double pay to one and one-half pay

Section 25 - Medical, Dental, Optional Life and Accidental Insurance Benefits

- **Section 25 Pilots who retire after September 1, 2005 will have access to retiree healthcare at 100% of cost**
(After retirement the pilot must pay entire cost of healthcare plan selected - no company provided healthcare postretirement)

Section 26 - Retirement, Basic Life Insurance, Disability and Survivor Benefits

- Section 26 J. 5. Hard freeze DB plan effective December 31, 2005
- Section 26 L. 1. and 2. Eliminate 401k contributions
- **D & S Plan Amend D & S Plan to change eligibility requirements and limit period of time pilot is eligible for disability**
(After 2 years on disability a pilot must meet the Social Security definition of disabled to be eligible - essentially unable to function)
- **D & S Plan Effective January 1, 2008, discontinue survivor benefits and replace with \$500,000 term life insurance**

Section 28 - Duration

- Section 28 A. 1. Extend duration of agreement by one year
(to December 31, 2010)

Letters of Agreement

- Letter of Agreement 44 Extend duration of LOA 44 to July 1, 2006

- Letter of Agreement 45 Extend duration of LOA 45 to July 1, 2006 and eliminate Association's ability to unilaterally terminate
- Letter of Agreement 47 Extend duration of 2005 CRAF LOA to December 31, 2010

Note: Several items were omitted by the Company from their summary. These include:

Allow an annual pass usage fee.

Not allow free parking at flight attendant satellite bases for commuting pilots.