



Delta Air Lines, Inc.  
Post Office Box 20706  
Atlanta, GA 30320-6001

September 14, 2006

Dear Delta Pilots Retirement Plan Participant:

As you know, in June 2006, Delta filed a Notice of Intent to Terminate the Delta Pilots Retirement Plan (the "Plan") effective September 2, 2006. As part of the termination process, Delta filed a motion asking the Bankruptcy Court to approve the plan termination. As you may also know, ALPA had already agreed not to oppose Plan termination, and ultimately, the Pension Benefit Guaranty Corporation (the "PBGC") and two groups representing retired pilots also determined not to oppose the motion. On September 5<sup>th</sup>, the Bankruptcy court approved the termination, determining that Delta would not be able to successfully reorganize unless the Plan is terminated.

We are now in discussions with the PBGC about its acceptance of the Plan. At this time, we do not know when that will occur and Delta will continue administration of the Plan until it does. The law requires that all benefit payments after the proposed September 2<sup>nd</sup> termination date be adjusted to reflect the estimated benefit payable by the PBGC. Therefore, **effective with your October 1, 2006 monthly pension payment, adjustments will be made to all annuity benefits to reflect our best estimate of each individual's PBGC benefit.** Please note that these are estimated benefits and therefore further adjustments may be made to your benefit by the PBGC at a later date following the PBGC's acceptance of the Plan. In other cases, there has been a significant amount of time between the PBGC's acceptance of a plan and their final determination of benefits payable.

We realize you will likely have questions about this process and about your adjusted benefit. We have highlighted some of the key components of the calculations on the attachment to this letter. We also encourage you to read the PBGC's website ([www.pb.gc.gov](http://www.pb.gc.gov)) for further information. However if you have additional questions after reading this letter and reviewing your October 1 payment, please submit your question in writing via a web form that can be accessed at [http://dalweb.delta.com/portal/forms/hr/feedback\\_form.htm](http://dalweb.delta.com/portal/forms/hr/feedback_form.htm). Please understand that these are extremely complicated calculations and it will likely take a number of weeks before you receive a response. If you have not received a response prior to the time the plan administration is transferred to the PBGC, your question will be turned over to the PBGC for further handling. In addition, due to the complexity of the required calculations, our telephone based retiree support at the Employee Service Center will not be in a position to answer your questions about these issues.

As we have stated before, Delta deeply regrets the necessity of this step which is a painful, but required part of our overall transformation.

Sincerely,

Kelley A. Torpey  
Director  
Benefits and Retirement Plans

## Attachment

### PBGC Priority Categories

Benefits payable by the PBGC fall into several categories. These are called Priority Categories (“PC”) and determine the order in which the PBGC pays benefits. PC1 and PC2 categories are not applicable to the Delta Pilots Retirement Plan.

#### *Priority Category 3*

Priority Category 3, or PC3, is generally all benefits payable three years prior to the effective date of termination of the Plan for any participant who was retired or who could have retired at that time (age 53 on or before the termination date) based on the plan provisions in effect five years ago. To the extent the Plan has assets, those assets are used to pay the PC3 benefits before any other benefits are paid. We will not know the actual PC3 funded percentage until several weeks after the termination date, however, we currently estimate that it is approximately 90%. Therefore, assuming you meet the criteria for PC3 (age 53 on or before the termination date), we anticipate that you will receive approximately 90% of your PC3 annuity benefit. As explained below, it is possible that not all of your current annuity benefit will be considered a PC3 benefit, and this percent only applies to that part of your annuity benefit that is determined to be PC3 eligible.

As stated above, your PC3 annuity benefit is based on the **benefit payable three years prior to the effective date of termination of the Plan based on the plan provisions in effect five years ago**. This means that if you meet the criteria for PC3, age 53 or older, your full current annuity benefit may not be considered a PC3 benefit. For example, any eligible compensation and benefit limit increases for the past five years are not taken into account in the PC3 calculation, which could have a material impact on your benefit. Additionally, the last three years of service may not be counted and the early retirement reductions are applied as of three years ago (i.e. current age is 53, reduction is calculated as if age 50).

Any benefit not payable as a PC3 benefit may be eligible to be paid as a PC4 benefit. If your PC3 benefit payable is below the PBGC maximum guaranteed benefit for your age, some or all of the additional benefit may be payable as a PC4 benefit.

#### *Priority Category 4*

Priority Category 4, or PC4, is generally all other benefits accrued as of the termination date assuming the plan provisions in effect five years prior to the termination date with some recognition of plan improvements that have occurred since then. Generally, plan improvements are phased-in in the PC4 calculation. For example, a plan improvement effective four years ago, would be 4/5<sup>th</sup> recognized in the PC4 calculation. The maximum PC4 benefit is based on the year of plan termination and the age of the participant at the later of retirement or plan termination. Examples of the maximum 2006 PC4 benefits for various ages are available on the PBGC website, [www.pbgc.gov](http://www.pbgc.gov). In determining the PC4 benefit payable to a participant, any lump sum paid to the participant is treated as if it were an annuity, increased with any variable benefit increase that the participant would have received if he or she had elected an annuity instead of a lump sum, and applied against the maximum benefit, along with the participants’ ongoing annuity benefit. Therefore, if you elected to receive a lump sum at retirement and your current monthly annuity benefit is below the PBGC maximum guarantee for your age, you may still experience a reduction in, or elimination of, your annuity benefit due to the Plan termination.

Your estimated PBGC benefit paid October 1, 2006 and forward, will be a combined PC3/PC4 benefit, if applicable. The components of your benefit calculation will not be separated for payment purposes. Further adjustments to this estimate, may be made at a later date once the PBGC takes over the Plan.

September 13, 2006

### Estimated Individual Impact

Your October 1, 2006 retirement check will reflect an estimate of the PBGC benefit. While we are not able to advise each individual participant exactly how he or she will be impacted by the Plan termination prior to receipt of your October 1 check, there are some general guidelines that may be helpful.

- If you were under age 53 as of September 2 and received 50% of your total formula benefit as a lump sum at retirement, it is likely your ongoing annuity will be reduced significantly or eliminated entirely. The annuity value of your lump sum will likely be close to or possibly more than the PBGC guaranteed benefit.
- If you were over age 70 as of September 2, you are more likely to have no reduction or a small reduction.
- If you are over age 77, it is likely there will be no change in your ongoing annuity benefit.
- For all others, due to the complicated nature of these calculations and the wide range of circumstances for retirees, we can not generalize the extent to which your benefits will be affected.

### Other Information

*Premium Payments* – If you are currently enrolled in Delta's medical, dental or optional life insurance coverage and have premiums deducted from your pension benefit and the reduction in your benefit is such that your payment will no longer cover those premiums, you will be contacted separately regarding converting to a direct bill premium structure going forward.

*Social Security Disability* – In some cases, if a participant in a terminated pension plan is receiving Social Security disability income, the PBGC guaranteed benefit may be greater than would otherwise be the case. If we have a copy of your Social Security disability award letter on file, we have made every effort to include the applicable impact in your estimated benefit.

*Other PBGC Benefits* – If you are a participant in another terminated pension plan, the PBGC does allow for payments from both plans, however, there is a combined guarantee that applies to these benefits in most cases. We do not have records of all employees' prior employment or the status of any pension plans they may participate in and therefore have not reflected the potential impact of receiving benefits from multiple terminated plans in our estimate of the PBGC benefit. The PBGC will make this adjustment, if appropriate, at a later date.