

## UPDATE FROM DALRC AND THE NON-PILOT 1114 COMMITTEE

The following Ballot clarifications and Q&A were emailed by the **non-pilot** 1114 committee and the DALRC. We have reprinted them here for your general information to help you begin to understand the ballot questions you recently received for voting your unsecured claims.

**Please note that DP3 did not produce these questions and answers, and that they are intended primarily for the non-pilot group.** Pilot issues are different in some areas, and DP3 plans an update to the membership in a few days. There is plenty of time to defer your decisions on these ballot questions until our attorneys have provided answers to these questions that may be more specifically tailored to the retired pilots. **We recommend you hold off on sending your ballots until we have fully researched and addressed the issues presented by the ballot and the POR, specifically the OPT OUT question.**

### **Ballot Q & A**

Q: Section 3 of my ballot says I can "opt out" from releasing parties under Delta's plan of reorganization. What does that mean, and what is the effect if I check, or don't check, that box.

A: [DP3 will answer this question for the pilots soon.]

Q: If the PBGC (Pension Benefit Guaranty Corporation) is released under that section of the bankruptcy plan, does that mean if I don't check the box, I'm waiving my claim for guaranteed pension benefits from the PBGC.

A: [DP3 will answer this question for the pilots soon.]

Q: What does the Section 1114 committee advise retirees to do about checking this box?

A: We can't really advise you on what to do, since our committee members and professionals (along with others involved in the bankruptcy) are released under this provision.

### **Additional Q & A re: Ballots**

Q: I received my bankruptcy claim ballot and was wondering who I list as the "Creditor"?

A: You list yourself. You are the "Creditor" that Delta now owes money to, and are the holder of a claim in the bankruptcy.

Q: I received a yellow ballot and other people I know received a blue ballot. Why?

A: There are several different colors of ballots for claims that are in different classes under Delta's bankruptcy plan. They are color coded to make it easier for the claims agent to count those ballots in totaling votes of members of specific classes of claims for or against confirmation of Delta's plan. Most non-pilot retiree medical claims either fit in Class 5, retiree medical claims in an amount between \$2,000 and \$100,000, or in Class 6, retiree medical claims in an amount that is \$2,000 or less.

Q: I understand some retirees got a choice between getting cash or Delta stock under Delta's plan after confirmation of the plan. But the materials I got from Delta just say that I will get cash. Why?

A: As mentioned above, there are different classes of retiree claims, which are classified separately by the dollar amount of the claim. Retirees with benefit claims that are in an amount that is less than \$2,000 (Class 6 Convenience Class Claims, in the language of Delta's bankruptcy plan) will not have the option to have their claim paid in stock of the reorganized Delta Air Lines. Instead, they will receive a cash payment. If those retirees wish to later invest in the reorganized airline, they can buy stock of the reorganized airline after the old shares are cancelled and the new stock in the reorganized airline becomes listed on NASDAQ for trading.

Q: I have a claim for more than \$2000, so I get to choose whether to be paid in cash or stock. But I am still unclear on what to do about the "Opt out" box that is on the ballot. Will checking that box-or not checking that box--affect my support of the plan and what I have selected about whether to receive my claim in either stock or cash?

A: Checking the "opt out" box or not checking that box simply affects the scope of a release of third parties under the plan. Your checking that box or not checking that box should have no impact on your vote or how you are paid.

Q: Do I get taxed on any payments from Delta for my bankruptcy claim for lost medical benefits?

A: Unfortunately, there are court cases that have held that bankruptcy payments in lieu of employee health benefits are not exempt from withholding taxes, even though the underlying benefits would not have been taxed.

Q: If I decide to take my claim in stock, do I have to claim as income on my taxes next year for the price of the stock? And if so, how is the price determined?

A: We expect the taxable amount would be based on the market price of the stock at the time it is issued. As part of the plan, there will be something similar to an initial public offering where certain outside investors buy a portion of the stock of the reorganized Delta. In connection with that process, Delta will sell a portion of the stock it would otherwise distribute

to retiree creditors who elect to get stock and who have claims in an amount between \$2,000 and \$100,000, in order to pay the withholding taxes on behalf of those claimants. The remaining part of the stock will be issued to the retiree creditors. Our understanding is that they will have taxable income in the amount of the value of that stock the day it is issued, which should be set by what the other investors end up paying for identical Delta stock bought the same day.

Q: If I take the stock, do I have to hold it a certain length of time prior to selling it or can I sell it whenever I want after Delta emerges from bankruptcy?

A: You should be free to sell it. Our understanding is that other than the PBGC (which, as owner of about 14% of Delta stock, will an "affiliate" under the securities laws) there should be no restrictions on the resale of Delta shares, which are expected to be listed on the NASDAQ for trading.

**For Further Information:**

**1114 Committee**

<http://www.delta1114.org>

**DALRC Retiree Service Center**

<http://www.ebview.com/dalrc>

**Marsh(DALRC) Call Center Phone Number**

**1-877-DALRC65**

**Operational Monday-Friday 7:30am-8:00pm CST.**

**DALRC**

<http://www.dalrc.org>

*The DALRC as the plan sponsor of the DALRC Retiree Benefit Trust plans certifies that the plans adopts and incorporates the provisions of the HIPAA Privacy Rules.*