

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

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**In re:** :   
: **Chapter 11 Case No.**  
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**DELTA AIR LINES, INC., et al.,** : **05-17923 (ASH)**  
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**Debtors.** : **(Jointly Administered)**  
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**STIPULATION BETWEEN THE DEBTORS, THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS AND DP3 REGARDING  
ALLOWED CLAIMS IN RESPECT OF POST-TERMINATION  
NON-QUALIFIED PENSION BENEFITS OF RETIRED DELTA PILOTS**

**Background**

Delta Air Lines, Inc. (“**Delta**”) and those of its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”)<sup>1</sup> each commenced with the Bankruptcy Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) on September 14, 2005 (the “**Petition Date**”).

DP3, Inc. d\vb\ Delta Pilots’ Pension Preservation Organization (“**DP3**”) is a Delaware not-for-profit corporation formed in October 2003 with the stated intent of seeking to preserve pensions, health insurance and other benefits of retired Delta pilots and their dependents and survivors. DP3 has actively participated in these cases since their inception in an effort to protect the pension rights of retired Delta pilots.

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<sup>1</sup> 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.

On June 2, 2006, the Bankruptcy Court entered the Stipulation and Consent Order between the Debtors, the Official Committee of Unsecured Creditors (the “**Committee**”) and DP3 [Docket No. 2656] (the “**Original Stipulation**”). The Original Stipulation, among other things, resolved certain outstanding litigation matters between the parties, and granted certain allowed claims to pilots who retired prior to the termination date of the Non-Qualified Plans (the “**NQ Termination Date**”) and had accrued and unpaid benefits arising thereunder for the period commencing on the Petition Date and ending on the NQ Termination Date, as well as others whose rights to benefits under the Non-Qualified Plans were derivative of the rights of such retired pilots, including alternate payees, survivors and contingent beneficiaries (collectively, the “**Covered Pilots**”). The Delta Pilots Bridge Plan and the Delta Pilots Supplemental Annuity Plan shall together be referred to herein as the “**Non-Qualified Plans.**” The Original Stipulation, which is now a final order, explicitly provided that the parties did not agree thereunder (i) as to whether any claim arose in connection with the Non-Qualified Plans for the period on and after the NQ Termination Date, and (ii) if there was such a claim, in what amount. On August 28, 2006, the Bankruptcy Court entered the Further Order Concerning the Stipulation and Consent Order between the Debtors, the Committee and DP3 [Docket No. 3152] (the “**Further Order**”) that, *inter alia*, bound all pilots except for 13 objecting parties addressed by name therein who retired prior to the NQ Termination Date who had accrued and unpaid benefits arising under the Non-Qualified Plans to the terms of the Original Stipulation. The Further Order is also now a final order.

The Debtors, with the support and participation of the Committee, have been engaged in extensive negotiations with DP3 regarding the existence and amount of any

claim arising in connection with the Non-Qualified Plans for the period on and after the NQ Termination Date. After weeks of negotiations between the Debtors, the Committee and DP3, the parties reached a settlement of this issue, which is embodied herein.

### Agreement

IT IS HEREBY STIPULATED AND AGREED by and between Delta, the Committee and DP3, by their undersigned counsel, as follows:

1. Pilots who retired prior to the NQ Termination Date and who, absent termination of the Non-Qualified Plans, would otherwise have been entitled to receive benefits under the Non-Qualified Plans as of the NQ Termination Date (the “**Post-Termination Covered Pilots**”)<sup>2</sup> will each be given an allowed general non-priority unsecured claim (the “**Post-Termination Claim**”), contingent only on the termination of the Non-Qualified Plans. Distributions on account of the Post-Termination Claim shall be made to Post-Termination Covered Pilots pursuant to a plan of reorganization based on individualized calculations of each Post-Termination Covered Pilot’s expected benefits arising under the Non-Qualified Plans on and after the NQ Termination Date. Such calculations will be based on (i) a 7.2% discount rate to present value such claims as of the Petition Date and (ii) a life expectancy estimated using a mortality table based on RP 2000 sex distinct mortality combined healthy table, with no collar adjustment, projected to 2006 with Scale AA; disabled lives set forward five years. Moreover, a Post-Termination Covered Pilot will only receive a Post-Termination Claim to the extent such Post-Termination Covered Pilot suffers actual economic loss as a result of the

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<sup>2</sup> For the avoidance of doubt, Post-Termination Covered Pilots also includes others whose rights to benefits under the Non-Qualified Plans are derivative of the rights of the retired pilots described above, including alternate payees, survivors and contingent beneficiaries.

termination of the Non-Qualified Plans.<sup>3</sup> The Debtors estimate that the aggregate amount of the Post-Termination Claims for all Post-Termination Covered Pilots in the aggregate will be approximately \$718.8 million.

2. No later than 60 days after the entry of an order approving this Stipulation, the Debtors will amend their Schedules to list the amount of the Post-Termination Claim for each individual Post-Termination Covered Pilot as well as the amount of the NQ Admin Claim and the Balance Claim (each as defined in the Original Stipulation) for each Covered Pilot, calculated as provided for in the Original Stipulation (the “**Retired Pilot Schedule Amendment**”).<sup>4</sup> The Balance Claims and the Post-Termination Claims set forth in the Retired Pilot Schedule Amendment shall be allowed for purposes of distribution if and only if the Non-Qualified Plans are terminated, as is expected. Distributions on account of the Balance Claims and the Post-Termination Claims shall be made pursuant to the Debtors’ plan of reorganization or, in the event of a Chapter 7 liquidation, in accordance with the distribution provisions of the Bankruptcy Code. Moreover, the Balance Claims and the Post-Termination Claims shall be deemed temporarily allowed solely for purposes of voting to accept or reject the Debtors’ plan of reorganization in the amounts set forth in the Retired Pilot Schedule Amendment. The NQ Admin Claims shall be allowed for all purposes and not subject to further

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<sup>3</sup> Thus, as was agreed to by the parties with respect to the Original Stipulation, the Post-Termination Claim will be reduced to compensate for all amounts to be paid on account of non-qualified pension benefits to retirees on disability from the Disability and Survivorship Trust.

<sup>4</sup> This shall supercede the requirement set forth in the Original Stipulation to file an omnibus order allowing the NQ Admin Claim and the Balance Claim for each Covered Pilot no later than 60 days after the termination of the Non-Qualified Plans.

contingencies in the amounts set forth in the Retired Pilot Schedule Amendment at the time of the Retired Pilot Schedule Amendment.<sup>5</sup>

3. Under the Debtors' plan of reorganization, holders of Post-Termination Claims shall receive treatment no less favorable than that of the holders of other general unsecured claims against Delta (except for holders of certain *de minimis* claims).

4. The Post-Termination Claim shall be in full and complete satisfaction of all rights of all Post-Termination Covered Pilots arising in connection with the Non-Qualified Plans on and after the NQ Termination Date, and neither DP3 nor any Post Termination Covered Pilot shall have or assert any other claim or cause of action against any Debtor or any fiduciaries, or their respective agents, employees, directors, professionals or other representatives, relating to such rights and claims.

5. As set forth in the Original Stipulation, neither DP3 nor the professionals working on its behalf shall seek or receive any reimbursement of fees or expenses in connection with the Post-Termination Claim (i) from the Debtors or from these estates or fiduciaries (or their respective agents, employees, directors, professionals or other representatives) or (ii) from the Post-Termination Claim. The efforts of DP3 in pursuit of the Post-Termination Claim shall be part of the justification for the request for fees as provided in the Original Stipulation. Such fees, *in toto*, including the request in connection with services previously rendered on behalf of DP3, shall (at most) be a reasonable percentage of the actual distribution value of the NQ Admin Claim and the Balance Claim. The actual percentage shall be determined by the Court after proper

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<sup>5</sup> The NQ Admin Claim shall be paid on or as soon as reasonably practicable after the effective date of the Debtors' plan of reorganization. In the event the Non-Qualified Plans are not terminated, the Debtors shall apply the amounts paid to each Covered Pilot on account of the NQ Admin Claim to the amounts that it may otherwise owe such Covered Pilot.

notice, and the fees shall be paid entirely from the distribution made on account of the NQ Admin Claim and the Balance Claim (and not from the Post-Termination Claim contemplated hereunder). The Debtors and the Creditors' Committee reaffirm their prior agreement not to oppose any request for such fees and expenses so long as the rate proposed does not exceed 10% of the aggregate distribution value of the NQ Admin Claim and the Balance Claim. Any other affected party reserves his or her right to object to the fee application, and nothing in this Stipulation is intended to change the provisions of the Original Stipulation or the Further Order with respect to fees.

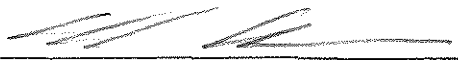
6. The Debtors agree that the order approving this Stipulation shall provide for the exculpation of DP3 and its current or former officers, directors, trustees, advisors, professionals or agents (including any attorneys, financial advisors, actuaries, and other professionals retained by DP3), but solely in their capacity as such for all claims except for bad faith, willful misconduct or ultra vires acts as determined by a final order of the Bankruptcy Court. The Debtors further agree to indemnify and hold harmless DP3 and its officers, directors, trustees, advisors, professionals or agents (including attorneys, financial advisors, actuaries retained by DP3) but solely in their capacity as such for all loss, liability, damages and costs related to the fees and expenses incurred in defending any claim arising from the negotiation, execution or support of this agreement, except with respect to bad faith, willful misconduct or ultra vires acts as determined by final order of the Bankruptcy Court, in an amount not to exceed \$500,000.

7. This Stipulation may be signed in counterparts, any of which may be transmitted by facsimile, and each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8. The signatories to this Stipulation represent that they have been represented by experienced counsel and are duly authorized by their clients to execute this Stipulation.

9. This Stipulation shall not be effective until the date the Bankruptcy Court enters an order, acceptable in form to the Debtors, the Committee and DP3, approving the Stipulation.

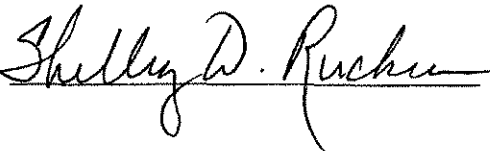
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