



Delta Master Executive Council Retirement and Insurance Committee

Via U.S. Certified Mail

DATE: May 15, 2006
TO: Pilots on Seniority List Who Are Receiving Long Term Disability (LTD) Benefits or Are on Sick Leave Leading to LTD
FROM: Delta MEC Retirement & Insurance Committee
SUBJECT: Information Concerning Whether to Retire Before Letter 51 Becomes Effective June 1, 2006 (if ratified by membership and approved by bankruptcy court)

This memo applies only to pilots who meet *all* of the following:

- 1- You either are receiving disability benefits or are on sick leave that may lead to your receipt of disability benefits.
and
- 2- You will be at least age 50 (but not 60) on or before June 1, 2006.
and
- 3- You are currently on the pilots' system seniority list. (Note: You are not on the seniority list if (a) you have already retired, or (b) you have otherwise terminated your employment with Delta, or (c) your name has been removed from the seniority list because you have attained age 60, or (d) your name has been removed from the seniority list in accordance with Section 13.B.3. of the Pilot Working Agreement (PWA), concerning pilots who have been on medical leave more than 10 years.)

If you *do* meet the criteria listed above, please read this memo carefully in order to understand the changes that will be made to our retirement and insurance benefits, particularly in the area of disability, if Letter 51 is ratified by the pilot membership and approved by the bankruptcy court. Letter 51 is presently in the form of a tentative agreement approved by the MEC; we will know on the morning of May 31, 2006 whether or not the pilot membership has ratified Letter 51 but we may not know for several days thereafter whether the court has approved it. The remainder of this memo assumes that Letter 51 will be ratified by the pilot membership and approved by the court.

Among other things, Letter 51 makes changes to the benefits payable after a pilot retires, such as disability benefits, medical and dental benefits and death benefits to your

survivors. Because you are eligible to retire, you should determine whether it is in your interest to retire before or after Letter 51 becomes effective.

We recommend that you also carefully read Letter 51, as well as the “LOA 51 R&I FAQs,” both available at www.deltapilots.org. The FAQs go into much more detail regarding the R&I changes made by Letter 51. If you still have further questions after reviewing all of these documents, please email Karen Browne-Fleck, our MEC Sr. Benefits Specialist, at Karen.browne@alpa.org.

Neither ALPA nor the Delta MEC has any ability to advise you as to your decision, and we are simply providing you with information that you may wish to take into account along with all other factors that you may consider relevant to a decision whether to retire or to remain on the seniority list.

Most of the changes made by Letter 51 will be effective June 1, 2006 (assuming that Letter 51 is ratified by the pilot membership and approved by the bankruptcy court). These changes will apply to you if you are still on the seniority list on June 1, 2006. If you retire in May, meaning that your "retirement date" is June 1, 2006, these changes in Letter 51 will not apply to you, and your disability, health and survivors' benefits as a retiree will be governed by the current PWA, ***subject to the Important Caveat set forth after the chart below.***

If you wish to retire with a retirement date of June 1, 2006, your election to retire must be filed with and received by the Company, in accordance with the applicable procedures, by midnight Eastern Daylight Time on May 31, 2006. If you so elect to retire with a retirement date of June 1, 2006, your election is irrevocable unless you deliver, and the Company receives, your revocation of that election before the same midnight deadline. You must understand that even though the pilot membership ratifies Letter 51 on May 31, the bankruptcy court might subsequently (on or after June 1) decide not to approve Letter 51, and you will not be able to change your decision to retire.

Note: You must read the Important Caveat below the chart because it tells you that Delta, through the bankruptcy process, may seek to impose on pilots who have a retirement date effective on or before June 1, 2006 many if not all of the same changes to medical and disability benefits that ALPA and Delta have agreed will apply to pilots who remain on the seniority list after June 1, 2006.

Subject to the Important Caveat, the chart below compares certain of the benefits that you would have if your retirement date is on or before June 1, 2006 (i.e. Letter 51 does not apply to you), with the benefits you would have if your retirement date is after June 1, 2006 (i.e. Letter 51 becomes effective and does apply to you).

	If Letter 51 <u>Does Not</u> Apply to You (Effective Date of Your Retirement Is On or Before June 1, 2006)	If Letter 51 <u>Does</u> Apply to You (You Remain on the Seniority List After June 1, 2006)
LTD Benefit Duration	LTD benefits are paid for your lifetime. See <i>Important Caveat</i> below.	LTD benefits cease when you attain FAA mandatory retirement age (currently age 60).
Offset to LTD Benefit for Retirement Benefits	Currently, LTD benefits are offset by the amount of retirement benefits you actually receive from the Money Purchase Pension Plan and all of the Defined Benefit (DB) Plans. Regarding the offset for DB Plans, Letter 51 provides that – whether your retirement date is before, on or after June 1, 2006 – if the DB Plans are terminated, LTD benefits will then be offset by the amount of retirement benefits that you <i>would have received</i> , calculated as if the DB Plans had not terminated. Delta has stated it will not apply this provision of Letter 51 to already-retired pilots without bankruptcy court approval or agreement of the Official Section 1114 Committee of Pilot Retirees. See <i>Important Caveat</i> below.	Currently, LTD benefits are offset by the amount of retirement benefits you actually receive from the Money Purchase Pension Plan and all of the Defined Benefit (DB) Plans. However, if the DB Plans are terminated, LTD benefits will then be offset by the amount of retirement benefits that you <i>would have received</i> , calculated as if the DB Plans had not terminated.
Other Offsets to LTD Benefits	There are no other offsets. See <i>Important Caveat</i> below.	LTD benefits will be offset by all of the following: <ul style="list-style-type: none"> • Workers compensation payments and state disability income benefits, whether or not payment of such benefits is forfeited because of failure to apply. • Social Security disability benefits you receive. • Income you receive from employment that exceeds the calculated disability benefit amount (before application of other offsets).

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<p>Plan Administrator’s Request that Disabled Pilot Provide Proof of Continued Disability, Justifying Continued LTD benefits; Appeal of Adverse Decision</p>	<p>Plan Administrator may require proof of continued disability as frequently as annually, up until two years after retirement. See <i>Important Caveat</i> below.</p>	<p>Plan Administrator may require proof of continued disability as frequently as annually, whenever pilot is receiving LTD benefits, if Plan Administrator has good faith belief that pilot may no longer qualify for disability benefits. If Plan Administrator rules against pilot, and if medical examiners selected by pilot and Plan cannot agree on review, then final determination will be made by Neutral Medical Examiner.</p>
<p>Company Contributions to Pilots Defined Contribution Plan (DC Plan) and 401(k) Plan While Receiving LTD Benefits</p>	<p>None.</p>	<p>Delta will make contributions to a disabled pilot’s accounts under the DC Plan and 401(k) Plan in the same manner as it does for active pilots, as follows:</p> <ul style="list-style-type: none"> • DC Plan contributions: <ul style="list-style-type: none"> ○ Targeted % of pilot’s earnings while Defined Benefit Plans remain ongoing, or ○ 9% of pilot’s earnings, if Defined Benefit Plans are terminated, <p><i>plus</i></p> <ul style="list-style-type: none"> • 401(k) Plan contributions: 2% of pilot’s earnings <p>Because a disabled pilot no longer has actual earnings from the Company, Delta’s contribution is based on “earnings” equal to twice the amount of his disability benefit actually paid. The amount of his disability benefit is doubled for purposes of this calculation, since his disability benefit is initially based on 50% of his pre-disability earnings. The intent is to allow a</p>

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		<p>disabled pilot to continue building his retirement plan accounts in a manner similar to that of an active pilot. These contributions would continue until the earlier of the FAA mandatory retirement age or when the pilot retires.</p>
<p>Retiree Medical and Dental Benefits</p>	<ul style="list-style-type: none"> • For coverage under the Company-wide plans, you pay the same as other similarly-situated retired employees. • For coverage under the Delta Pilots Medical Plan: <ul style="list-style-type: none"> ○ Until age 60. You pay 100% of the base premium. ○ At and after age 60. If you retired early with at least 25 years of service, or retired at age 60 with at least 10 years of service, you pay a percentage of the base premium, as follows: 25% in 2006; 28% in 2007; 31% in 2008 and beyond (the percentage is higher if you have fewer years of service). You must also pay any additional premium required by the 150% cap. <p><i>See Important Caveat below.</i></p>	<ul style="list-style-type: none"> • For coverage under the Company-wide plans, you pay the same as other similarly-situated retired employees. • For coverage under the Delta Pilots Medical Plan: <ul style="list-style-type: none"> ○ Until age 60. You pay 100% of the base premium. ○ Age 60-65. If you retired early with at least 25 years of service, or retired at age 60 with at least 10 years of service, you pay 51% of the base premium (the percentage is higher if you have fewer years of service). If you are eligible for the Health Coverage Tax Credit, your cost from age 60-65 will average 43% of the base premium. You must also pay any additional premium required by the 150% cap. ○ At and after age 65. You pay 100% of the base premium.

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<p>Benefits to Your Survivors If You Die Before Retirement</p>	<ul style="list-style-type: none"> • Your surviving spouse and eligible family members will receive survivor annuity benefits, up to a total of 25%-35% of your final average earnings; <i>and</i> • Your designated beneficiary will receive life insurance proceeds of \$50,000. <p>See <i>Important Caveat</i> below.</p>	<ul style="list-style-type: none"> • If you die before January 1, 2008: <ul style="list-style-type: none"> ○ Your surviving spouse and eligible family members will receive survivor annuity benefits, up to a total of 25%-35% of your final average earnings; <i>and</i> ○ Your designated beneficiary will receive life insurance proceeds of \$50,000. • If you die on or after January 1, 2008, your designated beneficiary will receive life insurance proceeds (amount is at least \$500,000).
<p>Benefits to Your Survivors If You Die After Retirement</p>	<ul style="list-style-type: none"> • Your surviving spouse and eligible family members will receive survivor annuity benefits, up to a total of 25%-35% of your final average earnings; <i>and</i> • Your designated beneficiary will receive life insurance proceeds (amount is \$50,000 if you die in first year after retirement, declining \$10,000/year to minimum of \$10,000). <p>See <i>Important Caveat</i> below.</p>	<ul style="list-style-type: none"> • If you retire before January 1, 2008: <ul style="list-style-type: none"> ○ Your surviving spouse and eligible family members will receive survivor annuity benefits, up to a total of 25%-35% of your final average earnings; <i>and</i> ○ Your designated beneficiary will receive life insurance proceeds (amount is \$50,000 if you die in first year after retirement, declining \$10,000/year to minimum of \$10,000). • If you retire on or after January 1, 2008, your designated beneficiary will

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		receive life insurance proceeds (amount is \$250,000 if you die in first year after retirement, declining \$50,000/year to minimum of \$10,000 in fifth and later years).
ALPA Claim and ALPA Notes Pursuant to Letter 51	Eligibility for and allocation of the ALPA Claim and Notes will be determined by ALPA. However, if your retirement date is June 1, 2006, you are not likely to receive any allocations.	Eligibility for and allocation of the ALPA Claim and Notes will be determined by ALPA. Any pilot still on the seniority list on June 1, 2006 is more likely to receive allocations than any already-retired pilot.

Important Caveat: *Even if you retire with a retirement date on or before June 1, 2006, your benefits as a retiree may be subject to modification by the Company in the bankruptcy proceeding. By filing a motion under section 1114 of the U.S. Bankruptcy Code, Delta may seek to make changes to the non-pension benefits of already-retired pilots, who are no longer represented by ALPA. Non-pension benefits that could be modified under section 1114 include such benefits as medical, surgical, or hospital care benefits, benefits in the event of disability, sickness or accident, and benefits to your survivors in the event of your death. Delta could seek changes for already-retired pilots that are the same as or different than those being made for non-retired pilots by Letter 51.*

Delta has informed ALPA that it intends to file a motion under section 1114, seeking to apply to already-retired pilots changes to non-pension benefits that are similar to those that will be applied to pilots who retire after Letter 51 becomes effective. If Delta files such a motion under section 1114, already-retired pilots will not be represented by ALPA but will be represented for this purpose by the Official Section 1114 Committee of Pilot Retirees, the authorized representative approved by the bankruptcy court. If Delta and the authorized representative cannot reach agreement on changes to be made to already-retired pilots, then Delta may present its proposed changes to the bankruptcy court. The bankruptcy court may approve the proposed changes if it determines that the changes are necessary to permit Delta to reorganize, the changes treat Delta, creditors and affected parties fairly and equitably, and the changes are clearly favored by the balance of the equities.

On May 9, 2006, Delta filed a motion seeking approval of Letter 51. In its motion, Delta specifically stated that the changes made by Letter 51 to disability benefits, retiree medical benefits and survivor benefits would not apply to pilots who retired on or before June 1, 2006, without either an order of the bankruptcy court under section 1114 or agreement of the Official Section 1114 Committee of Pilot Retirees. Through either of these procedures, Delta may accomplish some or all of the changes.

Reminder: If you elect to retire with a retirement date of June 1, 2006 (in accordance with the applicable procedures), your election becomes irrevocable at midnight Eastern Daylight Time on May 31, 2006. Even though the pilot membership ratifies Letter 51 on May 31, the bankruptcy court might subsequently decide not to approve Letter 51, and you will not be able to change your decision to retire.

We understand that the decision whether to retire early is never an easy one. Obviously, many factors beyond the few that are discussed in this memo figure into that decision. In addition to reviewing this memo and the documents posted on the MEC website, we strongly urge you to consult your own tax, legal and financial advisors as you consider your alternatives.

Sincerely,

The Delta MEC R&I Committee