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Q & A - Changes to Retiree Healthcare Benefit Coverage

Q1: Why were changes sought to Delta's retiree healthcare coverage?

A1: Changes were sought for two reasons:

First, though difficult, a key principle underlying Delta's Chapter 11 process is that *all* stakeholders must contribute toward the level of cost savings the company needs in order to successfully restructure and emerge from bankruptcy. The savings realized through the agreements we have reached contribute significantly toward our goal of realizing market-competitive costs and we believe these changes are fair and equitable in the context of sacrifices already made by other Delta stakeholders.

Second, it is consistent with the market-competitive approach Delta is using with all of its other cost-reduction changes across every other aspect of its business. Delta retirees have had, on average, one of the most generous healthcare benefit programs in the industry. As we restructure *all* of our costs, Delta's retiree healthcare benefit costs also were adjusted to become more competitive with our industry peers, just as our active employee costs were reduced and adjusted to become market-competitive.

Q2: What was the process for determining the changes and when will they take effect?

A2: The bankruptcy court appointed two retiree committees (one representing retired pilots and survivors, and one representing retired ground and flight attendant employees and survivors) to work with the company to consider and agree upon changes to Delta's retiree healthcare coverage. While it was a difficult and regrettable process, we are pleased that we were able to craft and agree upon solutions together.

With agreements reached, Delta now has asked the bankruptcy court to review the issue. A motion has been filed with the court, and a hearing is scheduled for October 19, 2006, at 2:30 PM at the United States Bankruptcy Court, Alexander Hamilton Custom House, 1 Bowling Green, New York, New York. Objections, if any, must be filed and served no later than October 12, 2006 and in compliance with the Court's Case Management Order. Please continue to check <http://www.dlretiree.info/> for updates and deltadocket.com to review the motion filed with the court seeking approval for the changes, the term sheet agreements with the retiree committees, and the Court's Case Management Order. Assuming court approval, our intent is to make the changes effective January 1, 2007.

Q3: What changes are being considered and how will retirees be affected?

A3: Each retiree committee faced a unique set of complex circumstances and therefore our agreements with our retired pilots and our ground and flight attendant employees differ somewhat in their details. While more detailed information is being provided in the information sheets being sent to your homes and posted on our retiree web site, in general terms, the changes include:

- Increased cost sharing for retirees under age 65: Those currently receiving subsidized coverage will be required to pay more for that coverage and everyone who enrolls will have to pay something.

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- Continued subsidies and access for age 65 and older: For those eligible for Medicare, there will be access to fully insured Medical and Prescription Drug plans that are supplemental to Medicare and, for some participants, Delta will continue to provide subsidies to retirees who participate in those programs. The subsidies will be fixed dollar amounts (rather than percentages of cost) and will increase over time. Generally, those age 65 or older on January 1, 2007 will be eligible for that subsidy, and those 60 and older on January 1, 2007 will be eligible for that subsidy when they reach age 65.

Q4: Where can I get information and when will I be informed about how the changes will affect me?

A4: We appreciate that it is unsettling to know that changes are being made to your healthcare benefit coverage and we will do our best to provide you with as much information as possible. In addition to the information sheets being provided now, you will be provided with detailed information about how the changes affect you personally before the retiree open enrollment period begins in early December. In the meantime, we will continue to update the Delta retiree web site with information as the process moves forward [<http://dlretiree.info/>].

Also, please note that because these agreements have just been reached and because of the related complexities, 1-800-MY DELTA will not be in a position to answer specific questions about how these changes will affect your situation until much closer to the retiree enrollment period beginning in early December. As we near the retiree open enrollment period, 1-800 MY DELTA will be one of the information resources available on this matter.

Finally, you may visit now deltadocket.com to review the motion filed with the court seeking approval for the changes, the term sheet agreements with the retiree committees, and the Court's Case Management Order.

Q5: What level of savings will be realized from the changes to Delta's retiree health care benefits?

A5: Approximately \$50 million in annual savings will be realized through the changes to Delta retiree healthcare benefit coverage. This maintains a significant level of benefits for Delta retirees and survivors, while becoming more cost-competitive among our industry peers. It realizes our goal to minimize the impact to Delta retirees where feasible while contributing to the company's effort to successfully emerge from bankruptcy in the first half of 2007.

Q6: Is Delta doing anything to help retirees with the impact of these changes?

A6: Yes. While not all of these will apply to every retiree, depending on their situation, Delta has agreed with the respective retiree committees to:

- Establish a one time "hardship fund" to help provide some limited supplemental premium subsidy to particularly hard-hit non-pilot retirees and survivors. This fund would be funded from the additional savings Delta will experience in 2007 from those who might chose to "opt out" of the age 65+ coverage subsidy in 2007

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and will be administered by a committee made up of currently retired nonpilot employees;

- Change its normal administrative practices for pilot retirees to help those eligible access the Health Coverage Tax Credit, a federal program designed to assist with payment of healthcare premiums for some individuals whose pension plans have been turned over to the Pension Benefit Guaranty Corporation;
- Maintain and not make any changes to the Life Insurance or Survivor benefits for retirees at this time;
- Provide some level of certainty to retirees in the next few years by agreeing to certain limits on further changes during that period;
- Eliminate some proposed plan design changes in 2007 that might have had particular impact on older participants;
- Allow some bankruptcy claims to help provide recompense for the loss of some benefits; and
- Eliminate the Service Related Premium, which might have caused significant additional hardship on a small number of individual retirees (and which caused significant administrative burden for Delta with very little return).

Delta retirees – many of whom retired decades ago – helped build a strong company with a great brand. Having to make these changes was a very difficult and regrettable process, much as it was with our active employees. Within the context of what the company could afford, we felt it was important to try to soften the impact of the changes as much as possible by retaining some programs and providing special assistance to those who may need it most, and we are pleased that working with the respective retiree committees we were able to do so.