



**Robert L. Kight**  
Vice President  
Compensation and Benefits

June 29, 2006

*The Wall Street Journal* Letter-to-the-Editor

Re: Pension Reform

**Airline Pension Reform is Responsible and Needed Now**

Encouraging a presidential veto (“Pension Crash Landing” editorial page, June 27) while the Senate and the House are in the final throes of crafting urgently needed pension reform does a disservice to tens of thousands of active and retired Delta Air Lines employees. They are counting on Congress and the White House to provide the best opportunity to save the pension plan benefits their hard work already has earned.

Swift action on airline-sought pension reform containing the 20-year amortization and interest-rate provisions responsibly recognizes the unique and devastating impact the “perfect storm” of economic events had on the airline industry and its efforts to maintain its plans. The attacks of 9/11 vastly reduced revenues and increased costs for all airlines. At the same time, Delta’s carefully invested pension plan assets suffered losses as the result of the ensuing market crash. The problem was compounded by record-low interest rates designed to resuscitate the economy that greatly inflated the plan’s liabilities.

Before that time – as recently as July 2001 – Delta’s soundly managed pension plans had a funded status ratio of 100% or better for ERISA current liability purposes. Notably, the plans’ assets were invested wisely in widely diversified assets, slightly outperforming the S&P 500 and returning on average approximately 8.9% in the last 10 years, including the down market of the early 2000s. Importantly, rather than “choosing [our] own discount rate,” the airline funding provision would ensure that interest rate assumptions would continue to be confirmed by outside professionals bound to apply well-established actuarial principles when opining that the Trust will be able to achieve the assumed rate of return over the long term.

Quickly adopting meaningful pension reform containing the airline-specific funding provisions also reasonably and pragmatically recognizes that, without those provisions, the Pension Benefit Guaranty Corporation is certain to be left holding the bill for the larger Delta plan. On the other hand, if this self-help pension relief is passed in time to make a difference – before the August recess – Delta, and other airline companies facing similar situations, will have the best chance to fund their own pension obligations and avoid a PBGC hand-off where possible – exactly what we hope to do.

Rather than discourage the strong and steadfast momentum on Capitol Hill, we should be adding to the more than 58,000 messages of support sent by Delta people to Congress lauding lawmakers’ efforts to make funding more transparent and pension rules more consistent and urging them to quickly adopt pension reform legislation with the airline funding provisions. It is the responsible and right thing to do, and it is needed now.

Sincerely,

A handwritten signature in black ink, appearing to read "MAS" followed by a stylized flourish.

Robert L. Kight