



Internal Memorandum

Date: August 18, 2004
To: All Delta Employees
From: Jerry Grinstein, chief executive officer
Subject: Transformation Plan on Track

Today we presented our strategic assessment and recommendations to Delta Air Lines' Board of Directors, and I am pleased to report that the development and implementation of our Transformation Plan is on track.

Appreciating that we are not in a cyclical downturn, but in a permanently and fundamentally changed aviation marketplace – due, in part, to changed customer preferences, low cost carriers, and on-line fare shopping – we set out to devise a strategy that addresses industry realities and sets us firmly on course for long-term viability.

What you will see immediately and over the course of the coming days, weeks and months is the rollout of the Delta Solution, a strategy that capitalizes on our unique strengths, tools and resources. And make no mistake, despite the precariousness of our financial situation, we have significant strengths – Delta's people and the customer loyalty their superior service inspires, and our cutting-edge, passenger-friendly technology are among our advantages.

Decisive and comprehensive, this is a 360-degree plan which, when complete, will transform our product, fleet, network and cost structure into an airline that is designed to carve out new and previously uncharted network airline territory. Our goal is to reclaim our passenger-preferred stature by exceeding customer expectations with a revitalized, viable operation.

The motivation behind Delta's bold response has been to "do it once and do it right." This comprehensive approach means more change for all of us. When our plan is successfully implemented, we will be the leaner, simplified, more productive airline we must be in order for us to survive and compete. Regrettably, one of the consequences will be fewer jobs and additional changes to pay and benefits for all of our employees as we make operational changes to achieve the necessary cost savings.

Understanding what is required to become cost-competitive and viable, I am committed to the principle that the people of Delta must have the opportunity to share in any success their sacrifice helps makes possible. Today, the Board reviewed the employee reward plans we are now developing. A combination of equity, profit sharing and incentive payouts tied to performance and productivity is being designed to provide multiple opportunities for Delta people to benefit meaningfully, and soon, as we work together to reinvent and reinvigorate our airline. Fundamental to our future, collective success is your ability to share in the rewards your hard work and sacrifice made possible.

You will be receiving detailed information about the anticipated changes and the reward plans as soon as they are finalized.

A handwritten signature in black ink that reads "Jerry".

Jerry Grinstein