

DALRC

Delta Air Lines Retirement Committee * 544 Wood Creek Road * Williamson GA 30292 * www.dalrc.org

August 24, 2004

To all Delta non-pilot active and retired employees:

The DALRC Board of Trustees hopes that you are familiar with the Delta Air Lines Retirement Committee LLC, whose mission is to provide information and recommend appropriate action to help safeguard the Delta Family Care Retirement Fund and Plan and other benefits received by employees, retirees and former Delta employees for their service to Delta. Since last winter, our web site has provided a wide range of information on the many complicated issues facing the industry at large and Delta leaders in particular. We invite you to visit and browse our web site to get to know us and to read current, updated information. We also hope that you are a member of DALRC and support the effort we are making on your behalf.

If you have visited our site recently, you may have read the updated notes of our June 2004 meeting with Jerry Grinstein and seen that in the event of a bankruptcy and a subsequent pension plan termination request, Delta's general counsel or his legal team would not be able to represent non-pilot employees and retirees in court proceedings. This reality demands that while we all remain hopeful that such an event will not occur, Delta non-pilot employees must be prepared to do everything possible to preserve our pension fund and other benefits. The consequences of doing nothing are far too alarming to think about.

DALRC and bankruptcy court representation

DALRC's mission is to serve as the representative of non-pilot active and retired Delta employees in overseeing the actions necessary to protect our earned benefits. To that end, DALRC trustees serve as conduits between employees and company leaders for information regarding our pension and other benefits. The team has worked hard over the last year to stay on top of issues that affect everyone. However, the trustees are not qualified to go to court and present a case for funding, maintaining or preventing the termination of the Delta Family Care Retirement Fund. That would be the task of the law firm they would have to choose to represent its members' interests.

Issues facing the industry and Delta

As of this writing, United has stopped making contributions to its pension fund, a signal that it will request permission to terminate it. US Airways, which terminated its pilots' pension plan in 2003, has asked to delay contributions to its remaining pension fund to preserve operating cash and avoid a second trip to bankruptcy court. Thousands of employees and retirees who relied on having fully funded pensions and benefits have been shocked to discover what not having those things would mean. If Delta's financial picture does not change, the Delta Family Care Retirement Fund and Plan as well as other benefits could suffer a similar fate.

Delta's attempts to turn itself around since before 9/11 have not produced the result we have hoped for. The company's financial position continues to deteriorate. Its S&P bond rating has been revised downward four times in 2004 alone; its stock price has fallen from \$30.00 a share in April 2002 to below \$4.00 as of today; and its ability to borrow money has all but disappeared. Its cash reserves may not see it through the fall without bankruptcy protection.

Given these facts, even though we are hoping for the best, the DALRC trustees feel it is time to prepare now for a worst-case scenario. We realize that our workload at DALRC is about to increase significantly to meet that challenge.

DALRC's course of action

ALPA pilots, retired pilots (Delta Pilot Pension Preservation Inc., or DP3) and former executives not covered by the secular trusts established during Mr. Mullin's tenure have already prepared themselves for the possibility of bankruptcy. In contrast, Delta's huge non-pilot active and retired employee group has not done so. DALRC trustees are aware that employee groups who are not prepared in advance for bankruptcy do not fare well in court. The time has come to get ready for what may be a long struggle to preserve the pension and benefits thousands of Delta employees have earned through years of company service. To begin that process, DALRC trustees have sought legal counsel on behalf of the people we represent.

Recently we met with Dean Booth, an attorney with whom we set up our 501(c)(3) corporation, because he is familiar with bankruptcy processes and proceedings. We learned from him that various legal documents must be prepared in advance on behalf of retirement plan participants in order to be submitted to the bankruptcy court immediately after a filing. We also asked him to advise us on selecting and engaging legal representation for that purpose.

Based on Mr. Booth's recommendations and after more research, we will be meeting with representatives of two San Francisco based law firms, Townsend & Townsend & Crew LLC and Farella Braun and Martel LLP, to discuss our options. These firms appear to meet our criteria for having experienced litigators as well as expertise in the areas of bankruptcy and ERISA laws. Please review both law firm's web sites at www.townsend.com and www.fbm.com .

DALRC as your representative

To be able to retain paid counsel in the event of bankruptcy, DALRC must measure the level of authorized support it has from employees and retirees to be their representative. Our success in defending your pension fund and benefits in court depends on demonstrating that thousands of non-pilot active and retired employees actively support these efforts.

We cannot stress enough that the more DALRC members there are, the stronger and more effective we will be in any discussion or proceeding that affects our pension fund and benefits.

Why is this advance preparation important? During United's bankruptcy, the presiding judge asked attorneys representing the United Retired Pilots Benefit Protection Association for the names of the retirees they represented for the court record. He was presented with a list of the retirees who had paid all dues and assessments. This helped convince the judge to appoint the association as the pilot retirees' representative. More importantly, he required that the group be represented in court by counsel selected by the association and paid for by UAL, as the bankruptcy code provides.

It is very likely that the same procedure will be followed regarding Delta because of its many thousands of non-pilot employee and retirees. This is why DALRC must act now to insure that all of our rights are legally defended and protected, and why your verified membership proxy is so important to have *before* bankruptcy occurs.

Contacting prospective DALRC members

Due to privacy laws, Delta cannot provide DALRC with the names of the non-pilot stakeholders in the Delta Family Care Retirement Plan, so we cannot contact each one directly. Therefore, we need your help in reaching as many people as possible to make them aware of our organization.

Forward this message to your network of active and retired Delta colleagues with your personal emails, faxes, phone calls or visits. Please make it your responsibility to:

- reach as many people as possible to inform them of DALRC's mission;
- direct them to the DALRC web site www.dalrc.org
- encourage them to become members; and
- financially support its efforts.

We are very much in support of our leaders' efforts to turn this situation around and want to do all possible to help. We also need to be prepared in case, in spite of all those efforts, we are not successful.

Taking financial responsibility

Many current DALRC members have already sent in the USD \$10.00 donation we requested in 2003 to help defray the costs of our web site and those associated with incorporating DALRC. Indeed, many of you have sent more than that. We gratefully acknowledge your financial help and support.

However, to provide funding for our legal preparation expenses, we must ask our current ten-dollar level members for an additional USD \$50.00 donation to DALRC. This would make a total of USD \$60.00 donated by a current DALRC member to stay current.

If you are not yet a DALRC member, consider that your donation of \$60.00 is a very small investment to defend the thousands of dollars you have invested in the Delta Family Care Retirement Fund and Plan and other benefits. If every non-pilot employee and retiree contributes his/her fair share, the aggregate total would be sufficient to see us through the time when a bankruptcy filing is likely.

NOTE: If there is no bankruptcy, your donation would not have been for nothing. The preliminary work being done now can be saved and used again in the future, if circumstances push Delta back to the brink.

What do I need to do?

Whatever you do, it must be done today. We don't know if or when Delta may file for bankruptcy protection. Please remember that time is of the essence; things could move very quickly if unexpected events occur. Therefore, your membership/proxy form and financial contribution are needed by DALRC as soon as possible so you and your hard-earned retirement benefits will receive the best protection possible.

If you are not yet a DALRC member, please follow these instructions:

1. Please complete, sign and return the membership/proxy form that is enclosed or go to our [web site](http://www.dalrc.org) and fill it out as requested. This method is necessary because your handwritten signature authorizing DALRC to act as your proxy is required. Every participant needs to complete and return this form, even if you have sent in one in the past. We need the most current information possible for our records.
2. Make out your check for sixty dollars (USD \$60.00) to **DALRC**.
3. Mail these two items using the enclosed envelope to our corporate address:

DALRC
544 Wood Creek Road
Williamson GA 30292

If you already are a DALRC member, please mail your check in the amount that meets or exceeds the USD \$60.00 donation goal for each participant to the above address knowing you have the gratitude of your colleagues.

Summary

None of us wants the dark cloud of bankruptcy to descend over Delta. However, the reality of this possibility becomes greater with each passing day. We would be remiss in our duties as DALRC trustees if we did not take action now to prepare you and ourselves for a worst-case scenario. Too many other airline employees have already lost too much in terminated pension funds and other cherished industry benefits due to inadequate preparation and poor legal defense. We will do whatever we can to support our leadership in their efforts to keep the same fate from happening to Delta people, but we must have your moral support, financial help and legal permission to prepare for eventual bankruptcy..

Please, act today!

Again, please forward this email or contact your active and retired Delta colleagues by other means about the importance of defending their pensions and benefits through DALRC. Thank you for your support.

Sincerely,

Cathy Cone

DALRC Board of Trustees

Cathy Cone, chair

John Hoover, treasurer

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Joe Turner

Jenny Poole, secretary

Barry Braender

Bill Hutcheson

Thom Stone

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Please Mark your Calendars!

DALRC DP3 Annual Joint Retirement Meeting
October 4, 2004 12 noon
Atlanta Renaissance Concourse Hotel Ballroom

Jerry Grinstein, CEO along with **Mike Palumbo**, CFO and **Lee Macenczak**, Senior VP of **Human Resources** have agreed to come and speak at our **Annual DALRC DP3** (retired pilot committee) **Joint meeting** that will be held on **October 4, 2004**. The meeting will begin at **12 noon** and Jerry Grinstein will speak at 1:30pm followed by Lee Macenczak and Mike Palumbo. This is your opportunity to come and meet members of our Delta leadership team that are working very hard to turn our company around. Delta has authorized the use of **S3** pass status for retirees to travel to this meeting. This is a one time per year opportunity to travel at this status for a DALRC Meeting. Please take advantage of this opportunity to come and share your questions, suggestions and comments with them on October 04, 2004.

In an effort to plan for the number of attendees, please go to the [DALRC web site](#) and click on the link provided to **reserve your seat today!**

