

LETTER OF AGREEMENT

Between

DELTA AIR LINES, INC.

and the Air Line Pilots in the service of

DELTA AIR LINES, INC.

as represented by the

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

Special Provisions for Cessation of Employment of Post-Retirement Pilots

This LETTER OF AGREEMENT is made and entered into accordance with the provisions of the Railway Labor Act, as amended, by Delta Air Lines, Inc. (“the Company”) and the Air Line Pilots Association, International (“the Association”).

WHEREAS the Company and the Association are parties to a collective bargaining agreement setting forth the rates of pay, rules and working conditions for the Company’s pilots signed November 11, 2004, and subsequently amended (“Pilot Working Agreement” or “PWA”); and

WHEREAS the Association and the Company signed Letter of Agreement #45, dated September 30, 2004 strictly as a temporary, short-term solution;

NOW THEREFORE, it is agreed as follows:

1.

Purpose of Letter of Agreement

This Letter of Agreement terminates Letter of Agreement #45 and provides a specific schedule for the cessation of employment of all PRPs.

2.

No Change to PWA Except as Stated

This Letter of Agreement does not change any term of the PWA or any welfare and retirement plans under the PWA, except as specifically modified in this Letter of Agreement. If this Letter of Agreement restates a provision of the PWA, it does so only for clarification and without effect on that provision, or any other provision, of the PWA.

3.

Non-precedential

Neither the Company nor the Association will cite Letter of Agreement #45 or this Letter of Agreement as a precedent in connection with any discussion or negotiation with the Association or the Company, respectively, current or future, or in connection with any grievance or other legal proceeding, other than a grievance or other legal proceeding to enforce one or more terms of Letter of Agreement #45 or this Letter of Agreement.

4.

Definitions

The definitions in the PWA and the following definitions apply to this Letter of Agreement:

- a. "Currently qualified" means a pilot who has completed his OE, has satisfied the requirement for recency of experience as defined in *Section 11 A. 18*, prior to his retirement, and only prior to his retirement, and who does not require any additional qualification training for his position.
- b. "Eligible Captain" means a pilot:
 - 1) whose retirement date occurred on or after October 1, 2004 while the pilot held a qualifying position, and
 - 2) who is currently qualified on a qualifying position, and
 - 3) who has not reached the mandatory retirement age to serve as PIC under the FARs, and
 - 4) who has not previously served as a post-retirement pilot.

Note: An eligible Captain will be eligible for employment as a post-retirement pilot only for the qualifying position for which he is currently qualified.

Exception to paragraph 4. b. 1): A B-767-300ER International eligible Captain will be eligible for employment as a post-retirement pilot in a B-767-300/B-767-200/B-757-200 Captain position only if there are no eligible Captains available to be employed as post-retirement B-767-300/B-767-200/B-757-200 Captains.

- c. "Eligible LCP" means an eligible Captain who was a line check pilot in a qualifying position at retirement.
- d. "Post-retirement pilot" means an eligible Captain who is employed by the Company under this Letter of Agreement.
- e. "Post-retirement employment period" means the time between an eligible Captain's return to service as a post-retirement pilot and the cessation of his employment as a post-retirement pilot.
- f. "Qualifying position" means a Captain position on the B-777-200IGW, B-767-400ER International, B-767-400ER Domestic, B-767-300ER International, and B-767-300/B-767-200/B-757-200.
- g. "Retirement date" with respect to a pilot who retires early has the same meaning as in the Delta Pilots Retirement Plan, that is, the first day of the month immediately following the date the pilot actually ceases employment as a pilot other than as a post-retirement pilot.
- h. "Welfare and retirement benefit plans" means the plans described in *Sections 25* and *26* of the PWA.
- i. "Lead LCP" means an eligible LCP who was selected by the Company to qualify non-PRP pilots as new LCPs and whose name appears on Attachment 1 to this Letter of Agreement.

5.

Selection of Post-retirement Pilots

The Company will not select any additional PRPs.

6.

Cessation of Employment of Post-Retirement Pilots

- a. If in a bid period the number of currently qualified pilots in a qualifying position, including post-retirement pilots other than those serving as LCPs, exceeds 110% of the number of regular lines in that qualifying position, the Company will terminate the post-retirement employment, in inverse order of seniority, of that number of post-retirement pilots (rounding upward, to the next higher integer) sufficient to reduce the number of currently qualified

pilots in that qualifying position to the 110% level. Such cessation of employment will take effect on the first day of the next bid period.

- b. The Company may determine that the services of one or more post-retirement pilots are no longer operationally necessary and, on that ground, may terminate the post-retirement employment of that post-retirement pilot or those post-retirement pilots, upon two weeks' written notice to the affected post-retirement pilot and the Association. Cessation of employment will be by inverse order of seniority within position.
- c. The Company may determine that the services of one or more post-retirement pilots serving as LCPs are no longer operationally necessary and, on that ground, may terminate the post-retirement employment of that post-retirement pilot or those post-retirement pilots, upon two weeks' written notice to the post-retirement pilot and the Association. Cessation of employment will be by inverse order of seniority within position.
- d. The Company may determine that the services of one or more post-retirement pilots serving as lead LCPs, as identified in Attachment 1, are no longer operationally necessary and, on that ground, may terminate the post-retirement employment of that post-retirement pilot or those post-retirement pilots, upon two weeks' written notice to the post-retirement pilot and the Association. Cessation of employment for lead LCPs will be by inverse order of seniority within position.
- e. The Company will terminate the employment of all post-retirement pilots immediately prior to 1) the acquisition by the Company of control of another air carrier (other than an air carrier that operates only permitted aircraft types) or 2) an acquisition of control over the Company by another entity outside of Chapter 11.
- f. The Company will terminate the employment of any post-retirement pilot whose name does not appear on Attachment 1, effective no later than 2359 hours of the last day of the December, 2005 bid period.
- g. The Company will terminate the employment of any lead LCP post-retirement pilot whose name appears on Attachment 1, effective no later than 2359 hours of the last day of the February 2006 bid period.

7.

No Negative Effect on Staffing and Recalls

- a. The Company will not permit the employment of a post-retirement pilot to delay or limit the Company's actions necessary to staff that position at levels adequate to fulfill the marketing schedule for the applicable equipment model. For example,
 - 1) The Company will post and award bids for vacancies (including contingent vacancies), and will train pilots at no lesser rate than if there were no post-retirement pilots.

- 2) The Company will train pilots to perform the functions of LCPs at no lesser rate than if there were no post-retirement pilots serving as LCPs.
- b. The recall rate of furloughed pilots will not be reduced by the employment of post-retirement pilots.

8.

Compensation of Post-Retirement Pilots and Pay Protection of Other Pilots

- a. A post-retirement Captain will be compensated under *Section 3* at the 12 Year of Service rate applicable to his position.
- b. If, during a bid period in which the Company employs a post-retirement pilot, there is a lesser number of pilots (pre-retirement) in a position than mandated by CMPS total pilots required (without giving effect to cancelled vacations), the Company will identify and pay protect, in accordance with the differential pay formula in paragraph 8. d., the number of pilots holding an award to that position equal to the shortfall below the CMPS total pilots required.
- c. To the extent a position shortage in a bid period is not eliminated by the application of paragraph 8. b., the following procedure will be used to determine the identity of other line pilots who will be entitled to pay protection in accordance with the differential pay formula in paragraph 8. d.:
 - 1) The most junior line pilot in such position will be identified.
 - 2) Excluding SLIs who have returned to line flying under *Section 11 C. 2.*, line pilots junior to such identified pilot will be matched in seniority order on a one-for-one basis to the existing shortage.
 - 3) Such matching process will continue until the shortage is eliminated.
 - 4) If a pilot identified by the procedure in paragraph 8. c. 2) of this Letter of Agreement is in a higher paying position (or is already being pay protected to the same, or a higher paying position for any reason) than the position in which the shortage exists, he will be bypassed for matching purposes (i.e., the next junior line pilot will be considered for matching.)
- d. The differential pay formula for pay protection will be $A \times (B - C)$, where:

A is the ALV for the pilot's position.

B is the composite hourly rate (plus international pay, if applicable) of the applicable position in which the shortage exists.

C is the composite hourly rate (plus international pay, if applicable) of the position actually held by the matched pilot.

- e. The same process as identified in paragraph 8. b., c., and d. will be employed as to each position where there is a shortage in order to determine the identity of other line pilots who will be entitled to pay protection in accordance with the differential pay formula in paragraph 8. d.

9.

Representation, Scope, Seniority, Bidding, Training, and Furlough

- a. A post-retirement pilot is a pilot within the craft or class of pilots represented by the Association pursuant to the Railway Labor Act, as amended, and *Section 1* of the PWA.
- b. For purposes of the Railway Labor Act, as amended, the employment of a post-retirement pilot is considered continuous with his employment prior to retirement, excluding a period between retirement and return.
- c. In accordance with *Section 20 F. 1. c.*, a post-retirement pilot is not subject to probation.
- d. A post-retirement pilot will hold a position on the seniority list effective on the date he commences employment as a post-retirement pilot and will remain on the seniority list until his post-retirement employment ceases. Notwithstanding *Section 20 B. 1.*, however, his position on the seniority list will be adjusted to place him below the most junior pilot on the seniority list who is not a post-retirement pilot, while maintaining the relative seniority among post-retirement pilots as reflected on the September 1, 2004, seniority list.
- e. Upon commencement of a pilot's post-retirement employment, he will be assigned a specially created reserve line. With respect to subsequent bid periods, he will bid in accordance with *Section 23 D.*
- f. A post-retirement pilot will receive continuing qualification training if necessary to maintain currency during his post-retirement employment but will receive no other training.
- g. No pilot will be placed on furlough during the employment of a post-retirement pilot.
- h. A retired pilot who claims that the Company has violated this Letter of Agreement as to him will be entitled to have such dispute considered in accordance with the procedures of *Sections 18* and *19* or, where applicable, Letter of Agreement #8 (Benefit Review Board). This paragraph applies to a retired pilot whether or not he is employed or has been employed as a post-retirement pilot.

10.

Retirement and Welfare Plan Benefits

- a. Except as provided in paragraph 10. b. and c., with respect to each qualified and nonqualified retirement plan in which he participates, a retired pilot, while employed as a post-retirement pilot will continue to be eligible to elect, commence, and/or continue to receive lump sum and annuity benefits under the plan subject to the same terms and conditions as if he were not serving as a post-retirement pilot.
- b. While employed as a post-retirement pilot, a retired pilot will be eligible to receive his pre-tax employee contribution account under the Family Care Savings Plan only if, before commencement of his employment as a post-retirement pilot, he has filed his election to receive such account. While employed as a post-retirement pilot, such pilot will not be eligible to receive any amounts in any accounts under the Family Care Savings Plan attributable to his employment as a post-retirement pilot.
- c. Except as provided in paragraph 10. d., a retired pilot will not accrue any benefits or contributions under any qualified or nonqualified retirement plan with respect to his employment as a post-retirement pilot.
- d. With respect to the Family Care Savings Plan, a retired pilot, while employed as a post-retirement pilot, will:
 - 1) be eligible to make pre-tax and post-tax employee contributions to such plan on the same terms and conditions as apply to pilots on active payroll status, and
 - 2) have Company contributions made to such plan on his behalf, on the same terms and conditions as apply to pilots on active payroll status; provided, however, if such plan is amended to change the Company contributions thereunder, Company contributions on behalf of a post-retirement pilot will be the same as that for a pilot on active payroll status not to exceed 3% of earnings.
- e. Except as provided in paragraph 10. f., a post-retirement pilot (and his eligible dependents) will be eligible for coverage under the Company's welfare benefit plans (including but not limited to medical, dental, vision and optional insurance programs) on the same terms and conditions as apply to pilots on active payroll status.
- f. A post-retirement pilot will not be eligible for disability benefits under the Pilots Disability and Survivorship Plan.
- g. In the event of the death of a person who is employed or has been employed as a post-retirement pilot, his eligible survivors will:
 - 1) receive survivor benefits under the Pilots Disability and Survivorship Plan on the same terms and conditions that would have applied if he had not been employed as a post-retirement pilot; and

2) be eligible to elect survivor coverage under the Company's medical, dental and vision plans on the same terms and conditions that would have applied if he had not been employed as a post-retirement pilot.

- h. After completion of a pilot's post-retirement employment, such pilot (and his eligible dependents and survivors) will be eligible for coverage under the Company's welfare benefit plans (including but not limited to medical, dental, vision and optional insurance programs), subject to the same terms and conditions that would have applied if he had not been employed as a post-retirement pilot.
- i. The welfare and retirement benefit plans will be amended as necessary to implement this Letter of Agreement, in accordance with *Section 25 N.* and *Section 26 D.*

11.

Equity, Profit Sharing and Success Sharing

A post-retirement pilot will be treated in regard to equity distributions, profit sharing, and success sharing on the same terms and conditions that apply to other pilots who retired on the same date and as if he had not become a post-retirement pilot.

12.

Free and Reduced Rate Transportation, Jumpseat and Deadhead

- a. A post-retirement pilot and his dependents and survivors will receive the same travel benefits under *Section 24 L.* as a retired pilot and as if the pilot were not employed as a post-retirement pilot.
- b. A post-retirement pilot will be considered "on active payroll status" for purposes of *Section 24 D. 1.*
- c. After completion of his post-retirement employment, a retired pilot and his dependents and survivors will receive pass benefits based on the pilot's retirement date as if he had not been employed as a post-retirement pilot.

13.

Sick Leave and Vacation

- a. A post-retirement pilot will be eligible for the same sick leave credit hours as a first year pilot under *Section 14 D. 1. a.*
- b. A post-retirement pilot will accrue the same vacation bank hours as a first year pilot under *Section 7 B. 1. b.*

- c. At the completion of a pilot's post-retirement employment, his unused vacation period must be made available in the next vacation moveup bid under **Section 7 D.** of the PWA, and if not awarded, must be made available in subsequent moveup vacation bids until the vacation period is awarded or expires.
- d. Upon retirement, a pilot will receive vacation pay in accordance with **Section 7 G. 3. c.** whether or not he returns as a post-retirement pilot. Upon completion of his post-retirement employment, he will receive vacation pay in accordance with **Section 7 G. 3. c.** A post-retirement pilot will receive vacation pay in accordance with **Section 7 G. 3. d.** if he resigns his employment as a post-retirement pilot.
- e. After a post-retirement pilot has exhausted his sick leave credit hours, the Company may terminate his employment if in the judgment of the Vice President, Flight Operations, which will be reasonably exercised, the termination is necessary to avoid adverse consequences to the operation.

14.

Other Provisions

- a. **Section 6** (Relocation) will not apply to a post-retirement pilot.
- b. For the purposes of **Section 11 C.**, the seniority number of a post-retirement pilot will not be considered (e.g., rotation to line flying and applicable composite hourly rate).
- c. A post-retirement pilot will not be permitted a full service bank transaction under **Section 12 O.** that would result in a negative bank balance. A post-retirement pilot will not be permitted to use a positive bank balance to fill up bid periods prior to his retirement date.
- d. A post-retirement pilot will not be eligible for transfer leave under **Section 13 F.**
- e. A post-retirement pilot will not be eligible for any benefits under **Section 14 C.**
- f. Pay protection under **Section 22 E. 14.** will cease on the eligible Captain's retirement date and **Section 22 E. 14.** will not apply to post-retirement pilots.
- g. A post-retirement pilot is not eligible for bidding or award of category vacancies under **Section 22 D., E., or F.** The seniority of a post-retirement pilot will not be considered for the purposes of **Section 22 F.**
- h. No GS rotation will be awarded to a post-retirement pilot if any pilot is available for the rotation, regardless of the restrictions in **Sections 23 Q. 16.**
- i. A post-retirement pilot is not eligible to serve as an administrative pilot or a seniority list

instructor, and if he serves as an ALPA volunteer he will not be covered by *Section 24 J.* or eligible for ALPA trip drops.

- j. A post-retirement pilot is not eligible for an offer of employment under *Section 1 K.*
- k. The Company may proffer to purchase sufficient vacations of Captains who are in the same category as a Captain who holds an award to, or position on, the 777, 767-400ER, 767ER or 767 in the December 2005, January 2006, February 2006 or March 2006 bid periods to ensure the removal of all non-Lead LCP PRPs by December 31, 2005. Such purchased vacations will, at pilot option, be paid to the pilot in conjunction with pay for the bid period in which the vacation was scheduled, or under *Section 7 G. 3. b.*

15.

Indemnity

The Company indemnifies and holds harmless the Association, its members, officers, agents, employees, counsel, and representatives (each an “indemnitee”) from any and all claims, lawsuits, or administrative charges of any sort whatsoever including reasonable attorney’s fees and costs arising in connection with such matters, relating to, concerning or connected to the negotiation or implementation of Letter of Agreement #45 or this Letter of Agreement. Provided that such indemnification and hold harmless obligation will not apply to 1) any claim, lawsuit or administrative charge resulting from the willful misconduct of any indemnitee; and 2) any claim, lawsuit or administrative charge asserting that the Association violated its bylaws or other organizational requirements by entering into Letter of Agreement #45 or this Letter of Agreement. An indemnitee seeking to be indemnified and held harmless pursuant to this paragraph, must provide to the Company prompt written notice of the claim, lawsuit or administrative charge as to which the indemnitee seeks to be indemnified and held harmless. The Company will have the right to conduct the defense of such matter with counsel of the Company’s choosing and enter into a settlement of such matter. The Company will give reasonable consideration to the wishes of the indemnitee in connection with the matters described in the foregoing sentence.

16.

Other Legal Issues

- a. The Company represents to the Association that it is the Company’s opinion that neither the negotiation nor implementation of Letter of Agreement #45 or this Letter of Agreement, or any term thereof, will affect the qualification of any qualified retirement plan in which pilots participate or the tax status of any distribution made under any such plan.
- b. The Company further represents to the Association that it had the power and authority to execute and implement Letter of Agreement #45 and has the power and authority to execute

and implement this Letter of Agreement under the Federal Aviation Regulations and any other treaties, conventions, laws or regulations affecting aviation.

17.

Duration

This Letter of Agreement will become effective upon its date of signing and remain in effect until the earlier of a) March 2, 2006 or b) termination of the employment of the final Lead LCP post-retirement pilot, and is not subject to renewal or extension under the Railway Labor Act, as amended, or otherwise. Paragraphs 15 and 16 will, however, continue without change in accordance with their terms notwithstanding the termination of this Letter of Agreement under either the first or second sentence of this paragraph.

IN WITNESS WHEREOF, the parties have signed this Letter of Agreement, this _____ day of December, 2005.

FOR THE COMPANY

FOR THE ASSOCIATION

Gerald Grinstein
Chief Executive Officer

Captain Duane E. Woerth
President

Scott Kruse
Senior Legal Advisor

Captain Lee Moak
Chairman, Delta MEC

WITNESS:

WITNESS:

Geraldine Carolan
Vice President - Labor Relations

Captain Tim O'Malley
Chairman, MEC Negotiating Committee

David T. Watson

Captain Rick Dominguez

Director – Pilot Resources

MEC Negotiating Committee

Jay D. Milone
General Attorney – Labor Relations

Captain Randy Worrall
MEC Negotiating Committee

Terry Gabbert
Manager – Labor Relations

William Elliott
MEC Coordinator

ATTACHMENT 1

The following post-retirement pilots are currently serving as Lead LCPs in the positions indicated:

777	767	767-500	767ER
J. Pate 576241	B. Avirett 683319	J. Costas 585094	A. Bukaty 597172
R. Prox 552655	G. Tushek 624793	E. Heinrich 192567	D. Kirkland 628159
			R. Hale 577223
			D. Thompson 822131
			R. Korthals 546369
			J. Sciera 630790