

DDPSA UPDATE MARCH 2013

Message to DDPSA Members—

This email will provide an update on recent developments.

The Delta Pilots Disability and Survivorship (D&S) Plan has been amended, revised and restated. A final amendment to the 1996 version of the Plan was the 10th Amendment which was signed on December 21, 2012. Subsequent to the 10th Amendment the D&S Plan has been revised and restated (with an effective date of January 1, 2011).

In simple terms, the impact of the 10th Amendment and the Revised and Restated Plan are as follows.

- Both documents clarify that benefits for an Event Date (disability, retirement or death) that precedes the effective date of the amendment or restatement are governed by the terms of the Plan in effect as of the Event Date.**
- The Tenth Amendment clarifies that the disability benefits of pilots who were no longer on the seniority after June 1, 2006, are governed by the provisions of the Plan that existed prior to the Delta's filing for bankruptcy. This clarification aligns the D&S Plan language with the Bankruptcy Court stipulation that the provisions of LOA #51 were not enforceable upon retired pilots.**
- The Tenth Amendment clarified that eligible survivors of pilots who were receiving benefits from both the PBGC and the D&S Plan at the time of the pilot's death are entitled to a Monthly Income Survivors Benefit from the D&S Plan in the amount of 50% of the Long Term Disability Benefit (LTD) to which the pilot was entitled immediately prior to his death (before the LTD benefit is reduced by an offset relating to retirement benefits.)¹**

¹ The Monthly Income Survivor's Benefit is not applicable for pilots who retire after Dec 31, 2007, unless such retiring pilots were removed from the seniority list on or before June 1, 2006.

Other developments that have occurred over the past year include:

- The deletion of the marriage penalty that formerly applied to survivors of pilots who died before retiring and before September 1, 2001. Although the deletion of the marriage penalty is not specifically mentioned in the 10th Amendment or the Revised and Restated D&S Plan, ALPA has offered assurances that the letter notifying ALPA of the change in administration of the D&S Plan will be retained for reference should questions arise in the future. Additionally, the letter that Delta mailed to the 134 impacted survivors notifying them of the change should serve as verification of Delta's intent in administering the Plan.
- The Pilot Working Agreement signed last year resulted in an end to the annual expenditure of \$60 million of D&S Trust assets to pay for pilot sick leave. The reimbursement of up to \$60 million to the D&S Trust (depending upon Delta's free cash flow) also is deleted after 2013, but reimbursement for expenditures (disability and life insurance premiums) relating to former NWA remains effective.

Updated financial information about the D&S Plan will not be available for a couple of more months when Delta files the annual IRS Form 5500. It can be anticipated that the Plan funding will remain well below the amount of its Plan Benefit Obligations.

DDPSA continues to monitor developments that impact the D&S Plan and remains as the only organization whose primary focus is on the D&S Plan.