APPENDIX D

THESE FINANCIAL PROJECTIONS PRESENT INFORMATION FOR ALL REORGANIZED DEBTORS ON A CONSOLIDATED BASIS. PRIOR TO THE HEARING TO APPROVE THE DISCLOSURE STATEMENT, THE DEBTORS WILL REPLACE THESE FINANCIAL PROJECTIONS WITH REVISED FINANCIAL PROJECTIONS THAT WILL ALSO DISCUSS THE COMAIR DEBTORS SEPARATELY.

FINANCIAL PROJECTIONS

Introduction[1]

The following consolidated financial projections (the "**Financial Projections**") for the Debtors are based on forecasts of operating results during the period ending December 31, 2010 (the "**Projected Period**"). The attached Projected Consolidated Statements of Operations, Projected Consolidated Balance Sheets and Projected Consolidated Cash Flow Statements, include nine months of actual financial results (January through September) and three months of projected financial results (October through December) for 2006; and projected financial results for each of the years ending December 31, 2007, 2008, 2009 and 2010. Also attached are the notes and assumptions to the Financial Projections ("**Notes**"). The Financial Projections and the Notes should be read in conjunction with the Plan and the Disclosure Statement.

The Debtors, with the assistance of their financial advisors, have prepared these Financial Projections to (i) provide financial projections for the valuation analysis performed by Debtors' financial advisors to estimate recoveries for holders of Unsecured Claims and (ii) assist the Bankruptcy Court in determining whether the Plan meets the "feasibility test" of section 1129(a)(11) of the Bankruptcy Code.

The Debtors generally do not publish their business plans and strategies or projections or their anticipated financial position or results of operations. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests, or to include such information in documents required to be filed with the Securities and Exchange Commission or otherwise make public such information.

THE FINANCIAL PROJECTIONS HAVE BEEN PREPARED BY THE MANAGEMENT OF THE DEBTORS, IN CONJUNCTION WITH THE DEBTORS' FINANCIAL ADVISORS, THE BLACKSTONE GROUP L.P. THE FINANCIAL PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, AND BY THEIR NATURE ARE NOT FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA.

THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING FINANCIAL PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO

[1] Capitalized terms used but not otherwise defined herein have the meanings given to such terms in the Disclosure Statement to which this Appendix is attached.

RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS.

THE FINANCIAL PROJECTIONS DO NOT REFLECT THE IMPACT OF FRESH START REPORTING IN ACCORDANCE WITH AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS STATEMENT OF POSITION 90-7 "FINANCIAL REPORTING BY ENTITIES IN REORGANIZATION UNDER THE BANKRUPTCY CODE". THE IMPACT OF FRESH START REPORTING, WHEN REFLECTED AT THE EFFECTIVE DATE, IS EXPECTED TO HAVE A MATERIAL IMPACT ON THE REORGANIZED DEBTORS CONSOLIDATED BALANCE SHEETS AND PROSPECTIVE RESULTS OF OPERATIONS.

MOREOVER, THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS, INCLUDING THE CONFIRMATION OF THE PLAN ON THE PRESUMED EFFECTIVE DATE, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, FLUCTUATIONS IN FUEL PRICE, COVENANTS IN NEW CREDIT FACILITIES, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED IN SECTION 8.3 OF THE DISCLOSURE STATEMENT ENTITLED "RISKS RELATING TO THE DEBTORS' BUSINESS AND FINANCIAL CONDITION") AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS AND THE REORGANIZED DEBTORS. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND

CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE DEBTORS AND REORGANIZED DEBTORS DO NOT INTEND AND DO NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS.

General Assumptions In The Financial Projections And The Notes

The Financial Projections have been prepared on the assumption that the Effective Date is April 30, 2007, and are based on, and assume, among other things, the successful reorganization of the Debtors, funding of the New Credit Facility, termination of the Pilot Plan, completion of the Debtors' fleet restructuring and implementation of the Reorganized Debtors' emergence business plan. Although the Debtors presently intend to cause the Effective Date to occur as soon as practical following Confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur. If the Effective Date is delayed, the Debtors will continue to incur reorganization costs, which may be considered significant.

The Financial Projections and the Notes do not include any assumption about the Compensation Programs or a New Equity Investment Rights Offering.

These Financial Projections present information with respect to all the Reorganized Debtors on a consolidated basis. Prior to the hearing to approve the Disclosure Statement, the Debtors will replace these Financial Projections with revised Financial Projections that will also discuss the Comair Debtors separately. These Financial Projections form the basis of estimating the projected recovery range for the holders of Unsecured Claims against the Debtors. Such recovery range specified in the accompanying Valuation Analysis in Appendix B is subject to change based, *inter alia*, on: (x) the fact that actual recoveries to holders of Unsecured Claims will be based on separate valuations of the Comair Debtors and the Delta Debtors and separate estimates of Allowed Claims against each, each of which will be reflected in a revised Disclosure Statement to be filed with the Bankruptcy Court prior to the Disclosure Statement hearing, (y) the dilutive effects of the Compensation Programs and any New Equity Investment Rights Offering and (z) further refinements to the estimates of total Allowed Claims as the Debtors' Claims reconciliation and objection process continues.

Projected Consolidated Statements of Operations[2]
(unaudited)
(in millions)

	Years ending December 31, 2006	2007	2008	2009	2010
Operating Revenue:					
Passenger	$ 15,698	$ 16,788	$ 17,914	$ 18,777	$ 19,834
Cargo	494	546	579	630	655
Other, net	1,154	1,181	1,197	1,240	1,272
Total operating revenue	**17,346**	**18,515**	**19,690**	**20,647**	**21,761**
Operating Expenses:					
Aircraft fuel	4,344	4,235	4,413	4,762	5,131
Salaries and related costs	4,063	3,626	3,633	3,799	3,936
Contract carrier arrangements	2,689	3,115	3,262	3,472	3,683
Depreciation and amortization	1,199	1,127	1,147	1,244	1,277
Contracted services	1,041	1,145	1,081	1,033	1,001
Passenger commissions and other selling expenses	879	897	974	1,037	1,096
Landing fees and other rents	773	726	735	740	747
Aircraft maintenance materials and outside repairs	740	724	804	807	825
Passenger service	324	327	361	391	409
Aircraft rent	306	300	331	319	309
Other	695	677	641	627	605
Subtotal	**17,053**	**16,899**	**17,382**	**18,231**	**19,019**
Profit sharing	-	196	329	363	457
Total Operating Expenses	**17,053**	**17,095**	**17,711**	**18,594**	**19,476**
Operating Income	**293**	**1,420**	**1,979**	**2,053**	**2,285**
Other Income/(Expense):					
Interest expense	(889)	(808)	(763)	(778)	(767)
Less: capitalized interest	8	14	21	10	5
Interest income	175	190	234	301	376
Miscellaneous income	(12)	-	-	-	-
Total Other Income/(Expense)	**(718)**	**(604)**	**(508)**	**(467)**	**(386)**
(Loss) Income Before Taxes	**(425)**	**816**	**1,471**	**1,586**	**1,899**
Income taxes, net	40	(360)	(552)	(595)	(711)
Net (loss) income	**$ (385)**	**$ 456**	**$ 919**	**$ 991**	**$ 1,188**

Please read in conjunction with associated Notes.

[2] All periods exclude special and non-cash reorganization items.

Projected Consolidated Balance Sheets
(unaudited)
(in millions)

	December 31, 2006	2007	2008	2009	2010
Current Assets					
Cash, cash equivalents and short-term investments	$ 2,501	$ 3,370	$ 4,718	$ 6,280	$ 7,831
Restricted cash	1,060	945	811	652	696
Accounts receivable, net	901	943	962	1,006	1,059
Expendable parts and supplies inventories, net	190	190	190	190	190
Deferred income taxes, net	370	370	370	370	370
Prepaid expenses and other	492	496	492	596	590
Total current assets	5,514	6,314	7,543	9,094	10,736
Property and Equipment					
Flight equipment (including advanced payments)	17,926	18,685	19,684	21,266	22,190
Accumulated depreciation	(6,814)	(7,648)	(8,519)	(9,484)	(10,485)
Flight equipment, net	11,112	11,037	11,165	11,782	11,705
Flight and ground equipment under capital leases	467	500	500	500	500
Accumulated amortization	(151)	(250)	(337)	(423)	(500)
Flight and ground equipment under capital leases, net	316	250	163	77	-
Ground property and equipment	4,716	4,991	5,266	5,566	5,866
Accumulated depreciation	(2,957)	(3,151)	(3,339)	(3,533)	(3,731)
Ground property and equipment, net	1,759	1,840	1,927	2,033	2,135
Total property and equipment, net	13,187	13,127	13,255	13,892	13,840
Other Assets					
Goodwill	227	227	227	227	227
Operating rights and other intangibles, net	82	82	82	82	82
Other noncurrent assets	1,113	1,149	1,182	1,202	1,202
Total other assets	1,422	1,458	1,491	1,511	1,511
Total Assets	**$ 20,123**	**$ 20,899**	**$ 22,289**	**$ 24,497**	**$ 26,087**
Current Liabilities					
Current maturities of long-term debt and capital leases	$ 1,301	$ 716	$ 389	$ 1,340	$ 1,402
Accounts payable	1,634	1,661	1,670	1,692	1,686
Air traffic liability	1,861	1,966	2,115	2,266	2,424
Taxes payable	551	530	524	519	518
Accrued salaries and related benefits	408	1,078	1,215	1,255	1,354
Total current liabilities	5,755	5,951	5,913	7,072	7,384
Noncurrent Liabilities					
Long-term debt and capital leases	6,896	8,124	8,172	7,654	7,064
Postretirement benefits	-	1,071	1,156	1,223	1,268
Pension and related benefits	-	2,955	2,900	2,835	2,771
Deferred revenue and other credits	328	346	352	365	378
Other	756	727	632	631	645
Total noncurrent liabilities	7,980	13,223	13,212	12,708	12,126
Liabilities subject to compromise (STC)	20,409	-	-	-	-
Shareowners' (deficit) equity	(14,021)	1,725	3,164	4,717	6,577
Total liabilities and shareowners' (deficit) equity	**$ 20,123**	**$ 20,899**	**$ 22,289**	**$ 24,497**	**$ 26,087**

Please read in conjunction with associated Notes.

Projected Consolidated Statements of Cash Flows
(unaudited)
(in millions)

	Years ended December 31,				
	2006	2007	2008	2009	2010
Cash Flows From Operating Activities:					
Net (loss) income	$ (385)	$ 456	$ 919	$ 991	$ 1,188
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	1,199	1,127	1,147	1,244	1,277
Rental expense in excess of (less than) payments	109	(30)	(95)	(1)	14
Pension, postretirement, postemployment expense in excess of payment	405	12	30	2	(18)
Other operating cashflow	(58)	-	-	-	-
Changes in certain current assets and liabilities:					
Increase in receivables	(137)	(42)	(18)	(45)	(52)
Decrease (increase) in other current assets	15	(19)	(28)	(124)	6
Increase in air traffic liability	149	105	149	151	158
Utilization of federal NOLs	-	360	520	562	672
Increase in other AP and accrued expense	135	166	135	60	92
Increase in other noncurrent liability	42	18	6	12	14
Increase (decrease) in STC liabilities	65	(100)	-	-	-
Other, net	70	-	-	-	-
Net cash provided by operating activities	**1,609**	**2,053**	**2,765**	**2,852**	**3,351**
Cash Flows From Investing Activities:					
Flight equip add, including advances net	(233)	(758)	(999)	(1,581)	(929)
Ground property and equipment additions	(138)	(275)	(275)	(300)	(300)
Proceeds from sale of flight equipment	34	-	-	-	-
(Increase) decrease in restricted cash	(29)	115	135	159	(44)
Other investing, net	6	-	-	-	-
Net cash used in investing activities	**(360)**	**(918)**	**(1,139)**	**(1,722)**	**(1,273)**
Free Cash Flow	**1,249**	**1,135**	**1,626**	**1,130**	**2,078**
Cash Flows From Financing Activities:					
Payments on long-term and capital lease obligations	(595)	(2,508)	(822)	(492)	(1,440)
Issuance of other long-term obligations	-	2,242	544	924	913
Other financing, net	(5)	-	-	-	-
Net cash (used in) provided by financing activities	**(600)**	**(266)**	**(278)**	**432**	**(527)**
Net increase in cash & cash equivalents	649	869	1,348	1,562	1,551
Cash & cash equivalents at beginning of period	1,852	2,501	3,370	4,718	6,280
Cash & cash equivalents at end of period	**$ 2,501**	**$ 3,370**	**$ 4,718**	**$ 6,280**	**$ 7,831**

Please read in conjunction with associated Notes.

Notes to Projected Consolidated Income Statement

Overview

The Debtors project operating margins of 8-11% and EBITDAR margins of 16-18% in 2007-2010.

Operating Revenue

Passenger Revenue: The Debtors project passenger revenue of $15.7 billion for 2006, an increase of 7% over 2005, due to fare increases that reflect strong passenger demand and capacity reductions in the airline industry, as well as the Debtors' strategy of restructuring its network to rebalance the mix of domestic and international flying. Over the Projection Period, Passenger revenue is forecast to increase at an average annual rate of 6%, or a total of $4.1 billion. The increase is due to capacity growth combined with an increase in load factor and passenger mile yield, such that Passenger revenue in 2010 is projected to be $19.8 billion. This increase includes a $3.0 billion increase in Mainline Passenger revenue and a $1.1 billion increase in Regional Affiliates Passenger revenue (through Delta Connection), the two components that comprise Passenger revenue.

The Debtors assume that they will achieve unit revenue parity among network peers by 2008. The Debtors forecast consolidated PRASM of 10.58 cents for 2006, an increase of 13.5% over 2005. In the Projection Period, consolidated PRASM is expected to increase 4% in 2007 and then at an average annual rate of 2% for 2008 to 2010, such that consolidated PRASM in 2010 is expected to be 11.74 cents.

The Debtors project consolidated ASMs of 148 billion for 2006, a decrease of 5% over 2005. In the Projection Period, consolidated capacity is forecast to increase at an average annual rate of 3%, or a total of 21 billion ASMs, such that consolidated capacity in 2010 is projected to be 169 billion ASMs. During the Projection Period, mainline domestic capacity is forecast to decrease at an average annual rate of 3% and mainline international capacity is forecast to rise at an average annual rate of 13%, reflecting the Debtors' strategy of shifting flying from domestic to international markets and the acquisition of more than 60 mainline aircraft by 2010. Regional capacity during the Projection Period is forecast to increase at an average annual rate of 3%.

Cargo Revenue: The Debtors provide freight and mail transportation using cargo space on their passenger aircraft. Revenue forecasts are developed based on volume and yield assumptions for the freight and mail businesses. Growth of $161 million in cargo revenues, primarily due to capacity increases, is forecast over the Projection Period.

Other Revenue: This includes Debtors' lines of businesses related to their core scheduled passenger service operation, including SkyMiles®, Crown Room Clubs, in-flight sales (liquor, entertainment and duty-free), training services and charter operations. The Debtors anticipate total Other revenue of $1.2 billion for 2006, an increase of 11% over 2005. Over the Projection Period, Other revenue is projected to increase at an average annual rate of 2%, such that Other revenue in 2010 is projected to be $1.3 billion, a $118 million increase as compared to

2006. Growth forecasts for these various operations are driven by existing contractual agreements, management expectations for certain business lines and inflationary growth.

Operating Expenses

Aircraft Fuel: Aircraft fuel is projected to be the Debtors' largest expense. The Financial Projections assume fuel price escalation consistent with recent experience, resulting in a cost for jet fuel of $2.00 per gallon for 2007, with 5% annual increases in the price of jet fuel for 2008-2010. To mitigate exposure to fuel price volatility, the Debtors intend to continue their fuel hedging program using derivative fuel contracts that qualify for hedge accounting.

Salaries and related costs: Labor costs are projected to be the Debtors' second largest expense, representing approximately 20% of annual operating expenses during the Projection Period. During the post-petition period, the Debtors lowered employment costs by headcount reductions and salary rate and benefit cost decreases for pilot and non-pilot employees. During the Projection Period, these expenses are forecast based on anticipated operating levels, the impact of ongoing initiatives to improve productivity, the terms of the renegotiated ALPA and PAFCA contracts, and the projected wages and benefits for ground, flight attendant and management employees.

During the post-petition period, the Debtors also restructured their post-retirement benefits under section 1114 of the Bankruptcy Code, which is estimated to reduce retiree healthcare costs by approximately $50 million annually, beginning in 2007.

Largely through the restructuring efforts, the Debtors reduced total labor cost from $5.1 billion in 2005 to $4.1 billion in 2006. In the Projection Period, labor costs, excluding profit sharing expense, are anticipated to decline in 2007 and then begin to grow in 2008, driven by rate increases and headcount growth, partially offset by full-year savings from Pilot Plan termination and additional productivity improvements.

Contract Carrier Arrangements: Expenses incurred by the Debtors for their independent regional carriers[3] include a base fee, a performance adjusted margin, and certain "pass through" expenses including fuel. The base fee is calculated based on contractual rates per various unit measures of capacity. The Debtors have competitively bid contractual agreements with certain regional carriers during the post-petition period, reducing the associated expenses, limiting expense growth, and improving operational performance. Contract Carrier expenses are expected to increase at an average annual rate of 8%, which incorporates the projected increases in jet fuel prices and regional capacity.

[3] Financial Projections reflect operations under contract carrier arrangements with SkyWest Airlines, Inc., Atlantic Southeast Airlines, Inc., Chautauqua Airlines, Inc., Shuttle America Corporation, and Freedom Airlines, Inc.

Depreciation and Amortization: The Financial Projections include depreciation and amortization on a straight-line basis over the estimated useful life of the property and equipment, primarily flight equipment. Useful life generally ranges from 3 to 25 years depending on the fixed asset. The Financial Projections anticipate capital expenditures between $350 million and $1.9 billion per year in order to support the Debtors' operations.

Contracted Services: Contracted services expense is primarily comprised of charges for contracted airport services such as ramp and cargo handling, as well as temporary staffing. These expenses vary with the volume of the related activities and inflation, and are projected to decrease at an average annual rate of 1% through the Projection Period.

Passenger Commissions and Other Selling Expenses: Passenger commissions and other selling expenses are comprised of charges for travel agency commissions and the costs of distributing Delta tickets through global distribution systems. These expenses generally tend to vary with total revenue and are projected to increase at an average annual rate of 6%.

Landing Fees and Other Rent: The Debtors lease various airport and non-airport facilities for which they incur rent expense and municipal bond servicing costs. The Financial Projections reflect anticipated savings resulting from the planned restructuring of various municipal bond obligations and the Debtors' ongoing efforts to optimize their use of real estate. Landing fees are incurred as a function of arrivals/departures, aircraft weight and rates established by the various airports. The Financial Projections anticipate a 1% average annual decrease in landing fees as a result of expected changes in rates charged by the various airports served by the Debtors.

Aircraft Maintenance Materials and Outside Repairs: The Debtors' outsourced all heavy airframe maintenance and certain engine maintenance activities in early 2006. Prior to outsourcing, labor costs were reported in Salaries and related costs. Beginning in 2006, outsourced labor costs are reflected in Aircraft maintenance materials and outside repairs. Beyond 2006, inflationary price increases and incremental maintenance requirements are expected to drive 3% average annual increases in aircraft maintenance materials and outside repairs over the Projection Period.

Passenger Service: Passenger service is comprised of charges for catering and provisioning of supplies onboard the aircraft. These expenses tend to vary with the volume of flights and inflation, and are projected to increase at an average annual rate of 6%.

Aircraft Rent: Aircraft rent reflects the operating expense associated with the Debtors' aircraft financed under operating leases. In addition, the Debtors operate various aircraft under debt financing and capital lease structures. Expenses related to these aircraft are reflected in depreciation and interest expense, which includes debt discount amortization, where applicable. During the post-petition period, the Debtors significantly reduced their aircraft-related obligations by rejecting certain aircraft leases and certain mortgaged aircraft, and renegotiating aircraft obligations for certain retained aircraft. Many of these transactions are subject to definitive documentation and Bankruptcy Court approval.

Other: Other expenses are primarily comprised of communications, utilities, fuel taxes, professional fees and general supplies. In addition, expenses associated with providing services to third parties (i.e. maintenance, ground handling and training services) are included in Other expenses. These expenses tend to vary with the size of the related activities and inflation. However, as a result of the Debtors' ongoing cost control efforts, aggregate Other expenses are forecast to decrease at an average annual rate of 4% during the Projection Period.

Profit Sharing: The Financial Projections include profit-sharing for all employees, based on 15% of pre-tax profits up to $1.5 billion and 20% over $1.5 billion, ranging from $200 million to $450 million in 2007-2010.

Income Taxes: The Debtors assume a statutory tax rate of approximately 38% throughout the Projection Period. The Debtors expect to utilize federal NOLs, subject to statutory limitations, to offset all of the Debtors' anticipated federal taxable income during the Projection Period. The utilization of federal NOLs will significantly reduce the Debtors' cash burden with respect to the payment of income taxes. Application of alternative minimum tax requirements results in minor cash tax payments during the Projection Period.

Notes to Projected Consolidated Balance Sheet Assumptions

Capital Structure: The Debtors' capital structure is assumed to be as follows:

(a) *New Credit Facility*: On or after the Effective Date, Reorganized Delta and certain of the Reorganized Subsidiary Debtors will enter into the New Credit Facility, which is expected to consist of revolving credit, letter of credit and term loan credit facilities. Reorganized Delta will use the New Credit Facility to repay the DIP Facility Claims and the Amex Post-Petition Facility Claims, to make other payments required under the Plan and to fund the post-reorganization operations of the Reorganized Debtors. The DIP Facility consists of a $600 million Term Loan A arranged by GECC, a $700 million Term Loan B arranged by GECC and a $600 million Term Loan C arranged jointly by GECC and Morgan Stanley. The estimated outstanding balance as of the Effective Date is $1.9 billion. The Amex Post-Petition Facility consists of substantially identical supplements to the two existing agreements under the SkyMiles Agreements for $350 million. The estimated outstanding balance as of the Effective Date is $94 million. The terms of the New Credit Facility will be set forth in a Plan Supplement.

(b) *Other Secured Debt*: Secured notes payable to GECC that are secured by spare engines, spare parts and aircraft, respectively, will remain outstanding. An irrevocable, direct pay letter of credit issued by GECC backing outstanding principal amounts of certain municipal bonds will also remain in place. As a result, the Reorganized Debtor will continue to be obligated pursuant to a reimbursement agreement to reimburse GE for drawings under these letters of credit, and these reimbursement obligations are also secured by aircraft and other collateral.

(c) *New Delta Debt Securities*: Pursuant to the Plan, the Debtors anticipate issuing $875 million of new unsecured notes in satisfying claims negotiated with ALPA and the PBGC.

Debt securities to be issued to ALPA are $650 million Senior Unsecured Notes ("**ALPA Notes**"), which will be issued no later than 120 days following the Effective Date. Upon issuance, an interest rate shall be determined to ensure that the ALPA Notes trade at par. The ALPA Notes are prepayable without penalty at any time with cash prior to their issuance. The terms provide for no amortization payments during the Projection Period.

Debt securities to be issued pursuant to the PBGC Settlement Agreement are $225 million of Senior Unsecured Notes ("**PBGC Notes**"). The PBGC Notes are to be issued on the Effective Date or as soon as reasonably practical thereafter, but in no event more than seven business days after emergence. Upon issuance, an interest rate shall be determined to ensure that the PBGC Notes trade at par. The PBGC Notes are prepayable without penalty at any time with cash prior to their issuance and the Reorganized Debtor is required to do so on a pro rata basis to the extent that cash replaces all or a portion of the ALPA Notes. The terms provide for no amortization payments during the Projection Period.

(d) *New Delta Common Stock*: For purposes of the Financial Projections, no value has been ascribed to the common equity of the Reorganized Debtors. To the extent the Debtors commence the New Equity Investment Rights Offering as discussed in the Plan, the proceeds would be incremental to any value ultimately ascribed to common equity.

<u>Notes to Projected Consolidated Cash Flow</u>

During the Projection Period, the Reorganized Debtors project their business operations to generate significant cash flow to support overall debt levels and reinvest in the business. During the Projection Period, the Reorganized Debtors business plan projects free cash flow in excess of $7 billion, provides for approximately $6 billion of required capital investment, and maintains unrestricted liquidity in excess of $2 billion at all times.

Cash Flow From Operating Activities: The Reorganized Debtors project they will generate positive cash flow from operations throughout the Projection Period. Cash flow from operating activities is projected to increase from an estimated $1.6 billion cash inflow in 2006 to $3.4 billion cash inflow by 2010, for aggregate cash produced from operating activities during the Projection Period of $12.6 billion. Improved cash flow is a result of, among other things, the projected growth in revenue throughout the Projection Period, coupled with reductions in salaries and related costs, reductions in aircraft rents, concessions from vendors and various other cost reduction initiatives implemented during the Chapter 11 cases.

Cash Flow From Investing Activities: Net cash flow from investing activities is projected to use cash totaling $5.4 billion over the Projection Period. This reflects non-aircraft capital expenditures of between $600 million and $650 million per year in 2007-2010 to sustain existing infrastructure and support growth, and $3.3 billion in aircraft capital expenditures.

Cash Flow From Financing Activities: The Financial Projections anticipate the use of $1.2 billion during the Projection Period to meet required principal payments related to Aircraft Debt.