

Neil A. Goteiner (NG 1644)
Dean M. Gloster (*Pro Hac Vice*)
Nan E. Joesten (*Pro Hac Vice*)
FARELLA BRAUN & MARTEL LLP
235 Montgomery Street
San Francisco, CA 94104
Tel: (415) 954-4400
Fax: (415) 954-4480

Return Date: January 5, 2006
Time: 2:30 p.m. EST

Opposition Date: December 29, 2005
Time: 5:00 p.m. EST

Guy W. Chambers (*Pro Hac Vice*)
TOWNSEND AND TOWNSEND AND CREW LLP
Two Embarcadero Center
Eighth Floor
San Francisco, CA
94111-3834
Tel: (415) 576-0200
Fax: (415) 576-0300

Peter N. Wang (PW 9216)
FOLEY & LARDNER LLP
90 Park Avenue
New York, NY 10016
Tel: (212) 682-7474
Fax: (212) 687-2329

Counsel For Section 1114 Committee
UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
DELTA AIR LINES, INC., et al.
Debtors.

Chapter 11 Case No.
05-17923 (PCB)
(Jointly Administered)

**APPLICATION OF THE SECTION 1114 COMMITTEE TO RETAIN BARBARA
NIEHUS AND MITCHELL I. SEROTA AS ACTUARIES, NUNC PRO TUNC TO
OCTOBER 27, 2005**

TO THE HONORABLE PRUDENCE CARTER BEATTY, UNITED STATES
BANKRUPTCY JUDGE:

The Delta Air Lines Section 1114 Committee representing non-pilot retirees of Delta Air Lines, Inc. (“Committee”), hereby submits this application for an order, pursuant to sections 328(a), and 1103(a) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Committee to retain and employ Barbara Niehus (“Niehus”) and Mitchell I. Serota (“Serota”), pursuant to the terms of their engagement letter, dated as of October 19, 2005 attached hereto as Exhibit A (the “Committee Engagement Letter”), as its actuaries nunc pro tunc to October 27, 2005, and in support thereof respectfully represents as follows:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The statutory predicates for the relief sought herein are sections §§ 328(a) and 1103(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”), Rules 2014, 2016, and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the local rules for the United States District Court for the Southern District of New York and the United States Bankruptcy Court for the Southern District of New York (the “Local Rules”).

Background

3. On September 14, 2005, the debtors and debtors in possession (collectively “Delta” or the “Debtor”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Bankruptcy Code.

4. On September 22, 2005, with the approval of the U.S. Trustee, the then proposed Committee filed an application, pursuant to § 1114(d) of the Bankruptcy Code

(the “Section 1114 Application”), requesting that the Court appoint members of the Delta Airlines Retirement Committee (the “DALRC”) as a Committee representing non-pilot retirees of Delta other than those represented by the Professional Airline Flight Control Association (“PAFCA”), until PAFCA elects not to represent them under Section 1114 (“Retirees”). That Section 1114 Application was set for hearing on October 6, 2005. Nevertheless, on September 30, 2005, pursuant to a request from Debtor’s counsel and the Creditors Committee to allow the Creditors Committee’s counsel ramp up time, the DALRC reluctantly agreed to adjourn the hearing to the earliest possible date. Debtor’s counsel reset the hearing for October 27, 2005. At that hearing, the Court ordered the formation of a non-pilot retiree committee made up of DALRC members after input from the U.S. Trustee’s office. On November 10, 2005, the Court entered the Order appointing seven individuals as the Committee, all of whom were DALRC members.

5. Contemporaneously with its September 22, 2005 Section 1114 Application, the DALRC also filed an Application to Appoint Counsel to the Proposed Section 1114 Committee, requesting the employment of Farella Braun + Martel LLP (counsel to the Committee); Townsend and Townsend and Crew LLP (special litigation counsel to the Committee); and Foley & Lardner LLP (local counsel to the Committee). After the hearing on the DALRC’s Section 1114 Application, originally set for October 6, 2005, was moved to October 27, 2005, counsel for Debtor and the proposed Committee agreed to take the Application to Appoint Counsel off-calendar pending appointment of any Section 1114 Committee. On December 5, 2005, the Committee refiled the Application to Appoint Counsel to the Section 1114 Committee. That Application to Appoint Counsel was heard on December 19, 2005. At that hearing, the Court authorized the employment and retention of the Farella, Townsend, and Foley firms.

Retention of Barbara Niehus and Mitchell I. Serota

a. Introduction

6. The Committee brings this Application because of its pressing need to retain actuarial expertise to assist it in the critical tasks associated with analyzing proposed modifications by Delta of the retirees' benefits as defined in Section 1114(a).

7. The Committee seeks authority from this Court to employ Niehus and Serota as actuaries. The primary persons from each of their offices to work on this engagement are set forth in the Serota Declaration in Support of the Application (the "Serota Declaration") and Niehus Declaration in Support of the Application (the "Niehus Declaration"), respectively.

8. Niehus is President of Niehus Actuarial Services, Inc. of Skokie, Illinois. Niehus is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. Niehus serves as a consulting actuary and has over 30 years experience working with group life and health insurance.

9. Serota is President of Mitchell I. Serota & Associates, Inc. of Skokie, Illinois. Serota is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries. Serota serves as a consulting actuary and has over 25 years experience working with ERISA Retirement and Health and Welfare Plans.

10. As actuaries to the Committee, it is expected that Niehus and Serota will provide the following services:

- a. Analyzing the Delta Air Lines Family-Care Disability and Survivorship Plan Trust (the "Trust") and documentation related thereto;
- b. Analyzing the impact on the retiree benefits of (i) the sale of the Debtors, either in whole or in part and (ii) the Debtors' chapter 11 plan(s) or any other chapter 11 plan(s);
- c. Providing such specific advice, valuation or other analyses as the Committee may require in connection with the cases;

- d. Representing the Committee in negotiations with the Debtors, the Unsecured Creditors Committee and third parties with respect to any of the foregoing; and
- e. Providing testimony in court on behalf of the Committee with respect to any of the foregoing, if necessary.

11. In order to perform these services in a cost-effective manner, Niehus and Serota will endeavor when possible to work with the retained professionals in these cases so as to avoid duplicating work or creating unnecessary work. Serota and Niehus have already discussed an appropriate and efficient division of responsibilities. Based on these discussions, it is currently contemplated that Niehus will be principally responsible for a majority of the services. Serota will supplement Niehus, as she may determine, with additional services as needed. While both Niehus and Serota recognize that it is difficult to predict how these complex cases will proceed, they will undertake to coordinate all of their services to the Committee in order to minimize, whenever possible, any unnecessary duplication of services and any potential burden on the Debtors and their professional advisors.

12. The Committee also requests that the retention and employment of actuaries be made *nunc pro tunc* as of October 27, 2005, the date of the hearing when this Court granted the motion to form the Committee. This is appropriate because, since that date, Niehus and Serota have been providing critical services to the Committee, including assisting analyzing documents related to the Trust and executing a declaration in support of the Committee's Motion to Enforce Debtor's Section 1114 obligations and communicating with the Committee regarding such matters.

b. The Terms of Niehus' and Serota's Engagement

13. As described more fully in the Committee Engagement Letter, Niehus and Serota will be entitled to receive, as compensation for their services:

- a. An hourly consulting fee of \$385.00;
- b. An hourly clerical support fee of \$60.00; and
- c. Reimbursement of all reasonable out-of-pocket expenses.

14. As set forth in the Niehus Declaration and Serota Declaration, filed concurrently herewith, the terms of the Committee Engagement Letter are similar in terms, both financial and otherwise, agreed to by Niehus and Serota and other actuaries in similar engagements, both in and outside of bankruptcy.

15. The terms of the Committee Engagement Letter were negotiated between counsel to the Committee and Niehus and Serota, and reflect the service to be provided by Niehus and Serota.

c. Niehus and Serota's Application Should be Approved Pursuant to Section 328(a) of the Bankruptcy Code

16. Niehus and Serota will be retained pursuant to section 328(a) of the Bankruptcy Code. Section 328(a) provides, in relevant part, that a Committee, “with the court’s approval, may employ or authorize the employment of a professional person under section ... 1103 ... on any reasonable terms and conditions of employment.” 11 U.S.C. §328(a).

17. Pursuant to section 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “Local Rules”) and the Orders of this Court, Niehus and Serota will apply to the Bankruptcy Court for the interim and final allowance of compensation and reimbursement expenses. Niehus and Serota will maintain detailed, contemporaneous records of time spent and of any necessary expenses incurred in connection with the rendering of actuarial services as required by all applicable rules and procedures.

d. Niehus and Serota Are Disinterested Parties

18. Niehus and Serota’s compliance with the requirements of sections 328 and 504 of the Bankruptcy Code and Bankruptcy Rules 2014 and 2016 is set forth in greater detail in the Niehus Declaration and Serota Declaration, respectively.

19. As described in the Niehus Declaration and Serota Declaration, neither Niehus nor Serota represents any of the Debtors’ creditors or other parties to this

proceeding, or their respective attorneys or accountants, in any manner which is adverse to the interests of any of the Debtors, and both are “disinterested person[s]” as defined in section 101(14) of the Bankruptcy Code. As also described in both the Niehus Declaration and Serota Declaration, respectively, neither Niehus nor Serota holds any interest adverse to any of the Debtors or their estates in the matters upon which Niehus and Serota are to be engaged herein.

Waiver of Memorandum of Law

20. Because this Application presents no novel issues of law and the authorities relied upon by the Committee are set forth herein, the Committee respectfully requests that the Court waive the requirement for the filing of a separate memorandum of law in support of this Application pursuant to Local Bankruptcy Rule 9013-1(b).

Notice

21. Consistent with the procedure described in the Court’s Order Approving Notice, Case Management and Administrative Procedures entered on October 6, 2005 (the “Case Management Order”), this Application has been served on the Core Parties (as that term is defined in the Case Management Order). In light of the nature of the Application, the Committee submits that no other and further notice be given and that the notice provided of the Application is sufficient.

No Prior Request

22. No prior request for the relief sought herein has been made to this or any other court.

23. WHEREFORE, the Committee respectfully requests the entry of an Order in the form of the proposed Order submitted herewith, approving the retention and employment of Barbara Niehus and Mitchell I. Serota, as actuaries to the Committee, nunc pro tunc to October 27, 2005, pursuant to sections 328(a) and 1103(a) of the Bankruptcy Code, and granting such other relief as may be just and equitable.

Dated: San Francisco, CA
December 21, 2005

THE SECTION 1114 COMMITTEE
REPRESENTING NON-PILOT RETIREES
OF DELTA AIR LINES, INC.

By: _____ /s/
Neil A. Goteiner
Farella Braun + Martel LLP
Counsel to the Section 1114 Committee

Niehus Actuarial Services, Inc.

October 12, 2005

Neil A. Goteiner
Farella Braun & Martel LLP
235 Montgomery Street
San Francisco, CA 94104

Re: Bankruptcy of Delta Airlines, Inc. – Representation of Non-Pilot Retirees

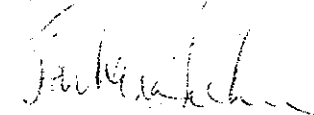
Dear Mr. Goteiner:

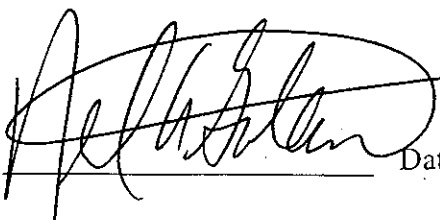
Thank you for considering Niehus Actuarial Services, Inc. in connection with the matter referenced above. In this matter, I understand that we will be retained by the Delta Air Lines Retirement Committee (DALRC) to provide advice, consulting, and, possibly, testimony in their representation of non-pilot retirees.

I will be primarily responsible for the work to be performed but may also use the services of Mitchell Serota, FSA, MAAA. The hourly consulting rate for both Mr. Serota and myself is \$385. I have attached a description of my billing and fee arrangements. Any clerical support that we might require will be billed at a rate of \$60 per hour.

I look forward to working with you.

Sincerely,


Barbara Niehus

Accepted by:  Date: 10/19/05

Niehus Actuarial Service, Inc.

Billing and Fee Arrangements

Understanding. We are pleased to have the opportunity to serve you. Our aim is to provide the highest quality and most efficient consulting services possible. In order to create a solid relationship, we believe it is important to start with a mutual understanding about our fees and their payment. Unless our engagement letter alters these arrangements, these terms will apply to future services we provide.

Fees. Our fees are based on the amount of time spent by consulting professionals. Each professional has an hourly billing rate, and the rate in effect at the time services are performed times the number of hours spent on a project is the basis for determining our fees. These rates change from time to time. We will, of course, provide you with advance notice of any change in our billing rates.

Work Assignments. In order to provide services to you in the most efficient manner possible, the consultant you deal with primarily may assign parts of your work to other qualified professionals under his or her supervision in such a way as to produce the highest quality work at reasonable expense to you. The supervising consultant will be responsible to you for high quality completion of the entire assignment and will be available to discuss the use of other personnel with you.

Billings and Expenses. Billing statements will normally be sent around the first of the month for work done in the prior month, identifying services rendered as well as expenses incurred. Expenses include but are not limited to expenses such as special postage or delivery charges or travel-related costs.

Payment. Payment is due within 10 business days of your receipt of our statement. Checks or drafts should be made to "Niehus Actuarial Services, Inc." (FEIN 36-4420442). If any of our statements remains unpaid for more than 45 days, we may, based on our analysis of the circumstances, cease performing services for you until arrangements satisfactory to us have been made for payment of past due fees.

Questions. If you have questions about any aspect of our arrangements or our statements, please feel free to raise those questions. It is important that we proceed on a mutually clear and satisfactory basis in our work for you.

Niehus Actuarial Service, Inc.

October 12, 2005

Neil A. Goteiner
Farella Braun & Martel LLP
235 Montgomery Street
San Francisco, CA 94104

Re: Bankruptcy of Delta Airlines, Inc. – Representation of Non-Pilot Retirees

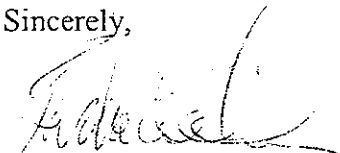
Dear Mr. Goteiner:

Thank you for considering Niehus Actuarial Services, Inc. in connection with the matter referenced above. In this matter, I understand that we will be retained by the Delta Air Lines Retirement Committee (DALRC) to provide advice, consulting, and, possibly, testimony in their representation of non-pilot retirees.

I will be primarily responsible for the work to be performed but may also use the services of Mitchell Serota, FSA, MAAA. The hourly consulting rate for both Mr. Serota and myself is \$385. I have attached a description of my billing and fee arrangements. Any clerical support that we might require will be billed at a rate of \$60 per hour.

I look forward to working with you.

Sincerely,



Barbara Niehus

Accepted by: _____ Date: _____