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

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

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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

**DECLARATION OF BARBARA NIEHUS  
IN SUPPORT OF APPLICATION PURSUANT TO BANKRUPTCY RULE 2014(A) FOR  
AN ORDER UNDER SECTIONS 328(A) AND 1103(A) OF THE BANKRUPTCY CODE  
AUTHORIZING THE EMPLOYMENT AND RETENTION OF BARBARA NIEHUS AS  
ACTUARY FOR THE SECTION 1114 COMMITTEE**

BARBARA NIEHUS (“Niehus”), under penalty of perjury, declares and says:

1. I submit this declaration pursuant to Sections 328(a) and 1103(a) of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the “Bankruptcy Code”) and Rules 2014(a) and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in support of the Application (the “Application”)<sup>1</sup> of the Section 1114 Committee appointed in the above-referenced Chapter 11 cases (the “Committee”) to employ and retain me as an actuary pursuant to the terms and conditions of the engagement letter dated October 19, 2005 (the “Engagement Letter”). Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, would testify competently thereto.

#### **Qualifications Of Niehus**

2. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. Since 2001, I have served as a consulting actuary on issues arising in connection with life and health insurance and employee benefits. From 1994 until February 2001, I was employed by CNA of Chicago, Illinois, having served from 1997 to 2001 as Group Vice President and Senior Financial Officer of CNA’s Group Operations Division, and from 1994 until 1997 as Senior Vice President with responsibilities for pricing, premium rate setting, product development, reserve reviews, and other financial matters for CNA’s group life and health insurance and reinsurance. From 1984 until 1994, I was employed in various capacities with Celtic Life Insurance Company of Chicago, Illinois (“Celtic”), having served as Executive Vice President with overall profit and management responsibility for Celtic’s Small Group Medical Division

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Application.

(including actuarial , claims, compliance, underwriting, and all other functional areas) over the last six years of my employment with Celtic. I was employed by Allstate Insurance Companies of Northbrook, Illinois, from 1972 until 1984, in various capacities involving the underwriting, pricing, premium rate setting, reserve calculations, development of claim policy, and other matters of their group and association life and health insurance products. I began my insurance career as an actuarial student with Montgomery Ward Life Insurance Company of Chicago, Illinois where I was employed from 1970 until 1972.

3. I have been active in the Society of Actuaries for much of my career, and authored materials that were part of the syllabus used by actuarial students in preparing for certain parts of the actuarial exams. I have spoken to various groups on insurance-related topics. I have over thirty years of experience dealing with insured and self-funded employer-sponsored health and welfare plans.

4. My curriculum vitae includes a listing, to my knowledge, of my expert witness testimony during the last four years and publication experience during the last ten years (see Exhibit A).

### **Services To Be Rendered**

5. If the Application is approved, I will provide actuarial and other related services as contemplated under the Engagement Letter, and as may be requested by the Committee, that will include the following:

- 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.

6. If the Application is approved, I will be entitled to fees and expense reimbursements as more fully set forth in the Engagement Letter. In summary, if the Application is approved, I will be entitled to receive the following fees, pursuant to Section 328(a) of the Bankruptcy Code (and subject to final approval by the Bankruptcy Court):

- 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

7. To the best of my knowledge, the compensation arrangement described above is comparable to other similar engagements entered into by me and other actuaries both in, and outside of Chapter 11.

8. I have no agreement with any other entity to share with such entity any compensation received by it in connection with this case, except as permitted by Section 504 of the Bankruptcy Code, and I have no agreements with any party regarding this engagement other than or set forth in this Declaration.

9. In order to perform these services in a cost-effective manner, I will endeavor when possible to work with the retained professionals in these cases so as to avoid duplicating work or creating unnecessary work. The Committee is also seeking to retain Mitchell I. Serota (“Serota”) to provide actuarial services complimentary to those

provided by me. Serota and I have already discussed an appropriate and efficient division of responsibilities. Based on these discussions, it is currently contemplated that I will be principally responsible for a majority of the services. Serota will supplement my services, as I may determine, with additional services as needed. While both Serota and I recognize that it is difficult to predict how these complex cases will proceed, we will undertake to coordinate all of our 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.

10. While my compensation will be determined pursuant to Section 328 of the Bankruptcy Code, I will nevertheless file and serve requests for interim and final compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of the Court and any administrative orders establishing procedures for the interim compensation and reimbursement of expenses of professionals to be issued in these cases. I 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.

### **Disinterestedness**

11. I am a “disinterested person” as that term is defined in Bankruptcy Code § 101(14) in that I:

- a) am not a creditor, equity security holder or insider of the Debtors;
- b) am not and was not an investment banker for any outstanding security of the Debtors;
- c) have not been, within three (3) years before the date of the filing of the Debtors’ Chapter 11 petition, (i) an investment banker for a

security of the Debtors, or (ii) an attorney for such an actuary in connection with the offer, sale, or issuance of a security of the Debtors; and

- d) am not and, was not, within two (2) years before the date of the filing of the Debtors' Chapter 11 petition, a director, officer, or employee of the Debtors' or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

12. To the best of my knowledge, information and belief after reasonable inquiry, other than in connection with this case and as set forth below and in paragraphs 13, neither I, nor any of my employees participating in or connected with my engagement with the Committee: (i) is related to the Debtors or any other party in interest herein, the United States Trustee or anyone employed in the United States Trustee's Office; or (ii) has any connection with or holds or represents any interest adverse to the Debtors, its estate, its creditors or any other party in interest herein or their respective attorneys in the matters on which I am proposed to be retained.

13. To determine my relationship with parties-in-interest in this case, I researched my client databases to determine whether I have any relationships with the entities (collectively, the "Interested Parties") that were identified to me by counsel to the Committee on the list attached hereto as Schedule 1. I have been informed that this list includes:

- a) the Debtors and their non debtor affiliates, and certain joint ventures involving the Debtors, non-debtor affiliates and third-parties;
- b) the members of the Unsecured Creditors Committee; and
- c) the 20 largest unsecured creditors.

To the extent identified to date, Schedule 2 discloses my relationships with Interested Parties that have any connection to the Debtors. I will supplement Schedule 2 from time

to time, as appropriate, in the event affiliated entities are added to the Interested Party list by counsel to the Debtors or Committee and/or further investigation of the Interested Parties yields additional information material to this engagement.

14. If any new relevant facts or relationships are discovered or arise during the pendency of these Chapter 11 cases, I will use reasonable efforts to identify such further developments and will, if appropriate, promptly file a Supplemental Declaration as required by Bankruptcy Rule 2014(a).

15. In conclusion, to the best of my knowledge, information and belief, I am disinterested and hold no materially adverse interest as to the matters upon which I am to be retained. If this Court approves the proposed employment of me by the Committee, I will not accept any engagement or perform any service for any entity or other person than the Committee in connection with these Chapter 11 cases.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: Skokie, Illinois  
December 21, 2005

/s/ Barbara Niehus  
Barbara Niehus

Exhibit A

**Barbara P. Niehus, FSA, MAAA**  
President  
Niehus Actuarial Services, Inc.  
5215 Old Orchard Road, Suite 750  
Skokie, IL 60077  
(847) 965-7307

### **Education**

- ◆ BS in Mathematics – University of Chicago, 1971

### **Employment**

**Niehus Actuarial Services, Inc.** – 2001 to present

President, Actuarial consulting specializing in life and health insurance matters.

**CNA, Chicago, IL** – 1994-2001

- ◆ Group Vice President and Senior Financial Officer for Group Operations – 1997-2001; Group Operations included \$4 billion of annual premium covering group life, accident, health, disability, and long term care. Also included two reinsurance businesses: individual life and group life and health. Responsibilities included financial reporting and planning, reserve valuations, oversight of accounting processes, internal and external communication of results, regulatory compliance oversight, reinsurance and M&A support.
- ◆ Vice President and Chief Actuary for Group Operations – 1994-1997; Responsible for pricing, product development, regulatory compliance, financial planning, reserve reviews, analysis of financial results, reinsurance and M&A support.

**Celtic Life Insurance Company, Chicago, IL** – 1984-1994

- ◆ Executive Vice President for the Small Group Division – 1988-1994; The Small Group Division provided life and major medical insurance to small employers (1-25 employees), and grew from about \$40 million of annual premium in 1984 to over \$200 million through new sales and block acquisitions. Responsibilities included full management responsibility for the product line, including all pricing, product development, regulatory compliance, underwriting, claims, litigation defense, reserving and financial reporting, product support, administration, managed-care, marketing and sales functions.
- ◆ Senior Vice President – 1984-1988; Responsible for all pricing, product development, reserve valuations, financial reporting, reinsurance, underwriting, and administration.

**Allstate Insurance Companies, Northbrook, IL** – 1972-1984

- ◆ Corporate Accounts Director – 1981-1984; Account management responsibilities for benefit plans for Sears, Roebuck & Co. and its wholly-owned subsidiaries (including Sears, Allstate, Dean Witter Reynolds, Coldwell Banker and others). Responsibilities

included consulting with Sears and its subsidiaries on plan design and competitive and financial implications, developing all employee communication materials, and providing all insurance-related technical support (such as pricing, regulatory compliance, reserves and accounting).

- ◆ Manager, Group Underwriting – 1974-1981; Managed underwriting functions for all group life, accident, health, and disability insurance sold by Allstate (employer and association plans). Responsibilities expanded over time to include underwriting, pricing, product development, reserve valuations, refund formulas, reinsurance and other related activities.
- ◆ Actuarial Student – 1972-1974; Performed various responsibilities related to pricing, underwriting, and product development of group insurance coverages.

#### **Montgomery Ward Life Insurance Company, Chicago, IL – 1970-1972**

Actuarial Student – 1970-1972; Performed various actuarial duties related to development of individual life policies, credit insurance, reinsurance, and group insurance.

#### **Professional Designations**

- ◆ ARIAS –US Certified Arbitrator – 2003
- ◆ Fellow, Society of Actuaries (FSA) – 1978
- ◆ Member, American Academy of Actuaries (MAAA) – 1977

#### **Publications and Industry Activities**

- ◆ Participation in Society of Actuaries (SOA) teaching seminars and meetings as panelist, including the Small Group and Individual Health Insurance seminar (March 2003; repeated in August 2003). Served on Health Section Council (1994-1997) and Elections Committee (1998-2001).
- ◆ Participation in various industry committees and groups, including Health Insurance Association of America (HIAA). Participated in various working groups studying regulation of small group health insurance, including input to NAIC, American Academy of Actuaries, and Texas Department of Insurance efforts. Member of the HIAA Risk Adjusters workgroup.
- ◆ Authored chapter (“Underwriting Small Groups”) in *Group Insurance*, William Bluhm (editor), ACTEX Publications, Inc. 1992 (SOA Textbook). Also authored previous Small Group Study Note for SOA.
- ◆ “Ballast for the Small Group Market” *Best’s Review*, October 1991.
- ◆ Speaking engagements include: the 8<sup>th</sup> Insurance Regulation Conference (“Current Trends in Health Insurance Regulation”), American Bar Association Tort and Insurance Practice Sections (“The Insurance Industry Response to Health Care Reform”); Chicago Actuarial Association (March 2001 – Privacy Regulations; March 2003 – Small Group Underwriting and Pricing Topics).

## **Expert Testimony**

Ms. Niehus has provided expert testimony in the following:

- ◆ Litigation involving North Carolina Mutual Life Insurance Company (“NCM”), McKinley Financial Services, Inc., and Collegiate Risk Management regarding the sale of Student Accident Insurance policies. Ms. Niehus testified on behalf of NCM. (2005-)
- ◆ A confidential arbitration involving disputed insurance claims covering financial guarantees included within certain disease management contracts. Ms. Niehus testified on behalf of the disease management company. (2005)
- ◆ A class action brought against American Medical Security (AMS) with regard to premium-setting and other practices related to individual health insurance policies sold in Florida. Ms. Niehus testified on behalf of AMS. (2002-2004)
- ◆ A confidential arbitration involving disputed reinsurance claims arising from a block of aggregate and specific medical stop loss policies. Ms. Niehus testified on behalf of the ceding company. (2003)
- ◆ Litigation initiated by the American Bar Endowment in a claim against Mutual of Omaha. Ms. Niehus testified on behalf of the Endowment, which had alleged that Mutual had improperly calculated experience refunds due to the Endowment under the long-term disability policies issued to the Endowment (offering long-term disability coverage to members of the American Bar Association). (2001)

Schedule 1

## **DEBTOR AND AFFILIATES**

1. ASA Holdings, Inc.
2. Comair Holdings, LLC
3. Comair, Inc.
4. Comair Services, Inc.
5. Crown Rooms, Inc.
6. DAL Aircraft Trading, Inc.
7. DAL Global Services, LLC
8. DAL Moscow, Inc.
9. Delta AirElite Business Jets, Inc.
10. Delta Air Lines, Inc.
11. Delta Benefits Management, Inc,
12. Delta Connection Academy, Inc.
13. Delta Corporate Identity, Inc.
14. Delta Loyalty Management Services, LLC
15. Delta Technology, LLC
16. Delta Ventures III, LLC
17. Epsilon Trading, Inc.
18. Kappa Capital Management, Inc.
19. Song, LLC

## **LARGEST UNSECURED CLAIMS**

20. Boeing Commercial Airplane Group
21. The Bank of New York

22. Suntrust Bank

**UNSECURED CREDITORS' COMMITTEE**

23. U.S. Bank National Association and U.S. Bank Trust National Association

24. Boeing Capital Corp.

25. Pension Benefit Guaranty Corporation

26. The Coca-Cola Company

27. Pratt & Whitney, a division of United Technologies Corporation

28. Air Line Pilots Association, International

29. MacKay Shield, L.L.C.

30. Fidelity Advisor Series II: Fidelity Advisor High Income Advantage Fund

31. Bank of New York, Corporate Trust Default Group

Schedule 2

None.