

**THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	
DELTA AIR LINES, INC., et al.,)	Chapter 11
)	
Debtors.)	Case No. 05-17923 (ASH)
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)	(Jointly Administered)
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**FINAL FEE AND EXPENSE APPLICATION COVER SHEET OF
BABCOCK & BROWN LP, AS FINANCIAL ADVISORS TO
THE DEBTORS WITH RESPECT TO AIRCRAFT FINANCING**

Name of Applicant:	Babcock & Brown LP
Role in Case:	Financial Advisors to Debtors
Date of Retention:	September 16, 2005
Period Covered:	September 16, 2005 through April 25, 2007
<u>Current Application</u>¹	
Monthly Fees Requested:	\$ 6,477,500.00
Success Fee Requested:	\$ 2,522,500.00
Expenses Requested:	\$ 233,408.16
Total Fees and Expenses Requested:	\$ 9,233,408.16
This is a(n):	<input type="checkbox"/> interim <input checked="" type="checkbox"/> final application.

¹ The amounts requested in this Application include certain fees and expenses (totaling \$ 3,197,500 and \$25,045.41, respectively, for the period from February 1, 2007 through April 25, 2007, the "Final Period") not previously included in Babcock & Brown's fee applications filed with this Court. Billing detail relating to such fees and expenses has been included in the exhibits to this Application.

SECTION I: FEE SUMMARY

	<u>To Date</u>	<u>Current Period</u>
Total Fees Requested:	\$6,477,500.00	\$ 675,000.00
Total Success Fee Requested:	\$2,522,500.00	\$2,522,500.00
Total Expenses Requested:	\$ 233,408.16	\$ 25,045.41
Total Fees Previously Received:	\$6,387,500.00	\$ 585,000.00
Total Expenses Previously Received:	\$ 221,321.32	\$ 12,958.57
Total Previously Received by Applicant:	\$6,608,821.32	\$ 597,958.57

SECTION II: PROFESSIONAL SUMMARY

<u>Name of Professional</u>	<u>Practice Area/Group</u>	<u>Total Hours to Date²</u>
Robert Clinton	Structured Finance/Aerospace Group	2019.00
Matthew Landess	Structured Finance/Aerospace Group	3427.00
Paul Marini	Structured Finance/Head of Aerospace Group	1101.00
Bruce Tang	Structured Finance/Aerospace Group	190.00
Tom Tuggle	Structured Finance/Aerospace Group	1296.00

² For the Final Period (February 1, 2007 through April 25, 2007), the detailed total hours for such professionals were as follows:
Robert Clinton, 337 hrs.; Matthew Landess, 468 hrs.; Paul Marini, 92 hrs.; Bruce Tang, 0 hrs.; Tom Tuggle, 157 hrs.

SECTION III: EXPENSE SUMMARY

<u>Expenses to Date</u>	<u>Amount to Date</u>
a) Air Travel	\$ 16,602.00
b) Ground Travel	\$ 11,047.05
c) Accommodations	\$ 9,493.85
d) Meals	\$ 10,864.49
e) Other ³	\$185,265.55
f) Delivery	\$ 135.22
TOTAL	\$233,408.16⁴

³ This expense category includes legal fees incurred by Babcock & Brown totaling \$179,509.53, including legal fees incurred with respect to fee and retention issues and certain discovery matters which arose during these cases. Reimbursement of such fees is requested in accordance with the terms of the engagement letter between the Debtors and Babcock & Brown approved by this Court on September 16, 2005.

⁴ This total includes \$25,045.41 in expenses incurred during the Final Period (February 1, 2007 through April 25, 2007) not previously applied for or received.

**THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	
DELTA AIR LINES, INC., et al.,)	Chapter 11 Case No.
)	05-17923 (ASH)
Debtors.)	(Jointly Administered)
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**FINAL APPLICATION OF BABCOCK & BROWN LP, AS FINANCIAL ADVISORS TO
THE DEBTORS WITH RESPECT TO AIRCRAFT FINANCING, FOR ALLOWANCE
OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
DURING THE PERIOD FROM SEPTEMBER 16, 2005 THROUGH APRIL 25, 2007**

Babcock & Brown LP (“Babcock & Brown” or the “Applicant”), as financial advisors with respect to aircraft financing for Delta Air Lines Inc., and those of its affiliates that are debtors and debtors in possession in the above captioned cases (collectively, the “Debtors”), hereby makes its final application (the “Application”) pursuant to sections 328 and 331 of Title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for final allowance of compensation for professional services performed by Babcock & Brown during the period from September 14, 2005 through April 25, 2007 (the “Compensation Period”), and for reimbursement of Babcock & Brown’s actual and necessary expenses incurred during the Compensation Period.

BACKGROUND

1. Pursuant to an Interim Order of the Court dated September 16, 2005 (the “Interim Retention Order,” attached hereto as Exhibit A), and an Amended Final Order of the Court dated August 3, 2006 (the “Final Retention Order,” attached

hereto as Exhibit B), the Debtors were authorized to retain Babcock & Brown as their financial advisors to render advisory services with respect to aircraft financing in connection with these chapter 11 cases. The terms of Babcock & Brown's engagement in these cases are set forth in the Court approved engagement letter between Babcock & Brown and the Debtors (as amended by this Court's Final Retention Order, the "Engagement Letter," attached hereto as Exhibit C).

2. On December 19, 2006, the Debtors filed their Joint Plan of Reorganization (as amended, the "Plan"). On April 25, 2007, this Court entered an order confirming the Plan.

**SUMMARY OF REQUEST FOR PROFESSIONAL COMPENSATION
AND REIMBURSEMENT OF EXPENSES**

3. This Application has been prepared in accordance with the Final Retention Order, the Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on April 19, 1995 (the "Local Guidelines"), the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under U.S.C. § 330, adopted on January 30, 1996 (the "UST Guidelines"), and this Court's Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, dated October 6, 2005 (the "Administrative Order", and collectively with the Local Guidelines and UST Guidelines, the "Guidelines"). Pursuant

to the Local Guidelines, a certification regarding compliance with the same is attached hereto as Exhibit D.⁵

4. Consistent with the terms of the Engagement Letter, Babcock & Brown seeks final approval of the sum of \$6,477,500.00 for aggregate monthly fees for advisory services with respect to aircraft financing issues addressed during the Compensation Period, and \$233,408.16 for the reimbursement of expenses incurred in connection with the rendition of such services.

5. Babcock & Brown also seeks approval of a Success Fee⁶ equal to \$2,522,500.00, as agreed to in consultation with the Debtors. Pursuant to the terms of the Engagement Letter, Babcock & Brown's Gross Success Fee was capped at \$4 million, and was subject to a reduction by certain fees otherwise earned by Babcock & Brown.⁷ Babcock and Brown has consulted with the Debtors regarding the Success Fee requested herein, and is not disclosing the average annual aircraft cost savings (a component in the Success Fee calculation) realized by the Debtors in these cases, as such information is confidential and immaterial to the Success Fee requested (given that Babcock & Brown's calculated Success Fee in these cases exceeded the cap described above). If the Court determines that such information is necessary to evaluate Babcock & Brown's requested Success Fee, Babcock & Brown will seek to provide such information under seal.

⁵ Detailed time and expense records are not being filed with this Application, but are being provided to the Debtors, the Office of the United States Trustee and the Official Committee of Unsecured Creditors (the "UCC"). Parties in interest required to be served with monthly fee statements pursuant to the Interim Compensation Order have previously received such records. Copies of these records will be made available to other parties in interest upon written request. Babcock & Brown understands that the Office of the United States Trustee and the debtors have conferred regarding this procedure.

⁶ Capitalized terms used but not otherwise defined in this paragraph shall have the meanings ascribed to them in the Engagement Letter annexed hereto as Exhibit C.

⁷ According to the Engagement Letter, "Babcock & Brown will be paid a success fee...equal to 2% of average annual aircraft cost savings...capped at \$4,000,000." See Engagement Letter, page 3.

6. There is no agreement or understanding between Babcock & Brown and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these chapter 11 cases.

7. Pursuant to the UST Guidelines, annexed hereto is a schedule setting forth all Babcock & Brown professionals who have performed services for the Debtors during the Compensation Period, the capacities in which each such individual is employed by Babcock & Brown, and the department in which each individual practices.

8. Attached hereto as Exhibit E is a schedule specifying the categories of expenses for which Babcock & Brown is seeking reimbursement, the total amount sought for each such expense category, and an itemized record of all expenses for which Babcock & Brown is seeking reimbursement.

9. Pursuant to Section II.D of the UST Guidelines, annexed hereto as Exhibit F is a Summary of Time Detail by Professional and Category for services performed by Babcock & Brown during the Compensation Period.

10. Pursuant to the Application of the Debtors Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 2014(a) for Authority to Employ Babcock & Brown LP as Financial Advisor With Respect to Aircraft Financing for the Debtors (the "Retention Application"), and as approved by this Court's Final Retention Order, Babcock & Brown has prepared weekly descriptions of the services rendered to the Debtors during the Compensation Period. (Retention Application ¶ 11). These descriptions are attached hereto as Exhibit G.

SUMMARY OF SERVICES RENDERED

11. The financial advisory services performed by Babcock & Brown professionals in these cases were rendered by Paul Marini, Matthew Landess, Tom Tuggle, Robert Clinton and Bruce Tang (the “Babcock Team”). Babcock & Brown has a wealth of experience in providing specialized financial advice to airlines, investors and financing entities in the airline industry and has an excellent reputation for the services it has rendered.

12. During the Compensation Period, Babcock & Brown rendered extensive financial advisory services to the Debtors related to aircraft financing, including, but not limited to, the following:

- Finalized general economic restructuring strategy for all of Debtor’s aircraft-related secured debt and lease obligations.
- Reviewed and assisted in finalizing proposals sent to Debtor’s aircraft creditors.
- Created and delivered presentations detailing Debtor’s economic restructuring strategy to Delta management, the Air Line Pilots Association (“ALPA”) and the Advisors to the Official Committee of Unsecured Creditors (“UCC”).
- Provided Delta and the UCC with estimates of current fair market values and fair market rental values for all aircraft types in Debtor’s fleet based on review and analyses of appraisal reports and market information.
- Calculated an estimate of unsecured claim amounts for Debtor’s restructured aircraft fleet.
- Participated fully in the negotiations with the “Ad Hoc Committee”, a.k.a. the “Bingham group” (which represents 88 aircraft) and their advisors.

- Participated in numerous strategic discussions with the Debtor and Debtor’s Counsel regarding the 9.5% notes, a.k.a. “Exchange Offer” transaction, and the creditors’ motion for adequate protection.
- Participated in meetings, development of proposals and negotiations with Export Development Canada “EDC” with respect to 107 regional aircraft.
- Negotiated with more than 40 other aircraft creditors regarding a myriad of business issues relating to their 1110(b) stipulations, term sheets, and final documentation.
- Negotiated an unsecured claim amount relating to each Bingham group aircraft.
- Assisted Delta with the organization and preparation of summaries containing existing debt balance, debt payment, lease obligation, or other relevant information by aircraft type and tail number, financing format and issuance type (e.g., public ETC/EETC series).
- Assisted in calculating cash forecasts and prepared reports on a monthly, annual and per aircraft basis.
- Provided contact information for bank and insurance company lenders and lessors, as requested.
- Negotiated the orderly return of rejected aircraft.
- Responded to UCC discovery request regarding the Bingham group transactions and gave deposition and prepared for court hearing regarding the transaction.
- Calculated cure payments in relation to 1110(a) transactions.
- Traveled to attend meetings and to make presentations to Delta and its creditors, when requested.
- Provided Delta and the UCC with market information relating to return conditions.
- Prepared reports and analyses detailing projected and actual cost savings.
- Tracked negotiation status with respect to each aircraft transaction and reported such information to Delta on a regular basis.

- Advised Delta in structuring and assisted in implementing various aspects of Debtor's aircraft-related secured debt and lease obligations, including recommendations for strategic and tactical alternatives and approaches to financing parties.
- Participated in regular conference calls (typically daily) with the Debtor and Debtor's counsel, and internal calls to organize our strategic and tactical approaches to various negotiations.
- Reviewed and made recommendations on 1110(b) stipulations, all proposals, term sheets, and lease documentation.

13. Babcock & Brown believes that the foregoing financial advisory services were reasonable, necessary and appropriate to assist the Debtors in the administration of these chapter 11 cases and related matters, and were in the best interests of the Debtors, their estates, their creditors and other parties in interest. The compensation requested for the foregoing services is commensurate with the complexity, importance, magnitude, deadlines and nature of the problems, issues and tasks involved. Finally, the professional services for which compensation is sought were performed by Babcock & Brown expeditiously and in an efficient manner.

14. The fees charged by Babcock & Brown in these chapter 11 cases were billed in accordance with the fee structure and procedures previously approved by the Court in these cases. The fees Babcock & Brown seeks for the services rendered by its professionals in these cases are similar to the fees Babcock & Brown charges for professional services rendered in comparable matters. The fee structure used by Babcock & Brown is similar to that commonly utilized for similar engagements in the airline industry, both in and out of bankruptcy.

15. Babcock & Brown therefore seeks final allowance of its requested fees incurred during these cases.

ACTUAL AND NECESSARY EXPENSES INCURRED BY BABCOCK & BROWN

16. In accordance with the terms of the Court approved Engagement Letter, and as set forth in Exhibit C attached hereto, Babcock & Brown has incurred \$233,408.16 in expenses on behalf of the Debtors in providing professional services during the Compensation Period. As set forth in the Declaration of Judith A. Hall in Support of the Debtors' Application for Entry of an Order Pursuant to Sections 327(a) and 328(a) for Authority to Retain and Employ Babcock & Brown LP as Financial Advisor with Respect to Aircraft Financing for the Debtors (the "Hall Affidavit"), it is Babcock & Brown's policy to charge its clients for direct expenses incurred in connection with providing client services. These expenses may include legal fees, travel expenses, meals, third-party computer analysis, research services, conference calls and courier services. (Hall Affidavit, ¶ 16).⁸ All charges submitted by Babcock & Brown during this Compensation Period were billed at actual costs incurred by Babcock & Brown.

17. The actual expenses incurred in providing professional services were necessary, reasonable, and justified under the circumstances to serve the needs of the Debtors in these chapter 11 cases. Thus, Babcock & Brown hereby seeks reimbursement of such expenses by the Debtors.⁹

⁸ According to page 4 of the Engagement Letter, "Babcock & Brown shall be reimbursed for its reasonable out-of-pocket expenses incurred in conjunction with the Services, including, but not limited to, the fees and expenses of its outside counsel."

⁹ The United States Trustee has threatened to object to the allowance of certain legal fees and expenses incurred in connection with these cases. Such an objection, however, both ignores the explicit terms of the Engagement Letter previously approved by this Court (see footnote 8 above), and has no basis in the Bankruptcy Code or case law. This Court has already approved the terms of Babcock & Brown's Engagement Letter, which specifically requires reimbursement of Babcock & Brown's outside counsel fees and expenses incurred in connection with these cases. All such fees and expenses incurred in these cases were necessary under applicable bankruptcy rules and based upon circumstances arising in these cases that were beyond the control of Babcock & Brown. To modify the terms of Babcock & Brown's approved Engagement Letter at this point would be inappropriate under applicable case law and inequitable under the circumstances.

APPLICABLE LAW

18. Section 328 of the Bankruptcy Code allows a professional to obtain prior court approval of the terms of its retention. 11 U.S.C. § 328(a). Under that provision, a professional may avoid uncertainty by obtaining (i) advance court approval of compensation terms agreed to with the estate, and (ii) a court finding that such terms are reasonable in advance of the professional providing related services. *See, In re Nat'l Gypsum Co.*, 123 F.3d 861, 862-863 (5th Cir 1997). Section 328(a) explicitly contemplates court approval of contingent fees. *See* 11 U.S.C. § 328(a) (“The trustee...with the court’s approval, may employ a professional person...on any reasonable terms and conditions of employment, including...on a contingent fee basis”).

19. Once a court has approved the terms and conditions of a compensation plan under Section 328(a) of the Bankruptcy Code, “the court may allow compensation under different terms from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.” 11 U.S.C. § 328(a). Thus, unless the initial approved compensation terms are found to be “improvident,” under the aforementioned test, a court cannot change such terms or conditions of employment that have already been approved under Section 328(a) of the Bankruptcy Code. *In re Federal Mogul-Global Inc.*, 348 F.3d 390, 397 (3rd Cir. 2003). *See also In re B.U.M. Int’l., Inc.*, 229 F.3d 824, 829 (9th Cir 2000) (“A bankruptcy court may not conduct an inquiry into the reasonableness of fees and their benefit to the estate if the court has already approved the professional’s employment under 11 U.S.C. § 328”).

20. Because this Court previously approved Babcock & Brown's Engagement Letter under section 328(a) of the Bankruptcy Code, and because no developments have arisen that were not capable of being anticipated at the time the Engagement Letter was approved, Babcock & Brown should be awarded on a final basis all fees and expenses requested herein.

RESERVATION OF RIGHTS

21. Should any party object to this Application, Babcock & Brown reserves the right to request any additional fees and expenses incurred in defending this Application against any such objection. Since the actual total of such fees and expenses would be unknown until the final fee hearing before this Court, Babcock & Brown would provide this Court with a final accounting of any such amounts requested by Babcock & Brown prior to or during the hearing on this Application.

MEMORANDUM OF LAW

22. Because the relevant facts and law with respect to the relief requested in this Application are detailed herein, Babcock & Brown respectfully requests that the Court waive the requirement set forth in the Southern District of New York Local Bankruptcy Rule 9013-1 that Babcock & Brown file a separate memorandum of law in support of the Application.

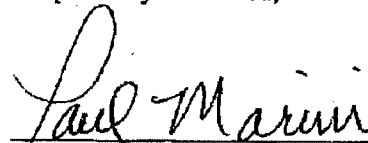
23. Copies of this Application have been served upon (i) Delta Air Lines, Inc., (ii) attorneys for the Debtors, (iii) attorneys for the UCC, and (iv) the Office of the United States Trustee for the Southern District of New York. In light of the nature of the relief requested herein, Babcock & Brown submits that no other or further notice is necessary or required.

CONCLUSION

WHEREFORE, Babcock & Brown respectfully requests entry of an Order (i) allowing and awarding on a final basis compensation for professional services rendered during the Compensation Period in an aggregate amount of \$9,000,000.00 in fees (representing \$6,477,500.00 in monthly fees, plus a success a fee of \$2,522,500.00, as agreed in consultation with the Debtors), and reimbursement of actual and necessary expenses incurred by Babcock & Brown during the Compensation Period in the amount of \$233,408.16; (ii) authorizing and directing the Debtors to pay any such unpaid amounts; and (iii) granting Babcock & Brown such other and further relief as is just and proper.

Dated: New York, New York
June 20, 2007

Respectfully submitted,



Paul Marini
Senior Managing Director
Babcock & Brown LP
Two Sound View Drive
Greenwich, CT 06830-6471
(203) 862-4800
(203) 862-4848 (facsimile)

Financial Advisors for the Debtors and
Debtors in Possession with Respect to Aircraft
Financing

SUMMARY OF EXHIBITS

- A Interim Retention Order
- B Final Retention Order
- C Engagement Letter
- D Certification of Paul Marini
- E Expense Detail
- F Summary of Time Detail by Professional and Category
- G Weekly Time Detail by Category

EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : **Chapter 11 Case No.**
:
DELTA AIR LINES, INC., et al., : **05-17923 (pcb)**
:
Debtors. : **(Jointly Administered)**
:
----- x

**INTERIM ORDER PURSUANT TO SECTIONS 327(a)
AND 328(a) OF THE BANKRUPTCY CODE AND FEDERAL RULE
OF BANKRUPTCY PROCEDURE 2014(a) AUTHORIZING
THE EMPLOYMENT AND RETENTION OF
BABCOCK & BROWN LP AS FINANCIAL ADVISOR WITH RESPECT
TO AIRCRAFT FINANCING FOR THE DEBTORS**

Upon the application dated September 14, 2005 (the “**Application**”)¹ of Delta Air Lines, Inc. and those of its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”),² pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) for authorization to employ and retain Babcock & Brown LP (“**Babcock & Brown**”) as financial advisor with respect to aircraft financing for the Debtors, pursuant to the terms of that certain engagement letter (the “**Engagement Letter**”), dated September 9, 2005, all as more fully set forth in the Application; and upon the Declaration of Judith A. Hall, Vice President of Babcock & Brown GP LLC, the general partner of Babcock & Brown filed in support of the Application, annexed to the Application as Exhibit B (the “**Hall Declaration**”); and the Court being satisfied, based on the representations made in the

¹ Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Application.

² The Debtors are the following entities: ASA Holdings, Inc.; Comair Holdings, LLC; Comair, Inc.; Comair Services, Inc.; Crown Rooms, Inc.; DAL Aircraft Trading, Inc.; DAL Global Services, LLC; DAL Moscow, Inc.; Delta AirElite Business Jets, Inc.; Delta Air Lines, Inc.; Delta Benefits Management, Inc.; Delta Connection Academy, Inc.; Delta Corporate Identity, Inc.; Delta Loyalty Management Services, LLC; Delta Technology, LLC; Delta Ventures III, LLC; Epsilon Trading, Inc.; Kappa Capital Management, Inc.; and Song, LLC.

Application and the Hall Declaration, that Babcock & Brown is “disinterested” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and represents no interest adverse to the Debtors’ estates with respect to the matters upon which it is to be engaged; and upon consideration of the Declaration of Edward H. Bastian Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”) in Support of First-Day Motions and Applications, dated as of the Petition Date; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Application and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided to the Office of the United States Trustee for the Southern District of New York, those creditors holding the five largest secured claims against the Debtors’ estates, and those creditors holding the thirty largest unsecured claims against the Debtors’ estates, and it appearing that no other or further notice need be provided; and the relief requested in the Application being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Application and having held a hearing with appearances of parties in interest noted in the transcript thereof (the “**Hearing**”); and the Court having determined that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is approved on an interim basis; and it is further

ORDERED that the Debtors are hereby authorized to employ and retain Babcock & Brown as their financial advisor with respect to aircraft financing in the Debtors' chapter 11 cases, as contemplated by the Application and on the terms provided in the Engagement Letter; and it is further

ORDERED that to the extent accrued during this interim retention, Babcock & Brown shall receive (a) its monthly compensation as specified in the Application and Engagement Letter, and (b) reimbursement of Babcock & Brown's expenses, which in each case shall not hereafter be subject to challenge except under the standard of review set forth in section 328(a) of the Bankruptcy Code; and it is further

ORDERED that Babcock & Brown shall apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of the Court; and it is further

ORDERED that, notwithstanding any other provision of this Order, the U.S. Trustee shall retain all rights to object to Babcock & Brown's interim and final fee applications on all grounds including but not limited to the reasonableness standard provided in Section 330 of the Bankruptcy Code; and it is further

ORDERED that the Debtors are authorized to indemnify and hold harmless Babcock & Brown, pursuant to the indemnification provisions of the Engagement Letter and, during the pendency of these bankruptcy proceedings, subject to the following conditions:

- a. all requests of Babcock & Brown for payment of indemnity, contribution or otherwise pursuant to the indemnification provisions of the Engagement Letter shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the orders of this Court and is reasonable based upon the

circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall Babcock & Brown be indemnified or receive contribution to the extent that any claim or expense has resulted from the bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of Babcock & Brown; and

- b. in no event shall an Indemnified Person be indemnified or receive contribution or other payment under the indemnification provisions of the Engagement Letter if the Debtors, their estates, or the statutory committee of unsecured creditors assert a claim, to the extent that the Court determines by final order that such claim arose out of bad-faith, self-dealing, breach of fiduciary duty, if any, gross negligence, or willful misconduct on the part of; Babcock & Brown and
- c. in the event an Indemnified Person seeks reimbursement for attorneys' fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be annexed to Babcock & Brown's own interim and final fee applications, and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code; and it is further

ORDERED that the terms of any indemnification sought in the Application shall be the subject of a final hearing on Babcock & Brown's retention; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the Application, the Engagement Letter, or this Order, the terms of this Order shall govern; and it is further

ORDERED that a copy of this Order and the Application shall be served upon (i) the Office of the United States Trustee for the Southern District of New York, (ii) those creditors holding the five largest secured claims against the Debtors' estates and (iii) those creditors holding the thirty largest unsecured claims against the Debtors' estates, by hand delivery or deposit with an overnight delivery service within three business days after entry hereof; and it is further

ORDERED that objections to the Debtors' retention of Babcock & Brown on a permanent basis shall be filed with the Court with a copy to Chambers, together with proof of

service thereof, and served upon (i) Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner, Esq.; (ii) Babcock & Brown LP, 2 Harrison Street, San Francisco, CA 94105, Attn: Judith A. Hall and its counsel, Marilyn Simon & Associates, 110 East 59th Street, New York, NY 10022, Attn: Marilyn Simon; (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn. Greg M. Zipes; (iv) attorneys for any official committee then-appointed in these cases; (v) attorneys to the agent for the Debtors' post-petition lenders, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: George A. Davis; and (vi) attorneys for American Express Travel Related Services Company, Inc., Hahn & Hessen LLP, 488 Madison Avenue, New York, New York 10022, Attn: Jeffrey L. Schwartz and Joshua I. Divack so as to be received no later than three business days before the hearing date set forth below; and it is further

ORDERED that any objections to the proposed retention must be filed with the Court in accordance with General Order M-242, as amended by General Order M-269 (available at www.nysb.uscourts.gov); and it is further

ORDERED that in the event an objection is timely served and filed in accordance with this Order, there shall be a hearing held on October 6, 2005 at 1:30 p.m. to consider such objection, and pending entry of an order following the conclusion of said hearing, Babcock & Brown shall continue as financial advisor for the Debtors on an interim basis in accordance with this Order; and it is further

ORDERED that if no objections are timely filed and served as set forth herein, the Debtors shall, on or after the objection deadline, submit to the Court a final order substantially in

the form of this Order, which Order shall be submitted and may be entered with no further notice or opportunity to be heard afforded to any party; and it is further

ORDERED that the requirement pursuant to Local Rule 9013-1(b) that the Debtors file a memorandum of law in support of the Application is hereby waived.

Dated: September 16, 2005
New York, New York

/s/ Prudence Carter Beatty
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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:
In re: : **Chapter 11 Case No.**
:
DELTA AIR LINES, INC., et al., : **05-17923 (ASH)**
:
Debtors. : **(Jointly Administered)**
:
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**AMENDED FINAL ORDER PURSUANT TO SECTIONS 327(a)
AND 328(a) OF THE BANKRUPTCY CODE AND FEDERAL RULE
OF BANKRUPTCY PROCEDURE 2014(a) AUTHORIZING
THE EMPLOYMENT AND RETENTION OF
BABCOCK & BROWN LP AS FINANCIAL ADVISOR WITH RESPECT
TO AIRCRAFT FINANCING FOR THE DEBTORS**

Upon the application dated September 14, 2005 (the “**Application**”)¹ of Delta Air Lines, Inc. and those of its subsidiaries that are debtors and debtors in possession in these proceedings (collectively, the “**Debtors**”),² pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a) for an interim order (the “**Interim Order**”) authorizing the employment and retention of Babcock & Brown LP (“**Babcock & Brown**”) as financial advisor with respect to aircraft financing for the Debtors, pursuant to the terms of that certain engagement letter (the “**Engagement Letter**”), dated September 9, 2005, all as more fully set forth in the Application; and upon the Declaration of Judith A. Hall, Vice President of Babcock & Brown GP LLC, the general partner of Babcock & Brown, filed in support of the Application and annexed to the Application as Exhibit B (the “**Hall Declaration**”); and the Court being

¹ Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to it in the Application.

² The Debtors are the following entities: ASA Holdings, Inc.; Comair Holdings, LLC; Comair, Inc.; Comair Services, Inc.; Crown Rooms, Inc.; DAL Aircraft Trading, Inc.; DAL Global Services, LLC; DAL Moscow, Inc.; Delta AirElite Business Jets, Inc.; Delta Air Lines, Inc.; Delta Benefits Management, Inc.; Delta Connection Academy, Inc.; Delta Corporate Identity, Inc.; Delta Loyalty Management Services, LLC; Delta Technology, LLC; Delta Ventures III, LLC; Epsilon Trading, Inc.; Kappa Capital Management, Inc.; and Song, LLC.

satisfied, based on the representations made in the Application and the Hall Declaration (as supplemented from time to time), that Babcock & Brown is “disinterested” as such term is defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and represents no interest adverse to the Debtors’ estates with respect to the matters upon which it is to be engaged; and upon consideration of the Declaration of Edward H. Bastian Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”) in Support of First-Day Motions and Applications, dated as of the Petition Date; and the Court having jurisdiction to consider the Application and the relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Application and the requested relief being a core proceeding the Bankruptcy Court can determine pursuant to 28 U.S.C. § 157(b)(2); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application and Interim Order having been provided and it appearing that no other or further notice need be provided; and the relief requested in the Application being in the best interests of the Debtors and their estates and creditors; and the Court having reviewed the Application and having held an interim hearing with appearances of parties in interest noted in the transcript thereof to consider the interim relief requested in the Application (the “**Interim Hearing**”); and the Court having determined that the legal and factual bases set forth in the Application and at the Interim Hearing established just cause for the granting of the interim relief requested in the Application and having issued and entered the Interim Order on September 16, 2005; and no objections having been received by the Court; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Application is approved on a final basis, as modified by this Order; and it is further

ORDERED that the Debtors are hereby authorized to employ and retain Babcock & Brown as their financial advisor with respect to aircraft financing in the Debtors' chapter 11 cases, as contemplated by the Application and on the terms provided in the Engagement Letter; *provided that*, in the case of the monthly fee payable to Babcock & Brown pursuant to Section II (A.) of the Engagement Letter, the monthly fee earned and paid for each month after June 2006 pursuant to Section II (A.) shall be \$225,000 per month, such reduction having been agreed to by Babcock & Brown in anticipation of the amount of professional time reasonably expected to be required each month for the Services contemplated by the Engagement Letter being at reduced levels from that point forward; and it is further

ORDERED that except as otherwise provided in the Application and the Hall Declaration, Babcock & Brown shall apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of the Court (including the Court's October 6, 2005 Order Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals); and it is further

ORDERED that Babcock & Brown's fees and expenses in these cases shall be subject only to the standard of review set forth in section 328(a) of the Bankruptcy Code, and shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code; and it is further

ORDERED that, notwithstanding the preceding paragraph of this Order, the U.S. Trustee shall retain all rights to object to Babcock & Brown's interim and final fee applications on all

grounds including but not limited to the reasonableness standard provided in Section 330 of the Bankruptcy Code; and it is further

ORDERED that the Debtors are authorized to indemnify and hold harmless Babcock & Brown and the Indemnitees (as defined in the Engagement Letter), pursuant to the indemnification provisions of the Engagement Letter and, during the pendency of these bankruptcy proceedings, subject to the following conditions:

- a. all requests of Babcock & Brown for payment of indemnity, contribution or otherwise pursuant to the indemnification provisions of the Engagement Letter shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the orders of this Court and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought; provided, however, that in no event shall Babcock & Brown be indemnified or receive contribution to the extent that any claim or expense has resulted from the bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of Babcock & Brown; and
- b. in no event shall an Indemnitee be indemnified or receive contribution or other payment under the indemnification provisions of the Engagement Letter if the Debtors, their estates, or the statutory committee of unsecured creditors assert a claim, to the extent that the Court determines by final order that such claim arose out of bad-faith, self-dealing, breach of fiduciary duty, if any, gross negligence, or willful misconduct on the part of such Indemnitee; and
- c. in the event an Indemnitee seeks reimbursement for attorneys' fees from the Debtors pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be annexed to Babcock & Brown's own interim and final fee applications, and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code; and it is further

ORDERED that to the extent that there may be any inconsistency between the terms of the Application, the Engagement Letter or this Order, the terms of this Order shall govern.

Dated: August 3, 2006
White Plains, New York

/s/ Adlai S. Hardin, Jr.
UNITED STATES BANKRUPTCY JUDGE

No objection by the U.S. Trustee:

 /s/ Greg M. Zipes 8/3/06
Greg M. Zipes
U.S. Trustee's Office

EXHIBIT C

B A B C O C K & B R O W N

San Francisco San Diego Denver Chicago New York Greenwich Dublin Madrid London Paris Milan Munich Vienna Johannesburg Kuala Lumpur Hong Kong Shanghai Tokyo Melbourne Sydney Brisbane Auckland

Exhibit A

September 9, 2005

Mr. Paul Jacobson
Vice President and Treasurer
Delta Air Lines, Inc.
Department 856
1030 Delta Boulevard
Atlanta, GA 30320-6001

Re: Engagement of Babcock & Brown LP as Financial Advisor to Delta

Dear Paul:

When countersigned by you, this letter will constitute a binding agreement (the "Agreement") between Delta Air Lines, Inc., including its wholly owned subsidiaries (collectively, "Delta" or "you"), and Babcock & Brown LP, a Delaware limited partnership ("Babcock & Brown" or "we"), with respect to a restructuring of Delta's secured debt and lease obligations in respect of its aircraft (the "Restructuring"). The purpose of this Agreement is to outline the basic terms of our engagement, all as further described below.

I. Services to Be Performed

Delta hereby appoints Babcock & Brown as its aircraft restructuring advisor for the Restructuring. Babcock & Brown will work with you to assist you in consummating the Restructuring in the event that you file a case under Chapter 11 of the Bankruptcy Code, subject to the approval of our engagement by the Bankruptcy Court. In this connection, we expect to perform the following services (the "Services"):

- A. Work with you to develop a general economic restructuring strategy for all of Delta's aircraft-related secured debt and lease obligations.
- B. Provide estimates of current fair market values and fair market rental values for all aircraft types in Delta's fleet of aircraft. Notwithstanding the foregoing, you

understand and agree that such valuations are only estimates. They are not intended to be, nor would they comprise official appraisals or precise valuations of such aircraft nor shall Delta represent to any third party that such valuations are official appraisals.

- C. Assist in the organization and preparation of existing debt balance, debt payment, lease obligation, or other relevant information by aircraft tail number and finance group type and issuance (e.g., private vs. public and ETC/EETC series).
- D. Prepare and assist in the preparation of reports and analyses of cost savings (current obligations minus fair market valuations for various restructuring scenarios) or any other analysis required by Delta in connection with the Restructuring.
- E. Advise and assist Delta in structuring and affecting the financial aspects of Delta's aircraft-related secured debt and lease obligations in a Chapter 11 bankruptcy case including recommendations for strategic and tactical alternatives and approaches to financing parties.
- F. Provide contact information for bank and insurance company lenders and lessors as necessary, assist in the organization of information to be disseminated, and arrange and participate in meetings and discussions with the above parties.
- G. Assist in the preparation of any offering materials or requests for proposals for lenders and lessors.
- H. Assist you and your counsel in negotiating restructuring offers through the final documentation of the leases, mortgages and related transactions in a Chapter 11 bankruptcy case, including acting as lead negotiator in select negotiations.
- I. Finalize and confirm all lease rental, debt amortization, stipulated loss and termination value schedules in connection with any related Restructuring documentation.
- J. Provide such other services as are customarily provided in connection with the analysis and negotiation of the Restructuring as reasonably requested by Delta.
- K. Identify (and negotiate with) financing parties to either; (i) acquire aircraft in operation in the Delta fleet and lease them back to Delta (a "Sale/Leaseback Financing") or; (ii) provide debt financing to refinance the principal balance on aircraft in operation in the Delta fleet (a "Debt Financings"). Such restructurings will be for Delta operated aircraft whose interests are currently held by other creditors.
- L. So long as Babcock & Brown is performing any of the Services listed above, we shall receive the right of first refusal with respect to any other aircraft financing

services (“Acquisition Services”) to be performed, including; with respect to any merger or acquisition of or by Delta, the right to acquire secondary market aircraft or dispose of existing aircraft, or with respect to any purchase agreement with a manufacturer, the right to negotiate such agreement.

In connection with the above services, Babcock & Brown will provide a team of professionals to include Paul Marini, Matthew Landess, Tom Tuggle, Robert Clinton, Bruce Tang, and Judy Hall (the “Babcock Team”). Additions or deletions to the Babcock Team will be subject to mutual written agreement. Babcock & Brown agrees that, without Delta’s prior written consent, during the term of the engagement the Babcock Team shall not provide aircraft restructuring advisory services to any other major U.S. air carrier other than under the existing advisory engagements with United Air Lines, which engagements shall only continue through the completion of the existing mandate or a renewal thereof.

At Babcock & Brown’s sole discretion, certain of the aforementioned Services may be performed by Babcock & Brown Financial Co. LLC, a wholly-owned subsidiary of Babcock & Brown, provided the same Babcock & Brown personnel shall remain responsible for the engagement.

Babcock & Brown acknowledge and agree that Blackstone Group is acting as Delta’s financial advisor for other restructuring matters. Babcock & Brown’s role shall be limited to aircraft financing related matters. Babcock & Brown shall use its best efforts to assist Blackstone Group as requested by Delta.

II. Compensation and Expenses

In consideration for Babcock & Brown’s agreement to perform the Services described above, you agree that you will pay or cause to be paid to Babcock & Brown the compensation (the “Compensation”) and expenses (the “Expenses”) described below.

- A. *Advisory and Restructuring Fee.* With respect to the Services provided in the event that Delta files a case under Chapter 11 of the Bankruptcy Code, outlined in Section I. (A.-J.), above, Babcock & Brown will be paid a monthly fee of \$445,000.
- B. *Success Fee.* Babcock & Brown will be paid a success fee (the “Net Success Fee”) as defined below. A gross success fee (the “Gross Success Fee”) will be derived, equal to 2% of average annual aircraft cost savings, calculated based on a 60 month period commencing on the date Delta files a case under Chapter 11 of the Bankruptcy Code, inclusive of all aircraft rejections or abandonment except for MD11 rejections, using the methodology currently employed by Babcock & Brown to provide Delta with projected savings forecasts, or using such other methodology as may be mutually agreed between the parties. Such Gross Success Fee will be capped at \$4,000,000. The Gross Success Fee will be reduced and off-set by dollar-for-dollar credits against any fees earned in Section II (A.)

greater than \$5,000,000 (“Base Monthly Fee”). As an example, if the Gross Success Fee is \$4,000,000 and 14 months of work are completed at \$445,000 per month, the Net Success Fee will be \$2,770,000 (i.e. \$6,230,000 in monthly fees minus the \$5,000,000 Base Monthly Fee equals \$1,230,000 which is credited against the \$4,000,000 Gross Success Fee used in this example).

- C. *Financing Fee.* In connection with services rendered under Section I.(K.), as it pertains to a Sale/Leaseback Restructuring, Babcock & Brown will be paid a fee of 75 basis points multiplied by the sales price of the first aircraft purchased by a lessor (a “New Financing Party”) and leased back to Delta. Babcock & Brown will be paid a fee of 50 basis points multiplied by the sales price of any subsequent aircraft purchased by the same New Financing Party and leased back to Delta. With respect to any Debt Restructurings as defined in Section I.(K.), Babcock & Brown will be paid a fee of 35 basis points multiplied by the price paid by the acquiring creditor (a “New Mortgagor”) for the outstanding principal and interest balance on each aircraft. Such Financing Fees will be paid as and when a lease agreement or mortgage agreement, as the case may be, is closed between Delta and the New Financing Party or New Mortgagor.
- D. *Acquisition Fee.* In connection with the services rendered under Section I.(L.), as it pertains to Acquisition Services, Babcock & Brown will be paid a fee as mutually agreed between the parties.
- E. *Expenses.* Babcock & Brown shall be reimbursed for its reasonable out-of-pocket expenses incurred in conjunction with the Services, including, but not limited to, the fees and expenses of its outside counsel. Babcock & Brown agrees that it will fly Delta or its alliance partners in connection with this Restructuring, whenever reasonably possible, and that Delta shall reimburse Babcock & Brown for all of its reasonable out-of-pocket travel related expenses. Expenses under the Agreement shall accrue from the date of the signing of this Agreement.
- F. *Timing of Payment of Compensation.* All fees and expenses shall commence on the date of the filing of a case under Chapter 11 of the Bankruptcy Code. Monthly fees shall be prorated for Services provided during a partial month. Compensation described in Section II (A) will be paid by you in advance to Babcock & Brown on the filing of a case under Chapter 11 of the Bankruptcy Code and then on each monthly anniversary thereafter. Compensation described in Section II (B.) will be paid promptly when Delta files a successful reorganization plan and Compensation described in Section II (C. & D.) will be paid if and when incurred. Expenses will be paid monthly as incurred.

As noted above, in the event that Delta files a case under Chapter 11 of the Bankruptcy Code, any request for Compensation and Expenses for services performed after the bankruptcy filing date will be subject to approval of the Bankruptcy Court. In agreeing to the amount and payment of Compensation and Expenses, we have relied upon the understanding that Delta will seek and expects the Bankruptcy Court to approve the fee arrangement discussed herein. We reserve the

right in the future to request assurances that Delta will have the funds available to pay Babcock & Brown's Compensation and Expenses, and to seek to withdraw from our representation of Delta if such assurances are not forthcoming.

III. Miscellaneous

- A. *Nature of Relationship Defined.* Babcock & Brown is an independent contractor of Delta hereunder and no partnership between the parties is intended. Furthermore, no agency or fiduciary relationship is intended between the parties.
- B. *Babcock & Brown's Responsibilities.* Babcock & Brown or one of its affiliates shall review the information that it provides to you and the other Restructuring participants, but, to the extent permissible by applicable law, it shall have no liability for errors and omissions in such information, except for liability arising out of gross negligence or willful misconduct by Babcock & Brown. In no event shall the liability of Babcock & Brown or any of its affiliates include consequential damages or exceed the amount of the Compensation received by Babcock & Brown.
- C. *Babcock & Brown's Role.* Babcock & Brown's role is limited to providing the services described herein. Babcock & Brown is obligated to use commercially reasonable efforts only and is not underwriting or otherwise guaranteeing or promising to achieve any specific results or outcomes whatsoever.
- D. *Indemnity.* Delta shall indemnify, defend and hold harmless Babcock & Brown and its affiliates and their respective partners, directors, officers, employees and controlling persons (each an "Indemnitee") to the fullest extent lawful against any and all claims, damages, losses, liabilities and expenses ("Claims") (including all reasonable fees and disbursements of such Indemnitees' counsel that are incurred in connection with the investigation of and preparation for any such pending or threatened claims and any litigation or other proceedings arising therefrom in any action between Delta and any Indemnitee brought by an Indemnitee against Delta for breach of this Agreement by Delta or between any Indemnitee and a third party) relating to Babcock & Brown's engagement hereunder and the transactions contemplated hereby with the exception of claims that are attributable to any Indemnitee's gross negligence or willful misconduct. Babcock & Brown shall similarly indemnify, defend and hold harmless Delta and its affiliates and their respective directors, officers and employees to the fullest extent lawful against all Claims (including reasonable fees and disbursements of counsel) in any action brought by Delta against any Indemnitee for breach of this Agreement with the exception of claims that are attributable to Delta's gross negligence or willful misconduct, provided, however, that the amount payable by Babcock & Brown with respect to any such claim shall be limited to the amount of compensation paid to Babcock & Brown pursuant to this Agreement. The obligation set forth in this Section III.D. shall survive the termination of this Agreement.

- E. Severability.* If any provision of this Agreement, or the application of such provision to any person, entity or circumstance, is held invalid, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is held to be invalid, shall not be affected thereby.
- F. Counterparts.* This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.
- G. Governing Law and Jurisdiction.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York. A court of competent jurisdiction in the City and County of New York, New York, or such other location to which both parties agree, shall have exclusive jurisdiction over all disputes arising out of this Agreement. Nothing in this paragraph constitutes a waiver of the right of any party to remove an action to a United States District Court, as permitted by the laws of the United States. In the event that Delta files a case under Chapter 11 of the Bankruptcy Code and Babcock & Brown's employment is approved by the Bankruptcy Court, the parties agree that such Bankruptcy Court shall have jurisdiction over all disputes arising out of this Agreement.
- H. Registration.* Babcock & Brown reserves the right to register (or "protectively register") this transaction under Section 6111 of the Internal Revenue Code or to disclose such aspects of, and documentation relating to, the transaction as may be necessary in its reasonable judgment to satisfy its obligations under such section. Babcock & Brown also reserves the right to include this transaction in the list that it is required to keep under Section 6112 of the Code and to maintain such information as is required by that section. Any legal obligations of confidentiality under this Agreement do not extend to the U.S. tax consequences of U.S. tax structure of any Restructuring contemplated by this Agreement. If any U.S. tax analysis or materials are provided to any party, such party is free to disclose any such analysis or materials without limitation.
- I. Confidentiality.* Except as contemplated by the terms hereof or as required by applicable law or legal process, or to the extent any information as set forth below enters into the public domain other than as a result of a breach of Babcock & Brown of its obligations pursuant to this Section III.I. Babcock & Brown shall keep confidential all non-public information provided to it by or at the request of Delta (the "Information"), and shall not disclose such information to any of its employees, advisors or any third party except to those persons who have a need to know such Information in connection with Babcock & Brown's performance of its responsibilities hereunder and who are advised of the confidential nature of the Information and who agree to keep such Information confidential. Subject to Babcock & Brown's compliance with all applicable laws, upon Delta's written request, Babcock & Brown shall promptly return or destroy, at the direction of

Delta, all Information received from Delta during the course of its engagement and, in the case of destruction, Babcock & Brown shall certify that all Information has been so destroyed. Babcock & Brown may nevertheless maintain a single confidential copy in the office of its general counsel of the Information as a record of the material provided hereunder if required by law, and Babcock & Brown shall not be deemed to have retained or failed to destroy any Information which is in electronic form if such information is deleted from local hard drives so long as no attempt is made to recover such information from servers or back-up sources. Babcock & Brown shall cause any third-party to whom Babcock & Brown has provided any Information to enter into a confidentiality agreement in form and substance comparable to this Section III.I., including the provisions relating to the destruction of the information at Delta's request and stating that Delta is an express third-party beneficiary of such agreement.

- J. Termination.* Babcock & Brown's engagement hereunder may be terminated upon 30 days' written notice by Delta; termination for cause by either party shall be effective immediately. In the event of termination, if requested by Delta, Babcock & Brown agrees to continue services for a period of up to 30 days from notice for purposes of transitioning a new advisor engaged by Delta. Babcock & Brown shall be entitled to prompt payment of monthly fees and expenses during such 30 day period and payment of the Success Fee upon Delta's filing of a successful reorganization plan with the Bankruptcy Court.

If the foregoing Agreement is acceptable, please execute both copies of the Agreement and return one copy to Babcock & Brown. Upon delivery to Babcock & Brown, the executed copy of this Agreement will constitute a binding agreement between Delta and Babcock & Brown.

Very truly yours,

BABCOCK & BROWN LP

By: BABCOCK & BROWN GP LLC
Its: General Partner

By: Matthew Landess

The foregoing Agreement is hereby accepted and agreed to:

DELTA AIR LINES, INC.

BY:
TITLE:

DATE: _____

EXHIBIT D

**THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	
DELTA AIR LINES, INC., et al.,)	Chapter 11
)	
Debtors.)	Case No. 05-17923 (ASH)
)	
)	(Jointly Administered)
)	
)	
)	
)	
)	

CERTIFICATION OF PAUL MARINI

I, Paul Marini, certify as follows:

1. I am a Senior Managing Director with Babcock & Brown LP (“Babcock & Brown”). I submit this certification with respect to the final application (the “Application”)¹ of Babcock & Brown, financial advisors for the debtors and debtors in possession in the above-captioned cases (the “Debtors”), for final allowance of compensation for professional services rendered, a success fee, and reimbursement of actual and necessary expenses incurred, during these cases from September 16, 2005 through April 25, 2007 (the “Compensation Period”).

2. I make this certification in accordance with General Order M-151, Amended Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases, adopted by the United States Bankruptcy Court for the Southern District of New York on April 19, 1995 (the “Local Guidelines”).

3. In connection therewith, I hereby certify that:

(a) I have read the Application;

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.

(b) to the best of my knowledge, information, and belief formed after reasonable inquiry, the fees and disbursements sought in the Application fall within the Local Guidelines and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, as adopted on January 30, 1996 (the “UST Guidelines”), except as otherwise set forth in the Application and the Final Retention Order.²

(c) the fees and disbursements sought in the Application were established on a basis consistent with comparable assignments, taking into account size and scope of activities, performed by Babcock & Brown and generally accepted by Babcock & Brown’s clients;

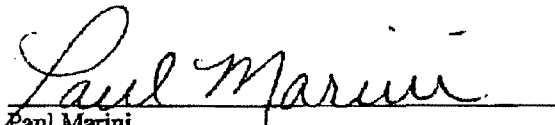
(d) in providing a reimbursable expense, Babcock & Brown does not make a profit on that service, whether the service is performed in house or through a third party;

(e) in accordance with the Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of Professionals, as entered by this Court in these chapter 11 cases on October 6, 2005 (the “Administrative Order”), (i) Delta Air Lines, Inc., (ii) attorneys for the Debtors, (iii) attorneys for any official committees appointed in these cases, and (iv) the Office of the United States Trustee for the Southern District of New York have each been provided with a detailed statement of fees and disbursements accruing during each month for which compensation is sought in the Application;

² Notably, Babcock & Brown has been retained in these cases without the requirement that it maintain detailed time records. Instead, Babcock & Brown agreed to prepare weekly descriptions of the services rendered to the Debtors, which agreement was approved by the Court in the Interim and Final Retention Orders.

(f) the Debtors, the United States Trustee for the Southern District of New York, and each official committee in these cases will be provided with a copy of the Application simultaneously with the filing thereof, and will have at least 10 days to review the Application prior to any objection deadline with respect thereto.

Dated: New York, New York
June 20, 2007


Paul Marini
Title: Senior Managing Director,
Babcock & Brown LP

EXHIBITS E THROUGH G WILL BE
PROVIDED UPON REQUEST