

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

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

**FIFTH INTERIM AND FINAL APPLICATION OF HOULIHAN LOKEY  
HOWARD & ZUKIN CAPITAL, INC. AS FINANCIAL ADVISOR FOR THE  
OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ALLOWANCE  
OF COMPENSATION FOR SERVICES RENDERED AND FOR  
REIMBURSEMENT OF EXPENSES FOR THE INTERIM PERIOD  
FEBRUARY 1, 2007 THROUGH MARCH 31, 2007 AND FINAL PERIOD  
SEPTEMBER 29, 2005 THROUGH MARCH 31, 2007**

Name of Applicant:	Houlihan Lokey Howard & Zukin Capital, Inc.
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors Delta Air Lines, Inc., et al.
Date of Retention:	September 29, 2005

**Fifth Interim Application Period**

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Fifth Interim Application Period for which Compensation and Reimbursement is Sought:	February 1, 2007 through March 31, 2007
Amount of Compensation Sought as Actual, Reasonable, and Necessary:	\$400,000.00
Transaction Fee:	\$5,000,000.00
Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary:	\$25,474.25

**Final Application Period**

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Period for Which Compensation and Reimbursement is Sought:	September 29, 2005 through March 31, 2007
Amount of Compensation Sought as Actual, Reasonable, and Necessary:	\$8,613,333.33
Amount of Expense Reimbursement Sought as Actual, Reasonable, and Necessary:	\$301,620.77

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DELTA AIR LINES, INC., <i>et al.</i> ,	)	Case No. 05-17923 (ASH)
Debtors.	)	Chapter 11
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**FIFTH INTERIM AND FINAL APPLICATION OF HOULIHAN LOKEY  
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OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR ALLOWANCE  
OF COMPENSATION FOR SERVICES RENDERED AND FOR  
REIMBURSEMENT OF EXPENSES FOR THE INTERIM PERIOD  
FEBRUARY 1, 2007 THROUGH MARCH 31, 2007 AND FINAL PERIOD  
SEPTEMBER 29, 2005 THROUGH MARCH 31, 2007**

Houlihan Lokey Howard & Zukin Capital, Inc. (“Houlihan Lokey”), financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Delta Air Lines, Inc. (the “Debtors,” the “Company,” or “Delta”), hereby makes this Fifth and Final Application for Allowance of Compensation for Services Rendered and for Reimbursement of Expenses for the period September 29, 2005 through March 31, 2007 (the “Application”). In support of this Application, Houlihan Lokey respectfully represents as follows:

1. This Application is made pursuant to (i) Sections 328(a) and 1103(a) of the Bankruptcy Code; (ii) Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”); (iii) the final Order approving interim compensation procedures for professionals (“Fee Procedures Order”) entered by the Court on September 15, 2005; and (iv) this Court’s Order,

dated December 19, 2005, authorizing the Committee to retain and employ Houlihan Lokey as financial advisor to the Committee in these Chapter 11 cases (the “Retention Order”).

2. By this Application, Houlihan Lokey requests allowance and approval of (i) interim compensation in the amount of \$400,000.00 in gross fees, a “Transaction Fee” of \$5,000,000.00 (as described in the “Official Committee Engagement Letter”), and reimbursement of actual and necessary expenses in the amount of \$25,474.25 for the period effective nunc pro tunc to February 1, 2007 through March 31, 2007 (the “Fifth Interim Period”), and (ii) final compensation in the amount of \$8,613,333.33 (consisting of \$3,613,333.33 in monthly fees and a Transaction Fee in the amount of \$5,000,000.00), and reimbursement of actual and necessary expenses in the amount of \$301,620.77 for the period September 29, 2005 through March 31, 2007 (the “Final Period”). Of the total compensation sought for, \$5,240,000.00 remains unpaid and of the total reimbursement of actual and necessary expenses sought for, \$19,633.07 remains unpaid.

### **Background**

3. On September 14, 2005 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “New York Bankruptcy Court”).

4. On September 28, 2005, the United States Trustee duly appointed the Committee<sup>1</sup>.

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<sup>1</sup> The United States Trustee appointed the following entities to the Committee: Air Line Pilots Association, Bank of New York, Boeing Co., Coca-Cola Co., Fidelity Advisor Series II, MacKay Shields LLC, Pension Benefit Guaranty Corp., Pratt & Whitney (a unit of United

5. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The statutory predicates for the relief requested herein are 11 U.S.C. §§ 328(a) and 1103(a).

**Retention of Houlihan Lokey**

6. On September 29, 2005, the Committee retained Houlihan Lokey to act as the financial advisor to the Committee.

7. On December 5, 2005, the Committee filed an application with this Court (the “Retention Application”) requesting authorization to employ and retain Houlihan Lokey as financial advisor to the Committee pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code. As noted in the Committee’s retention application, Houlihan Lokey performed services for the Committee effective nunc pro tunc to September 29, 2005.

8. On December 19, 2005, this Court authorized the Committee to retain and employ Houlihan Lokey as financial advisor to the Committee in these Chapter 11 cases, pursuant to the terms of the engagement letter between the Committee and Houlihan Lokey dated September 29, 2005 the “Official Committee Engagement Letter” as modified by the Retention Order. A copy of the Official Committee Engagement Letter is attached hereto as Exhibit “B”.

9. Pursuant to the Retention Order, Houlihan Lokey has been authorized to provide such financial advisory related services as may be requested by the Committee, including the following:

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Technologies Corp.) and U.S. Bancorp. On February 18, 2005, the Committee extended offers for ex officio membership to the Hartsfield-Jackson Atlanta International Airport and the Kenton County Airport Board.

- a) Evaluating the assets and liabilities of the Debtors;
- b) Analyzing and reviewing the financial and operating statements of the Debtors;
- c) Analyzing business plans and forecasts of the Debtors;
- d) Evaluating all aspects of the Debtors' DIP financing; cash collateral usage and adequate protection therefor; any exit financing in connection with any Chapter 11 plan and any budgets relating thereto; and any KERP and severance program or similar proposed compensation plan or program;
- e) Assisting the Committee, as needed, in identifying potential alternative sources of liquidity in connection with any Chapter 11 plan or otherwise;
- f) Providing such specific valuation or other financial analyses as the Committee may require in connection with the cases;
- g) Representing the Committee in negotiations with the Debtors and third parties with respect to any of the foregoing;
- h) Providing testimony in court on behalf of the Committee, if necessary; and
- i) Assessing the financial issues and options concerning (a) the sale of any assets of Delta and/or its non-debtor affiliates, either in whole or in part, and (b) the Debtors' Chapter 11 plan(s) or any other Chapter 11 plan(s).

**Terms and Conditions of Compensation of Houlihan Lokey**

10. As described more fully in the Official Committee Engagement Letter, Houlihan Lokey will be entitled to receive, as compensation for its services:

- a) A monthly fee (the "Monthly Fee") of \$200,000;
- b) Houlihan Lokey shall be paid an additional fee (a "Transaction Fee") of \$5,000,000. The Transaction Fee shall be earned upon the confirmation of a Chapter 11 plan or reorganization or liquidation, the terms of which are approved by the Committee (by majority vote), and shall be paid on the effective date of such Chapter 11 plan. In addition, if requested by the Committee, after 24 months

- Houlihan Lokey will credit an amount up to 100% of its subsequent Monthly Fees against the Transaction Fee; and
- c) Reimbursement of all reasonable out-of-pocket expenses.

11. As noted by the Committee in the Retention Application, Houlihan Lokey's fee structure under the Official Committee Engagement Letter appropriately reflects the nature of the services to be provided by Houlihan Lokey and the fee structures typically utilized by leading financial advisors when billing on a non-hourly basis.

**Summary of Services Provided by Houlihan Lokey – Fifth Interim Period**

12. The Committee selected Houlihan Lokey as its financial advisor because of its extensive and diverse experience, knowledge, and reputation in the restructuring field, its understanding of the issues involved in Chapter 11 cases, and because the Committee believes that Houlihan Lokey is well-qualified to provide the financial advisory services that will be required here. Houlihan Lokey has served as financial advisor in many large Chapter 11 cases.

13. Although a number of professionals have worked on this engagement, the following professionals have performed substantial services to the Committee in this case during the Fifth Interim Period (biographies of such professionals are annexed hereto as Exhibit "F"):

Irwin N. Gold – Senior Managing Director  
Jonathan B. Cleveland – Managing Director  
Joshua S. Scherer – Director  
Agnes K. Tang – Vice President  
Agnieszka Krygier – Associate  
Surbhi Gupta – Financial Analyst

Pursuant to the Retention Application, "Because Houlihan Lokey will be compensated with a fixed monthly fee and certain transaction fees, Houlihan Lokey shall be permitted to provide

general summaries of tasks and hours and shall not be required to maintain or provide detailed time records in connection with its fee applications.”

14. During the Fifth Interim Period, Houlihan Lokey’s work on behalf of the Committee has involved four general project categories<sup>2</sup>, including:

- (a) Assistance in the search conducted by the Committee for the new members of the Company’s Board of Directors;
- (b) Analysis of Financial Statements and Operational Performance of the Debtors;
- (c) Correspondence, Meetings, and Discussions with Parties-In-Interest; and
- (d) Case Administration.

Set forth below are descriptions of the type of work done within each of the four categories, and estimates of the aggregate number of hours spent by Houlihan Lokey on tasks within each of the categories.

15. **Assistance in the executive search process conducted by the Committee for the new members of the Company’s Board of Directors.** Houlihan Lokey assisted the Committee in its executive search for the members of the Board of Directors of Delta upon its emergence from Chapter 11. Houlihan Lokey had assisted with the review process of the potential candidates’ resumes, backgrounds, as well as was present at the interview process. Houlihan Lokey’s professional have spent an estimated 125 hours assisting the Committee in its executive search during the Fifth Interim Period.

16. **Analysis of the Financial Statements and Operational Performance of the Debtors.** Throughout the Fifth Interim Period, Houlihan Lokey performed substantial due

diligence on the Debtors' financial projections, actual financial results, and general operations. During the Fifth Interim Period, Houlihan Lokey reviewed the Company's monthly DIP reporting package and year-end 2006 financial results from operations. Houlihan Lokey participated in monthly calls with the Debtors to evaluate current financial and operational performance and subsequently reported to the Committee on major trends and business developments. In addition, Houlihan Lokey evaluated the Debtors' 13-week cash flow forecasts, as provided on a weekly basis, to assess the trends in cash receipts and cash disbursements. The Company conducts weekly calls to review and highlight changes to the cash forecast resulting from changes in the operating assumptions (e.g. fuel prices, labor costs, etc.). Furthermore, Houlihan Lokey evaluated the Company's potential credit rating which will be assigned by the major credit rating agencies upon Delta's emergence from Chapter 11. In addition, Houlihan Lokey aided the Committee's legal advisors in evaluating the claims and reserves based the Company's estimates at emergence. Houlihan Lokey's professional have spent an estimated 250 hours on the analysis of the Company's financial and operational performance during the Fifth Interim Period.

**17. Correspondence, Meetings, and Discussions with Parties-In-Interest.**

Houlihan Lokey engaged in extensive correspondence and preparation for meetings with the Committee, the Debtors, the Debtors' advisors and various parties-in-interest in these Chapter 11 cases. Houlihan Lokey expended significant time and effort (both in-person and via telephonic conference call) meeting the due diligence requirements of the Committee. Houlihan Lokey conducted numerous meetings via conference call with parties-in-interest to provide situational

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<sup>2</sup> While specific work could qualify under more than one of these categories, Houlihan Lokey has assigned each of its various tasks/services to the most representative category.



updates. In addition, Houlihan Lokey prepared several presentations and memoranda regarding its diligence efforts, including an update of the Company's performance for the year end 2006, a summary of general airline industry performance, a comparison of financial projections and corresponding operating projection assumptions as filed by Northwest Airlines relative to Delta, a comparison of valuation ranges and assumptions for both companies, an analysis of recent equity and debt offerings within the airline industry, and the Company's monthly operational performance vis-à-vis its peers, among others. Houlihan Lokey's professionals have spent an estimated 250 hours on preparation for meetings, discussions and negotiations among all the parties-in-interest throughout the Fifth Interim Period.

18. **Case Administration.** This category includes various services related to the Chapter 11 cases generally, retention matters, addressing questions of individual members of the Committee, Chapter 11 procedures, communications and administrative functions and other matters not falling into any of the other categories listed above. Houlihan Lokey's professionals have spent an estimated 100 hours on activities related to case administration during the Fifth Interim Period.

19. During these Chapter 11 cases, Houlihan Lokey coordinated the services it performed at the Committee's request with services of other advisors and counsel, as appropriate, in an effort to avoid unnecessary duplication of effort.

#### **Summary of Services Provided by Houlihan Lokey – Final Period**

20. The Committee selected Houlihan Lokey as its financial advisor because of its extensive and diverse experience, knowledge, and reputation in the restructuring field, its understanding of the issues involved in Chapter 11 cases, and because the Committee believes

that Houlihan Lokey is well-qualified to provide the financial advisory services that will be required here. Houlihan Lokey has served as financial advisor in many large Chapter 11 cases.

21. Although a number of professionals have worked on this engagement, the following professionals have performed substantial services to the Committee in this case during the Final Period (biographies of such professionals are annexed hereto as Exhibit “F”):

Irwin N. Gold – Senior Managing Director  
Jonathan B. Cleveland – Managing Director  
John McKenna – Managing Director  
Joshua S. Scherer – Director  
Agnes K. Tang – Vice President  
Agnieszka Krygier – Associate  
S. Daniel Gissinger – Associate  
Mark P. Williams – Associate  
Brian Yin – Associate  
Surbhi Gupta – Financial Analyst  
Clifford A. Sosin – Financial Analyst  
Kylie Davis – Financial Analyst  
Michael J. Simanovsky – Financial Analyst  
Natalie G. Chou – Financial Analyst

Pursuant to the Retention Application, “Because Houlihan Lokey will be compensated with a fixed monthly fee and certain transaction fees, Houlihan Lokey shall be permitted to provide general summaries of tasks and hours and shall not be required to maintain or provide detailed time records in connection with its fee applications.”

22. During the Final Period, Houlihan Lokey’s work on behalf of the Committee has involved twelve general project categories<sup>3</sup>, including:

- (a) Diligence and Review of the Company’s Five Year Business Plan (the “Five Year Business Plan”);

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<sup>3</sup> While specific work could qualify under more than one of these categories, Houlihan Lokey has assigned each of its various tasks/services to the most representative category.

- (b) Analysis of Financial Statements and Operational Performance of the Debtors;
- (c) Review of Company Key Employee Retention and Severance Programs;
- (d) Evaluating and Monitoring of Company Asset Divestitures;
- (e) Analysis of Financing Issues and Opportunities;
- (f) Supporting Analysis of the Debtors' On-going Discussions with the Pension Benefit Guaranty Corporation ("PBGC");
- (g) Assessment of the Unsolicited Offer from US Airways Received on November 15, 2006 and the Subsequent Revised Offers Received in January 2007;
- (h) Analysis of the Standalone Valuation of the Company upon its Emergence from Chapter 11;
- (i) Analysis of the Standalone Valuation of Comair and Range of Recovery for Comair's Unsecured Creditors;
- (j) Assistance in the search conducted by the Committee for the new members of the Company's Board of Directors;
- (k) Correspondence, Meetings, and Discussions with Parties-In-Interest; and
- (l) Case Administration.

Set forth below are descriptions of the type of work done within each of the twelve categories, and estimates of the aggregate number of hours spent by Houlihan Lokey on tasks within each of the categories.

23. **Diligence and Review of the Company's Five Year Business Plan.** Houlihan Lokey expended considerable time and effort in understanding and analyzing Delta's Five Year Business Plan throughout the case. Houlihan Lokey visited numerous times the Company's headquarters in Atlanta during the Final Period, and met with various senior operational executives across each of the Company's functional areas, including but not limited to revenue management, fleet and network planning, Tech Ops, treasury and supply chain. Houlihan Lokey

conducted a thorough review of the Company's Five Year Business Plan from the perspective of the Company's exit capitalization and debt capacity during the forecast period. In addition, Houlihan Lokey evaluated the Company's Five Year Business Plan to arrive at ranges for enterprise and equity valuation. To that end, Houlihan Lokey provided a strategic overview of industry consolidation and identified risks and opportunities to achieving the performance goals set forth in the Five Year Business Plan. Houlihan Lokey's professionals continued to spend a considerable amount of time and effort evaluating the potential impact of business combinations involving the Company upon its emergence from Chapter 11 protection. Houlihan Lokey's professionals have spent an estimated 700 hours on diligence and review of the Company's Five Year Business Plan during the Final Period.

24. **Analysis of the Financial Statements and Operational Performance of the Debtors.** Throughout the Final Period, Houlihan Lokey performed substantial due diligence on the Debtors' financial projections, actual financial results, and general operations. During the Final Period, Houlihan Lokey reviewed the Company's monthly DIP reporting package and financial results from operations starting from Q4 2005 through year-end 2006. Houlihan Lokey participated in monthly calls with the Debtors to evaluate current financial and operational performance and subsequently reported to the Committee on major trends and business developments. In addition, Houlihan Lokey evaluated the Debtors' 13-week cash flow forecasts, as provided on a weekly basis, to assess the trends in cash receipts and cash disbursements. The Company was also conducting weekly calls to review and highlight changes to the cash forecast resulting from changes in the operating assumptions (e.g. fuel prices, labor costs, etc.). Furthermore, Houlihan Lokey evaluated the Company's several requests for approval from the

Committee on its quarterly 2006 and 2007 fuel hedging proposal. In addition, Houlihan Lokey aided the Committee's legal advisors in evaluating the actual claims and recoveries arising from negotiations with various parties-in-interest. Houlihan Lokey's professional have spent an estimated 850 hours on the analysis of the Company's financial and operational performance during the Final Period.

**25. Review of Company Key Employee Retention and Severance Programs.**

During the Company's Chapter 11 proceedings, the Company has informed the Committee that it has suffered key employee attrition. Because of this increased attrition, the Company has put in place an executive severance program for its key senior managers and a key employee retention and severance program at its Delta Technology unit. Houlihan Lokey has performed significant diligence and analysis of these proposed plans. Houlihan Lokey's professionals have spent an estimated 90 hours on due diligence and analysis of the proposed compensation and severance programs associated with Chapter 11 filings throughout the Final Period

**26. Evaluating and Monitoring of Company Asset Divestitures.** As part of the Company's operational restructuring efforts, there were a number of assets that may be divested based on the Company's reorganized focus on mainline international flights. During the Final Period, Houlihan Lokey worked closely in conjunction with the Company's financial advisors – Blackstone, to understand the asset sales associated with ASA, one of the Company's regional carriers. Houlihan Lokey's professionals have spent an estimated 50 hours on evaluating asset divestitures during the Final Period.

**27. Analysis of Financing Issues and Opportunities.** Throughout the Final Period, Houlihan Lokey performed extensive diligence on various aspects of the Company's DIP

financing (including cash collateral usage and adequate protection) and potential exit financing. Additionally, Houlihan Lokey has also diligenced the proposed repricing of the General Electric DIP facility, the refinancing of both the 9.5% Senior Secured Notes, and various letters of credit. Houlihan Lokey's professionals have spent an estimated 390 of hours analyzing financing opportunities and certain issues associated with them in the Final Period.

**28. Supporting Analysis of the Debtors' On-going Discussions with the PBGC.**

Houlihan Lokey, in conjunction with the Committee's legal advisors, evaluated the potential legal and economic perspectives available to the PBGC as a result of its unsecured claim from Delta's termination of the pilot pension plan. In performing the analysis, Houlihan Lokey and Akin Gump gathered a myriad of financial information on Delta's subsidiaries. Houlihan Lokey and Akin Gump expended considerable time with the Company's legal and financial advisors to obtain information and clarification on the Company's legal structure. In addition, Houlihan Lokey researched airline precedents on settlement outcomes with the PBGC. Houlihan Lokey's professional have spent an estimated 250 hours on analysis of potential PBGC claim during the Final Period.

**29. Assessment of the Unsolicited Offer from US Airways Received on November 15, 2006 and the Subsequent Revised Offers Received in January 2007.** Houlihan Lokey analyzed the original and the revised unsolicited offers from US Airways to compare the relative recovery distribution to Delta's Unsecured Creditors in a potential merger scenario vis-à-vis the Company's decision to emerge from Chapter 11 as a standalone entity. Houlihan Lokey performed substantial due diligence on the merits of the proposed transaction with numerous meetings and conference calls with Delta's management and its financial and legal advisors as

well as US Airways' management and its legal and financial advisors. Houlihan Lokey independently evaluated the operational synergies/dis-synergies and the potential for additional claim creation resulting from the consummation of the transaction. To facilitate a deeper understating of the strategic context of consolidation in the domestic airline industry, Houlihan Lokey assisted in the search for an airline executive -- the Committee subsequently hired Mr. Gordon Bethune to provide strategic industry context in the Committee's evaluation of the US Airways proposal. Houlihan Lokey's professional have spent an estimated 325 hours on analysis of potential merger transaction during the Final Period.

**30. Analysis of the Standalone Valuation of the Company upon its Emergence from Chapter 11.** In connection with Delta's filing of its original Plan of Reorganization and the Disclosure Statement on January 18, 2007, Houlihan Lokey completed a due diligence process which resulted in its own independent analysis of the Company's potential range of valuation upon emergence from Chapter 11. Houlihan Lokey analyzed the potential equity and enterprise value of Delta based on the Company's Five Year Business Plan as well as the operational and financial performance of the Company's competitors. Houlihan Lokey's professional have spent an estimated 100 hours on analysis of the Company's standalone valuation upon the emergence from Chapter 11 during the Final Period.

**31. Analysis of the Standalone Valuation of Comair and Range of Recovery for Comair's Unsecured Creditors.** Throughout the Final Period, Houlihan Lokey completed a thorough due diligence process valuing -- Comair; Delta's regional airline subsidiary. Houlihan Lokey professionals have performed a series of analyses in order to establish Comair's valuation and claim creation within the entity as well as the potential impact those claims would have on

the ultimate recovery levels of unsecured creditors of Delta. Houlihan Lokey had held numerous conversations with the Company and its professionals regarding the financial performance, and intercompany account balance at Comair. Houlihan Lokey's professional have spent an estimated 75 hours on the analysis of Comair's equity value and recovery for Comair's unsecured creditors during the Final Period.

**32. Assistance in the executive search process conducted by the Committee for the new members of the Company's Board of Directors.** Houlihan Lokey assisted the Committee in its executive search for the members of the Board of Directors of Delta upon its emergence from Chapter 11. Houlihan Lokey's professional have spent an estimated 125 hours assisting the Committee in its executive search during the Final Period.

**33. Correspondence, Meetings, and Discussions with Parties-In-Interest.** Houlihan Lokey engaged in extensive correspondence and preparation for meetings with the Committee, the Debtors, the Debtors' advisors and various parties-in-interest in these Chapter 11 cases. Houlihan Lokey expended significant time and effort (both in-person and via telephonic conference call) meeting the due diligence requirements of the Committee. Houlihan Lokey conducted numerous meetings via conference call with parties-in-interest to provide situational updates. In addition, Houlihan Lokey prepared numerous presentations and memoranda regarding its diligence efforts, including an update of the Company's performance for the fourth quarter of 2005 and throughout the 2006, a summary of general airline industry performance, Delta's fuel hedging strategy for 2006 and 2007, the Company's monthly and quarterly operational performance vis-à-vis its peers, discussion and analysis of the Company's Five Year Business Plan, updates on the Company's negotiations with the PBGC, potential impact of the



consolidation trend within the airline industry (with and without the Company's participation), comparison of financial projections and corresponding operating projection assumptions as filed by Northwest Airlines relative to Delta, as well as an analysis of recent equity and debt offerings within the airline industry. Houlihan Lokey's professionals have spent an estimated 2,200 hours on preparation for meetings, discussions and negotiations among all the parties-in-interest throughout the Final Period.

34. **Case Administration.** This category includes various services related to the Chapter 11 cases generally, retention matters, addressing questions of individual members of the Committee, Chapter 11 procedures, communications and administrative functions and other matters not falling into any of the other categories listed above. Houlihan Lokey's professionals have spent an estimated 2,590 hours on activities related to case administration during the Final Period.

35. During these Chapter 11 cases, Houlihan Lokey coordinated the services it performed at the Committee's request with services of other advisors and counsel, as appropriate, in an effort to avoid unnecessary duplication of effort.

#### **Relief Requested – Fifth Interim Period**

36. By this Application, Houlihan Lokey seeks allowance of compensation and reimbursement of expenses for the Fifth Interim Period as follows:

(a) Compensation of \$400,000.00, in respect of fees accrued during the Fifth Interim Period, consisting of monthly fees for the period beginning February 1, 2007 through March 31, 2007 (\$160,000.00 has been paid to date). A summary of the Monthly and Transaction Fees due and paid during the Fifth Interim Period is attached hereto as Exhibit "D".

(b) Payment of Transaction Fee of \$5,000,000 which was earned upon the confirmation of a Chapter 11 plan or reorganization or liquidation, the terms of which were approved by the Committee (by majority vote), and shall be paid on the effective date of such Chapter 11 plan. A summary of the Monthly and Transaction Fees due and paid during the Fifth Interim Period is attached hereto as Exhibit “D”.

(c) Reimbursement of reasonable, actual, and necessary expenses in the amount of \$25,474.25 (\$5,841.18 has been paid to date) incurred in connection with Houlihan Lokey’s services. A summary and itemization of these expenses is attached hereto as Exhibit “E”.

### **Relief Requested – Final Period**

37. By this Application, Houlihan Lokey seeks allowance of compensation and reimbursement of expenses for the Final Period as follows:

(a) Compensation of \$8,613,333.33, in respect of fees accrued during the Final Period, consisting of monthly fees for the period beginning September 29, 2005 through March 31, 2007 and Transaction Fee of \$5,000,000.00 (\$3,373,333.33 has been paid to date). A summary of the Monthly and Transaction Fees due and paid during the Final Period is attached hereto as Exhibit “D”.

(b) Reimbursement of reasonable, actual, and necessary expenses in the amount of \$301,620.77 (\$281,987.70 has been paid to date) incurred in connection with Houlihan Lokey’s services. A summary and itemization of these expenses is attached hereto as Exhibit “E”.

### **Authority for Requested Relief**

38. By its Retention Order, this Court specifically provided that (a) “the Committee is authorized to retain and employ Houlihan Lokey effective as of September 29, 2005, pursuant to Sections 328(a) and 1103(a) of the Bankruptcy Code, as its financial advisors on terms set forth in the [Retention] Application and the Official Committee Engagement Letter...” and (b) “Houlihan Lokey’s compensation in accordance with the terms of the Official Committee Engagement Letter...shall not...hereafter be subject to challenge except under the standard of review of Section 328(a) of the Bankruptcy Code”, provided, however, solely as to the Office of

the United States Trustee, such fees and expense reimbursements shall hereafter be subject to challenge under the standard of review under the Bankruptcy Code (including, without limitations, sections 327, 328, 330 and 331 thereof), the Bankruptcy Rules, or any Local Rules or Orders of the Court.

39. Section 330 of the Bankruptcy Code provides for the award of compensation to professionals. 11 U.S.C. § 330. Section 330, by its terms, is “subject to” the provisions of Section 328 of the Bankruptcy Code. *Id.* Section 328(a) permits a debtor, with the Court’s approval, to employ a professional person “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, or on a contingent fee basis.” 11 U.S.C. § 328(a).

40. Section 328 reflects a significant departure from prior bankruptcy practice relating to the compensation of professionals, as it permits the compensation of professionals, including investment bankers and financial advisors on more flexible terms that reflect the nature of their services and market conditions. As the Fifth Circuit Court of Appeals recognized in In re National Gypsum Co.:

Prior to 1978, the most able professionals were often unwilling to work for bankruptcy estates where their compensation would be subject to the uncertainties of what a judge thought the work was worth after it had been done. That uncertainty continues under the present § 330 of the Bankruptcy Code, which provides that the court award to professional consultants reasonable compensation based on relevant factors of time and comparable costs, etc. Under present § 328 the professional may avoid that uncertainty by obtaining court approval of compensation agreed to with the trustee (or debtor or committee).

National Gypsum Co., 123 F.3d 861, 862 (5th Cir. 1997).

41. There have been no developments since the Petition Date that were “not capable of being anticipated” and that would justify any modification to the fees and expense reimbursements specified in the Official Committee Engagement Letter. Accordingly, under Section 328, the fees and expenses requested herein are appropriate.

42. As discussed above, Houlihan Lokey, among many other things, (a) spent significant time analyzing the Company’s operations and Five Year Business Plan, (b) actively analyzed airline industry consolidation issues in light of US Airways’ offer and the retention of Mr. Gordon Bethune, (c) actively participated in and assisted the Committee in the selection process of the new board of directors, (d) actively monitored and provided input with issues relating the Company’s financing during and after the Chapter 11, and (e) updated the Committee on the Company’s progress on various operational and financial initiatives and issues mentioned above. The professional services and related expenses that are the subject of this Application were rendered and incurred in connection with these Chapter 11 cases, and in discharge of Houlihan Lokey's professional responsibilities as financial advisor for the Committee in these Chapter 11 cases. Houlihan Lokey's services have been substantial, necessary, and beneficial to the Committee and other parties-in-interest. Houlihan Lokey believes that the fees and expenses requested by this Application are reasonable, similar to the compensation charged by comparably skilled practitioners in cases other than those in bankruptcy, and necessary given the variety and complexity of the issues involved in these cases and the need to act or respond on an expedited basis to those issues.

WHEREFORE, Houlihan Lokey requests the Court enter an Order substantially in the form of the Order annexed hereto as Exhibit "G", (i) allowing the compensation for financial advisory services rendered to the Committee in the amount of \$5,400,000.00 (consisting of \$400,000.00 in monthly fees and a Transaction Fee in the amount of \$5,000,000.00) and reimbursement of actual and necessary expenses in the amount of \$25,474.25 for the period February 1, 2007 through March 31, 2007 (the "Fifth Interim Period") and (ii) final compensation in the amount of \$8,613,333.33 (consisting of \$3,613,333.33 in monthly fees and a Transaction Fee in the amount of \$5,000,000.00) and reimbursement of actual and necessary expenses in the amount of \$301,620.77 for the period September 29, 2005 through March 31, 2007 (the "Final Period"), and (iii) authorizing and directing the Debtors to pay to Houlihan Lokey all amounts requested and due pursuant to the Fee Procedures Order.

Dated: June 18, 2007

**HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC.**



By: \_\_\_\_\_

Jonathan B. Cleveland  
Managing Director

**EXHIBIT A**

**Jonathan B. Cleveland Certification**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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

CERTIFICATION OF JONATHAN B. CLEVELAND

JONATHAN B. CLEVELAND, under penalty of perjury, declares and says:

1. I am a Managing Director of the firm of Houlihan Lokey Howard & Zukin Capital, Inc., and I make this certification in support of the Fifth Interim and Final Fee Application of Houlihan Lokey Howard & Zukin Capital, Inc. for Compensation of Services Rendered and Reimbursement of Expenses for the Period of September 29, 2005 through March 31, 2007 (the "Application").

2. I have read the Local Rules, and believe that this Application complies with the provisions of the Local Rules, the United States Bankruptcy Code and the Orders of this Court.

*Jonathan Cleveland*

Sworn to before me on this 18th day of  
June 2007

*Kelly Hallahan*  
\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Jonathan B. Cleveland  
Managing Director

Queens County, State of New York  
Subscribed and sworn to before me  
this 22 day of June, 2007  
by 01HT6K52821  
*Kelly Hallahan* Notary Public  
KELLY HALLAHAN  
My commission expires September 25, 2010

**EXHIBIT B**

**Copy of the Official Committee Engagement Letter**





HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL

INVESTMENT BANKERS

www.hlhz.com

To: The Official Committee of Unsecured Creditors (the "Committee") of Delta Air Lines, Inc. and its affiliated debtors and debtors-in-possession (the "Debtors"), in care of:

Chair of the Official Committee

Boeing Capital Corporation  
500 Naches Ave SW, 3rd Floor  
Renton, WA 98055

Attn: Jordan S. Weltman

Dear Jordan:

This letter confirms the terms of the agreement between Houlihan Lokey Howard & Zukin Capital ("Houlihan Lokey" or the "Firm") and the Committee concerning the Committee's engagement of Houlihan Lokey to provide financial advisory and related services to the Committee, effective as of September 29, 2005 (the "Effective Date"), in connection with the Debtors' Chapter 11 cases (the "Cases"), which are pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

1. **Scope of Engagement.** Pursuant to its engagement by the Committee, Houlihan Lokey's services will include:

- a) Analyzing business plans and forecasts of the Debtors, including, among others, analyzing the competitive positioning of the Debtors' Transformation Plan, utilization of alliances, global network, fleet strategy and targeted labor cost reductions;
- b) Evaluating the liabilities and operating assets of the Debtors;
- c) Assessing the financial issues and options concerning (a) the sale of the Company, either in whole or in part, and (b) the Debtors' chapter 11 plan(s) or any other chapter 11 plan(s);
- d) Analyzing and reviewing the financial and operating statements of the Debtors as part of the evaluation of any financings, asset sales, Chapter 11 plans, etc.;
- e) Providing such specific valuation or other financial analyses as the Committee may require in connection with the cases;

- f) Analyzing the Debtors' pension related replacement/termination issues;
- g) Evaluating all aspects of the Debtors' exit financing in connection with any chapter 11 plan and any budgets relating thereto;
- h) Analyzing any proposed KERP programs;
- i) Assisting the Committee, as needed, in identifying potential alternative sources of liquidity in connection with any chapter 11 plan or otherwise;
- j) Representing the Committee in negotiations with the Debtors and third parties with respect to any of the foregoing;
- k) Providing testimony in court on behalf of the Committee with respect to any of the foregoing, if necessary; and
- l) Other matters in the Cases reasonably related to the scope of the foregoing.

2. **Committee Engagement.** Neither the Committee, its constituents, nor any of its advisors or professionals (including, but not limited to, counsel to the Committee ("Committee Counsel")), shall be liable for the fees, expenses or other amounts payable to Houlihan Lokey hereunder. All financial advice, written or oral, provided by Houlihan Lokey to the Committee pursuant to this Agreement is intended solely for the use and benefit of the Committee, and, except as it may be used in respect of the cases by the Committee, such advice may not be disclosed publicly or made available to third-parties without the prior consent of Houlihan Lokey, which consent shall not be unreasonably withheld. Houlihan Lokey is providing its services as the financial advisor to the Committee, and is not providing any services on behalf of the individual members of the Committee. To the extent any issue arises as to the scope, nature or substance of Houlihan Lokey's analysis, Houlihan Lokey and the Committee, with the advice of Committee Counsel, shall in good faith work to mutually resolve such issue. At the direction of Committee Counsel, certain communication and correspondence between Houlihan Lokey and the Committee, and work product and analyses prepared by Houlihan Lokey for the Committee in connection with this matter, will be considered in preparation for litigation over the restructuring of the Debtors, and accordingly will be subject to the attorney-client privilege and work-product privilege between Houlihan Lokey, Committee Counsel and the Committee.

3. **Advisor.** Houlihan Lokey's services are limited to those specifically provided in this Agreement or subsequently agreed-upon by the parties hereto, and Houlihan Lokey shall have no obligation or responsibility for any other services. Houlihan Lokey is providing its services hereunder as an independent contractor, and the parties agree that this Agreement does not create an agency or fiduciary relationship between Houlihan Lokey and the parties to this Agreement.

4. **Consideration.** As consideration for the services being provided by Houlihan Lokey to the Committee, the Debtors shall pay Houlihan Lokey a fee of \$200,000 per month (the "Monthly Fee") commencing as of and prorated from the Effective Date. The Debtors shall pay

the Monthly Fee in advance on each monthly anniversary of the Effective Date of this Agreement, provided that the first payment shall be made upon approval of this Agreement by the Bankruptcy Court and shall be in respect of the period as from the Effective Date through the month in which the payment is made. Payment shall be made to Houlihan Lokey at the address above, Attention: John McKenna. In addition, the Debtors shall promptly reimburse Houlihan Lokey, upon request from time to time, for all out-of-pocket expenses reasonably incurred by Houlihan Lokey in connection with the matters contemplated by this Agreement. Out-of-pocket expenses shall include, but not be limited to, all reasonable travel expenses, duplicating charges, on-line service charges, messenger services, delivery services, meeting services, long distance telephone and facsimile charges incurred by Houlihan Lokey.

In addition to the Monthly Fees, Houlihan Lokey shall be entitled to an additional fee to be paid in cash by the Debtors of \$5,000,000 (the "Transaction Fee"). The Transaction Fee shall be earned upon the confirmation of a Chapter 11 plan of reorganization or liquidation, the terms of which are approved by the Committee (an "Approved Plan"), and shall be paid on the effective date of such Chapter 11 plan. If requested by the Committee, after 24 months from the Effective Date, Houlihan Lokey shall credit up to 100% of the Monthly Fees to be paid to Houlihan Lokey thereafter against the Transaction Fee, provided however, in no event shall the Transaction Fee be reduced to less than zero.

The parties acknowledge that a substantial professional commitment of time and effort will be required by Houlihan Lokey and its professionals hereunder, and that such commitment may foreclose other opportunities for the Firm. Moreover, the actual time and commitment required for the engagement may vary substantially, creating "peak load" issues for the Firm. Given the numerous issues which may arise in these cases, the Firm's commitment to the variable level of time and effort necessary to address such issues, the expertise and capabilities of Houlihan Lokey that will be required in this engagement, and the market rate for Houlihan Lokey's services of this nature whether in, or out of court, the parties agree that the fee arrangement hereunder is reasonable, fairly compensates Houlihan Lokey and provides certainty to the Debtors and the Committee.

5. **Bankruptcy Court.** The Committee shall, as soon as practicable following the execution of this Agreement by the Committee, seek an order from the Bankruptcy Court authorizing the employment of Houlihan Lokey pursuant to the terms of this Agreement, as a professional person pursuant to (and subject to the standard of review of) Section 328(a) and 1103 of the Bankruptcy Code, the Bankruptcy Rules and applicable local rules, and shall use its best efforts to cause such application to be considered on the most expedited basis. Any such order shall impose on the Debtors the obligations set forth herein as they relate to the Debtors including the payment of the Monthly Fees and the Transaction Fee and the indemnification obligations. The employment application and the order authorizing employment of Houlihan Lokey shall be provided to Houlihan Lokey sufficiently in advance of their filing, and must be acceptable to Houlihan Lokey in its discretion. If the order authorizing the employment of Houlihan Lokey is obtained, the Debtors shall pay all fees and expenses as promptly as possible in accordance with the terms of this Agreement, the Bankruptcy Code, the Bankruptcy Rules and applicable local

rules and orders, and the Committee will work with Houlihan Lokey to promptly file any and all necessary applications regarding such fees and expenses with the Bankruptcy Court. The terms of this paragraph are solely for the benefit of Houlihan Lokey and may be waived, in whole or in part, only by Houlihan Lokey.

6. **Termination.** This Agreement is terminable upon thirty (30) days written notice by the Committee or Houlihan Lokey, provided, however, that the Debtors shall pay Houlihan Lokey all previously unpaid Monthly Fees and the pro-rata portion of the Monthly Fee for the month in which the Agreement is terminated. The termination of this Agreement will not affect (a) the Debtors' indemnification, reimbursement, contribution and other obligations set forth in this Agreement and (b) Houlihan Lokey's right to receive, and the Debtors' obligation to pay (i) any and all fees and expenses accrued as of the effective date of termination of this Agreement, and (ii) provided that Houlihan Lokey does not terminate the Agreement, the Transaction Fee to the extent an Approved Plan has gone effective prior to termination of this Agreement or within twelve months following the effective date of any termination of this Agreement.

7. **Information.** The Committee acknowledges and agrees that, in rendering its services hereunder, Houlihan Lokey will be using and relying on information made available to it by the Debtors and their advisors (the "Information") (and information available from public sources and other sources deemed reliable by Houlihan Lokey) without independent verification thereof by Houlihan Lokey or independent appraisal by Houlihan Lokey. Houlihan Lokey does not assume responsibility for the accuracy or completeness of the Information or any other information regarding the Debtors. The Committee and the Debtors acknowledge that, in rendering services to the Committee, Houlihan may obtain information, including non-public information, from various independent sources provided that Houlihan keeps such non-public information confidential in accordance with its duties to the Committee. Such independent resources may provide information to Houlihan Lokey notwithstanding any confidentiality agreement.

8. **Choice of Law; Jurisdiction.** THIS AGREEMENT HAS BEEN NEGOTIATED, EXECUTED AND DELIVERED AT AND SHALL BE DEEMED TO HAVE BEEN MADE IN NEW YORK, NEW YORK. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF THE PARTIES HERETO, EACH PARTY HEREBY IRREVOCABLY CONSENTS AND AGREES THAT ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE PARTIES HERETO PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL BE BROUGHT IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT. EACH PARTY HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER

**VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. THE PARTIES HERETO CONSENT TO SERVICE OF PROCESS IN ACCORDANCE WITH NEW YORK LAW. THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF THE ENGAGEMENT OF HOULIHAN LOKEY PURSUANT TO, OR THE PERFORMANCE BY HOULIHAN LOKEY OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT.**

9. **Authority.** The parties hereto have all requisite power and authority to enter into this Agreement and the transactions contemplated hereby and have fully reviewed this Agreement, have obtained counsel on its terms, and have participated in the drafting of this Agreement such that it shall not be construed against any one party.

10. **Counterparts.** For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto. Each such counterpart shall be, and shall be deemed to be, an original instrument, but all such counterparts taken together shall constitute one and the same Agreement.

11. **Severability.** If it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that any term or provision hereof is invalid or unenforceable, (i) the remaining terms and provisions hereof shall be unimpaired and shall remain in full force and effect and (ii) the invalid or unenforceable provision or term shall be replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term or provision.

12. **Entire Agreement.** This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understanding relating to the matters provided for herein. No alteration, waiver, amendment, change or supplement hereto shall be binding or effective unless the same is set forth in writing signed by a duly authorized representative of each party.

13. **Indemnification.** As a material part of the consideration for Houlihan Lokey to furnish its services under this Agreement, the Debtors shall indemnify Houlihan Lokey and shall hold harmless Houlihan Lokey and its affiliates, and their respective past, present and future directors, officers, shareholders, employees, agents and controlling persons within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), to the fullest extent lawful, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, arising out of or related to the Agreement, any actions taken or omitted to be taken by an Indemnified Party in connection with Houlihan Lokey's provision of services to the Committee or the proposed transactions contemplated thereby. In addition, the Debtors shall reimburse the Indemnified Parties for any legal or other expenses reasonably incurred by them in

respect thereof at the time such expenses are incurred; provided, however, there shall be no liability to the Debtors under the foregoing indemnity and reimbursement agreement for any loss, claim, damage or liability which is finally judicially determined to have resulted primarily from the willful misconduct, gross negligence, bad faith or self-dealing of any Indemnified Party.

If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold it harmless, the Debtors shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the Committee and/or the Debtors, on the one hand, and Houlihan Lokey, on the other hand, in connection with the services rendered by Houlihan Lokey. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or otherwise, then the Debtors shall contribute to such amount paid or payable by any Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Committee and/or the Debtors, on the one hand, and Houlihan Lokey, on the other hand, in connection therewith, as well as any other relevant equitable considerations.

The Committee and the Debtors shall not effect any settlement or release from liability in connection with any matter for which an Indemnified Party would be entitled to indemnification from the Debtors unless, such settlement or release contains a release of the Indemnified Parties reasonably satisfactory in form and substance to Houlihan Lokey. The Committee and/or the Debtors shall not be required to indemnify any Indemnified Party for any amount paid or payable by such party in the settlement or compromise of any claim or action without the prior written consent of the Committee and the Debtors.

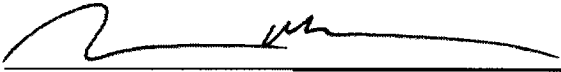
Neither Houlihan Lokey nor any other Indemnified Party shall have any liability, regardless of the legal theory advanced, to the Committee, the Debtors or any other person or entity (including the Debtors' equity holders and creditors) related to or arising out of Houlihan Lokey's engagement, except for any liability for losses, claims, damages, liabilities or expenses incurred by the Committee and/or the Debtors which are finally judicially determined to have resulted primarily from the willful misconduct, gross negligence, bad faith or self-dealing of any Indemnified Party. The indemnity, reimbursement, contribution and other obligations and agreements of the Committee and the Debtors set forth herein shall apply to any modifications of this Agreement, shall be in addition to any liability which these parties may otherwise have, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of these parties and each Indemnified Party. The foregoing indemnification provisions shall survive the consummation of any transaction and/or any termination of the relationship established by this Agreement.

The obligations of Houlihan Lokey are solely corporate obligations, and no officer, director, employee, agent, shareholder or controlling person of Houlihan Lokey shall be subjected to any personal liability whatsoever to any person, nor will any such claim be asserted by or on behalf of any other party to this Agreement or any person relying on the services provided hereunder. The Debtors' obligations with respect to any and all payments owing to Houlihan Lokey and the

indemnification, reimbursement, contribution and other similar obligations of the Debtors under this Agreement shall survive any termination of this Agreement.

Dated and effective as of the 29<sup>th</sup> day of September, 2005.

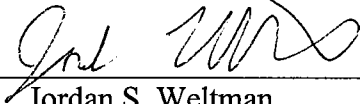
**HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL**



By: John A. McKenna, Jr.  
Managing Director

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
DELTA AIR LINES, INC.**

**By: BOEING CAPITAL CORPORATION**  
(solely in its capacity as Chairperson  
of the Committee)  
500 Naches Avenue SW, 3<sup>rd</sup> Floor  
Renton, WA 98055

By: 

Jordan S. Weltman  
Vice President/Senior Managing  
Director Americas Aircraft  
Financial Services

**EXHIBIT C**

**Copy of the Retention Order**



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

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	x	
	:	
In re:	:	Chapter 11
	:	
DELTA AIR LINES, INC., <u>et al.</u> ,	:	Case No. 05-17923 (PCB)
	:	
Debtors.	:	(Jointly Administered)

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x

**ORDER AUTHORIZING EMPLOYMENT OF HOULIHAN LOKEY HOWARD &  
ZUKIN CAPITAL AS FINANCIAL ADVISOR TO OFFICIAL COMMITTEE OF  
UNSECURED CREDITORS, NUNC PRO TUNC TO SEPTEMBER 29, 2005**

Upon consideration of the application (the “Application”) of the Official Committee of Unsecured Creditors (the “Committee”) of the debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases for entry of an order, under sections 328(a) and 1103(a) 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 employment and retention of Houlihan Lokey Howard & Zukin Capital (“Houlihan Lokey”) as its financial advisor pursuant to the terms of the engagement letter dated as of September 29, 2005 (the “Official Committee Engagement Letter”); and the Court having considered the Application and the declaration of John McKenna dated November 20, 2005 in support of the Application; and the Court being satisfied that Houlihan Lokey does not hold an interest adverse to the interest of the estate with respect to the matters on which Houlihan Lokey will be employed and that Houlihan Lokey is a “disinterested person” as that term is defined under section 101(14) of the Bankruptcy Code; and that the employment of Houlihan Lokey is necessary and that the terms of compensation being sought by Houlihan Lokey, as described in the Official Committee

Engagement Letter, are reasonable, and after due deliberation and sufficient cause appearing therefore, it is hereby

ORDERED that subject to the terms and conditions of this order, the Application is granted on an interim basis, and pursuant to sections 328(a) and 1103(a) of the Bankruptcy Code and Bankruptcy Rule 2014(a), the Committee is authorized, on an interim basis, effective as of September 29, 2005, to employ, retain, compensate and reimburse Houlihan Lokey as its financial advisor, pursuant to the terms and conditions of the Official Committee Engagement Letter; and it is further

ORDERED that until the retention of Houlihan Lokey is approved on a final basis, except as provided in the following decretal paragraph, Houlihan Lokey shall receive only (a) monthly compensation as specified in the Official Committee Engagement Letter and (b) reimbursement of Houlihan Lokey's reasonable out-of-pocket expenses, which 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 the Office of the United States Trustee retains the right to object to any interim or final fee application filed by Houlihan Lokey (including any request for the reimbursement of expenses) on any grounds provided for under the Bankruptcy Code (including, without limitation, sections 327, 328, 330 and 331 thereof), the Bankruptcy Rules, or any Local Rules or Orders of this Court; and it is further

ORDERED that all compensation and reimbursement of expenses to be paid to Houlihan Lokey shall be subject to prior approval of this Court in accordance with section 331 of the Bankruptcy Code and the Local Rules and Orders of this Court, including the Order to Establish Procedures for Interim Monthly Compensation and Reimbursement of Expenses of

Professionals, entered October 6, 2005, that establish procedures for monthly compensation and reimbursement of expenses. Additionally, because Houlihan Lokey will be compensated with a fixed monthly fee and certain transaction fees, Houlihan Lokey shall be permitted to provide general summaries of tasks and hours and shall not be required to maintain or provide detailed time records in connection with its fee applications; and it is further

ORDERED that the Debtors shall indemnify and hold harmless Houlihan Lokey and its affiliates, and their respective past, present and future directors, officers, shareholders, employees, agents and controlling persons within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the “Indemnified Parties”), pursuant to the Official Committee Engagement Letter and subject to the following conditions:

(a) all requests of the Indemnified Person for payment of indemnity pursuant to the Letter Agreement shall be made by means of an application (interim or final as the case may be) and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Indemnification, 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 the indemnity is sought, provided, however, that in no event shall an Indemnified Person be indemnified or receive contribution in the case of bad-faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of that or any other Indemnified Person, and

(b) in no event shall an Indemnified Person be indemnified or receive contribution or other payment under the Indemnification if the Debtors, their estates, or the Committee asserts a claim for, and 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 that or any other Indemnified Person, and

(c) in the event an Indemnified Person seeks reimbursement for attorneys' fees from the Debtors, the invoices and supporting time records from such attorneys shall be annexed to Houlihan Lokey's own Interim and Final Fee Applications, and such invoices and time records shall be subject to the U.S. 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 a notice, substantially in the form annexed hereto as Exhibit "A", shall be served in accordance with the Order Approving Notice, Case Management and Administrative Procedures, entered October 6, 2005, on all creditors that received the Notice of Commencement in accordance with the Order establishing procedures for notifying creditors of the commencement of the Debtors' chapter 11 cases, entered September 16, 2005; and it is further

ORDERED that objections to the Committee's retention of Houlihan Lokey on a final basis shall be filed with the Court with a copy to Chambers, together with proof of service thereof, and served upon (i) counsel for the Committee, Akin Gump Strauss Hauer & Feld, 590 Madison Avenue, New York, New York 10022-2524, Attn.: Daniel H. Golden, Esq.; (ii) counsel for Houlihan Lokey, Jones Day, 77 Wacker Drive, Suite 3500, Chicago, Illinois 60601, Attn.: Richard Chesley, Esq.; (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, New York 10004, Attn.: Gregory Zipes, Esq.; (iv) attorneys for the Debtors, Davis Polk & Wardwell, 450 Lexington Avenue, New York,

New York 10017, Attn.: Marshall S. Huebner, Esq.; (v) conflicts counsel to the Debtors, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn.: Lawrence M. Handelsman, Esq.; (vi) aircraft counsel to the Debtors, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attn.: Richard F. Hahn, Esq.; (vii) the Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549, Attn.: Michael A. Berman and 3 World Financial Center, New York, New York 10281, Attn.: Nathan Fuchs; (viii) the Internal Revenue Service, 290 Broadway, New York, New York 10008, Attn.: Sid Brown; (ix) Bankruptcy Services LLC, 757 Third Avenue, New York, New York 10017, Attn.: Robert Saraceni; and (x) all persons or entities that have served and filed notices of appearance in these chapter 11 cases pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure, so as to be received no later than February 15, 2006 at 5:00 p.m. prevailing Eastern Time and it is further

ORDERED that any objection to the proposed retention must be filed with the Court in accordance with (i) General Order of the United States Bankruptcy Court for the Southern District of New York M-242, as amended by General Order M-269, which order may be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), and (ii) the Order Approving Notice, Case Management and Administrative Procedures, entered by the Court on October 6, 2005; 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 February 22, 2006 at 2:30 p.m. prevailing Eastern Time to consider such objection and, pending entry of an order following the conclusion of said hearing, Houlihan Lokey shall continue as financial advisor to the Committee on an interim basis in accordance with this Order; and it is further

ORDERED that, if no objections to Houlihan Lokey's retention are timely served and filed in accordance with this Order, this Order shall be deemed a final order without further notice or hearing and the Application shall be approved, and Houlihan Lokey's retention shall be made effective on a final basis nunc pro tunc to September 29, 2005; and it is further

ORDERED that to the extent this Order is inconsistent with the Official Committee Engagement Letter, the terms of this Order shall govern; and it is further

ORDERED that this Court shall retain jurisdiction to construe and enforce the terms of this Order.

Dated:           New York, New York  
                  December 19, 2005

/s/ Prudence Carter Beatty  
**UNITED STATES BANKRUPTCY JUDGE**

## **Exhibit A**

Daniel H. Golden (DG-5624)  
Lisa G. Beckerman (LB-9655)  
David H. Botter (DB-2300)  
AKIN GUMP STRAUSS HAUER & FELD LLP  
590 Madison Avenue  
New York, New York 10022-2524  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)

Attorneys for the Official Committee of Unsecured  
Creditors of Delta Air Lines, Inc., et al.

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

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

**NOTICE OF HEARING ON APPLICATION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS FOR ORDER AUTHORIZING THE  
EMPLOYMENT OF HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL  
AS FINANCIAL ADVISOR PURSUANT TO SECTIONS 328(a) AND  
1103(a) OF THE BANKRUPTCY CODE, NUNC PRO TUNC TO SEPTEMBER 29, 2005**

TO ALL CREDITORS OF THE DEBTORS:

PLEASE TAKE NOTICE that the Official Committee of Unsecured Creditors (the  
“Committee”) of Delta Air Lines, Inc., and its affiliated debtors and debtors in possession  
(collectively, the "Debtors"), seek entry of an Order approving, on a final basis, the Application  
of the Official Committee of Unsecured Creditors of Delta Air Lines, Inc. et al. to Retain  
Houlihan Lokey Howard & Zukin Capital as Financial Advisor, Nunc Pro Tunc to September 29,  
2005 (the “Application”).



PLEASE TAKE FURTHER NOTICE that, if any party objects to the Application before February 15, 2006 at 5:00 p.m., a final hearing on the Application will be held on February 22, 2006, at 2:30 p.m. (ET) at the United States Bankruptcy Court, United States Custom House, One Bowling Green, New York, New York 10004. If no timely objections are filed by February 15, 2006, at 5:00 p.m., the Order shall be deemed a final order without further notice or hearing, and the Application shall be approved, and Houlihan Lokey's retention shall be made effective on a final basis nunc pro tunc to September 29, 2005.

PLEASE TAKE FURTHER NOTICE that responses or objections, if any, to the Application must comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, must be set forth in a writing describing the basis therefore and must be filed with the Court electronically in accordance with General Order M-242, as amended by General Order M-269, by registered users of the Court's electronic case filing system (the User's Manual for the Electronic Case Filing System can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), the official website for the Bankruptcy Court) and, by all other parties in interest, on a 3-1/2 inch disk, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format (with a hard copy delivered directly to Chambers) and served in accordance with the Order Approving Notice, Case Management and Administrative Procedures, entered by the Court on October 6, 2005, upon each of the following: (i) counsel for the Committee, Akin Gump Strauss Hauer & Feld, 590 Madison Avenue, New York, New York 10022-2524, Attn.: Daniel H. Golden, Esq.; (ii) counsel for Houlihan Lokey, Jones Day, 77 Wacker Drive, Suite 3500, Chicago, Illinois 60601, Attn.: Richard Chesley, Esq.; (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21<sup>st</sup> Floor, New York, New York 10004, Attn.: Gregory Zipes, Esq.; (iv) attorneys for the Debtors,

Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, Attn.: Marshall S. Huebner, Esq.; (v) conflicts counsel to the Debtors, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn.: Lawrence M. Handelsman, Esq.; (vi) aircraft counsel to the Debtors, Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attn.: Richard F. Hahn, Esq.; (vii) the Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549, Attn.: Michael A. Berman and 3 World Financial Center, New York, New York 10281, Attn.: Nathan Fuchs; (viii) the Internal Revenue Service, 290 Broadway, New York, New York 10008, Attn.: Sid Brown; (ix) Bankruptcy Services LLC, 757 Third Avenue, New York, New York 10017, Attn.: Robert Saraceni; and (x) all persons or entities that have served and filed notices of appearance in these chapter 11 cases pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure, so as to be received not later than **5:00 p.m. on February 15, 2006**. Only those responses and objections, if any, made in writing and timely filed and received will be considered at the hearing. Any such response must state with specificity the reason or reasons why the relief requested in the Application should not be granted.

PLEASE TAKE FURTHER NOTICE that pursuant to the Application, the Committee seeks to retain Houlihan Lokey Howard & Zukin Capital (“Houlihan Lokey”) to provide the following services for the Committee:

- a. Analyzing business plans and forecasts of the Debtors, including, among others, analyzing the competitive positioning of the Debtors' plan of transformation, utilization of alliances, global network, fleet strategy and targeted labor cost reductions;
- b. Evaluating the liabilities and operating assets of the Debtors;

- c. Assessing the financial issues and options concerning (a) the sale of the Company, either in whole or in part, and (b) the Debtors' chapter 11 plan(s) or any other chapter 11 plan(s);
- d. Analyzing and reviewing the financial and operating statements of the Debtors as part of the evaluation of any financings, asset sales, chapter 11 plans, etc.;
- e. Providing such specific valuation or other financial analyses as the Committee may require in connection with the cases;
- f. Analyzing the Debtors' pension related replacement/termination issues;
- g. Evaluating all aspects of the Debtors' exit financing in connection with any chapter 11 plan and any budget relating thereto;
- h. Analyzing any proposed KERP programs;
- i. Assisting the Committee, as needed, in identifying potential alternative sources of liquidity in connection with any chapter 11 plan or otherwise;
- j. Representing the Committee in negotiations with the Debtors and third parties with respect to any of the foregoing; and
- k. Providing testimony in court on behalf of the Committee with respect to any of the foregoing, if necessary.

PLEASE TAKE FURTHER NOTICE that, if Houlihan Lokey's retention is approved on a final basis, Houlihan Lokey will be entitled to receive the following compensation:

- a. A Monthly Fee<sup>1</sup> of \$200,000;
- b. Houlihan Lokey shall be paid an additional fee (a "Transaction Fee") of \$5,000,000. The Transaction Fee shall be earned upon the confirmation of a chapter 11 plan or reorganization or liquidation, the terms of which are approved by the Committee (by majority vote), and shall be paid on the effective date of such chapter 11 plan. In

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<sup>1</sup> Unless otherwise defined, all capitalized terms used herein have the meanings given to them in the Official Committee Engagement Letter.

addition, if requested by the Committee, after 24 months Houlihan Lokey will credit an amount up to 100% of its subsequent Monthly Fees against the Transaction Fee.

- c. Reimbursement of all reasonable out-of-pocket expenses.

**PLEASE TAKE FURTHER NOTICE that if the Application is granted, as more fully described in the Application and subject to certain conditions, the Debtors shall indemnify and hold Houlihan Lokey harmless against any and all losses, claims, damages or liabilities in connection with the engagement, except to the extent they result from Houlihan Lokey's gross negligence, willful misconduct, bad faith, self-dealing or breach of fiduciary duty, if any, in connection with the performance of their services.**

PLEASE TAKE FURTHER NOTICE that the foregoing summary of certain elements of the retention is not complete and that the full terms of the retention are contained in the Application and the letter agreement, dated as of September 29, 2005, containing the terms of Houlihan Lokey's employment in these chapter 11 cases (the "Official Committee Engagement Letter"), which is annexed to the Application as Exhibit A. The Application and the Official Committee Engagement Letter are available for inspection at the Office of the Clerk for the Bankruptcy Court and on the Bankruptcy Court's Internet site at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov), through an account obtained from Pacer Service Center at 1-800-676-6856, or 1-210-301-6440, or [www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov). To the extent that the summary of the retention terms set forth in this notice conflict with the terms of the Official Committee Engagement Letter, the terms of the Official Committee Engagement Letter and the Order Authorizing Retention of Houlihan Lokey Howard & Zukin Capital as Financial Advisor to Official Committee of Unsecured Creditors, Nunc Pro Tunc to September 29, 2005, on an interim basis (subject to final approval) entered on December 5, 2005, shall control.

**PLEASE TAKE FURTHER NOTICE that if you do not object by the objection deadline above, your rights to subsequently object to the compensation of Houlihan Lokey will be affected and subject to the heightened standard of review enumerated in section 328 of title 11 of the United States Code.**

Dated: New York, New York  
[\_\_\_\_\_, 2005]

**AKIN GUMP STRAUSS HAUER & FELD LLP**

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Daniel H. Golden (DG-5624)  
Lisa G. Beckerman (LB-9655)  
David H. Botter (DB-2300)  
590 Madison Avenue  
New York, NY 10022  
(212) 872-1000

Attorneys for the Official Committee of Unsecured  
Creditors of Delta Air Lines, Inc., et al.

**EXHIBIT D**

**Summary of Transaction and Monthly Fees**

**Summary of Transaction and Monthly Fees, Amounts Paid and Amounts Due**

<b>Billing Period</b>	<b>Monthly Fees</b>	<b>Less: 20% Holdback</b>	<b>Fees Billed</b>	<b>Less: Amount Paid</b>	<b>Holdback Amount Paid</b>	<b>Total Fees Owed</b>
September 29, 2005 - October 31, 2005	\$213,333.33	(\$42,666.67)	\$170,666.66	\$170,666.66	\$42,666.67	\$0.00
November 1, 2005 - November 30, 2005	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
December 1, 2005 - December 31, 2005	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
January 1, 2006 - January 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
<b>Subtotal First Interim Application Period</b>	<b>\$813,333.33</b>	<b>(\$162,666.67)</b>	<b>\$650,666.66</b>	<b>\$650,666.66</b>	<b>\$162,666.67</b>	<b>\$0.00</b>
February 1, 2006 - February 28, 2006	\$200,000.00	(\$40,000.00)	\$160,000.00	\$160,000.00	\$40,000.00	\$0.00
March 1, 2006 - March 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
April 1, 2006 - April 30, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
May 1, 2006 - May 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
<b>Subtotal Second Interim Application Period</b>	<b>\$800,000.00</b>	<b>(\$160,000.00)</b>	<b>\$640,000.00</b>	<b>\$640,000.00</b>	<b>\$160,000.00</b>	<b>\$0.00</b>
June 1, 2006 - June 30, 2006	\$200,000.00	(\$40,000.00)	\$160,000.00	\$160,000.00	\$40,000.00	\$0.00
July 1, 2006 - July 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
August 1, 2006 - August 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
September 1, 2006 - September 30, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
<b>Subtotal Third Interim Application Period</b>	<b>\$800,000.00</b>	<b>(\$160,000.00)</b>	<b>\$640,000.00</b>	<b>\$640,000.00</b>	<b>\$160,000.00</b>	<b>\$0.00</b>
October 1, 2006 - October 31, 2006	\$200,000.00	(\$40,000.00)	\$160,000.00	\$160,000.00	\$40,000.00	\$0.00
November 1, 2006 - November 30, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
December 1, 2006 - December 31, 2006	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
January 1, 2007 - January 31, 2007	200,000.00	(40,000.00)	160,000.00	160,000.00	40,000.00	0.00
<b>Subtotal Fourth Interim Application Period</b>	<b>\$800,000.00</b>	<b>(\$160,000.00)</b>	<b>\$640,000.00</b>	<b>\$640,000.00</b>	<b>\$160,000.00</b>	<b>\$0.00</b>
February 1, 2007 - February 28, 2007	\$200,000.00	(\$40,000.00)	\$160,000.00	\$160,000.00	\$0.00	\$40,000.00
March 1, 2007 - March 31, 2007	200,000.00	(40,000.00)	160,000.00	0.00	0.00	200,000.00
<b>Subtotal Fifth Interim Application Period</b>	<b>\$400,000.00</b>	<b>(\$80,000.00)</b>	<b>\$320,000.00</b>	<b>\$160,000.00</b>	<b>\$0.00</b>	<b>\$240,000.00</b>
<b>Total Monthly Fees</b>	<b>\$3,613,333.33</b>	<b>(\$722,666.67)</b>	<b>\$2,890,666.66</b>	<b>\$2,730,666.66</b>	<b>\$642,666.67</b>	<b>\$240,000.00</b>
Transaction Fee	\$5,000,000.00	\$0.00	\$5,000,000.00	\$0.00	\$0.00	\$5,000,000.00
<b>Total Final Period Transaction and Monthly Fees</b>	<b>\$8,613,333.33</b>	<b>(\$722,666.67)</b>	<b>\$7,890,666.66</b>	<b>\$2,730,666.66</b>	<b>\$642,666.67</b>	<b>\$5,240,000.00</b>

**EXHIBIT E**

**Summary of Expenses**



<b>Summary of Expenses</b>			
<b>Billing Period</b>	<b>Expenses Billed</b>	<b>Expenses Paid</b>	<b>Expenses Owed</b>
September 29, 2005 - October 31, 2005	\$40,228.22	\$40,228.22	\$0.00
November 1, 2005 - November 30, 2005	30,930.60	30,930.60	0.00
December 1, 2005 - December 31, 2005	11,211.77	11,211.77	0.00
January 1, 2006 - January 31, 2006	9,267.53	9,267.53	0.00
<b>Subtotal First Interim Application Period</b>	<b>\$91,638.12</b>	<b>\$91,638.12</b>	<b>\$0.00</b>
February 1, 2006 - February 28, 2006	\$14,350.84	\$14,350.84	\$0.00
March 1, 2006 - March 31, 2006	26,100.46	26,100.46	0.00
April 1, 2006 - April 30, 2006	10,260.56	10,260.56	0.00
May 1, 2006 - May 31, 2006	7,165.21	7,165.21	0.00
<b>Subtotal Second Interim Application Period</b>	<b>\$57,877.07</b>	<b>\$57,877.07</b>	<b>\$0.00</b>
June 1, 2006 - June 30, 2006	\$7,864.64	\$7,864.64	\$0.00
July 1, 2006 - July 31, 2006	6,422.33	6,422.33	0.00
August 1, 2006 - August 31, 2006	20,786.84	20,786.84	0.00
September 1, 2006 - September 30, 2006	18,133.98	18,133.98	0.00
<b>Subtotal Third Interim Application Period</b>	<b>\$53,207.79</b>	<b>\$53,207.79</b>	<b>\$0.00</b>
October 1, 2006 - October 31, 2006	\$13,902.07	\$13,902.07	\$0.00
November 1, 2006 - November 30, 2006	11,836.67	11,836.67	0.00
December 1, 2006 - December 31, 2006	20,337.92	20,337.92	0.00
January 1, 2007 - January 31, 2007	27,346.88	27,346.88	0.00
<b>Subtotal Fourth Interim Application Period</b>	<b>\$73,423.54</b>	<b>\$73,423.54</b>	<b>\$0.00</b>
February 1, 2007 - February 28, 2007	\$5,841.18	\$5,841.18	\$0.00
March 1, 2007 - March 31, 2007	6,544.36	0.00	6,544.36
April 1, 2007 - April 30, 2007	13,088.71	0.00	13,088.71
<b>Subtotal Fifth Interim Application Period</b>	<b>\$25,474.25</b>	<b>\$5,841.18</b>	<b>\$19,633.07</b>
<b>Total Final Application Period</b>	<b>\$301,620.77</b>	<b>\$281,987.70</b>	<b>\$19,633.07</b>

Houlihan Lokey's policy is to pass along to its clients its expenses incurred on behalf of such clients, without markup or interest charges. Such expenses include the following: airfare, taxi or other airport transportation, hotel charges, travel and working meals, computer research, messenger charges, overnight delivery (when necessary), internal and external photocopying expenses, postage, telecopy expenses, long-distance telephone charges, and other travel-related expenses. To assist the Court in reviewing Houlihan Lokey's request for reimbursement of the expenses incurred in connection with its representation of the Committee, Houlihan Lokey's billing procedures and the general categories of expenses for which it seeks reimbursement by this Application are described below:

- A. **Airfare:** (first class and coach fares) Airfare includes necessary travel expenses associated with airplane travel when there is a need for in-person meetings, management interviews, due diligence and working sessions.
- During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$10,483.22 in total expenses related to Airfare. During the Final Period, Houlihan Lokey billed the Debtors for \$96,927.34 in total expenses related to Airfare.
- B. **Lodging:** Lodging includes expenses associated with hotel stays and related expenses incurred when out-of-town meetings were required or for necessary overnight stays in connection with working sessions.
- During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$2,850.78 in total expenses related to Lodging. During the Final Period, Houlihan Lokey billed the Debtors for \$42,177.62 in total expenses related to Lodging.
- C. **Other Transportation:** Other Transportation includes train ticket expenses, cab fare or other airport transportation, and parking and rental car charges.
- During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$3,047.12 in total expenses related to Other Transportation. During the Final Period, Houlihan Lokey billed the Debtors for \$35,826.46 in total expenses related to Other Transportation.
- D. **Travel/Working Meals:** Houlihan Lokey charged for overtime meals and other meals consumed during meetings with individuals regarding the Chapter 11 cases in order to expedite or facilitate working sessions or for necessary meals during travel.
- During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$4,636.19 in total expenses related to Travel/Working Meals. During the Final Period, Houlihan Lokey billed the Debtors for \$37,563.33 in total expenses related to Travel/Working Meals.
- E. **Telephone/Fax:** Expenses include all telephone/fax usage related to the case.

During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$875.21 in total expenses related to Telephone/Fax. During the Final Period, Houlihan Lokey billed the Debtors for \$5,145.10 in total expenses related to Telephone/Fax.

- F. **Computer Online Resources:** Expenses associated with research on database systems or document retrieval relating to this case. These expenses include disclosure document charges for comparable public companies' 10Q and 10K reports filed with the SEC that were used to perform valuation analysis. Database charges are incurred using the Lexis/Nexis and Thomson Financial systems in order to obtain analyst reports for the comparable companies. Dow Jones and Bloomberg services are used to obtain current and historical security pricing and news wires. Houlihan Lokey believes these expenses to be required in order to complete standard financial and valuation analysis.

During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$3,266.34 in total expenses related to Computer Online Resources. During the Final Period, Houlihan Lokey billed the Debtors for \$54,775.96 in total expenses related to Computer Online Resources.

- G. **Delivery, Mail & Federal Express:** Houlihan Lokey utilized Federal Express and other overnight delivery services when documents had to be distributed the next day.

During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$254.82 in total expenses related to Delivery, Mail & Federal Express. During the Final Period, Houlihan Lokey billed the Debtors for \$2,768.64 in total expenses related to Delivery, Mail & Federal Express.

- H. **Office Expense:** Includes photocopy charges, color copy charges, binding materials, etc.

During the Fifth Interim Period, Houlihan Lokey billed the Debtors for \$60.57 in total expenses related to Office Expense. During the Final Period, Houlihan Lokey billed the

Debtors for \$6,754.77 in total expenses related to Office Expense.

- I. **Legal Expense:** Houlihan Lokey utilized services of several outside Legal Counselors related to the case.

During the Final Period, Houlihan Lokey billed the Debtors for \$19,681.55 in total expenses related to Legal Expense.

**EXHIBIT F**

**Professional Biographies**

## Professional Biographies

### **Irwin N. Gold**

#### *Senior Managing Director*

Mr. Gold is a Senior Managing Director and member of the Board of Directors of Houlihan Lokey, and is Global Co-Director of the Firm's Financial Restructuring Group, which he co-founded in 1988. Mr. Gold has led many of the Group's largest and most complex financial restructuring engagements, both in bankruptcy and out-of-court.

Mr. Gold is a member of a variety of organizations, including the Financial Lawyers Conference, the Bankruptcy Study Group and the American Bankruptcy Institute. He has testified on numerous occasions as an expert witness on restructuring matters, has spoken publicly on a variety of financial restructuring topics and is the author of *Valuation of the Restructured Enterprise and Its Effect on Negotiating Leverage*.

Prior to joining Houlihan Lokey, Mr. Gold was associated with the Corporate Department of Gibson Dunn & Crutcher from 1982 through 1985. Mr. Gold was also vice president and director of corporate finance of Wood Bros. Homes, Inc., a Denver-based real estate and mortgage banking company, from 1985 to 1986, where he helped negotiate a workout and sale of the company. In addition, Mr. Gold was a principal of The Seneca Group, an investment banking and financial advisory firm, from 1986 to 1988.

Mr. Gold holds a J.D. from the University of Virginia School of Law and a B.A. in economics, summa cum laude and Phi Beta Kappa, from Duke University. Mr. Gold is licensed with the NASD as a General Securities Principal (Series 7, 24 and 63).

### **Jonathan B. Cleveland**

#### *Managing Director*

Mr. Cleveland is a Managing Director in Houlihan Lokey's Minneapolis office. Mr. Cleveland has been involved in a number of financial restructuring engagements with Houlihan Lokey, representing debtors and creditors in out-of-court restructurings and bankruptcies. Prior to re-joining Houlihan Lokey in 1997, Mr. Cleveland was an associate in the law firm of Mayer, Brown & Platt in Chicago, where he practiced corporate and securities law and was involved in numerous public securities offerings, public tender offers and private repurchase offers for debt and equity securities, and domestic and international acquisition transactions.

Mr. Cleveland was a member of Houlihan Lokey's Financial Restructuring Group from 1990 to 1992, before earning a J.D. degree, magna cum laude, from the University of Minnesota Law School, where he also was a member of the Order of the Coif. In 1990, Mr. Cleveland received a B.S. in finance/business economics from the University of Southern California.

### **Joshua S. Scherer**

#### *Director*

Mr. Scherer was a Director in Houlihan Lokey's New York office. Prior to joining Houlihan Lokey in 1999, Mr. Scherer spent two years with a Malaysia-based corporate restructuring firm

focused on servicing debtors. In addition, for three years Mr. Scherer was a member of Merrill Lynch & Co.'s investment banking group in New York and Hong Kong. Mr. Scherer has substantial experience providing restructuring, M&A and financing services to clients in North America and in countries throughout the Asia Pacific and Latin American regions. Mr. Scherer graduated summa cum laude, with a B.A. in economics with honors from Middlebury College, and in addition was elected to Phi Beta Kappa.

**Agnes K. Tang**

*Vice President*

Ms. Tang is a Vice President in the firm's Financial Restructuring Group in New York office. Ms. Tang has worked on a variety of debtor and creditor side engagements across a number of different industries including textiles, paper, and consumer products sectors. Prior to joining Houlihan Lokey in 2002, Ms. Tang was a Senior Associate at Mercer Management Consulting and Marsh and McLennan Capital's venture capital fund.

Ms. Tang received her B.A., with distinction, in Economics and Mathematics from Northwestern University and her M.B.A. from the Harvard Business School.

**Agnieszka Krygier**

*Associate*

Ms. Krygier joined Houlihan Lokey's Financial Restructuring Group as an Associate in 2005. Prior to that, she worked at Goldman Sachs' Natural Resources Group. Ms. Krygier received a MBA from Wharton School of Business and B.S. from New York University – Stern School of Business.

**S. Daniel Gissinger**

*Associate*

Mr. Gissinger joined Houlihan Lokey's New York office Financial Restructuring group as an Associate in 2005. Prior to that, he worked as an Associate at Opera Ventures and has also worked for Cramer, Berkowitz & Co and Morgan Stanley as an Analyst. Mr. Gissinger obtained his Bachelor of Science in Finance from Yeshiva University.

**Mark P. Williams**

*Associate*

Mr. Williams is an Associate with the Financial Restructuring Group in Houlihan Lokey New York office. Since joining Houlihan Lokey in 2001, Mr. Williams has worked on a variety of investment banking, restructuring, and financial advisory assignments. Current and recent transactions include Enron Corporation, Cabovisao, Acuity CiMatrix, Trump Hotel & Casino Resorts, ANP Funding I, LLC, Air Canada, and NII Holdings, Inc. (f.k.a. Nextel International).

Mr. Williams graduated in May 2001 from the University of Virginia's McIntire School of Commerce, with a B.S. in commerce, with a dual concentration in finance and international business.

### **Brian Yin**

*Associate*

Mr. Yin joined Houlihan Lokey's Financial Restructuring Group in New York as an Associate in the summer of 2006. Mr. Yin is currently attending the MBA program at New York University – Stern School of Business.

### **Surbhi Gupta**

*Financial Analyst*

Ms. Gupta is a Financial Analyst in the New York office of Houlihan Lokey's Financial Restructuring Group. Ms. Gupta worked for one year at the firm's London office and transferred to New York in 2006. Prior to joining Houlihan Lokey, she completed a summer internship in the U.S. Treasury. Ms. Gupta received her MSc in Accounting and Finance from the London School of Economics and Political Science, and a BA in Economics from Swarthmore College.

### **Clifford Sosin**

*Financial Analyst*

Mr. Sosin is a Financial Analyst in the Financial Restructuring Group in Houlihan Lokey's New York office. Prior to joining the firm, Mr. Sosin was an analyst intern at Apollo Management in New York City where he evaluated distressed debt and leveraged buyout opportunities. Mr. Sosin holds a B.S. in engineering, with a specialty in electrical engineering and control systems, and a B.A. in economics, both with high honors, from Swarthmore College in Pennsylvania.

### **Michael J. Simanovsky**

*Financial Analyst*

Mr. Simanovsky joined Houlihan Lokey's New York office as a Financial Analyst in 2005. Prior to that, he worked as a Summer Analyst at Joele Frank, Wilkinson Brimmer Katcher. Mr. Simanovsky graduated from Emory University, magna cum laude, with a B.A. in Economics and English.

### **Natalie Chou**

*Financial Analyst*

Ms. Chou joined Houlihan Lokey's New York office as a Financial Analyst in 2005. Prior to that, she worked as a summer analyst at JP Morgan and as a volunteer for Junior Achievement China. Ms. Chou graduated magna cum laude from the University of Pennsylvania with a B.A. in English and Political Science.

### **Kylie Davis**

*Financial Analyst*

Ms. Davis joined Houlihan Lokey's New York office as a Financial Analyst during the summer of 2006. Ms. Davis is in the process of obtaining her B.A. from Columbia University.



**EXHIBIT G**

**Form of Order**

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

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

**FINAL ORDER GRANTING THE FIFTH INTERIM AND FINAL APPLICATION OF  
HOULIHAN LOKEY HOWARD & ZUKIN CAPITAL, INC. FOR ALLOWANCE OF  
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE INTERIM  
PERIOD FEBRUARY 1, 2007 THROUGH MARCH 31, 2007  
AND FINAL PERIOD  
SEPTEMBER 29, 2005 THROUGH MARCH 31, 2007**

This matter coming before the Court on the Fifth Interim Final Application for Compensation and Reimbursement of Expenses for the Period September 29, 2005 through March 31, 2007 (the "Application") filed by Houlihan Lokey Howard & Zukin Capital, Inc. ("Houlihan Lokey"), the financial advisor to the Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (collectively, the "Debtors"); the Court having reviewed the Application and all pleadings relating thereto; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein;

THE COURT HEREBY FINDS THAT:<sup>4</sup>

- A. The Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
- C. The Application complies, as applicable, with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. §330 dated March 30, 1996 and the Orders of this Court.
- D. Houlihan Lokey's requested interim compensation for services rendered in connection with its representation of the Committee during the Final Period is reasonable and appropriate under sections 328 and 331 of the Bankruptcy Code.
- E. Houlihan Lokey's expenses incurred during the Final Period for which it seeks reimbursement were actual and necessary expenses under section 330(a)(1)(B) and 331 of the Bankruptcy Code.

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<sup>4</sup> Capitalized terms not otherwise defined herein have the meanings ascribed to the in the Application.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED.

2. Houlihan Lokey's request for an allowance of (i) compensation in the amount of \$5,400,000.00 (consisting of \$400,000.00 in monthly fees and a Transaction Fee in the amount of \$5,000,000.00) and reimbursement of actual and necessary expenses in the amount of \$25,474.25 for the period February 1, 2007 through March 31, 2007 (the "Fifth Interim Period") and (ii) final compensation in the amount of \$8,613,333.33 (consisting of \$3,613,333.33 in monthly fees and a Transaction Fee in the amount of \$5,000,000.00) and reimbursement of actual and necessary expenses in the amount of \$301,620.77 for the period September 29, 2005 through March 31, 2007 (the "Final Period") is GRANTED.

3. The Debtors are hereby authorized and directed to pay Houlihan Lokey the foregoing approved fees and expenses.

Dated: New York, New York  
\_\_\_\_\_, 2007

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United States Bankruptcy Judge