

DELTA AIR LINES INC /DE/  
Form POS AM  
January 08, 2004  
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As filed with the Securities and Exchange Commission on January 8, 2004

Registration No. 333-108176

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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POST-EFFECTIVE AMENDMENT NO. 3

TO

## FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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## DELTA AIR LINES, INC.

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**58-0218548**  
(I.R.S. Employer  
Identification Number)

**Hartsfield-Jackson Atlanta International Airport**

**Atlanta, Georgia 30320**

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(404) 715-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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**Gregory L. Riggs, Esq.**

**Senior Vice President-General Counsel**

**Delta Air Lines, Inc.**

**P.O. Box 20706**

**Atlanta, Georgia 30320-6001**

**(404) 715-2611**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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*Copy to:*

**Davis Polk & Wardwell**

**450 Lexington Avenue**

**New York, NY 10017**

**(212) 450-4000**

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**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

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**PROSPECTUS**

**\$350,000,000**

**8.00% Convertible Senior Notes due 2023 and the  
Common Stock Issuable Upon Conversion of the  
8.00% Convertible Senior Notes due 2023**

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We issued \$350 million principal amount of the 8.00% Convertible Senior Notes due 2023 in private placements in June 2003. This prospectus will be used by selling securityholders to resell their debt securities and the common stock issuable upon conversion of the debt securities. We will not receive any of the proceeds from the sale of these securities.

Interest on the notes is payable on June 3 and December 3 of each year, beginning on December 3, 2003.

The notes are convertible by holders into shares of our common stock at a conversion price of \$28.00 per share (subject to adjustment), which is equivalent to a conversion rate of approximately 35.7143 shares per \$1,000 principal amount of notes, under the following circumstances: (1) if the price of our common stock reaches, or the trading price of the notes falls below, specific thresholds, (2) if we call the notes for redemption, or (3) upon the occurrence of certain corporate transactions.

Our common stock is listed on the New York Stock Exchange under the symbol DAL. The last reported price of our common stock on January 7, 2004 was \$13.03 per share.

The notes will mature on June 3, 2023. We may redeem all or a portion of the notes at any time on or after June 5, 2008 at 100% of the principal amount of the notes, plus any accrued and unpaid interest.

Holders of the notes may require us to purchase all or a portion of their notes in cash at a purchase price equal to 100% of the principal amount of notes, plus accrued and unpaid interest, on June 3, 2008, June 3, 2013 and June 3, 2018 or upon a designated event.

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The notes will be structurally subordinated to all liabilities of our subsidiaries.

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**Investing in these securities involves certain risks. See Risk Factors beginning on page 6.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**The date of this prospectus is January , 2004**

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Unless the context otherwise requires, the terms Delta, we, us, and our refer to Delta Air Lines, Inc.

This prospectus is part of a registration statement that we filed with the SEC using a shelf registration or continuous offering process. Under this shelf process, selling securityholders may from time to time sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities that the selling securityholders may offer. Each time a selling securityholder sells securities, the selling securityholders are required to provide you with a prospectus and/or a prospectus supplement containing specific information about the selling securityholder and the terms of the securities being offered. A prospectus supplement may include other special considerations applicable to those securities. The prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading Where You Can Find More Information.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement, including the exhibits, can be read on the SEC web site or at the SEC offices mentioned under the heading Where You Can Find More Information.

You should rely only on the information contained in this document and in the information to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ) which represent Delta's expectations or beliefs concerning future events. When used in this prospectus, and in documents incorporated by reference, the words expects, plans, anticipates , and similar expressions are intended to identify forward-looking statements. All forward-looking statements in this prospectus are based upon information available to us on the date of this prospectus. We undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historic experience or our expectations. Additional information concerning these and other factors is contained in our SEC filings, including but not limited to Delta's Forms 10-K, 10-Q and 8-K.

**WHERE YOU CAN FIND MORE INFORMATION**

Delta files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document filed by Delta at the SEC's public reference rooms at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Delta's SEC filings are also available to the public over the internet at <http://www.sec.gov>.

We incorporate by reference the documents listed below and any filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of this offering (other than current reports furnished on Form 8-K under Items 9 and 12).

Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003.

Current Reports on Form 8-K filed January 16, 2003, March 10, 2003, March 25, 2003\*, April 17, 2003\*, April 23, 2003, May 27, 2003, May 29, 2003, June 2, 2003, July 1, 2003, July 17, 2003\*, July 25, 2003, August 13, 2003, August 28, 2003, September 5, 2003, October 14, 2003\*, November 12, 2003 and November 24, 2003.

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\* Reports submitted to the SEC under Item 9, Regulation FD Disclosure and Item 12, Results of Operations and Financial Condition. Pursuant to General Instruction B(2) and (6) of Form 8-K, the reports submitted under Items 9 and 12 are not deemed to be filed for the purpose of Section 18 of the Exchange Act, and Delta is not subject to the liabilities of that section. Delta is not incorporating and will not incorporate by reference future filings of these reports into a filing under the Securities Act or the Exchange Act or into this prospectus.

The information incorporated by reference in this prospectus is considered to be a part of this prospectus, and information that we file later with the SEC, prior to the termination of this offering, will automatically update and supersede this information.

Any party to whom this prospectus is delivered may request a copy of these filings (other than any exhibits unless specifically incorporated by reference into this prospectus), at no cost, by writing or telephoning Delta at Delta Air Lines, Inc., Investor Relations, Dept. No. 829, P.O. Box 20706, Atlanta, GA 30320, telephone no. (404) 715-2600.





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**PROSPECTUS SUMMARY**

*This summary may not contain all the information that may be important to you. You should read the entire prospectus, including the financial data and related notes included in this prospectus and other information incorporated by reference herein, before making an investment decision.*

**The Offering**

Issuer	Delta Air Lines, Inc., a Delaware corporation.
Securities Offered	\$350,000,000 aggregate principal amount of 8.00% Convertible Senior Notes due 2023.
Offering Price	100% of the principal amount of the notes, plus accrued interest, if any, from June 2, 2003.
Maturity	June 3, 2023.
Interest Payment Dates	June 3 and December 3 of each year, commencing on December 3, 2003.
Conversion Rights	<p>The notes are convertible at the option of the holder prior to maturity, into shares of our common stock at a conversion price of \$28.00 per share, subject to adjustment, which is equivalent to an initial conversion rate of approximately 35.7143 shares per \$1,000 principal amount of notes, under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>(i) during any calendar quarter after the quarter ending June 30, 2003, if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price per share of our common stock;</li> <li>(ii) during the five-business-day period following any ten consecutive trading days in which the average of the trading prices for the notes was less than 98% of the average closing sale price of our common stock multiplied by the conversion rate;</li> <li>(iii) if the notes have been called for redemption by us; or</li> <li>(iv) upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights Conversion Upon Specified Corporate Transactions.</li> </ul>

The conversion rate may be adjusted upon the occurrence of certain events, but it will not be adjusted for any accrued and unpaid interest.

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Optional Redemption	On or after June 5, 2008, upon at least 30 days' notice, we may redeem for cash all or a portion of the notes at any time for a price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid interest to but excluding the redemption date. See "Description of Notes—Optional Redemption."
Purchase of Notes by Us at the Option of the Holder	Holders of the notes will have the right to require us to purchase all or a portion of their notes for cash on June 3, 2008, June 3, 2013 and June 3, 2018, each of which we refer to as a purchase date. In each case, we will pay a purchase price equal to 100% of the principal amount of notes to be purchased, plus any accrued and unpaid interest, to but excluding the purchase date. See "Description of Notes—Purchase of Notes by Us at the Option of the Holder" and "Risk Factors." We may be unable to repay or repurchase the notes.
Repurchase at the Option of Holders Upon a Designated Event	Upon a designated event (as defined herein), holders of the notes will have the right to require us to repurchase all or a portion of their notes at a purchase price equal to 100% of the principal amount of the notes to be repurchased, plus any accrued and unpaid interest to but excluding the date of the repurchase. See "Description of Notes—Repurchase at Option of Holders Upon a Designated Event" and "Risk Factors." We may be unable to repay or repurchase the notes.
Ranking	The notes are our senior unsecured obligations and are rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The notes are structurally subordinated to all liabilities of our subsidiaries. As of September 30, 2003, we had approximately \$12.4 billion of total consolidated indebtedness; \$5.8 billion of secured indebtedness (excluding secured indebtedness of our subsidiaries); and approximately \$2.1 billion of subsidiary indebtedness.
Events of Default	The following will be events of default under the indenture for the notes: <p style="margin-left: 40px;">we fail to pay principal of any note when due;</p> <p style="margin-left: 40px;">we fail to pay interest or liquidated damages, if any, on any note when due and that default continues for 30 days or more;</p>

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we fail to comply with or observe any other covenant or warranty in the indenture or in the notes and that failure continues for 60 days or more after written notice as provided in the indenture;

we fail to pay any designated event repurchase price when due;

we or any of our restricted subsidiaries (as defined herein) fail to pay when due, either at its final stated maturity or upon acceleration thereof, any indebtedness (other than indebtedness which is non-recourse to us or any restricted subsidiary) for money borrowed equal to \$75 million or more and such failure is not cured, or the acceleration is not rescinded or annulled, within 30 days after written notice as provided in the indenture; and

certain events of our bankruptcy, insolvency or reorganization. See Description of Notes Events of Default and Remedies.

Registration Rights

We have agreed to file a shelf registration statement under the Securities Act relating to resales of the notes and the common stock issuable upon their conversion. If such registration statement is not filed or has not become effective within the time periods set forth herein, we will be required to pay additional amounts to holders of the notes and holders of the common stock issued upon conversion of the notes. See Description of Notes Registration Rights.

Book-entry Form

The notes were issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ( DTC ) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers of the notes will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except under limited circumstances.

Use of Proceeds

We will not receive any of the proceeds from the sale by the selling securityholder of the notes and the common stock issuable upon conversion of the notes.

Trading

The notes are currently eligible for trading on the PORTAL Market of the National Association of Securities Dealers, Inc. (the PORTAL Market ); however, notes sold using this prospectus will no longer be eligible for trading in the PORTAL Market. Our common stock is quoted on the New York Stock Exchange under the symbol DAL.

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**RISK FACTORS**

*Before investing in our notes or common stock, you should carefully consider the following risk factors as well as other information contained or incorporated by reference in this prospectus.*

**Risk Factors Relating to Business Environment**

*The terrorist attacks in 2001, military action in Iraq and other world events adversely affected, and may continue to adversely affect, Delta's financial results*

Delta and the airline industry have faced the worst financial crisis in aviation history. Since the terrorist attacks of September 11, 2001, involving commercial aircraft of other airlines, the airline industry has experienced substantial revenue decline and cost increases which have resulted in industry wide liquidity issues. Additionally, during 2003, the industry's financial results were negatively impacted by the military action in Iraq and the Severe Acute Respiratory Syndrome ( SARS ) outbreak.

The future impact of the events of September 11, 2001 and the ability of Delta to weather the current financial crisis will depend on a number of factors, including, but not limited to, the following: (i) general economic conditions; (ii) the adverse impact of the terrorist attacks on the demand for air travel; (iii) the change in Delta's operations and higher costs resulting from, and customer reaction to, new airline and airport security directives; (iv) the availability and cost of war and terrorism risk and other insurance for Delta; (v) the credit downgrades of Delta and other airlines by Moody's and Standard & Poor's discussed below, and the possibility of additional downgrades, to the extent it makes it more difficult and/or more costly for Delta to obtain financing; (vi) potential declines in the values of the aircraft in Delta's fleet or facilities and any related asset impairment charges; (vii) additional terrorist activity and/or war; (viii) our future funding obligations under our defined benefit pension plans, which are based on various factors, including actual market performance of our pension plan assets, future 30-year U.S. Treasury bond yields and regulatory requirements; (ix) the results of the profit improvement initiatives previously announced by Delta; (x) actions by U.S. or foreign governments, including the Federal Aviation Administration (the FAA ) and other regulatory agencies; and (xi) the outcome of Delta's litigation.

*The credit ratings of Delta have been downgraded since 2001*

After September 11, 2001, the credit ratings on Delta's senior unsecured long-term debt were lowered from Baa3 to Ba2 by Moody's and Delta's issuer credit rating was lowered from BBB- to BB+ by Standard & Poor's, with concurrent downgrades of senior unsecured and various other debt by both rating agencies. In November 2001, Standard & Poor's lowered Delta's senior unsecured debt rating (but no other ratings) from BB+ to BB and in June 2002, Standard & Poor's lowered Delta's issuer credit rating from BB+ to BB, with concurrent downgrades of senior unsecured and various other Delta debt ratings. Moody's downgraded Delta's senior unsecured long-term debt rating from Ba2 to Ba3 in December 2001 with concurrent downgrades of various other Delta debt ratings.

On March 28, 2003, Standard & Poor's lowered Delta's issuer credit rating from BB to BB-, and Delta's senior unsecured long-term debt relating from BB- to B. On April 10, 2003, Moody's downgraded Delta's senior implied debt rating from Ba3 to B1, and Delta's senior unsecured long-term debt rating from Ba3 to B3. On July 8, 2003, Standard & Poor's affirmed Delta's BB- issuer credit rating and removed its ratings from CreditWatch. On November 21, 2003, Fitch Ratings lowered Delta's senior unsecured long-term debt rating from B+ to B.

The credit ratings of certain other airlines have been adjusted by Moody's, Standard and Poor's and Fitch in the various aforementioned reviews and in other independent ratings actions. Moody's and Fitch's outlooks on Delta's debt securities are negative and Standard & Poor's outlook on Delta's issuer credit rating remains negative. On November 24, 2003, Standard and Poor's announced that it placed Delta's ratings on CreditWatch with negative implications and on November 25, 2003, Moody's announced that it placed Delta's ratings on review for possible downgrade. There can be no assurance that Delta's long-term debt rating will not be lowered further or withdrawn by a rating agency.

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Delta's current credit ratings have negatively impacted its ability to (i) issue unsecured debt, (ii) renew outstanding letters of credit that back certain of our obligations and (iii) obtain certain financial instruments that we use in our fuel hedging program. Our current credit ratings have also increased the cost of our financing transactions and the amount of collateral required for certain financial instruments and insurance coverage.

*Our insurance costs have increased substantially as a result of the September 11, 2001 terrorist attacks and further increases in insurance costs or reductions in coverage could have a material adverse impact on Delta*

As a result of the terrorist attacks of September 11, 2001, aviation insurers have significantly reduced the maximum amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war, or similar events. At the same time, they significantly increased the premiums for such coverage and for aviation insurance in general. Pursuant to authority granted in the Stabilization Act, the U.S. government has supplemented Delta's commercial war-risk insurance with a comprehensive war-risk liability policy to cover losses to passengers, third parties (ground damage) and the aircraft hull. This coverage is in effect through August 2004. Delta expects that if the commercial insurance carriers reduce further the amount of insurance coverage available to Delta or further significantly increase the cost of aviation insurance, or if the U.S. government fails to renew the war-risk insurance that it provides, Delta's business, financial position, and results of operations could be materially adversely affected.

## **Risk Factors Relating to Delta**

*Delta continues to experience significant losses*

On October 14, 2003, Delta reported a net loss of \$446 million for the nine months ended September 30, 2003, or \$3.71 basic and diluted loss per common share, compared to a net loss of \$909 million for the nine months ended September 30, 2002, or \$7.46 basic and diluted loss per common share. The 2003 results include \$398 million of payments that Delta received from the U.S. government under the Appropriations Act; a \$279 million pretax gain from the sale of Delta's equity investment in Worldspan L.P.; a \$15 million pretax gain on the extinguishment of debt related to a debt exchange offer; a \$43 million pretax charge related to work force reductions; a \$16 million pretax charge related to derivative and hedging activities accounted for under SFAS No. 133; and a \$15 million pretax loss on the extinguishment of ESOP notes. For the nine months ended September 30, 2002, Delta recorded a total net charge of \$181 million, net of tax, which included charges related to (1) the writedown of certain MD-11 and B727-200 aircraft and MD-11 spare parts inventory, and (2) the temporary carrying costs of surplus pilots and grounded aircraft, as well as gains related to (1) compensation received under the Stabilization Act, (2) the adjustment to actual requirements of certain restructuring reserves, and (3) SFAS No. 133 derivatives.

Delta's operating revenues totaled \$9.9 billion for the nine months ended September 30, 2003, a 1% decrease from the depressed level recorded for the nine months ended September 30, 2002. Passenger revenues decreased 1% to \$9.2 billion. Revenue passenger miles decreased 4% on a capacity decline of 6%, while passenger mile yield increased 4%. Operating expenses for the nine months ended September 30, 2003 totaled \$10.3 billion, a 6% decrease from \$10.9 billion for the nine months ended September 30, 2002. Operating cost per available seat mile increased 1% to 10.35¢.

Delta does not expect significant improvement in the revenue environment in the December 2003 quarter and also expects significant cost pressures related to pension and interest expenses to continue. As a result, Delta expects to report a net loss for the December 2003 quarter of \$365 million to \$415 million and for the year ending December 31, 2003.

*Significant changes or extended periods of high fuel costs would materially affect Delta's operating results*

Delta's results of operations can be significantly impacted by changes in the price and availability of jet fuel. Changes in jet fuel prices and availability have industry-wide impact. Accordingly, lower jet fuel prices



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may be offset by increased price competition and lower revenues for all air carriers. Moreover, there can be no assurance that Delta will be able to increase its fares in response to any future increases in fuel prices.

Delta's jet fuel purchase contracts do not provide material protection against price increases or for assured availability of supplies. Delta purchases most of its jet fuel from petroleum refiners under contracts which establish the price based on various market indices. Delta also purchases aircraft fuel on the spot market, from off-shore sources and under contracts which permit the refiners to set the price and give Delta the right to terminate upon short notice if the price is unacceptable.

Although Delta is currently able to obtain adequate supplies of jet fuel, it is impossible to predict the future availability or price of jet fuel. Political disruptions or war involving oil producing countries, changes in government policy concerning aircraft fuel production, transportation or marketing, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages and fuel price increases in the future.

### ***Employee strikes and other labor-related disruptions may adversely affect Delta's operations***

Delta's business is labor intensive, requiring large numbers of pilots, flight attendants, mechanics and other personnel. Strikes or labor disputes with unionized employees of Delta or Delta's affiliates may adversely affect Delta's ability to conduct its business. As of September 30, 2003, Delta and Delta's wholly owned subsidiaries had a total of approximately 70,100 full-time equivalent employees. Approximately 18% of these employees are represented by unions. Relations between air carriers and labor unions in the U.S. are governed by the Railway Labor Act, which provides that a collective bargaining agreement between an airline and a labor union does not expire, but instead becomes amendable as of a stated date. Delta's wholly-owned subsidiary, Atlantic Southeast Airlines, Inc. (ASA), is in collective bargaining negotiations with the Air Line Pilots Association, International (ALPA), which represents ASA's approximately 1,500 pilots. The outcome of these collective bargaining negotiations cannot presently be determined. ASA is also in negotiations with the Association of Flight Attendants, which represents ASA's flight attendants. The outcome of these negotiations cannot presently be determined. If Delta or Delta's affiliates are unable to reach agreement with any of their unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, Delta may be subject to work interruptions or stoppages. Work stoppages may adversely affect Delta's ability to conduct its operations.

### ***U.S. federal law imposes limitations on foreign ownership of U.S. airlines and voting by non-U.S. citizens***

U.S. federal law on foreign ownership of U.S. airlines requires that no more than 25% of Delta's capital stock be voted, directly or indirectly, by persons who are not U.S. citizens, and that Delta's president and at least two-thirds of the members of Delta's board of directors be U.S. citizens. As such, Delta will not register any shares of its capital stock on its stock register if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Accordingly, if and for so long as the combined foreign ownership holdings of Delta's capital stock reaches the 25% threshold imposed by federal law, no other non-U.S. citizen will be able to register its shares of common stock on Delta's stock register and vote its shares.

### ***We expect that we will need to raise significant additional financing***

In the aftermath of the events of September 11, 2001, Delta raised substantial amounts of funding to finance capital commitments and day-to-day operations. Delta expects that it will need to raise significant additional financing in the future to cover its liquidity needs. To the

extent Delta may be unable to access the capital markets for long-term capital spending requirements or short-term liquidity needs, or Delta's financing costs continue to increase, including as a result of further credit rating downgrades, Delta's business, financial position and results of operations would be materially adversely impacted.

***Our indebtedness and other obligations are substantial and could affect our business***

We have now and will continue to have a significant amount of indebtedness. As of September 30, 2003, we had approximately \$12.4 billion of total consolidated indebtedness. Further, the indenture does not limit the

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creation of additional indebtedness. Our substantial indebtedness could have important consequences. For example, it could:

limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the funds available to us for other purposes;

make us more vulnerable to economic downturns, limiting our ability to withstand competitive pressures and reducing our flexibility in responding to changing business and economic conditions; and

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

Holders of notes are not afforded protection in the event of a highly leveraged transaction, except to the extent described below under

Description of Notes Repurchase at Option of Holders Upon a Designated Event. Any of the foregoing could adversely affect our business and our ability to service our debt, including the notes.

### ***Our pension plan funding obligations are significant***

Delta sponsors defined benefit pension plans ( pension plans ) for eligible employees and retirees. We have satisfied our minimum required funding obligations for our pension plans in 2003. Estimates of our future funding obligations under these pension plans are based on various assumptions, including the actual market performance of the plan assets, future 30-year U.S. Treasury bond yields and regulatory requirements. As previously announced, our estimated pension plan funding obligation in 2004 is between \$350 million and \$450 million. Our funding obligations under the pension plans in later years are not reasonably estimable at this time because these estimates vary materially depending on the assumptions used. Nevertheless, we presently expect our funding obligations under our pension plans in each of the years from 2005 through 2007 will be substantially larger than our estimated funding obligations in 2004. For additional information regarding our pension plans, see Note 11 (pages 51 55) of the Notes to the Consolidated Financial Statements in our 2002 Annual Report to Shareowners, which is incorporated by reference in this prospectus.

### **Risk Factors Relating to the Airline Industry**

#### ***The airline industry is highly competitive***

Delta faces significant competition with respect to domestic and international routes, services and fares. All domestic routes served by Delta are subject to competition from both new and established carriers, some of which have substantially lower costs than Delta and service virtually all of Delta's domestic routes. On most domestic and international routes, Delta competes with at least one, and usually more than one, scheduled passenger airline. Delta also competes with all-cargo carriers, charter airlines and, particularly on its shorter routes, with surface transportation.

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International marketing alliances formed by domestic and foreign carriers, such as the Star Alliance (among United Airlines, Lufthansa German Airlines and others), the Oneworld Alliance (among American Airlines, British Airways and others) and the Wings Alliance (between Northwest Airlines and KLM-Royal Dutch Airlines), have significantly increased competition in international markets. Through marketing and codesharing arrangements with U.S. carriers, foreign carriers have obtained access to interior U.S. routes. Similarly, U.S. carriers have increased their ability to sell international transportation such as transatlantic services to and beyond European cities.

The airline industry is characterized by substantial price competition. If price reductions are not offset by increases in traffic or changes in the mix of traffic that improve Delta's passenger mile yield, Delta's operating results will be adversely affected.

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### ***The airline industry is subject to extensive government regulation***

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs. The Federal Aviation Administration ( FAA ) from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures. Some FAA requirements cover, among other things, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement and other environmental concerns, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. Delta expects to continue incurring expenses to comply with the FAA's regulations.

Additional laws, regulations, taxes and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenues. For example, the Aviation and Transportation Security Act, which became law in November 2001, mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a new per-ticket tax on passengers and a new tax on airlines. Subsequently, on April 16, 2003, President Bush signed into law the Appropriations Act which provides, among other things, for certain payments to the airline industry and the suspension of these taxes from July 1, 2003 to September 30, 2003. The ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available. Delta cannot provide assurance that laws or regulations enacted in the future will not adversely affect it.

### ***Seasonality and other factors impact demand for air travel***

In general, demand for air travel is higher in the June and September quarters, particularly in international markets, because there is more vacation travel during these periods than during the remainder of the year. Demand for air travel is also affected by factors such as economic conditions, war or the threat of war, fare levels and weather conditions. In addition, demand for air travel at particular airlines may be impacted from time to time by, among other things, actual or threatened disruptions to operations due to labor issues. Due to these and other factors, operating results for an interim period are not necessarily indicative of operating results for an entire year, and operating results for a historical period are not necessarily indicative of operating results for a future period.

### ***The airline industry has suffered significant losses; airline bankruptcies and other restructuring efforts could adversely affect the industry***

The airline industry as a whole suffered significant losses in 2001 and 2002 and is expected to suffer significant losses for all of 2003. Many airlines, including Delta, have announced reductions in capacity, service and workforce in response to the industry-wide reductions in passenger demand and yields. In addition, since September 11, 2001, several air carriers have sought to reorganize under Chapter 11 of the Bankruptcy Code, including US Airways, Inc., the seventh largest U.S. air carrier, and UAL Corporation (United Airlines), the second largest U.S. air carrier. Since filing for Chapter 11 on August 11, 2002, US Airways has emerged from bankruptcy. Additionally, AMR Corporation (American Airlines) has recently announced that it restructured certain labor costs and lowered its operating cost base. Successful completion of such reorganizations or restructurings have presented Delta with competitors that have significantly lower operating costs derived from renegotiated labor, supply, and financing contracts. Historically, air carriers involved in reorganizations have undertaken substantial fare discounting in order to maintain cash flows and to enhance continued customer loyalty. Such fare discounting could further lower yields for all carriers, including Delta. In addition, the market value of aircraft would likely be negatively impacted if a number of air carriers, including US Airways and United Airlines, seek to further reduce capacity by eliminating aircraft from their fleets. The bankruptcies of these airlines and the possibility of bankruptcy for other airlines could make it more difficult and/or more costly for Delta to obtain financing.

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### ***The airline industry has been significantly impacted by the SARS outbreak***

During the first six months of 2003, the SARS outbreak, primarily centered in China and other Southeast Asian countries, with a number of cases in Toronto, Canada, also significantly impacted airline industry revenues. Due to our small Pacific presence, however, the SARS outbreak had only a minimal impact on our revenues for the nine months ended September 30, 2003. We are not able to estimate the impact SARS may have on our future revenues due to uncertainty related to the spread of this outbreak.

### **Other Risk Factor**

***Arthur Andersen LLP audited certain financial information included or incorporated in this prospectus. In the event such financial information is later determined to contain false statements, you may be unable to recover damages from Arthur Andersen LLP***

Our consolidated balance sheet as of December 31, 2001 and the related statements of operations, shareholders' equity and cash flows for the fiscal years ended December 31, 2001 and 2000 were audited by Arthur Andersen LLP. Arthur Andersen LLP has ceased operations in the United States. As a result, you may be limited in your ability to recover damages from Arthur Andersen LLP under the Securities Act if it is later determined that there are false statements contained in any portions of this prospectus that have been prepared in reliance on financial statements audited by Arthur Andersen LLP.

### **Risk Factors Relating to the Offering**

#### ***The notes will rank below our secured debt and the liabilities of our subsidiaries***

The notes will be our senior unsecured obligations and will rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The notes will also be structurally subordinated to all liabilities of our subsidiaries.

A substantial portion of our debt is secured by our assets. As a result, holders of our secured debt will have a claim to those assets prior to any claim that you may have to those assets. Further, the indenture does not limit our ability to create additional indebtedness or to secure any such indebtedness with additional assets. If we incur additional indebtedness and secure such indebtedness with our assets, your rights to receive payments under the notes will effectively be junior to the rights of the holders of such future secured indebtedness.

The notes are obligations exclusively of Delta. Our subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due on the notes or to provide us with funds for its payment obligations. Our right to receive any assets of any of our subsidiaries, as an equity holder of such subsidiaries, upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, are expressly subordinated to the claims of that subsidiary's creditors. The notes do not restrict the ability of our subsidiaries to incur additional indebtedness. Further, if we fail to deliver our common stock upon conversion of a note and thereafter become the subject of bankruptcy proceedings, a holder's claim for damages arising from such failure could be subordinated to all of our existing and future obligations

and those of our subsidiaries.

As of September 30, 2003, we had approximately \$12.4 billion of total consolidated indebtedness; \$5.8 billion of secured indebtedness (excluding secured indebtedness of our subsidiaries); and approximately \$2.1 billion of subsidiary indebtedness.

***We may be unable to repay or repurchase the notes***

At maturity, the entire outstanding principal amount of the notes will become due and payable by us. In addition, holders of the notes will have the right to require us to repurchase all or a portion of their notes for cash on June 3, 2008, June 3, 2013 and June 3, 2018 or if a designated event, as defined in the indenture, occurs. If a purchase date or a designated event occurs at a time when we are prohibited from purchasing or redeeming notes, we could seek the consent of our lenders to redeem the notes or attempt to refinance the notes. We cannot assure you that we will have sufficient funds or will be able to obtain any required consents or arrange for additional

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financing to pay the principal amount at maturity or repurchase price when due. Our failure to repay the notes at maturity or to repurchase any tendered notes upon a designated event would constitute an event of default under the indenture. Any such default, in turn, may cause a default under the terms of our other debt. In such event, holders of the notes would rank equal in right of payment to holders of our other senior unsecured debt.

*There is no public market for the notes, and we cannot assure you that a market for the notes will develop*

The notes are currently eligible for trading on the PORTAL Market. However, notes sold using this prospectus will no longer be eligible for trading in the PORTAL Market. In addition, there is no established public trading market for the notes, and no assurance can be given as to:

the liquidity of any such market that may develop;

the ability of holders of the notes to sell their notes; or

the price at which the holders of the notes would be able to sell their notes.

If such a market were to exist, the notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including:

prevailing interest rates and the markets for similar securities;

the market price of our common stock;

general economic conditions; and

our financial condition, historic financial performance and future prospects.

*We expect that the trading value of the notes will be significantly affected by the price of our common stock*

The market price of the notes is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the notes than would be expected for nonconvertible debt securities we issue.

*Changes in our credit rating or the credit markets could adversely affect the price of the notes*



The price for the notes depends on many factors, including:

our credit rating with major credit rating agencies;

the prevailing interest rates being paid by other companies similar to us;

the market price of our common stock;

our financial condition, financial performance and future prospects; and

the overall condition of the financial markets.

The condition of the credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually revise their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the airline industry as a whole and may change their credit rating for us based on their overall view of our industry. We cannot be sure that credit rating agencies will maintain their credit ratings on the notes. A negative change in our rating could have an adverse effect on the price of the notes.

***Certain transactions may affect the value of the notes***

We intend to continue our practice of acquiring our common stock to satisfy our obligations under various employee benefit plans and for other corporate purposes. Therefore, we expect to acquire shares of our common stock and enter into other transactions related to our common stock during the term of the notes. Depending on, among other things, future market conditions, the aggregate amount of any such acquisitions are likely to vary over time.

The effect, if any, of any of these transactions and activities on the market price of our common stock or the notes will depend in part upon market conditions and cannot be ascertained at this time. Any of these activities could materially affect the value of our common stock and the value of the notes.

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Delta is a major air carrier that provides air transportation for passengers and freight throughout the United States and around the world. Based on the most currently available data, Delta is the second largest carrier in terms of passengers carried and the third largest as measured by operating revenues and revenue passenger miles flown. Delta is the leading U.S. transatlantic airline offering the most daily flight departures, servicing the largest number of nonstop routes and carrying more passengers than any other U.S. airline. We operate hubs at Atlanta, Cincinnati, Dallas/Fort Worth and Salt Lake City. We also operate international gateways in Atlanta and at New York's John F. Kennedy International Airport.

Delta is a Delaware corporation headquartered in Atlanta, Georgia. Our address is Hartsfield-Jackson Atlanta International Airport, Atlanta, Georgia 30320, and the telephone number is (404) 715-2600. Our website is [www.delta.com](http://www.delta.com). The information contained in our website is not a part of this offering prospectus.

**USE OF PROCEEDS**

We will not receive any of the proceeds from the sale of the notes or the common stock issuable upon conversion of the notes by any selling securityholder. We used the net proceeds from the initial issuance of the securities for general corporate purposes.

**COMMON STOCK AND DIVIDEND DATA**

Our common stock is listed on the New York Stock Exchange under the symbol DAL. The following table sets forth, for the periods indicated, the highest and lowest sale prices for our common stock, as reported on the New York Stock Exchange.

	<u>High</u>	<u>Low</u>
<b>Fiscal 2001</b>		
First Quarter	\$ 52.94	\$ 37.51
Second Quarter	48.05	37.80
Third Quarter	46.56	20.00
Fourth Quarter	31.15	22.20
<b>Fiscal 2002</b>		
First Quarter	\$ 38.69	\$ 28.52
Second Quarter	32.65	18.30
Third Quarter	20.12	8.30
Fourth Quarter	14.09	6.10
<b>Fiscal 2003</b>		
First Quarter	\$ 14.00	\$ 6.56
Second Quarter	16.05	8.76
Third Quarter	15.47	10.26
Fourth Quarter	15.28	10.45
<b>Fiscal 2004</b>		

First Quarter (through January 7, 2004)	\$ 13.20	\$ 11.76
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As of September 30, 2003, there were approximately 22,438 holders of record of our common stock. On January 7, 2004, the last reported sale price of our common stock on the New York Stock Exchange was \$13.03.

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We paid a regular quarterly cash dividend of \$0.025 per share of common stock for each quarter of fiscal years 2001 and 2002, and the first two quarters of 2003. On July 24, 2003, Delta's Board of Directors announced that it would immediately discontinue the payment of quarterly common stock cash dividends. On November 12, 2003, Delta's Board of Directors announced that it would suspend indefinitely the payment of semi-annual dividend payments on Delta's Series B ESOP Convertible Preferred Stock ( ESOP Preferred Stock ) due to applicable restrictions under Delaware law. To comply with Delaware law, Delta's Board of Directors also changed the form of payment Delta will use to redeem shares of ESOP Preferred Stock when redemptions are required under the Delta Family-Care Savings Plan, a broad-based employee benefit plan. Effective December 1, 2003, Delta will use shares of Delta common stock rather than cash to redeem ESOP Preferred Stock when redemptions are required under the Delta Family-Care Savings Plan.

Our dividend policy is reviewed from time to time by the Board of Directors. Future common stock dividend decisions will take into account the then current business results, cash requirements and financial condition of Delta. Our debt agreements do not restrict the payment of cash dividends.

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**DESCRIPTION OF NOTES**

We issued the notes under an indenture dated June 2, 2003, between us and The Bank of New York Trust Company of Florida, N.A., as trustee. A copy of the indenture and the registration rights agreement entered into with the initial purchaser is available upon request to us at the address indicated under Additional Information. The following is a summary of certain provisions of the indenture and the registration rights agreement and does not purport to be complete. Reference should be made to all provisions of the indenture and the registration rights agreement, including the definitions of certain terms contained therein. As used in this section, the terms Delta, we, us and our refer to Delta Air Lines, Inc., but not any of our subsidiaries, unless the context requires otherwise.

**General**

The notes are our senior unsecured obligations and rank equal in right of payment to all of our other existing and future senior unsecured indebtedness. The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness, and are structurally subordinated to all liabilities of our subsidiary.

The notes will mature on June 3, 2023, and are limited to an aggregate principal amount of \$350 million.

The notes were initially offered at a price to investors of \$1,000 per note. You have the option, subject to fulfillment of certain conditions and during the periods described below, to convert your notes into shares of our common stock initially at a conversion price of \$28.00 per share of common stock, subject to adjustments as described below. This is equivalent to a conversion rate of approximately 35.7143 shares of common stock per \$1,000 principal amount of notes based on the issue price of the notes. Upon conversion of a note, you will receive only shares of our common stock and a cash payment to account for fractional shares.

The notes were issued in denominations of \$1,000 and integral multiples of \$1,000 in fully registered form. The notes are exchangeable and transfers of the notes will be registrable without charge, but we may require payment of a sum sufficient to cover any tax or other governmental charge in connection with such exchanges or transfers.

The notes accrue interest at a rate of 8.00% per annum from June 2, 2003, or from the most recent interest payment date to which interest has been paid or duly provided for, and any accrued and unpaid interest and liquidated damages, will be payable semi-annually in arrears on June 3 and December 3 of each year, beginning December 3, 2003. Interest will be paid to the person in whose name a note is registered at the close of business on the May 19 or November 19 (any of which we refer to as a record date) immediately preceding the relevant interest payment date. However, in the case of a note redeemed by us at our option or repurchased in connection with a designated event (as defined below), during the period from the applicable record date to, but excluding, the next succeeding interest payment date, accrued interest will be payable to the holder of the note redeemed or repurchased. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

We are not subject to any financial covenants under the indenture. In addition, we are not restricted under the indenture from paying dividends, incurring debt, securing our debt or issuing or repurchasing our securities.

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You are not afforded protection in the event of a highly leveraged transaction, or a change of control of us under the indenture, except to the extent described below under the caption Repurchase at Option of Holders Upon a Designated Event.

Principal, interest and liquidated damages, if any, on the notes will be payable in same-day funds by transfer to an account maintained by the payee at the office or agency maintained for such purpose or, if no proper wire transfer instructions shall have been received by the trustee, payment of interest may be made by check mailed to

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the holders of the notes at their respective addresses set forth in the register of holders of notes. Until otherwise designated by us, the office or agency maintained for such purpose will be the principal corporate trust office of the trustee.

If any interest payment date, maturity date, purchase date or designated event repurchase date falls on a day that is not a business day, the required payment of principal, interest and liquidated damages, if any, will be made on the next succeeding business day as if made on the date that the payment was due and no interest will accrue on that payment for the period from and after the interest payment date, maturity date, purchase date or designated event repurchase date, as the case may be, to the date of payment on the next succeeding business day. The term **business day** means, with respect to any note, any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

The notes are currently eligible for trading in the PORTAL Market. However, notes sold using this Prospectus will no longer be eligible for trading in the PORTAL Market.

## **Conversion Rights**

Subject to the conditions and during the periods described below, holders may convert all or some of their notes into shares of our common stock initially at a conversion price of \$28.00 per share of common stock. This is equivalent to a conversion rate of approximately 35.7143 shares of common stock per \$1,000 principal amount of notes. The conversion rate and the equivalent conversion price in effect at any given time will be subject to adjustment as described below. A note for whi