

DELTA AIR LINES INC /DE/
Form POS AM
June 14, 2004
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As filed with the Securities and Exchange Commission on June 14, 2004

Registration No. 333-108176

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 9

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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)

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)

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.

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**

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 June 10, 2004 was \$5.81 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.

Investing in these securities involves certain risks. See Risk Factors beginning on page 7.

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 June , 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 our 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 our Forms 10-K, 10-Q and 8-K.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document filed by us 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, 2003.

Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2004.

Current Reports on Form 8-K filed on February 3, 2004, April 16, 2004 and May 19, 2004.

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"> (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; (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; (iii) if the notes have been called for redemption by us; or |

(iv) upon the occurrence of specified corporate transactions
described under Description of

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Notes Conversion Rights Conversion Upon Specified Corporate Transactions.

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

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 March 31, 2004, we had approximately \$12.6 billion of total consolidated indebtedness, including capital leases; approximately \$5.8 billion of secured indebtedness (excluding secured indebtedness of our subsidiaries); and approximately \$2.2 billion of subsidiary indebtedness.

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Events of Default

The following will be events of default under the indenture for the notes:

we fail to pay principal of any note when due;

we fail to pay interest or liquidated damages, if any, on any note when due and that default continues for 30 days or more;

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.

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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 the Airline Industry and Delta

The airline industry has changed fundamentally since the terrorist attacks on September 11, 2001, and our business, financial condition and operating results have been materially adversely affected.

Since the terrorist attacks of September 11, 2001, the airline industry has experienced fundamental and lasting changes, including substantial revenue declines and cost increases, which have resulted in industry-wide liquidity issues. The terrorist attacks significantly reduced the demand for air travel, and additional terrorist activity involving the airline industry could have an equal or greater impact. 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. Although global economic conditions have improved from their depressed levels after September 11, 2001, the airline industry has continued to experience a reduction in high-yield business travel and increased price sensitivity in customers' purchasing behavior. The airline industry has continued to add or restore capacity despite these conditions. We expect all of these events will continue to have a material adverse effect on our business, financial condition and operating results.

Bankruptcies and other restructuring efforts by our competitors have put us at a competitive disadvantage.

Since September 11, 2001, several air carriers have sought to reorganize under Chapter 11 of the U.S. Bankruptcy Code, including United Air Lines, Inc., the second-largest U.S. air carrier, U.S. Airways Group, Inc., the seventh-largest U.S. air carrier, and several smaller competitors. Since filing for Chapter 11 on August 11, 2002, U.S. Airways Group, Inc. has emerged from bankruptcy, but has announced that it is seeking additional cost concessions from its unions. Additionally, AMR Corporation (American Airlines) has restructured certain labor costs and lowered its operating cost base. These reorganizations or restructurings have enabled these competitors to significantly lower their operating costs. Our unit costs went from being among the lowest of the hub and spoke carriers to among the highest for 2003.

The airline industry is highly competitive, and if we cannot successfully compete in the marketplace, our business, financial condition and operating results may be materially adversely affected.

We face significant competition with respect to routes, services and fares. Our domestic routes are subject to competition from both new and established carriers, some of which have substantially lower costs than we do and provide service at lower fares to destinations served by us. Our revenues continue to be adversely impacted by the growth of low-cost carriers, with which we compete in most of our markets. Significant expansion by low-cost carriers to our hub airports could have an adverse impact on our business. We also face increasing competition in smaller to medium-sized markets from rapidly expanding regional jet operators. In addition, we compete with foreign carriers, both on interior U.S. routes, due to marketing and codesharing arrangements, and in international markets. If we are not able to realign our cost structure to compete with that of other carriers, or if fare reductions are not offset by higher yields, our business, financial condition and operating results may be materially adversely affected.

If we continue to experience significant losses without successfully reducing our operating expenses, we may be unable to maintain sufficient liquidity to provide for our operating needs.

We reported a net loss of \$773 million for the year ended December 31, 2003, or \$6.40 basic and diluted loss per common share, and a net loss of \$1.3 billion for the year ended December 31, 2002, or \$10.44 basic and diluted loss per common share. We have recorded a substantial net loss for three consecutive years. Our revenue and cost challenges are expected to continue for the immediate term, and we reported an unaudited net loss of \$383 million for the March 2004 quarter. We do not expect significant improvement in the revenue

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environment in 2004 and expect significant cost pressures related to aircraft fuel, pension and interest expenses to continue.

Although we are pursuing profit improvement initiatives which have a goal of lowering our costs and enhancing our revenues, these initiatives may not be sufficient. Furthermore, our pilot cost structure is substantially higher than that of our competitors. Although we are currently in discussions with the Air Line Pilots Association, International (ALPA) in an attempt to reduce our pilot cost structure, we cannot predict the outcome of those discussions. If we cannot achieve a competitive cost structure, regain sustained profitability and access the capital markets on acceptable terms, we will need to pursue alternative courses of action intended to make us viable for the long-term, including the possibility of seeking to restructure our costs under Chapter 11 of the U.S. Bankruptcy Code.

Our ability to access the capital markets is partially dependent on our credit ratings. A further decline in our ratings would increase our borrowing costs and could hinder our ability to operate our business.

Our business is highly dependent on our ability to access the capital markets. Our access to, and our costs of borrowing in, these markets depend on our credit ratings. Since September 11, 2001, our issuer credit ratings have been lowered to B3 by Moody's Investors Service, Inc. (Moody's) and to B- by Standard & Poor's Rating Services (S&P). Our senior unsecured long-term debt is rated Caa2 by Moody's, CCC by S&P and CCC+ by Fitch Ratings (Fitch). Fitch, Moody's and S&P have stated that their ratings outlook are negative. Our credit ratings may be lowered further or withdrawn. While we do not have debt obligations that accelerate as a result of a credit ratings downgrade, our credit ratings have negatively impacted our ability to issue unsecured debt, renew outstanding letters of credit that back certain of our obligations and obtain certain financial instruments that we use in our fuel hedging program. Our credit ratings have also increased the cost of our financing transactions and the amount of collateral required for certain financial instruments, insurance coverage and vendor agreements. If we cannot achieve a competitive cost structure, regain sustained profitability and access the capital markets on acceptable terms, we will need to pursue alternative courses of action intended to make us viable for the long-term, including the possibility of seeking to restructure our costs under Chapter 11 of the U.S. Bankruptcy Code.

Our pension plan funding obligations are significant and are affected by factors beyond our control.

We sponsor qualified defined benefit pension plans for eligible employees and retirees. Our funding obligations under these plans are governed by the Employee Retirement Income Security Act of 1974 (ERISA). We have met our required funding obligations under ERISA in 2003 and the first quarter of 2004 for these plans.

Estimates of the amount and timing of our future funding obligations for the pension plans are based on various assumptions. These include assumptions concerning, among other things, the actual and projected market performance of the pension plan assets; future long-term corporate bond yields; statutory requirements; and demographic data for pension plan participants. The amount and timing of our future funding obligations also depend on whether we elect to make contributions to the pension plans in excess of those required under ERISA; such voluntary contribution may reduce or defer the funding obligations we would have absent those contributions.

Our estimated pension funding of approximately \$460 million for 2004 includes (1) a voluntary contribution of \$325 million to our non-pilot pension plan, which we made in the March 2004 quarter; and (2) required contributions totaling approximately \$135 million to our pilot pension plan during the year, of which we contributed \$71 million during the March 2004 quarter. Our anticipated funding obligations under our pension plans for 2005 and thereafter cannot be reasonably estimated at this time because these estimates may vary materially depending on the assumptions used to determine them and whether we make contributions in excess of those required. Nevertheless, we presently expect that our funding obligations under our pension plans in each of the years from 2005 through 2008 will be significant and could have a material adverse

impact on our liquidity.

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Our indebtedness and other obligations are substantial and could materially adversely affect our business and our ability to incur additional debt to fund future needs.

We have now and will continue to have a significant amount of indebtedness and other obligations. As of March 31, 2004, we had approximately \$12.6 billion of total consolidated indebtedness, including capital leases. We also have minimum rental commitments with a present value of approximately \$8 billion under noncancelable operating leases with initial or remaining terms in excess of one year. Further the indenture pursuant to which the notes were issued does not limit the creation of additional indebtedness. Our substantial indebtedness and other obligations could negatively impact our operations in the future. 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 the payment of principal of, and interest on, our indebtedness, thereby reducing the funds available to us for other purposes;

make us more vulnerable to economic downturns, adverse industry conditions or catastrophic external events, limit our ability to withstand competitive pressures and reduce our flexibility in planning for, or responding to, changing business and economic conditions; and

place us at a competitive disadvantage to our competitors that have relatively less debt than we have.

We have significant debt obligations as well as substantial pension funding obligations. Absent circumstances beyond our control, we expect to meet our obligations as they come due through available cash and cash equivalents, investments, internally generated funds and borrowings pursuant to existing commitments for regional jet aircraft. We do not have any existing undrawn lines of credit. Most of our owned aircraft are encumbered and those that are not are less attractive to lenders because they are not eligible for mortgage financing under Section 1110 of the U.S. Bankruptcy Code, are older aircraft types and/or are aircraft types which are no longer manufactured. Accordingly, we do not expect to be able to complete any other significant new financing transactions for the foreseeable future. If we cannot achieve a competitive cost structure, regain sustained profitability and access the capital markets on acceptable terms, we will need to pursue alternative courses of action intended to make us viable for the long-term, including the possibility of seeking to restructure our costs under Chapter 11 of the U.S. Bankruptcy Code.

Interruptions or disruptions in service at one of our hub airports could have a material adverse impact on our operations.

Our business is heavily dependent on our operations at the Hartsfield-Jackson Atlanta International Airport and at our other hub airports in Cincinnati, Dallas/Fort Worth and Salt Lake City. Each of these hub operations includes flights that gather and distribute traffic from markets in the geographic region surrounding the hub to other major cities and to other Delta hubs. A significant interruption or disruption in service at the Atlanta Airport or at one of our other hubs could have a serious impact on our business, financial condition and operating results.

We are increasingly dependent on technology in our operations, and if our technology fails or we are unable to continue to invest in new technology, our business may be adversely affected.

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We are increasingly dependent on technology initiatives to reduce costs and to enhance customer service in order to compete in the current business environment. For example, we have made significant investments in check-in kiosks, Delta Direct phone banks and related initiatives across the system. The performance and reliability of our technology is critical to our ability to attract and retain customers and our ability to compete effectively. In this challenging business environment, we may not be able to continue to make sufficient capital investments in our technology infrastructure to deliver these expected benefits.

In addition, any internal technology error or failure, or large scale external interruption in technology infrastructure we depend on, such as power, telecommunications or the internet, may disrupt our technology network. Any individual, sustained or repeated failure of our technology could impact our customer service and

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result in increased costs. Like all companies, our technology systems may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues. While we have in place, and continue to invest in, technology security initiatives and disaster recovery plans, these measures may not be adequate or implemented properly.

The airline industry is subject to extensive government regulation, and new regulations may increase our operating costs.

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs. For instance, the Federal Aviation Administration (FAA) from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that necessitate significant expenditures. We expect to continue incurring expenses to comply with the FAA's regulations.

Other laws, regulations, taxes and airport rates and charges have also been imposed from time to time that 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 per-ticket tax on passengers and a tax on airlines. Due to the weak demand and revenue environment, this action has negatively impacted our revenues because we have not been able to increase our fares to pass these fees on to our customers.

Furthermore, we and other U.S. carriers are subject to domestic and foreign laws regarding privacy of passenger and employee data that are not consistent in all countries in which we operate. In addition to the heightened level of concern regarding privacy of passenger data in the United States, certain European government agencies are initiating inquiries into airline privacy practices. Compliance with these regulatory regimes is expected to result in additional operating costs and could impact our operations and any future expansion.

Our insurance costs have increased substantially as a result of the September 11 terrorist attacks, and further increases in insurance costs or reductions in coverage could have a material adverse impact on our business and operating results.

As a result of the terrorist attacks on September 11, 2001, aviation insurers 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, aviation insurers significantly increased the premiums for such coverage and for aviation insurance in general. The U.S. government is providing U.S. airlines with war-risk insurance to cover losses to passengers, third parties (ground damage) and the aircraft hull. This coverage extends through August 2004 (with a possible extension to December 31, 2004 at the discretion of the Secretary of Transportation), but the coverage may not be extended beyond that time. We expect that if the U.S. government fails to renew the war-risk insurance that it provides, we will be required to replace such coverage commercially or consider other alternatives. There can be no assurance that such commercially provided war-risk insurance coverage will be adequate to protect our risk of loss from future acts of terrorism or will be provided on terms that will not have a material adverse impact on our financial condition and operating results.

Our business is dependent on the availability and price of aircraft fuel. Significant disruptions in the supply of aircraft fuel or periods of high fuel costs would materially adversely affect our operating results.

Our operating results can be significantly impacted by changes in the availability or price of aircraft fuel. Fuel prices increased substantially in 2003, when our average fuel price per gallon rose 22% to approximately 81.78¢ as compared to 2002. Our fuel costs represented 14%, 12% and

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12% of our operating expenses in 2003, 2002 and 2001, respectively. During the March 2004 quarter, our average fuel price per gallon was 95.23¢, a 10% increase compared to the March 2003 quarter. Due to the competitive nature of the airline industry, we may

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not be able to pass on any increases in fuel prices to our customers by increasing our fares. Furthermore, the impact of lower aircraft fuel prices could be offset by increased price competition, and a resulting decrease in revenues, for all air carriers.

Our aircraft fuel purchase contracts do not provide material protection against price increases or assure the availability of our fuel supplies. We purchase most of our aircraft fuel from petroleum refiners under contracts that establish the price based on various market indices. We also purchase aircraft fuel on the spot market, from off-shore sources and under contracts that permit the refiners to set the price. To attempt to reduce our exposure to changes in fuel prices, we periodically enter into heating and crude oil derivatives contracts, though we may not successfully manage this exposure. Depending on the type of hedging instrument used, our ability to benefit from declines in fuel prices may be limited.

Although we are currently able to obtain adequate supplies of aircraft fuel, it is impossible to predict the future availability or price of aircraft fuel. Political disruptions or wars 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.

If we experience further losses of our senior management and other key employees, our operating results could be adversely affected, and we may not be able to attract and retain additional qualified management personnel.

We have approximately 55 officers, and we are dependent on their experience and industry knowledge, and that of other key employees, to execute our business plans. If we were to experience a substantial turnover in our leadership, our performance could be materially adversely impacted. Additionally, we may be unable to attract and retain additional qualified executives as needed in the future.

Employee strikes and other labor-related disruptions may adversely affect our operations.

Our business is labor intensive, requiring large numbers of pilots, flight attendants, mechanics and other personnel. Approximately 18% of our workforce is unionized. Strikes or labor disputes with our and our affiliates' unionized employees may adversely affect our ability to conduct our business. Relations between air carriers and labor unions in the United States 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. Our collective bargaining agreement with ALPA, which represents our pilots, becomes amendable on May 1, 2005. Our wholly owned subsidiary, Atlantic Southeast Airlines, Inc. (ASA), is in collective bargaining negotiations with ALPA, which represents ASA's pilots, and with the Association of Flight Attendants, which represents ASA's flight attendants. The outcome of these collective bargaining negotiations cannot presently be determined. In addition to the ASA negotiations, if we or our affiliates are unable to reach agreement with any of our unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, or if additional segments of our workforce become unionized, we may be subject to work interruptions or stoppages.

We are facing significant litigation, including litigation arising from the terrorist attacks on September 11, 2001, and if any such significant litigation is concluded in a manner adverse to us, our financial condition, liquidity and operating results could be materially adversely affected.

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We are involved in legal proceedings relating to antitrust matters, employment practices, environmental issues and other matters concerning our business. We are also a defendant in numerous lawsuits arising out of the terrorist attacks of September 11, 2001. It appears that the plaintiffs in these September 11 actions are alleging that we and many other air carriers are jointly liable for damages resulting from the terrorist attacks based on a theory of shared responsibility for passenger security screening at Boston Logan International Airport,

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Washington Dulles International Airport and Newark Liberty International Airport. These lawsuits, which are in preliminary stages, generally seek unspecified damages, including punitive damages. Although federal law limits the financial liability of any air carrier for compensatory and punitive damages arising out of the September 11 terrorist attacks to no more than the limits of liability insurance coverage maintained by the air carrier, it is possible that we may be required to pay damages in the event of our insurer's insolvency or otherwise. While we cannot reasonably estimate the potential loss for certain of our legal proceedings because, for example, the litigation is in its early stages or the plaintiff does not specify damages being sought, if the outcome of any significant litigation is adverse to us, our financial condition, liquidity and operating results could be materially adversely impacted.

The SARS outbreak significantly impacted the airline industry, and future disease outbreaks could materially adversely impact our business and operating results.

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, significantly impacted airline industry revenues. Due to our small Pacific presence, the SARS outbreak has had only a minimal impact on us. However, if SARS were to spread more widely or if concerns regarding some other disease were to significantly impact customers' willingness to travel, our financial condition and operating results could be materially adversely impacted.

We are at risk of losses and adverse publicity stemming from any accident involving our aircraft.

If one of our aircraft were to crash or be involved in an accident, we could be exposed to significant tort liability. The insurance we carry to cover damages arising from any future accidents may be inadequate. In the event that our insurance is not adequate, we may be forced to bear substantial losses from an accident. In addition, any accident involving an aircraft that we operate or an airline that is one of our codeshare partners could create a public perception that our aircraft are not safe or reliable, which could harm our reputation, result in air travelers being reluctant to fly on our aircraft and harm our business.

Seasonality and other factors impact demand for air travel, and our prior performance is not necessarily indicative of our future results.

In general, demand for air travel is typically 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.

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 statements of operations, shareowners' equity and cash flows for the fiscal year ended December 31, 2001 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.

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Risk Factors Relating to the Offering

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

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. The notes also are 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 March 31, 2004, we had approximately \$12.6 billion of total consolidated indebtedness, including capital leases; approximately \$5.8 billion of secured indebtedness (excluding secured indebtedness of our subsidiaries); and approximately \$2.2 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 financing to pay the principal amount at maturity or the 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

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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;

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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.

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We are a major air carrier that provides scheduled air transportation for passengers and cargo throughout the United States and around the world. Based on calendar year 2003 data, we are the second-largest carrier in terms of passengers carried and the third-largest airline measured by operating revenues and revenue passenger miles flown. We are a leading U.S. transatlantic airline, serving the largest number of nonstop markets and offering the second-most daily flight departures. Among U.S. airlines, we have the second-most transatlantic passengers. We operate hubs in 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 our telephone number is (404) 715-2600. Our website is www.delta.com. We have provided our website address as an inactive textual reference only and the information contained on 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> |
|--------------------|-------------|------------|
| Fiscal 2001 | | |
| First Quarter | \$ 52.94 | \$ 37.51 |
| Second Quarter | 48.05 | 37.80 |
| Third Quarter | 46.56 | 20.00 |
| Fourth Quarter | 31.15 | 22.20 |
| Fiscal 2002 | | |
| First Quarter | \$ 38.69 | \$ 28.52 |
| Second Quarter | 32.65 | 18.30 |
| Third Quarter | 20.12 | 8.30 |
| Fourth Quarter | 14.09 | 6.10 |
| Fiscal 2003 | | |
| First Quarter | \$ 14.00 | \$ 6.56 |
| Second Quarter | 16.05 | 8.76 |
| Third Quarter | 15.47 | 10.26 |
| Fourth Quarter | 15.28 | 10.45 |
| Fiscal 2004 | | |

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| | | |
|--|----------|---------|
| First Quarter | \$ 13.20 | \$ 7.00 |
| Second Quarter (through June 10, 2004) | \$ 8.59 | \$ 4.53 |

As of March 31, 2004, there were approximately 22,306 holders of record of our common stock. On June 10, 2004, the last reported sale price of our common stock on the New York Stock Exchange was \$5.81.

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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, our Board of Directors announced that it would immediately discontinue the payment of quarterly common stock cash dividends. On November 12, 2003, our Board of Directors announced that it would suspend indefinitely the payment of semi-annual dividend payments on our Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock) due to applicable restrictions under Delaware law. To comply with Delaware law, our Board of Directors also changed the form of payment we 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, we will use shares of our common stock rather than cash to redeem ESOP Preferred Stock when redemptions are required under the Delta Family-Care Savings Plan. See Description of Capital Stock Series B Preferred Stock General.

Our dividend policy is reviewed from time to time by the Board of Directors. Future common stock dividend decisions will take into account our then current business results, cash requirements and financial condition. 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, 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 which a holder has delivered a purchase notice or a notice requiring us to redeem such note upon a designated event may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Except as described below under **Conversion Price Adjustments**, no adjustment will be made on conversion of any notes for any interest or liquidated damages accrued on such notes or for dividends on any common stock issued. If notes are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such notes must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted; provided, however, no such funds need be paid if (1) payment default has occurred and is continuing or (2) we have specified a redemption date that is after a record date and prior to the next interest payment date. (You will not receive any cash payments representing accrued interest upon conversion unless you convert on an interest payment date.) Our delivery to you of the fixed number of shares of common stock into which the note is convertible, together with any cash payments in lieu of any fractional shares, will satisfy our obligation to pay the principal amount of such note and the accr