

DELTA AIR LINES INC /DE/  
Form 424B3  
August 14, 2008  
Table of Contents

Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-151060

### MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Delta Air Lines, Inc. and Northwest Airlines Corporation entered into a merger agreement on April 14, 2008 under which they have agreed to a merger of a subsidiary of Delta with and into Northwest. As a result of the merger, Northwest will become a wholly-owned subsidiary of Delta. The boards of directors of Delta and Northwest are proposing the combination because they believe it will provide substantial benefits to the stockholders of both companies.

If the merger is completed, Northwest stockholders will have the right to receive 1.25 shares of Delta common stock for each share of Northwest common stock they hold. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the merger. Based on the closing price of Delta common stock on the New York Stock Exchange (trading symbol DAL ) on April 14, 2008, the last trading day before public announcement of the merger, the 1.25 exchange ratio represented approximately \$13.10 in value for each share of Northwest common stock. Based on the closing price of Delta common stock on the New York Stock Exchange on August 7, 2008, the latest practicable date before the date of this document, the 1.25 exchange ratio represented approximately \$10.99 in value for each share of Northwest common stock. Delta stockholders will continue to own their existing Delta shares after completion of the merger. **We urge you to obtain current market quotations of Delta and Northwest common stock.**

We intend for the merger to qualify as a reorganization for U.S. federal income tax purposes. Accordingly, Northwest stockholders are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Northwest common stock for Delta common stock in the merger, except with respect to any cash received in lieu of fractional shares of Delta common stock.

In connection with the merger, Delta intends to issue to substantially all employees of the combined company equity equal to approximately 13.38% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger. We refer to this distribution as the employee equity issuance. To enable Delta to implement the employee equity issuance and allow for other grants after the merger, Delta must amend its 2007 Performance Compensation Plan to increase the number of shares issuable under the plan.

At the special meeting of Delta stockholders, Delta stockholders will be asked to vote on the issuance of Delta common stock to Northwest stockholders in the merger and on the amendment to the Delta 2007 Performance Compensation Plan. Each of these proposals requires the affirmative vote of holders of a majority of the shares of Delta common stock present or represented and entitled to vote on the proposal, with holders of a majority of the total number of shares of Delta common stock entitled to vote actually voting on each proposal. While the closing of the merger is not conditioned upon approval of the amendment to the Delta 2007 Performance Compensation Plan, failure to approve this amendment could adversely affect the ability of the combined company to achieve the targeted synergies in the expected timeframe.

At the annual meeting of Northwest stockholders, Northwest stockholders will be asked to vote on the adoption of the merger agreement, as well as to elect directors of Northwest, to ratify the appointment of Northwest's independent registered public accounting firm for 2008, to approve an amendment to the Northwest Airlines Corporation 2007 Stock Incentive Plan, which we refer to as the Northwest 2007 Stock Incentive Plan, and to transact such other business as may properly come before the Northwest annual meeting. In order to complete the merger, an affirmative vote of holders of a majority of the outstanding shares of Northwest common stock entitled to vote on the proposal must vote to adopt the merger agreement. Approval of the other Northwest annual meeting matters is not a condition to the merger.

**The Delta board of directors unanimously recommends that Delta stockholders vote FOR the proposal to issue shares of Delta common stock to Northwest stockholders in the merger and FOR the proposal to amend the Delta 2007 Performance Compensation Plan.**

**The Northwest board of directors unanimously recommends that Northwest stockholders vote FOR the proposal to adopt the merger agreement and FOR the other Northwest proposals described in this joint proxy statement/prospectus.**

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The obligations of Delta and Northwest to complete the merger are subject to several conditions set forth in the merger agreement. More information about Delta, Northwest, our respective meetings, the merger, the amendment to the 2007 Delta Performance Compensation Plan, the amendment to the Northwest 2007 Stock Incentive Plan and the other proposals for consideration at the Northwest annual meeting is contained in this joint proxy statement/prospectus. **Delta and Northwest encourage you to read this entire joint proxy statement/prospectus carefully, including the section entitled Risk Factors beginning on page 18.**

Sincerely,

Sincerely,

Richard H. Anderson  
Chief Executive Officer  
Delta Air Lines, Inc.

Douglas M. Steenland  
Chief Executive Officer  
Northwest Airlines Corporation

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined that this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

**This joint proxy statement/prospectus is dated August 8, 2008 and is first being mailed to the stockholders of Delta and Northwest on or about August 14, 2008.**

**Table of Contents**

**Delta Air Lines, Inc.**

**P.O. Box 20706**

**Atlanta, Georgia 30320-6001**

**(404) 715-2191**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**To Be Held on Thursday, September 25, 2008**

To the Stockholders of Delta Air Lines, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Delta Air Lines, Inc., a Delaware corporation, which will be held at the Georgia International Convention Center, 2000 Convention Center Concourse, College Park, Georgia 30337 on Thursday, September 25, 2008 at 2:00 p.m., Eastern time, for the following purposes:

to consider and vote on a proposal to approve the issuance of Delta common stock in the merger contemplated by the Agreement and Plan of Merger, dated as of April 14, 2008, by and among Delta, Nautilus Merger Corporation, a direct, wholly-owned subsidiary of Delta, and Northwest Airlines Corporation, a copy of which is attached as Appendix A to the joint proxy statement/prospectus accompanying this notice;

to consider and vote on a proposal to approve an amendment to the Delta 2007 Performance Compensation Plan, a copy of which is attached as Appendix B to the joint proxy statement/prospectus accompanying this notice, to increase the number of shares of Delta common stock issuable under the plan by a number of shares equal to 15% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance); and

to vote upon an adjournment of the Delta special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the foregoing proposals.

In connection with the merger, Delta intends to issue to substantially all employees of the combined company, equity equal to approximately 13.38% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger. The Delta board of directors believes the employees of the combined company should receive equity to recognize their critical role in assisting the combined company achieve its financial, operational and customer service goals; to more closely align their interests with stockholders; and to increase their stake in the combined company's financial performance. The amendment to the Delta 2007 Performance Compensation Plan is intended to permit Delta to implement the employee equity issuance and allow for other equity grants after the closing of the merger.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the Delta special meeting.

The Delta board of directors has fixed the close of business on July 29, 2008 as the record date for determination of the Delta stockholders entitled to receive notice of, and to vote at, the Delta special meeting or any adjournments or postponements thereof. Only holders of record of Delta common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Delta special meeting. Both the issuance of Delta common stock to Northwest stockholders in the merger and the amendment to the Delta 2007 Performance Compensation Plan require the affirmative vote of holders of a majority of the shares of Delta common stock present or represented and entitled to vote on the proposal, with holders of a majority of the total number of shares of Delta common stock entitled to vote actually voting on each proposal. A list of the names of Delta stockholders of record will be available at the Delta special meeting and for ten days prior to the meeting for any purpose germane to the Delta special meeting between the hours of 9:00 a.m. and 5:00 p.m., Eastern time, at Delta's Investor Relations Department, 1030 Delta Boulevard, Atlanta, Georgia 30354.



**Table of Contents**

**Your vote is important. Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card; (2) calling the toll-free number specified on your proxy card; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Delta special meeting.** If your shares are held in a Delta plan or in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.

The enclosed document provides a detailed description of the merger, the merger agreement and the amendment to the Delta 2007 Performance Compensation Plan. We urge you to read this document, including any documents incorporated in the document by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or this document, would like additional copies of this document or need help voting your shares of Delta common stock, please contact Delta's proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

(800) 487-4870

**The Delta board of directors unanimously recommends that Delta stockholders vote FOR the proposal to approve the issuance of Delta common stock in the merger and FOR the proposal to amend the Delta 2007 Performance Compensation Plan.**

By Order of the Board of Directors,

Leslie P. Klemperer  
*Secretary*

Atlanta, Georgia

August 8, 2008

**Table of Contents**

**Northwest Airlines Corporation**

**2700 Lone Oak Parkway**

**Eagan, Minnesota 55121**

**(612) 726-2111**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Thursday, September 25, 2008**

To the Stockholders of Northwest Airlines Corporation:

We are pleased to invite you to attend the annual meeting of stockholders of Northwest Airlines Corporation, a Delaware corporation, which will be held in the AXA Equitable Center's Auditorium located at 787 Seventh Avenue, New York, New York 10019 on Thursday, September 25, 2008 at 9:30 a.m., Eastern time, for the following purposes:

to elect twelve directors to hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified or, if the merger is completed, until the effective time of the merger;

to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 14, 2008, by and among Delta Air Lines, Inc., Nautilus Merger Corporation, a direct, wholly-owned subsidiary of Delta, and Northwest, a copy of which is attached as Appendix A to the joint proxy statement/prospectus accompanying this notice;

to ratify the appointment of Ernst & Young LLP as Northwest's independent registered public accounting firm for 2008;

to approve an amendment to the Northwest Airlines Corporation 2007 Stock Incentive Plan, a copy of which is attached as Appendix F to the joint proxy statement/prospectus accompanying this notice;

to approve the adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger; and

to transact such other business as may properly come before the Northwest annual meeting or any adjournment or postponement thereof.

Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the Northwest annual meeting.

The Northwest board of directors has fixed the close of business on July 31, 2008 as the record date for determination of the Northwest stockholders entitled to receive notice of, and to vote at, the Northwest annual meeting or any adjournments or postponements thereof. Only holders of record of Northwest common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Northwest annual meeting. Adoption of the Agreement and Plan of Merger requires the affirmative vote of holders of a majority of the outstanding shares of Northwest common stock entitled to vote on the proposal. Approval of the other Northwest annual meeting matters is not a condition to the merger. A list of the names of Northwest stockholders of record will be available at the Northwest annual meeting and for ten days prior to the meeting for any purpose germane to the Northwest annual meeting between the hours of 9:00 a.m. and 5:00 p.m., Central time, at our headquarters, 2700 Lone Oak Parkway, Eagan, Minnesota 55121. To obtain directions to the Northwest annual meeting, you may contact

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Investor Relations at the address just listed, or by telephone at (612) 726-2111.

**Your vote is important. Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by (1) accessing the Internet website specified below and on your proxy card; (2) calling the toll-free number specified on your proxy card; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Northwest annual meeting.** If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder.

**Table of Contents**

The enclosed document provides a detailed description of the merger, the merger agreement and the other matters to be considered at the Northwest annual meeting. We urge you to read this document, including any documents incorporated in the document by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger, the other annual meeting matters or this document, would like additional copies of this document or need help voting your shares of Northwest common stock, please contact Northwest's proxy solicitor:

Innisfree M&A Incorporated  
501 Madison Avenue, 20<sup>th</sup> Floor  
New York, NY 10022  
(212) 750-5833

**The Northwest board of directors unanimously recommends that Northwest stockholders vote FOR the proposal to adopt the merger agreement at the Northwest annual meeting and FOR the other Northwest proposals described in this joint proxy statement/prospectus.**

By Order of the Board of Directors,

Michael L. Miller  
*Vice President Law and Secretary*

Eagan, Minnesota

August 8, 2008

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS**

**Important Notice Regarding the Availability of Proxy Materials for the**

**Stockholder Meeting to be Held on Thursday, September 25, 2008**

Pursuant to new rules promulgated by the Securities and Exchange Commission, Northwest has elected to provide access to these joint proxy statement/prospectus materials and the Northwest 2007 Annual Report both by sending you the Northwest 2007 Annual Report and this full set of joint proxy statement/prospectus materials, including a Northwest proxy card, and by notifying you of the availability of such materials on the Internet.

**This joint proxy statement/prospectus and the Northwest 2007 Annual Report are available at <http://www.proxyvote.com>.** Have your proxy card in hand when you access the website and follow the instructions. You will need your 12 digit Control Number, which is located on your proxy card.

For (i) the date, time, location and information on how to obtain directions to attend the Northwest annual meeting and (ii) an identification of the matters to be voted upon at the Northwest annual meeting and the Northwest board of director's recommendations regarding those matters, please see the information contained in the Notice of Annual Meeting of Stockholders above. For information on how to vote in person at the Northwest annual meeting, please see the sections entitled Questions and Answers About Voting Procedures for the Meetings and The Northwest Annual Meeting below.



**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

This document incorporates important business and financial information about Delta and Northwest from other documents that are not included in or delivered with this document. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this document by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

<b>Delta Air Lines, Inc.</b>	<b>Northwest Airlines Corporation</b>
Post Office Box 20706	2700 Lone Oak Parkway
Dept. No. 829	Eagan, Minnesota 55121
Atlanta, Georgia 30320-6001	(612) 726-2111
(866) 715-2170	Attn: Investor Relations
Attn: Investor Relations	
Or	Or
D.F. King & Co., Inc.	Innisfree M&A Incorporated
48 Wall Street	501 Madison Avenue, 20 <sup>th</sup> Floor
New York, New York 10005	New York, New York 10022
(800) 487-4870	(212) 750-5833

Investors may also consult Delta's or Northwest's websites for more information concerning the merger described in this document. Delta's website is [www.delta.com](http://www.delta.com). Northwest's website is [www.nwa.com](http://www.nwa.com). In addition, Delta and Northwest have created a website at [www.newglobalairline.com](http://www.newglobalairline.com) with information about the merger. Information included on any of these websites is not incorporated by reference into this document.

**If you would like to request any documents, please do so by September 18, 2008 in order to receive them before the meetings.**

*For more information, see Where You Can Find More Information beginning on page 172.*

You should rely only on the information contained or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated August 8, 2008. You should not assume that the information contained in, or incorporated by reference into, this document is accurate as of any date other than that date. Neither the mailing of this document to Delta stockholders or Northwest stockholders, the issuance by Delta of Delta common stock in connection with the merger nor the amendment to the Delta 2007 Performance Compensation Plan will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding Delta has been provided by Delta and information contained in this document regarding Northwest has been provided by Northwest.**

**Table of Contents**

**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE MEETINGS</u>	v
<u>SUMMARY</u>	1
<u>The Merger</u>	1
<u>Form of Merger</u>	1
<u>Consideration to be Received in the Merger</u>	1
<u>Material U.S. Federal Income Tax Consequences of the Merger</u>	1
<u>Recommendations of the Boards of Directors</u>	2
<u>Opinions of Financial Advisors</u>	2
<u>Interests of Directors and Officers in the Merger</u>	3
<u>Directors and Management Following the Merger</u>	3
<u>Treatment of Northwest Stock Options and Other Equity Based Awards</u>	3
<u>Regulatory Approvals Required for the Merger</u>	4
<u>Expected Timing of the Merger</u>	5
<u>Conditions to Completion of the Merger</u>	5
<u>No Solicitations by Delta or Northwest</u>	6
<u>Termination of the Merger Agreement</u>	6
<u>Expenses and Termination Fees</u>	6
<u>Accounting Treatment</u>	6
<u>Appraisal Rights</u>	6
<u>Comparison of Stockholder Rights and Corporate Governance Matters</u>	6
<u>The Meetings</u>	7
<u>The Delta Special Meeting</u>	7
<u>The Northwest Annual Meeting</u>	7
<u>The Companies</u>	9
<u>Delta</u>	9
<u>Northwest</u>	9
<u>SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA</u>	10
<u>Selected Consolidated Historical Financial Data of Delta</u>	10
<u>Selected Consolidated Historical Financial Data of Northwest</u>	13
<u>Selected Unaudited Pro Forma Combined Financial Data of Delta and Northwest</u>	15
<u>Unaudited Comparative Per Share Data</u>	16
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	17
<u>RISK FACTORS</u>	18
<u>THE DELTA SPECIAL MEETING</u>	26
<u>Date, Time and Place</u>	26
<u>Purpose of the Delta Special Meeting</u>	26
<u>Delta Record Date; Stock Entitled to Vote</u>	26
<u>Quorum</u>	26
<u>Required Vote</u>	27
<u>Abstentions</u>	27
<u>Voting of Proxies by Holders of Record</u>	27
<u>Shares Held in Delta Plans</u>	27
<u>Shares Held in Street Name</u>	28
<u>Revocability of Proxies</u>	28
<u>Solicitation of Proxies</u>	29
<u>THE NORTHWEST ANNUAL MEETING</u>	30
<u>Date, Time and Place</u>	30
<u>Purpose of the Northwest Annual Meeting</u>	30
<u>Northwest Record Date; Stock Entitled to Vote</u>	30

**Table of Contents**

<u>Quorum</u>	30
<u>Required Vote</u>	30
<u>Abstentions</u>	31
<u>Voting of Proxies by Holders of Record</u>	31
<u>Voting Shares Held in the Northwest Retirement Savings Plan</u>	32
<u>Shares Held in Street Name</u>	32
<u>Revocability of Proxies</u>	33
<u>Solicitation of Proxies</u>	33
<u>Foreign Ownership of Shares</u>	33
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	34
<b><u>INFORMATION ABOUT THE COMPANIES</u></b>	35
<u>Delta Air Lines, Inc.</u>	35
<u>Northwest Airlines Corporation</u>	35
<b><u>DELTA PROPOSAL 1 AND NORTHWEST PROPOSAL 2: THE MERGER</u></b>	36
<u>Effect of the Merger: Consideration to be Received in the Merger</u>	36
<u>Background of the Merger</u>	36
<u>Delta's Reasons for the Merger: Recommendation of the Issuance of Delta Common Stock in Merger and the Amendment to the Delta</u>	
<u>2007 Performance Compensation Plan by the Delta Board of Directors</u>	41
<u>Opinions of Delta's Financial Advisors</u>	42
<u>Northwest's Reasons for the Merger: Recommendation of the Merger by the Northwest Board of Directors</u>	50
<u>Opinion of Northwest's Financial Advisor</u>	52
<u>Interests of Directors and Officers in the Merger</u>	59
<u>Board of Directors and Management Following the Merger</u>	66
<u>Regulatory Approvals Required for the Merger</u>	66
<u>Exchange of Certificates in the Merger</u>	67
<u>Treatment of Northwest Stock Options and Other Equity Based Awards</u>	68
<u>Treatment of Delta Stock Options and Other Equity Based Awards</u>	68
<u>Listing of Delta Common Stock</u>	68
<u>Appraisal Rights</u>	68
<u>Amendment to Northwest's Rights Agreement</u>	69
<b><u>THE MERGER AGREEMENT</u></b>	70
<u>Terms of the Merger</u>	70
<u>Exchange of Northwest Stock Certificates</u>	70
<u>Treatment of Northwest Stock Options and Other Equity Awards</u>	71
<u>Governance Matters After the Merger</u>	72
<u>Completion of the Merger</u>	72
<u>Conditions to Completion of the Merger</u>	72
<u>Representations and Warranties</u>	73
<u>Conduct of Business Prior to Closing</u>	75
<u>No Solicitations</u>	77
<u>Board Recommendations</u>	79
<u>Reasonable Best Efforts to Obtain Required Stockholder Approval</u>	80
<u>Agreement to Take Further Action and to Use Reasonable Best Efforts</u>	80
<u>Employee Benefits Matters</u>	81
<u>Other Covenants and Agreements</u>	82
<u>Termination of Merger Agreement</u>	84
<u>Termination Fees and Expenses</u>	85
<u>Amendment, Extension and Waiver</u>	86
<u>Governing Law</u>	86

**Table of Contents**

<u>DELTA PROPOSAL 2: AMENDMENT TO DELTA 2007 PERFORMANCE COMPENSATION PLAN</u>	87
<u>Delta 2007 Performance Compensation Plan</u>	88
<u>Transaction Framework Agreement</u>	93
<u>Ancillary Transaction Framework Agreement</u>	95
<u>ACCOUNTING TREATMENT</u>	97
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	97
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	100
<u>COMPARATIVE STOCK PRICES AND DIVIDENDS</u>	114
<u>COMPARISON OF RIGHTS OF DELTA STOCKHOLDERS AND NORTHWEST STOCKHOLDERS</u>	115
<u>OTHER MATTERS TO BE CONSIDERED AT THE NORTHWEST ANNUAL MEETING</u>	121
<u>GOVERNANCE OF NORTHWEST</u>	121
<u>New Northwest Board of Directors Elected Under the Northwest Plan of Reorganization</u>	121
<u>Northwest's Corporate Governance Guidelines: Code of Business Conduct</u>	122
<u>Executive Sessions of Directors</u>	122
<u>Communications with Directors</u>	122
<u>Director Nomination Process</u>	122
<u>Related Person Transactions</u>	123
<u>Director Independence</u>	124
<u>NORTHWEST BOARD OF DIRECTORS AND BOARD COMMITTEES</u>	125
<u>Director Compensation in 2007</u>	126
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	131
<u>NORTHWEST PROPOSAL 1: ELECTION OF DIRECTORS</u>	133
<u>Information Concerning Director Nominees</u>	133
<u>NORTHWEST PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	136
<u>Information about the Northwest Audit Committee</u>	136
<u>Report of the Audit Committee</u>	136
<u>Audit Fees</u>	137
<u>Audit Committee Pre-Approval Policy</u>	137
<u>NORTHWEST PROPOSAL 4: APPROVAL OF AMENDMENT TO THE NORTHWEST AIRLINES CORPORATION 2007 STOCK INCENTIVE PLAN</u>	139
<u>Summary of the Northwest Airlines Corporation 2007 Stock Incentive Plan</u>	139
<u>Federal Income Tax Aspects</u>	141
<u>Northwest 2007 Stock Incentive Plan Benefits</u>	143
<u>Equity Compensation Plan Information</u>	143
<u>NORTHWEST PROPOSAL 5: APPROVAL OF ADJOURNMENT OF ANNUAL MEETING, IF NECESSARY OR APPROPRIATE</u>	144
<u>NORTHWEST EXECUTIVE COMPENSATION</u>	145
<u>Compensation Discussion and Analysis</u>	145
<u>Overview</u>	145
<u>Northwest Performance in 2007</u>	145
<u>General Compensation Philosophy</u>	145
<u>NWA's Executive Compensation Program</u>	146
<u>New Plans and Arrangements Adopted in Connection with Potential Merger</u>	151
<u>Compensation Committee Report</u>	153
<u>Summary Compensation Table</u>	154
<u>All Other Compensation Table</u>	155
<u>Grants of Plan-Based Awards in 2007</u>	157
<u>Management Compensation Agreements</u>	158
<u>Outstanding Equity Awards at 2007 Fiscal Year-End</u>	159
<u>Option Exercises and Stock Vested</u>	160
<u>2007 Pension Benefits</u>	161
<u>Potential Payments upon Termination or Change in Control</u>	163

**Table of Contents**

<u>APPRAISAL RIGHTS</u>	170
<u>LEGAL MATTERS</u>	170
<u>EXPERTS</u>	170
<u>STOCKHOLDER PROPOSALS</u>	171
<u>OTHER MATTERS</u>	172
<u>STOCKHOLDERS SHARING AN ADDRESS</u>	172
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	172
<u>Appendix A Agreement and Plan of Merger</u>	A-1
<u>Appendix B First Amendment to the Delta 2007 Performance Compensation Plan</u>	B-1
<u>Appendix C Opinion of Greenhill &amp; Co., LLC</u>	C-1
<u>Appendix D Opinion of Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated</u>	D-1
<u>Appendix E Opinion of Morgan Stanley &amp; Co. Incorporated</u>	E-1
<u>Appendix F Amended and Restated Northwest Airlines Corporation 2007 Stock Incentive Plan</u>	F-1

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**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE MEETINGS**

*The following are some questions that you, as a stockholder of Delta or Northwest, may have regarding the merger and the other matters being considered at the stockholders' meetings and the answers to those questions. Delta and Northwest urge you to read carefully the remainder of this document because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the stockholders' meetings. Additional important information is also contained in the appendices to and the documents incorporated by reference in this document.*

**Q: Why am I receiving this document and proxy or voting instruction card?**

A: Delta and Northwest have agreed to the combination of Northwest with Delta under the terms of a merger agreement that is described in this document. A copy of the merger agreement is attached to this document as Appendix A. In order to complete the merger, Delta stockholders must vote to approve the issuance of shares of Delta common stock to Northwest stockholders in the merger, and Northwest stockholders must vote to adopt the merger agreement.

Additionally, Delta is seeking approval to amend the Delta 2007 Performance Compensation Plan to increase the number of shares of Delta common stock issuable under the plan by a number of shares equal to 15% of the fully-diluted outstanding equity capitalization of Delta (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance to substantially all employees of the combined company). The Delta 2007 Performance Compensation Plan is described in this document beginning on page 87. The amendment is attached to this document as Appendix B. In order to implement the employee equity issuance, which is also described on page 87, Delta stockholders must approve the amendment to the Delta 2007 Performance Compensation Plan. While the closing of the merger is not conditioned upon approval of the amendment to the Delta 2007 Performance Compensation Plan, failure to approve this amendment could adversely affect the ability of the combined company to achieve the targeted synergies in the expected timeframe.

Along with adoption of the merger agreement, Northwest is seeking to elect twelve directors of Northwest, to ratify the appointment of Northwest's independent registered public accounting firm for 2008, to approve an amendment to the Northwest 2007 Stock Incentive Plan, and to transact such other business as may properly come before the Northwest annual meeting. These other Northwest annual meeting matters are described in this document beginning on page 121. Approval of these other Northwest annual meeting matters is not a condition to the merger.

Delta and Northwest will hold separate stockholders' meetings to obtain these approvals. This document, including its appendices, contains and incorporates by reference, important information about Delta and Northwest, the merger and the meetings of the respective stockholders of Delta and Northwest, and you should read all of the available information carefully. The enclosed proxies allow you to vote your shares without attending your respective stockholders' meeting.

Your vote is important. We encourage you to vote as soon as possible.

**Q: When and where will the stockholders' meetings be held?**

A: The special meeting of Delta stockholders, which we refer to as the Delta special meeting, will be held at the Georgia International Convention Center, 2000 Convention Center Concourse, College Park, Georgia 30337 on Thursday, September 25, 2008 at 2:00 p.m., Eastern time.

The annual meeting of Northwest stockholders, which we refer to as the Northwest annual meeting, will be held in the AXA Equitable Center's Auditorium located at 787 Seventh Avenue, New York, New York 10019 on Thursday, September 25, 2008 at 9:30 a.m., Eastern time.

## **Table of Contents**

### **Q: How do I attend the stockholders meetings?**

A: If you wish to attend the Delta special meeting, you will need to show that you are either a Delta stockholder as of the record date, or hold a valid proxy from a Delta stockholder:

if your shares of Delta common stock are registered in street name, or are held in your Pilot Plan account (as described below), please bring evidence of your stock ownership, such as your most recent account statement.

if you own unvested restricted Delta common stock, please bring your Delta identification card; Delta will have a list of holders of unvested restricted Delta common stock at the Delta special meeting.

because space is limited, admission will be on a first-come, first-serve basis. All Delta stockholders should also bring valid picture identification; Delta employees may use their Delta identification card. If you do not have valid picture identification and proof that you own Delta common stock as of the Delta record date, you may not be admitted to the Delta special meeting.

If you wish to attend the Northwest annual meeting, you will need to show that you are either a Northwest stockholder as of the record date, or hold a valid proxy from a Northwest stockholder:

if your shares of Northwest common stock are registered in street name, or are held in your Northwest Retirement Savings Plan account (as described below), please bring evidence of your stock ownership, such as your most recent account statement.

because space is limited, admission will be on a first-come, first-serve basis. All Northwest stockholders should also bring valid picture identification; Northwest employees may use their Northwest identification card. If you do not have valid picture identification and proof that you owned Northwest common stock as of the Northwest record date, you may not be admitted to the Northwest annual meeting.

### **Q: Who is entitled to vote at the stockholders meetings?**

A: The record date for the Delta special meeting is July 29, 2008. Only holders of shares of Delta common stock as of the close of business on the record date are entitled to notice of, and to vote at, the Delta special meeting or any adjournment or postponement of the Delta special meeting. As of the record date, there were 303,803,014 shares of Delta common stock outstanding and entitled to vote at the Delta special meeting.

The record date for the Northwest annual meeting is July 31, 2008. Only holders of shares of Northwest common stock as of the close of business on the record date are entitled to notice of, and to vote at, the Northwest annual meeting or any adjournment or postponement of the Northwest annual meeting. As of the record date, there were 253,349,623 shares of Northwest common stock outstanding and entitled to vote at the Northwest annual meeting.

### **Q: What constitutes a quorum for the stockholders meeting?**

A: The presence, in person or by proxy, of holders of shares of Delta common stock or Northwest common stock, as applicable, entitled to cast a majority of the votes entitled to be cast at the Delta special meeting or Northwest annual meeting, as applicable, is necessary to constitute a quorum at each meeting. Abstentions and broker non-votes, if any, which are described below, will be treated as present for the purposes of determining the presence or absence of a quorum for each meeting.

**Q: How do I vote if I am a stockholder of record?**

A: If you are a stockholder of record of Delta as of the record date for the Delta special meeting or a stockholder of record of Northwest as of the record date for the Northwest annual meeting, you may vote in person by attending your stockholders meeting or, to ensure your shares are represented at the meeting, you may vote by:

accessing the Internet website specified on your proxy card;

vi



## **Table of Contents**

calling the toll-free number specified on your proxy card; or

signing and returning the enclosed proxy card in the postage-paid envelope provided.

Proxies regarding registered shares of Delta common stock submitted through the Internet or by telephone must be received by 11:59 p.m., Eastern time, on September 24, 2008.

Proxies regarding outstanding shares of Northwest common stock submitted through the Internet or by telephone must be received by 11:59 p.m., Eastern time, on September 24, 2008.

If you hold shares of Delta common stock or Northwest common stock in the name of a bank or broker, please follow the voting instructions provided by your bank or broker to ensure that your shares are represented at your stockholders' meeting.

### **Q: How do I vote shares held in Delta Plans?**

A: If you are a participant in the Delta Pilots Savings Plan, which we refer to as the Pilot Plan, and have shares of Delta common stock allocated to your account under the Pilot Plan or own shares of unvested restricted Delta common stock granted under the Delta 2007 Performance Compensation Plan, you will receive a voting instruction card representing these shares of Delta common stock. Your submission of voting instructions will instruct the trustee of the Pilot Plan or the administrator of the Delta 2007 Performance Compensation Plan, as applicable, how to vote those shares, but it will not result in the appointment of a proxy. You may deliver voting instructions for these shares of Delta common stock by:

accessing the Internet website specified on your voting instruction card;

calling the toll-free number specified on your voting instruction card; or

signing and returning the enclosed voting instruction card in the postage-paid envelope provided.

To be effective, instructions regarding shares of Delta common stock held in the Pilot Plan account must be received by 5:00 p.m., Eastern time, on September 23, 2008. Instructions regarding unvested restricted stock must be received by 11:59 p.m., Eastern time, on September 24, 2008. Please note that you may not vote shares held in your Pilot Plan account or shares of unvested restricted Delta common stock in person at the meeting. If you do not submit voting instructions regarding these shares, they will not be voted.

### **Q: How do I vote shares held in the Northwest Retirement Savings Plan?**

A: Participants in the Northwest Retirement Savings Plan who have shares of Northwest common stock allocated to their account are entitled to provide voting instructions with respect to such shares on each proposal to be voted on at the Northwest annual meeting. Any allocated shares of Northwest common stock held in the Northwest Retirement Savings Plan for which participant voting instructions are not timely received by the trustee will be voted by the trustee in the same proportion as the shares for which voting instructions have been received. Participants may provide voting instructions either on the internet, by telephone or by mail. If you choose to provide voting instructions on the internet or by telephone, follow the procedures and instructions on the enclosed proxy card. If you choose to provide voting instructions by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. The trustee under the Northwest Retirement Savings Plan will vote the shares of Northwest common stock allocated to a participant's account in accordance with the participant's instructions timely received. The deadline for providing voting instructions is 5:00 p.m., Eastern time, on September 23, 2008. Please note that you may not vote shares of Northwest common stock allocated to your account under the Northwest

Retirement Savings Plan in person at the Northwest annual meeting.

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your

vii

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## **Table of Contents**

shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Delta or Northwest or by voting in person at your stockholders' meeting unless you provide a legal proxy, which you must obtain from your bank or broker.

Under the listing requirements of the New York Stock Exchange, which we refer to as the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine, such as approval of the issuance of shares of Delta common stock pursuant to the merger agreement, the approval of the amendment to the Delta 2007 Performance Compensation Plan, the adoption of the merger agreement by Northwest stockholders or the approval of the amendment to the Northwest 2007 Stock Incentive Plan, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or nominee that are represented at the stockholders' meetings, but with respect to which the broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal.

If you are a Delta stockholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the issuance of shares of Delta common stock in the merger, which will have no effect on the vote on this proposal, assuming a quorum is present and a majority of the shares of Delta common stock entitled to vote actually vote on the proposal; and

your broker may not vote your shares on the proposal to approve the amendment to the Delta 2007 Performance Compensation Plan, which will have no effect on the vote on this proposal, assuming a quorum is present and a majority of the shares of Delta common stock entitled to vote actually vote on the proposal.

If you are a Northwest stockholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to adopt the merger agreement, which broker non-votes will have the same effect as votes against the proposal and against the merger;

your broker may not vote your shares on the approval of the amendment to the Northwest 2007 Stock Incentive Plan, which broker non-votes will not count as votes for or against the proposal and will have no effect on the outcome of the proposal, assuming a majority of the outstanding shares of Northwest common stock entitled to vote are voted on the proposal; and

your broker may vote your shares on the other Northwest annual meeting matters.

### **Q: What will happen if I abstain from voting or do not vote?**

A: For purposes of the Delta special meeting, an abstention, which occurs when a stockholder attends the meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote against both the proposal to approve the issuance of shares of Delta common stock in the merger and the proposal to approve the amendment to the Delta 2007 Performance Compensation Plan. The failure of a Delta stockholder to vote his or her shares of Delta common stock for which he or she is the record holder or to instruct his or her broker to vote his or her shares of Delta common stock that are held in street name, may have a negative effect on Delta's ability to obtain the number of votes cast necessary for both proposals in accordance with the listing requirements of the NYSE.

For purposes of the Northwest annual meeting, an abstention, which occurs when a stockholder attends the meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote against the proposal to adopt the merger agreement and the merger. For the election of directors, ratification of the appointment of the independent registered public accounting firm, and adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger, an abstention or withhold vote, as applicable, will not count as a vote



## **Table of Contents**

for or against the proposal and will have no effect on the outcome of the proposal. For approval of the amendment to the Northwest 2007 Stock Incentive Plan, under NYSE rules abstentions are considered votes cast on the proposal and thus will have the effect of a vote against the proposal. In addition, the failure of a Northwest stockholder to vote his or her shares of Northwest common stock for which he or she is the record holder or to instruct his or her broker to vote his or her shares of Northwest common stock that are held in street name may have a negative effect on Northwest's ability to obtain the number of votes cast necessary for approval of the amendment to the Northwest 2007 Stock Incentive Plan in accordance with the listing requirements of the NYSE.

### **Q: What will happen if you return your proxy or voting instruction card without indicating how to vote?**

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the Delta common stock represented by your proxy will be voted in favor of that proposal or the Northwest common stock represented by your proxy will be voted in favor of proposals 1, 2, 3, 4 and 5 as recommended by the Northwest board of directors.

### **Q: Can I change my vote after I have returned a proxy or voting instruction card?**

A: Yes. You can change your vote at any time before your shares are voted at your stockholders' meeting. You can do this in one of three ways:

if you are a holder of record, you can revoke your proxy at any time before your shares are voted by sending written notice to the Secretary of Delta or Northwest, as applicable, at the address set forth in the section above entitled References to Additional Information;

you can deliver a new, valid proxy or voting instruction card bearing a later date by submitting instructions through the Internet, by telephone or by mail as described on the proxy or voting instruction card; or

if you are a holder of record, you can attend your stockholders' meeting and vote in person, which will automatically cancel any proxy previously delivered, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you have shares of Delta common stock allocated to your account under the Pilot Plan, revocation of instructions through the Internet, by telephone or by mail must be received by 5:00 p.m., Eastern time, on September 23, 2008 to be effective. If you are a holder of record, or hold shares of unvested restricted Delta common stock, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received by 11:59 p.m., Eastern time, on September 24, 2008. As noted above, if you are a holder of record you may also revoke your proxy by attending the meeting and voting in person or revoking your proxy in person. If your shares are held in street name by your bank or broker, you should follow the instructions provided by your bank or broker to change your vote.

If you are a holder of record of your shares of Northwest common stock, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received by 11:59 p.m., Eastern time, on September 24, 2008. If you have shares of Northwest common stock allocated to your account under the Northwest Retirement Savings Plan, revocation of instructions through the Internet, by telephone or by mail must be received by 5:00 p.m., Eastern time, on September 23, 2008 to be effective. Please note that you may not vote shares of Northwest common stock allocated to your account under the Northwest Retirement Savings Plan in person at the Northwest annual meeting. If your shares are held in street name by your bank or broker, you should follow the instructions provided by your bank or broker to change your vote.

### **Q: Should I send in my Northwest stock certificates now?**

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- A: No. Northwest stockholders should not send in any stock certificates now. After the merger is completed, Delta's exchange agent will send former Northwest stockholders a letter of transmittal explaining what they must do to exchange their Northwest stock certificates for the merger consideration payable to them.

**Table of Contents**

If you are a Delta stockholder, you are not required to take any action with respect to your shares of Delta common stock.

**Q: Who can help answer my questions?**

A: Delta or Northwest stockholders who have questions about the merger or the other matters to be voted on at the stockholders meetings or desire additional copies of this document or additional proxy cards should contact:

**if you are a Delta stockholder**

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

(800) 487-4870

**if you are a Northwest stockholder**

Innisfree M&A Incorporated

501 Madison Avenue, 20<sup>th</sup> Floor

New York, NY 10022

(212) 750-5833

x

**Table of Contents**

**SUMMARY**

*This summary highlights selected information contained elsewhere in this document and may not contain all the information that is important to you. Delta and Northwest urge you to read carefully the remainder of this document, including the attached appendices, and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the applicable stockholders' meeting. See also the section entitled "Where You Can Find More Information" beginning on page 172. We have included page references to direct you to a more complete description of the topics presented in this summary.*

**The Merger**

A copy of the merger agreement is attached as Appendix A to this document. Delta and Northwest encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see the section entitled "The Merger Agreement" beginning on page 70.

**Form of Merger (See page 36)**

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Nautilus Merger Corporation, a direct, wholly-owned subsidiary of Delta formed for the purposes of the merger, will be merged with and into Northwest. As a result, Northwest will become a direct, wholly-owned subsidiary of Delta. References in this document to the combined company are to Delta following the completion of the merger.

**Consideration to be Received in the Merger (See page 36)**

Northwest stockholders will have the right to receive 1.25 shares of Delta common stock for each share of Northwest common stock they hold. The exchange ratio is fixed and will not be adjusted for changes in the market value of the common stock of Northwest or Delta. Because of this, the implied value of the consideration to Northwest stockholders will fluctuate between now and the completion of the merger. Based on the closing price of Delta common stock on the NYSE, on April 14, 2008, the last trading day before public announcement of the merger, the 1.25 exchange ratio represented approximately \$13.10 in value for each share of Northwest common stock. Based on the closing price of Delta common stock on the NYSE on August 7, 2008, the latest practicable date before the date of this document, the 1.25 exchange ratio represented approximately \$10.99 in value for each share of Northwest common stock.

**Material U.S. Federal Income Tax Consequences of the Merger (See page 97)**

The merger has been structured to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. Assuming the merger qualifies as such a reorganization, holders of Northwest common stock whose shares of Northwest common stock are exchanged in the merger for shares of Delta common stock will not recognize gain or loss for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares of Delta common stock. It is a condition to the completion of the merger that Delta and Northwest receive written opinions from their respective counsel to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code. Neither Delta nor Northwest intends to waive this closing condition. In the event that either Delta or Northwest waives receipt of such opinion from its counsel, however, Delta and Northwest will resolicit the approval of its stockholders after providing appropriate disclosure.



## **Table of Contents**

Tax matters are very complicated, and the tax consequences of the merger to each Northwest stockholder will depend on such stockholder's particular facts and circumstances. **Northwest stockholders should consult their tax advisors to understand fully the tax consequences to them of the merger.**

### **Recommendations of the Boards of Directors**

#### *Delta (See page 41)*

After careful consideration, the Delta board of directors unanimously approved the merger agreement and the amendment to the Delta 2007 Performance Compensation Plan. For the factors considered by the Delta board of directors in reaching its decision to approve the merger agreement, see the section entitled "The Merger - Delta's Reasons for the Merger; Recommendation of the Stock Issuance of Delta Common Stock in the Merger and the Amendment to the Delta 2007 Performance Compensation Plan by the Delta Board of Directors" beginning on page 41. **The Delta board of directors unanimously recommends that Delta stockholders vote FOR the proposal to approve the issuance of Delta common stock to the stockholders of Northwest in the merger and FOR the proposal to amend the Delta 2007 Performance Compensation Plan at the Delta special meeting.**

#### *Northwest (See page 50)*

After careful consideration, the Northwest board of directors unanimously approved and adopted the merger agreement. For the factors considered by the Northwest board of directors in reaching its decision to approve and adopt the merger agreement, see the section entitled "The Merger - Northwest's Reasons for the Merger; Recommendation of the Merger by the Northwest Board of Directors" beginning on page 50. **The Northwest board of directors unanimously recommends that Northwest stockholders vote FOR the proposal to adopt the merger agreement and FOR the other Northwest proposals described in this joint proxy statement/prospectus at the Northwest annual meeting.**

### **Opinions of Financial Advisors**

#### *Delta (See page 42)*

The Delta board of directors received oral opinions, subsequently confirmed in writing, from Greenhill & Co., LLC, who we refer to as Greenhill, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, who we refer to as Merrill Lynch, that based upon and subject to the various considerations and assumptions described in the written opinions, the exchange ratio to be paid by Delta in the merger was fair from a financial point of view to Delta.

The full text of the written opinions of Greenhill and Merrill Lynch, each dated April 14, 2008, which set forth, among other things, the assumptions made, procedures followed, matters considered and limits on the opinions and the review undertaken in connection with rendering the opinions, are attached as Appendix C and D, respectively, to this joint proxy statement/prospectus and are incorporated herein by reference. Stockholders are urged to read these opinions in their entirety, but should note that they are not a recommendation as to how Delta stockholders should vote with respect to the issuance of shares of Delta common stock pursuant to the merger or any other matter.

#### *Northwest (See page 52)*

The Northwest board of directors received an oral opinion, subsequently confirmed in writing, from Morgan Stanley & Co. Incorporated, who we refer to as Morgan Stanley, that, as of April 14, 2008, based upon and subject to the various considerations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Northwest common stock.

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## **Table of Contents**

The full text of the written opinion of Morgan Stanley, dated April 14, 2008, which sets forth the assumptions made, procedures followed, matters considered and limitations on the opinion and the review undertaken in connection with rendering the opinion, is attached as Appendix E to this joint proxy statement/prospectus and is incorporated herein by reference. Northwest stockholders are urged to read the opinion in its entirety, but should note that the Morgan Stanley opinion is not a recommendation as to how Northwest stockholders should vote on, or take any action with respect to, the merger or any other matter.

### **Interests of Directors and Officers in the Merger (See page 59)**

Some of the members of Delta's and Northwest's management and the non-employee directors on their boards of directors have interests in the merger that are different from, or in addition to, the interests of Delta and Northwest stockholders generally. Some of the executive officers of Delta and Northwest have agreements with Delta or Northwest, as applicable, that provide for severance benefits if their employment is terminated under certain circumstances in connection with a change in control of Delta or Northwest. Some of Delta's and Northwest's compensation and benefits plans provide for payment or accelerated vesting or distribution of the rights or benefits thereunder upon a change in control of Delta or Northwest, as applicable. The merger would be a change in control under such plans. In addition, as detailed below, the board of directors of the combined company will be made up of thirteen members, consisting of (1) seven members of the Delta board of directors, (2) five members of the Northwest board of directors and (3) one representative designated by the Delta Master Executive Council, which we refer to as the Delta MEC, the governing body of the Delta unit of the Air Line Pilots Association, International, which we refer to as ALPA.

The Delta and Northwest boards of directors were aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement.

### **Directors and Management Following the Merger (See page 66)**

**Board of Directors.** Upon completion of the merger, the board of directors of the combined company will be made up of thirteen members, consisting of (1) seven members of the Delta board of directors (which will include Daniel A. Carp, the current chairman of the board of directors of Delta, who will serve as non-executive chairman of the board of the combined company, and Richard H. Anderson, the current chief executive officer of Delta), (2) five members of the Northwest board of directors (which will include Roy J. Bostock, the current chairman of the Northwest board of directors, who will serve as a non-executive vice chairman of the board of directors of the combined company, and Douglas M. Steenland, the current chief executive officer of Northwest) and (3) one representative designated by the Delta MEC. As of the date of this joint proxy statement/prospectus, the Delta board of directors has not made a determination as to which directors (other than Messrs. Carp, Anderson, Bostock and Steenland) will be appointed to the board of directors of the combined company after the merger. The Delta MEC has designated Mr. Kenneth C. Rogers, a Delta pilot who is a current member of the Delta board of directors, to serve on the board of directors of the combined company.

**Executive Officers.** Upon completion of the merger, the corporate leadership team of the combined company will consist of Richard H. Anderson as chief executive officer; Edward H. Bastian as president and chief financial officer of Delta and chief executive officer and president of Northwest Airlines, Inc., which we refer to as NWA; Michael J. Becker as executive vice president-chief operating officer of NWA; Mike H. Campbell, executive vice president human resources, labor & communications; Steve E. Gorman, executive vice president operations; Glen W. Hauenstein, executive vice president revenue & network; Ben Hirst, senior vice president general counsel; Laura H. Liu, senior vice president international; and Theresa Wise, senior vice president chief information officer.

### **Treatment of Northwest Stock Options and Other Equity Based Awards (See page 68)**

**Stock Options; Stock Appreciation Rights.** At the effective time of the merger, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock, whether or not exercisable, will be assumed by Delta and converted into an option to purchase Delta

## **Table of Contents**

common stock or a stock appreciation right in respect of Delta common stock subject to, and in accordance with, the same terms and conditions applicable to the corresponding Northwest stock option or stock appreciation right, except that the number of shares of Delta common stock subject to each such converted option or in respect of each such converted stock appreciation right will be equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to the corresponding Northwest stock option or in respect of the corresponding Northwest stock appreciation right and (y) the exchange ratio. The exercise price for converted options and stock appreciation rights will equal the applicable per share exercise price for the shares of Northwest common stock divided by the exchange ratio (rounded up to the nearest whole cent). Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock will become fully vested at the effective time of the merger.

***Restricted Stock Units; Restricted Shares.*** At the effective time of the merger, each Northwest restricted stock unit and right to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock that is outstanding immediately prior to the effective time of the merger will, subject to and in accordance with the terms of the Northwest 2007 Stock Incentive Plan, be converted into the right to receive the number of shares of Delta common stock (or an amount in respect thereof for such cash-settled awards) equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to each such award and (y) the exchange ratio. Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, all Northwest restricted stock units and rights to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock will become fully vested at the effective time of the merger.

## **Regulatory Approvals Required for the Merger (See page 66)**

Delta and Northwest have each agreed to use their reasonable best efforts in order to obtain regulatory clearance required to consummate the merger. Regulatory clearance includes antitrust filings with the Antitrust Division of the U.S. Department of Justice, which we refer to as the Antitrust Division, and expiration or termination of the required waiting periods, as well as clearance under applicable merger laws of the European Commission. Specifically, under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the HSR Act, the merger may not be completed until notification and report forms have been filed, and the applicable waiting period has expired or been terminated. On April 21, 2008, each of Delta and Northwest filed its notification and report form under the HSR Act. The Antitrust Division issued a Request for Additional Information and Documentary Material, which we refer to as a Second Request, on May 21, 2008. Both parties certified substantial compliance with the Second Request on July 14, 2008. As a result of their discussions with the Antitrust Division staff, Delta and Northwest expect the Antitrust Division's review of the merger to be completed during the fourth quarter of 2008. On June 23, 2008, Delta and Northwest filed a merger notification with the European Commission. We have also filed notices with antitrust and competition authorities in other jurisdictions. In addition, in order to complete the merger, Delta and Northwest must also receive approvals from and make filings with various federal, state and local regulatory and transportation agencies, including the U.S. Department of Transportation, which we refer to as the DOT, and Federal Aviation Administration, which we refer to as the FAA, as well as certain foreign regulatory authorities. While Delta and Northwest expect to obtain all required regulatory approvals, we cannot assure you that these regulatory approvals will be obtained or that the granting of these regulatory approvals will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the merger not being satisfied.

## **Table of Contents**

### **Expected Timing of the Merger**

We currently target the closing of the merger by the end of 2008, subject to receipt of required stockholder approvals and regulatory clearance.

### **Conditions to Completion of the Merger (See page 72)**

The obligations of Delta and Northwest to complete the merger are subject to the satisfaction of the following conditions:

adoption of the merger agreement by a majority of the outstanding shares of Northwest common stock;

approval of the issuance of shares of Delta common stock in the merger by a majority of the shares of Delta common stock present or represented and entitled to vote at the special meeting, with the holders of a majority of the shares of Delta common stock entitled to vote actually voting on the proposal;

absence of any judgment, order, injunction (whether temporary, preliminary or permanent), decree, statute, law, ordinance, rule or regulation, or other legal restraint or prohibition by a court or other governmental entity that makes illegal or prohibits the consummation of the merger or the other transactions contemplated by the merger agreement;

effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

authorization of the listing on the NYSE of the shares of Delta common stock to be issued to the Northwest stockholders in the merger, subject to official notice of issuance; and

the waiting period (and any extension thereof) applicable to the merger under the antitrust laws of the United States and the European Union will have expired or been terminated and all exemptive authority required to be obtained from the DOT for any de facto route transfers will have been obtained; provided, however, this condition will not be deemed satisfied if the terms of any such permits, consents, approvals, expirations or terminations of waiting periods or authorizations would, individually or in the aggregate, have a material adverse effect on Delta, Northwest or the combined company.

In addition, each of Delta's and Northwest's obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party, other than the representation related to the absence of any event or occurrence having a material adverse effect on the other party since January 1, 2008, will be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) when made and at and as of the effective time of the merger (other than those representations and warranties that were made only as of a specified date, which need only be true and correct as of such specified date), provided that such representations will be deemed to be true unless the individual or aggregate impact of the failure to be so true would have or would reasonably be expected to have a material adverse effect on the other party;

the representation and warranty of the other party relating to the absence of any event or occurrence having a material adverse effect on the other party since January 1, 2008 will be true and correct when made and at and as of the effective time of the merger;

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the other party will have performed, or complied with, in all material respects, all of its respective obligations under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the other party's chief executive officer and chief financial officer as to the satisfaction of the conditions described in the preceding three bullets;

## **Table of Contents**

receipt of a legal opinion of that party's counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and

no proceeding under any law relating to bankruptcy, insolvency or reorganization will have been instituted and not dismissed against the other party.

### **No Solicitations by Delta or Northwest (See page 77)**

Subject to exceptions, the merger agreement precludes Delta and Northwest from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for an alternative transaction, including the acquisition of a significant interest in Delta's or Northwest's equity or assets. Notwithstanding such restrictions, the merger agreement provides that, under specified circumstances and prior to the applicable approval by their respective stockholders, if Delta or Northwest receives an unsolicited proposal from a third party for an alternative transaction that its board of directors determines in good faith is reasonably likely to lead to a proposal that is superior to the merger, Delta or Northwest, as applicable, may furnish nonpublic information to that third party and engage in negotiations regarding an alternative transaction with that third party.

### **Termination of the Merger Agreement (See page 84)**

Delta and Northwest can jointly agree to terminate the merger agreement at any time. Either company may also terminate the merger agreement if the merger is not completed by April 14, 2009 (with each party being able to extend this date until October 14, 2009 under specified circumstances) or under other circumstances described in this document. See the section entitled "The Merger Agreement Termination of the Merger Agreement" beginning on page 84 for a discussion of these and other rights of each of Delta and Northwest to terminate the merger agreement.

### **Termination Fees and Expenses (See page 85)**

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this document where Delta or Northwest, as the case may be, may be required to pay a termination fee of \$165 million. See the section entitled "The Merger Agreement Termination Fees and Expenses" beginning on page 85 for a discussion of the circumstances under which the termination fee will be required to be paid.

### **Accounting Treatment (See page 97)**

Delta prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which is referred to as GAAP. The merger will be accounted for using the purchase method of accounting.

### **Appraisal Rights (See page 170)**

Under Delaware law, neither the holders of Northwest common stock nor the holders of Delta common stock are entitled to appraisal rights in connection with the merger.

### **Comparison of Stockholder Rights and Corporate Governance Matters (See page 115)**

Northwest stockholders receiving merger consideration will have different rights once they become Delta stockholders due to differences between the governing documents of Delta and Northwest. These differences are described in detail under the section entitled "Comparison of Rights of Delta Stockholders and Northwest Stockholders" beginning on page 115.

**Table of Contents**

**The Meetings**

**The Delta Special Meeting (See page 26)**

The Delta special meeting will be held at the Georgia International Convention Center, 2000 Convention Center Concourse, College Park, Georgia 30337 at 2:00 p.m., Eastern time, on Thursday, September 25, 2008. At the Delta special meeting, Delta stockholders will be asked to:

approve the issuance of Delta common stock to the stockholders of Northwest in the merger;

approve the amendment to the Delta 2007 Performance Compensation Plan; and

vote upon an adjournment of the Delta special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the foregoing proposals.

You may vote at the Delta special meeting if you owned shares of Delta common stock at the close of business on July 29, 2008. On that date there were 303,803,014 shares of Delta common stock outstanding and entitled to vote at the Delta special meeting, less than 1% of which were owned and entitled to be voted by Delta directors and executive officers and their affiliates. We currently expect that Delta's directors and executive officers will vote their shares in favor of both the issuance of Delta common stock to the stockholders of Northwest in the merger and the amendment to the Delta 2007 Performance Compensation Plan, although none of them has entered into any agreement obligating them to do so.

You can cast one vote for each share of Delta common stock you own. Each of the proposals to be considered at the Delta special meeting requires the affirmative vote of holders of a majority of the shares of Delta common stock present or represented and entitled to vote on the proposal. In addition, under NYSE rules, the total votes cast on each proposal must represent a majority of the shares of Delta common stock entitled to vote on the proposal.

**The Northwest Annual Meeting (See page 30)**

The Northwest annual meeting will be held in the AXA Equitable Center's Auditorium located at 787 Seventh Avenue, New York, New York 10019 at 9:30 a.m., Eastern time, on Thursday, September 25, 2008. At the Northwest annual meeting, Northwest stockholders will be asked to:

elect twelve directors to hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified or, if the merger is completed, until the effective time of the merger;

adopt the merger agreement;

ratify the appointment of Ernst & Young LLP as Northwest's independent registered public accounting firm for 2008;

approve an amendment to the Northwest 2007 Stock Incentive Plan;

vote upon an adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger; and

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transact such other business as may properly come before the Northwest annual meeting or any adjournment or postponement thereof.

You may vote at the Northwest annual meeting if you owned shares of Northwest common stock at the close of business on July 31, 2008. On that date there were 253,349,623 shares of Northwest common stock outstanding and entitled to vote at the Northwest annual meeting, less than 1% of which were owned and entitled to be voted by Northwest directors and executive officers and their affiliates. We currently expect that



**Table of Contents**

Northwest's directors and executive officers will vote their shares in favor of the merger and the other Northwest proposals described in this joint proxy statement/prospectus, although none of them have entered into any agreements obligating them to do so.

You can cast one vote for each share of Northwest common stock you own. Each of the proposals to be considered at the Northwest annual meeting requires certain percentages of votes in order to approve them:

The twelve nominees for election to the Northwest board of directors receiving the greatest number of affirmative votes cast by holders of Northwest common stock will be elected as directors.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Northwest common stock entitled to vote on the proposal.

Ratification of the appointment of Ernst & Young LLP as Northwest's independent registered public accounting firm for 2008 requires the affirmative vote of a majority of the votes cast on the proposal.

Approval of the amendment to the Northwest 2007 Stock Incentive Plan requires the affirmative vote of a majority of the votes cast on the proposal, provided that a majority of the outstanding shares of Northwest common stock entitled to vote are voted on the proposal.

Approval of the adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger, requires the affirmative vote of a majority of the votes cast on the proposal.

**Table of Contents**

**The Companies**

**Delta (See page 35)**

Delta Air Lines, Inc.

1040 Delta Boulevard

Atlanta, Georgia 30354

Telephone: (404) 715-2600

Delta Air Lines, Inc. is a major air carrier that provides scheduled air transportation for passengers and cargo throughout the United States and around the world. Delta offered customers service to more destinations than any other global airline, with Delta and Delta Connection carrier service to 327 destinations in 62 countries, in July 2008. Delta has added more international capacity than any other major U.S. airline during the last two years and is the leader across the Atlantic with flights to 44 trans-Atlantic markets. Delta and Air France recently implemented the first phase of a joint venture to share revenues and costs on transatlantic routes that is expected to increase customer travel choices on key routes across the Atlantic. To Latin America and the Caribbean, Delta offered more than 609 weekly flights to 62 destinations in July 2008. Delta is a founding member of SkyTeam, a global airline alliance that provides customers with extensive worldwide destinations, flights and services. Including its SkyTeam and worldwide codeshare partners, Delta offered flights to 499 worldwide destinations in 105 countries in July 2008.

Delta is a Delaware corporation headquartered in Atlanta, Georgia. Delta's website is [www.delta.com](http://www.delta.com). Delta has provided this website address as an inactive textual reference only and the information contained on Delta's website is not a part of this joint proxy statement/prospectus.

**Northwest (See page 35)**

Northwest Airlines Corporation

2700 Lone Oak Parkway

Eagan, Minnesota 55121

Telephone: (612) 726-2111

Northwest Airlines, Inc., the wholly-owned subsidiary of Northwest Airlines Corporation, operates the world's sixth largest airline, as measured by 2006 revenue passenger miles, and is engaged in the business of transporting passengers and cargo. Northwest began operations in 1926. Northwest Airlines, Inc.'s business focuses on the operation of a global airline network through its strategic assets that include: (1) domestic hubs at Detroit, Minneapolis/St. Paul and Memphis, (2) an extensive Pacific route system with a hub in Tokyo, (3) a transatlantic joint venture with KLM Royal Dutch Airlines, which operates through a hub in Amsterdam, (4) a domestic and international alliance with Continental Airlines, Inc. and Delta, (5) membership in SkyTeam, a global airline alliance with KLM, Continental, Delta, Air France, Alitalia, Aeroméxico, CSA Czech Airlines, Korean Air and Aeroflot, (6) agreements with three domestic regional carriers, including Pinnacle Airlines, Inc., Mesaba Aviation, Inc., a wholly-owned subsidiary, and Compass Airlines, Inc., a wholly-owned subsidiary, each of which operates as Northwest Airlink, and (7) a cargo business that operates a dedicated freighter fleet of aircraft through hubs in Anchorage and Tokyo.

Northwest is a Delaware corporation headquartered in Eagan, Minnesota. Northwest's website is [www.nwa.com](http://www.nwa.com). Northwest has provided this website address as an inactive textual reference only and the information contained on Northwest's website is not a part of this joint proxy statement/prospectus.

**Table of Contents**

**SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA**

**Selected Consolidated Historical Financial Data of Delta**

The following summary of operations data for the eight months ended December 31, 2007, the four months ended April 30, 2007 and the years ended December 31, 2006 and 2005 and the balance sheet data as of December 31, 2007 and 2006 have been derived from the audited consolidated financial statements of Delta contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which is incorporated into this document by reference. The statements of operations data for the years ended December 31, 2004 and 2003 and the balance sheet data as of December 31, 2005, 2004 and 2003 have been derived from Delta's audited consolidated financial statements for such years, which have not been incorporated into this document by reference.

The summary of operations data for the six months ended June 30, 2008, the two months ended June 30, 2007, the four months ended April 30, 2007 and the balance sheet data as of June 30, 2008 have been derived from Delta's unaudited interim consolidated financial statements contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, which are incorporated into this document by reference. The balance sheet data as of June 30, 2007 have been derived from Delta's unaudited consolidated financial statements, which have not been incorporated into this document by reference.

You should read this selected historical financial data together with the financial statements that are incorporated by reference into this document and their accompanying notes and management's discussion and analysis of financial condition and results of operations of Delta contained in such reports.

Upon emergence from Chapter 11, Delta adopted fresh start reporting in accordance with American Institute of Certified Public Accountants Statement of Position 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code, which we refer to as SOP 90-7. The adoption of fresh start reporting resulted in Delta becoming a new entity for financial reporting purposes. Accordingly, Delta's Consolidated Financial Statements on or after May 1, 2007 are not comparable to Delta's Consolidated Financial Statements prior to that date.

Due to Delta's adoption of fresh start reporting on April 30, 2007, the following table includes selected summary financial data for (1) the eight months ended December 31, 2007 and the two months ended June 30, 2007 of the successor entity and (2) the four months ended April 30, 2007 and the years ended December 31, 2006, 2005, 2004 and 2003 of the predecessor entity.

**Table of Contents****Summary of Operations Data of Delta**

(in millions, except per share data)	Successor		Predecessor	Successor		Predecessor			
	Six Months Ended June 30, 2008 <sup>(1)</sup>	Two Months Ended June 30, 2007 <sup>(2)</sup>	Four Months Ended April 30, 2007 <sup>(3)</sup>	Eight Months Ended December 31, 2007 <sup>(4)</sup>	Four Months Ended April 30, 2007 <sup>(3)</sup>	Year Ended December 31,			
	2008 <sup>(1)</sup>	2007 <sup>(2)</sup>	2007 <sup>(3)</sup>	2007 <sup>(4)</sup>	2007 <sup>(3)</sup>	2006 <sup>(5)(11)</sup>	2005 <sup>(6)(11)</sup>	2004 <sup>(7)</sup>	2003 <sup>(8)</sup>
Operating revenue	\$ 10,265	\$ 3,448	\$ 5,796	\$ 13,358	\$ 5,796	\$ 17,532	\$ 16,480	\$ 15,235	\$ 14,308
Operating expense	17,613	3,103	5,496	12,562	5,496	17,474	18,481	18,543	15,093
Operating (loss) income	(7,348)	345	300	796	300	58	(2,001)	(3,308)	(785)
Interest expense, net <sup>(9)</sup>	(236)	(87)	(248)	(276)	(248)	(801)	(973)	(787)	(721)
Miscellaneous, net <sup>(10)</sup>	31	9	27	5	27	(19)	(1)	94	317
Gain on extinguishment of debt, net								9	
(Loss) income before reorganization items, net	(7,553)	267	79	525	79	(762)	(2,975)	(3,992)	(1,189)
Reorganization items, net			1,215		1,215	(6,206)	(884)		
(Loss) income before income taxes	(7,553)	267	1,294	525	1,294	(6,968)	(3,859)	(3,992)	(1,189)
Income tax benefit (provision)	119	(103)	4	(211)	4	765	41	(1,206)	416
Net (loss) income	(7,434)	164	1,298	314	1,298	(6,203)	(3,818)	(5,198)	(773)
Preferred stock dividends						(2)	(18)	(19)	(17)
Net (loss) income attributable to common shareowners	(7,434)	164	1,298	314	1,298	(6,205)	(3,836)	(5,217)	(790)
Basic (loss) earnings per share	\$ (18.79)	\$ 0.42	\$ 6.58	\$ 0.80	\$ 6.58	\$ (31.58)	\$ (23.75)	\$ (41.07)	\$ (6.40)
Diluted (loss) earnings per share	\$ (18.79)	\$ 0.42	\$ 4.63	\$ 0.79	\$ 4.63	\$ (31.58)	\$ (23.75)	\$ (41.07)	\$ (6.40)
Dividends declared per common share	\$	\$	\$	\$	\$	\$	\$	\$	\$ 0.05

- (1) Includes a \$7.3 billion non-cash charge or \$18.44 diluted loss per share from an impairment of goodwill and other intangible assets (see Delta's June 30, 2008 Form 10-Q).
- (2) Includes a \$103 million income tax provision or \$0.26 diluted earnings per share.
- (3) Includes a \$1.2 billion non-cash gain or \$5.20 diluted earnings per share for reorganization items; and a \$4 million income tax benefit or \$0.02 diluted earnings per share (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Delta's 2007 Form 10-K).
- (4) Includes a \$211 million income tax provision or \$0.53 diluted loss per share (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Delta's 2007 Form 10-K).
- (5) Includes a \$6.2 billion non-cash charge or \$31.58 diluted loss per share for reorganization items; a \$310 million non-cash charge or \$1.58 diluted loss per share associated with certain accounting adjustments; and a \$765 million income tax benefit or \$3.89 diluted earnings per share (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Delta's 2007 Form 10-K).
- (6) Includes an \$888 million charge or \$5.49 diluted loss per share for restructuring, asset writedowns, pension settlements and related items, net and an \$884 million non-cash charge or \$5.47 diluted loss per share for reorganization items (see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Delta's 2007 Form 10-K).
- (7) Includes a \$1.9 billion charge or \$14.76 diluted loss per share related to the impairment of intangible assets; a \$1.2 billion charge or \$9.51 diluted loss per share for deferred income tax valuation; a \$123 million gain or \$0.97 diluted earnings per share from the sale of investments; and a \$41 million gain or \$0.33 diluted earnings per share from restructuring, asset writedowns, pension settlements and related items, net.
- (8) Includes a \$268 million charge (\$169 million net of tax, or \$1.37 diluted loss per share) for restructuring, asset writedowns, pension settlements and related items, net; a \$398 million gain (\$251 million net of tax, or \$2.03 diluted earnings per share) for compensation received under the Emergency Wartime Supplemental Appropriations Act; and a \$304 million gain (\$191 million net of tax, or \$1.55 diluted earnings per share) for certain other income and expense items.

**Table of Contents**

(9) Includes interest income.

(10) Includes (losses) gains from the sale of investments and fair value adjustments of derivatives.

(11) The 2006 and 2005 Summary of Operations Data of Delta have been updated to conform to current period presentation for certain reclassifications made upon emergence from bankruptcy (see Note 2 of the Notes to the Consolidated Financial Statements in Delta's 2007 Form 10-K).

**Other Financial Data of Delta**

	Successor				Predecessor			
	2008	June 30, 2007	December 31, 2007	2006	2005	December 31, 2004	2003	
Cash, cash equivalents and short-term investments (millions)	\$ 3,342	\$ 3,379	\$ 2,786	\$ 2,648	\$ 2,008	\$ 1,799	\$ 2,710	
Total assets (millions)	\$ 27,651	\$ 33,734	\$ 32,423	\$ 19,622	\$ 20,039	\$ 21,801	\$ 25,939	
Long-term debt and capital leases (excluding current maturities) (millions)	\$ 8,338	\$ 6,913	\$ 7,986	\$ 6,509	\$ 6,557	\$ 13,005	\$ 11,538	
Shareowners' equity (deficit) (millions)	\$ 3,721	\$ 9,472	\$ 10,113	\$ (13,593)	\$ (9,895)	\$ (5,796)	\$ (659)	
Common stock outstanding	303,892,307	240,670,191	292,225,696	197,335,938	189,343,018	139,830,443	123,544,945	
Full-time equivalent employees, end of period	55,397	55,542	55,044	51,322	55,650	69,148	70,600	

**Table of Contents**

**Selected Consolidated Historical Financial Data of Northwest**

The following summary of operations data for the seven months ended December 31, 2007, the five months ended May 31, 2007 and the years ended December 31, 2006 and 2005 and the balance sheet data as of December 31, 2007 and 2006 have been derived from Northwest's audited consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which is incorporated into this document by reference. The statements of operations data for the years ended December 31, 2004 and 2003 and the balance sheet data as of December 31, 2005, 2004 and 2003 have been derived from Northwest's audited consolidated financial statements for such years, which have not been incorporated into this document by reference.

The summary of operations data for the six months ended June 30, 2008, the one month ended June 30, 2007, the five months ended May 31, 2007 and the balance sheet data as of June 30, 2008 have been derived from Northwest's unaudited consolidated financial statements, which are incorporated into this document by reference. The balance sheet data as of June 30, 2007 have been derived from Northwest's unaudited consolidated financial statements, which have not been incorporated into this document by reference.

You should read this selected historical financial data together with the financial statements that are incorporated by reference into this document and their accompanying notes and management's discussion and analysis of financial condition and results of operations of Northwest contained in such reports.

Upon emergence from Chapter 11, Northwest adopted fresh start reporting in accordance with SOP 90-7. The adoption of fresh start reporting resulted in Northwest becoming a new entity for financial reporting purposes. Accordingly, Northwest's Consolidated Financial Statements on or after June 1, 2007 are not comparable to Northwest's Consolidated Financial Statements prior to that date.

Due to Northwest's adoption of fresh start reporting on May 31, 2007, the following table includes selected summary financial data for (1) the seven months ended December 31, 2007 and the one month ended June 30, 2007 of the successor entity and (2) the five months ended May 31, 2007 and the years ended December 31, 2006, 2005, 2004 and 2003 of the predecessor entity.

**Table of Contents****Summary of Operations Data of Northwest**

(in millions, except per share data)	Successor		Predecessor	Successor	Five	Predecessor			
	Six Months Ended June 30, 2008 <sup>(1)</sup>	One Month Ended June 30, 2007	Five Months Ended May 31, 2007	Seven Months Ended December 31, 2007	Months Ended May 31, 2007	Year Ended December 31,			
						2006	2005	2004	2003
<b>Operating revenues</b>									
Passenger	\$ 4,797	\$ 861	\$ 3,768	\$ 5,660	\$ 3,768	\$ 9,230	\$ 8,902	\$ 8,432	\$ 7,632
Regional carrier	922	135	521	884	521	1,399	1,335	1,083	860
Cargo	410	69	318	522	318	946	947	830	752
Other	574	65	317	538	317	993	1,102	934	833
Total operating revenues	6,703	1,130	4,924	7,604	4,924	12,568	12,286	11,279	10,077
Operating expenses	11,056	935	4,561	6,863	4,561	11,828	13,205	11,784	10,342
Operating (loss) income	(4,353)	195	363	741	363	740	(919)	(505)	(265)
Operating margin	-64.9%	17.3%	7.4%	9.7%	7.4%	5.9%	-7.5%	-4.5%	-2.6%
Net (loss) income before cumulative effect of accounting change									
	(4,516)	106	1,751	342	1,751	(2,835)	(2,464)	(862)	248
Cumulative effect of accounting change									
							(69)		
Net (loss) income	(4,516)	106	1,751	342	1,751	(2,835)	(2,533)	(862)	248
<b>(Loss) earnings per common share:</b>									
Basic	\$ (17.19)	\$ 0.41	\$ 20.03	\$ 1.30	\$ 20.03	\$ (32.48)	\$ (29.36)	\$ (10.32)	\$ 2.75
Diluted	\$ (17.19)	\$ 0.41	\$ 14.28	\$ 1.30	\$ 14.28	\$ (32.48)	\$ (29.36)	\$ (10.32)	\$ 2.62

**Other Financial Data of Northwest**

(in millions)	Successor	Predecessor	Successor	Predecessor			
	June 30, 2008	June 30, 2007	December 31, 2007	2006	2005	2004	2003
Cash, cash equivalents and unrestricted short-term investments	\$ 3,256	\$ 3,310	\$ 3,034	\$ 2,058	\$ 1,262	\$ 2,459	\$ 2,757
Total assets	20,867	24,571	24,517	13,215	13,083	14,042	14,008
Long-term debt, including current maturities	7,363	6,651	6,961	4,112	1,159	8,411	7,866
Long-term obligations under capital leases, including current obligations	127	128	127		11	361	419
Long-term pension and postretirement health care benefits, including current obligations	3,719	3,529	3,720	185	264	4,095	3,756
Liabilities subject to compromise				13,572	14,328		
Preferred redeemable stock subject to compromise				277	280	263	236
Common stockholders' equity (deficit)	3,024	7,286	7,377	(7,991)	(5,628)	(3,087)	(2,011)

(1) Includes a \$4.5 billion non-cash charge or \$17.07 diluted loss per share from an impairment of goodwill, intangibles and other assets (see Northwest's June 30, 2008 Form 10-Q).





**Table of Contents****Selected Unaudited Pro Forma Combined Financial Data of Delta and Northwest**

The following table presents selected unaudited pro forma combined financial information about Delta's consolidated balance sheet and statements of operations, after giving effect to the merger with Northwest and certain issuances of (1) common stock by Delta to Delta pilots, Northwest pilots and U.S. based non-pilot, non-management employees of the combined company and (2) restricted shares and non-qualified stock options to management employees of the combined company. The information under "Summary of Operations Data" in the table below gives effect to the merger as if it had occurred at the beginning of each period presented. The information under "Other Financial Data" in the table below assumes the merger had been consummated on June 30, 2008. This unaudited pro forma combined financial information assumes that the merger is accounted for using the purchase method of accounting with Delta treated as the acquiring entity and represents a current estimate of the combined financial information based on available financial information of Delta and Northwest. See "Accounting Treatment" on page 97. Historical results for Delta and Northwest for the year ended December 31, 2007 have been adjusted to reflect (1) the impact of fresh start reporting as if the emergence from bankruptcy for both companies occurred on January 1, 2007 and (2) changes in accounting principles as if adoption had occurred on January 1, 2007.

In addition, the unaudited pro forma combined financial information includes adjustments, which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company.

The information presented below should be read in conjunction with the historical consolidated financial statements of Delta and Northwest, including the related notes, filed by each of them with the SEC, and with the pro forma condensed combined financial statements of Delta and Northwest, including the related notes, appearing elsewhere in this document. See "Where You Can Find More Information" beginning on page 172 and "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 100. The unaudited pro forma condensed combined financial data are not necessarily indicative of results that actually would have occurred or that may occur in the future had the merger been completed on the dates indicated.

**Summary of Operations Data**

	<b>Six Months Ended June 30, 2008<sup>(1)</sup></b>	<b>Year Ended December 31, 2007</b>
<b>(in millions, except per share data)</b>		
Operating revenue	\$ 16,968	\$ 31,781
Operating expense	28,545	29,567
Operating (loss) income	(11,577)	2,214
(Loss) income before income taxes	(12,193)	1,301
Income tax benefit (provision)	282	(515)
Net (loss) income	(11,911)	786
Basic and diluted (loss) earnings per share	\$ (14.30)	\$ 0.95

**Other Financial Data**

	<b>June 30, 2008</b>
<b>(in millions)</b>	
Cash and cash equivalents	\$ 6,455
Total assets	48,688
Long-term debt and capital leases, excluding current maturities	14,758
Shareowners' equity	6,997

(1) Includes an \$11.6 billion non-cash charge or \$13.92 diluted loss per share for goodwill and intangible assets impairment.



**Table of Contents****Unaudited Comparative Per Share Data**

Presented below are Delta's historical financial data for (1) the six months ended June 30, 2008 and the eight months ended December 31, 2007 of the successor entity and (2) the four months ended April 30, 2007 of the predecessor entity; and Northwest's historical financial information for (1) the six months ended June 30, 2008 and the seven months ended December 31, 2007 of the successor entity and (2) the five months ended May 31, 2007 of the predecessor entity. The unaudited pro forma combined and the Northwest pro forma equivalent per share financial data are presented for the six months ended June 30, 2008 and the year ended December 31, 2007. This information should be read together with the consolidated financial statements and related notes of Delta and Northwest that are incorporated by reference in this document and with the unaudited pro forma combined financial data included under "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 100. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. The historical book value per share is computed by dividing total shareowners' equity by the number of shares of common stock outstanding, including shares issuable pursuant to the applicable Chapter 11 plan of reorganization at the end of the period. The pro forma (loss) earnings per share of the combined company is computed by dividing the pro forma (loss) earnings by the pro forma weighted average number of shares outstanding. The pro forma book value per share of the combined company is computed by dividing total pro forma shareowners' equity by the pro forma number of shares of common stock outstanding, including shares issuable pursuant to the Chapter 11 plans of reorganization at the end of the period. The Northwest pro forma equivalent basic and diluted (loss) earnings per share is computed by dividing Northwest's (loss) earnings by 338.5 million, the estimated shares of Delta common stock to be issued to Northwest shareowners. The Northwest pro forma equivalent book value per share is computed by dividing Northwest's shareowners' equity by 338.5 million, the estimated shares of Delta common stock to be issued to Northwest shareowners.

	<b>Six Months Ended June 30, 2008</b>	<b>Eight Months Ended December 31, 2007</b>	<b>Four Months Ended April 30, 2007</b>
<b>(in millions, except per share data)</b>			
<b>Delta historical data</b>			
Basic (loss) earnings per share	\$ (18.79)	\$ 0.80	\$ 6.58
Diluted (loss) earnings per share	\$ (18.79)	\$ 0.79	\$ 4.63
Book value per share at June 30, 2008 <sup>(1)</sup>	\$ 9.27		
	<b>Six Months Ended June 30, 2008</b>	<b>Seven Months Ended December 31, 2007</b>	<b>Five Months Ended May 31, 2007</b>
<b>Northwest historical data</b>			
Basic (loss) earnings per share	\$ (17.19)	\$ 1.30	\$ 20.03
Diluted (loss) earnings per share	\$ (17.19)	\$ 1.30	\$ 14.28
Book value per share at June 30, 2008 <sup>(1)</sup>	\$ 11.41		
	<b>Six Months Ended June 30, 2008</b>	<b>Six Months Ended December 31, 2007</b>	<b>Year Ended December 31, 2007</b>
<b>Unaudited pro forma combined</b>			
Basic and diluted (loss) earnings per share		\$ (14.30)	\$ 0.95
Pro forma book value per share at June 30, 2008		\$ 8.40	
<b>Northwest pro forma equivalent per share data</b>			
Basic and diluted (loss) earnings per share		\$ (13.34)	\$ 1.48
Book value per share at June 30, 2008		\$ 8.93	

- (1) Book value per share is not presented for (1) Delta for the eight months ended December 31, 2007 and the four months ended April 30, 2007 and (2) Northwest for the seven months ended December 31, 2007 and the five months ended May 31, 2007 as an unaudited pro forma condensed combined balance sheet is not presented as of the end of each of these periods.



**Table of Contents**

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document (including information included or incorporated by reference herein) includes forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as expect, estimate, project, budget, forecast, anticipate, intend, plan, may, will, could, should, believes, predicts, potential, continue, and similar expressions are used in such forward-looking statements. These forward-looking statements include, without limitation, Delta's and Northwest's expectations with respect to the synergies, costs and charges, capitalization and anticipated financial impacts of the merger transaction and related transactions; approval of the merger transaction and related transactions by stockholders; the satisfaction of the closing conditions to the merger transaction and related transactions; and the timing of the completion of the merger transaction and related transactions.

These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside Delta's and Northwest's control and difficult to predict. Factors that may cause such differences include, but are not limited to:

the possibility that the expected synergies will not be realized, or will not be realized within the expected time period;

the airline pricing environment;

competitive actions taken by other airlines;

general economic conditions;

changes in jet fuel prices;

actions taken or conditions imposed by the United States and foreign governments;

the willingness of customers to travel;

difficulties in integrating the operations of the two airlines;

the impact of labor relations; and

fluctuations in foreign currency exchange rates.

Other factors include the possibility that the merger does not close, including due to the failure to receive required stockholder or regulatory approvals, or the failure of other closing conditions.

Delta and Northwest caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors discussed under the heading Risk Factors and elsewhere in this document and in documents incorporated by reference in this joint proxy statement/prospectus, including Delta's and Northwest's most recently filed Forms 10-K and 10-Q and any amendments thereto. All subsequent written and oral forward-looking statements concerning Delta, Northwest, their respective stockholder meetings, the merger, the amendment to the Delta 2007 Performance Compensation Plan, the amendment to the Northwest 2007 Stock Incentive Plan, the other proposals for consideration at the Northwest annual meeting, the related transactions or other matters attributable to Delta or Northwest or any person acting

on their behalf are expressly qualified in their entirety by the cautionary statements above. Delta and Northwest do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this document.

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**Table of Contents****RISK FACTORS**

*In addition to the other information included and incorporated by reference in this document, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for adoption of the merger agreement, in the case of Northwest stockholders, or for the issuance of shares of Delta common stock in the merger and the amendment to the Delta 2007 Performance Compensation Plan, in the case of Delta stockholders. In addition, you should read and consider the risks associated with each of the businesses of Delta and Northwest because these risks will also affect the combined company. These risks can be found in the respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2007, and any amendments thereto, for each of Delta and Northwest, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q, which are incorporated by reference into this document. You should also read and consider the other information in this document and the other documents incorporated by reference in this document. See the section entitled **Where You Can Find More Information** beginning on page 172.*

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Delta's or Northwest's stock price.***

Upon closing of the merger, each share of Northwest common stock will be converted into the right to receive 1.25 shares of Delta common stock. This exchange ratio will not be adjusted for changes in the market price of either Delta common stock or Northwest common stock. Changes in the price of Delta common stock prior to the merger will affect the value of Delta common stock that Northwest common stockholders will receive on the date of the merger.

The prices of Delta common stock and Northwest common stock at the closing of the merger may vary from their respective prices on the date the merger agreement was executed, on the date of this document and on the date of the respective stockholder meetings. As a result, the value represented by the exchange ratio will also vary. For example, based on the range of closing prices of Delta common stock during the period from April 14, 2008, the last trading day before public announcement of the merger, through August 7, 2008, the latest practicable date before the date of this document, the exchange ratio represented a value ranging from a high of \$13.10 to a low of \$5.80 for each share of Northwest common stock.

These variations could result from changes in the business, operations or prospects of Delta or Northwest prior to or following the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of Delta or Northwest. We will likely complete the merger a considerable period after the date of the Delta special meeting and the Northwest annual meeting. As such, at the time of the stockholders' meetings, Northwest stockholders will not know with certainty the value of the shares of Delta common stock that they will receive upon completion of the merger.

***The issuance of shares of Delta common stock in the merger and the employee equity issuance will dilute the ownership position of current Delta stockholders.***

If the merger is completed, based on the number of shares of Northwest common stock (i) issued and outstanding or (ii) to be issued pursuant to the reserve created under Northwest's plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code, as of the record date for the Northwest annual meeting, Delta expects that approximately 339 million shares of Delta common stock will be issued to Northwest stockholders in the merger. Furthermore, if the employee equity issuance is fully implemented, Delta will issue to substantially all employees of the combined company equity equal to approximately 13.38% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance). The issuance of shares of Delta common stock in both the merger and the employee equity issuance will therefore significantly dilute the ownership position of the current Delta stockholders.

**Table of Contents**

*The merger is subject to the receipt of consents and approvals from domestic and foreign regulatory authorities that may impose conditions that could have an adverse effect on the combined company or, if not obtained, could prevent completion of the merger.*

Before the merger may be completed, applicable waiting periods must expire or terminate under antitrust or competition laws and various approvals or consents must be obtained from regulatory entities. In deciding whether to grant antitrust or regulatory approvals, the relevant governmental entities will consider the effect of the merger on competition within their relevant jurisdiction. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business. The merger agreement may require us to accept conditions from regulatory entities before either of us may refuse to close the merger on the basis of those regulatory conditions. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the merger or imposing additional material costs on or materially limiting the revenues of the combined company following the merger. In addition, we can provide no assurance that these conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. For a more detailed description of the regulatory review process, see the sections entitled "The Merger Regulatory Approvals Required for the Merger" beginning on page 66 and "The Merger Agreement Agreement to Take Further Action and to Use Reasonable Best Efforts" beginning on page 80.

*Any delay in completing the merger may reduce or eliminate the benefits expected.*

In addition to the required regulatory approvals, the merger is subject to a number of other conditions beyond Delta's and Northwest's control that may prevent, delay or otherwise materially adversely affect its completion. We cannot predict whether and when these other conditions will be satisfied. Further, the requirements for obtaining the required clearances and approvals could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause us not to realize some or all of the synergies that we expect to achieve if the merger is successfully completed within its expected timeframe. See "The Merger Agreement Conditions to Completion of the Merger" beginning on page 72.

*The combined company may be unable to integrate successfully the businesses of Delta and Northwest and realize the anticipated benefits of the merger.*

The merger involves the combination of two companies which currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating its business practices and operations. Potential difficulties the combined company may encounter in the integration process include the following:

if we are unable to successfully combine the businesses of Delta and Northwest in a manner that permits the combined company to achieve the revenue and cost synergies anticipated to result from the merger, such anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected;

complexities associated with managing the combined businesses, including the challenge of integrating complex systems, technology, aircraft fleets, networks and other assets of each of our companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;

integrating the workforces of the two airlines while maintaining focus on providing consistent, high quality customer service;

potential unknown liabilities and unforeseen increased expenses or delays associated with the merger, including one-time cash costs to integrate the two airlines that may exceed the approximately \$600 million total that Delta management currently anticipates; and

mergers or other strategic alliances of other air carriers may be announced and/or occur, which may change the competitive landscape in which the combined company will operate.



**Table of Contents**

In addition, Delta and Northwest have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, diversion of each company's management's attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect each company's ability to maintain relationships with customers and employees or Delta's and Northwest's ability to achieve the anticipated benefits of the merger, or could reduce each company's earnings or otherwise adversely effect the business and financial results of the combined company.

***The failure of Delta stockholders to approve the amendment to the Delta 2007 Performance Compensation Plan could adversely affect the ability of the combined company to achieve the targeted synergies in the expected timeframe.***

Delta has entered into a transaction framework agreement with the Delta MEC, the Northwest Master Executive Council, which we refer to as the Northwest MEC, and ALPA. The Northwest MEC is the governing body of the Northwest unit of ALPA. The transaction framework agreement addresses, among other things, a new joint collective bargaining agreement among Delta, Delta pilots and Northwest pilots that is subject to separate ratification by the Delta and Northwest pilots. Pursuant to the transaction framework agreement, Delta has agreed to issue to eligible Delta and Northwest pilots shares of Delta common stock equal to 3.5% and 2.38%, respectively, of Delta's fully-diluted outstanding equity capitalization. In connection with the merger, Delta also intends to issue shares of Delta common stock to U.S. based non-pilot, non-management employees of the combined company, and equity to approximately 600 to 700 management employees of the combined company, equal to 4.0% and approximately 3.5%, respectively, of Delta's fully-diluted outstanding equity capitalization (in each case, fully-diluted is calculated in accordance with the methodology described in the section entitled "Delta Proposal 2: Amendment to the Delta 2007 Performance Compensation Plan" beginning on page 87 and includes the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance).

If the Delta stockholders fail to approve the amendment to the Delta 2007 Performance Compensation Plan at the Delta special meeting, the combined company will not be able to undertake the employee equity issuance, including the issuance of Delta common stock to Delta and Northwest pilots. The transaction framework agreement provides that, if Delta stockholders do not approve the issuance of shares of Delta common stock as contemplated, either of the Delta MEC or the Northwest MEC will be able to terminate the transaction framework agreement, which, in turn, will result in the new joint collective bargaining agreement not becoming effective. Among other things, the joint collective bargaining agreement will allow Delta to place its code on all flights operated by NWA. Under Delta's current collective bargaining agreement, there are certain limitations on Delta's ability to place its code on NWA flights. Therefore, failure to approve the amendment of the Delta 2007 Performance Compensation Plan could adversely affect the ability of the combined company to achieve the targeted synergies in the expected timeframe.

***The integration of the Delta and Northwest workforces following the merger will present significant challenges, including the possibility of labor-related disagreements that may adversely affect the combined company's operations.***

The successful integration of Delta and Northwest and achievement of the anticipated benefits of the combination depend significantly on integrating Delta's and Northwest's employee groups and on maintaining productive employee relations. The integration of Delta and Northwest workforces following the merger will be challenging in part because over 80% of the Northwest employees are represented by labor unions while, among U.S. based employees, only the Delta pilots and flight dispatchers (who combined constitute approximately 17% of the total Delta employees) are represented by labor unions. The integration of the workforces of the two airlines will require the resolution of potentially difficult issues relating to representation of various work groups and the relative seniority of the work groups at each carrier. Unexpected delay, expense or other challenges to integrating the workforces could impact the expected synergies from the combination of Delta and Northwest and affect the financial performance of the combined company.

Relations between air carriers and labor unions in the U.S. are governed by the Railway Labor Act, under which a collective bargaining agreement between an airline and a labor union generally does not expire, but

## Table of Contents

instead becomes amendable as of a stated date. The Railway Labor Act generally prohibits strikes or other types of self-help actions both before and after a collective bargaining agreement becomes amendable, unless and until the collective bargaining processes required by the Railway Labor Act have been exhausted.

Under procedures that have been utilized by the National Mediation Board, which we refer to as the NMB, each labor union that currently represents employees at Delta or Northwest, as well as other groups of employees with a sufficient showing of interest, will have an opportunity to invoke the NMB's jurisdiction to address representation issues arising from the merger. Once its jurisdiction is invoked, the NMB's rules call for it to first determine whether Delta and Northwest have combined or will combine to form a single carrier. If the NMB determines that Delta and Northwest have combined or will combine to form a single carrier, the NMB has utilized certain procedures to address and resolve representation issues arising from the merger which generally have included the following:

Where employees in the same craft or class at the two carriers are represented by the same union, that union will be certified to represent the combined group, without an election.

Where employees in the same craft or class at the two carriers have different representation status either they are represented by different unions or one group is represented by a union and the other is not the NMB's rules provide for a representation election among the combined employee groups if the groups are comparable in size. In general, the NMB has considered two groups to be comparable in size if the smaller group is at least 35% of the combined group. If the representation election results in the combined group not being represented by a union, the collective bargaining agreement covering the group that had previously been unionized will terminate.

If the two groups are not comparable in size, the smaller group will be folded into and have the same representation status as the larger group. Even where the two groups are not comparable in size, the smaller group can still obtain an election if, within 14 days after the NMB's single carrier determination, the smaller group submits a showing of interest from at least 35% of the combined group. The showing of interest can consist of authorization cards as well as the seniority list of the smaller group, if the smaller group had been represented by a union.

In view of these procedures, Delta believes that a representation election may occur in one or more combined employee groups following the merger. Under the NMB's rules, a labor union generally will be certified as the representative of the employees in a craft or class only if more than 50% of those employees vote for union representation. If a labor union is certified to represent a combined group from separate carriers following a merger, the terms and conditions of employment of the combined work group ultimately would be subject to negotiations toward a joint collective bargaining agreement. Completing joint collective bargaining agreements covering combined work groups that choose to be represented by a labor union could take significant time, which could delay or impede the combined company's ability to achieve targeted synergies.

With respect to integration of seniority lists, where the two employee groups in a craft or class have different representation status, federal law requires that seniority integration be governed by the procedures first issued by the Civil Aeronautics Board in the Allegheny-Mohawk merger known as the Allegheny-Mohawk Labor Protective Provisions. In general, Allegheny-Mohawk Labor Protective Provisions require that seniority be integrated in a fair and equitable manner and that any disputes not resolved by negotiations may be submitted to binding arbitration by a neutral arbitrator. This requirement is consistent with the seniority protection policy that has been adopted by the Delta board of directors. Where both groups are represented by the same union prior to the merger, seniority integration is governed by the union's bylaws and policies.

Delta currently expects that the Delta and Northwest pilot seniority lists will be integrated at closing of the merger as the result of (1) having reached a tentative joint collective bargaining agreement covering the Delta and Northwest pilots, which is subject to separate ratification by the Delta and Northwest pilots, and (2) the Delta MEC and the Northwest MEC, with the agreement and approval of ALPA, having reached a process agreement for the integration of their respective seniority lists. If the tentative joint collective bargaining agreement is not ratified by either pilot group or if the process agreement is no longer effective as the result of the termination of the transaction framework agreement, Delta cannot be certain as to whether or when such integration could occur.

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**Table of Contents**

Additional information about the transaction framework agreement and related agreements is found under the heading **Delta Proposal 2: Amendment to the Delta 2007 Performance Compensation Plan Transaction Framework Agreement** beginning on page 93.

Prior to the closing of the merger, labor-related litigation may arise that could affect the closing of the merger. For example, unions, individual employees or groups of employees may seek to delay or halt the transaction, may seek monetary damages, either in court or in grievance arbitration, may seek to compel Delta or Northwest to engage in collective bargaining processes where neither airline believes it has any such obligation. One or more unions, individual employees or groups of employees may pursue such judicial or arbitral avenues in the context of the merger, and if successful, could delay or halt the merger or create additional costs that the companies have not anticipated.

In addition to judicial or arbitral challenges to the merger, some employees could attempt to engage in job actions such as slow-downs, work stoppages, sick-outs or other action short of a lawful strike either prior to or after the closing of the merger. These actions may be unlawful and could individually or collectively harm the operations of the airlines and impair their financial performance.

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees which could adversely affect the future business and operations of the combined company.***

Delta and Northwest are dependent on the experience and industry knowledge of their respective officers and other key employees to execute their respective business plans. The combined company's success after the merger will depend in part upon the ability of Delta and Northwest to retain key management personnel and other key employees. Furthermore, current and prospective employees of Delta and Northwest may experience uncertainty about their post-merger roles within the combined company. This uncertainty may have an adverse effect on the ability of each of Delta and Northwest to retain key personnel. In addition, key management personnel and other key employees may depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company following the merger. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Delta and Northwest to the same extent that Delta and Northwest have previously been able to attract or retain their own employees.

***Failure to complete the merger could negatively impact the stock prices and the future business and financial results of Northwest and Delta.***

If the merger is not completed, the ongoing businesses of Northwest or Delta may be adversely affected and Northwest and Delta will be subject to several risks, including the following:

being required, under certain circumstances under the merger agreement, to pay a termination fee of \$165 million;

having to pay certain costs relating to the merger, such as legal, accounting, financial advisor and printing fees; and

the focus of management of each of the companies on the merger instead of on pursuing other opportunities that could be beneficial to the companies.

If the merger is not completed, Northwest and Delta cannot ensure their stockholders that these risks will not materialize and will not materially adversely affect the business, financial results and stock prices of Northwest or Delta.

***The fairness opinions obtained by Delta and Northwest from their respective financial advisors will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.***

Neither Delta nor Northwest has obtained an updated fairness opinion as of the date of this document from Greenhill or Merrill Lynch, Delta's financial advisors, or Morgan Stanley, Northwest's financial advisor.

**Table of Contents**

Changes in the operations and prospects of Delta or Northwest, general market and economic conditions and other factors that may be beyond the control of Delta and Northwest, and on which the fairness opinions were based, may alter the value of Delta or Northwest or the prices of shares of Delta common stock or Northwest common stock by the time the merger is completed. The opinions do not speak as of the time the merger will be completed or as of any date other than the dates of such opinions. Because neither Delta nor Northwest anticipates asking its respective financial advisors to update their opinions, the April 14, 2008 opinions do not address the fairness of the exchange ratio or merger consideration, from a financial point of view, at the time the merger is completed. The opinions are included as Appendices C, D and E to this document. For a description of the opinions that Delta received from its financial advisors and a summary of the material financial analyses they provided to the Delta board of directors in connection with rendering such opinions, please refer to *The Merger Opinion of Delta's Financial Advisors* beginning on page 42. For a description of the opinion that Northwest received from its financial advisor and a summary of the material financial analysis it provided to the Northwest board of directors in connection with rendering such opinion, please refer to *The Merger Opinion of Northwest's Financial Advisor* beginning on page 52. For a description of the other factors considered by the board of directors of Delta in determining to approve the merger, please refer to *The Merger Delta's Reasons for the Merger; Recommendation of the Issuance of Delta Common Stock in Merger and the Amendment to the Delta 2007 Performance Compensation Plan by the Delta Board of Directors* beginning on page 41. For a description of the other factors considered by the board of directors of Northwest in determining to approve the merger, please refer to *The Merger Northwest's Reasons for the Merger; Recommendation of the Northwest Board of Directors* beginning on page 50.

***Certain of Delta's and Northwest's executive officers and directors have interests in the merger that are different from, or in addition to, the interests of Delta and Northwest stockholders generally.***

Delta's executive officers and Northwest's executive officers negotiated the terms of the merger agreement. Some of Delta's and Northwest's executive officers and directors have interests in the merger that are different from, or in addition to, the interests of Delta and Northwest stockholders generally. The Delta and Northwest boards of directors approved the merger agreement, the Delta board of directors recommended that Delta stockholders vote to approve both the issuance of Delta common stock in the merger and the amendment to the Delta 2007 Performance Compensation Plan, and the Northwest board of directors recommended that Northwest stockholders vote to adopt the merger agreement and to approve the other Northwest proposals described in this joint proxy statement/prospectus. Some of the executive officers of Delta and Northwest have arrangements with Delta or Northwest, as applicable, that provide for severance benefits if their employment is terminated under certain circumstances in connection with a change in control of Delta or Northwest. In addition, certain of Delta's and Northwest's respective compensation and benefits plans and arrangements provide for payment or accelerated vesting or distribution of the rights or benefits thereunder upon a change in control of Delta or Northwest, as applicable, which the merger would be. Executive officers and directors of Northwest also have rights to indemnification and directors' and officers' liability insurance that will survive completion of the merger.

Upon completion of the merger, the corporate leadership team of the combined company will consist of Richard H. Anderson as chief executive officer; Edward H. Bastian as president and chief financial officer of Delta and chief executive officer and president of NWA; Michael J. Becker as executive vice president - chief operating officer of NWA; Mike H. Campbell, executive vice president - human resources, labor & communications; Steve E. Gorman, executive vice president - operations; Glen W. Hauenstein, executive vice president - revenue & network; Ben Hirst, senior vice president - general counsel; Laura H. Liu, senior vice president - international; and Theresa Wise, senior vice president - chief information officer. In addition, upon completion of the merger, the board of directors of the combined company will be made up of thirteen members, consisting of (1) seven members of the Delta board of directors (which will include Daniel A. Carp, the current chairman of the board of directors of Delta, and Richard H. Anderson, the current chief executive officer of Delta), (2) five members of the Northwest board of directors (which will include Roy J. Bostock, the current chairman of the Northwest board of directors, and Douglas M. Steenland, the current chief executive officer of

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**Table of Contents**

Northwest) and (3) one representative designated by the Delta MEC. The Delta MEC has designated Mr. Kenneth C. Rogers, a Delta pilot who is a current member of the Delta board of directors, to serve on the board of directors of the combined company.

The Delta and Northwest boards of directors were aware of these interests at the time each approved the merger and the transactions contemplated by the merger agreement. These interests may cause Delta's and Northwest's directors and executive officers to view the merger proposal differently and more favorably than you may view it. See "The Merger - Interests of Directors and Officers in the Merger" beginning on page 59 for more information.

***Delta's and Northwest's ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes is subject to limitation and may be limited further as a result of the merger and the employee equity issuance.***

In general, under Section 382 of the Code, a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses, which we refer to as NOLs, to offset future taxable income. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders increases by more than 50 percentage points over such stockholders' lowest percentage ownership during the testing period (generally three years).

As of December 31, 2007, Northwest had approximately \$3.6 billion of federal and state NOL carryforwards, and Delta had approximately \$9.1 billion of federal and state NOL carryforwards. Northwest and Delta both experienced an ownership change in 2007 as a result of their respective plans of reorganization under Chapter 11 of the U.S. Bankruptcy Code. Pursuant to the merger agreement, Northwest and Delta will elect out of Section 382(l)(5) of the Code, in which case Section 382(l)(6) of the Code will be applicable to the ownership changes that occurred pursuant to their respective plans of reorganization. Under Section 382(l)(6) of the Code, the determination of the value of the corporation, for purposes of determining the Section 382 limitation, includes any increase in the value of the corporation resulting from the surrender or cancellation of creditors' claims in the reorganization. Nonetheless, a second ownership change could further limit each company's ability to utilize its NOL carryforwards for taxable years including or following the subsequent ownership change.

It is presently anticipated that the merger and the employee equity issuance will result in a second ownership change of Northwest for purposes of Section 382 of the Code. Similarly, it is presently expected that the merger and the employee equity issuance, together with certain other transactions involving the sale of Delta common stock within the testing period, will result in a second ownership change of Delta. Even if the merger and the employee equity issuance do not result in an ownership change of Delta or Northwest, the merger and the employee equity issuance would significantly increase the likelihood that there would be an additional ownership change in the future (which ownership change could occur as a result of transactions involving Delta stock that are outside of our control).

The occurrence of a second ownership change of Delta or Northwest could limit the ability to utilize pre-change Delta and Northwest NOLs that are not currently subject to limitation, and could further limit the ability to utilize Delta and Northwest NOLs that are currently subject to limitation. The amount of the annual limitation on the amount of NOLs that may be used to offset future taxable income generally is equal to the value of the stock of the corporation immediately prior to the ownership change multiplied by the adjusted federal tax-exempt rate, set by the Internal Revenue Service. Limitations imposed on the ability to use NOLs to offset future taxable income could cause U.S. federal income taxes to be paid earlier than otherwise would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. Similar rules and limitations may apply for state income tax purposes.

**Table of Contents**

*In connection with the merger, we may need to refinance a substantial amount of indebtedness.*

In connection with the merger, Delta and/or Northwest may be required to seek waivers or amendments under, or refinance, one or more of Northwest's senior corporate credit facility or Delta's senior secured credit financing facility. There can be no assurance that the lenders under such facilities would agree to any such waivers or amendments on terms favorable to the combined company or at all. If either Delta, Northwest or the combined company is required to repay or refinance any existing indebtedness, the combined company may use available cash (which could significantly reduce available liquidity), incur additional or replacement debt, or issue preferred or common stock (or a combination of such sources) and, due to prevailing conditions in the credit markets and capital markets, such financing may not be available on terms as favorable to the combined company as the terms of the existing credit facilities or at all.

**Table of Contents**

**THE DELTA SPECIAL MEETING**

**Date, Time and Place**

The special meeting of Delta stockholders will be held at the Georgia International Convention Center, 2000 Convention Center Concourse, College Park, Georgia 30337 on Thursday, September 25, 2008 at 2:00 p.m., Eastern time.

**Purpose of the Delta Special Meeting**

At the Delta special meeting, stockholders will be asked to:

consider and vote on a proposal to approve the issuance of Delta common stock in the merger contemplated by the Agreement and Plan of Merger, dated as of April 14, 2008, by and among Delta, Nautilus Merger Corporation, a direct, wholly-owned subsidiary of Delta, and Northwest Airlines Corporation, a copy of which is attached as Appendix A to this joint proxy statement/prospectus;

consider and vote on a proposal to approve an amendment to the Delta 2007 Performance Compensation Plan, a copy of which is attached as Appendix B to this joint proxy statement/prospectus, to increase the number of shares of Delta common stock issuable pursuant to the plan by a number of shares equal to 15% of the fully-diluted outstanding equity capitalization of Delta (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance); and

vote upon an adjournment of the Delta special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve each of the foregoing proposals.

**Delta Record Date; Stock Entitled to Vote**

Only Delta stockholders of record at the close of business on July 29, 2008, the Delta record date for the Delta special meeting, will be entitled to notice of, and to vote at, the Delta special meeting or any adjournments or postponements thereof.

On the Delta record date, there were 303,803,014 shares of Delta common stock outstanding and entitled to vote at the Delta special meeting. Delta stockholders will have one vote for each share of Delta common stock they owned on the Delta record date, in person or through the Internet or by telephone or by a properly executed and delivered proxy with respect to the Delta special meeting.

On the Delta record date, directors and executive officers of Delta and their affiliates owned and were entitled to vote 1,495,332 shares of Delta common stock, or less than 1% of the shares of Delta common stock outstanding on that date. We currently expect that Delta's directors and executive officers will vote their shares in favor of the issuance of Delta common stock in connection with the merger and the amendment to the Delta 2007 Performance Compensation Plan, although none of them has entered into any agreement obligating them to do so.

**Quorum**

The holders of shares having a majority of the voting power of the common stock of Delta issued and outstanding and entitled to vote must be present or represented by proxy to constitute a quorum for the transaction of business at the special meeting. All shares of Delta common stock represented at the Delta special meeting, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters for consideration at the Delta special meeting.

## **Table of Contents**

### **Required Vote**

The issuance of Delta common stock to Northwest stockholders, approval of which is necessary to complete the merger, requires approval by an affirmative vote of holders of a majority of the shares of Delta common stock present or represented and entitled to vote on the proposal, with a majority of the shares of Delta common stock entitled to vote actually voting on the proposal.

Approval of the amendment to the Delta 2007 Performance Compensation Plan requires approval by an affirmative vote of holders of a majority of the shares of Delta common stock present or represented and entitled to vote on the proposal, with a majority of the shares of Delta common stock entitled to vote actually voting on the proposal.

Approval of a proposal to adjourn the Delta special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires approval by the vote of holders of a majority of the Delta common stock present or represented and entitled to vote on the proposal.

### **Abstentions**

Abstentions, which will occur if a Delta stockholder attends the Delta special meeting, either in person or by proxy, but abstains from voting will have the same effect as a vote against both the proposal to approve the issuance of shares of Delta common stock in the merger and the proposal to approve the amendment to the Delta 2007 Performance Compensation Plan.

### **Voting of Proxies by Holders of Record**

If you are a holder of record, a proxy card is enclosed for your use. Delta requests that you vote through the Internet or by telephone following the instructions included on your proxy card or sign the accompanying proxy and return it promptly in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Delta common stock represented by it will be voted at the Delta special meeting or any adjournment thereof in accordance with the instructions contained in the proxy.

If a proxy is returned without an indication as to how the shares of Delta common stock represented are to be voted with regard to a particular proposal, the Delta common stock represented by the proxy will be voted in favor of each such proposal. At the date hereof, management has no knowledge of any business that will be presented for consideration at the special meeting and which would be required to be set forth in this proxy statement or the related proxy card other than the matters set forth in the Notice of Special Meeting of Stockholders. If any other matter is properly presented at the special meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the Delta special meeting in person. Proxies submitted through the specified Internet website or by phone must be received by 11:59 p.m., Eastern time, on September 24, 2008.**

### **Shares Held in Delta Plans**

If you are a participant in the Pilot Plan and hold shares of Delta common stock through an account under the Pilot Plan, or you own shares of unvested restricted Delta common stock granted under the Delta 2007 Performance Compensation Plan, you will receive a proxy or voting instruction card representing these shares of Delta common stock. Your submission of voting instructions will instruct the trustee of the Pilot Plan or the administrator of the Delta 2007 Performance Compensation Plan, as applicable, how to vote those shares, but it will not result in the appointment of a proxy. You may deliver voting instructions for these shares of Delta common stock by:

accessing the Internet website specified on your voting instruction card;



calling the toll-free number specified on your voting instruction card; or

## **Table of Contents**

signing and returning the enclosed voting instruction card in the postage-paid envelope provided.

To be effective, instructions regarding shares of Delta common stock held in the Pilot Plan account must be received by 5:00 p.m., Eastern time, on September 23, 2008. Instructions regarding unvested restricted stock must be received by 11:59 p.m., Eastern time, on September 24, 2008. Please note that you may not vote shares held in your Pilot Plan account or shares of unvested restricted Delta common stock in person at the meeting. If you do not submit voting instructions regarding these shares, they will not be voted.

### **Shares Held in Street Name**

If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Delta or by voting in person at your stockholders' meeting unless you provide a legal proxy, which you must obtain from your bank or broker. Further, brokers who hold shares of Delta common stock on behalf of their customers may not give a proxy to Delta to vote those shares without specific instructions from their customers.

If you are a Delta stockholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the issuance of shares of Delta common stock in the merger, which will have no effect on the vote on this proposal, assuming a quorum is present and a majority of the shares of Delta common stock entitled to vote actually do vote on the proposal; and

your broker may not vote your shares on the proposal to approve the amendment to the Delta 2007 Performance Compensation Plan, which will have no effect on the vote on this proposal, assuming a quorum is present and a majority of the shares of Delta common stock entitled to vote actually do vote on the proposal.

### **Revocability of Proxies**

You have the power to revoke your proxy at any time before your proxy is voted at the Delta special meeting. You can revoke your proxy in one of three ways:

you can send a signed written notice of revocation to the Secretary of Delta at P.O. Box 20706, Atlanta, Georgia 30320-6001;

you can deliver a new, valid proxy bearing a later date by submitting instructions through the Internet, by telephone or by mail as described on the proxy or voting instruction card; or

if you are a holder of record, you can attend the Delta special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you hold shares of Delta common stock in a Pilot Plan account, revocation of instructions through the Internet, by telephone or by mail must be received by 5:00 p.m., Eastern time, on September 23, 2008 to be effective. If you are a holder of record, or hold shares of unvested restricted Delta common stock, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received by 11:59 p.m., Eastern time, on September 24, 2008. As noted above, if you are a holder of record you may also revoke your proxy by attending the meeting and voting in person or revoking your proxy in person. If your shares are held in street name by your bank or broker, you should follow the instructions provided by your bank or broker to change your vote.

**Table of Contents**

**Solicitation of Proxies**

In accordance with the merger agreement, the cost of proxy solicitation for the Delta special meeting will be borne by Delta, except that Delta and Northwest will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. In addition to the use of the mail, proxies may be solicited by members of the Delta board of directors, officers and other employees of Delta, without additional remuneration, by personal interview, telephone, facsimile or otherwise. Delta will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. Delta has retained D.F. King & Co., Inc. to assist in its solicitation of proxies and has agreed to pay them up to \$50,000, plus reasonable expenses, for these services.

## **Table of Contents**

### **THE NORTHWEST ANNUAL MEETING**

#### **Date, Time and Place**

The annual meeting of Northwest stockholders will be held in the AXA Equitable Center's Auditorium located at 787 Seventh Avenue, New York, New York 10019, on Thursday, September 25, 2008 at 9:30 a.m., Eastern time.

#### **Purpose of the Northwest Annual Meeting**

At the Northwest annual meeting, stockholders will be asked to:

elect twelve directors to hold office until the 2009 Annual Meeting of Stockholders and until their respective successors have been elected and qualified or, if the merger is completed, until the effective time of the merger;

adopt the merger agreement;

ratify the appointment of Ernst & Young LLP as Northwest's independent registered public accounting firm for 2008;

approve an amendment to the Northwest 2007 Stock Incentive Plan, a copy of which is attached as Appendix F to the joint proxy statement/prospectus;

approve the adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger; and

transact such other business as may properly come before the Northwest annual meeting or any adjournment or postponement thereof.

#### **Northwest Record Date; Stock Entitled to Vote**

Only Northwest stockholders of record at the close of business on July 31, 2008, the Northwest record date for the Northwest annual meeting, will be entitled to notice of, and to vote at, the Northwest annual meeting or any adjournments or postponements thereof.

On the Northwest record date, there were 253,349,623 shares of Northwest common stock outstanding and entitled to vote at the Northwest annual meeting. The Northwest common stock is the only class of securities entitled to vote at the annual meeting. Each share of Northwest common stock outstanding on the Northwest record date entitles the holder thereof to one vote on each matter properly brought before the Northwest annual meeting, exercisable in person or through the Internet or by telephone or by a properly executed and delivered proxy with respect to the Northwest annual meeting.

On the Northwest record date, directors and executive officers of Northwest and their affiliates owned and were entitled to vote 822,453 shares of Northwest common stock, or less than 1% of the shares of Northwest common stock outstanding on that date. We currently expect that Northwest's directors and executive officers will vote their shares in favor of the merger and the other Northwest proposals described in this joint proxy statement/prospectus, although none of them have entered into any agreements obligating them to do so.

#### **Quorum**

A majority of the votes entitled to be cast by the shares entitled to vote must be present or represented by proxy to constitute a quorum for action on the matters to be voted upon at the Northwest annual meeting. All shares of Northwest common stock represented at the Northwest annual meeting, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum

for all matters voted on at the Northwest annual meeting.

**Required Vote**

The twelve nominees for election to the Northwest board of directors receiving the greatest number of affirmative votes cast by holders of Northwest common stock will be elected as directors.

## **Table of Contents**

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Northwest common stock entitled to vote on the proposal.

Ratification of the appointment of Ernst & Young LLP as Northwest's independent registered public accounting firm for 2008 requires the affirmative vote of a majority of the votes cast on the proposal.

Under NYSE rules, approval of the amendment to the Northwest 2007 Stock Incentive Plan requires the affirmative vote of a majority of the votes cast on the proposal, provided that a majority of the outstanding shares of Northwest common stock entitled to vote are voted on the proposal.

Approval of the adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger, requires the affirmative vote of a majority of the votes cast on the proposal.

## **Abstentions**

For purposes of the Northwest annual meeting, an abstention or withhold vote, as applicable:

for the election of directors, will not count as a vote for or against the proposal and will have no effect on the outcome of the election;

for the proposal to adopt the merger agreement, will have the same effect as a vote against the proposal and against the merger;

for ratification of the appointment of the independent registered public accounting firm, will not count as a vote for or against the proposal and will have no effect on the outcome of the proposal;

for approval of the amendment to the Northwest 2007 Stock Incentive Plan, is considered a vote cast under NYSE rules and thus will have the same effect as a vote against the proposal and will be counted in determining whether the votes cast represent a majority of the outstanding shares of Northwest common stock entitled to vote on the proposal; and

for approval of the adjournment of the Northwest annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and merger, will not count as a vote for or against the proposal and will have no effect on the outcome of the proposal.

## **Voting of Proxies by Holders of Record**

*Vote by Mail.* If you choose to vote by mail, simply mark your proxy, date and sign it, and return it in the postage-paid envelope provided.

*Voting by Ballot at the Annual Meeting.* The method by which you vote will not limit your right to vote at the Northwest annual meeting if you decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, however, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Northwest annual meeting. Northwest Retirement Savings Plan participants who are entitled to provide voting instructions with respect to shares allocated to their account must provide voting instructions using the accompanying proxy card to the trustee before the deadline stated above and therefore will not be able to provide voting instructions at the Northwest annual meeting.

*Voting on the Internet or by Telephone.* You may vote by proxy on the internet or by telephone by following the procedures and instructions on your proxy card. Participants in the Northwest Retirement Savings Plan may provide voting instructions on the internet or by telephone by

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following the procedures and instructions on the accompanying proxy card. Internet or telephone voting for stockholders of record and Northwest Retirement Savings Plan participants will be available 24 hours a day, seven days a week. The deadline for internet or telephone voting is 11:59 p.m., Eastern time, on September 24, 2008 for stockholders of record. In order to

## **Table of Contents**

provide the trustee of the Northwest Retirement Savings Plan with sufficient time to vote the shares held in the plan, voting instructions for Northwest Retirement Savings Plan shares will be accepted only until 5:00 p.m., Eastern time, on September 23, 2008.

If a proxy is returned without an indication as to how the shares of Northwest common stock represented are to be voted with regard to a particular proposal, the Northwest common stock represented by the proxy will be voted as recommended by the Northwest board of directors. Your signed proxy also confers discretionary authority to vote with respect to any matter presented at the Northwest annual meeting, except as set forth in the proxy and except for matters proposed by a stockholder who notifies Northwest not later than the close of business on the tenth day following the day on which the Notice of Annual Meeting of Stockholders was mailed. At the date hereof, management has no knowledge of any business that will be presented for consideration at the Northwest annual meeting and which would be required to be set forth in this proxy statement or the related proxy card other than the matters set forth in the Notice of Annual Meeting of Stockholders. If any other matter is properly presented at the annual meeting for consideration, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

**Your vote is important. Accordingly, please vote your shares either on the Internet or by mail, whether or not you plan to attend the Northwest annual meeting in person. Proxies must be received by 11:59 p.m., Eastern time, on September 24, 2008.**

### **Voting Shares Held in the Northwest Retirement Savings Plan**

Participants in the Northwest Retirement Savings Plan who have shares of Northwest common stock allocated to their account are entitled to provide voting instructions with respect to such shares on each proposal to be voted on at the Northwest annual meeting. Any allocated shares of Northwest common stock held in the Northwest Retirement Savings Plan for which participant voting instructions are not timely received by the trustee will be voted by the trustee in the same proportion as the shares for which voting instructions have been received. Participants may provide voting instructions on the internet, by telephone or by mail. If you choose to provide voting instructions on the internet or by telephone, follow the procedures and instructions on the enclosed proxy card. If you choose to provide voting instructions by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. The trustee under the Northwest Retirement Savings Plan will vote the shares of Northwest common stock allocated to a participant's account in accordance with the participant's instructions timely received. The deadline for providing voting instructions is 5:00 p.m., Eastern time, on September 23, 2008. Please note that you may not vote shares allocated to your account under the Northwest Retirement Savings Plan in person at the Northwest annual meeting.

### **Shares Held in Street Name**

If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Northwest or by voting in person at your stockholders' meeting unless you provide a legal proxy, which you must obtain from your bank or broker. Further, brokers who hold shares of Northwest common stock on behalf of their customers may not give a proxy to Northwest to vote those shares with respect to the proposal to adopt the merger agreement or the amendment to the Northwest 2007 Stock Incentive Plan without specific instructions from their customers, as brokers do not have discretionary voting power on such proposals.

Therefore, if you are a Northwest stockholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to adopt the merger agreement, which broker non-votes will have the same effect as votes against the proposal and against the merger;



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## **Table of Contents**

your broker may not vote your shares on the approval of the amendment to the Northwest 2007 Stock Incentive Plan, which broker non-votes will not count as votes for or against the proposal and will have no effect on the outcome of the proposal, assuming a majority of the outstanding shares of Northwest common stock entitled to vote are voted on the proposal; and

your broker may vote your shares on the other Northwest annual meeting matters.

### **Revocability of Proxies**

You have the power to revoke your proxy at any time before your proxy is voted at the Northwest annual meeting. You can revoke your proxy in one of three ways:

you can revoke your proxy at any time prior to the commencement of the Northwest annual meeting by written notice to the Secretary of Northwest at 2700 Lone Oak Parkway, Eagan, Minnesota 55121;

you can deliver to Northwest a new, valid proxy bearing a later date; or

if you are a holder of record, you can attend the Northwest annual meeting and vote in person, which will automatically cancel any proxy previously delivered, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously delivered.

If you are a holder of record, revocation of your proxy or voting instructions through the Internet, by telephone or by mail must be received by 11:59 p.m., Eastern time, on September 24, 2008. If you have shares of Northwest common stock allocated to your account under the Northwest Retirement Savings Plan, revocation of instructions through the Internet, by telephone or by mail must be received by 5:00 p.m., Eastern time, on September 23, 2008 to be effective. If your shares are held in street name by your bank or broker, you should follow the instructions provided by your bank or broker to change your vote.

### **Solicitation of Proxies**

This joint proxy statement/prospectus is furnished in connection with the solicitation of proxies by the board of directors of Northwest to be voted at our annual meeting of stockholders to be held on Thursday, September 25, 2008 in the AXA Equitable Center's Auditorium located at 787 Seventh Avenue, New York, New York 10019 at 9:30 a.m., Eastern time, or at any postponement or adjournment thereof. Stockholders will be admitted to the Northwest annual meeting beginning at 9:00 a.m., Eastern time.

The mailing of this joint proxy statement, form of proxy and voting instructions will commence on August 14, 2008.

In accordance with the merger agreement, the cost of this solicitation for the Northwest annual meeting, including all expenses incurred in preparing, printing and mailing this joint proxy statement, will be borne by Northwest, except that Northwest and Delta will share equally all expenses incurred in connection with the filing of the registration statement of which this document forms a part with the SEC and the printing and mailing of this document. In addition to solicitation by mail, proxies may be solicited on Northwest's behalf by directors, officers or employees of Northwest in person or by telephone, electronic transmission and facsimile transmission. These individuals will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with the solicitation. Northwest will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares held of record on the Northwest record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. Northwest has retained Innisfree M&A Incorporated to assist in its solicitation of proxies and has agreed to pay it approximately \$75,000, plus reasonable expenses, for these services.

### **Foreign Ownership of Shares**

The Federal Aviation Act prohibits non-United States citizens from owning more than 25 percent of the voting interest of a company such as Northwest, which owns a United States air carrier. Northwest's Amended



## **Table of Contents**

and Restated Certificate of Incorporation provides that no share of Northwest's voting stock may be voted by or at the direction of persons who are not United States citizens unless such shares are registered on a separate stock registry maintained by Northwest for non-United States holders, which we refer to as the Foreign Stock Registry. Northwest's Amended and Restated Bylaws provide that no shares of Northwest's voting stock held by non-United States citizens will be registered on the Foreign Stock Registry if the amount so registered would exceed foreign ownership restrictions, currently 25% of the voting stock of Northwest.

As of the Northwest record date, shares representing less than one percent of the total outstanding voting stock of Northwest (on a fully-diluted basis) are registered on the Foreign Stock Registry. Any holder of Northwest common stock who is not a United States citizen and has not registered its shares on the Foreign Stock Registry maintained by Northwest will not be permitted to vote its shares at the Northwest annual meeting. The enclosed proxy card contains a certification that by signing the proxy card or voting by proxy on the internet the stockholder certifies that such stockholder is a United States citizen as that term is defined in the Federal Aviation Act or that the shares represented by the proxy card have been registered on Northwest's Foreign Stock Registry.

Under Section 40102(a)(15) of the Federal Aviation Act, the term "citizen of the United States" is defined as: (i) an individual who is a citizen of the United States, (ii) a partnership each of whose partners is an individual who is a citizen of the United States, or (iii) a corporation or association organized under the laws of the United States or a state, the District of Columbia or a territory or possession of the United States of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, and in which at least 75% of the voting interest is owned or controlled by persons that are citizens of the United States.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires Northwest's directors, executive officers and holders of more than 10% of Northwest's voting securities to file reports of holdings and transactions in Northwest's equity securities with the SEC. Based on Northwest records and other information, Northwest believes that in 2007 its directors, executive officers and beneficial holders who are subject to Section 16(a) met all applicable SEC filing requirements.

**Table of Contents**

**INFORMATION ABOUT THE COMPANIES**

**Delta Air Lines, Inc.**

Delta Air Lines, Inc. is a major air carrier that provides scheduled air transportation for passengers and cargo throughout the United States and around the world. Delta offered customers service to more destinations than any other global airline, with Delta and Delta Connection carrier service to 327 destinations in 62 countries, in July 2008. Delta has added more international capacity than any other major U.S. airline during the last two years and is the leader across the Atlantic with flights to 44 trans-Atlantic markets. Delta and Air France recently implemented the first phase of a joint venture to share revenues and costs on transatlantic routes that is expected to increase customer travel choices on key routes across the Atlantic. To Latin America and the Caribbean, Delta offered more than 609 weekly flights to 62 destinations in July 2008. Delta is a founding member of SkyTeam, a global airline alliance that provides customers with extensive worldwide destinations, flights and services. Including its SkyTeam and worldwide codeshare partners, Delta offered flights to 499 worldwide destinations in 105 countries in July 2008.

Delta is a Delaware corporation headquartered in Atlanta, Georgia. Delta's website is [www.delta.com](http://www.delta.com). Delta has provided this website address as an inactive textual reference only and the information contained on Delta's website is not a part of this joint proxy statement/prospectus.

Additional information about Delta and its subsidiaries is included in documents incorporated by reference in this document. See [Where You Can Find More Information](#) on page 172.

**Northwest Airlines Corporation**

Northwest Airlines, Inc., the wholly-owned subsidiary of Northwest Airlines Corporation, operates the world's sixth largest airline, as measured by 2006 revenue passenger miles, and is engaged in the business of transporting passengers and cargo. Northwest began operations in 1926. Northwest Airlines, Inc.'s business focuses on the operation of a global airline network through its strategic assets that include: (1) domestic hubs at Detroit, Minneapolis/St. Paul and Memphis, (2) an extensive Pacific route system with a hub in Tokyo, (3) a transatlantic joint venture with KLM Royal Dutch Airlines, which operates through a hub in Amsterdam, (4) a domestic and international alliance with Continental Airlines, Inc. and Delta, (5) membership in SkyTeam, a global airline alliance with KLM, Continental, Delta, Air France, Alitalia, Aeroméxico, CSA Czech Airlines, Korean Air and Aeroflot, (6) agreements with three domestic regional carriers, including Pinnacle Airlines, Inc., Mesaba Aviation, Inc., a wholly-owned subsidiary, and Compass Airlines, Inc., a wholly-owned subsidiary, each of which operates as Northwest Airlink, and (7) a cargo business that operates a dedicated freighter fleet of aircraft through hubs in Anchorage and Tokyo.

Northwest is a Delaware corporation headquartered in Eagan, Minnesota. Northwest's website is [www.nwa.com](http://www.nwa.com). Northwest has provided this website address as an inactive textual reference only and the information contained on Northwest's website is not a part of this joint proxy statement/prospectus.

Additional information about Northwest and its subsidiaries is included in documents incorporated by reference in this document. See [Where You Can Find More Information](#) on page 172.

## **Table of Contents**

### **DELTA PROPOSAL 1 AND NORTHWEST PROPOSAL 2: THE MERGER**

*The following is a discussion of the proposed merger and the merger agreement. This is a summary only and may not contain all of the information that is important to you. A copy of the merger agreement is attached to this document as Appendix A and is incorporated by reference herein. Delta and Northwest stockholders are urged to read this entire document, including the merger agreement, for a more complete understanding of the merger.*

#### **Effect of the Merger; Consideration to be Received in the Merger**

Under the merger agreement, Nautilus Merger Corporation, a direct, wholly-owned subsidiary of Delta, will merge with and into Northwest, with Northwest continuing as the surviving corporation. As a result of the merger, Northwest will become a direct, wholly-owned subsidiary of Delta.

At the effective time of the merger, each share of Northwest common stock that is either (i) issued and outstanding immediately prior to the effective time of the merger or (ii) to be issued pursuant to the reserve created under Northwest's plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (other than shares of Northwest common stock owned by Northwest, Delta or Nautilus Merger Corporation to be cancelled upon completion of the merger), will be converted into the right to receive 1.25 shares of Delta common stock.

#### **Background of the Merger**

In the first half of 2007, each of Delta's and Northwest's board of directors from time to time separately reviewed and discussed potential strategic alternatives with senior management of their respective companies, and considered ways to enhance their respective performance and prospects in light of airline industry and economic conditions. For each company, these reviews also included periodic internal discussions of projected financial performance as well as hypothetical transactions that would add stockholder value, better serve customers and employees and further its strategic objectives, and the potential benefits and risks of those transactions.

In mid-November 2007, in response to rapidly changing dynamics in the airline industry, especially an unprecedented increase in the price of jet fuel, the Delta board of directors established a special committee of its members, which we refer to as the Delta special committee, to analyze Delta's strategic alternatives, including potential business combinations with other carriers, and report its results and recommendations to the Delta board of directors.

Commencing in late November 2007, the Delta special committee began holding meetings, which were attended by members of Delta's senior management and outside advisors, during which they considered, among other things, the financial position on a standalone basis and strategic goals of Delta, the rapidly changing and increasingly competitive environment in the airline industry, the effects of competition from foreign airlines, capital needs, labor issues, regulatory matters, airline alliance matters, and whether to consider a merger transaction. The Delta special committee discussed whether such a transaction would help Delta achieve its strategic goals, increase stockholder value, build a world class respected brand, broaden its route network and improve financial sustainability. In connection with its review of potential strategic transactions, Delta retained Greenhill and Merrill Lynch as its financial advisors, and Wachtell, Lipton, Rosen & Katz, who we refer to as Wachtell, Lipton, and Hunton & Williams as its legal advisors.

Similarly, commencing in late October 2007 and throughout November and December 2007, the Northwest board of directors held meetings during which it considered, among other things, the financial position on a standalone basis and strategic goals of Northwest, competitive pressures facing the airline industry and Northwest in particular, capital needs, labor issues (including the significance of airline employees in the success of any potential business combination), regulatory matters, airline alliance matters, and whether to consider a strategic merger transaction with one or more other airlines. In early December 2007, Northwest engaged Morgan Stanley to act as financial advisor to Northwest in connection with a potential combination of

## **Table of Contents**

Northwest with another major air carrier. Throughout late 2007 and early 2008, representatives of Northwest held various preliminary discussions with other airlines, including Delta, regarding possible combination transactions. The Northwest board of directors met several times in January 2008 to discuss the progress of discussions with Delta and discussions with the other airlines, as well as other strategic alternatives.

In early December 2007, Delta's senior management, along with Greenhill and Merrill Lynch, discussed with the Delta special committee an illustrative analysis of Delta's three-year operating plan as well as a variety of hypothetical combination transactions with other airlines. The Delta special committee discussed, among other things, the achievability of such a transaction, labor, regulatory and airline alliance matters, the likely strategic response of other airlines if Delta entered into a merger transaction and the impact that failing to consummate a transaction might have on Delta.

In mid-December 2007, based on its review of Delta's three-year operating plan and a variety of hypothetical combination scenarios as well as the recommendations of Delta's senior management and the Delta special committee, the Delta board of directors determined that, of Delta's potential merger partners, Northwest and one other airline were the most likely to lead to a transaction that would achieve Delta's strategic goals, and authorized Delta management to commence exploratory meetings with Northwest and the other airline. The Delta board of directors and Delta management also discussed the significance of airline employees in the success of any potential business combination and the importance of affirmatively addressing pilot and other employee concerns as an integral part of a possible combination. Shortly thereafter, Delta and Northwest entered into a reciprocal confidentiality agreement and began mutual due diligence. Delta also entered into a confidentiality agreement and commenced due diligence with the other airline.

Discussions between Delta and each of Northwest and the other airline continued during late December 2007 and early January 2008. Based on the results of Delta's initial due diligence and the conversations that had taken place between the senior management of Delta and each of Northwest and the other airline, the Delta board of directors in mid-January 2008 authorized Delta management to pursue further negotiations with Northwest and the other airline regarding a potential merger transaction in the form of an all-stock merger.

Delta's discussions with Northwest and the other airline continued throughout January 2008. On January 16, 2008, Delta's legal counsel at Wachtell, Lipton delivered a draft merger agreement to Northwest's legal counsel at Simpson Thacher & Bartlett LLP, who we refer to as Simpson Thacher. At a meeting in late January 2008, the Delta special committee received an update from Delta management as to the status of the discussions. Delta's senior management reported that, while they continued to believe that there were significant benefits to a combination of Delta and the other airline, they also were of the view that there remained unresolved significant financial, alliance, labor, regulatory, strategic and operational issues with such a transaction. Delta management also reported that they believed that good progress was being made in its negotiations with Northwest.

The Northwest board of directors also received regular updates from Northwest management as to the status of discussions with Delta and the other airlines throughout January 2008. In addition, in late January 2008, the Northwest board of directors met with its senior management and outside financial and legal advisors at which the progress of discussions with Delta and the proposed terms of the transaction were discussed. Meanwhile, senior representatives of Delta and Northwest engaged in discussions regarding, among other subjects, the exchange ratio in a potential stock-for-stock merger, the name and headquarters location of a combined company, governance issues, including representation on a combined company board of directors, and potential cash break-up fees if a deal was announced but not completed for various reasons.

On February 6, 2008, the Northwest board of directors met again to review the progress of discussions with Delta, receiving an update from Northwest senior management that agreement in principle with Delta on certain key business issues had been reached. On February 9, 2008, Northwest delivered to Delta a revised merger agreement. Negotiations between Delta and Northwest of the terms of the merger agreement continued throughout the first three weeks of February.

## Table of Contents

On February 16, 2008, the Northwest board of directors met with senior management and its outside financial and legal advisors, at which Northwest management and advisors reviewed for the Northwest board of directors the progress of discussions with Delta, the due diligence process, projected financial information and the proposed terms of the transaction, including the proposed merger consideration. Representatives of Simpson Thacher advised the Northwest board of directors regarding certain legal matters related to the proposed transaction, including the fiduciary obligations of Northwest's directors in connection with their consideration of the proposed merger agreement, and reviewed the terms and conditions of the draft merger agreement. The Northwest board of directors was also presented with an overview of possible retention programs and changes to compensation arrangements for Northwest officers and employees that the Northwest compensation committee was considering in connection with the transaction.

By February 20, 2008, Delta and Northwest had made significant progress on key aspects of a transaction, including the exchange ratio as well as governance matters, including the name of the combined company, the location of the combined company's headquarters and the composition of the board of directors and the chief executive officer. Also during this period, Delta engaged in discussions with representatives of the Delta and Northwest pilot groups regarding potential changes in the pilot collective bargaining agreements to be effected in connection with a merger. The topics discussed included pilot representation on the combined company board and a proposed pilot equity stake in the combined company. Delta and Northwest were also informed that the Delta and Northwest pilot groups were engaged in discussions aimed at achieving a single, integrated seniority list for the combined pilot group.

In these discussions, the Delta and Northwest pilot groups reached tentative agreement on the terms of a joint collective bargaining agreement for the combined pilot group except for agreement on an integrated seniority list. In late February 2008, however, the Delta and Northwest pilot groups informed Delta and Northwest that they had been unable to reach an agreement on an integrated seniority list and, as a result, the two pilot groups were ceasing their negotiations. Following this development, Delta management and legal and financial advisors provided an update to the Delta special committee and reported that the two pilot groups were unable to come to an agreement on an integrated seniority list. The Delta special committee concluded that without the seniority issue resolved it would recommend to the Delta board of directors that Delta suspend pursuing a merger with Northwest. The Delta board of directors met thereafter and concurred in this recommendation. Delta and Northwest suspended their negotiations. At periodic times throughout March 2008, the Delta and Northwest pilot groups had further contact through their executive councils but were unable to reach an agreement on an integrated seniority list. During this period, Delta management and the Delta special committee reviewed whether it would be advisable to proceed with a transaction on different terms without a joint pilot collective bargaining agreement or an integrated pilot seniority list.

After negotiations between Delta and Northwest were suspended in February, conditions in the U.S. airline industry continued to grow more challenging due, in significant part, to the continued increase in the price of jet fuel to record high levels. Each of the Delta and Northwest boards of directors and Delta and Northwest management continued to discuss internally the changing environment and how it affected achievement of its strategic goals and consideration of a strategic transaction. On March 18, the Northwest board of directors met to discuss possible alternative transactions and the possibility of proceeding with a transaction with Delta without a joint pilot collective bargaining agreement or an integrated pilot seniority list. The Northwest board of directors authorized Northwest management to discuss with Delta and further consider proceeding with such a transaction.

In early April 2008, Mr. Steenland, chief executive officer of Northwest, contacted Mr. Anderson, chief executive officer of Delta, and suggested that, under the circumstances, Delta and Northwest should resume discussions and consider the benefits of proceeding with a merger along the terms previously agreed upon in February but without a joint pilot collective bargaining agreement or an integrated pilot seniority list. The Delta board of directors and Delta management considered this suggestion and also discussed whether, if an agreement among the two airlines and the two pilot groups could not be achieved in a timely manner, a bilateral agreement between Delta and the Delta pilots would have advantages for a potential combination. Delta management

**Table of Contents**

reviewed with the Delta board of directors the projected financial impact of various scenarios, including a scenario in which Delta reached an agreement only with its own pilot group. The Delta board of directors also discussed financial analyses that it received from Delta management and from Delta's financial advisors. The Delta board of directors authorized Delta management to resume negotiations with Northwest and the Delta pilots to determine if an acceptable transaction could be negotiated.

In early April 2008, Delta held discussions with union representatives for the Delta pilot group regarding the possibility of entering into a bilateral agreement that would amend the existing collective bargaining agreement covering the Delta pilot group. Talks between Delta and Northwest also resumed regarding the terms of a merger transaction.

In early April 2008, given the passage of time that had occurred since Delta and Northwest management had last engaged in formal discussions, senior representatives of Delta and Northwest again discussed certain key aspects of the potential transaction and were able to reach tentative agreement on all of these matters. Counsel for Delta and Northwest continued to work together on a definitive merger agreement.

Shortly thereafter, Delta and union representatives for the Delta pilot group reached a tentative agreement to modify and extend the Delta pilots existing collective bargaining agreement in exchange for, among other things, a 3.5% equity stake in the combined company, certain compensation increases and the right to designate one member of the Delta board of directors.

The Delta board of directors met in the early evening on April 14, 2008 with senior management and Delta's financial and legal advisors. At this meeting, pursuant to Delta's agreement with the Delta MEC and ALPA, Mr. Kenneth C. Rogers, a Delta pilot who since 2005 has served as a non-voting associate member of the Delta board of directors, was elected as a voting member of the Delta board of directors. In addition, Delta senior management reviewed for the Delta board of directors the discussions and negotiations with Northwest, the due diligence process and the proposed terms of the transaction, including the proposed merger consideration, the revised agreement with the Delta pilots and proposed broad-based equity issuance for employees of the combined company.

Representatives from Greenhill and Merrill Lynch reviewed with the Delta board of directors financial information regarding Delta, Northwest and the proposed transactions as further described under Opinion of Delta's Financial Advisors. In connection with the deliberation by the Delta board of directors, Greenhill and Merrill Lynch each rendered to the Delta board of directors its oral opinion (subsequently confirmed in writing), as described under Opinion of Delta's Financial Advisors, that, as of the date of its opinion, and subject to and based on the factors and assumptions set forth in its opinion, the exchange ratio in the merger was fair, from a financial point of view, to Delta.

Representatives of Wachtell, Lipton advised the Delta board of directors regarding certain legal matters related to the proposed transaction, including the fiduciary obligations of Delta's directors in connection with their consideration of the proposed merger agreement. Representatives of Wachtell, Lipton also presented information about the proposed merger agreement, including key terms relating to structure, covenants, representations and warranties and closing conditions. Wachtell, Lipton also discussed regulatory and stockholder approvals required to complete the merger. Following the presentations, the Delta board of directors addressed questions to, and discussed the proposed transaction with, members of Delta management, representatives of Wachtell, Lipton and representatives of Greenhill and Merrill Lynch.

Following these discussions, and review and discussion among the members of the Delta board of directors, the Delta board of directors unanimously determined that the transactions contemplated by the merger agreement, including the issuance of Delta common stock in the merger and the employee equity issuance were advisable and in the best interests of Delta and its stockholders, and the directors voted unanimously to approve the merger agreement and the issuance of shares of Delta common stock to the employees of the combined company.



## **Table of Contents**

The Northwest board of directors met on April 13, 2008 with senior management and Northwest's outside financial and legal advisors. Northwest management reviewed for the Northwest board of directors the discussions and negotiations with Delta, the due diligence process and the proposed terms of the transaction, including the proposed merger consideration.

Representatives from Morgan Stanley reviewed with the Northwest board of directors the financial information regarding Northwest, Delta and the proposed transaction. Representatives of Simpson Thacher advised the Northwest board of directors regarding certain legal matters related to the proposed transaction, including the fiduciary obligations of Northwest's directors in connection with their consideration of the proposed merger agreement. Representatives of Simpson Thacher also presented information about the proposed merger agreement, including key terms relating to structure, covenants, representations and warranties and closing conditions. The Northwest board of directors also reviewed and considered information about the proposed retention programs and changes to compensation arrangements for Northwest officers and employees related to the transaction. Counsel to Northwest also discussed regulatory and stockholder approvals required to complete the merger. Following the presentations, the Northwest board of directors addressed questions to, and discussed the proposed transaction with, members of Northwest management, representatives of Simpson Thacher and representatives of Morgan Stanley.

The Northwest board of directors convened again in the late afternoon on April 14, 2008 with senior management and Northwest's outside financial and legal advisors. Representatives of Northwest management and advisors provided the Northwest board of directors with a final update on issues relating to the transaction. Morgan Stanley rendered to the Northwest board of directors its oral opinion (subsequently confirmed in writing), as described under "Opinion of Northwest's Financial Advisor," that, as of the date of its opinion, and subject to and based on the factors and assumptions set forth in its opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of Northwest common stock. Following these discussions, and review and discussion among the members of the Northwest board of directors, the Northwest board of directors unanimously determined that the transactions contemplated by the merger agreement and the merger were advisable and in the best interests of Northwest and its stockholders, and the directors voted unanimously to approve the merger agreement and the merger with Delta.

Following the approvals of the Delta and Northwest boards of directors, Delta and Northwest executed the merger agreement. Delta also executed certain ancillary agreements, including the transaction framework agreement with the Delta MEC and ALPA. The transaction was announced later in the evening on April 14, 2008 in a press release issued jointly by Delta and Northwest.

Subsequent to the announcement of the transaction, on June 27, 2008, Delta entered into a new transaction framework agreement with the Delta MEC, the Northwest MEC and ALPA that, subject to the terms thereof, supersedes the transaction framework agreement that Delta had previously entered into with the Delta MEC and ALPA. The new transaction framework agreement addresses, among other things, a new joint collective bargaining agreement that, subject to separate ratification by the Delta and Northwest pilots, will become effective upon consummation of the merger. The new transaction framework agreement also provides that the Delta MEC, the Northwest MEC and ALPA will adopt and be bound by a process agreement relating to the determination of an integrated seniority list for the Delta and Northwest pilots. Northwest has also entered into an ancillary transaction framework agreement consenting to the new joint collective bargaining agreement.

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**Table of Contents**

**Delta's Reasons for the Merger; Recommendation of the Issuance of Delta Common Stock in Merger and the Amendment to the Delta 2007 Performance Compensation Plan by the Delta Board of Directors**

In reaching its decision to approve the merger agreement and recommend approval of both the issuance of Delta common stock in the merger and the amendment to the Delta 2007 Performance Compensation Plan, the Delta board of directors consulted with Delta's management, as well as with Delta's legal and financial advisors, and considered a number of factors, including the following factors:

the fact that the merger will create a globally-balanced airline that is expected to be in a better position to compete in the Open Skies environment by combining Delta's strengths in the south, mountain west and northeast United States, Europe and Latin America with Northwest's presence in the midwest and northwest United States and Asia;

Delta expects the combined company to have a strong balance sheet for the airline industry and liquidity that should provide both the financial strength and flexibility to weather cyclical conditions in the airline industry and a foundation for growth, even in an environment of record high jet fuel costs;

at the time the Delta board of directors approved the merger agreement, the transaction was estimated, based on a high-level approach, to generate more than \$1 billion in annual revenue and cost synergies by 2012 from more effective aircraft utilization, a more comprehensive and diversified route system and cost synergies from reduced overhead and improved operational efficiency (those estimates have been subsequently refined as the result of a detailed bottom-up review of the projected benefits of the merger such that the transaction is now expected to generate approximately \$2 billion in annual revenue and cost synergies by 2012);

Delta's and Northwest's complementary networks and common membership in the SkyTeam alliance are expected to ease the combination of operations that have complicated past mergers within the airline industry;

Delta's ability to reach an agreement with its pilot leadership that, subject to ratification by Delta pilots (which occurred in May 2008) and approval by Delta stockholders of the amendment to the Delta 2007 Performance Compensation Plan, will allow Delta to achieve substantial synergies on an accelerated basis and will extend its existing collective bargaining agreement with ALPA through the end of 2012 (Delta subsequently reached a tentative joint collective bargaining agreement, subject to separate ratification by Delta and Northwest pilots, that would cover Delta and Northwest pilots upon closing of the merger);

at the time the Delta board of directors approved the merger agreement, the fact that the employees of the combined company were expected to receive a significant equity ownership stake in Delta upon completion of the merger (this equity ownership stake has subsequently been determined to be approximately 13.38% of the fully-diluted shares outstanding of Delta (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employees equity issuance));

its knowledge of Delta's business, operations, financial condition, earnings and prospects and of Northwest's business, operations, financial condition, earnings and prospects, taking into account the results of Delta's due diligence review of Northwest;

the current and prospective competitive climate in the global airline industry in which Delta and Northwest operate, including the potential for consolidation, and the alternatives reasonably available to Delta if it did not pursue the transaction;

the projected financial results of Delta for the next three years as a standalone company in the current jet fuel price environment and the ability of Delta to achieve strategic goals previously established by the Delta board of directors;

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the financial analyses and presentations of Greenhill and Merrill Lynch, and their related respective opinions, each dated as of April 14, 2008, to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in its respective opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to Delta (see Opinion of Delta's Financial Advisors );

## Table of Contents

the terms and conditions of the merger agreement and the likelihood of completing the merger on the anticipated schedule;

the fact that the exchange ratio of 1.25 shares of Delta common stock for each share of Northwest common stock represented a premium to Northwest stockholders of approximately 14.2% based on the closing prices of each company's stock on the NYSE on April 11, 2008 and that the exchange ratio is fixed, which the Delta board of directors believed was consistent with market practice for mergers of this type and with the strategic purpose of the merger;

the anticipated market capitalization, liquidity and capital structure of the combined company;

the challenges inherent in combining the businesses, operations and workforces of two major airlines, including the possibility of (1) unforeseen difficulties in integrating operations and systems, (2) the possible diversion of management attention for an extended period of time and (3) difficulties in assimilating employees, including the two companies' pilot groups;

the substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of Delta and Northwest and the transaction expenses arising from the merger;

the risk of not capturing all the anticipated operational synergies and cost savings between Delta and Northwest and the risk that other anticipated benefits might not be realized;

the risk that, despite Northwest's efforts and the efforts of Delta after the merger, the combined company may lose key personnel;

the risk that governmental entities may impose conditions on Northwest and/or Delta in order to gain approval for the merger that may adversely impact the ability of the combined company to realize the synergies that are projected to occur in connection with the merger; and

the risks of the type and nature described under Risk Factors, and the matters described under Cautionary Statement Regarding Forward-Looking Statements.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Delta board of directors did not find it useful and did not attempt to assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and to recommend that Delta stockholders vote FOR the issuance of Delta common stock in connection with the merger and FOR the amendment to the Delta 2007 Performance Compensation Plan. In addition, individual members of the Delta board of directors may have given differing weights to different factors. The Delta board of directors conducted an overall analysis of the factors described above, including through discussions with, and questioning of, Delta's management and outside legal and financial advisors regarding certain of the matters described above.

***The Delta board of directors unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, including the issuance of Delta common stock, are advisable and in the best interests of Delta and its stockholders and unanimously approved the merger agreement. The Delta board of directors also approved the amendment to the Delta 2007 Performance Compensation Plan. The Delta board of directors unanimously recommends that Delta stockholders vote FOR the issuance of Delta common stock to the stockholders of Northwest in the merger and FOR the amendment to the Delta 2007 Performance Compensation Plan.***

### **Opinions of Delta's Financial Advisors**

The Delta board of directors received oral opinions, subsequently confirmed in writing, from Greenhill and Merrill Lynch that, based upon and subject to the various considerations and assumptions described in the written opinions, the exchange ratio to be paid by Delta in the merger was fair from a financial point of view to Delta.

**The full text of the written opinions of Greenhill and Merrill Lynch, each dated April 14, 2008, which set forth, among other things, the assumptions made, procedures followed, matters considered and limits**

**Table of Contents**

on the opinions and the review undertaken in connection with rendering the opinions, are attached as Appendix C and D, respectively, to this joint proxy statement/prospectus and are incorporated herein by reference. Greenhill's and Merrill Lynch's opinions are not recommendations as to how Delta stockholders should vote with respect to the issuance of shares of Delta common stock pursuant to the merger or any other matter. The summaries of Greenhill's and Merrill Lynch's respective opinions that are set forth below are qualified in their entirety by reference to the full text of the respective opinions. Delta stockholders are urged to read the respective opinions in their entirety.

***Greenhill***

In connection with rendering its opinion, Greenhill, among other things:

reviewed the draft of the merger agreement presented to the Delta board of directors at its meeting on April 14, 2008 and certain related documents;

reviewed certain publicly available financial statements of Northwest and Delta;

reviewed certain other publicly available business and financial information relating to Northwest and Delta that Greenhill deemed relevant;

reviewed certain information, including financial forecasts and other financial and operating data concerning Northwest and Delta, prepared by the management of Northwest and Delta, respectively;

discussed the past and present operations and financial condition and the prospects of Northwest with senior executives of Northwest;

discussed the past and present operations and financial condition and the prospects of Delta with senior executives of Delta;

reviewed certain information regarding the amount and timing of potential cost efficiencies, as well as financial and operational benefits, expected to result from the merger, which we refer to as synergies, prepared by management of Delta;

reviewed the historical market prices and trading activity for Northwest common stock and analyzed its implied valuation multiples;

compared the value of the merger consideration with that received in certain publicly available transactions that Greenhill deemed relevant;

compared the value of the merger consideration with the trading valuations of certain publicly traded companies that Greenhill deemed relevant;

compared the value of the merger consideration to the valuation derived by discounting future cash flows and a terminal value of the business at discount rates Greenhill deemed appropriate;

participated in discussions and negotiations among representatives of Northwest and its legal advisors and representatives of Delta and its legal and financial advisors; and

performed such other analyses and considered such other factors as Greenhill deemed appropriate.

In giving its opinion, Greenhill assumed and relied upon, without independent verification, the accuracy and completeness of all information that was either publicly available or supplied or otherwise made available to it by representatives and management of Northwest and Delta for the purposes of its opinion. Greenhill further relied upon the assurances of the representatives and management of Northwest and Delta, as applicable, that they were not aware of any facts or circumstances that would make such information inaccurate or misleading in any respect meaningful to Greenhill's opinion. With respect to synergies, the financial forecasts and projections and other data that have been furnished or otherwise provided to it, Greenhill assumed that such synergies, projections and data were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Delta as to those matters, and Greenhill relied upon such forecasts and data in arriving at its opinion. Greenhill expressed no opinion with respect to such synergies, projections and data or the assumptions upon which they are based, and, at the direction of the Delta board of directors, assumed

## **Table of Contents**

for the purposes of its opinion that such synergies will be achieved. Greenhill did not make any independent valuation or appraisal of the assets or liabilities of Northwest, nor was Greenhill furnished with any such appraisals. Greenhill assumed that the merger will be treated as a tax-free reorganization for federal income tax purposes. Greenhill also assumed that the merger will be consummated in accordance with the terms set forth in the final, executed merger agreement, without waiver of any material terms or conditions set forth in the merger agreement. Greenhill assumed that all material governmental, regulatory and other consents and approvals necessary for the consummation of the merger will be obtained without any effect on Northwest, Delta, the merger or the contemplated benefits of the merger meaningful to Greenhill's analysis. Greenhill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of the date of its opinion. It should be understood that subsequent developments may affect Greenhill's opinion.

Greenhill's written opinion was addressed to the Delta board of directors and is not a recommendation as to how Delta stockholders should vote with respect to the issuance of shares of Delta common stock pursuant to the merger or any other matter. Greenhill's opinion did not address the underlying business decision of Delta to engage in the merger or the relative merits of the merger as compared to any other alternative business strategies that might exist for Delta. Greenhill's opinion did not address any terms or other aspects of the merger, other than the fairness of the exchange ratio, from a financial point of view, to Delta. Greenhill's opinion did not address the prices at which the Delta common stock will trade at any future time. Greenhill's opinion did not address the amount or nature of any compensation to any directors, officers or employees of Delta, or any class of such persons relative to the exchange ratio or with respect to the fairness of any such compensation.

### ***Merrill Lynch***

In connection with rendering its opinion, Merrill Lynch, among other things:

reviewed certain publicly available business and financial information relating to Delta and Northwest that Merrill Lynch deemed to be relevant;

reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Delta and Northwest, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the merger furnished to Merrill Lynch by Delta;

conducted discussions with members of senior management of Delta and Northwest concerning the matters described in the preceding two bullet points, as well as the respective businesses of Delta and Northwest and prospects before and after giving effect to the merger and the expected synergies;

reviewed the market prices and valuation multiples for Delta common stock and Northwest common stock and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

reviewed the results of operations of Delta and Northwest and compared them with those of certain publicly traded companies that Merrill Lynch deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Merrill Lynch deemed to be relevant;

participated in certain discussions and negotiations among representatives of Delta and Northwest and their financial and legal advisors;

reviewed the potential pro forma impact of the merger;



reviewed a draft of the merger agreement presented to the Delta board of directors at its meeting on April 14, 2008 and certain related documents; and

reviewed such other financial studies and analyses and took into account such other matters as Merrill Lynch deemed necessary, including its assessment of general economic, market and monetary conditions.

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## **Table of Contents**

In preparing its opinion, Merrill Lynch assumed and relied on the accuracy and completeness in all material respects of all information supplied or otherwise made available to Merrill Lynch, discussed with or reviewed by or for it, or publicly available. Merrill Lynch did not assume any responsibility for independently verifying such information or undertake an independent evaluation or appraisal of any of the assets or liabilities of Delta or Northwest and was not furnished with any such evaluation or appraisal, nor did Merrill Lynch evaluate the solvency or fair value of Delta or Northwest under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, Merrill Lynch did not assume any obligation to conduct any physical inspection of the properties or facilities of Delta or Northwest. With respect to the financial forecast information and the expected synergies furnished to or discussed with Merrill Lynch by Delta or Northwest, Merrill Lynch assumed that they had been reasonably prepared and reflected the best currently available estimates and judgment of Delta's management as to the expected future financial performance of Delta or Northwest, as the case may be, and the expected synergies, at the direction of the Delta board of directors, that would be achieved. Merrill Lynch assumed that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes.

Merrill Lynch's opinion was necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Merrill Lynch as of, the date of its opinion. Merrill Lynch assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the merger, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the merger.

In connection with the preparation of its opinion, Merrill Lynch was not authorized by Delta or the Delta board of directors to solicit, nor did Merrill Lynch solicit, third party indications of interest for the acquisition of all or any part of Delta.

Merrill Lynch's opinion was addressed to the Delta board of directors for the use and benefit of the Delta board of directors, and addressed only the fairness of the exchange ratio, as of the date of the opinion and from a financial point of view, to Delta. Merrill Lynch's opinion did not address the merits of the underlying decision by Delta to engage in the merger and does not constitute a recommendation to any Delta stockholder as to how such stockholder should vote on the issuance of shares of Delta common stock pursuant to the merger or any matter related thereto. In addition, Merrill Lynch's opinion did not address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Delta. Merrill Lynch's opinion did not address the prices at which the Delta common stock will trade following the announcement or consummation of the merger. In rendering its opinion, Merrill Lynch expressed no view or opinion with respect to the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation payable to or to be received by any officers, directors, or employees of any parties to the merger, or any class of such persons, relative to the exchange ratio.

### ***Summary of Greenhill's and Merrill Lynch's Financial Analyses***

The following is a summary of the material financial analyses provided by Greenhill and Merrill Lynch to the Delta board of directors in connection with rendering their opinions described above. The summary set forth below does not purport to be a complete description of the analyses performed by Greenhill and Merrill Lynch, nor does the order of analyses described represent relative importance or weight given to those analyses by Greenhill or Merrill Lynch. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are not alone a complete description of Greenhill's and Merrill Lynch's financial analyses.

#### ***Exchange Ratio Analysis***

Greenhill and Merrill Lynch analyzed the historical range of exchange ratios (the price of a share of Northwest common stock divided by the price of a share of Delta common stock) in comparison to the exchange ratio. Using the daily closing prices of the Delta common stock and the Northwest common stock, Greenhill and

**Table of Contents**

Merrill Lynch calculated the low, high and average exchange ratios for the periods indicated in the table below. Greenhill and Merrill Lynch then calculated the premium that the Exchange Ratio represents over the various average exchange ratios for these periods.

<i>As of April 11, 2008</i>	<b>Low</b>	<b>Average</b>	<b>High</b>	<b>Premium</b>
Previous 5 Trading Days	1.06x	1.09x	1.11x	14.9%
Previous 20 Trading Days	0.97x	1.04x	1.11x	20.1%
Previous 60 Trading Days	0.94x	1.04x	1.16x	20.3%
Previous 120 Trading Days	0.88x	1.01x	1.16x	23.8%
Since May 18, 2007	0.88x	1.04x	1.36x	20.0%

*Selected Transaction Analysis*

**\$3 Billion \$10 Billion Transactions.** Using publicly available information, Greenhill and Merrill Lynch analyzed the premiums paid in stock for stock transactions since January 2000 with a transaction value of between \$3 billion and \$10 billion. Greenhill and Merrill Lynch calculated the premium of the transaction exchange ratio for all of these transactions over the historical exchange ratio one week prior to announcement (referred to herein as the 1 Week Premium) and one month prior to announcement (referred to herein as the 1 Month Premium). The 1 Week Premiums ranged from 2.3% to 146.8%, with an average of 31.8% and a median of 26.6%. The 1 Month Premiums ranged from (15.1%) to 148%, with an average of 32.2% and a median of 27%. Limiting the data to only those transactions in which the stockholders of the company being acquired would own at least 30% of the combined equity, the 1 Week Premiums ranged from 4.9% to 37.7% with an average of 22.1% and a median of 25.7%, and the 1 Month Premiums ranged from (15.1%) to 39.4%, with an average of 17.9% and a median of 18.6%. The exchange ratio represents a premium of 15.7% to the historical exchange ratio one week before April 11, 2008 and a premium of 23.8% to the historical exchange ratio one month before April 11, 2008.

**Airline Transactions.** In addition, Greenhill and Merrill Lynch analyzed certain publicly available information relating to selected transactions in the airline industry since January 1986. For each of the selected transactions, Greenhill and Merrill Lynch calculated the ratio of the adjusted enterprise transaction value (adjusted to capitalize aircraft rent at 7.0x) implied by the transaction to the revenue and earnings before interest, taxes, depreciation, amortization and aircraft rent, which we refer to as EBITDAR, of the respective target company for the latest reported twelve month period, which we refer to as LTM, prior to announcement. The average and median LTM revenue multiples were 1.37x and 1.20x respectively and the average and median LTM EBITDAR multiples were 8.7x and 8.3x respectively. The revenue and EBITDAR multiples for Northwest, based on 2008 revenue and EBITDAR estimates which were obtained from publicly available Wall Street analysts' projections, at the valuation implied by the exchange ratio as of April 11, 2008 are 0.76x and 7.3x, respectively.

You should note that no transaction utilized in the analyses above is identical to the merger. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved in these transactions and other factors that could affect the transaction premiums and multiples in these transactions to which the merger is being compared.

***Pro Forma Merger Analysis.***

Greenhill and Merrill Lynch prepared pro forma analyses of the financial impact of the merger (taking into account the shares of Delta common stock to be issued to employees) using forecasts of Delta's and Northwest's earnings and forecasts of synergies prepared by the management of Delta. For each of 2009, 2010, and 2011, Greenhill and Merrill Lynch compared the projected earnings per share and adjusted earnings per share (excluding one-time costs), in each case, for Delta, on a standalone basis and on the basis of the combined company based on estimates provided by Delta. Based on such analyses, Greenhill and Merrill Lynch determined

**Table of Contents**

that (a) as to earnings per share, the merger would be significantly dilutive during 2009, moderately accretive during 2010 and significantly accretive during 2011 and (b) as to adjusted earnings per share (adjusted to exclude one-time costs), the merger would be significantly accretive in each of 2009, 2010 and 2011.

*Comparable Company Analysis*

Greenhill and Merrill Lynch reviewed and compared certain financial information for Delta and Northwest to corresponding financial multiples, ratios and operating statistics for the following publicly traded legacy and low-cost carriers:

**Legacy Carriers**

UAL Corporation  
 AMR Corporation  
 Continental Airlines, Inc.  
 Northwest Airlines Corporation  
 US Airways Group, Inc.  
 Alaska Air Group Inc.

**Low-Cost Carriers**

Southwest Airlines Co.  
 Jet Blue Airways Corporation  
 AirTran Holdings, Inc.

For each of the companies identified above, Greenhill and Merrill Lynch calculated and compared various financial multiples, ratios and operating statistics based on financial data and stock prices as of April 11, 2008, which Greenhill and Merrill Lynch obtained from filings made with the SEC and from publicly available Wall Street analysts' projections. The financial multiples, ratios and operating statistics of Delta and Northwest were based on publicly available Wall Street analysts' projections and information from Delta management. For the purpose of their analyses, Greenhill and Merrill Lynch calculated adjusted enterprise value as of April 11, 2008 (adjusted to capitalize aircraft rent at 7.0x). The adjusted enterprise value of Northwest was calculated at the valuation implied by the exchange ratio.

With respect to the selected companies, Greenhill and Merrill Lynch calculated adjusted enterprise value as a multiple of:

estimated 2008 revenue;

estimated 2009 revenue;

estimated 2008 EBITDAR;

estimated 2009 EBITDAR;

estimated 2008 earnings before interest and taxes, which we refer to as EBIT; and

estimated 2009 EBIT.

Although no carrier is directly comparable to Delta or Northwest, Greenhill and Merrill Lynch selected these legacy and low-cost carriers because they believed that they had characteristics that were instructive for purposes of their analysis.

The results of these analyses based on publicly available Wall Street analysts' projections are summarized as follows:

**Adjusted Enterprise Value as a Multiple of**

**Delta**

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	Selected Legacy Carriers		Selected Low-Cost Carriers		Northwest @ Exchange Ratio	
	Range	Average	Range	Average		
2008 Revenue	0.52x-0.75x	0.63x	0.90x-1.31x	1.11x	0.60x	0.76x
2009 Revenue	0.50x-0.71x	0.60x	0.82x-1.16x	0.99x	0.57x	0.73x
2008 EBITDAR	5.3x-9.3x	7.6x	7.2x-10.3x	9.1x	7.0x	7.3x
2009 EBITDAR	6.0x-8.0x	6.9x	6.0x-8.2x	7.1x	6.3x	6.5x
2008 EBIT <sup>(1)</sup>	19.7x-27.8x	23.7x	15.6x	15.6x	NM	20.7x
2009 EBIT <sup>(2)</sup>		19.5x	16.9x-29.1x	22.2x	29.5x	20.6x

**Table of Contents**

(1) For legacy carriers, only meaningful ratios were for Northwest Airlines Corp., based on estimates from publicly available Wall Street analysts' projections, and Alaska Air Group Inc. For low-cost carriers, only meaningful ratio was for Southwest Airlines Co.

(2) For legacy carriers, only meaningful ratios were for Northwest Airlines Corp., based on estimates from publicly available Wall Street analysts' projections.

Greenhill and Merrill Lynch also calculated the selected companies' estimated 2008 price/earnings ratios, which are summarized as follows:

Price/Earnings Ratio	Selected Legacy Airlines		Selected Low-Cost Airlines		Delta	Northwest @ Exchange Ratio
	Range	Average	Range	Average		
2008 <sup>(1)</sup>	13.3x-18.9x	16.1x	38.7x	38.7x	NM	22.3x

(1) For legacy carriers, only meaningful ratios were for Northwest Airlines Corp., based on estimates from publicly available Wall Street analysts' projections, and Alaska Air Group Inc. For low-cost carriers, only meaningful ratio was for Southwest Airlines Co.

Greenhill and Merrill Lynch also calculated the selected companies' estimated revenue growth for 2008 and 2009, and estimated EBITDAR and EBIT margins for 2008 and 2009, which are summarized as follows:

	Selected Legacy Airlines		Selected Low-Cost Airlines		Delta
	Range	Average	Range	Average	
2008 Revenue Growth	3.9%-7.3%	5.4%	8.8%-18.2%	13.6%	6.6%
2009 Revenue Growth	3.6%-5.3%	4.2%	9.5%-13.2%	11.8%	4.5%
2008 EBITDAR Margin	5.6%-12.8%	8.7%	10.9%-13.2%	12.2%	8.6%
2009 EBITDAR Margin	6.6%-11.1%	9.0%	11.7%-16.6%	14.1%	9.1%
2008 EBIT Margin	(1.7)%-3.7%	0.7%	(1.0)%-5.8%	2.7%	1.4%
2009 EBIT Margin	(0.8)%-3.5%	0.8%	4.0%-4.9%	4.6%	1.9%

*Discounted Cash Flow Analysis*

Greenhill and Merrill Lynch performed a discounted cash flow analysis on Delta and the combined company using Delta's management projections for Delta and the combined company.

Greenhill and Merrill Lynch calculated the net present value of the free cash flows for Delta, on a standalone basis, for the years 2008 to 2010 using a discount rate of 10.5% and terminal year multiples of EBITDAR ranging from 5.0x to 5.5x yielding a range of net present values for the Delta common stock on a standalone basis of between \$9.05 and \$11.51 per share. Greenhill and Merrill Lynch also calculated the net present value of free cash flows for Delta, on a combined basis after giving effect to the merger, for the years 2009 to 2011 using a discount rate of 10.5% and terminal year multiples of EBITDAR ranging from 6.0x to 6.5x yielding a range of net present values for the Delta common stock on a combined basis after giving effect to the merger of between \$15.59 and \$17.80 per share.

Greenhill and Merrill Lynch also calculated the enterprise value of Delta, on a standalone basis, at the end of 2010 using a range of multiples between 5.0x and 5.5x estimated 2011 EBITDAR, and then calculated the net present value for the Delta common stock from this range of enterprise values by discounting the implied equity value at the end of 2010 at a discount rate of 17.5% yielding a range of net present values for the Delta common stock of between \$9.74 and \$11.78 per share. In addition, Greenhill and Merrill Lynch calculated the enterprise value of Delta, on a combined basis after giving effect to the merger, at the end of 2010 using a range of multiples between 6.0x and 6.5x estimated 2011 EBITDAR, and then calculated the net present value for the Delta common stock from this range of enterprise values by discounting the implied equity value at the end of 2010 at a discount rate of 17.5% yielding a range of net present values for the Delta common stock on a combined basis after giving effect to the merger of between \$15.74 and \$17.90 per share.

## **Table of Contents**

The summary set forth above does not purport to be a complete description of the analyses performed by Greenhill and Merrill Lynch, but describes, in summary form, the material analyses that Greenhill and Merrill Lynch conducted in connection with rendering their respective opinions. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at their respective opinions, Greenhill and Merrill Lynch did not attribute any particular weight to any analyses or factors considered by them and did not form an opinion as to whether any individual analysis or factor, considered in isolation, supported or failed to support their opinions. Rather, Greenhill and Merrill Lynch considered the totality of the factors and analyses performed in determining their opinions. Accordingly, the summary set forth above and the analyses of Greenhill and Merrill Lynch must be considered as a whole and that selecting portions thereof, without considering all of their analyses, could create an incomplete view of the processes underlying their analyses and respective opinions. Greenhill and Merrill Lynch based their analyses on assumptions that they deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. Analyses based on forecasts or projections of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties or their advisors. Accordingly, Greenhill and Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may be higher or lower than those indicated. Moreover, Greenhill and Merrill Lynch's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. In addition, no company or transaction used in Greenhill and Merrill Lynch's analysis as a comparison is directly comparable to Delta, Northwest or the contemplated transaction. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Delta or Greenhill and Merrill Lynch or any other person assumes responsibility if future results are materially different from those forecasts or projections.

The exchange ratio was determined through arm's length negotiations between Delta and Northwest and was approved by the Delta board of directors. Greenhill and Merrill Lynch provided advice to Delta during these negotiations. Greenhill and Merrill Lynch did not, however, recommend any specific amount of consideration to Delta or the Delta Board of Directors or that any specific amount of consideration constituted the only appropriate consideration for the merger. Greenhill's and Merrill Lynch's respective opinions did not in any manner address the underlying business decision to proceed with or effect the merger.

The Delta board of directors selected Greenhill and Merrill Lynch as Delta's financial advisor in connection with the merger based on their qualifications and expertise in providing financial advice to acquirors, target companies and their respective boards of directors in merger and acquisition transactions. Greenhill and Merrill Lynch will each receive a fee of \$20 million for their services rendered in connection with the merger, \$15 million of which is contingent on the consummation of the merger. In addition, Greenhill and Merrill Lynch may each be entitled to receive an additional one-time fee of up to \$5 million, with such fee being paid at Delta's sole discretion based on Delta's assessment of the services that Greenhill and Merrill Lynch have provided in connection with the merger and the related transactions. Furthermore, Delta has agreed to indemnify each of Greenhill and Merrill Lynch for certain liabilities arising out of its engagement.

During the two years preceding the date of its opinion, Greenhill was engaged by Delta to assist Delta in discussions with ALPA in connection with Delta's restructuring under Chapter 11 of the U.S. Bankruptcy Code.

Merrill Lynch has, in the past, provided financial advisory and financing services to Delta and Northwest and their respective affiliates and may continue to do so and has received, and may receive, fees for the rendering of such services. Specifically, in relation to Delta, during the two years preceding its opinion, Merrill Lynch served as (i) Sole Arranger on the \$300 million credit card holdback replacement facility completed in January 2006, (ii) Joint Bookrunner on the \$2.5 billion secured exit facility completed in April 2007 and (iii) Joint Bookrunner on the \$1.4 billion EETC 2007-1 completed in October 2007. In relation to Northwest, Merrill Lynch has participated in customary fuel hedging transactions on behalf of Northwest. In addition, in the ordinary course of its business, Merrill Lynch or its affiliates may actively trade Delta common stock and other

## **Table of Contents**

securities of Delta, as well as Northwest common stock and other securities of Northwest, for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Greenhill's and Merrill Lynch's respective opinions were one of many factors considered by the Delta board of directors in evaluating the merger and should not be viewed as determinative of the views of the Delta board of directors with respect to the merger.

### **Northwest's Reasons for the Merger; Recommendation of the Merger by the Northwest Board of Directors**

In reaching its decision to approve the merger agreement and recommend adoption of the merger agreement by the Northwest stockholders, the Northwest board of directors consulted with Northwest's management, as well as with Northwest's legal and financial advisors, and considered a number of factors, including the following factors:

the fact that the merger will create a globally-balanced airline that is expected to be in a better position to compete in the Open Skies environment by combining Delta's strengths in the south, mountain west and northeast United States, Europe and Latin America with Northwest's presence in the midwest and northwest United States and Asia;

Northwest expects the combined company to have a strong balance sheet for the airline industry and liquidity that should provide both the financial strength and flexibility to weather cyclical conditions in the airline industry and a foundation for growth, even in an environment of record high jet fuel costs;

by enhancing scale, financial strength and customer capacity, the combined company will be better positioned to compete in an increasingly challenging business environment, with the merger expected at the time the Northwest board of directors approved the merger agreement to generate more than \$1 billion in annual revenue and cost synergies by 2012 from more effective aircraft utilization, a more comprehensive and diversified route system and cost synergies from reduced overhead and improved operational efficiency;

Delta's and Northwest's complementary networks and common membership in the SkyTeam alliance are expected to ease the combination of operations that have complicated past mergers within the airline industry;

its knowledge of Northwest's business, operations, financial condition, earnings and prospects and of Delta's business, operations, financial condition, earnings and prospects, taking into account the results of Northwest's due diligence review of Delta;

the current and prospective competitive climate in the global airline industry in which Delta and Northwest operate, including the potential for consolidation, and the alternatives reasonably available to Northwest, including development opportunities and other possible acquisition candidates, if it did not pursue the merger;

the projected financial results of Northwest for the next five years as a standalone company in the current jet fuel price environment and the ability of Northwest to achieve strategic goals previously established by the Northwest board of directors;

the financial analyses and presentations of Morgan Stanley, and its related opinion, dated as of April 14, 2008, to the effect that, as of that date and based upon and subject to the various considerations set forth in its opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Northwest common stock (see "Opinion of Northwest's Financial Advisors");



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the review by the Northwest board of directors in consultation with Northwest's legal and financial advisors of the structure of the merger and the financial and other terms and conditions of the merger agreement, including the exchange ratio, the expectation of Northwest's legal advisors that the merger

**Table of Contents**

will qualify as a transaction of a type that is generally tax-free to stockholders for U.S. federal income tax purposes and the likelihood of completing the merger on the anticipated schedule;

the fact that the exchange ratio of 1.25 shares of Delta common stock for each share of Northwest common stock represented a premium to Northwest stockholders of 25% to an exchange ratio of 1:1 which the Northwest board of directors believed was the approximate unaffected exchange ratio based on its discussion with Morgan Stanley, and a premium to Northwest stockholders of approximately 14.2% based on the closing prices of each company's stock on the NYSE on April 11, 2008, and that the exchange ratio is fixed, which the Northwest board of directors believed was consistent with market practice for mergers of this type and with the strategic purpose of the merger;

the design and implementation of retention strategy programs to retain management and employees whose dedication would be necessary to continue successful operation of Northwest prior to the closing of the merger and thereafter;

the fact that Delta common shares issued to Northwest stockholders will be registered on Form S-4 and will be freely tradable for Northwest stockholders who are not affiliates of Delta or Northwest;

the intent of the parties as to the combined company's commitment to the Minneapolis-St. Paul metropolitan area; and

the governance arrangements providing for representation on the board of directors of the combined company for appointees from each of Delta and Northwest after completion of the merger and providing for Mr. Steenland of Northwest to serve as co-chairman of the transition committee of the combined company, both of which the Northwest board of directors considers to be of significant importance in assuring continuity of management and an effective and timely integration of the two companies' operations.

The Northwest board of directors also considered potential risks associated with the merger in connection with its deliberations of the proposed transaction, including:

the possibility that the merger might not be completed, or that completion might be unduly delayed, for reasons beyond Northwest's and/or Delta's control;

the potential for diversion of management and employee attention and for increased employee attrition during the substantial period prior to the closing of the merger agreement, and the potential effect of these on Northwest's business and relations with customers, suppliers and regulators;

the risk that governmental entities may impose conditions on Northwest and/or Delta in order to gain approval for the merger that may adversely impact the ability of the combined company to realize the synergies that are projected to occur in connection with the merger;

the challenges inherent in combining the businesses, operations and workforces of two major airlines, including (1) unforeseen difficulties in integrating operations and systems, (2) the possible diversion of management attention for an extended period of time and (3) difficulties in assimilating employees, including the two company's pilot groups;

the substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of Delta and Northwest and the transaction expenses arising from the merger;

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that the fixed exchange ratio, by its nature, would not adjust upwards to compensate for declines, or downwards to compensate for increases, in Delta's stock price prior to completion of the merger, and that the terms of the merger agreement did not include collar provisions or stock-price-based termination rights that would be triggered by a decrease in the value of the merger consideration implied by the Delta stock price;

the risk of not capturing all the anticipated operational synergies and cost savings between Delta and Northwest and the risk that other anticipated benefits might not be realized;

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## Table of Contents

the interests of Northwest executive officers and directors with respect to the merger apart from their interests as holders of Northwest common stock, and the risk that these interests might influence their decision with respect to the merger. See the section entitled Interests of Directors and Officers in the Merger;

the risk that the terms of the merger agreement, including provisions relating to the payment of a termination fee under specified circumstances, could have the effect of discouraging other parties that might be interested in a transaction with Northwest from proposing such a transaction;

the restrictions on the conduct of Northwest's business during the period between the signing of the merger agreement and the completion of the merger; and

the risks of the type and nature described under Risk Factors, and the matters described under Cautionary Statement Regarding Forward-Looking Statements.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Northwest board of directors did not find it useful and did not attempt to quantify or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger and the merger agreement and to recommend that Northwest stockholders vote FOR the adoption of the merger agreement. In addition, individual members of the Northwest board of directors may have given differing weights to different factors. The Northwest board of directors conducted an overall analysis of the factors described above, including through discussions with, and questioning of, Northwest's management and outside legal and financial advisors regarding certain of the matters described above.

*The Northwest board of directors unanimously determined that the merger, the merger agreement and the transactions contemplated by the merger agreement, are advisable and in the best interests of Northwest and its stockholders and unanimously approved the merger agreement. The Northwest board of directors unanimously recommends that Northwest stockholders vote FOR the adoption of the merger agreement.*

### **Opinion of Northwest's Financial Advisor**

Northwest retained Morgan Stanley to provide financial advisory services and a financial opinion to the Northwest board of directors in connection with a possible merger, sale, acquisition or other strategic combination, and certain stockholder relations matters. The Northwest board of directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise, reputation and knowledge of the business of Northwest. At the special meeting of the Northwest board of directors on April 14, 2008, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that, as of April 14, 2008, based upon and subject to the various considerations set forth in the opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of shares of Northwest common stock.

**The full text of Morgan Stanley's written opinion, dated as of April 14, 2008, is attached as Appendix E to this joint proxy statement/prospectus and is incorporated herein by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the opinion and the scope of the review undertaken by Morgan Stanley in rendering its opinion. The summary of Morgan Stanley's fairness opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. Northwest stockholders should read this opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the board of directors of Northwest, addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement to holders of shares of Northwest common stock as of the date of the opinion, and does not address any other aspect of the merger. Morgan Stanley's opinion does not constitute a recommendation to any Northwest stockholder as to how such stockholder should vote on, or take any action with respect to, the merger or any other matter. In addition, this opinion does not in any manner address the prices at which Delta common stock will trade following the consummation of the merger.**

**Table of Contents**

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of Northwest and Delta, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Northwest and Delta, respectively;

reviewed certain financial projections prepared by the managements of Northwest and Delta, respectively;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of Northwest and Delta, respectively, and by consultants engaged by Northwest;

discussed the past and current operations and financial condition and the prospects of Northwest, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Northwest;

discussed the past and current operations and financial condition and the prospects of Delta, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Delta;

reviewed the pro forma impact of the merger on the earnings per share, cash flow, consolidated capitalization and financial ratios of Delta;

reviewed the reported prices and trading activity for Northwest common stock and Delta common stock;

compared the financial performance of Northwest and Delta and the prices and trading activity of Northwest common stock and Delta common stock with that of certain other publicly-traded companies comparable with Northwest and Delta, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain acquisition transactions with comparable characteristics;

participated in discussions and negotiations among representatives of Northwest and Delta and their financial and legal advisors;

reviewed the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to it by Northwest and Delta, and formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits

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anticipated from the merger, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Northwest and Delta of the future financial performance of Northwest and Delta. In addition, Morgan Stanley assumed, in all respects material to its analysis, that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the merger will be treated as a tax-free reorganization and/or exchange, each pursuant to the Code. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

Morgan Stanley relied upon, without independent verification, the assessment by the managements of Northwest and Delta of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the

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**Table of Contents**

timing and risks associated with the integration of Northwest and Delta; (iii) their ability to retain key employees of Northwest and Delta, respectively; and (iv) the validity of, and risks associated with, Northwest's and Delta's existing and future technologies, intellectual property, products, services and business models. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Northwest and Delta and their legal, tax or regulatory advisors with respect to such matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Northwest's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Northwest common stock in the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Northwest, nor was it furnished with any such appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, April 14, 2008. Events occurring after April 14, 2008, may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion of April 14, 2008 and the preparation of its written opinion letter of the same date. Some of these summaries include information in tabular format. In order to understand fully the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses.

***Historical Share Price Analysis***

Morgan Stanley reviewed the stock price performance and trading volumes of Northwest and Delta during various periods ending on January 8, 2008, the date after which Northwest common stock and Delta common stock share prices may have been impacted by increased news reports of and public speculation regarding a potential merger of the two companies, and periods ending on April 11, 2008, the last full trading day prior to the rendering of Morgan Stanley's opinion dated April 14, 2008.

Morgan Stanley noted that the range of low and high closing prices of shares of Northwest common stock during the period May 31, 2007 through April 11, 2008 was approximately \$8 to \$26 per share. Morgan Stanley also noted that the average closing prices during the 90 trading days ending on January 8, 2008 and April 11, 2008 were approximately \$17 and \$15 per share, respectively, and during the 30 trading days ending on January 8, 2008 and April 11, 2008 were approximately \$16 and \$11 per share, respectively. Morgan Stanley noted that the closing price for shares of Northwest common stock as of April 11, 2008 was \$10.96 per share.

Morgan Stanley noted that the range of low and high closing prices of shares of Delta common stock during the period May 31, 2007 through April 11, 2008 was approximately \$8 to \$20 per share. Morgan Stanley also noted that the average closing prices during the 90 trading days ending on January 8, 2008 and April 11, 2008 were approximately \$18 and \$14 per share, respectively, and during the 30 trading days ending on January 8, 2008 and April 11, 2008 were approximately \$16 and \$10 per share, respectively. Morgan Stanley noted that the closing price for shares of Delta common stock as of April 11, 2008 was \$10.01 per share.

***Historical Exchange Ratio Analysis***

Morgan Stanley analyzed the historical trading price of Northwest common stock relative to Delta common stock based on closing prices between May 31, 2007 and April 11, 2008 and calculated the historical exchange ratios during certain periods within those dates implied by dividing the daily closing prices per share of Northwest common stock by those of Delta common stock, and the average of those historical trading ratios for the various periods reviewed. Morgan Stanley reviewed exchange ratios for periods ending on January 8, 2008 and April 11, 2008.

**Table of Contents**

Morgan Stanley next compared the merger exchange ratio of 1.25 provided for in the merger agreement with historical exchange ratios for the various periods ending January 8, 2008 and April 11, 2008. The following table lists the implied exchange ratios for these periods:

<b>Days Trading</b>	<b>Period Ending January 8, 2008<sup>(1)</sup></b>	<b>Period Ending April 11, 2008<sup>(2)</sup></b>
	<b>Implied Exchange Ratio</b>	<b>Implied Exchange Ratio</b>
April 11, 2008		1.09x
15-Day Average	1.00x	1.06x
20-Day Average	1.01x	1.04x
30-Day Average	0.99x	1.03x
60-Day Average	0.97x	1.04x
90-Day Average	0.98x	1.03x
Average Since May 31, 2007	1.03x	1.03x
Median Since May 31, 2007	1.00x	1.01x
Low / High Since May 31, 2007	0.88 / 1.36	0.88 / 1.36

(1) Based on Delta share price of \$11.77 and Northwest share price of \$11.67, each as of January 8, 2008.

(2) Based on Delta share price of \$9.14 and Northwest share price of \$9.69, each as of April 1, 2008.

**Equity Research Analyst Price Targets**

Morgan Stanley reviewed selected public market trading price targets for Northwest's common stock prepared and published by equity research analysts prior to January 8, 2008 and April 11, 2008, respectively. These targets reflect each analyst's estimate of the future public market trading price of Northwest common stock at the time the price target was published. For the period ending January 8, 2008, the range of selected equity analyst price targets for Northwest common stock was from approximately \$14 to \$23 per share. For the period ending April 11, 2008, the range of selected equity analyst price targets for Northwest common stock was from approximately \$10 to \$15 per share.

Morgan Stanley also reviewed selected public market trading price targets for Delta common stock prepared and published by equity research analysts prior to January 8, 2008 and April 11, 2008, respectively. These targets reflect each analyst's estimate of the future public market trading price of Delta common stock at the time the price target was published. For the period ending January 8, 2008, the range of selected equity analyst price targets for Delta common stock was from approximately \$16 to \$27 per share. For the period ending April 11, 2008, the range of selected equity analyst price targets for Delta common stock was from approximately \$11 to \$17 per share. Morgan Stanley noted that price targets for Northwest common stock and Delta common stock after January 8, 2008 may have been impacted by increased news reports of and public speculation regarding a potential merger between the two companies.

Morgan Stanley calculated the exchange ratio implied by each analyst's price targets for Northwest and Delta by dividing the Northwest price target by the Delta price target. This analysis implied a range of exchange ratios from 0.75x to 1.05x based on price targets during the period ending January 8, 2008 and a range of exchange ratios from 0.79x to 1.00x based on price targets during the period ending April 11, 2008, as compared to the merger exchange ratio of 1.25x provided for by the merger agreement.

The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for shares of Northwest common stock and shares of Delta common stock and these estimates are subject to uncertainties, including the future financial performance of Northwest and Delta and future financial market conditions.



## **Table of Contents**

### ***Comparable Company Analysis***

Morgan Stanley compared certain financial information of Northwest and Delta with publicly available consensus earnings estimates for other companies that shared similar business characteristics to Northwest and Delta, respectively. The companies used in this comparison included the following companies:

Northwest Airlines Corporation

Delta Air Lines, Inc.

Alaska Air Group, Inc.

AMR Corporation

Continental Airlines, Inc.

UAL Corporation

US Airways Group, Inc.

For purposes of this analysis, Morgan Stanley analyzed the ratio of adjusted aggregate value, defined as market capitalization plus total debt and capitalized aircraft rents less unrestricted cash and cash equivalents, to estimated calendar year 2008 consensus EBITDAR (based on publicly available estimates and defined as I/B/E/S consensus earnings before interest expense, taxes, depreciation and amortization plus publicly available equity research estimates for aircraft rent expense) of each of these companies.

Based on an analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected a reference range of EBITDAR multiples of 5.5x to 6.5x for the comparable companies and applied this range of multiples to the relevant financial statistic of Northwest and Delta, respectively. For purposes of estimated calendar year 2008 EBITDAR, Morgan Stanley utilized publicly available equity research estimates and financial forecasts prepared by the management of Northwest.

Based on publicly available equity research estimates for the calendar 2008 EBITDAR of Northwest and Delta, respectively, Morgan Stanley calculated an implied value range for shares of Northwest common stock of approximately \$8 to \$13 per share and an implied value range for shares of Delta common stock of approximately \$6 to \$11 per share. Based on financial forecasts prepared by the management of Northwest, Morgan Stanley estimated an implied value range for shares of Northwest common stock of approximately \$6 to \$11 per share and an implied value range for shares of Delta common stock of approximately \$7 to \$11 per share.

Morgan Stanley noted that such analyses indicated a range of implied exchange ratios of 1.16x to 1.26x based on publicly available equity research estimates and 0.91x to 0.93x based on financial forecasts prepared by the management of Northwest, as compared to the merger exchange ratio of 1.25x provided for by the merger agreement.

No company utilized in the comparable company analysis is identical to Northwest or Delta (other than the companies themselves, as applicable). In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Northwest and Delta, such as the impact of competition on the businesses of Northwest and Delta and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Northwest and Delta or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

*Precedent Exchange Ratio Premiums Analysis*

Morgan Stanley reviewed announced exchange ratios in selected precedent transactions with certain comparable characteristics relative to the average exchange ratio of the common stock of the applicable acquirer and target during the 30 trading days prior to the announcement of the applicable transaction. Morgan Stanley

**Table of Contents**

reviewed transactions greater than \$1.0 billion where the consideration paid consisted solely of stock and pro forma ownership of the selling party's stockholders in the combined entity was greater than 30%. Morgan Stanley also reviewed the composition of the board of directors and senior management, and analyzed publicly available information for the selected transactions reviewed. Based on this review, Morgan Stanley applied a reference range of exchange ratio premiums for these precedent transactions of 10% to 30% to the 30 trading day average Northwest/Delta exchange ratio of 0.99x for the period ending January 8, 2008. Morgan Stanley noted that such analysis indicated a range of implied exchange ratios of 1.09x to 1.29x, as compared to the merger exchange ratio of 1.25x provided for by the merger agreement.

No company or transaction utilized in the precedent transaction analysis is identical to Northwest, Delta or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of Northwest and Delta, such as the impact of competition on the businesses of Northwest and Delta or the industry generally, industry growth and the absence of any adverse material change in the financial condition of Northwest and Delta or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.

***Discounted Cash Flow Analysis***

Morgan Stanley calculated a range of equity values per share for each of Northwest and Delta based on a four year discounted cash flow analysis for the calendar years 2008 through 2011. In preparing its analysis, Morgan Stanley relied upon Northwest management's projections with respect to the projected future financial performance of Northwest and Delta, respectively.

In arriving at the estimated equity values per share of Northwest common stock, Morgan Stanley estimated a range of terminal values in 2011 by multiplying Northwest's calendar year 2012 estimated EBITDAR by selected multiples ranging from 5.5x to 6.5x. Morgan Stanley then discounted Northwest's projected unlevered free cash flow streams, the estimated terminal value, and the estimated value of Northwest's net operating losses and other potential tax savings for the same period as calculated in consultation with Northwest's management, in each case to a present value using a range of discount rates from 9.0% to 11.0%. Based on the foregoing analysis, the discounted cash flow analysis of Northwest yielded an implied valuation range for Northwest common stock of approximately \$8 to \$14 per share. Morgan Stanley noted that the Northwest closing price as of April 11, 2008 was \$10.96.

In arriving at the estimated equity values per share of Delta common stock, Morgan Stanley estimated a range of terminal values in 2011 by multiplying Delta's calendar year 2012 estimated EBITDAR by selected multiples ranging from 5.5x to 6.5x. Morgan Stanley then discounted Delta's projected unlevered free cash flow streams, the estimated terminal value, and the estimated value of Delta's net operating losses and other potential tax savings for the same period as calculated in consultation with Northwest's management, in each case to a present value using a range of discount rates from 9.0% to 11.0%. Based on the foregoing analysis, the discounted cash flow analysis of Delta yielded an implied valuation range for Delta common stock of approximately \$7 to \$13 per share. Morgan Stanley noted that the Delta closing price as of April 11, 2008 was \$10.01.

Morgan Stanley noted that such discounted cash flow analysis for Northwest and Delta indicated an implied exchange ratio of approximately 1.06x, as compared to the merger exchange ratio of 1.25x provided for by the merger agreement.

Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Furthermore, Morgan

## **Table of Contents**

Stanley believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of the analyses, without considering all of the analyses as a whole, would create an incomplete view of the process underlying Morgan Stanley's analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above should not be taken to be the view of Morgan Stanley with respect to the actual value of Northwest or Delta, their respective shares of common stock or the value of the combined company.

In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business, regulatory, and economic conditions and other matters, many of which are beyond the control of Morgan Stanley. Any estimates contained in the analyses of Morgan Stanley are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the merger consideration pursuant to the merger agreement from a financial point of view to holders of shares of Northwest common stock and in connection with the delivery of its opinion to the Northwest board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of Northwest or Delta common stock might actually trade.

The merger consideration was determined through arm's-length negotiations between Northwest and Delta and was approved by the Northwest board of directors. Morgan Stanley provided advice to Northwest during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to Northwest or that any specific merger consideration constituted the only appropriate consideration for the merger.

Morgan Stanley's opinion and its presentation to the Northwest board of directors was one of many factors taken into consideration by the Northwest board of directors in deciding to approve, adopt and authorize the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the Northwest board of directors with respect to the merger consideration or of whether the Northwest board of directors would have been willing to agree to a different merger consideration. Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Northwest, Delta or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Northwest and Delta, and have received fees for the rendering of these services. Morgan Stanley may also seek to provide such services to Northwest and Delta in the future and will receive fees for the rendering of these services. Under the terms of its engagement letter with Northwest, Morgan Stanley provided Northwest with

**Table of Contents**

financial advisory services and a financial opinion in connection with the merger, and Northwest has agreed to pay Morgan Stanley a fee of approximately \$42.0 million, approximately \$37.3 million of which is contingent on the consummation of the merger. Northwest has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services. In addition, Northwest has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley's engagement.

**Interests of Directors and Officers in the Merger**

The executive officers of Delta and Northwest are eligible to participate in existing compensation arrangements with Delta or Northwest, as applicable, that may provide for enhanced severance benefits if their employment is terminated under certain circumstances in connection with a change in control of Delta or Northwest. In addition, certain of Delta's and Northwest's respective compensation and benefits plans and arrangements provide for payment or accelerated vesting or distribution of the rights or benefits thereunder upon a change in control of Delta or Northwest, as applicable, which the merger would be for purposes of both Delta's and Northwest's respective compensation and benefits arrangements. As discussed below, Mr. Anderson has waived the change in control provisions of his compensation arrangements that were in effect at the time the transaction was announced.

***Delta***

*Stock Options, Restricted Stock and Performance Shares.* Delta's executive officers hold stock options, restricted stock and performance shares (long-term incentive opportunities payable in shares of Delta common stock) that were awarded under the Delta 2007 Performance Compensation Plan.

Under the terms of the equity awards under the Delta 2007 Performance Compensation Plan, all unvested stock options and restricted stock held by Delta's executive officers (other than Mr. Anderson who agreed to waive his right to accelerated vesting upon the consummation of the merger, as discussed below) will vest upon the consummation of a change in control of Delta such as the merger. Similarly, in the event of a change in control such as the merger, outstanding performance shares (long-term incentive opportunities payable in Delta common stock) will become payable in shares of Delta common stock at 100% of the target award (except for performance shares held by Mr. Anderson). Each option that becomes vested due to the merger will remain exercisable for the full term of the option, subject to the executive's continued employment. However, upon a subsequent termination of the holder's employment (a) by Delta for cause (as defined in the plan), the option will be forfeited, and (b) for reasons other than by Delta for cause, the holder would have until the earlier of the third anniversary of the termination of employment or the normal expiration date of each option, as the case may be, to exercise that option.

In February 2008, Mr. Anderson offered to waive the change in control provisions of the compensation arrangements he had, or was eligible to receive, as of the date Delta entered into a binding agreement to engage in any consolidation transaction then under review by Delta, voluntarily agreeing to relinquish any enhanced or accelerated compensation he would otherwise be entitled to receive if any such consolidation transaction were completed. The Personnel & Compensation Committee of the Delta board of directors, which we refer to as the P&C Committee, accepted Mr. Anderson's offer. Mr. Anderson's waiver applies to the proposed merger between Delta and Northwest and any other transaction that was being contemplated by Delta at the time the waiver was offered. Therefore, Mr. Anderson has waived any enhanced or accelerated compensation he otherwise would have been eligible to receive as of April 14, 2008, the date Delta and Northwest entered into the Merger Agreement. Because all of Mr. Anderson's equity compensation awards were granted prior to that date, Mr. Anderson is not included in the disclosure provided below.

Based on Delta equity compensation holdings as of July 15, 2008 and assuming a closing date of January 1, 2009, upon completion of the merger, (1) the number of shares of Delta common stock subject to unvested stock

**Table of Contents**

options (at exercise prices ranging from \$8.81 to \$20.20) held by each of Messrs. Bastian, Campbell, Hauenstein, Macenczak, the two other Delta executive officers (as a group), and the ten non-employee directors (as a group) that would vest are 206,422, 116,599, 146,599, 95,613, 232,226 and 0, respectively; (2) the number of unvested shares of restricted stock held by each of Messrs. Bastian, Campbell, Hauenstein, Macenczak, the two other Delta executive officers (as a group), and the ten non-employee directors (as a group) that would vest upon completion of the merger are 197,050, 91,646, 110,646, 75,206, 171,612, and 19,200, respectively; and (3) the number of performance shares that would vest in respect of shares of Delta common stock at 100% of target held by each of Messrs. Bastian, Campbell, Hauenstein, Macenczak, the two other Delta executive officers (as a group), and the ten non-employee directors (as a group) that would vest upon completion of the merger are 179,150, 86,780, 86,780, 79,340, 109,080 and 0, respectively. The value of such accelerated vesting will depend upon the fair market value of Delta common stock at the time the awards vest; however, applying the closing price of Delta's common stock on July 15, 2008, which was \$5.91 per share, the aggregate value of the accelerated vesting of all equity awards held by each of Messrs. Bastian, Campbell, Hauenstein, Macenczak, the two other Delta executive officers (as a group), and the ten non-employee directors (as a group) would (with stock options valued at the excess, if any, of such stock price over the applicable option exercise price) be \$2,223,342, \$1,054,498, \$1,166,788, \$913,367, \$1,658,890, and \$113,472, respectively. The majority of the shares subject to unvested stock options were granted at exercise prices in excess of \$16.00 per share.

However, depending on when the closing of the merger occurs, certain of the equity awards included in the disclosure above will become vested and payable in accordance with their terms without regard to the merger.

*Severance Benefits.* Under Delta's 2007 Officer and Director Severance Plan, which we refer to as the Severance Plan, and the 2008 Management Incentive Plan, which we refer to as the 2008 MIP, each of Delta's executive officers may become eligible to receive severance benefits if his employment is terminated by Delta without cause (as defined in the Severance Plan) during the six month period before, or the two-year period after, a change in control such as the merger or if the executive terminates employment for "good reason" (as defined in the Severance Plan) during the two-year period after a change in control such as the merger. Specifically, in the event of such a termination of an executive officer's employment, pursuant to the Severance Plan, the executive officer would be entitled to receive 24 months of base salary plus two times his MIP target award. In addition, pursuant to the 2008 MIP, an executive officer who becomes entitled to receive severance benefits under the Severance Plan in connection with a change in control also will receive a pro rata payment of his 2008 MIP target award, calculated based on the number of months during the year he was employed, rounded up for any partial months, if his termination occurs before the end of the workday on December 31, 2008. (Because Delta assumes for purposes of this disclosure that the merger closes on January 1, 2009, after the end of the workday on December 31, 2008, the participant would have earned his 2008 MIP award, if any, and no pro rata payment would be payable in connection with the merger transaction.) Each executive officer who becomes entitled to severance benefits upon a qualifying termination of employment would also receive (a) continuation of certain medical and dental benefits for a 24-month period following his termination during which the COBRA premiums will be waived, (b) continuation of basic life insurance coverage of \$50,000 for which premiums will be waived for a 24-month period, (c) the flight benefits that are offered to retired officers, (d) reimbursement of expenses for financial planning services through the end of the year in which the termination occurred and (e) outplacement services with fees not to exceed \$5,000.

As noted above, Mr. Anderson voluntarily agreed to relinquish any enhanced or accelerated compensation or benefits he would otherwise be entitled to receive if the merger is completed by Delta. Accordingly, Mr. Anderson will not receive any enhanced severance benefit (including the pro-rata payment of his 2008 MIP target award) if his employment is terminated in connection with the merger without cause or by him for good reason.

The cash severance benefits are paid in a lump sum following termination of employment. To receive severance benefits, each executive officer must enter into a general release of claims against Delta and its affiliates and will be subject to certain non-competition, non-solicitation and confidentiality covenants for the benefit of Delta and its affiliates.

**Table of Contents**

In addition, pursuant to the Severance Plan and the Delta 2007 Performance Compensation Plan, each executive officer is eligible to receive a tax reimbursement payment to indemnify such executive officer for any excise taxes imposed by Section 4999 of the Code, if applicable, on certain payments made to the executive officer as a result of a change in control for purposes of Sections 280G and 4999 of the Code. If a reduction of payments to the executive officer of less than 10% would cause no such excise tax to be payable, payments to the executive officer will be reduced so that no such excise tax is payable. However, the merger should not constitute a change in control of Delta for purposes of Sections 280G and 4999 of the Code.

The following summarizes the approximate amounts of cash severance that may become payable under the Severance Plan to Delta's executive officers based on each executive officer's current annual base salary and target 2008 MIP if he became eligible for severance benefits due to the termination of his employment without cause or his resignation for good reason in connection with a change in control on January 1, 2009. For Messrs. Anderson, Bastian, Campbell, Hauenstein, Macenczak and the two other Delta executive officers (as a group), their approximate cash severance amounts are \$3 million (the same cash severance amount Mr. Anderson would be eligible to receive with no corresponding change in control), \$2.5 million, \$1.5 million, \$1.5 million, \$1.377 million and \$2.877 million, respectively. Since the merger should not constitute a change in control of Delta for purposes of Sections 280G and 4999 of the Code, Delta's executive officers should not be subject to excise taxes under Section 4999 of the Code nor be entitled to any tax reimbursement payments with respect to such a tax. Accordingly, the value of possible tax reimbursements should be zero for each of Delta's executive officers.

*Travel Benefits Program.* As is common in the airline industry, and as previously disclosed in its SEC filings, Delta provides complimentary travel privileges on Delta and Delta Connection flights and certain related benefits to its executive officers, their eligible family members and other individuals designated by the officers, subject to certain limitations. We refer to this program as the Travel Benefits Program. For additional information regarding the Travel Benefits Program, see Exhibit 10.5 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

In June 2008, the P&C Committee approved certain amendments to the Travel Benefits Program for executive officers. However, these amendments will only become effective if and when the merger is consummated. The amendments provide that an executive officer who retires from Delta (as described in the Travel Benefits Program) after the consummation of the merger will receive annual travel allowances during retirement (with the unused portions of the annual allowances not accumulating into succeeding years). The amendments also provide that in exchange for certain non-competition, non-solicitation and confidentiality covenants for the benefit of Delta and a general release of claims against Delta, an executive officer who serves as an officer of Delta both when Delta entered into the merger agreement and the date on which the merger is consummated will receive, on the termination of employment (other than by Delta for cause) and thereafter, a right to receive the travel benefits provided to retired officers on the date the merger is consummated (including the amendment described above).

*Other.* Pursuant to a letter agreement between Delta, the Delta MEC and ALPA, Mr. Kenneth C. Rogers, a Delta pilot who since 2005 has served as a non-voting associate member of the Delta board of directors, was elected as a voting member of the Delta board of directors on April 14, 2008. Mr. Rogers will not be separately compensated for his service as a member of the Delta board of directors. It is expected that Mr. Rogers will, along with the other Delta pilots, be entitled to receive equity and increased cash compensation pursuant to the terms of the Delta pilot issuance and the joint collective bargaining agreement as described in the section entitled "Delta Proposal 2: Amendment to the Delta Performance Compensation Plan Transaction Framework Agreement" beginning on page 93.

**Table of Contents*****Northwest***

*Stock-Based Awards.* The Northwest 2007 Stock Incentive Plan provides for full vesting of all outstanding awards upon the consummation of a change in control, such as the merger. Upon a subsequent qualifying termination, a participant would have up to three years to exercise his or her options or stock appreciation rights, as the case may be. For employees, a qualifying termination would occur if the employee's employment were terminated without cause or if the employee resigns with good reason (each, as defined in the Northwest 2007 Stock Incentive Plan) during the two year period following the change in control. For non-employee directors, a qualifying termination would occur if, immediately following the change in control, the director did not continue as, or were to not be appointed as, a member of the board of directors of the parent entity, which we refer to as the Successor Board, resulting from the transaction, or if at any point during the two year period thereafter the non-employee director (i) were to cease serving as a director of the Successor Board as a result of a failure to be included in the slate of nominees to serve as directors, (ii) were to fail to be re-elected as a member of the Successor Board notwithstanding having been included in such slate or otherwise having been nominated to serve, or (iii) otherwise were removed from the Successor Board without cause (as defined in the Northwest 2007 Stock Incentive Plan).

In connection with Northwest's execution of the merger agreement, NWA entered into with Mr. Steenland a Retention Agreement and Amendment to Mr. Steenland's Management Compensation Agreement. Under the terms of his retention agreement, Mr. Steenland waived his right under his agreement to resign (and receive severance benefits) during the 30-day period following the one year anniversary of NWA's emergence from bankruptcy in exchange for the grant of 375,000 restricted retention units, which represent the right to receive, subject to the terms and conditions set forth in his retention agreement, an amount in cash equal to the fair market value of a share of Northwest common stock (not to exceed \$22.00 per share) multiplied by the number of vested units. The restricted retention units are subject to various vesting and acceleration provisions, which include a provision that, in the event the merger is consummated and Mr. Steenland has remained employed with NWA through the consummation of the merger, then the unvested portion of the units will become immediately vested in full. The retention agreement also provides that Mr. Steenland will be obligated to repay to NWA a pro-rated portion of any payments received by him upon the vesting of any of the restricted retention units in the event he joins certain competitors of NWA within the one year period following his termination of employment with NWA, based upon the percentage of such one year period that has not elapsed as of such date, and contains a provision prohibiting him from soliciting employees of NWA for employment with another entity during such one year period.

Based on current outstanding awards under the Northwest 2007 Stock Incentive Plan (assuming that the Northwest stockholders approve the proposal relating to the Amendment to the Northwest 2007 Stock Incentive Plan and the Director Stock Awards (which are discussed below under the section entitled Northwest Board of Directors and Board Committees Director Compensation in 2007 ) are no longer conditional) and assuming a closing date for the merger of January 1, 2009, (1) the number of unvested stock options held by each of Messrs. Steenland, Davis, Griffin, Roberts and Cohen, who we collectively refer to as the Named Executive Officers, and the ten non-employee directors (as a group) that would vest upon the closing of the merger are 265,138, 91,467, 111,441, 121,583, 64,605 and 40,650, respectively; (2) the number of unvested restricted stock units in respect of shares of Northwest common stock held by each of Northwest's Named Executive Officers and the ten non-employee directors of Northwest (as a group) that would vest upon the closing of the merger are 397,709, 137,203, 167,162, 182,375, 96,910 and 60,980, respectively; and (3) as stated above, the number of restricted retention units in respect of shares of Northwest common stock previously granted to Mr. Steenland under his retention agreement described above that would vest upon the closing of the merger is 375,000. The value of such accelerated vesting will depend on the fair market value of Northwest common stock at the time the awards vest; however, based on the closing sale price of a share of Northwest common stock on July 31, 2008 (\$9.16) and with stock options valued at the excess of such stock price over the applicable option exercise price, the aggregate value of the accelerated vesting of all equity awards held by each of Messrs. Steenland, Davis, Griffin, Roberts, Cohen and the ten non-employee directors (as a group) would be \$7,078,014, \$1,256,779, \$1,531,204, \$1,670,555, \$887,696 and \$558,577, respectively. However, depending on when the closing of the merger



**Table of Contents**

occurs, certain of the outstanding equity awards will become vested in accordance with their terms without regard to the merger. For example, 1,219 of the restricted stock units and 813 of the stock options previously granted to each of the ten non-employee directors under the conditional Director Stock Awards will vest on May 31, 2009, subject to the director's continued service on the Northwest board of directors.

*Severance Benefits.* NWA previously entered into management compensation agreements with each of its executive officers, pursuant to which each such executive would be entitled to severance benefits if the executive's employment were terminated by NWA without cause or by the executive for good reason (each as defined in the applicable management compensation agreement), whether or not in connection with a change in control. These agreements for the Named Executive Officers other than Mr. Steenland were recently amended to (1) modify the definitions of good reason to be more protective of certain elements of the officer's compensation and benefits following a change in control of Northwest (such as the merger), (2) make certain changes to the executive's eligibility for post-termination pass travel privileges in connection with a change in control, and (3) provide those executives whose employment is terminated without cause or by the executive for good reason (each, as defined in the applicable management compensation agreement) within two years after a change in control and who would be retiree eligible at the time of such termination of employment with the right to receive tax gross-up payments for the imputed income resulting from the executive's use of such pass travel privileges following such termination of employment.

Under their amended management compensation agreements, Mr. Steenland and each of Northwest's other Named Executive Officers would be entitled to receive, in the event their employment with NWA is terminated without cause or by the executive for good reason (each, as defined in the applicable management compensation agreement) within two years after a change in control (such as the merger), pass travel privileges during their lifetimes on NWA, any successor to NWA and such successor's affiliates on terms and conditions no less favorable than those to which the executives were entitled immediately prior to the change in control. Currently, Mr. Steenland, by virtue of his management compensation agreement, and Mr. Griffin, who is retiree eligible under NWA's pass travel program would be entitled to receive tax gross-up payments for the imputed income resulting from their use of such pass travel privileges following their termination of employment. The Northwest board of directors also recently adopted an amendment to NWA's pass travel policies with respect to its non-employee directors, under which, in the event of a change in control of Northwest, each of Northwest's non-employee directors who are serving as a member of the Northwest board of directors immediately prior to the change in control will be entitled to lifetime positive space pass travel benefits on NWA, any successor to NWA and such successor's affiliates, regardless of the number of years of service on the Northwest board of directors.

Under the management compensation agreement with Mr. Steenland, in the event of a termination of employment other than by NWA for cause or by Mr. Steenland with good reason (each as defined in the agreement) whether or not in connection with a change in control, Mr. Steenland would receive a severance payment equal to three times his annual base salary and target incentive payment, as well as supplemental pension benefits and reimbursement of relocation expenses. Mr. Steenland would be entitled to these same benefits if he resigns at any time during the six months commencing on the first anniversary of a change in control of Northwest (such as the merger). Mr. Steenland would also continue to receive coverage under NWA's medical and dental plans for the remainder of his and his spouse's lifetimes (with Mr. Steenland paying, until age 65, up to 25% of the premium cost for such coverage), NWA confirmed space pass travel benefits during the remainder of his lifetime, including a tax gross-up for the imputed income, and coverage under NWA's life insurance and disability plans for a specified period of time. Mr. Steenland also would be entitled to a full tax gross-up for golden parachute excise taxes incurred by him under Code Sections 280G and 4999 and the applicable regulations thereunder with respect to the payments and benefits received by him pursuant to his management compensation agreement.

Under the management compensation agreements with Northwest's executive officers other than Mr. Steenland, in the event of a termination of the executive's employment by NWA other than for cause or by

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**Table of Contents**

the executive for good reason (each as defined in the applicable management compensation agreement), the executive would receive a severance payment equal to two times the executive's annual base salary and target incentive payment. In addition, in the event the executive remains employed by NWA until a date specified in his agreement, his employment is terminated by NWA other than for cause or he resigns for good reason in each case prior to the specified date, the executive would continue to receive coverage under NWA's medical and dental plans for the remainder of his lifetime on the same terms and conditions as apply from time to time to salaried employees of NWA. Each management compensation agreement for Northwest's executive officers (other than for Mr. Steenland) also provides for a tax gross-up payment not to exceed \$1,000,000 for golden parachute excise taxes incurred under Code Sections 280G and 4999 by the executive with respect to the payments and benefits received by the executive in connection with a change in control, subject to certain limitations (including a cutback (i.e., no gross-up payment) if the amount of the payments subject to the excise tax exceeds the applicable safe harbor by less than 10% (within the meaning of Code Sections 280G and 4999 and the applicable regulations thereunder)).

The management compensation agreements for Mr. Steenland and each of the other Named Executive Officers also provide that, in the event of a termination of employment by NWA other than for cause or by the executive for good reason (each as defined in the applicable management compensation agreement) (and, in the case of Mr. Steenland, in the event of his death or disability (as defined in his management compensation agreement)) the executive will be entitled to receive a pro rata payment of the executive's annual cash incentive plan target award for the year in which such termination occurs, based on the number of days during the year the executive was employed. Under a recent amendment to NWA's annual cash incentive plan, in the event of a change in control, if the executive remains employed through the payment date or his employment is terminated without cause or he resigns for good reason after the plan year but prior to the payment date, the executive would be entitled to receive the higher of the executive's target incentive payment for the year and the amount of the executive's incentive payment based on NWA's actual performance for the year in which the change of control occurs. Mr. Steenland's target payout under the annual cash incentive plan is 100% of his annual salary and the target payout percentage for the other Named Executive Officers is 60% of their annual salary.

Mr. Steenland and each of the other Named Executive Officers also participate in NWA's long term cash incentive plan, under which the executives are eligible for cash payments based on Northwest's adjusted operating margin performance during overlapping two-year performance periods compared to that of five other major U.S. network airlines during such periods. Under the terms of the long term cash incentive plan, in the event an officer's employment is terminated by NWA without cause or by the executive for good reason (each as defined in the long term cash incentive plan) within two years after a change of control (such as the merger), each executive will be entitled to receive a payment for each performance period in which such termination of employment occurs as if the payout percentage for such period had equaled 100%, and, if such termination occurs after the end of a performance period but prior to the payment date, the executive will be entitled to receive a payment based on Northwest's actual relative performance during such period. Mr. Steenland's target payout under the long term cash incentive plan is 150% of his annual salary and the target payout percentage for the other Named Executive Officers is 70% of their annual salary.

In addition, the annual cash incentive plan and the long term cash incentive plan were recently amended to provide certain protections to participants in those plans in the event of a change in control of Northwest (such as the merger). The plans provided that, in the event of a change of control of Northwest, the administrator of the plans may not reduce any amounts otherwise payable under the plan for any performance periods in which the change in control occurs or terminate any outstanding incentive opportunity for such performance periods. In addition, the administrator of each plan will, in good faith, make any adjustment that it reasonably determines to be equitable to the performance measures for the performance period in which a change in control occurs, to reflect any change in the business of Northwest or its successor.

The estimated amounts of cash severance that may become payable to Messrs. Steenland, Davis, Griffin and Roberts under their respective management compensation agreement based on each executive's current annual

**Table of Contents**

base salary and target incentive compensation amounts assuming the merger is consummated and the executive's employment is terminated on January 1, 2009 are \$3,270,378, \$1,356,602, \$1,356,602, and \$1,356,602. In addition, the pro-rated target incentive payments that would become payable to each executive under the annual cash incentive plan for 2008 would be \$545,063, \$254,363, \$254,363 and \$254,363, respectively, and the aggregate amount of the target incentive payments that would become payable to each executive under the long term cash incentive plan for the two year performance periods ending on December 31, 2008 and December 31, 2009 would be \$1,635,190, \$593,514, \$593,514 and \$593,514, respectively. NWA has announced that Mr. Cohen's employment with NWA was terminated effective June 16, 2008. In connection with his departure, Mr. Cohen received the severance payments and benefits provided for in his management compensation agreement. Under the original terms of the previously granted restricted stock units and stock options held by Mr. Cohen, 50% of the unvested portion of his restricted stock units and stock options vested upon termination of Mr. Cohen's employment. Under those terms, 50% of the unvested portion of his restricted stock units and stock options would be cancelled. However, in connection with Mr. Cohen's resignation, NWA agreed that, notwithstanding the termination of Mr. Cohen's employment, (i) the remaining unvested portion of his restricted stock units and stock options will continue to vest during Mr. Cohen's lifetime in equal installments on the vesting dates provided for under the original terms of his restricted stock units and stock options, (ii) Mr. Cohen's outstanding restricted stock units and stock options will vest automatically upon a change of control, and (iii) in the event Northwest's pending merger with Delta is consummated, Mr. Cohen will have up to three years following the merger to exercise his outstanding stock options and if the merger agreement with Delta is terminated without the merger having occurred, Mr. Cohen will have ninety (90) days after the termination of the merger agreement to exercise his vested stock options and ninety (90) days after the vesting of each remaining installment to exercise such stock options. All of the remaining terms and conditions of his restricted stock units and stock options will continue in effect as set forth in the award documentation pertaining to such restricted stock units and stock options.

*Retention Plan.* In connection with Northwest's execution of the merger agreement and in consideration of the potential employee retention issues at NWA during the period prior to the closing of the merger, NWA adopted the Northwest Airlines, Inc. 2008 Retention Plan, which we refer to as the Retention Plan, in which all salaried employees of NWA and its affiliates are eligible to participate. Initial awards made under the Retention Plan were made to certain non-officer salaried employees of NWA. Under the Retention Plan, the compensation committee of the Northwest board of directors also is authorized, but not obligated, from time to time and in its sole discretion, to make awards of additional retention payment opportunities up to an aggregate amount of \$25 million to employees of NWA or an affiliate, which may include Northwest's executive officers, who are selected by the compensation committee, on such terms and conditions as the compensation committee would determine. To date, no awards have been made to Northwest's executive officers under the Retention Plan.

*Continued Employment of Certain Northwest Officers with Delta.* As of the date of this document, none of the officers of Northwest who are expected to join Delta's senior management team following the merger have entered into any formal agreement or arrangement with Delta regarding employment with Delta. However, Delta has announced that certain members of Northwest's senior management will assume positions with Delta's senior leadership team following the merger. In addition, it is anticipated that certain members of Northwest's senior management will continue in their same or similar positions with NWA following the merger.

Delta has engaged in discussions with these Northwest officers with the goal of providing them with formal employment offer letters prior to the consummation of the merger. In connection with these discussions, Delta has distributed nonbinding summary term sheets to these officers describing the compensation and benefits they will likely be offered if their employment continues with the merged company. It is expected that, in exchange for their agreement to waive all rights they may have under their existing Northwest management compensation agreements, these Northwest officers will be offered retention payments in an amount equal to the severance payments the Northwest officer is entitled to under his or her Northwest management compensation agreement, participation in any equity compensation program offered in connection with the merger, and participation in

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## **Table of Contents**

Delta's long-term incentive plan, annual incentive plan, and travel benefit programs consistent with the terms applicable to similarly situated Delta executives. It is anticipated that participation in Delta's severance program will be offered to this group of officers one year after the retention program has lapsed. In addition, Delta may offer accelerated payments to Northwest officers under the Northwest 2003 Long Term Cash Incentive Plan at the time the merger is consummated or shortly thereafter.

None of Northwest's Named Executive Officers has been offered a term sheet. Certain Delta executive officers who will be members of management of the combined company have received nonbinding summary term sheets, which generally reflect their compensation and benefits currently in effect.

*Indemnification.* Executive officers and directors of Northwest also have rights to indemnification and directors' and officers' liability insurance that will survive completion of the merger. See "The Merger Agreement - Other Covenants and Agreements - Indemnity and Insurance."

## **Board of Directors and Management Following the Merger**

Following the merger, the board of directors of the combined company will be made up of thirteen members, consisting of (1) seven members of the Delta board of directors (which will include Daniel A. Carp, the current chairman of the board of directors of Delta, and Richard H. Anderson, the current chief executive officer of Delta), (2) five members of the Northwest board of directors (which will include Roy J. Bostock, the current chairman of the Northwest board of directors, and Douglas M. Steenland, the current chief executive officer of Northwest) and (3) one representative designated by the Delta MEC. As of the date of this joint proxy statement/prospectus, the Delta board of directors has not made a determination as to which directors (other than Messrs. Carp, Anderson, Bostock and Steenland) will be appointed to the board of directors of the combined company after the merger. The Delta MEC has designated Mr. Kenneth C. Rogers, a Delta pilot who is a current member of the Delta board of directors, to serve on the board of directors of the combined company.

Upon completion of the merger, Daniel A. Carp will serve as non-executive chairman of the board of directors of the combined company, Roy J. Bostock will serve as a non-executive vice chairman of the board of the combined company, and the corporate leadership team of the combined company will consist of Richard H. Anderson as chief executive officer; Edward H. Bastian as president and chief financial officer of Delta and chief executive officer and president of NWA; Michael J. Becker as executive vice president - chief operating officer of NWA; Mike H. Campbell, executive vice president - human resources, labor & communications; Steve E. Gorman, executive vice president - operations; Glen W. Hauenstein, executive vice president - revenue & network; Ben Hirst, senior vice president - general counsel; Laura H. Liu, senior vice president - international; and Theresa Wise, senior vice president - chief information officer.

## **Regulatory Approvals Required for the Merger**

Under the HSR Act, Delta and Northwest must file notifications with the Federal Trade Commission and the Antitrust Division and observe a mandatory pre-merger waiting period before consummating the merger. The parties filed the required HSR notification and report form on April 21, 2008. The Antitrust Division issued a Request for Additional Information and Documentary Material, which we refer to as a Second Request, on May 21, 2008. Both parties certified substantial compliance with the Second Request on July 14, 2008. As a result of their discussions with the Antitrust Division staff, Delta and Northwest expect the Antitrust Division's review of the merger to be completed during the fourth quarter of 2008. Delta and Northwest are committed to working cooperatively with the Antitrust Division staff as it conducts its review of the proposed acquisition.

Delta and Northwest filed a merger notification with the European Commission on June 23, 2008. The European Commission review process determines whether the proposed merger is compatible with the European common market. A merger that does not significantly impede effective competition in the common market (or in a substantial part of it) is compatible with the common market and allowed to proceed. If, following a preliminary Phase I investigation of 25 working days (which may be extended in certain circumstances), the European Commission determines that the merger does not significantly impede effective competition in the

## **Table of Contents**

common market (or in a substantial part of it) it will be declared compatible with the common market. If, following the preliminary Phase I investigation of 25 working days (which may be extended in certain circumstances), the European Commission determines that it needs to examine the merger more closely because the merger raises serious doubts as to its compatibility with the common market, the European Commission initiates a Phase II investigation. If the European Commission initiates a Phase II investigation, the European Commission must issue a final decision as to whether or not the merger is compatible with the common market no later than 90 working days after the initiation of the Phase II investigation (although this period may be extended in certain circumstances). The European Commission's Phase I investigation is scheduled to be completed on August 6, 2008, and Delta and Northwest are working toward obtaining the required European Commission clearance as soon as possible.

In addition to the antitrust related filings and approvals discussed above, completion of the merger is conditioned on Delta and Northwest obtaining approval of the U.S. Department of Transportation for the transfer of Northwest's international routes to Delta. The parties must also either notify or obtain consent from certain foreign regulatory agencies in connection with the consummation of the merger and have made international merger filings in Brazil, Canada, China, Mexico, South Africa and South Korea.

On June 13, 2008, a group of ticket purchasers filed a lawsuit against Delta and Northwest in the U.S. District Court for the Northern District of California alleging that the proposed merger would violate the antitrust laws. The plaintiffs claim the merger, if consummated, would substantially lessen competition or create a monopoly in the transportation of airline passengers in the United States in violation of the Clayton Act. Plaintiffs seek a determination that the merger violates Section 7 of the Clayton Act, a preliminary and permanent injunction to prohibit the merger, costs and attorneys' fees. The District Court has scheduled a November 5, 2008 trial date for this lawsuit. Delta and Northwest believe that the plaintiffs' claims are without merit, and intend to vigorously defend this lawsuit.

Delta and Northwest cannot assure you that the Antitrust Division or other government agencies, including state attorneys general, or another private party, will not initiate action to challenge the merger before or after it is completed. Any such challenge to the merger could result in a court order enjoining the merger or in restrictions or conditions that would have a material adverse effect on the combined company if the merger is completed. Such restrictions and conditions could include the divestiture or spin-off of assets or businesses. Under the terms of the merger agreement, each of Delta and Northwest, if requested by the other party, is required to commit to any divestitures or similar arrangements with respect to its assets or conduct of business arrangements if that divestiture or arrangement is a condition to obtain any clearance or approval from any governmental entity in order to complete the merger and would not have a material adverse effect on either company or the combined company. No additional stockholder approval is expected to be required or sought for any decision by Delta or Northwest, after the Delta special meeting and the Northwest annual meeting, to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

### **Exchange of Certificates in the Merger**

At or prior to the effective time of the merger, an exchange agent will be appointed to handle the exchange of Northwest stock certificates for shares of Delta common stock in book-entry form. Within five days of the effective time of the merger, the exchange agent will send a letter of transmittal and instructions to each former Northwest stockholder explaining the procedure for surrendering Northwest stock certificates in exchange for shares of Delta common stock in book-entry form into which the shares of Northwest common stock will be converted in the merger.

After the effective time of the merger, each certificate that previously represented shares of Northwest common stock will represent only the right to receive shares of Delta common stock in book-entry form into which the shares of Northwest common stock have been converted. In addition, after the effective time of the merger, Northwest will not register any transfers of the shares of Northwest common stock. Delta stockholders will not need to take any action with regard to their shares of Delta common stock.

**Table of Contents****Treatment of Northwest Stock Options and Other Equity Based Awards**

**Stock Options; Stock Appreciation Rights.** At the effective time of the merger, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock, whether or not exercisable, will be assumed by Delta and converted into an option to purchase Delta common stock or a stock appreciation right in respect of Delta common stock subject to, and in accordance with, the same terms and conditions applicable to the corresponding Northwest stock option or stock appreciation right, except that the number of shares of Delta common stock subject to each such converted option or in respect of each such converted stock appreciation right will be equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to the corresponding Northwest stock option or in respect of the corresponding Northwest stock appreciation right and (y) the exchange ratio. The exercise price for converted options and stock appreciation rights will equal the applicable per share exercise price for the shares of Northwest common stock divided by the exchange ratio (rounded up to the nearest whole cent). Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock will become fully vested at the effective time of the merger.

**Restricted Stock Units; Restricted Shares.** At the effective time of the merger, each Northwest restricted stock unit and right to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock that is outstanding immediately prior to the effective time of the merger will, subject to and in accordance with the terms of the Northwest 2007 Stock Incentive Plan, be converted into the right to receive the number of shares of Delta common stock (or an amount in respect thereof for such cash-settled awards) equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to each such award and (y) the exchange ratio. Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, all Northwest restricted stock units and rights to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock will become fully vested at the effective time of the merger.

**Treatment of Delta Stock Options and Other Equity Based Awards**

Under the terms of the equity awards under the Delta 2007 Performance Compensation Plan, generally all unvested stock options and restricted stock will fully vest upon the consummation of a change in control of Delta such as the merger. Similarly, in the event of a change in control, generally all outstanding performance shares will become payable in shares of Delta common stock at 100% of the target award. As discussed above, Mr. Anderson's equity awards will not vest or become payable as a result of the merger.

**Listing of Delta Common Stock**

It is a condition to the completion of the merger that the Delta common stock issuable in the merger or upon exercise of options and other stock-based awards to purchase Delta common stock issued in substitution for Northwest options be approved for listing on the NYSE, subject to official notice of issuance.

**Appraisal Rights**

Under the General Corporation Law of the State of Delaware, or the DGCL, holders of Northwest common stock and Delta common stock are not entitled to appraisal rights in connection with the merger. See the section entitled "Appraisal Rights" beginning on page 170.

**Table of Contents**

**Amendment to Northwest's Rights Agreement**

On May 25, 2007, Northwest entered into a rights agreement with Computershare Trust Company, N.A., as rights agent, which generally imposes a significant penalty upon any person or group that acquires 20% or more of the outstanding shares of Northwest common stock without the approval of the Northwest board of directors.

On April 14, 2008, immediately prior to the execution of the merger agreement, Northwest and the rights agent, entered into an amendment to the rights agreement that provides, among other things, that neither the approval, execution, delivery, announcement or performance of the merger agreement or the consummation of the merger or any other transactions contemplated thereby will cause any of Delta, Nautilus Merger Corporation or any of their respective affiliates or associates to be, become or be deemed an Acquiring Person, Beneficial Owner or a Principal Party nor give rise to a Stock Acquisition Date, Distribution Date, triggering event under section 11(a)(ii) of the rights agreement or other similar events. Furthermore, the amendment also provides that the rights agreement and the Rights (as defined in the rights agreement) established thereby will terminate in all respects immediately prior to the effective time of the merger.

## **Table of Contents**

### **THE MERGER AGREEMENT**

*This section of the proxy statement describes the material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Appendix A to this proxy statement and incorporated into this proxy statement by reference. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger. The merger agreement is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled "Where You Can Find More Information" beginning on page 172.*

#### **Terms of the Merger**

The merger agreement provides that, subject to the terms and conditions of the merger agreement, and in accordance with the General Corporation Law of the State of Delaware, at the effective time of the merger, Nautilus Merger Corp., a Delaware corporation and wholly-owned subsidiary of Delta Air Lines, Inc, will merge with and into Northwest Airlines Corporation. Northwest will be the surviving company in the merger. At the effective time of the merger, each share of Northwest common stock that is either (i) issued and outstanding immediately prior to the effective time of the merger or (ii) to be issued pursuant to the reserve created under Northwest's plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code (other than the Northwest common stock held by Northwest, Delta or Nautilus Merger Corp. to be cancelled upon completion of the merger), will be converted into the right to receive 1.25 shares of Delta common stock (which we refer to as the exchange ratio).

Delta will not issue fractional shares of Delta common stock in the merger. Instead, a Northwest stockholder of record who otherwise would have received a fraction of a share of Delta common stock will receive an amount in cash (rounded to the nearest cent). This cash amount will be determined by multiplying the fraction of a share of Delta common stock to which the holder of record would otherwise receive by the volume-weighted average price of a share of Delta common stock, as reported by Bloomberg L.P., on the last trading day prior to the effective time of the merger.

The exchange ratio will be adjusted appropriately to fully reflect the effect of any stock split (including reverse stock split), split-up, stock dividend (including any dividend or distribution of securities convertible into either Delta common stock or Northwest common stock), reorganization, recapitalization, reclassification or other like change with respect to the shares of either Delta common stock or Northwest common stock that occurs prior to the effective time of the merger (although neither Delta nor Northwest can do so without the consent of the other).

Each share of common stock of Nautilus Merger Corp. outstanding immediately prior to the effective time of the merger will be converted into and become one share of common stock, par value \$0.01 per share, of the surviving corporation with the same rights, powers and privileges as the shares so converted and will constitute the only outstanding share of capital stock of the surviving corporation. Accordingly, as a result of the merger, Northwest will become a wholly-owned subsidiary of Delta.

#### **Exchange of Northwest Stock Certificates**

Within five business days of the effective time of the merger, if you are a Northwest stockholder, Delta's exchange agent will mail you a letter of transmittal and instructions for use in surrendering your Northwest stock certificates for stock of Delta (and cash in lieu of any fractional shares of Delta common stock). When you deliver your Northwest stock certificates to the exchange agent along with a properly executed letter of transmittal and any other required documents, your Northwest stock certificates will be cancelled.



## **Table of Contents**

Holders of Northwest common stock will receive statements indicating book-entry ownership of Delta common stock and a cash payment, without interest, instead of any fractional shares of Delta common stock that would have been otherwise issuable to them as a result of the merger. This cash amount will be determined in accordance with the methodology described above under Terms of the Merger.

**PLEASE DO NOT SUBMIT YOUR NORTHWEST STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.**

If you own Northwest common stock in book entry form or through a broker, bank or other holder of record, you will not need to obtain stock certificates to submit for exchange to the exchange agent.

If you hold Northwest stock certificates, you are not entitled to receive any dividends or other distributions on Delta common stock until the merger is completed and you have surrendered your Northwest common stock in exchange for Delta common stock. If there is any dividend or other distribution on Delta common stock with a record date occurring after the time of the merger is completed and a payment date prior to the date you surrender your Northwest stock certificates in exchange for Delta common stock, you will receive the dividend or distribution, without interest, with respect to the whole shares of Delta common stock issued to you after you surrender your Northwest stock certificates and the shares of Delta common stock are issued in exchange. If there is any dividend or other distribution on Delta common stock with a record date after the date on which the merger is completed and a payment date after the date you surrender your Northwest stock certificates in exchange for Delta common stock, you will receive the dividend or distribution, without interest, with respect to the whole shares of Delta common stock issued to you on that payment date.

If your Northwest stock certificate has been lost, stolen or destroyed, you may receive shares of Delta common stock upon the making of an affidavit of that fact. Delta may, in its discretion, require you to deliver an indemnification agreement in a form reasonably acceptable to Delta as indemnity against any claim that may be made against Delta or the exchange agent with respect to the lost, stolen or destroyed Northwest stock certificate.

Delta will only issue stock (or cash in lieu of fractional shares) in a name other than the name in which a surrendered Northwest stock certificate is registered if you present the exchange agent with all documents required to show and effect the unrecorded transfer of ownership and show that you paid any applicable stock transfer taxes.

## **Treatment of Northwest Stock Options and Other Equity Awards**

***Stock Options; Stock Appreciation Rights.*** At the effective time of the merger, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock, whether or not exercisable, will be assumed by Delta and converted into an option to purchase Delta common stock or a stock appreciation right in respect of Delta common stock subject to, and in accordance with, the same terms and conditions applicable to the corresponding Northwest stock option or stock appreciation right, except that the number of shares of Delta common stock subject to each such converted option or in respect of each such converted stock appreciation right will be equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to the corresponding Northwest stock option or in respect of the corresponding Northwest stock appreciation right and (y) the exchange ratio. The exercise price for converted options and stock appreciation rights will equal the applicable per share exercise price for the shares of Northwest common stock divided by the exchange ratio (rounded up to the nearest whole cent). Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, each outstanding option to purchase shares of Northwest common stock and each stock appreciation right in respect of Northwest common stock will become fully vested at the effective time of the merger.

**Table of Contents**

**Restricted Stock Units; Restricted Shares.** At the effective time of the merger, each Northwest restricted stock unit and right to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock that is outstanding immediately prior to the effective time of the merger will, subject to and in accordance with the terms of the Northwest 2007 Stock Incentive Plan, be converted into the right to receive the number of shares of Delta common stock (or an amount in respect thereof for such cash-settled awards) equal to the product, rounded down to the nearest whole number of shares of Delta common stock, of (x) the number of shares of Northwest common stock subject to each such award and (y) the exchange ratio. Because the merger is a change in control for purposes of the Northwest 2007 Stock Incentive Plan, all Northwest restricted stock units and rights to receive shares of Northwest common stock or an amount in cash measured by the value of a number of shares of Northwest common stock will become fully vested at the effective time of the merger.

**Governance Matters After the Merger**

**Board of Directors.** Upon completion of the merger, the board of directors of the combined company will consist of (1) seven members of the Delta board of directors (which will include Daniel A. Carp, the current chairman of the Delta board of directors, who will serve as non-executive chairman of the board of directors of the combined company, and Richard H. Anderson, the current chief executive officer of Delta), (2) five members of the Northwest board of directors (which will include Roy J. Bostock, the current chairman of the Northwest board of directors, who will serve as a non-executive vice chairman of the board of directors of the combined company, and Douglas M. Steenland, the current chief executive officer of Northwest) and (3) one representative designated by the Delta MEC. As of the date of this joint proxy statement/prospectus, the Delta board of directors has not made a determination as to which directors (other than Messrs. Carp, Anderson, Bostock and Steenland) will be appointed to the board of directors of the combined company after the merger. The Delta MEC has designated Mr. Kenneth C. Rogers, a Delta pilot who is a current member of the Delta board of directors, to serve on the board of directors of the combined company.

**Executive Officers.** Upon completion of the merger, the corporate leadership team of the combined company will consist of Richard H. Anderson as chief executive officer; Edward H. Bastian as president and chief financial officer of Delta and chief executive officer and president of NWA; Michael J. Becker as executive vice president chief operating officer of NWA; Mike H. Campbell, executive vice president human resources, labor & communications; Steve E. Gorman, executive vice president operations; Glen W. Hauenstein, executive vice president revenue & network; Ben Hirst, senior vice president general counsel; Laura H. Liu, senior vice president international; and Theresa Wise, senior vice president chief information officer.

**Name; Headquarters.** At the effective time of the merger, the name of the combined company will be Delta Air Lines, Inc. and the headquarters for the combined company will be located in Atlanta, Georgia.

**Completion of the Merger**

Unless otherwise agreed by the parties to the merger agreement, the parties are required to complete the merger no later than the second business day after satisfaction or waiver of all the conditions described under **Conditions to Completion of the Merger** below at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019. The merger will be effective at the time the certificate of merger is filed with the Secretary of State of the State of Delaware (or at a later time, if agreed upon by the parties and specified in the certificate of merger).

**Conditions to Completion of the Merger**

The obligations of Delta and Nautilus Merger Corp. and Northwest to consummate the merger are subject to the satisfaction of the following conditions:

adoption of the merger agreement by a majority of the outstanding shares of Northwest common stock;

approval of the issuance of shares of Delta common stock in the merger by a majority of the outstanding shares of Delta common stock present or represented and entitled to vote at the special meeting, with a majority of the shares of Delta common stock entitled to vote actually voting on the proposal;



## **Table of Contents**

absence of any temporary, preliminary or permanent injunction, order, judgment, decree, statute, law, ordinance, rule or regulation, or other legal restraint or prohibition by a court or other governmental entity that makes illegal or prohibits the consummation of merger or the other transactions contemplated by the merger agreement;

effectiveness of this joint proxy statement/prospectus and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

authorization of the listing of the shares of Delta common stock to be issued in the merger on the NYSE, subject to official notice of issuance; and

the waiting period (and any extension thereof) applicable to the merger under the antitrust laws of the United States and the European Union will have expired or been terminated and all exemptive authority required to be obtained from the DOT for any de facto route transfers will have been obtained; provided, however, this condition will not be deemed satisfied if the terms of any such permits, consents, approvals, expirations or terminations of waiting periods, or authorizations would, individually or in the aggregate, have a material adverse effect on Delta, Northwest or the combined company.

In addition, each of Delta's and Northwest's obligations to consummate the merger is subject to the satisfaction of the additional following conditions:

the representations and warranties of the other party, other than the representation related to the absence of any event or occurrence having a material adverse effect on the other party since January 1, 2008, will be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) when made and at and as of the effective time of the merger (other than those representations and warranties that were made only as of a specified date, which need only be true and correct as of such specified date), provided that such representations will be deemed to be true unless the individual or aggregate impact of the failure to be so true would have or would reasonably be expected to have a material adverse effect on the other party;

the representation and warranty of the other party relating to the absence of any event or occurrence having a material adverse effect on the other party since January 1, 2008 will be true and correct when made and at and as of the effective time of the merger;

the other party will have performed, or complied with, in all material respects, all of its respective obligations under the merger agreement at or prior to the consummation of the merger;

receipt of a certificate executed by the other party's Chief Executive Officer and Chief Financial Officer as to the satisfaction of the conditions described in the preceding three bullets;

receipt of a legal opinion of that party's counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and

no proceeding under any law relating to bankruptcy, insolvency or reorganization has been instituted and not dismissed against the other party.

## **Representations and Warranties**

*The merger agreement contains representations of each of Northwest, on the one hand, and Delta and Nautilus Merger Corp., on the other hand, made solely for the benefit of the other. These representations do not survive the effective time of the merger. The assertions embodied in*

*those representations and warranties are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with signing the merger agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the merger agreement. Furthermore, many of the representations and warranties may not be accurate or complete as of any particular date because they are*

**Table of Contents**

*subject to a contractual standard of materiality or material adverse effect different from that generally applicable to public disclosures to stockholders. The representations and warranties were used for the purpose of allocating risk between the parties to the merger agreement rather than establishing matters of fact. For the foregoing reasons, you should not rely on the representations and warranties contained in the merger agreement as statements of factual information. The representations and warranties in the merger agreement and the description of them in this document should be read in conjunction with the other information contained in the reports, statements and filings that the parties publicly file with the SEC. This description of the representations and warranties is included to provide stockholders with information regarding the terms of the merger agreement.*

Each of Northwest and Delta has made representations and warranties regarding, among other things:

organization, standing and corporate power, charter documents and ownership of subsidiaries;

capital structure;

corporate authority to enter into and perform the merger agreement, enforceability of the merger agreement, approval of the merger agreement by the parties' boards of directors and voting requirements to consummate merger and the other transactions contemplated by the merger agreement;

absence of conflicts with or defaults under organizational documents, other contracts and applicable laws;

required regulatory filings and consents and approvals of governmental entities;

SEC filings since January 1, 2006, including financial statements contained therein, internal controls and compliance with the Sarbanes-Oxley Act of 2002;

accuracy and compliance with applicable securities laws of the information supplied or to be supplied in the registration statement to be filed in connection with the merger;

conduct of business and absence of certain changes, except as contemplated by the merger agreement, including that there has been no fact, event, change, development or set of circumstances, that has had or would reasonably be expected to have, a material adverse effect to any party;

compliance with applicable laws and validity of permits;

the absence of undisclosed material liabilities;

the absence of certain litigation;

labor and other employment matters, including benefit plans;

tax matters;

the absence of events that would be required to be reported to the SEC;

environmental matters;

intellectual property matters;

matters with respect to material contracts;

title to properties and the absence of encumbrances;

matters with respect to aircrafts and slots;

status as a U.S. citizen and air carrier;

absence of any actions preventing merger from qualifying as a reorganization for U.S. federal tax purposes;

inapplicability of state takeover statutes and certain charter provisions to the merger;

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**Table of Contents**

the absence of undisclosed brokers' fees and expenses; and

opinions of financial advisors.

For Northwest, the merger agreement contains an additional representation and warranty regarding inapplicability of stockholder rights agreement to the merger. For Delta, the merger agreement also contains certain representations and warranties with respect to Nautilus Merger Corp., including corporate organization and authorization, no prior business activities, capitalization and approval of the merger agreement.

Many of the representations and warranties in the merger agreement are qualified by a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect). For purposes of the merger agreement, a material adverse effect means a (i) material adverse effect on the business, assets, liabilities, financial condition or results of operations of Northwest or Delta, as the case may be, and its respective Subsidiaries, taken as a whole, or (ii) any applicable change, event, circumstance or effect that, individually or in the aggregate, would reasonably be expected to impair in any material respect the ability of Northwest or Delta, as the case may be, to perform its obligations, or prevent or materially delay the consummation of any of the transactions contemplated, under the merger agreement.

However, in no event may any of the following be taken into account, alone or in combination, when determining whether there has been or would reasonably be expected to be a material adverse effect :

any adverse effects arising out of or relating to circumstances generally affecting the airline industry to the extent that they do not materially and disproportionately have a greater adverse impact on either Northwest or Delta relative to its respective competitors (and only to the extent, when taking into account for purposes of determining whether a material adverse effect has occurred, the materially disproportionate adverse impact);

any adverse effects arising out of or relating to U.S. or global economic or financial market conditions (including prevailing interest rates, commodity prices and fuel costs);

any adverse effects that result from the announcement or execution of the merger agreement or the performance of obligations or satisfaction of conditions under the merger agreement, except to the extent that a representation or warranty, or any portion thereof, contained in the merger agreement addresses the consequences resulting from the announcement or execution of the merger agreement or the performance of obligations or satisfaction of conditions under the merger agreement;

any adverse affect resulting from changes in applicable laws or GAAP or authoritative interpretations of either;

any impairment charges relating to goodwill (but not excluding the underlying cause of such impairment charge);

any adverse effects arising out of or relating to U.S. or global political conditions or any outbreak of war or major hostilities in which the U.S. is involved or any act of terrorism; and

any change in the trading price of shares of Delta or Northwest common stock.

**Conduct of Business Prior to Closing**

Each of Delta and Northwest has undertaken customary covenants in the merger agreement restricting the conduct of their respective businesses between the date of the merger agreement and the effective time of the merger. In general, each of Delta and Northwest has agreed to (i) maintain its existence and the existences of its subsidiaries in good standing under applicable laws and (ii) conduct its business in the ordinary course for the airline industry, provided if changing events or circumstances warrant otherwise, each of Delta and Northwest may conduct its



business in a commercially reasonable manner in light of such events or circumstances.

**Table of Contents**

In addition, between the date of the merger agreement and the effective time of the merger, each of Delta and Northwest will not, among other things, undertake any of the following (subject in each case to exceptions specified in the merger agreement or previously disclosed in writing as provided in the merger agreement):

amend, waive or otherwise change any provision of the certificate of incorporation or bylaws or equivalent organizational documents, or the Northwest rights agreement;

liquidate, merge or consolidate or enter into a similar transaction;

issue or authorize the issuance, deliver, sell, grant, pledge, transfer, subject to any lien or otherwise encumber or dispose of any securities of, or other equity interest in, itself or any of its subsidiaries, subject to certain exceptions including (i) the issuance of securities issuable upon the exercise of options or other outstanding rights under any benefit plan, (ii) the issuance of shares, options or other rights under any benefit plan, subject to certain limitations or (iii) sales of shares to cover tax withholding on distributions of shares to employees pursuant to distribution reserves under the applicable plan of reorganization;

declare, set aside, make or pay any dividend or other distribution (whether payable in cash, stock, property or a combination thereof) with respect to any shares of capital stock of itself or any of its non-wholly-owned subsidiaries;

enter into any voting agreement with respect to its capital stock;

reclassify, combine, split or subdivide any of its capital stock, or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of its capital stock;

redeem, purchase or otherwise acquire any of its capital stock, other equity interests or other securities, other than in connection with (a) exercise of stock options or settlement of stock unit awards or performance shares, (b) withholding of shares of common stock to satisfy tax obligations with respect to stock options, stock unit awards, restricted stock or performance shares or (c) forfeiture of stock options, stock unit awards, restricted stock or performance shares as a result of terminations of employment;

terminate or cancel, other than terminations or cancellations due to the expiration of any term therein or any breach or nonperformance by any party, (a) the domestic marketing alliance agreements among Continental Airlines, Inc, Northwest and Delta, as amended, (b) SkyTeam agreements, as amended, or (c) any related adherence or implementing agreement;

make or authorize any material loan to any person, other than loans to, from or between a wholly-owned subsidiary or loans made in the ordinary course of business consistent with past practices;

adopt, enter into or amend any retention, severance, termination pay or similar plan, arrangement or agreement covering any of the directors or officers of Northwest or Delta or their respective subsidiaries, other than those that are entered into in response to the compensation committee of the respective board of directors determination that a bona fide retention need exists for which the existing plans, arrangements and agreements are not sufficient and to the extent determined by such compensation committee to be commercially reasonable under the circumstances;

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make any material change in financial accounting policies or procedures, other than as required by GAAP or by a governmental entity;

make, change or revoke any material tax election, settle or compromise any material liability for taxes, change any material method of tax accounting or file any material amended tax return, except as required by applicable law or in the ordinary course of business consistent with past practice;

modify, amend or terminate, or waive, release or assign any rights or claims with respect to, any confidentiality or standstill agreement relating to a business combination or potential business combination;

**Table of Contents**

write up, write down or write off the book value of any asset other than those that are (a) in the ordinary course of business, (b) as may be required by GAAP, (c) not in excess of \$100 million in the aggregate or (d) in respect of intangible assets;

acquire or dispose, or agree to acquire or dispose, any assets (including intellectual property), operations, business or securities, make any capital expenditures or merge, consolidate or enter into any other business combination, other than in connection with (a) capital expenditures provided for under the 2008 and 2009 calendar year budgets, (b) acquisitions or dispositions of inventory, aircraft, engines and other tangible assets and intellectual property made in the ordinary course of business consistent with past practices, (c) certain acquisitions and dispositions that have previously been disclosed to Northwest or Delta, as the case may be, or (d) other acquisitions and dispositions of assets up to \$150 million in the aggregate (measured by consideration paid or received);

acquire or agree to acquire, any assets, operations, business or securities that is intended, or would reasonably be expected, to materially impede or delay the receipt of all required regulatory approvals necessary to consummate the merger;

except as required by law or any judgment by a court of competent jurisdiction, pay, discharge, settle or satisfy any material claims, liabilities, obligations or litigation, other than those made (a) in the ordinary course of business consistent with past practice or in accordance with their terms or (b) pursuant to the terms of the Delta plan of reorganization or Northwest plan of reorganization, as the case may be;

enter into any new line of business material to Northwest or Delta;

enter into any non-competition contract or other contract that limits in any material respect either the type, manner or location of business that it may engage;

fail to use commercially reasonable efforts to maintain in full force and effect insurance coverage substantially similar to coverage maintained as of the date of the merger agreement unless such coverage is not available on commercially reasonable terms;

fail to continue, with respect to its operating fleet, all material maintenance programs consistent with past practice (except as required or permitted by law), including using reasonable efforts to keep all aircraft in such condition as may be necessary to enable the airworthiness certification under the FAA to be maintained in good standing at all times;

fail to use reasonable best efforts to keep in effect any material governmental route authority in effect and used as of the date of the merger agreement, other than such failures that occur in the ordinary course of business; or

authorize or enter into any agreement or otherwise make any commitment to do any of the foregoing.

**No Solicitations**

Each of Delta and Northwest has agreed that, from April 14, 2008 until the earlier of the consummation of the merger or the termination of the merger agreement, it, its subsidiaries and their officers, directors, employees, agents and representatives (including any investment banker, financial advisor, attorney, accountant or other retained representative) (whom we refer to collectively as representatives) will not, directly or indirectly:

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solicit, initiate or encourage or knowingly facilitate (including by way of furnishing information or entering into any agreement, arrangement or understanding) or take any other action designed or reasonably expected to facilitate an alternative transaction (as defined below);

participate in any discussions or negotiations regarding an actual or proposed alternative transaction; or

enter into any agreement regarding any alternative transaction.

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**Table of Contents**

Each of Delta and Northwest will, and cause its subsidiaries to, immediately cease and cause to be terminated any existing discussions or negotiations with any third parties conducted as of the date of the merger agreement with respect to any alternative transaction and will use reasonable best efforts to cause all persons (other than Delta or Northwest) who have been furnished confidential information regarding an alternative transaction within twelve months prior to the date of the merger agreement promptly to return or destroy such information, as permitted under any agreements relating to the disclosure of such information. Delta and Northwest have also agreed not to, and to cause their respective subsidiaries not to, release any third party from the confidentiality and standstill provisions of any agreement to which Delta or Northwest or their respective subsidiaries is or may become a party.

Alternative transaction means any (a) transaction pursuant to which any person (or group of persons), directly or indirectly, acquires or would acquire 20% or more of the outstanding voting or equity shares of Northwest common stock or Delta common stock, as applicable, whether from Northwest or Delta or pursuant to a tender offer or exchange offer or otherwise, (b) transaction pursuant to which any person (or group of persons) acquires or would acquire control of 20% or more of the consolidated assets (including, for this purpose, the outstanding equity securities of subsidiaries of Northwest or Delta, as applicable, and securities of the entity surviving any merger or business combination including any of Northwest's or Delta's subsidiaries) of Northwest or Delta and their respective subsidiaries taken as a whole or (c) other merger, share exchange, consolidation, business combination, recapitalization or similar transaction (other than the merger) involving Northwest or Delta or any of their respective significant subsidiaries, as applicable, in each case other than the transactions contemplated by the merger agreement.

Notwithstanding the restrictions described above, prior to Northwest or Delta obtaining its stockholder approval, if Northwest or Delta receives a bona fide written alternative transaction proposal from a third party that did not result from or arise out of a breach of the non-solicitation provisions of the merger agreement, Northwest or Delta, as the case may be, may furnish, or cause to be furnished, non-public information with respect to itself and its respective subsidiaries to the person who made the alternative transaction proposal and its financing sources and other persons or entities working in concert with it, and may participate in discussions and negotiations regarding such alternative transaction proposal, if and only to the extent that (a) prior to taking such action, it enters into a confidentiality agreement with the person who made the alternative transaction proposal that is substantially similar to, and no less favorable to it, the confidentiality agreement, dated as of December 18, 2007, between Northwest and Delta, (b) its board of directors, after consultation with outside legal counsel and financial advisors, concludes in good faith that there is a reasonable likelihood that such alternative transaction proposal constitutes or is reasonably likely to result in a superior proposal (as defined below) and (c) its board of directors, after consultation with outside legal counsel, concludes in good faith that the failure to take such action would cause it to violate its fiduciary duties under Delaware law.

The merger agreement requires that from April 14, 2008 until the earlier of the consummation of the merger or the termination of the merger agreement, Northwest or Delta, as the case may be, must provide oral and written notice to the other promptly (and in no event later than 24 hours) after receipt of any alternative transaction proposal, or any material modification of or material amendment to any alternative transaction proposal or any request for nonpublic information relating to Northwest or Delta, respectively, or any of their respective subsidiaries relating to an alternative transaction proposal. Such notice is required to contain the identity of the person making the alternative transaction proposal or such request and the material terms of any such alternative transaction proposal or request or any material modification or amendment to an alternative transaction proposal. Northwest or Delta, as the case may be, must also keep the other reasonably informed on a current basis of any material changes in the status and any material changes or modifications in the terms of any such alternative transaction proposal, indication or request. Furthermore, Northwest or Delta, as the case may be, must provide oral and written notice to the other promptly (and in any event within 24 hours) if it enters into discussions or negotiations concerning any alternative transaction proposal in accordance with the non-solicitation provisions of the merger agreement.

## **Table of Contents**

### **Board Recommendations**

Under the merger agreement, (a) the Northwest board of directors has agreed to recommend that Northwest stockholders vote in favor of the adoption of the merger agreement, which we refer to as the Northwest board recommendation, and (b) the Delta board of directors has agreed to recommend that Delta stockholders vote in favor of the issuance of shares of Delta common stock in the merger, which we refer to as the Delta board recommendation. Subject to the provisions described below, the merger agreement provides that neither the Northwest board of directors nor the Delta board of directors will:

fail to include the Northwest board recommendation or Delta board recommendation, as the case may be, in this joint proxy statement;

in a manner adverse to Northwest or Delta, as the case may be, withdraw, modify or qualify the Northwest board recommendation or the Delta board recommendation, as applicable;

take any public action or make any public statement inconsistent with the Northwest board recommendation or the Delta board recommendation, as applicable; or

recommend any alternative transaction.

We refer to each of the foregoing actions as a change in recommendation.

Notwithstanding these restrictions, prior to Northwest or Delta obtaining its stockholder approval, the Northwest board of directors or the Delta board of directors, as the case may be, may effect a change in recommendation if, following the receipt of an alternative acquisition proposal with respect to a majority of such party's stock or assets:

it determines, after consultation with outside legal counsel, concludes in good faith that the failure to take such action would cause it to violate its fiduciary duties under Delaware law;

it determines in good faith, after consultation with outside legal counsel and its financial advisors, that such alternative acquisition proposal constitutes a superior proposal;

it provides the other party with a written notice of its intentions to effect an change in recommendation at least five business days prior to taking such action;

it provides the other party with all material information delivered or made available to the person (or group of persons) making such superior proposal;

during the five business day notice period, if requested by the other party, it engages in good faith negotiations to amend the merger agreement in such a manner that any alternative transaction proposal no longer is a superior proposal; and

at the end of the five business day notice period, the alternative transaction proposal has not been withdrawn and continues to constitute a superior proposal.

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The merger agreement provides that any amendment to the financial terms or any material amendment to any other material term of a superior proposal requires the delivery of a new notice and a new three business day period described above.

Superior proposal means a bona fide written alternative transaction proposal which the Northwest board of directors or the Delta board of directors, as the case may be, concludes in good faith, after consultation with its financial advisors and outside legal counsel, taking into account the legal, financial, regulatory, timing and other aspects of the proposal and the identity of the person making the proposal (including any break-up fees, expense reimbursement provisions and conditions to consummation): (a) is more favorable to the stockholders of Northwest or Delta, as the case may be, from a financial point of view, than the transactions contemplated by the merger agreement (after giving effect to any adjustments to the terms and provisions of the merger agreement



## **Table of Contents**

committed to in writing by Northwest or Delta, as the case may be, in response to such alternative transaction proposal) and (b) is fully financed or reasonably capable of being fully financed, reasonably likely to receive all required governmental approvals on a timely basis and otherwise reasonably capable of being completed on the terms proposed.

Notwithstanding the foregoing, the merger agreement does not prohibit Northwest or Delta from taking and disclosing to their respective stockholders a position required by Rule 14e-2(a) or Rule 14d-9 under the Exchange Act. Neither Northwest nor Delta is permitted to submit any alternative transaction proposal to the vote of its respective stockholders.

### **Reasonable Best Efforts to Obtain Required Stockholder Approval**

Each of Northwest and Delta has agreed to, as promptly as practicable after this joint proxy statement/prospectus is declared effective, take all action necessary to duly give notice of, convene and hold a meeting of its stockholders for the purpose of obtaining the required stockholder approval. Each party's respective obligations to hold a stockholders meeting will not be affected by any change in recommendation. Unless a change in recommendation occurs in compliance with the terms of the merger agreement, each of Northwest and Delta will use reasonable best efforts to take all actions necessary or advisable to obtain the required stockholder approval.

### **Agreement to Take Further Action and to Use Reasonable Best Efforts**

Delta and Northwest will each use its reasonable best efforts to take all actions, to do, to assist and cooperate with the other parties in doing, all things necessary, proper and advisable under applicable laws to consummate and make effective the merger agreement and the transactions contemplated thereby, in the most expeditious manner and as promptly as possible, including (i) obtaining from governmental authorities all necessary actions or nonactions, waivers, consents and approvals and making all necessary registrations and filings and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental authorities (including all filings required by the HSR Act and all notifications and other filings required by any antitrust, competition or similar laws of any foreign jurisdiction), (ii) obtaining of all necessary consents, approvals or waivers from third parties and (iii) the executing and delivering of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, the merger agreement.

Furthermore, Delta and Northwest will each cooperate regarding, and keep the other reasonably apprised of the status of, matters relating to the completion of the transactions contemplated by the merger agreement and work cooperatively with respect to (i) obtaining all required approvals and consents from any governmental authorities and (ii) all other communications with any governmental authorities (including communications with an elected official or staff member of any governmental authority) with respect to the merger agreement and the transactions contemplated thereby. In this regard, each party, without limitation, will (A) promptly notify the other of, and provide the other with copies of (or in the case of oral communications, advise the other orally of), any communications from or with any governmental authority with respect to the transactions contemplated by the merger agreement, (B) permit the other to review and discuss in advance, and consider in good faith the views of the other in connection with any proposed communication with any such governmental entity with respect to the transactions contemplated by the merger agreement, (C) not participate in any meeting or oral communication with any governmental authority with respect to the transactions contemplated by the merger agreement unless it consults with the other in advance and, to the extent permitted by such governmental authority, gives the other the opportunity to attend and participate, (D) furnish the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof, including summaries of any meetings or communications for which the other was not permitted to participate pursuant to clause (C) above) between it and any governmental authority with respect to the transactions contemplated by the merger agreement and (E) furnish the other with such necessary information and reasonable assistance as the other may reasonably request in connection with its preparation of necessary filings or submissions of information to any governmental authority.

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**Table of Contents**

In connection with the filings and activities discussed in the two preceding paragraphs, Delta and Northwest will cooperate with each other and use their respective best efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals, expirations or terminations of waiting periods, and all authorizations of all governmental authorities that are necessary or advisable to consummate the transactions contemplated by the merger agreement. Each party will comply with the terms and conditions of all such permits, consents, approvals, expirations or terminations of waiting periods, and authorizations of all such third parties or governmental authorities. Without limiting the foregoing, Delta and Northwest each agrees to take any action, or commit to take any action (including with respect to selling, holding separate or otherwise disposing of any business or assets, or agree to any condition or restriction) (we collectively refer to such actions, conditions and restrictions as regulatory actions) required or necessary to obtain, prior to the commencement of any litigation by the Antitrust Division seeking to enjoin the merger (unless a proposed final judgment is filed by the Antitrust Division contemporaneously with the commencement of such litigation) any of the foregoing permits, consents, approvals, expirations or terminations of waiting periods, and authorizations of governmental authorities. However, neither Delta nor Northwest will have any obligations to agree to, and neither will take, any regulatory action that (i) would reasonably be expected to have a material adverse effect on either (A) Delta and its subsidiaries, taken as a whole, (B) Northwest and its subsidiaries, taken as a whole, or (C) Delta and its subsidiaries (including Northwest and its subsidiaries) after giving effect to the merger, taken as a whole, or (ii) is not conditioned on the consummation of the merger.

Delta and Northwest will not take any action to extend or toll the waiting period requirements of the HSR Act or provide the Antitrust Division with any additional time to consider, investigate or review the merger prior to the consummation of the transactions contemplated by the merger agreement, in each case to a date beyond October 31, 2008, without the consent (which will not to be unreasonably withheld, delayed or conditioned) of the other party. Each party agrees to give such advance notices as may be required (including, if necessary, notice of an anticipated closing date), and to otherwise reasonably cooperate, to give effect to the rights of the other party set forth in the foregoing sentence. Furthermore, in the event that any administrative or judicial action or proceeding is instituted by a governmental authority or private party challenging any of the transactions contemplated by the merger agreement, (i) each of Delta and Northwest will cooperate in all respects with each other and use its respective reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of any of the transactions contemplated by the merger agreement so as to permit such consummation as promptly as practicable, and in any event by the fifth business day before the outside date, and (ii) each of Delta and Northwest will use its respective reasonable best efforts to defend, at its cost and expense, any action or actions, whether judicial or administrative, against it or its affiliates in connection with the transactions contemplated by the merger agreement.

**Employee Benefits Matters**

The Delta benefit plans and Northwest benefit plans in effect as of the closing of the merger will remain in effect with respect to current and former employees of Delta, Northwest and their respective subsidiaries who are covered by such plans as of the consummation of the merger until the surviving corporation otherwise determines, subject to applicable laws and the terms of such plans. Without limiting the foregoing, any Delta benefit plan or Northwest benefit plan may be amended, modified or terminated from and after the effective time of the merger to the extent allowed under the terms of such plans, including, but not limited to, any action that may be (i) required by applicable laws, (ii) necessary as a technical matter to reflect the transactions contemplated by the merger agreement, (iii) required for Delta or the surviving corporation to provide for or permit investment in its securities or (iv) required for Delta or the surviving corporation to comply with any Delta or Northwest collective bargaining agreement. Delta has also agreed to, or cause its subsidiaries to, honor and perform certain Northwest benefit plans listed on the disclosure schedule to the merger agreement in accordance with their terms in effect from time to time after the consummation of the merger.

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## **Table of Contents**

Following the effective time of the merger, for employees of the surviving corporation and its subsidiaries, except represented employees (as defined below), Delta has agreed to (1) waive all pre-existing conditions, exclusions or waiting periods with respect to participation and coverage requirements applicable to those employees under any benefit plan that such employees may first become eligible to participate on or after the consummation of the merger, except to the extent such pre-existing conditions exclusions or waiting would apply under an analogous Delta or Northwest benefit plan, as the case may be, and (2) recognize all service with Delta and Northwest and their respective affiliates and predecessors for purposes of eligibility to participate, vesting credit, entitlement to benefits and level of benefits under any benefit plans or arrangements maintained by Delta under any benefit plan that such employees may first become eligible to participate on or after the consummation of the merger (other than the Delta monthly survivor welfare benefits plan) to the extent such service is taken into account under the applicable plan, except to the extent that such recognition of service would result in the duplication of benefits.

With respect to any person employed by Delta or any of its subsidiaries following the consummation of the merger whose terms and conditions of employment are governed by any Delta or Northwest collective bargaining agreement (we refer to such employees as represented employees), Delta and Northwest will honor, in conformity with applicable law, each such Delta or Northwest collective bargaining agreement through the expiration or termination of such agreements (including the termination of any such agreement as a result of the extinguishment of the representation status or certification of any applicable labor organization).

Delta and Northwest have further agreed that, prior to the consummation of the merger, neither party, nor any of their respective affiliates, will either solicit for hire or hire any director-level or more senior employee of the other party or its subsidiaries. Notwithstanding this restriction, both Delta and Northwest are permitted to (A) make general public solicitations not designed to circumvent the above restriction or (B) hire any director-level or more senior employee of the other party or its subsidiaries who has not been employed by the other party since November 14, 2007.

### **Other Covenants and Agreements**

The merger agreement contains certain other covenants and agreements relating to, among other things:

***Access to Information; Confidentiality.*** From April 14, 2008 until the consummation of the merger, each of Delta and Northwest has agreed to, and will cause each of their respective subsidiaries to, afford to the other party reasonable access at all reasonable times on reasonable notice to all its respective properties, books, contracts, commitments, personnel and records. Each of Delta and Northwest will, and will cause its respective officers, affiliates and representatives to, hold and keep confidential any nonpublic information in accordance with the terms of the confidentiality agreement, dated as of December 18, 2007, between Northwest and Delta.

***Indemnification and Insurance.*** Delta will, and will cause the surviving corporation to, honor and fulfill the obligations of Northwest and its subsidiaries, to the fullest extent permissible under applicable provisions of Delaware law, under their respective certificates of incorporation or bylaws (or equivalent organizational documents) and under any indemnification or similar agreements between Northwest or any of its subsidiaries and their current and former directors, officers and other employees, whom we refer to as indemnified parties, in effect on the date of the merger agreement arising out of or relating to actions or omissions in their capacity as directors, officers or employees occurring at or prior to the consummation of the merger, including those related to the merger agreement and the transactions contemplated thereby.

For a period of six years following the consummation of the merger, the surviving corporation is obligated to use reasonable best efforts to maintain directors' and officers' and fiduciary liability insurance, which we refer to as D&O insurance, with respect to acts or omissions occurring at or before the consummation of the merger covering each such person currently covered by Northwest's D&O insurance policy. Delta may obtain substitute D&O insurance policies, from insurance carriers with the same or higher financial strength ratings as Northwest's current D&O insurance carriers, of at least the same coverage and amounts and containing terms and

## **Table of Contents**

conditions which are no less advantageous than Northwest's current D&O insurance policies with respect to claims arising from facts or events occurring prior to the consummation of the merger. However, the surviving corporation will not be required to pay aggregate annual premium payments for such policies in excess of 250% of the annual premiums currently paid by Northwest and its subsidiaries. If the surviving corporation is unable to obtain the amount of D&O insurance required for such aggregate annual premium, the surviving corporation will obtain as much D&O insurance as can be obtained for aggregate annual premiums not in excess of 250%. In the event that Northwest prepays for such a D&O insurance policy prior to the consummation of the merger, the surviving corporation will maintain such D&O insurance policies in full force and effect and continue to honor the obligations thereunder.

If Delta, the surviving corporation or any of their respective successors or assigns consolidates or merges into any other person and is not the continuing or surviving corporation of such consolidation or merger, or transfers all or substantially all of its properties to any person, then Delta is required to take such action as may be necessary so that the continuing or surviving corporation or transferee of assets will assume all of the applicable obligations described above.

**Expenses.** Each of Delta and Northwest has agreed to pay its own fees and expenses incurred in connection with the merger and the merger agreement, except that each company has agreed to pay 50% of the costs and expenses incurred in connection with (1) the filing, printing and mailing of the registration statement of which this document forms a part with the SEC (other than attorneys' fees, accountants' fees and related expenses) and (2) the filing of pre-merger notification and report forms under the HSR Act and any applicable antitrust, competition or similar laws of any foreign jurisdiction (including filing fees)

**Public Announcements.** Delta and Northwest have agreed that each will consult with the other before issuing any press release or making any other public statement with respect to the transactions contemplated by the merger agreement. However, either party may issue a press release or make such other public statement to the extent required by applicable law or by the rules and regulations of the NYSE without prior consultation to the extent it is impracticable under the circumstances. Delta and Northwest have also agreed to use reasonable best efforts to develop a joint communications plan and to ensure that all press releases and other public statements with respect to the merger will be consistent with such joint communications plan and the regulatory strategy contemplated by the merger agreement.

**Listing.** Delta will use reasonable best efforts to cause the Delta common stock issued or reserved for issuance in connection with the merger to be authorized for listing on the NYSE.

**Certain Tax Matters.** Each of Delta and Northwest will, and will cause its respective subsidiaries to, use reasonable best efforts to cause the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither party will take any action or fail to take any action that would reasonably be expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code. Delta and Northwest have each agreed to make a timely election under Section 382(l)(5)(H) of the Code not to have the provisions of Section 382(l)(5) apply to the ownership changes occurring pursuant to the Delta Plan of Reorganization and the Northwest Plan of Reorganization, as applicable.

**Section 16 Matters.** Each of Delta and Northwest has agreed that prior to the consummation of the merger it will use reasonable best efforts to take all steps necessary to exempt any dispositions of Northwest common stock or the acquisitions of Delta common stock by Northwest officers or directors pursuant to the merger under Rule 16b-3 promulgated under the Exchange Act.

**State Takeover Laws.** Neither Delta nor Northwest will, prior to the consummation of the merger, take any action to render inapplicable, exempt any third party from, or consent to a transfer under, any state takeover law or state law, or any provision of the Delta or Northwest organizational documents, as the case may be, that purports to limit or restrict business combinations or the ability to transfer, acquire, hold or vote shares of capital stock.

## **Table of Contents**

**Seniority Protection.** For all Delta and Northwest employees who are members of a craft or class that is subject to the Railway Labor Act (other than any craft or class where the same labor organization represents the employees of Delta and Northwest) binding seniority integration procedures governed by the provisions of sections 3 and 13 of the labor protective provisions required by the Civil Aeronautics Board in connection with the Allegheny-Mohawk merger will apply.

**Transition.** Delta and Northwest have each agreed that, prior to the consummation of the merger, to the extent permissible under applicable law (including laws regarding the exchange of information and other laws regarding competition), each party and its respective subsidiaries will consult with the other on business and operational matters, including with respect to discussions and/or arrangements regarding the financing needs of Delta and Northwest and their respective subsidiaries following the closing of the merger. Prior to the consummation of the merger, such planning and efforts will be coordinated and directed by a transition committee co-chaired by Mr. Richard H. Anderson and Mr. Douglas M. Steenland.

**Cooperation.** Northwest has agreed to cooperate, and to cause its subsidiaries and their respective representatives to cooperate, with Delta in connection with any of Delta's efforts to plan for the efficient integration of employee groups after the consummation of the merger.

## **Termination of Merger Agreement**

The merger agreement may be terminated at any time prior to the effective time of the merger, whether before or after the required Northwest stockholder approval or Delta stockholder approval is obtained:

by mutual written consent of Northwest and Delta, if the boards of directors of each so determines;

by written notice of either Northwest or Delta:

if the merger has not been consummated on or before April 14, 2009, which date we refer to as the outside date; provided however, each of Northwest and Delta has the right, in its sole discretion, to extend the outside date to October 14, 2009 if, in either case, the only condition or conditions to the consummation of the merger that have not been satisfied (other than those conditions that by their nature are to be satisfied at the closing) at the time of such extension are (1) expiration or termination of the applicable waiting period under the antitrust laws of the United States and the European Union, (2) the receipt of all exemptive authority from the DOT for any de facto route transfers or (3) the absence of a judgment, order or injunction (whether temporary, preliminary or permanent), decree, statute, law, ordinance, rule or regulation, or other legal restraint or prohibition by a court or other governmental entity that is issued or brought under applicable antitrust, competition or similar laws that makes illegal or prohibits the consummation of merger or the other transactions contemplated by the merger agreement;

if a governmental entity issues a final and non-appealable order, decree or ruling or takes any other action (including the failure to have taken an action) having the effect of permanently restraining, enjoining or otherwise prohibiting the merger;

if Northwest stockholders approval is not obtained at Northwest's stockholder meeting, or at any adjournment or postponement, at which the vote to obtain the approval required for this transaction is taken; or

if Delta stockholders approval is not obtained at Delta's stockholder meeting, or at any adjournment or postponement, at which the vote to obtain the approval required for this transaction is taken;

by Northwest, upon written notice to Delta, upon a breach of any representation, warranty, covenant or agreement on the part of Delta such that the conditions to Northwest's obligation to consummate the merger would not then be satisfied and such breach is

incapable of being cured or is not cured within 30 days after written notice of such breach is received by Delta;

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**Table of Contents**

by Delta, upon written notice to Northwest, upon a breach of any representation, warranty, covenant or agreement on the part of Northwest such that the conditions to Delta's obligation to consummate the merger would not then be satisfied and such breach is incapable of being cured or is not cured within 30 days after written notice of such breach is received by Northwest;

by Northwest, upon written notice to Delta, if, for any reason, Delta (a) changes its recommendation, (b) materially and willfully breaches the non-solicitation provisions of the merger agreement or (c) materially and willfully breaches its obligations to call stockholder meeting to obtain the required Delta stockholder approval or to prepare and mail this joint proxy statement/prospectus to Delta stockholders; or

by Delta, upon written notice to Northwest, if, for any reason, Northwest (a) changes its recommendation, (b) materially and willfully breaches the non-solicitation provisions of the merger agreement or (c) materially and willfully breaches its obligations to call stockholder meeting to obtain the required Northwest stockholder approval or to prepare and mail this joint proxy statement/prospectus to Northwest stockholders.

**Termination Fees and Expenses**

If the merger agreement is validly terminated, it will become void without any liability on the part of any party unless the party is in willful or intentional breach of any representation, warranty, covenant or agreement contained in the merger agreement. The provisions of the merger agreement relating to the effects of termination, fees and expenses, termination payments, governing law, jurisdiction, waiver of jury trial and specific performance, as well as the confidentiality agreement entered into between Delta and Northwest, will continue in effect notwithstanding termination of the merger agreement. Upon a termination of the merger agreement, a party may become obligated to pay to the other party a termination fee (which will, in no event, be payable on more than one occasion).

The merger agreement contains a reciprocal termination fee of \$165 million payable under the circumstances described below.

The termination fee is payable to the terminating party by the other party on the business day following the termination of the merger agreement based on the other party's change in recommendation or if the other party fails to substantially comply with its obligations relating to soliciting its stockholder vote or not soliciting alternative transactions.

The termination fee is immediately payable by Delta to Northwest or Northwest to Delta, as applicable, in a situation that satisfies each of the following conditions:

a party receives an alternative transaction proposal;

thereafter, the merger agreement is terminated due to either (a) the occurrence of the outside date following the failure to receive the relevant party's requisite stockholder vote, (b) the failure to receive the relevant party's requisite stockholder vote or (c) the relevant party's willful breach of its covenants under the merger agreement; and

within 18 months following termination of the merger agreement, the relevant party enters into or consummates an alternative transaction with respect to at least 40% of such party's stock or assets.

In the event that Delta or Northwest, as applicable fails to pay the termination fee when due, such party will pay the costs and expenses (including legal fees and expenses) in connection with any action or proceeding taken to collect payment (including the filing of any lawsuit), together with interest on such unpaid amounts at the prime lending rate prevailing at such time (as published by The Wall Street Journal).

## **Table of Contents**

### **Amendment, Extension and Waiver**

**Amendments.** The merger agreement may be amended by the parties at any time before or after Northwest stockholders or Delta stockholders approve the merger or the issuance of shares of Delta. However, after any such stockholder approval, there may not be, without further approval of Northwest stockholders and Delta stockholders, any amendment of the merger agreement that changes the amount or form of the consideration to be delivered to the holders of Northwest common stock, or any amendment for which applicable laws otherwise expressly requires further stockholder approval.

**Extension; Waiver.** At any time prior to the effective time of the merger, the parties, by action taken or authorized by their respective board of directors may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered pursuant to the merger agreement or (c) waive compliance by the other party with any of the agreements or conditions contained in the merger agreement.

### **Governing Law**

The merger agreement is governed by and will be construed in accordance with the laws of the State of Delaware.



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**Table of Contents**

**DELTA PROPOSAL 2:**

**AMENDMENT TO THE DELTA 2007 PERFORMANCE COMPENSATION PLAN**

The Delta board of directors recommends approval of an amendment to the Delta 2007 Performance Compensation Plan to increase the number of shares of Delta common stock issuable under that plan by a number of shares equal to 15% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger. Stockholder approval of the amendment is necessary for Delta to implement the employee equity issuance described below. While the closing of the merger is not conditioned on stockholder approval of the amendment to the Delta 2007 Performance Compensation Plan, failure to approve the amendment could adversely affect the ability of the combined company to achieve the targeted synergies in the expected timeframe, as described more fully below.

**Employee Equity Issuance.** The Delta board of directors believes the employees of the combined company should receive shares of Delta common stock to recognize their critical role in assisting the combined company achieve its financial, operational and customer service goals; to more closely align their interests with stockholders; and to increase their stake in the combined company's financial performance. The hard work, commitment and dedication of the employees of Delta and Northwest have been instrumental in making both companies leaders in the airline industry.

In connection with the closing of the merger, Delta expects to grant equity to substantially all employees of the combined company, which we refer to as the employee equity issuance, as follows:

3.5% and 2.38% of Delta's outstanding equity capitalization on a fully-diluted basis to eligible Delta pilots and eligible Northwest pilots, respectively. These grants will be in the form of shares of Delta common stock that will not be subject to any vesting period or contractual restriction on transferability. The aggregate amount and form of these grants were negotiated by Delta with the Delta MEC and the Northwest MEC, respectively. As discussed below, these grants are an integral part of the transaction framework agreement among Delta, the Delta MEC, the Northwest MEC and ALPA.

4.0% of Delta's outstanding equity capitalization on a fully-diluted basis to U.S. based non-pilot, non-management employees of the combined company. These grants will be in the form of shares of Delta common stock that will not be subject to any vesting period or contractual restriction on transferability. The aggregate amount and form of these grants were determined by Delta.

Approximately 3.5% of Delta's outstanding equity capitalization on a fully-diluted basis to approximately 600 to 700 management employees of the combined company. Delta expects these grants will be in the form of time-based restricted stock and non-qualified stock options, which awards will take three years to fully vest. The amount and form of these grants will be determined and approved by the P&C Committee.

The approximately remaining 1.62% of Delta's outstanding equity capitalization on a fully-diluted basis for which this approval is being sought will be available for future grants under the Delta 2007 Performance Compensation Plan.

The transaction framework agreement will become void if it is terminated in accordance with its terms. The Delta MEC or the Northwest MEC may terminate the transaction framework agreement if Delta stockholders do not approve the amendment to the Delta 2007 Performance Compensation Plan, which is necessary for Delta to undertake the employee equity issuance. If the transaction framework agreement becomes void, the joint collective bargaining agreement that Delta has reached with the Delta MEC, the Northwest MEC and ALPA, would also become void. The joint collective bargaining agreement, which is subject to separate ratification by the Delta and Northwest pilots, includes important modifications to Delta's current collective bargaining agreement with the Delta pilots, including changes that will facilitate the combined company's achievement of targeted synergies prior to the complete integration of the operations of the two carriers.

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## **Table of Contents**

As previously described above in the section entitled *Risk Factors* beginning on page 18, if the joint collective bargaining agreement becomes void and the existing collective bargaining agreement is not modified as a result of the failure to approve the amendment to the Delta 2007 Performance Compensation Plan, the synergies that the combined company expects to achieve will likely be delayed or may not be achieved at all. If the joint collective bargaining agreement becomes void, there can be no assurance that Delta would be able to reach a new agreement with the pilots of both Delta and Northwest that would provide the flexibility that the combined company would need in order to achieve the projected synergies.

***Fully-diluted basis.*** As used in this discussion, *fully-diluted basis* is defined in the First Amendment to the Delta 2007 Performance Compensation Plan, a copy of which is attached to this document as Appendix B. *Fully-diluted basis* takes into account the number of shares of Delta common stock (1) issuable in respect of obligations outstanding at the closing of the merger; or (2) subject to awards under the Delta 2007 Performance Compensation Plan which, as of the closing of the merger, Delta has announced it intends to make or has agreed it will make in connection with the closing of the merger. Accordingly, the number of shares of Delta common stock outstanding on a *fully-diluted basis* at the closing of the merger includes, among other things: (x) the shares of Delta common stock issuable to Northwest stockholders in the merger (including shares of Delta common stock issuable in exchange for shares of Northwest common stock reserved for issuance under Northwest's Chapter 11 plan of reorganization); (y) the employee equity issuance; and (z) shares of Delta common stock reserved for issuance under Delta's Chapter 11 plan of reorganization. The First Amendment to the Delta 2007 Performance Compensation Plan further provides that shares of Delta common stock issuable pursuant to options, warrants or securities convertible or exchangeable into shares of common stock shall be calculated based on the *treasury stock method* of calculating diluted earnings per share under Statement of Financial Accounting Standards No. 128. While the exact number of shares of Delta common stock covered by the amendment cannot be calculated until the closing of the merger, the number is currently expected to be approximately 130 million shares.

### **Delta 2007 Performance Compensation Plan**

***Summary.*** The Delta 2007 Performance Compensation Plan is a broad-based equity and cash compensation plan that was approved by Delta's unsecured creditors committee and creditors as part of Delta's Chapter 11 plan of reorganization, which was confirmed by the Bankruptcy Court. All equity-based awards granted after Delta's emergence from bankruptcy have been awarded under the Delta 2007 Performance Compensation Plan and are subject to its terms. The following description of the Delta 2007 Performance Compensation Plan is only a summary of the plan and is qualified in its entirety by reference to its full text, a copy of which was included as Exhibit 10.1 to the Current Report on Form 8-K that Delta filed with the SEC on March 22, 2007 and the First Amendment thereto, a copy of which is included as Appendix B to this document.

***Stockholder Protection and Corporate Governance Practices.*** The Delta 2007 Performance Compensation Plan contains the following features that the Delta board of directors believes are consistent with stockholder protection and sound corporate governance practices.

***No Repricings Permitted.*** The Delta 2007 Performance Compensation Plan prohibits the repricing of any award issued under the plan. This restriction may not be changed without stockholder approval and it applies to both direct repricings for example, lowering the exercise price of an outstanding stock option and indirect repricings for example, canceling an outstanding stock option and granting a replacement stock option with a lower exercise price or the cash repurchase of an underwater stock option.

***No Discount Stock Options or Stock Appreciation Rights.*** The Delta 2007 Performance Compensation Plan prohibits the grant of a stock option or stock appreciation rights with an exercise price per share that is less than the fair market value of such share on the date the stock option is granted. This restriction may not be changed without stockholder approval. This restriction does not apply to a substitute award, which is an award granted in assumption of, or in substitution for, an outstanding award previously granted by a company acquired by Delta or with which Delta combines.

## **Table of Contents**

**Limitation on Shares Issued.** The Delta 2007 Performance Compensation Plan expressly limits the number of shares of common stock that may be issued for awards. This limitation can be modified only with stockholder approval, which is the reason stockholders are being asked to approve the proposed amendment described above.

In addition, consistent with stockholder protection and sound corporate governance practices, Delta does not intend to include any of the following features in any award granted under the Delta 2007 Performance Compensation Plan.

**Transferability Restricted.** The Delta 2007 Performance Compensation Plan prohibits a participant from transferring any award to a third party other than by will or upon a participant's death, except as permitted by the P&C Committee. All awards currently outstanding under the plan expressly prohibit any other transfer and the P&C Committee does not intend to permit any future awards to be transferable other than by will or upon a participant's death.

**No Reload Stock Options.** A reload allows an employee to exercise a stock option before the end of its term, using certain already-owned shares, without giving up the benefit of future price appreciation on the shares covered by the option. No reload stock options have been granted under the Delta 2007 Performance Compensation Plan and Delta does not intend to grant any such stock options in the future.

**No Loans.** Delta's corporate governance principles prohibit loans from Delta to any of its directors and executive officers. Moreover, Delta does not intend to extend loans to any participant in the Delta 2007 Performance Compensation Plan to facilitate the exercise of any awards made under the plan.

**Purpose.** The purpose of the Delta 2007 Performance Compensation Plan is to enhance the incentive of those employees, members of the Delta board of directors and other individuals who are expected to contribute significantly to the success of Delta and its affiliates in achieving Delta's short-term and long-term objectives and, in general, to further the best interests of Delta and its stockholders. If the amendment described in this proposal is approved by stockholders, it will become effective on the closing of the merger.

**Administration.** The P&C Committee administers the Delta 2007 Performance Compensation Plan and has authority to select individuals to whom awards are granted, determine the types of awards and number of shares covered, and determine the terms and conditions of awards, including the applicable vesting schedule, the effect of termination of service and whether the award will be settled in cash, shares or a combination of the two. In addition, the P&C Committee has authority to interpret and administer the Delta 2007 Performance Compensation Plan and the related award agreements, and may make such determinations and take any actions deemed necessary or desirable for the administration of the Delta 2007 Performance Compensation Plan. The P&C Committee may delegate to one or more individuals or committees the authority to grant awards to participants who are not directors or executive officers.

**Eligibility.** Employees, consultants, advisors and service providers of Delta and its affiliates, as well as members of the Delta board of directors, are eligible to participate in the Delta 2007 Performance Compensation Plan. This group currently includes approximately 50,000 individuals; following the closing of the merger, approximately 39,000 employees of Northwest will also be eligible to participate in the Delta 2007 Performance Compensation Plan.

**Shares and Other Limits.** Subject to adjustment, the maximum number of shares of Delta common stock reserved for issuance under the Delta 2007 Performance Compensation Plan is currently 30 million, which

**Table of Contents**

includes shares available for issuance pursuant to awards currently outstanding and approximately 5.3 million shares that remain available for future awards. No participant may receive in any calendar year stock options and stock appreciation rights that relate to more than 2 million shares of Delta common stock; restricted stock or restricted stock units that relate to more than one million shares; or performance awards and other stock-based awards that relate to more than 1.5 million shares. In addition, the maximum amount that may be paid in cash to any participant in a calendar year for an annual cash incentive is \$10 million and the maximum long-term cash incentive award that may be received by any participant in a calendar year is \$10 million multiplied by the number of years included in any applicable performance period (and any fraction of a performance period of less than one year) relating to such award.

Shares of Delta common stock to be issued under the Delta 2007 Performance Compensation Plan may be made available from authorized but unissued Delta common stock or Delta common stock that Delta acquires. If any shares of Delta common stock are covered by an award (other than a substitute award as defined below) that expires, is cancelled, forfeited or otherwise terminates without the delivery of shares (including shares of Delta common stock surrendered or withheld in payment of any exercise or price of an award or taxes related to an award and shares subject to an award to the extent that award is settled without the issuance of shares), then such shares of Delta common stock will again be available for issuance under the Delta 2007 Performance Compensation Plan (except that if a stock appreciation right is settled in shares of Delta common stock, the total number of shares of Delta common stock relating to the stock appreciation right, regardless of the actual number of shares of Delta common stock used to settle the award, are counted against the maximum aggregate number of shares of Delta common stock that may be issued under the Delta 2007 Performance Compensation Plan). A substitute award is any award granted in assumption of, or in substitution for, an outstanding award previously granted by a company acquired by Delta or with which Delta combines. Shares of Delta common stock underlying substitute awards do not reduce the number of shares of Delta common stock available for delivery under the Delta 2007 Performance Compensation Plan.

The P&C Committee will equitably adjust any or all of the number and type of shares of Delta common stock issuable under the Delta 2007 Performance Compensation Plan or subject to any award thereunder and/or the grant, purchase, or exercise price with respect to any award in the event that any recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or any other similar corporate transaction or event affects the shares of Delta common stock such that an adjustment is appropriate to prevent the dilution or enlargement of benefits or potential benefits intended to be made available under the Delta 2007 Performance Compensation Plan.

**Awards.** The Delta 2007 Performance Compensation Plan provides for grants of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, including cash incentive awards, and other stock-based awards.

*Stock Options.* The exercise price of an option (other than a substitute award) may not be less than the fair market value of a share of Delta common stock on the date of grant and each option has a term to be determined by the P&C Committee (not to exceed ten years). Options may be granted as incentive stock options, which are intended to qualify for favorable treatment to the recipient under Federal tax law, or as nonqualified stock options, which do not qualify for this favorable tax treatment. Stock options are exercisable at such time or times as determined by the P&C Committee.

*Stock Appreciation Rights.* A stock appreciation right, which we refer to as a SAR, may be granted as a free-standing right or in tandem with a stock option. Upon exercise of a SAR, the holder of that SAR is entitled to receive the excess of the fair market value of the shares for which the right is exercised over the exercise price of the SAR. The exercise price of a SAR (other than a substitute award) may not be less than the fair market value of a share of Delta common stock on the date of grant. A tandem SAR may be granted on the grant date of the related option. A tandem SAR will be exercisable only at such time or times and to the extent that the related option is exercisable. A tandem SAR will terminate or be forfeited upon the exercise or forfeiture of the related option, and the related option will terminate or be forfeited upon the exercise or forfeiture of the tandem SAR.

**Table of Contents**

*Restricted Stock/Restricted Stock Units.* Shares of restricted stock are shares of Delta common stock subject to restrictions on transfer and a substantial risk of forfeiture. A restricted stock unit consists of a contractual right denominated in shares of Delta common stock which represents the right to receive a share or the value of a share of Delta common stock at a future date, subject to certain vesting and other restrictions. Awards of restricted stock and restricted stock units will be subject to restrictions and such other terms and conditions as the P&C Committee may determine, which restrictions and such other terms and conditions may lapse separately or in combination at such time or times, in such installments or otherwise, as the P&C Committee may deem appropriate.

*Performance Awards.* The Delta 2007 Performance Compensation Plan provides that grants of performance awards, including cash-denominated awards, and (when determined by the P&C Committee) options, restricted stock or other stock-based awards, may be made based upon, and subject to achieving, performance objectives. Performance objectives with respect to those awards that are intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code are limited to specified levels of, or improvements for, Delta, Delta's business units or affiliates of revenue per available seat mile; cost per available seat mile; total stockholder return; return on equity, assets, capital or investment; operating, pre-tax or net income levels expressed in either absolute dollars, earnings per share, or changes in the same; the market price of shares; economic or cash value added; capitalization; net or operating profit margin; revenues or revenue growth; expenses; cash flow; operating cash flow or liquidity; earnings before interest, taxes, depreciation, amortization and aircraft rent; results of employee or customer satisfaction surveys; and other measures of operational performance (including, with limitation, DOT performance ranking in operational areas), quality, safety, productivity or process improvement. Performance criteria may be measured on an absolute (e.g., plan or budget) or relative basis. Relative performance may be measured against a group of peer companies, a financial market index or other acceptable objectives and quantifiable indices. Except with respect to awards that are performance-based compensation under Section 162(m) of the Code, if the P&C Committee determines that a change in Delta's business, operations, corporate structure or capital structure, or the manner in which Delta conducts its business, or other events or circumstances render the performance objectives unsuitable, the P&C Committee may modify the performance objectives or the related minimum acceptable level of achievement, in whole or in part, as the P&C Committee deems appropriate and equitable.

*Other Awards.* The P&C Committee is authorized to grant other stock-based awards, either alone or in addition to other awards granted under the Delta 2007 Performance Compensation Plan. Other awards may be settled in shares, cash, awards granted under the plan or any other form of property as the P&C Committee determines.

***Effect of Termination of Employment or Change in Control.*** The P&C Committee has authority to determine the treatment of awards in connection with termination of a participant's employment and any transaction or transactions resulting in a change in control by rule or regulation or in any award agreement or at any time in any individual case. The P&C Committee has determined, as set forth in the applicable award agreements, that certain awards granted under the Delta 2007 Performance Compensation Plan prior to the date hereof will vest upon a change in control of Delta such as the merger.

***Effective Date; Amendment to Delta 2007 Performance Compensation Plan.*** The Delta 2007 Performance Compensation Plan became effective on April 30, 2007, and no award may be granted under the Delta 2007 Performance Compensation Plan on or after the tenth anniversary of that date. However, unless otherwise expressly provided in the Delta 2007 Performance Compensation Plan or in an applicable award agreement, any award granted prior to such tenth anniversary may extend beyond such date, and the authority of the P&C Committee to administer the Delta 2007 Performance Compensation Plan and to amend, suspend or terminate any such award, or to waive any conditions or rights under any such award, and the authority of the Delta board of directors to amend the plan, will extend beyond such date.

**Table of Contents**

Except as otherwise provided in an award agreement, the Delta board of directors or the P&C Committee may from time to time suspend, discontinue, revise or amend the Delta 2007 Performance Compensation Plan and the P&C Committee may amend the terms of any award in any respect, provided that no such action will adversely impair or affect the rights of a holder of an outstanding award under the Delta 2007 Performance Compensation Plan without the holder's consent, and no such action will be taken without stockholder approval, if required by the rules of the stock exchange on which shares of Delta common stock are traded.

**Certain Federal Income Tax Consequences.** The following is a summary of certain U.S. federal income tax consequences of awards made under the Delta 2007 Performance Compensation Plan, based upon the laws currently in effect. The discussion is general in nature and does not take into account a number of considerations which may apply in light of the individual circumstances of a participant under the Delta 2007 Performance Compensation Plan. The income tax consequences under applicable state and local tax laws may not be the same as under U.S. federal income tax laws.

*Non-Qualified Stock Options.* A participant will not recognize taxable income upon the grant of a nonqualified stock option and Delta will not be entitled to a tax deduction at such time. A participant will recognize compensation taxable as ordinary income (and be subject to income tax and employment tax withholding) upon exercise of a nonqualified stock option equal to the excess of the fair market value of the shares purchased pursuant to such option over their exercise price, and Delta generally will be entitled to a corresponding deduction.

*Incentive Stock Options.* A participant will not recognize taxable income upon the grant of an incentive stock option. A participant will not recognize taxable income (except for purposes of the alternative minimum tax) upon exercise of an incentive stock option. If the shares acquired by exercise of an incentive stock option are held for the longer of two years from the date the option was granted and one year from the date the shares were transferred to the participant, any gain or loss arising from a subsequent disposition of such shares will be taxed as a long-term capital gain or loss, and we will not be entitled to any deduction. If, however, such shares are disposed of within such two or one year periods, then in the year of such disposition the participant will recognize compensation taxable as ordinary income equal to the excess of the lesser of the amount realized upon such disposition and the fair market value of such shares on the date of exercise over the exercise price, and Delta generally will be entitled to a corresponding deduction. The excess of the amount realized on a subsequent sale or exchange over the fair market value of the stock on the exercise date generally will be treated as a capital gain.

*Stock Appreciation Rights.* A participant will not recognize taxable income upon the grant of a SAR, and Delta will not be entitled to a tax deduction at such time. Upon exercise, a participant will recognize compensation taxable as ordinary income (and be subject to income and employment tax withholding) equal to the fair market value of any shares delivered and the amount of cash paid by Delta, and Delta generally will be entitled to a corresponding deduction.

The foregoing general tax discussion is solely intended for the information of stockholders considering how to vote with respect to this proposal and not as tax guidance to participants in the Delta 2007 Performance Compensation Plan. Participants should consult their own tax advisors regarding the federal, state, local, foreign and other tax consequences to them of participating in the Delta 2007 Performance Compensation Plan.

**Amendment Required to Offer Merger Equity Awards; New Plan Benefits.** As of July 15, 2008, there were approximately 5.3 million shares of Delta common stock available for new awards under the Delta 2007 Performance Compensation Plan. The Delta board of directors recommends approval of an amendment to the Delta 2007 Performance Compensation Plan to increase the number of shares of Delta common stock issuable under that plan by a number of shares equal to 15% of Delta's outstanding equity capitalization, determined on a fully-diluted basis at the closing of the merger. Stockholder approval of the amendment is necessary for Delta to implement the employee equity issuance. While the exact number of shares of Delta common stock covered by

**Table of Contents**

the amendment cannot be calculated until the closing of the merger, the number is currently expected to be approximately 130 million shares. Northwest currently maintains a similar equity plan, the Northwest 2007 Stock Incentive Plan, but following the closing of the merger, no additional grants under that plan will be made.

Delta expects to make additional individual grants to non-pilot, non-management employees and management employees of the combined company in aggregate amounts equal to 4% and approximately 3.5%, respectively, of the fully-diluted outstanding equity capitalization of Delta (after giving effect to the shares of Delta common stock to be issued to the stockholders of Northwest in the merger and in the employee equity issuance). Otherwise, except in certain cases described below, the future benefits or awards that will be received by or allocated to any executive officers, employees or non-employee directors under the Delta 2007 Performance Compensation Plan are not currently determinable since no specific grants have been decided upon. For information with respect to 2007 grants made to Delta's executive officers, please see the Grants of Plan-Based Awards Table in the Section entitled EXECUTIVE COMPENSATION in Delta's annual Proxy Statement filed with the SEC on April 24, 2008. For information with respect to 2007 grants made to Northwest's executive officers, please see the Grants of Plan Based Awards in 2007 Table in the section of this joint proxy statement/prospectus entitled Northwest Proposal 4: Approval of Amendment to the Northwest Airlines Corporation 2007 Stock Incentive Plan Grants of Plan-Based Awards in 2007.

As discussed in detail below, under the transaction framework agreement, Delta has agreed to award a number of shares of Delta common stock equal to 3.5% and 2.38% of the fully-diluted equity capitalization of Delta upon the consummation of the merger to eligible Delta pilots and eligible Northwest pilots, respectively. Certain of the employment term sheets distributed to senior vice president-level and vice president-level officers (but not executive vice president-level) of Northwest and Delta (see The Merger Interests of Directors and Officers in the Merger beginning on page 59 for more information) include a proposed equity grant. However, until the process of integrating the management team is completed, the actual total number of shares that will be granted to all of those executives or to any executive officers of Northwest and Delta will not be determinable.

**Transaction Framework Agreement**

**Issuance to Delta and Northwest Pilots.** Subject to the terms and conditions of the transaction framework agreement, at the closing of the merger, Delta will issue, which we refer to as the pilot issuance, to the eligible Delta and Northwest pilots on the respective seniority lists as of the date of the closing of the merger, or to a trust or trusts for the benefit of such eligible pilots, which we collectively refer to as the pilot trust, a number of shares of Delta common stock equal to 3.5% and 2.38%, respectively, of the outstanding equity capitalization of Delta, each determined on a fully-diluted basis after giving effect to the issuance of Delta common stock to Northwest stockholders in the merger and in the employee equity issuance, which we collectively refer to as the pilot shares. The transaction framework agreement provides for customary registration rights with respect to the pilot shares.

**Joint Collective Bargaining Agreement.** The transaction framework agreement provides that Delta, the Delta MEC, the Northwest MEC and ALPA have tentatively agreed, subject to pilot ratification, to a joint collective bargaining agreement that would cover Delta pilots and Northwest pilots upon the closing of the merger. Among other things, the joint collective bargaining agreement would allow Delta to place its code on all flights operated by NWA. Under Delta's current collective bargaining agreement with the Delta unit of ALPA, there are certain limitations on Delta's ability to place its code on NWA flights. In addition, among other things, the joint collective bargaining agreement provides for the combining of the Delta and Northwest regional jet fleets, revises the minimum block-hour provisions to provide Delta with flexibility to reduce schedules if economic conditions warrant, provides for pay rate increases and provides that, with certain exceptions, for 24 months following the closing of the merger, no pilot on the seniority list as of the closing will be placed on furlough as a result of the merger.

If separately ratified by the Delta and Northwest pilots, the joint collective bargaining agreement will become effective upon the closing of the merger unless it is terminated and becomes void as a result of the

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**Table of Contents**

termination of the transaction framework agreement as described below. The joint collective bargaining agreement will become amendable under the Railway Labor Act as of December 31, 2012. Until the joint collective bargaining agreement becomes effective, Delta and Northwest pilots will be governed by the terms of their respective collective bargaining agreements. The transaction framework agreement also provides that the Delta MEC and the Northwest MEC, with the agreement and approval of ALPA, will adopt and be bound by a process agreement relating to the determination of an integrated seniority list for the Delta and Northwest pilots. The parties to the process agreement may not revise, waive any material right under, or terminate the process agreement without the consent of Delta.

***Conditions to Each Party's Obligations.*** The obligations of all the parties to effect the transactions contemplated by the transaction framework agreement are subject to the satisfaction of the following conditions:

absence of any judgment or other legal prohibition of any court or other governmental entity that has the effect of prohibiting the consummation of the pilot issuance or the other transactions contemplated by the transaction framework agreement;

consummation of the merger in accordance with the terms of the merger agreement;

separate ratification of the joint collective bargaining agreement by the Delta and Northwest pilots and the subsequent execution of the joint collective bargaining agreement by the president of ALPA;

approval of the issuance of the pilot shares by Delta stockholders; and

any waiting period (and any extension thereof) applicable, if any, to the issuance of the pilot shares under the antitrust laws of the United States will have expired or been terminated and all other required governmental approvals will have been obtained or applicable waiting periods will have expired.

In addition, each of Delta's, on the one hand, and the Delta MEC's, the Northwest MEC's and ALPA's, on the other hand, obligations to effect the transactions contemplated by the transaction framework agreement are subject to the satisfaction of the following conditions:

the representations and warranties of the other parties will be true and correct in all material respects when made and as of the consummation of the issuance of the pilot shares; and

the other parties will have performed, or complied with, in all material respects, all of its respective obligations under the transaction framework at or prior to the consummation of the pilot issuance.

***Representations and Warranties.*** Delta, the Delta MEC, the Northwest MEC and ALPA have made customary representations and warranties regarding, among other things (i) valid existence and authority to enter into transaction framework agreement, (ii) absence of conflicts, (iii) required consents and approvals, (iv) compliance with applicable laws and (v) due authorization and valid issuance of pilot shares.

***Covenants.*** The transaction framework agreement contains certain additional covenants relating to, among other things, (i) the Delta MEC's and the Northwest MEC's obligations to (A) recommend ratification of the joint collective bargaining agreement to the Delta pilots and the Northwest pilots, respectively, (B) use best efforts to cause a ratification vote on the joint collective bargaining agreement by August 26, 2008 and (C) publicly support the merger, (ii) prohibition against certain modifications to the merger agreement, (iii) allocation of fees and expenses among Delta, the Delta MEC, the Northwest MEC and ALPA, (iv) use of reasonable best efforts to make all necessary governmental filings and obtain all required regulatory approvals, (v) the right of the Delta MEC and the Northwest MEC, acting jointly, to appoint a single representative to the Delta board of directors and (vi) Delta's indemnification obligations.

***Termination of Transaction Framework Agreement.*** The transaction framework agreement may be terminated by provision of written notice at any time prior to the effective time of the pilot issuance:



by any party, if the merger agreement is terminated;

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**Table of Contents**

by any party, if the merger is not consummated by the outside date (as may be extended in certain circumstances) provided in the merger agreement;

by any party, if any court of competent jurisdiction or other governmental entity issues a final and non-appealable order, decree or ruling or takes any other action restraining, enjoining or otherwise prohibiting any of the transactions contemplated by the transaction framework agreement;

by Delta, upon a material breach of any representation, warranty, covenant or agreement on the part of ALPA, the Delta MEC or the Northwest MEC which is not cured on or before the consummation of the merger and the 30th day following written notice to ALPA, the Delta MEC or the Northwest MEC, as the case may be, unless Delta is then in material breach of any of its covenants or agreements contained in the transaction framework agreement;

by either the Delta MEC or the Northwest MEC, upon a material breach of any representation, warranty, covenant or agreement on the part of Delta which is not cured on or before the consummation of the merger and the 30th day following written notice to Delta, unless, in the case of the Delta MEC, either ALPA or the Delta MEC, and in the case of the Northwest MEC, either ALPA or the Northwest MEC, is then in material breach of any of its covenants or agreements contained in the transaction framework agreement; or

by either the Delta MEC or the Northwest MEC, if the special meeting of Delta stockholders to approve the pilot issuance has been held and the requisite Delta stockholder approval has not been obtained or if such special meeting of Delta stockholders is not held by April 14, 2009.

If the transaction framework agreement is validly terminated, except for specified provisions, the transaction framework agreement (including the process agreement) and the joint collective bargaining agreement will become void and have no effect, without any liability on the part of any party or its directors, officers, stockholder or members or other affiliates or related parties, unless the party is in willful and material breach of the transaction framework agreement. Upon termination of the transaction framework agreement, the original transaction framework agreement among Delta, the Delta MEC and ALPA will remain in full force and effect unless it is also validly terminated.

**Ancillary Transaction Framework Agreement**

In connection with the transaction framework agreement (as described in Delta Proposal 2: Amendment to the Delta Performance Compensation Plan Transaction Framework Agreement beginning on page 93), Northwest, the Northwest MEC and ALPA have entered into an ancillary transaction framework agreement (which we refer to as the ancillary transaction framework agreement), dated as of June 26, 2008, that provides for certain additional covenants and agreements in connection with and furtherance of the transactions contemplated by the merger agreement. Under the ancillary transaction framework agreement, Northwest consents to the joint collective bargaining agreement, which is described at page 93 hereof, and which, subject to pilot ratification, will apply to the pilots of the combined company as of the effective date of the merger. Unless and until the joint collective bargaining agreement becomes effective, the Northwest pilots will be governed by the terms of their existing collective bargaining agreement.

**Representations and Warranties.** Northwest, the Northwest MEC and ALPA have made customary representations and warranties regarding, among other things, (i) valid existence and authority to enter into the ancillary transaction framework agreement, (ii) absence of conflicts and (iii) required consents and approvals.

**Covenants.** The ancillary transaction framework agreement contains certain additional covenants relating to, among other things, (i) prohibition against (A) certain swaps or transfers with Delta by Northwest of orders or options for new aircraft before the effective date of the merger, and (B) furloughs of pilots on the Northwest seniority list as a result of the merger agreement before the effective date of the merger, subject to exceptions for certain force majeure events, (ii) agreement among Northwest, ALPA and the Northwest MEC that, if the joint

**Table of Contents**

collective bargaining agreement does not become effective or the merger is not consummated for any reason, the joint collective bargaining agreement and the ancillary transaction framework agreement will not prejudice or be referred to by Northwest, ALPA or the Northwest MEC in any future collective bargaining negotiations or proceedings related to the existing Northwest collective bargaining agreement, and (iii) the Northwest MEC's obligation to cause its designee on the Northwest board of directors to resign at the effective date of the merger, and, except as otherwise provided by the transaction framework agreement, the termination of the Northwest MEC's right to designate such representative to the Northwest board of directors.

***Termination of Ancillary Transaction Framework Agreement.*** The ancillary transaction framework agreement will terminate automatically upon and simultaneously with any termination of the transaction framework agreement in accordance with its terms.

If the ancillary transaction framework agreement is validly terminated, except for specified provisions, the ancillary transaction framework agreement will become void and have no effect, without any liability on the part of any party or its directors, officers, stockholder or members or other affiliates or related parties, unless the party is in willful and material breach of the ancillary transaction framework agreement.

**Table of Contents**

**ACCOUNTING TREATMENT**

Delta prepares its financial statements in accordance with GAAP. The merger will be accounted for using the purchase method of accounting with Delta being considered the acquirer of Northwest for accounting purposes. This means that Delta will allocate the purchase price to the fair value of Northwest's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the purchase method of accounting, goodwill is not amortized but is tested for impairment at least annually.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

*The following is a discussion of the material U.S. federal income tax consequences of the merger to Northwest stockholders who exchange their shares of Northwest common stock for shares of Delta common stock in the merger. This discussion addresses only Northwest stockholders who are U.S. Holders (as defined below) and hold Northwest common stock as a capital asset. It does not address all of the U.S. federal income tax consequences that may be relevant to a particular Northwest stockholder in light of that stockholder's individual circumstances or to a Northwest stockholder who is subject to special rules, including, without limitation:*

a financial institution or insurance company;

a tax-exempt organization;

an insurance company;

a mutual fund;

a stockholder who is not a U.S. Holder;

a pass-through entity or an investor in such an entity;

a dealer or broker in securities or foreign currencies;

a trader in securities who elects to apply a mark-to-market method of accounting;

a stockholder who holds Northwest common stock as part of a hedge, straddle, constructive sale or conversion transaction; and

a stockholder who acquired his or her shares of Northwest common stock pursuant to the exercise of employee stock options or otherwise as compensation.

The following discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions, each as in effect as of the date of this document and all of which are subject to change, possibly with retroactive effect. In addition, this discussion does not address any state, local or foreign tax consequences of the merger.

***Northwest stockholders should consult their tax advisors as to the specific tax consequences to them of the merger in light of their particular circumstances, including the applicability and effect of U.S. federal, state, local, foreign income and other tax laws.***

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For purposes of this discussion, U.S. Holder refers to a beneficial owner of Northwest common stock that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust (x) that is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

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**Table of Contents**

If an entity treated as a partnership for U.S. federal income tax purposes holds Northwest common stock, the tax treatment of a partner in such entity will generally depend upon the status of the partner and the activities of that partnership. If a U.S. Holder is a partner of a partnership holding Northwest common stock, such holder should consult its tax advisor regarding the tax consequences of the merger.

It is a condition to the completion of the merger that Delta receive a written opinion from its counsel, Wachtell, Lipton, and that Northwest receive a written opinion from its counsel, Simpson Thacher, in each case dated as of the effective date of the merger, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on representation letters provided by Delta and Northwest to be delivered at the time of closing and on customary assumptions. Neither Delta nor Northwest intends to waive this closing condition. In the event that either Delta or Northwest waives receipt of such opinion from its counsel, however, Delta and Northwest will resolicit the approval of its stockholders after providing appropriate disclosure. No ruling has been or will be sought from the IRS as to the U.S. federal income tax consequences of the merger and an opinion of counsel is not binding on the IRS or any court. Accordingly, there can be no assurances that the IRS will not disagree with or challenge any of the conclusions described herein.

Assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes:

a Northwest stockholder whose shares of Northwest common stock are exchanged in the merger solely for shares of Delta common stock will not recognize gain or loss, except with respect to cash received in lieu of fractional shares of Delta common stock (as discussed below);

a Northwest stockholder's aggregate tax basis in shares of Delta common stock received in the merger (including any fractional shares deemed received and exchanged for cash) will equal the aggregate tax basis of the Northwest common stock surrendered in the merger; and

a Northwest stockholder's holding period for shares of Delta common stock received in the merger will include the holding period for the shares of Northwest common stock surrendered in the merger.

If Northwest stockholders acquired different blocks of Northwest common stock at different times and at different prices, such Northwest stockholders' tax basis and holding periods in their Delta common stock may be determined with reference to each block of Northwest common stock.

***Cash in Lieu of Fractional Shares.*** A holder of Northwest common stock who receives cash in lieu of a fractional share of Delta common stock generally will be treated as having received such fractional share in the merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of Delta common stock. Such gain or loss generally will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such shares is greater than one year.

***Backup Withholding.*** Northwest stockholders may be subject to information reporting and backup withholding on any cash payments received in lieu of a fractional share interest in Delta common stock. Such Northwest stockholders will not be subject to backup withholding, however, if they:

furnish a correct taxpayer identification number and certify that such Northwest stockholders are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to such Northwest stockholders following the completion of the merger; or

are otherwise exempt from backup withholding.

**Table of Contents**

Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against such Northwest stockholders' United States federal income tax liability, provided such Northwest stockholders furnish the required information to the Internal Revenue Service.

***Reporting Requirements.*** If Northwest stockholders receive Delta common stock as a result of the merger, such Northwest stockholders will be required to retain records pertaining to the merger and will be required to file with their United States federal income tax return for the year in which the merger takes place a statement setting forth certain facts relating to the merger.

**Table of Contents**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The Unaudited Pro Forma Condensed Combined Balance Sheet combines the historical consolidated balance sheets of Delta and Northwest, giving effect to the merger as if it had been consummated on June 30, 2008, and the Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2008 and for the year ended December 31, 2007 combine the historical consolidated statements of operations of Delta and Northwest, giving effect to the merger as if it had occurred at the beginning of the periods presented. The historical consolidated financial statements of Northwest have been adjusted to reflect certain reclassifications in order to conform with Delta's financial statement presentation.

The Unaudited Pro Forma Condensed Combined Financial Statements were prepared using the purchase method of accounting with Delta treated as the acquiring entity. Accordingly, consideration given by Delta to complete the merger with Northwest will be allocated to assets and liabilities based upon their estimated fair values as of the date of completion of the merger. As of the date of this joint proxy statement/prospectus, Delta has not performed the detailed valuation studies necessary to arrive at the required estimates of the fair value of the Northwest assets to be acquired and the liabilities to be assumed and the related allocations of purchase price, nor has it identified all adjustments necessary to conform Northwest's accounting policies to Delta's accounting policies. Additionally, a final determination of the fair value of Northwest's assets and liabilities, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets and liabilities of Northwest that exist as of the date of completion of the merger. Accordingly, the pro forma purchase price adjustments are preliminary, are subject to further adjustments as additional information becomes available and as additional analyses are performed and have been made solely for the purpose of providing the Unaudited Pro Forma Condensed Combined Financial Statements presented below. Delta estimated the fair value of Northwest's assets and liabilities based on discussions with Northwest's management, due diligence and information presented in public filings. Until the merger is completed, both companies are limited in their ability to share information. Upon completion of the merger, final valuations will be performed. Increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the balance sheet and/or statements of operations. There can be no assurance that such finalization will not result in material changes.

These Unaudited Pro Forma Condensed Combined Financial Statements have been developed from and should be read in conjunction with (1) the unaudited interim consolidated financial statements of Delta and Northwest contained in their respective Quarterly Reports on Form 10-Q for the quarterly period ended June 30, 2008 and (2) the audited consolidated financial statements of Delta and Northwest contained in their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2007, all of which are incorporated by reference into this joint proxy statement/prospectus. The Unaudited Pro Forma Condensed Combined Financial Statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of Delta would have been had the Northwest acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

Delta expects to incur significant costs associated with integrating the operations of Delta and Northwest. The Unaudited Pro Forma Condensed Combined Financial Statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies expected to result from the merger.



**Table of Contents****DELTA AIR LINES, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****June 30, 2008**

(in millions)	Historical		Pro Forma Adjustments	Condensed Combined Pro Forma
	Delta	Northwest		
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 3,239	\$ 3,216	\$	\$ 6,455
Short-term investments	103	40		143
Restricted cash, cash equivalents and short-term investments	517	424		941
Accounts receivable, net	1,418	755	(11) <sup>(a)</sup>	2,162
Fuel hedge derivatives	879	290		1,169
Prepaid expenses and other	1,011	519	(38) <sup>(b)</sup>	1,492
<b>Total current assets</b>	<b>7,167</b>	<b>5,244</b>	<b>(49)</b>	<b>12,362</b>
<b>Property and equipment, net</b>	<b>11,999</b>	<b>8,515</b>	<b>(189)<sup>(c)</sup></b>	<b>20,325</b>
<b>OTHER ASSETS:</b>				
Goodwill	5,169	2,873	754 <sup>(d)</sup>	8,796
Identifiable intangibles, net	2,342	3,894	(520) <sup>(e)</sup>	5,968
Other noncurrent assets	974	341	252 <sup>(f)</sup> (78) <sup>(g)</sup>	1,237
<b>Total other assets</b>	<b>8,485</b>	<b>7,108</b>	<b>408</b>	<b>16,001</b>
<b>Total assets</b>	<b>\$ 27,651</b>	<b>\$ 20,867</b>	<b>\$ 170</b>	<b>\$ 48,688</b>
<b>LIABILITIES AND SHAREOWNERS EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Current maturities of long-term debt and capital leases	\$ 796	\$ 641	\$	\$ 1,437
Air traffic liability	3,064	2,015		5,079
Frequent flyer deferred revenue	1,096	496		1,592
Fuel hedge margin	973			973
Accounts payable and other accrued liabilities	2,203	1,658	(11) <sup>(a)</sup> (25) <sup>(b)</sup> 129 <sup>(h)</sup> 70 <sup>(i)</sup>	4,024
<b>Total current liabilities</b>	<b>8,132</b>	<b>4,810</b>	<b>163</b>	<b>13,105</b>
<b>NONCURRENT LIABILITIES:</b>				
Long-term debt and capital leases	8,338	6,849	(429) <sup>(j)</sup>	14,758
Pension and related benefits	2,995	2,907	239 <sup>(k)</sup>	6,141
Frequent flyer deferred revenue	2,123	1,465	(31) <sup>(l)</sup>	3,557
Postretirement benefits	856	729	(24) <sup>(k)</sup>	1,561
Other noncurrent liabilities	1,486	1,083		2,569
<b>Total noncurrent liabilities</b>	<b>15,798</b>	<b>13,033</b>	<b>(245)</b>	<b>28,586</b>
<b>COMMITMENTS AND CONTINGENCIES</b>				
<b>SHAREOWNERS EQUITY:</b>				

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Common stock		2	(2) <sup>(m)</sup>	
Additional paid-in capital	9,541	7,298	(7,298) <sup>(m)</sup>	13,648
			3,250 <sup>(n)</sup>	
			26 <sup>(n)</sup>	
			18 <sup>(n)</sup>	
			813 <sup>(o)</sup>	
Accumulated deficit	(7,120)	(4,174)	4,174 <sup>(m)</sup>	(7,951)
			(18) <sup>(n)</sup>	
			(813) <sup>(o)</sup>	
Accumulated other comprehensive income (loss)	1,451	(102)	102 <sup>(m)</sup>	1,451
Stock held in treasury, at cost	(151)			(151)
Total shareowners' equity	3,721	3,024	252	6,997
Total liabilities and shareowners' equity	\$ 27,651	\$ 20,867	\$ 170	\$ 48,688

The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Statements.

**Table of Contents****DELTA AIR LINES, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****For the Six Months Ended June 30, 2008**

(in millions, except per share data)	Historical		Pro Forma Adjustments	Condensed Combined Pro Forma
	Delta	Northwest		
<b>OPERATING REVENUE:</b>				
Passenger:				
Mainline	\$ 6,688	\$ 4,797	\$	\$ 11,485
Regional affiliates	2,182	922		3,104
Cargo	294	410		704
Other, net	1,101	574		1,675
Total operating revenue	10,265	6,703		16,968
<b>OPERATING EXPENSE:</b>				
Aircraft fuel and related taxes	3,100	2,321		5,421
Salaries and related costs	2,183	1,355	(17) <sup>(h)</sup>	3,595
			42 <sup>(k)</sup>	
			32 <sup>(p)</sup>	
Contract carrier arrangements	1,827	412		2,239
Depreciation and amortization	599	305	(7) <sup>(c)</sup>	882
			(9) <sup>(f)</sup>	
			(6) <sup>(q)</sup>	
Aircraft maintenance materials and outside repairs	563	418		981
Contracted services	511	416		927
Passenger commissions and other selling expenses	473	390		863
Landing fees and other rents	364	291		655
Passenger service	189	127		316
Aircraft rent	131	187		318
Impairment of goodwill	6,939	3,243		10,182
Impairment of intangible assets	357	1,186	(135) <sup>(q)</sup>	1,408
Restructuring and related items	120			120
Other	257	405	(24) <sup>(h)</sup>	638
Total operating expense	17,613	11,056	(124)	28,545
<b>OPERATING LOSS</b>	<b>(7,348)</b>	<b>(4,353)</b>	<b>124</b>	<b>(11,577)</b>
<b>OTHER (EXPENSE) INCOME:</b>				
Interest expense, net	(236)	(222)	(38) <sup>(j)</sup>	(496)
Miscellaneous, net	31	(155)	4 <sup>(h)</sup>	(120)
Total other expense, net	(205)	(377)	(34)	(616)
<b>LOSS BEFORE INCOME TAXES</b>	<b>(7,553)</b>	<b>(4,730)</b>	<b>90</b>	<b>(12,193)</b>
<b>INCOME TAX BENEFIT</b>	<b>119</b>	<b>214</b>	<b>(51)<sup>(r)</sup></b>	<b>282</b>
<b>NET LOSS</b>	<b>\$ (7,434)</b>	<b>\$ (4,516)</b>	<b>\$ 39</b>	<b>\$ (11,911)</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	<b>\$ (18.79)</b>	<b>\$ (17.19)</b>	<b>(t)(u)</b>	<b>\$ (14.30)</b>

<b>BASIC AND DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING</b>	395.7	262.7	(i)(ii)	832.8
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The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Statements.

**Table of Contents****DELTA AIR LINES, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2007**

(in millions, except per share data)	(Note 3)			Condensed Combined Pro Forma
	Delta Pro Forma	Northwest Pro Forma	Pro Forma Adjustments	
<b>OPERATING REVENUE:</b>				
Passenger:				
Mainline	\$ 12,842	\$ 9,386	\$	\$ 22,228
Regional affiliates	4,170	1,412		5,582
Cargo	482	840		1,322
Other, net	1,754	895		2,649
<b>Total operating revenue</b>	<b>19,248</b>	<b>12,533</b>		<b>31,781</b>
<b>OPERATING EXPENSE:</b>				
Aircraft fuel and related taxes	4,686	3,378		8,064
Salaries and related costs	4,183	2,446	84 <sup>(k)</sup>	6,873
Contract carrier arrangements	3,152	776	160 <sup>(p)</sup>	3,928
Depreciation and amortization	1,154	486	(14) <sup>(c)</sup>	1,566
			(45) <sup>(f)</sup>	
			(15) <sup>(q)</sup>	
Contracted services	996	749		1,745
Aircraft maintenance materials and outside repairs	957	811		1,768
Passenger commissions and other selling expenses	933	751		1,684
Landing fees and other rents	725	539		1,264
Passenger service	338	230		568
Aircraft rent	260	378		638
Profit sharing	158	79		237
Other	483	749		1,232
<b>Total operating expense</b>	<b>18,025</b>	<b>11,372</b>	<b>170</b>	<b>29,567</b>
<b>OPERATING INCOME</b>	<b>1,223</b>	<b>1,161</b>	<b>(170)</b>	<b>2,214</b>
<b>OTHER (EXPENSE) INCOME:</b>				
Interest expense, net	(511)	(493)	(93) <sup>(j)</sup>	(1,097)
Miscellaneous, net	32	152		184
<b>Total other expense, net</b>	<b>(479)</b>	<b>(341)</b>	<b>(93)</b>	<b>(913)</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>744</b>	<b>820</b>	<b>(263)</b>	<b>1,301</b>
<b>INCOME TAX PROVISION</b>	<b>(295)</b>	<b>(320)</b>	<b>100<sup>(s)</sup></b>	<b>(515)</b>
<b>NET INCOME</b>	<b>\$ 449</b>	<b>\$ 500</b>	<b>\$ (163)</b>	<b>\$ 786</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>\$ 1.14</b>	<b>\$ 1.91</b>	<b>(t)</b>	<b>\$ 0.95</b>

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<b>DILUTED EARNINGS PER SHARE</b>	\$ 1.14	\$ 1.91	(u)	\$ 0.95
<b>BASIC WEIGHTED AVERAGE SHARES OUTSTANDING</b>	394.1	262.2	(t)	827.8
<b>DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING</b>	395.2	262.4	(u)	830.1

The accompanying notes are an integral part of the Unaudited Pro Forma Condensed Combined Financial Statements.

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**Table of Contents**

**DELTA AIR LINES, INC.**

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**Note 1. Basis of Presentation**

On April 14, 2008, Delta entered into the merger agreement whereby Northwest will become a wholly-owned subsidiary of Delta. Under the terms of the merger agreement, each outstanding share of Northwest common stock (including those shares issuable pursuant to Northwest's plan of reorganization under Chapter 11) will be exchanged for 1.25 shares of Delta common stock. Northwest stock options and other equity awards will generally convert upon completion of the merger into stock options and equity awards with respect to Delta common stock, after giving effect to the exchange ratio.

In addition, Delta has agreed to issue to Delta pilots shares of Delta common stock equal to 3.5% of its fully-diluted outstanding shares and to Northwest pilots shares of Delta common stock equal to 2.38% of its fully-diluted outstanding shares (each after giving effect to the shares to be issued to the stockholders of Northwest in the merger and in the employee equity issuance), effective on the closing of the merger and subject to approval by Delta stockholders of the amendment to the Delta 2007 Performance Compensation Plan. Delta has also announced its intention to issue to U.S. based non-pilot, non-management employees of Delta and Northwest shares of its common stock equal to 4% of its fully-diluted outstanding shares and to management employees of the combined company shares of its common stock equal to approximately 3.5% of its fully-diluted outstanding shares (after giving effect to the shares to be issued to the stockholders of Northwest in the merger and in the employee equity issuance), effective on the closing of the merger and subject to stockholder approval of the amendment to the Delta 2007 Performance Compensation Plan.

Delta, the Delta MEC, the Northwest MEC and ALPA have tentatively agreed, subject to separate ratification by the Delta and Northwest pilots, to a joint collective bargaining agreement that would cover Delta's pilots and Northwest's pilots upon closing of the merger. If separately ratified by the Delta and Northwest pilots, the joint collective bargaining agreement will become effective on the closing of the merger unless it becomes void as a result of the termination of the transaction framework agreement. The joint collective bargaining agreement will become amendable on December 31, 2012. The joint collective bargaining agreement provides for, among other things, pay rate increases beginning on January 1, 2009 and certain improvements to benefits. The financial impact resulting from the joint collective bargaining agreement is not reflected within the Unaudited Pro Forma Condensed Combined Financial Statements.

The accompanying Unaudited Pro Forma Condensed Combined Financial Statements were prepared in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations, which we refer to as SFAS 141. If the merger does not close by the end of 2008, the merger will be accounted for and reported in accordance with SFAS 141 (revised 2007), Business Combinations.

The accompanying Unaudited Pro Forma Condensed Combined Financial Statements present the pro forma consolidated financial position and results of operations of the combined company based upon the historical financial statements of Delta and Northwest, after giving effect to the merger and adjustments described in these notes, and are intended to reflect the impact of the merger on Delta's consolidated financial statements.

The accompanying Unaudited Pro Forma Condensed Combined Financial Statements are presented for illustrative purposes only and do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings due to operating efficiencies or revenue synergies expected to result from the merger.

The Unaudited Pro Forma Condensed Combined Balance Sheet gives effect to the merger as if it had been consummated on June 30, 2008 and includes estimated pro forma adjustments for the preliminary valuations of net assets acquired and liabilities assumed. These adjustments are subject to further revision as additional

**Table of Contents**

information becomes available and additional analyses are performed. The Unaudited Pro Forma Condensed Combined Statements of Operations gives effect to the merger as if it had occurred at the beginning of the periods presented. Historical results for Delta and Northwest for the year ended December 31, 2007 have been adjusted to reflect (1) the impact of fresh start reporting as if the emergence from bankruptcy for both companies occurred on January 1, 2007 and (2) changes in accounting principle as if adoption had occurred on January 1, 2007. For additional information regarding these adjustments, see Note 3.

The Unaudited Pro Forma Condensed Combined Balance Sheet has been adjusted to reflect the preliminary allocation of the purchase price to identifiable net assets acquired and the excess purchase price to goodwill. The purchase price allocation in these Unaudited Pro Forma Condensed Combined Financial Statements is based upon a purchase price of approximately \$3.3 billion. This amount was derived from the estimated 338.5 million shares of Delta common stock to be issued in the merger, based on the estimated outstanding shares of Northwest common stock to be exchanged (including those shares issuable pursuant to Northwest's plan of reorganization under Chapter 11) at June 30, 2008 and the exchange ratio of 1.25 shares of Delta common stock for each Northwest share, at a price of \$9.60 per share, the average closing price of Delta shares of common stock for the two days prior to, the day of and two days subsequent to the public announcement of the merger. The actual number of shares of Delta common stock issued in the merger will be based upon the actual number of Northwest shares outstanding when the merger closes. The purchase price also includes the estimated fair value of stock options and other equity awards to be issued as of the closing date of the merger in exchange for similar securities of Northwest. Northwest stock options and other equity awards, which will all become fully vested as of the date of the merger, will be assumed by Delta and modified to provide for the purchase of Delta common stock. Accordingly, the number of shares and the price per share will be adjusted for the 1.25 exchange ratio. Vested stock options held by employees of Northwest are considered part of the purchase price. Accordingly, the purchase price includes an estimated fair value of stock options of approximately \$26 million.

The preliminary purchase price is calculated as follows:

(in millions, except per share data)

Estimated outstanding shares of Northwest common stock to be exchanged at June 30, 2008	270.8
Exchange ratio	1.25
Estimated shares of Delta common stock to be issued	338.5
Price per share	\$ 9.60
Fair value of Delta shares issued	\$ 3,250
Fair value of outstanding Northwest stock options	26
Estimated Delta acquisition costs	70
Total estimated purchase price	\$ 3,346

The table below represents a preliminary allocation of the total consideration to Northwest's tangible and intangible assets and liabilities based on Delta management's preliminary estimate of their respective fair values as of June 30, 2008:

(in millions)

Cash and cash equivalents	\$ 3,216
Other current assets	1,979
Property and equipment	8,326
Goodwill	3,627
Identified intangibles	3,626
Other noncurrent assets	263
Liabilities assumed	(17,691)
Total estimated purchase price	\$ 3,346





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**Table of Contents**

Upon completion of the fair value assessment after the merger, Delta anticipates that the ultimate purchase price allocation will differ from the preliminary assessment outlined above. Any changes to the initial estimates of the fair value of the assets and liabilities will be recorded as adjustments to those assets and liabilities and residual amounts will be allocated to goodwill.

**Note 2. Pro Forma Adjustments**

The Unaudited Pro Forma Condensed Combined Statements of Operations do not include any material non-recurring charges that will arise as a result of the merger. The Unaudited Pro Forma Condensed Combined Financial Statements reflect the following:

- (a) The elimination of \$11 million of receivables and payables between Delta and Northwest associated with sales to customers on behalf of the other airline and SkyMiles/WorldPerks frequent flyer miles earned or redeemed on the other airline.
- (b) Adjustments for the difference in Northwest's straight-line lease expense and cash lease payments reduced prepaid expenses and other by \$38 million and accounts payable and other accrued liabilities by \$25 million.
- (c) A \$189 million adjustment to reflect the fair value of Northwest's flight equipment as part of purchase accounting. As a result of this adjustment, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect a reduction in depreciation expense of \$7 million for the six months ended June 30, 2008 and \$14 million for the year ended December 31, 2007.
- (d) A \$754 million adjustment to increase goodwill as part of purchase accounting.
- (e) A reduction in identifiable intangible assets of \$520 million associated with an adjustment to the fair value of Northwest's tradename. Northwest's tradename will continue to be recognized as an indefinite-lived intangible asset.
- (f) A \$252 million adjustment to reflect the fair value of Northwest's intangible assets primarily associated with its WorldPerks affinity card contract as part of purchase accounting. Additionally, during the six months ended June 30, 2008, Northwest recorded a \$588 million non-cash charge from an impairment of definite-lived intangible assets primarily associated with customer relationships. As a result of these items, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect a net reduction in amortization expense of \$9 million for the six months ended June 30, 2008 and \$45 million for the year ended December 31, 2007. These amortization pro forma adjustments do not reflect the effects of the adjustment to fair value for certain code share partner agreements and the impairment of Northwest's SkyTeam Alliance as these items are included as part of (q) below. Additionally, the Unaudited Pro Forma Condensed Combined Statements of Operations do not reflect any pro forma adjustments for the impairment, except as discussed in (q) below.
- (g) A \$78 million reduction of other noncurrent assets associated with the elimination of deferred debt issuance costs incurred by Northwest.
- (h) An adjustment of \$129 million for one-time costs directly attributable to the transaction, including employee retention costs and certain professional fees incurred by Northwest pursuant to provisions contained in the merger agreement. As of June 30, 2008, Northwest had incurred \$45 million associated with these costs. As a result, the Unaudited Pro Forma Condensed Combined Statement of Operations reflects a reduction of \$17 million in salaries and related costs, \$24 million in other operating expense and \$4 million in miscellaneous, net for the six months ended June 30, 2008.
- (i)

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An estimated liability of \$70 million for certain professional fees incurred by Delta in connection with the merger and included in the purchase price.

- (j) A \$429 million adjustment to reflect the fair value of Northwest's long-term debt as part of purchase accounting. The difference between the fair value and the face amount of each borrowing is amortized using the effective interest rate method as additional interest expense over the remaining term of the borrowings based on the maturity dates. Accordingly, the Unaudited Pro Forma Condensed Combined

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**Table of Contents**

Statements of Operations reflect higher interest expense of \$38 million for the six months ended June 30, 2008 and \$93 million for the year ended December 31, 2007.

- (k) Adjustments to revalue Northwest's pension and related benefits of \$239 million and postretirement benefits of \$24 million. As a result of these adjustments, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect higher salaries and related costs of \$42 million for the six months ended June 30, 2008 and \$84 million for the year ended December 31, 2007.
- (l) An adjustment of \$31 million to revalue Northwest's frequent flyer deferred revenue as part of purchase accounting.
- (m) The elimination of all of Northwest's shareowners' equity, including \$2 million of common stock, \$7.3 billion of additional paid-in capital, \$4.2 billion of accumulated deficit and \$102 million of accumulated other comprehensive loss as a result of purchase accounting.
- (n) As discussed in Note 1, an estimated 338.5 million shares of Delta common stock will be issued to Northwest shareowners at a per share price of \$9.60 totaling \$3.3 billion. The issuance of these shares increases the Delta common stock outstanding as of June 30, 2008 by 338.5 million shares. Additionally, an estimated 7.3 million shares of Delta common stock underlying converted Northwest stock options with a fair value of \$26 million will be issued to Northwest employees. The difference in fair value of the Northwest stock options calculated using Delta assumptions versus Northwest assumptions is reflected as compensation expense by adjusting additional paid-in capital and accumulated deficit by \$18 million on the Unaudited Pro Forma Condensed Combined Balance Sheet.
- (o) The issuance of an estimated 84.7 million shares of Delta common stock to Delta pilots, Northwest pilots and U.S. based non-pilot, non-management employees of the combined company, as discussed in Note 1 at a per share price of \$9.60 totaling \$813 million. The issuance of these shares increases the Delta common stock outstanding as of June 30, 2008 by 84.7 million shares. The Unaudited Pro Forma Condensed Combined Statement of Operations does not reflect any pro forma adjustments for compensation expense related to these distributions as the stock vests immediately upon closing of the transaction, resulting in a non-recurring charge.
- (p) An adjustment to salaries and related costs for compensation expense related to an estimated 30.0 million shares of Delta common stock to be issued to management employees of the combined company as part of the business combination. These shares of Delta common stock are expected to be in the form of time-based restricted stock and non-qualified stock options. The issuance of the restricted shares increases the Delta common stock outstanding as of June 30, 2008 by 18.0 million shares. As a result, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect an increase to salaries and related costs of \$32 million for the six months ended June 30, 2008 and \$160 million for the year ended December 31, 2007.
- (q) A \$135 million adjustment to eliminate the impairment of intangible assets of (1) \$103 million associated with the portion of Delta's SkyTeam Alliance agreements that is directly attributable to Northwest and (2) \$32 million associated with the portion of Northwest's SkyTeam Alliance agreements that is directly attributable to Delta. Additionally, in order to conform to Delta's classification, Northwest's SkyTeam Alliance and other related agreements would have been recognized as indefinite-lived intangible assets. Previously, Northwest amortized these assets on a straight-line basis over a 30-year life as definite-lived intangible assets. As a result of this adjustment, the Unaudited Pro Forma Condensed Combined Statements of Operations reflect lower amortization expense of \$6 million for the six months ended June 30, 2008 and \$15 million for the year ended December 31, 2007.
- (r) A \$51 million income tax provision resulting from the \$135 million impairment adjustment related to the SkyTeam Alliance, as discussed in (q) above. The net operating loss resulting from the remaining pro forma adjustments is fully offset by an increase to the valuation allowance on the deferred tax asset.

- (s) A \$100 million income tax benefit resulting from the incremental loss associated with other pro forma adjustments. This adjustment is based on the statutory rates in effect for the year ended December 31, 2007.

**Table of Contents**

- (t) The pro forma combined basic (loss) earnings per share for the six months ended June 30, 2008 and year ended December 31, 2007 is calculated as follows:

<b>(in millions, except per share data)</b>	<b>Pro Forma Six Months Ended June 30, 2008</b>	<b>Pro Forma Year Ended December 31, 2007</b>
Pro forma net (loss) income	\$ (11,911)	\$ 786
Basic weighted average shares outstanding, including shares issuable pursuant to plan of reorganization	395.7	394.1
Accelerated vesting of restricted and performance shares	7.1	7.1
Estimated shares of Delta common stock to be issued:		
Northwest shares issued and outstanding <sup>(2)</sup>	308.8	308.8
Northwest shares issuable pursuant to plan of reorganization <sup>(1)(2)</sup>	22.4	22.4
Accelerated vesting of Northwest shares of restricted stock <sup>(2)</sup>	7.3	7.3
Subtotal	338.5	338.5
Estimated shares to be issued to Delta and Northwest pilots <sup>(3)</sup>	50.4	50.4
Estimated shares to be issued to Delta and Northwest non-pilot employees <sup>(3)</sup>	34.3	34.3
Estimated restricted shares to be issued to management employees of the combined company vesting during the period <sup>(3)</sup>	6.8	3.4
Basic weighted average shares outstanding	832.8	827.8
Pro forma basic (loss) earnings per share	\$ (14.30)	\$ 0.95

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- (1) Represents shares issuable pursuant to the Chapter 11 plan of reorganization to holders of allowed general, unsecured claims.
  - (2) Represents estimated shares of Delta common stock to be issued after giving effect to the 1.25 exchange ratio as determined in the merger agreement.
  - (3) In the event that Delta stockholders do not approve the amendment to the Delta 2007 Performance Compensation Plan, pro forma additional paid-in capital and accumulated deficit would be \$12.8 billion and \$7.1 billion, respectively, as of June 30, 2008. Additionally, pro forma combined loss per share for the six months ended June 30, 2008 would be \$16.07 and pro forma earnings per share for the year ended December 31, 2007 would be \$1.06.

- (u) The pro forma combined diluted (loss) earnings per share for the six months ended June 30, 2008 and year ended December 31, 2007 is calculated as follows:

<b>(in millions, except per share data)</b>	<b>Pro Forma Six Months Ended June 30, 2008</b>	<b>Pro Forma Year Ended December 31, 2007</b>
Pro forma net (loss) income	\$ (11,911)	\$ 786
Basic weighted average shares outstanding	832.8	827.8
Dilutive effects of estimated unvested restricted shares to be issued to management employees of the combined company		2.3
Weighted average shares outstanding, as adjusted	832.8	830.1

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Pro forma diluted (loss) earnings per share	\$ (14.30)	\$ 0.95
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- (1) Excluded from the pro forma combined basic and diluted (loss) earnings per share calculations are options to purchase 23.9 million shares of Delta common stock, which includes 7.3 million shares of Delta stock underlying converted Northwest stock options and an estimated 12 million shares to be issued to management employees of the combined company, as their effect is anti-dilutive. For the six months ended June 30, 2008 all restricted shares are excluded because their effect is anti-dilutive.

**Table of Contents**

**Note 3. Fresh Start Reporting**

Upon emergence from Chapter 11, Delta and Northwest adopted fresh start reporting in accordance with American Institute of Certified Public Accountants' Statement of Position, SOP 90-7, Financial Reporting by Entities in Reorganization under the Bankruptcy Code. Fresh start reporting requires resetting the historical net book value of assets and liabilities to fair value by allocating the entity's reorganization value to its assets and liabilities pursuant to SFAS 141. The adoption of fresh start reporting resulted in Delta and Northwest becoming new entities for financial reporting purposes. Accordingly, the Consolidated Financial Statements post adoption of fresh start reporting are not comparable to the Consolidated Financial Statements prior to that date.

Delta's adoption of fresh start reporting on April 30, 2007 resulted in its Consolidated Statement of Operations for the year ended December 31, 2007 including (1) the four months ended April 30, 2007 for the predecessor entity and (2) the eight months ended December 31, 2007 of the successor entity. Northwest's adoption of fresh start reporting on May 31, 2007 resulted in its Consolidated Statement of Operations for the year ended December 31, 2007 including (1) the five months ended May 31, 2007 of the predecessor entity and (2) the seven months ended December 31, 2007 of the successor entity.

To enhance the comparability of the information presented, the Unaudited Pro Forma Condensed Combined Statement of Operations for the year ended December 31, 2007 includes pro forma historical financial statements of Delta and Northwest adjusted to reflect (1) the impact of fresh start reporting as if implemented on January 1, 2007 and (2) changes in accounting principle as if adoption had occurred on January 1, 2007. The tables below present the historical results for each company after giving effect to these adjustments.

Additional information concerning fresh start reporting adjustment made by each company is available in the respective Annual Reports on Form 10-K for the year ended December 31, 2007 of each company, which are incorporated herein.



**Table of Contents****Delta Air Lines, Inc.**

(in millions, except per share data)	Predecessor Four Months Ended April 30, 2007	Successor Eight Months Ended December 31, 2007	Pro Forma Adjustments	Pro Forma Year Ended December 31, 2007
<b>OPERATING REVENUE:</b>				
Passenger:				
Mainline	\$ 3,829	\$ 8,929	\$ 84 <sup>(a)</sup>	\$ 12,842
Regional affiliates	1,296	2,874		4,170
Cargo	148	334		482
Other, net	523	1,221	10 <sup>(a)</sup>	1,754
Total operating revenue	5,796	13,358	94	19,248
<b>OPERATING EXPENSE:</b>				
Aircraft fuel and related taxes	1,270	3,416		4,686
Salaries and related costs	1,302	2,887	(6) <sup>(b)</sup>	4,183
Contract carrier arrangements	956	2,196		3,152
Depreciation and amortization	386	778	(10) <sup>(c)</sup>	1,154
Contracted services	326	670		996
Aircraft maintenance materials and outside repairs	320	663	(26) <sup>(d)</sup>	957
Passenger commissions and other selling expenses	298	635		933
Landing fees and other rents	250	475		725
Passenger service	95	243		338
Aircraft rent	90	156	14 <sup>(e)</sup>	260
Profit sharing	14	144		158
Other	189	299	(5) <sup>(e)</sup>	483
Total operating expense	5,496	12,562	(33)	18,025
<b>OPERATING INCOME</b>	300	796	127	1,223
<b>OTHER (EXPENSE) INCOME:</b>				
Interest expense, net	(248)	(276)	13 <sup>(f)</sup>	(511)
Miscellaneous, net	27	5		32
Total other expense, net	(221)	(271)	13	(479)
<b>INCOME BEFORE REORGANIZATION ITEMS, NET</b>	79	525	140	744
<b>REORGANIZATION ITEMS, NET</b>	1,215		(1,215) <sup>(g)</sup>	
<b>INCOME BEFORE INCOME TAXES</b>	1,294	525	(1,075)	744
<b>INCOME TAX BENEFIT (PROVISION)</b>	4	(211)	(88) <sup>(h)</sup>	(295)
<b>NET INCOME</b>	\$ 1,298	\$ 314	\$ (1,163)	