DELTA AIR LINES INC /DE/

FORM 10-K
(Annual Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-5424

DELTA AIR LINES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	58-0218548 (I.R.S. Employer Identification No.)
POST OFFICE BOX 20706 ATLANTA, GEORGIA (Address of principal executive offices)	30320-6001 (Zip Code)

Registrant's telephone number (including area code):
(404) 715-2600

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $1.50 per share.....................	New York Stock Exchange
Preferred Stock Purchase Rights.............................	New York Stock Exchange
8 1/8% Notes Due July 1, 2039...............................	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ] Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]
Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ] The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 28, 2002, was approximately $2.46 billion.

On February 28, 2003, there were outstanding 123,416,897 shares of the registrant's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II and IV of this Form 10-K incorporate by reference certain information from the registrant's 2002 Annual Report to Shareowners. Parts II and III of this Form 10-K incorporate by reference certain information from the registrant's definitive Proxy Statement dated March 25, 2003, for its Annual Meeting of Shareowners to be held on April 25, 2003.

Forward-Looking Information

Statements in this Form 10-K (or otherwise made by Delta or on Delta's behalf) which are not historical facts, including statements about Delta's estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or Delta's present expectations. Factors that could cause these differences include, but are not limited to:

1. The many effects on Delta and the airline industry from the terrorist attacks on the United States on September 11, 2001, including the following:

- The adverse impact of the terrorist attacks on the demand for air travel;

- The change in Delta's operations and higher costs resulting from, and customer reaction to, new airline and airport security directives;

- The availability and cost of war and terrorism risk and other insurance for Delta;

- Potential declines in the values of the aircraft in Delta's fleet or facilities and any related asset impairment charges;

2. The availability to Delta of financing on commercially reasonable terms, which may be influenced by, among other things, airline bankruptcies, the creditworthiness of the airline industry in general and Delta in particular, and actions by credit rating agencies;

3. Continued geopolitical uncertainty, including additional terrorist activity and/or war with Iraq;

4. General economic conditions, both in the United States and in our markets outside the United States;

5. The willingness of customers to travel generally, and with Delta specifically, which could be affected by factors such as Delta's and the industry's safety record and geopolitical uncertainty;

6. Competitive factors in our industry, such as airline bankruptcies, the airline pricing environment, the growth of low-cost carriers, international alliances, codesharing programs, capacity decisions by competitors and mergers and acquisitions;

7. Outcomes of negotiations on collective bargaining agreements and other labor issues;

8. Changes in the availability or cost of aircraft fuel or fuel hedges;

9. Disruptions to operations due to adverse weather conditions and air traffic control-related constraints;

10. Actions by the United States or foreign governments, including the Federal Aviation Administration and other regulatory agencies; and

11. The outcome of Delta's litigation.

Caution should be taken not to place undue reliance on Delta's forward-looking statements, which represent Delta's views only as of the date of this Form 10-K, and which Delta has no current intention to update.

PART I

ITEM 1. BUSINESS

General Description

Delta Air Lines, Inc. ("Delta" or the "Company") is a major air carrier that provides scheduled air transportation for passengers and cargo throughout the United States and around the world. As of February 1, 2003, Delta (including its wholly owned subsidiaries Atlantic Southeast Airlines, Inc. ("ASA") and Comair, Inc. ("Comair")) served 219 domestic cities in 47 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, as well as 48 cities in 32 countries. Delta is managed as a single business unit.

Based on calendar 2002 data, Delta is the second-largest airline in terms of passengers carried, and third-largest as measured by operating revenues and revenue passenger miles flown. Delta is the largest U.S. airline across the transatlantic, offering the most daily flight departures, serving the largest number of nonstop markets and carrying more passengers than any other U.S. airline.

For the year ended December 31, 2002, passenger revenues accounted for 93% of Delta's consolidated operating revenues. Cargo revenues and other sources accounted for 7% of the Company's consolidated operating revenues for that period. In 2002, Delta's operations in North America, the Atlantic, Latin America and the Pacific accounted for 81%, 14%, 4% and 1%, respectively, of its consolidated operating revenues.

Delta is incorporated under the laws of the State of Delaware. Its principal executive offices are located at Hartsfield Atlanta International Airport in Atlanta, Georgia. Delta's telephone number is (404) 715-2600, and its Internet address is "www.delta.com".

Delta makes available free of charge on its website its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, its Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after they are filed with the Securities and Exchange Commission.

Business Environment

Since the terrorist attacks on September 11, 2001, Delta and the airline industry have faced unprecedented challenges. The industry has experienced substantial revenue declines and cost increases, creating industry-wide liquidity issues which have resulted in two major airlines filing for bankruptcy. Information on these subjects is set forth under "Business Environment" on pages 13-15 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

Airline Operations

An important characteristic of Delta's route network is its four hub airports in Atlanta, Cincinnati, Dallas/Ft. Worth and Salt Lake City. Each of these hub operations includes Delta flights that gather and distribute traffic from markets in the geographic region surrounding the hub to other major cities and to other Delta hubs. Delta's hub and spoke system also provides passengers with access to Delta's principal international gateways in Atlanta and New York
- John F. Kennedy International Airport ("JFK"). As briefly discussed below, other key characteristics of Delta's route network include its alliances with foreign airlines; the Delta Connection Program; the Delta Shuttle; Song(TM), Delta's new low-fare service which will begin operations in April 2003; and Delta's proposed marketing alliance with Continental Airlines and Northwest Airlines.

International Alliances. Delta has formed bilateral and multilateral marketing alliances with foreign airlines to improve Delta's access to international markets. These arrangements can include codesharing, frequent flyer benefits, shared or reciprocal access to passenger lounges, joint advertising and other marketing agreements.

Delta's international codesharing agreements enable Delta to market and sell seats to an expanded number of international destinations. Under codesharing arrangements, Delta and the foreign carriers publish their respective airline designator codes on a single flight operation, thereby allowing Delta and the foreign carrier to offer joint service with one aircraft rather than operating separate services with two aircraft. These arrangements typically allow Delta to sell seats on the foreign carrier's aircraft that are marketed under Delta's "DL" designator code and permit the foreign airline to sell seats on Delta's aircraft that are marketed under the foreign carrier's two-letter designator code. As of March 1, 2003, Delta has codeshare arrangements in effect with Aerolitoral, Aeromexico, Air France (and certain of Air France's affiliated carriers operating flights beyond Paris), Air Jamaica, Alitalia, British European, China Southern, CSA Czech Airlines, El Al Israel Airlines, Korean Air, Royal Air Maroc and South African Airways.

Delta, Aeromexico, Air France, Alitalia, CSA Czech Airlines and Korean Air are members of the SkyTeam international airline alliance. SkyTeam links the route networks of the member airlines, providing opportunities for increased connecting traffic while offering enhanced customer service through mutual codesharing arrangements, reciprocal frequent flyer and lounge programs and coordinated cargo operations. In 2002, Delta, its European SkyTeam partners and Korean Air received antitrust immunity from the U.S. Department of Transportation ("DOT"). The grant of antitrust immunity enables Delta and its immunized partners to offer a more integrated route network, and develop common sales, marketing and discount programs for customers.

Delta Connection Program. The Delta Connection program is Delta's regional carrier service, which feeds traffic to Delta's route system through contracts with regional air carriers that operate flights serving passengers in small and medium-sized cities. It enables Delta to increase the number of flights in certain locations, to better match capacity with demand and to preserve its presence in smaller markets.

Delta has contractual arrangements with six regional carriers to operate regional jet and turboprop aircraft using Delta's "DL" code. ASA and Comair are wholly owned subsidiaries of Delta which operate all of their flights under Delta's code. Delta has agreements with Atlantic Coast Airlines ("ACA"), SkyWest Airlines ("SkyWest"), Chautauqua Airlines ("Chautauqua") and American Eagle ("Eagle"), which operate some of their flights using Delta's code. For information regarding Delta's agreements with ACA, SkyWest and Chautauqua, see Note 9 of the Notes to the Consolidated Financial Statements on pages 48-50 of Delta's 2002 Annual Report to Shareowners, which is incorporated by reference.

Delta's contract with Eagle, which is limited to certain flights operated to and from the Los Angeles International Airport, is structured as a revenue proration agreement. The Delta-Eagle prorate arrangement establishes a fixed dollar or percentage division of revenues for tickets sold to passengers traveling on connecting flight itineraries.

Delta Shuttle. The Delta Shuttle is the Company's high-frequency service targeted to Northeast business travelers. It provides nonstop, hourly service between New York - La Guardia Airport (Marine Air Terminal) and both Boston - Logan International Airport and Washington, D.C. - Ronald Reagan National Airport.

Song. On January 29, 2003, Delta announced a new low-fare operation, Song, that will primarily offer flights between cities in the Northeast United States and Florida leisure destinations. Delta plans to operate the initial Song flight in April 2003 and increase operations by October 2003 to 144 daily flights using a fleet of 36 Boeing 757 aircraft. Song is designed to assist Delta in competing more effectively with low-fare airlines in leisure markets through a combination of larger aircraft, high frequency flights, advanced in-flight entertainment technology and innovative product offerings. Song will replace Delta Express, the Company's existing low-fare, leisure-oriented service.

Delta-Continental-Northwest Marketing Alliance. On August 22, 2002, Delta entered into a marketing alliance with Continental Airlines and Northwest Airlines which includes mutual codesharing, reciprocal frequent flyer and airport lounge access arrangements. Delta's marketing relationship with Continental and Northwest is designed to permit the carriers to retain their separate identities and route networks while increasing the number of domestic and international connecting passengers using the three carriers' route networks. The implementation of the marketing alliance is subject to a number of conditions, including approvals which have been obtained from the Delta and Northwest pilot groups; review by the U.S. Department of Justice ("DOJ") and the DOT; and the consent of certain of the international airline partners of the three airlines. The DOJ reviewed the alliance arrangement pursuant to its authority to enforce the antitrust laws and determined not to challenge the alliance in January 2003 following the carriers' decision to accept certain DOJ conditions. The DOT completed its initial review of the marketing arrangements in January 2003 and proposed six conditions for the alliance. On February 28, 2003, after consultations with the DOT, the carriers submitted a proposal in which they accepted three of the DOT's conditions and proposed alternative language for three other conditions. On March 3, 2003, the DOT issued a notice stating that it would consider the carriers' proposed language and reach a decision within 30 days on whether the alternate conditions are satisfactory. The current expectation is that the carriers should be in a position to complete the DOT review process and obtain the international airline partner consents in order to begin implementation of their marketing alliance during 2003.

Factors that Impact Demand for Air Travel

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

Regulatory Matters

The DOT and the Federal Aviation Administration ("FAA") exercise regulatory authority over air transportation in the United States. The DOT has authority to issue certificates of public convenience and necessity required for airlines to provide domestic air transportation. An air carrier which the DOT finds "fit" to operate is given unrestricted authority to operate domestic air transportation (including the carriage of passengers and cargo). Except for constraints imposed by Essential Air Service regulations, which are applicable to certain small communities, airlines may terminate service to a city without restriction.

The DOT has jurisdiction over certain economic and consumer protection matters such as unfair or deceptive practices or methods of competition, advertising, denied boarding compensation, baggage liability and disabled passenger transportation. The DOT also has authority to review certain joint venture agreements between major carriers. The FAA has primary responsibility for matters relating to air carrier flight operations, including airline operating certificates, control of navigable air space, flight personnel, aircraft certification and maintenance, and other matters affecting air safety.

Authority to operate international routes and international codesharing arrangements are regulated by the DOT and by the foreign governments involved. International route awards are also subject to the approval of the President of the United States for conformance with national defense and foreign policy objectives.

The Transportation Security Administration, which became a division of the Department of Homeland Security on March 1, 2003, is responsible for certain civil aviation security matters, including passenger and baggage screening at U.S. airports.

Delta is also subject to various other federal, state, local and foreign laws and regulations. The DOJ has jurisdiction over airline competition matters. The U.S. Postal Service has authority over certain aspects of the transportation of mail. Labor relations in the airline industry are generally governed by the Railway Labor Act. Environmental matters are regulated by various federal, state, local and foreign governmental entities.

Fares and Rates

Airlines are permitted to set ticket prices in most domestic and international city pairs without governmental regulation, and the industry is characterized by significant price competition. Certain international fares and rates are subject to the jurisdiction of the DOT and the governments of the foreign countries involved. Most of Delta's tickets are sold by travel agents, and fares are subject to commissions, overrides and discounts paid to travel agents, brokers and wholesalers.

Route Authority

Delta's flight operations are authorized by certificates of public convenience and necessity and, to a limited extent, by exemptions issued by the DOT. The requisite approvals of other governments for international operations are provided by bilateral agreements with, or permits or approvals issued by, foreign countries. Because international air transportation is governed by bilateral or other agreements between the United States and the foreign country or countries involved, changes in United States or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of Delta's international route authorities or otherwise affect Delta's international operations. Bilateral agreements between the United States and various foreign countries served by Delta are subject to renegotiation from time to time.

Certain of Delta's international route and codesharing authorities are subject to periodic renewal requirements. Delta requests extension of these authorities when and as appropriate. While the DOT usually renews temporary authorities on routes where the authorized carrier is providing a reasonable level of service, there is no assurance of this result. Dormant route authority may not be renewed in some cases, especially where another U.S. carrier indicates a willingness to provide service.

Competition

Delta faces significant competition with respect to domestic and international routes, services and fares. All domestic routes served by Delta are subject to competition from both new and existing carriers, and service over virtually all of Delta's domestic routes is highly competitive. On most domestic and international routes, the Company competes with at least one, and usually more than one, scheduled passenger airline. Delta also competes with all-cargo carriers, charter airlines and, particularly on its shorter routes, with surface transportation.

The continuing growth of low-cost carriers in the United States places significant competitive pressures on Delta and other network carriers. A number of low-cost carriers, including Southwest Airlines, AirTran Airways and JetBlue Airways, are offering increased seat capacity in Delta's markets. Delta's ability to compete effectively with low-cost carriers depends, in part, on its ability to achieve operating costs per available seat mile ("unit costs") that are competitive with those carriers. Delta's unit costs are higher than those of Southwest, AirTran and JetBlue.

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

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

Delta regularly monitors competitive developments in the airline industry, and evaluates its strategic alternatives. These strategic alternatives include, among other things, internal growth, codesharing arrangements, marketing alliances, joint ventures, and mergers and acquisitions. Delta's evaluations involve internal analysis and, where appropriate, discussions with third parties.

Airport Access

Operations at three major U.S. airports and certain foreign airports served by Delta are regulated by governmental entities through "slot" allocations. Each slot represents the authorization to land at, or take off from, the particular airport during a specified time period.

In the United States, the FAA currently regulates slot allocations at JFK and La Guardia Airport in New York and Ronald Reagan National Airport in Washington, D.C. Delta's operations at those three airports generally require slot allocations. Under legislation enacted by Congress, slot rules will be phased out at JFK and La Guardia Airport by 2007.

Delta currently has sufficient slot authorizations to operate its existing flights, and has generally been able to obtain slots to expand its operations and to change its schedules. There is no assurance, however, that Delta will be able to obtain slots for these purposes in the future because, among other reasons, slot allocations are subject to changes in governmental policies.

Possible Legislation or DOT Regulation

A number of Congressional bills and proposed DOT regulations have been considered in recent years to address airline competition issues. Some of these proposals would require large airlines with major operations at certain airports to divest or make available to other airlines slots, gates, facilities and other assets at those airports. Other measures would limit the service or pricing responses of major carriers that appear to target new entrant airlines. In addition, concerns about airport congestion issues have caused the DOT and FAA to consider various proposals for access to certain airports, including "congestion-based" landing fees and programs that would regularly withdraw slots from existing carriers and reallocate those slots (either by lottery or auction) to the highest bidder or to carriers with little or no current presence at such airports. These proposals, if enacted, could negatively impact Delta's existing services and its ability to respond to competitive actions by other airlines.

Worldspan

Delta owns 40% of WORLDSPAN, L.P. ("Worldspan"), a Delaware limited partnership which operates and markets a computer reservation system ("CRS") and related systems for the travel industry. Northwest Airlines and American Airlines own 34% and 26%, respectively, of Worldspan.

On March 3, 2003, Delta, Northwest and American entered into an agreement to sell their equity interests in Worldspan to a third party. The completion of this transaction is subject to financing, governmental and regulatory approvals and other customary closing conditions, the satisfaction of which cannot be guaranteed.

CRS services are used primarily by travel agents to book airline, hotel, car rental and other travel reservations and issue airline tickets. The CRS industry is highly competitive. CRS services are provided by several companies in the United States and worldwide. In the United States, other CRS competitors are SABRE, Galileo International and AMADEUS. CRS vendors are subject to regulations promulgated by the DOT and certain foreign governments.

Orbitz

Delta owns approximately 18% of Orbitz, LLC ("Orbitz"), a Delaware limited liability company which operates an online travel agency that offers travel services to consumers and business customers via the Internet. American Airlines, Continental Airlines, Northwest Airlines and United Airlines also hold ownership interests in Orbitz.

Consumers use online travel agents for making reservations and purchasing airline tickets, hotel rooms, rental cars and travel-related products. The three largest online travel agents in the United States are Expedia, Travelocity and Orbitz. Online travel agents compete with one another, with airline websites, with traditional travel agents and with other travel service providers for travel-related reservations and bookings.

Fuel

Delta's results of operations can be significantly impacted by changes in the price and availability of aircraft fuel. The following table shows Delta's aircraft fuel consumption and costs for 2000-2002.

Year	Gallons Consumed (Millions)	Cost (1) (Millions)	Average Price Per Gallon(1)	Percent of Total Operating Expenses
2000	2,922	$ 1,969	67.38(cent)	13%
2001	2,649	1,817	68.60	12
2002	2,514	1,683	66.94	12

(1) Net of fuel hedge gains under Delta's fuel hedging program.

Aircraft fuel expense decreased 7% in 2002 compared to 2001. Total gallons consumed decreased 5% mainly due to capacity reductions. The average fuel price per gallon fell 2% to 66.94(cent). Delta's fuel cost is shown net of fuel hedge gains of $136 million for 2002 and $299 million for 2001. Approximately 56% and 58% of Delta's aircraft fuel requirements were hedged during 2002 and 2001, respectively.

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

Delta periodically enters into heating and crude oil derivative contracts to manage the risk associated with changes in aircraft fuel prices. Information regarding Delta's fuel hedging program is set forth under "Aircraft Fuel Price Risk" on pages 23-24, and in Notes 3 and 4 of the Notes to the Consolidated Financial Statements on pages 39-41, of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

Although Delta is currently able to obtain adequate supplies of jet fuel, it is not possible to predict the future availability or price of aircraft fuel. Political disruptions in oil producing countries, changes in government policy concerning aircraft fuel production, transportation or marketing, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages and fuel price increases in the future.

Employee Matters

Railway Labor Act. Delta's relations with labor unions in the United States are governed by the Railway Labor Act. Under the Railway Labor Act, a labor union seeking to represent an unrepresented craft or class of employees is required to file with the National Mediation Board ("NMB") an application alleging a representation dispute, along with authorization cards signed by at least 35% of the employees in that craft or class. The NMB then investigates the dispute and, if it finds the labor union has obtained a sufficient number of authorization cards, conducts an election to determine whether to certify the labor union as the collective bargaining representative of that craft or class. Under the NMB's usual rules, a labor union 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.

Under the Railway Labor Act, a collective bargaining agreement between an airline and a labor union does not expire, but instead becomes amendable as of a stated date. Either party may request the NMB to appoint a federal mediator to participate in the negotiations for a new or amended agreement. If no agreement is reached in mediation, the NMB may determine, at any time, that an impasse exists and offer binding arbitration. If either party rejects binding arbitration, a 30-day "cooling off" period begins. At the end of this 30-day period, the parties may engage in "self help," unless the President of the United States appoints a Presidential Emergency Board ("PEB") to investigate and report on the dispute. The appointment of a PEB maintains the "status quo" for an additional 60 days. If the parties do not reach agreement during this period, the parties may then engage in "self help." "Self help" includes, among other things, a strike by the union or the imposition of proposed changes to the collective bargaining agreement by the airline. Congress and the President have the authority to prevent "self help" by enacting legislation which, among other things, imposes a settlement on the parties.

Collective Bargaining. At December 31, 2002, Delta, ASA and Comair had a total of 75,100 full-time equivalent employees. Approximately 18% of these employees are represented by unions. The following table presents certain information concerning the union representation of domestic employees of Delta, ASA and Comair.

EMPLOYEE GROUP	APPROXIMATE NUMBER OF EMPLOYEES REPRESENTED	UNION	AMENDABLE DATE OF COLLECTIVE BARGAINING AGREEMENT
Delta Pilots	7,930	Air Line Pilots Association, International	May 1, 2005
Delta Flight Superintendents	190	Professional Airline Flight Control Association	December 31, 2004
ASA Pilots	1,520	Air Line Pilots Association, International	September 15, 2002
ASA Flight Attendants	775	Association of Flight Attendants	September 26, 2003
ASA Flight Dispatchers	70	Professional Airline Flight Control Association	April 18, 2006
Comair Pilots	1,530	Air Line Pilots Association, International	May 21, 2006
Comair Maintenance Employees	430	International Association of Machinists and Aerospace Workers	May 31, 2004
Comair Flight Attendants	770	International Brotherhood of Teamsters	July 19, 2007

ASA is in collective bargaining negotiations with the Air Line Pilots Association, International, which represents ASA's approximately 1,520 pilots. The outcome of these collective bargaining negotiations cannot presently be determined.

Labor unions are engaged in organizing efforts to represent various groups of employees of Delta, ASA and Comair who are not represented for collective bargaining purposes. The outcome of these organizing efforts cannot presently be determined.

Pilot Furloughs. The collective bargaining agreement between Delta and the Air Line Pilots Association, International ("ALPA"), the union representing Delta pilots, generally provides that no pilot on the seniority list as of July 1, 2001 will be furloughed unless the furlough is caused by a circumstance beyond Delta's control, as defined in that agreement. In April 2002, an arbitrator upheld Delta's right to furlough up to 1,400 pilots on the basis that the September 11, 2001 terrorist attacks and the resulting reduction in passenger traffic constituted a circumstance beyond Delta's control as set out in the collective bargaining agreement. The arbitrator retained jurisdiction over this matter to consider any issues that might arise regarding the Company's plans to continue the furloughs, or its obligation to implement reasonable mechanisms for recalling furloughed pilots, if the conditions existing as of September 11, 2001 were ameliorated to an extent that exceeded Delta's original expectations. On February 13, 2003, the arbitrator issued a supplemental opinion, ruling (1) that furloughs will be capped at 1,060, the number of pilots currently furloughed; (2) that Delta will not have to begin recalling any of the existing furloughed pilots until system traffic exceeds pre-September 11, 2001 levels; and (3) that the recall schedule will be subject to the Company's training capacity. While this ruling will result in the retention of some pilots in excess of its needs, Delta believes the ruling will not have a material adverse effect on Delta.

Environmental Matters

The Airport Noise and Capacity Act of 1990 (the "ANCA") recognizes the rights of operators of airports with noise problems to implement local noise abatement procedures so long as such procedures do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. It generally provides that local noise restrictions on Stage 3 aircraft first effective after October 1, 1990, require FAA approval. While Delta has had sufficient scheduling flexibility to accommodate local noise restrictions in the past, Delta's operations could be adversely impacted if locally-imposed regulations become more restrictive or widespread.

The United States Environmental Protection Agency (the "EPA") is authorized to regulate aircraft emissions. Delta's aircraft comply with the applicable EPA standards.

In February 1998, the EPA and the FAA signed a Memorandum of Agreement ("MOA") to develop a voluntary process with the airline industry to reduce emissions that lead to ozone formation. The MOA includes a proposal with a voluntary engine modification program to reduce emissions from aircraft engines. As a result of the MOA, air carriers, the EPA, the FAA and local and state regulators are evaluating potential options for emission reductions from airport activities, including aircraft engine emissions reductions and alternative-fueled ground service equipment, but no conclusion or agreement has been reached. In addition to the MOA, Delta has agreed to reduce emissions at certain airports by utilizing alternative-fueled ground service equipment.

In April 2001, Miami-Dade County filed a lawsuit, which is titled Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al., in Florida Circuit Court against 17 defendants, including Delta, alleging responsibility for past and future environmental cleanup costs at the Miami International Airport. The County also provided notice to over 200 other potentially responsible parties seeking to recover past and future cleanup costs. The County is continuing to investigate and remediate various environmental conditions at the airport. At this time, it is not possible to reasonably estimate Delta's potential exposure in this matter due to a number of issues, including uncertainties regarding the contamination at the airport, the extent of remediation required and the County's potential recovery from responsible parties. Delta is vigorously defending the lawsuit.

Delta has been identified by the EPA as a potentially responsible party (a "PRP") with respect to certain Superfund Sites, and has entered into consent decrees regarding some of these sites. Delta's alleged disposal volume at each of these sites is small when compared to the total contributions of all PRPs at each site. Delta is aware of soil and/or ground water contamination present on its current or former leaseholds at several domestic airports; to address this contamination, the Company has a program in place to investigate and, if appropriate, remediate these sites. Delta believes that the resolution of these matters will not have a material adverse effect on its consolidated financial statements.

Frequent Flyer Program

Delta has a frequent flyer program, the SkyMiles(R) program, offering incentives to increase travel on Delta. This program allows participants to earn mileage for travel awards by flying on Delta, Delta Connection carriers and participating airlines. Mileage credit may also be earned by using certain services offered by program partners such as credit card companies, hotels, car rental agencies, telecommunication services and internet services. In addition, Delta has programs under which individuals and companies may purchase mileage credits. Delta reserves the right to terminate the program with six months advance notice, and to change the program's terms and conditions at any time without notice.

Mileage credits can be redeemed for free or upgraded air travel on Delta and participating airline partners, for membership in Delta's Crown Room Club and for other program partner awards. Travel awards are subject to certain transfer restrictions and capacity-controlled seating. In some cases, blackout dates may apply. Miles earned prior to May 1, 1995 do not expire so long as Delta has a frequent flyer program. Miles earned or purchased on or after May 1, 1995 will not expire as long as, at least once every three years, the participant (1) takes a qualifying flight on Delta or a Delta Connection carrier; (2) earns miles through one of Delta's program partners; or (3) redeems miles for any program award.

Delta accounts for its frequent flyer program obligations by recording a liability for the estimated incremental cost of travel awards the Company expects to be redeemed. The estimated incremental cost associated with a travel award does not include any contribution to overhead or profit. Such incremental cost is based on Delta's system average cost per passenger for fuel, food and other direct passenger costs. Delta does not record a liability for mileage earned by participants who have not reached the level to become eligible for a free travel award. Delta believes this is appropriate because the large majority of these participants are not expected to earn a travel award. Delta does not record a liability for the expected redemption of miles for non-travel awards since the cost of these awards to Delta is negligible.

Delta estimated the potential number of round-trip travel awards outstanding under its frequent flyer program to be 13.7 million, 13.1 million and 12.2 million at December 31, 2002, 2001 and 2000, respectively. Of these travel awards, Delta expected that approximately 10.0 million, 9.6 million, and 9.2 million, respectively, would be redeemed. At December 31, 2002, 2001 and 2000, Delta had recorded a liability for these awards of $228 million, $226 million and $199 million, respectively. The difference between the round-trip awards outstanding and the awards expected to be redeemed is the estimate, based on historical data, of awards which will (1) never be redeemed; or (2) be redeemed for something other than award travel.

Frequent flyer program participants flew 2.8 million, 2.4 million and 2.3 million award round-trips on Delta in 2002, 2001 and 2000, respectively. These round-trips accounted for approximately 9%, 8% and 7% of the total passenger miles flown for 2002, 2001 and 2000, respectively. Delta believes that the relatively low percentage of passenger miles flown by SkyMiles members traveling on program awards and the restrictions applied to travel awards minimize the displacement of revenue passengers.

Civil Reserve Air Fleet Program

Delta participates in the Civil Reserve Air Fleet ("CRAF") program, which permits the U.S. military to use the aircraft and crew resources of participating U.S. airlines during airlift emergencies, national emergencies or times of war. Delta has agreed to make available under the CRAF program, during the period October 1, 2002 through September 30, 2003, up to 100% of its international range aircraft. As of March 27, 2003, the following number of Delta aircraft are available for CRAF activation:

Stage	Description of Event Leading to Activation	Number of International Passenger Aircraft Allocated	Number of Aeromedical Aircraft Allocated	Total Aircraft by Stage
I	Minor Crisis	3	Not Applicable	3
II	Major Theater Conflict	11	19	30
III	Total National Mobilization	37	35	72

On February 8, 2003, the CRAF program was activated at Stage I. Delta anticipates no material impact on its operations as a result of this activation.

ITEM 2. PROPERTIES

Flight Equipment

Information relating to Delta's aircraft fleet is set forth under "Delta's Aircraft Fleet" on page 70, and in Notes 7 and 9 of the Notes to the Consolidated Financial Statements on pages 47-50, of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

Ground Facilities

Delta leases most of the land and buildings that it occupies. The Company's largest aircraft maintenance base, various computer, cargo, flight kitchen and training facilities and most of its principal offices are located at or near Hartsfield Atlanta International Airport in Atlanta, Georgia, on land leased from the City of Atlanta generally under long-term leases. Delta owns a portion of its principal offices, its Atlanta reservations center and other improved and unimproved real property in Atlanta, as well as a limited number of radio transmitting and receiving sites and certain other facilities.

Delta leases ticket counter and other terminal space, operating areas and air cargo facilities in most of the airports which it serves. These leases generally run for periods of less than one year to thirty years or more, and often contain provisions for periodic adjustment of lease rates. At most airports which it serves, Delta has entered into use agreements which provide for the non-exclusive use of runways, taxiways, and other facilities; landing fees under these agreements normally are based on the number of landings and weight of aircraft. The Company also leases aircraft maintenance facilities at certain airports; these leases generally require Delta to pay the cost of providing, operating and maintaining such facilities. In addition to its Atlanta maintenance base, Delta's other major aircraft maintenance facilities are located at Cincinnati/Northern Kentucky International Airport, Dallas/Ft. Worth International Airport and Salt Lake City International Airport. Delta leases marketing, ticket and reservations offices in certain major cities which it serves; these leases are generally for shorter terms than the airport leases. Additional information relating to Delta's ground facilities is set forth in Note 7 of the Notes to the Consolidated Financial Statements on page 47 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

In recent years, some airports have increased or sought to increase the rates charged to airlines to levels that, in the airlines' opinion, are unreasonable. The extent to which such charges are limited by statute or regulation and the ability of airlines to contest such charges has been subject to litigation and to administrative proceedings before the DOT. If the limitations on such charges are relaxed, or the ability of airlines to challenge such charges is restricted, the rates charged by airports to airlines may increase substantially.

The City of Atlanta, with the support of Delta and other airlines, has begun a ten year capital improvement program (the "CIP") at Hartsfield Atlanta International Airport. Implementation of the CIP should increase the number of flights that may operate at the airport and reduce flight delays. The CIP includes, among other things, a new approximately 9,000 foot full-service runway (targeted for completion in May 2006), related airfield improvements, additional terminal and gate capacity, new cargo and other support facilities and roadway and other infrastructure improvements. If fully implemented, the CIP is currently estimated to cost approximately $5.4 billion. The CIP runs through 2010, with individual projects scheduled to be constructed at different times. A combination of federal grants, passenger facility charge revenues, increased user rentals and fees, and other airport funds are expected to be used to pay CIP costs directly and through the payment of debt service on bonds. There is no assurance the CIP will be implemented on schedule and within budget, or that it will be fully implemented. Failure to implement certain portions of the CIP in a timely manner could adversely impact Delta's operations at Hartsfield Atlanta International Airport.

During 2001, Delta entered into lease and financing agreements with the Massachusetts Port Authority ("Massport") for the redevelopment and expansion of Terminal A at Boston's Logan International Airport. The completion of this project will enable Delta to consolidate all of its domestic operations at that airport into one location. Construction began in the June 2002 quarter and is scheduled to be completed during 2005. Project costs will be funded with $498 million in proceeds from Special Facilities Revenue Bonds issued by Massport on August 16, 2001. Delta agreed to pay the debt service on the bonds under a long-term lease agreement with Massport and issued a guarantee to the bond trustee covering the payment of the debt service on the bonds. Additional information about these bonds is set forth in Note 6 of the Notes to the Consolidated Financial Statements on pages 43-46 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

ITEM 3. LEGAL PROCEEDINGS

In Re Northwest Airlines, et al. Antitrust Litigation. In June 1999, two purported class action antitrust lawsuits were filed in the U.S. District Court for the Eastern District of Michigan against Delta, US Airways, Northwest Airlines and the Airlines Reporting Corporation, an airline-owned company that operates a centralized clearinghouse for travel agents to report and account for airline ticket sales.

In the first case, the plaintiffs allege, among other things: (1) that the defendants and certain other airlines conspired with Delta in violation of Section 1 of the Sherman Act to restrain competition and assist Delta in fixing and maintaining anticompetitive prices for air passenger service to and from its Atlanta and Cincinnati hubs; and (2) that Delta violated Section 2 of the Sherman Act by exercising monopoly power to establish such prices in an anticompetitive or exclusionary manner. The complaint asserts that, for purposes of plaintiffs' damages claims, the purported plaintiff class consists of all persons who purchased a Delta full-fare ticket between June 11, 1995 and the present on routes (1) that start or end at Delta's hubs in Atlanta or Cincinnati; (2) on which Delta has over a 50% market share; (3) that are longer than 150 miles; and (4) that have total annual traffic of over 30,000 passengers.

In the second case, the plaintiffs assert similar allegations and claims under Sections 1 and 2 of the Sherman Act with respect to US Airways' pricing practices at its Pittsburgh and Charlotte hubs ("US Airways Hubs"). The complaint asserts, among other things, that Delta, the other defendants and certain other airlines conspired with US Airways to restrain competition and assist US Airways in fixing and maintaining prices for air passenger service to and from the US Airways Hubs.

In both cases, plaintiffs have requested a jury trial, and are seeking in their complaints injunctive relief; costs and attorneys' fees; and unspecified damages, to be trebled under the antitrust laws. In May 2002, the District Court granted the plaintiffs' motion for class action certification and denied the airlines' motions for summary judgment. The U.S. Court of Appeals for the Sixth Circuit refused to hear the airlines' interlocutory appeal of the District Court's order granting class action certification. The trial for this lawsuit has not yet been scheduled.

Hall, et al. v. United Airlines, et al. In January 2002, a travel agent in North Carolina filed an amended purported class action lawsuit against numerous airlines, including Delta, in the U.S. District Court for the Eastern District of North Carolina on behalf of all travel agents in the United States which sold tickets from September 1, 1997 to the present on any of the defendant airlines. The lawsuit alleges that Delta and the other airline defendants conspired to fix travel agent commissions in violation of Section 1 of the Sherman Act. The plaintiff, who has requested a jury trial, is seeking in its complaint injunctive relief; costs and attorneys' fees; and unspecified damages, to be trebled under the antitrust laws.

In September 2002, the District Court granted the plaintiff's motion for class action certification, certifying a class consisting of all travel agents in the United States, Puerto Rico and the U.S. Virgin Islands which sold tickets on the defendant airlines between 1997 and 2002. In December 2002, the airline defendants filed motions for summary judgment which are pending before the District Court. The trial of this lawsuit is scheduled to begin in September 2003. Similar litigation alleging violations under Canadian competition law is pending against Delta and other airlines in Canada.

Albany Travel Company, et al. v. Orbitz LLC, et al. In April 2002, six travel agencies filed a purported class action lawsuit in the U.S. District Court for the Central District of California against Delta, American Airlines, United Airlines and Orbitz, LLC on behalf of an alleged nationwide class of traditional travel agents. The lawsuit alleges that the defendants violated Sections 1 and 2 of the Sherman Act by conspiring (1) to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers; and (2) to monopolize the distribution of common carrier air travel in the United States. The plaintiffs, who have requested a jury trial, are seeking in their complaint injunctive relief; costs and attorneys' fees; and unspecified damages, to be trebled under the antitrust laws. The District Court granted the airlines' motion to stay this lawsuit pending a final judgment in the Hall v. United Airlines case described above because both lawsuits involve substantially similar claims.

All Direct Travel, Inc., et al. v. Delta Air Lines, et al. Two travel agencies have filed a purported class action lawsuit against Delta in the U.S. District Court for the Central District of California on behalf of all travel agencies from which Delta has demanded payment for breach of the agencies' contractual and fiduciary duties to Delta in connection with Delta ticket sale transactions during the period from September 20, 1997 to the present. The lawsuit alleges that Delta's conduct (1) violates the Racketeer Influenced and Corrupt Organizations Act of 1970; and (2) creates liability for unjust enrichment. The plaintiffs, who have requested a jury trial, are seeking in their complaint injunctive and declaratory relief; costs and attorneys fees; and unspecified treble damages.

In January 2003, the District Court denied the plaintiffs' motion for class action certification. Plaintiffs have filed a petition for review of this order with the U.S. Court of Appeals for the Ninth Circuit, which has not yet decided whether to permit this interlocutory appeal. Delta has filed with the District Court a motion for summary judgment which is pending. The trial of this lawsuit is scheduled to begin in November 2003.

Power Travel International, Inc., et al. v. American Airlines, et al. In August 2002, a travel agency filed a purported class action lawsuit in New York state court against Delta, American Airlines, Continental Airlines, Northwest Airlines, United Airlines and JetBlue Airways, on behalf of an alleged nationwide class of U.S. travel agents. JetBlue has been dismissed from the case, and the remaining defendants removed the action to the U.S. District Court for the Southern District of New York. The lawsuit alleges that the defendants breached their contracts with and their duties of good faith and fair dealing to U.S. travel agencies when these airlines discontinued the payment of published base commissions to U.S. travel agencies at various times beginning in March 2002. The plaintiffs' complaint seeks unspecified damages, as well as declaratory and injunctive relief. The defendants have filed a motion to dismiss this lawsuit, which is pending before the District Court. Similar litigation involving contract claims alleged under the agency agreements applicable to Canadian travel agents is pending against Delta and other airlines in Canada.

Jeans v. Delta Air Lines, Inc. In May 2000, an individual filed an amended class action lawsuit against Delta in the Circuit Court of Jackson County, Missouri on behalf of all persons who relinquished their seats on an overbooked Delta flight in exchange for a travel voucher that may be redeemed for a round-trip, economy class Delta ticket. The complaint asserts claims for fraud, breach of contract and unjust enrichment. It alleges, among other things, that Delta failed to disclose that it limits the number of seats on each flight that may be obtained by redeeming travel vouchers. The plaintiff, who has requested a jury trial, is seeking unspecified damages. In January 2003, the Circuit Court granted Delta's motion for summary judgment dismissing the plaintiff's claims. The plaintiff has appealed to the Missouri Court of Appeals.

Multidistrict Pilot Retirement Plan Litigation. During the June 2001 quarter, the Delta Pilots Retirement Plan ("Retirement Plan") and related non-qualified pilot retirement plans sponsored and funded by Delta were named as defendants in five purported class action lawsuits filed in federal district courts in California, Massachusetts, Ohio, New Mexico and New York. The complaints (1) seek to assert claims on behalf of a class consisting of certain groups of retired and active Delta pilots; (2) allege that the calculation of the retirement benefits of the plaintiffs and the class violated the Retirement Plan and the Internal Revenue Code; and (3) seek unspecified damages. In October 2001, the Judicial Panel on Multidistrict Litigation granted Delta's motion to transfer these cases to the U.S. District Court for the Northern District of Georgia for coordinated pretrial proceedings. Discovery in these cases is proceeding.

* * *

An adverse decision in any of these cases could result in substantial damages against Delta. Delta is vigorously defending these lawsuits. Although the ultimate outcome of these matters cannot be predicted with certainty, management believes that the resolution of these actions will not have a material adverse effect on Delta's consolidated financial statements.

For a discussion of certain environmental matters, see "ITEM 1. Business - Environmental Matters" on pages 12-13 of this Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information concerning Delta's executive officers follows. Unless otherwise indicated, all positions shown are with Delta. There are no family relationships between any of Delta's executive officers.

Leo F. Mullin	Chairman of the Board and Chief Executive Officer, January 2000 to date; Chairman of the Board, President and Chief Executive Officer, October 1999 to January 2000; President and Chief Executive Officer, August 1997 to October 1999. Mr. Mullin was Vice Chairman of Unicom Corporation and its principal subsidiary, Commonwealth Edison Company, from 1995 to August 1997. He was an executive of First Chicago Corporation from 1981 to 1995, serving as that company's President and Chief Operating Officer from 1993 to 1995. Age 60.
Frederick W. Reid	President and Chief Operating Officer, May 2001 to date; Executive Vice President and Chief Marketing Officer, July 1998 to May 2001. Mr. Reid was an executive of Lufthansa German Airlines from 1991 to June 1998, serving as President and Chief Operating Officer from April 1997 to June 1998, as Executive Vice President from 1996 to March 1997, and as Senior Vice President, The Americas, from 1991 to 1996. Age 52.
M. Michele Burns	Executive Vice President and Chief Financial Officer, August 2000 to date; Senior Vice President - Finance and Treasurer, February 2000 to August 2000; Vice President - Finance and Treasurer, September 1999 to February 2000; Vice President - Corporate Tax, January 1999 to September 1999. Ms. Burns was a partner at Arthur Andersen LLP from 1991 to January 1999. Age 45.

Robert L. Colman	Executive Vice President - Human Resources, October 1998 to date. Mr. Colman was an executive of General Electric Corporation from October 1993 to October 1998, serving as Vice President - Human Resources for General Electric Aircraft Engines Business. Age 57.
Vicki B. Escarra	Executive Vice President and Chief Marketing Officer, May 2001 to date; Executive Vice President - Customer Service, July 1998 to May 2001; Senior Vice President - Airport Customer Service, November 1996 through June 1998; Vice President - Airport Customer Service, August 1996 through October 1996; Vice President - Reservation Sales and Distribution Planning, May 1996 through July 1996; Vice President - Reservation Sales, November 1994 to May 1996. Age 50.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Information required by this item is set forth in Note 12 of the Notes to the Consolidated Financial Statements on pages 55-57, and under "Common Stock" and "Market Prices and Dividends" on page 69, of Delta's 2002 Annual Report to Shareowners, and on page 30 of Delta's Proxy Statement dated March 25, 2003, and is incorporated by reference.

ITEM 6. SELECTED FINANCIAL DATA

Information required by this item is set forth on page 68 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 13-25, and in the related "Glossary of Defined Terms" on page 12, of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this item is set forth under "Market Risks Associated With Financial Instruments" on pages 23-24, and in Notes 1, 2, 3 and 4 of the Notes to the Consolidated Financial Statements on pages 31-41 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this item is set forth on pages 26-67 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Audit Committee of Delta's Board of Directors annually considers and recommends to the Board the selection of Delta's independent auditors. As recommended by the Audit Committee, the Board of Directors on March 6, 2002 decided to no longer engage Arthur Andersen LLP ("Andersen") as Delta's independent auditors and engaged Deloitte & Touche LLP to serve as Delta's independent auditors for 2002. The appointment of Deloitte & Touche LLP as independent auditors for 2002 was ratified by Delta's shareowners at the 2002 annual meeting.

Andersen's reports on Delta's consolidated financial statements for the 2001 and 2000 fiscal years did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During Delta's 2001 and 2000 fiscal years and through March 27, 2002 (the date of Delta's Form 10-K for the year ended December 31, 2001), there were no disagreements with Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Andersen's satisfaction, would have caused them to make reference to the subject matter in connection with their report on Delta's consolidated financial statements for such years; and there were no reportable events, as listed in Item 304(a)(1)(v) of SEC Regulation S-K.

Delta provided Andersen with a copy of the foregoing disclosures. Attached as Exhibit 16 to this Form 10-K is a copy of Andersen's letter dated March 27, 2002 stating its agreement with such statements.

During Delta's 2001 and 2000 fiscal years and through March 6, 2002, Delta did not consult Deloitte & Touche LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on Delta's consolidated financial statements, or any other matters or reportable events listed in Items 304(a)(2)(i) and (ii) of SEC Regulation S-K.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item is set forth under "Certain Information About Nominees" on pages 5-6, and under "Section 16 Beneficial Ownership Reporting Compliance" on page 50, of Delta's Proxy Statement dated March 25, 2003, and is incorporated by reference. Certain information regarding executive officers is contained in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is set forth under "Compensation of Directors" on pages 9-10, under "Compensation Committee Interlocks and Insider Participation" on page 10, and on pages 19-29, of Delta's Proxy Statement dated March 25, 2003, and is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is set forth under "Beneficial Ownership of Securities" on pages 10-12, and under "Equity Compensation Plan Information" on page 30, of Delta's Proxy Statement dated March 25, 2003, and is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

ITEM 14. CONTROLS AND PROCEDURES

Based on their evaluation of Delta's disclosure controls and procedures conducted within 90 days of the date of filing this report on Form 10-K, Delta's Chairman of the Board and Chief Executive Officer and its Executive Vice President and Chief Financial Officer have concluded that Delta's disclosure controls and procedures are effective in timely alerting them to material information required to be included in this report on Form 10-K. There were no significant changes in Delta's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1), (2). The financial statements and schedule required by this item are listed in the Index to Consolidated Financial Statements and Schedules on page 24 of this Form 10-K.

(3). The exhibits required by this item are listed in the Exhibit Index on pages 34-37 of this Form 10-K. The management contracts and compensatory plans or arrangements required to be filed as an exhibit to this Form 10-K are listed as Exhibits 10.6 to 10.20 in the Exhibit Index.

(b). During the quarter ended December 31, 2002, Delta filed a Current Report on Form 8-K dated October 15, 2002 regarding its financial results for the September 2002 quarter. This Form 8-K was filed under Item 5 - Other Events and Regulation FD Disclosure.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

INDEPENDENT AUDITORS' REPORT - Incorporated by reference to page 66 of Delta's 2002 Annual Report to Shareowners.

COPY OF REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS - Incorporated by reference to page 67 of Delta's 2002 Annual Report to Shareowners.

CONSOLIDATED FINANCIAL STATEMENTS - All of which are incorporated by reference to Delta's 2002 Annual Report to Shareowners:

Consolidated Balance Sheets - December 31, 2002 and 2001

Consolidated Statements of Operations for the years ended December 31, 2002, 2001 and 2000

Consolidated Statements of Cash Flows for the years ended December 31, 2002, 2001 and 2000

Consolidated Statements of Shareowners' Equity for the years ended December 31, 2002, 2001 and 2000

Notes to the Consolidated Financial Statements

COPY OF REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

SCHEDULE SUPPORTING FINANCIAL STATEMENTS:

Schedule
Number
II Valuation and Qualifying Accounts for the years ended December 31, 2001 and 2000. The required information for the year ended December 31, 2002 is included in Note 21 of the Notes to the Consolidated Financial Statements on page 64 of Delta's 2002 Annual Report to Shareowners, and is incorporated by reference.

All other schedules have been omitted as not applicable.

THE FOLLOWING IS A COPY OF THE AUDIT REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP IN CONNECTION WITH DELTA'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2001. THIS AUDIT REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To Delta Air Lines, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements included in Delta Air Lines, Inc.'s annual report to shareowners incorporated by reference in this Form 10-K and have issued our report thereon dated January 23, 2002. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the company's management, is presented for purposes of complying with the Securities and Exchange Commission's rules, and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP

Atlanta, Georgia
January 23, 2002

SCHEDULE II

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2001

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
DEDUCTION (INCREASE) IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable	$ 31	$ 18	-	$(6) (a)	$ 43
RESERVE FOR RESTRUCTURING AND OTHER NONRECURRING CHARGES:	$ 56	$115	-	(50) (b)	$ 121

(a) Represents write-off of accounts considered to be uncollectible, less collections.

(b) Represents payments made.

SCHEDULE II

DELTA AIR LINES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2000

(Amounts in Millions)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-Describe	Deductions-Describe	Balance at End of Period
DEDUCTION (INCREASE) IN THE BALANCE SHEET FROM THE ASSET TO WHICH IT APPLIES:					
Allowance for uncollectible accounts receivable	$ 39	$ 15	-	$ (23)(a)	$ 31
RESERVE FOR RESTRUCTURING AND OTHER NONRECURRING CHARGES:	$ 41	$ 22	-	$ (7) (b)	$ 56

(a) Represents write-off of accounts considered to be uncollectible, less collections.

(b) Represents payments made.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27th day of March, 2003.

DELTA AIR LINES, INC.

By: /s/ Leo F. Mullin

Leo F. Mullin
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 27th day of March, 2003 by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
Edward H. Budd* Edward H. Budd	Director
/s/ M. Michele Burns M. Michele Burns	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

George M.C. Fisher* Director George M.C. Fisher

David R. Goode* Director David R. Goode

Gerald Grinstein* Director Gerald Grinstein

Signature	Title
James M. Kilts* James M. Kilts	Director
/s/ Leo F. Mullin Leo F. Mullin	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
John F. Smith, Jr.* John F. Smith, Jr.	Director
Joan E. Spero* Joan E. Spero	Director
Andrew J. Young* Andrew J. Young	Director
*By: /s/ Leo F. Mullin Leo F. Mullin	Attorney-In-Fact

CERTIFICATIONS

I, Leo F. Mullin, certify that:

1. I have reviewed this annual report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002;

2. Based on my knowledge, this Form 10-K does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Form 10-K;

3. Based on my knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations and cash flows of Delta as of, and for, the periods presented in this Form 10-K;

4. Delta's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Delta and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to Delta, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Form 10-K is being prepared;

(b) evaluated the effectiveness of Delta's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Form 10-K (the "Evaluation Date"); and

(c) presented in this Form 10-K our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect Delta's ability to record, process, summarize and report financial data and have identified for Delta's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal controls.

6. Delta's other certifying officer and I have indicated in this Form 10-K whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003.

/s/ Leo F. Mullin

Leo F. Mullin
Chairman of the Board and
Chief Executive Officer

CERTIFICATIONS

I, M. Michele Burns, certify that:

1. I have reviewed this annual report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002;

2. Based on my knowledge, this Form 10-K does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Form 10-K;

3. Based on my knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations and cash flows of Delta as of, and for, the periods presented in this Form 10-K;

4. Delta's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for Delta and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to Delta, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Form 10-K is being prepared;

(b) evaluated the effectiveness of Delta's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Form 10-K (the "Evaluation Date"); and

(c) presented in this Form 10-K our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect Delta's ability to record, process, summarize and report financial data and have identified for Delta's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal controls.

6. Delta's other certifying officer and I have indicated in this Form 10-K whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 27, 2003.

/s/ M. Michele Burns

M. Michele Burns
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

3.1. Delta's Certificate of Incorporation (Filed as Exhibit 3.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).*

3.2. Delta's By-Laws.

4.1. Rights Agreement dated as of October 24, 1996, between Delta and First Chicago Trust Company of New York, as Rights Agent, as amended by Amendment No. 1 thereto dated as of July 22, 1999 (Filed as Exhibit 1 to Delta's Form 8-A/A Registration Statement dated November 4, 1996, and Exhibit 3 to Delta's Amendment No. 1 to Form 8-A/A Registration Statement dated July 30, 1999).*

4.2. Certificate of Designations, Preferences and Rights of Series B ESOP Convertible Preferred Stock and Series D Junior Participating Preferred Stock (Filed as part of Exhibit 3.1 of this Form 10-K).*

4.3. Indenture dated as of March 1, 1983, between Delta and The Citizens and Southern National Bank, as trustee, as supplemented by the First and Second Supplemental Indentures thereto dated as of January 27, 1986 and May 26, 1989, respectively (Filed as Exhibit 4 to Delta's Registration Statement on Form S-3 (Registration No. 2-82412), Exhibit 4(b) to Delta's Registration Statement on Form S-3 (Registration No. 33-2972), and Exhibit 4.5 to Delta's Annual Report on Form 10-K for the year ended June 30, 1989).*

4.4. Third Supplemental Indenture dated as of August 10, 1998, between Delta and The Bank of New York, as successor trustee, to the Indenture dated as of March 1, 1983, as supplemented, between Delta and The Citizens and Southern National Bank of Florida, as predecessor trustee (Filed as Exhibit 4.5 to Delta's Annual Report on Form 10-K for the year ended June 30, 1998).*

4.5. Indenture dated as of April 30, 1990, between Delta and The Citizens and Southern National Bank of Florida, as trustee (Filed as Exhibit 4 (a) to Amendment No. 1 to Delta's Registration Statement on Form S-3 (Registration No. 33-34523)).*

4.6. First Supplemental Indenture dated as of August 10, 1998, between Delta and The Bank of New York, as successor trustee, to the Indenture dated as of April 30, 1990, between Delta and The Citizens and Southern National Bank of Florida, as predecessor trustee (Filed as Exhibit 4.7 to Delta's Annual Report on Form 10-K for the year ended June 30, 1998).*

4.7. Indenture dated as of May 1, 1991, between Delta and The Citizens and Southern National Bank of Florida, as Trustee (Filed as Exhibit 4 to Delta's Registration Statement on Form S-3 (Registration No. 33-40190)).*

4.8. Indenture dated as of December 14, 1999, between Delta and The Bank of New York, as Trustee, relating to $500 million of 7.70% Notes due 2005, $500 million of 7.90% Notes due 2009 and $1 billion of 8.30% Notes due 2029. (Filed as Exhibit 4.2 to Delta's Registration Statement on Form S-4 (Registration No. 333-94991)).*

4.9. Reimbursement Agreement dated as of May 1, 2000, among Delta, Certain Banks and Commerzbank AG, New York Branch, as Letter of Credit Fronting Bank and Agent, as amended by the First Amendment thereto dated as of November 9, 2001 (Filed as Exhibit 4.2 to Delta's Form 10-Q for the quarter ended June 30, 2002).*

4.10. Second Amendment dated as of September 24, 2002, to Reimbursement Agreement dated as of May 1, 2000, as amended, by and among Delta, Certain Banks and Commerzbank AG, New York Branch, as Letter of Credit Fronting Bank and Agent (Filed as Exhibit 4.1 to Delta's Current Report on Form 8-K dated September 27, 2002).*

4.11. Note Purchase Agreement dated February 22, 1990, among the Delta Family-Care Savings Plan, as Issuer, Delta, as Guarantor, and Various Lenders relating to the Guaranteed Serial ESOP Notes (Filed as Exhibit 10 to Delta's Current Report on Form 8-K dated April 25, 1990).*

4.12. Amendment No. 1 dated July 27, 1999, to the Note Purchase Agreement dated February 22, 1990, among the Delta Family-Care Savings Plan, as Issuer, Delta, as Guarantor, and Various Lenders relating to the Guaranteed Serial ESOP Notes (Filed as Exhibit 4.11 to Delta's Annual Report on Form 10-K for the year ended June 30, 1999).*

Delta is not filing any other instruments evidencing any indebtedness because the total amount of securities authorized under any single such instrument does not exceed 10% of the total assets of Delta and its subsidiaries on a consolidated basis. Copies of such instruments will be furnished to the Securities and Exchange Commission upon request.

10.1. Sixth Amended and Restated Limited Partnership Agreement of WORLDSPAN, L.P. dated as of April 30, 1993 (Filed as Exhibit 10.6 to Delta's Annual Report on Form 10-K for the year ended June 30, 1993).*

10.2. Purchase Agreement No. 2022 between The Boeing Company and Delta relating to Boeing Model 737-632/-732/-832 Aircraft (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).*/**

10.3. Purchase Agreement No. 2025 between The Boeing Company and Delta relating to Boeing Model 767-432ER Aircraft (Filed as Exhibit 10.4 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).*/**

10.4. Letter Agreements related to Purchase Agreements No. 2022 and/or No. 2025 between The Boeing Company and Delta (Filed as Exhibit 10.5 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).*/**

10.5. Aircraft General Terms Agreement between The Boeing Company and Delta (Filed as Exhibit 10.6 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).*/**

10.6. Delta 2000 Performance Compensation Plan (Filed as Appendix A to Delta's Proxy Statement dated September 15, 2000).*

10.7. Forms of Executive Retention Protection Agreements for Executive Officers and Senior Vice Presidents (Filed as Exhibit 10.16 of Delta's Annual Report on Form 10-K for the year ended June 30, 1997).*

10.8. Employment Agreement dated as of November 29, 2002, between Delta and Leo F. Mullin.

10.9. Letter Agreement dated June 5, 1998, between Delta and Frederick W. Reid concerning Mr. Reid's employment with Delta (Filed as Exhibit 10.20 to Delta's Annual Report on Form 10-K for the year ended June 30, 1998).*

10.10. Letter Agreement dated September 17, 1998, between Delta and Robert L. Colman concerning Mr. Colman's employment with Delta (Filed as Exhibit 10 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).*

10.11. Letter Agreement dated May 28, 2002, supplementing the Letter Agreement dated September 17, 1998, between Delta and Robert L. Colman concerning Mr. Colman's employment with Delta (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).*

10.12. 2002 Delta Excess Benefit Plan (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).*

10.13. 2002 Delta Supplemental Excess Benefit Plan (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).*

10.14. Form of Excess Benefit Agreement between Delta and its officers (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).*

10.15. Delta's 2002 Retention Program (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).*

10.16. Delta's Executive Life Insurance Program, including forms of agreements entered into as of July 1, 2002 between Delta and its officers (Filed as Exhibit 10 to Delta's Form 10-Q for the quarter ended September 30, 2002).*

10.17. Directors' Deferred Compensation Plan, as amended (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).*

10.18. Directors' Charitable Award Program (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).*

10.19. Delta's Non-Employee Directors' Stock Plan (Filed as Exhibit 4.5 to Delta's Registration Statement on Form S-8 (Registration No. 33-65391)).*

10.20. Delta's Non-Employee Directors' Stock Option Plan, as amended (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).*

12. Statement regarding computation of ratio of earnings to fixed charges for the years ended December 31, 2002, 2001, 2000, 1999 and 1998.

13. Portions of Delta's 2002 Annual Report to Shareowners.

16. Letter from Arthur Andersen LLP dated March 27, 2002 to the Securities and Exchange Commission (Filed as Exhibit 16 to Delta's Form 10-K for the year ended December 31, 2001).*

21. Subsidiaries of the Registrant.

23. Consent of Deloitte & Touche LLP.

24. Powers of Attorney.

99.1 Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code by Delta's Chairman of the Board and Chief Executive Officer and its Executive Vice President and Chief Financial Officer with respect to Delta's Annual Report on Form 10-K for the year ended December 31, 2002.

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* Incorporated by reference. ** Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to Delta's request for confidential treatment.

EXHIBIT 3.2

BY-LAWS OF

DELTA AIR LINES, INC.

TABLE OF CONTENTS

BY-LAWS OF

DELTA AIR LINES, INC.

ARTICLE I.
NAME, INCORPORATION AND LOCATION OF OFFICES

SECTION 1.1 NAME AND INCORPORATION.

The name of this corporation is DELTA AIR LINES, INC. It is incorporated under the laws of Delaware in perpetuity.

ARTICLE II.

CAPITAL STOCK

SECTION 2.1 AMOUNT AND CLASS AUTHORIZED.

Until otherwise provided by amendment to its Certificate of Incorporation, the authorized capital stock of the corporation shall consist of 470,000,000 shares, of which 450,000,000 shall be common stock of the par value of $1.50 per share and 20,000,000 shall be preferred stock of the par value of $1.00 per share. Shares of such authorized $1.50 par value common stock, in addition to the shares now outstanding, up to the authorized maximum of 450,000,000 shares, may be issued at such times, and from time to time, and may be sold for such considerations, not less than the par value thereof, as shall be fixed and determined by the board of directors. Shares of such authorized preferred stock up to the authorized maximum of 20,000,000 shares may be issued at such times, and from time to time, in such series and with such rights, including voting rights, preferences, and limitations, and may be sold for such considerations, not less than the par value thereof, as shall be fixed and determined by the board of directors.

SECTION 2.2 STOCK CERTIFICATES.

Certificates evidencing the stock of the corporation shall be in such forms as shall be authorized and approved by the board of directors. Such certificates shall be signed by the chairman of the board, the president or a vice president and by the secretary or an assistant secretary of the corporation, and the seal of the corporation shall be affixed thereto. The seal of the corporation and any or all the signatures on such certificate may be facsimile engraved, stamped or printed.

If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been used on, a certificate has ceased to be an officer, transfer agent or registrar or if any officer who has signed has had a change in title before the certificate is delivered, such certificate may nevertheless be issued and delivered by the corporation as though the officer, transfer agent or registrar who signed or whose facsimile signature shall have been used had not ceased to be such officer, transfer agent or registrar or such officer had not had such change in title.

SECTION 2.3 TRANSFER AGENTS AND REGISTRARS.

The board of directors may appoint transfer agents and co-transfer agents and registrars and co-registrars for the stock of the corporation and, if it so elects, may appoint a single agency to serve as both transfer agent and registrar, and may require all certificates evidencing stock to bear the signature or signatures of any of them.

SECTION 2.4 TRANSFERS OF STOCK.

Transfers of stock of the corporation shall be made only on the books of the corporation by the registered holder thereof in person or by attorney thereunto duly authorized in writing. Powers of attorney to transfer stock of the corporation shall be filed with the duly authorized transfer agent of the corporation, when appointed, and the certificates evidencing the stock to be transferred shall be surrendered to such transfer agent for cancellation, and shall be cancelled by it at the time of transfer.

Until transfer shall have been made as provided above, possession of a certificate evidencing stock of the corporation shall not vest any ownership of such certificate, or of the stock evidenced thereby, in any person other than the person in whose name said stock stands registered on the books of the corporation and the corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder thereof in fact and shall not be bound to recognize any equitable or other claim to or interest in any such share or shares on the part of any other person, whether or not it shall have express or other notice thereof. Notwithstanding the foregoing, the corporation shall have the power and is authorized to effect through the duly authorized transfer agent and registrar or otherwise transfers of stock of the corporation to various states or appropriate state authorities when applicable state laws of escheat or abandonment so require.

SECTION 2.5 LOST OR DESTROYED CERTIFICATES.

In case of the loss or destruction of an outstanding certificate of stock, another certificate for a like number of shares may be issued in place of the lost or destroyed certificate upon proof satisfactory to the board of directors or its delegate, and upon payment of the expenses, if any, incident to the issuance of such new certificate; provided, however, that the board of directors or its delegate, if it sees fit, may require that such lost or destroyed certificate be established as by the laws of Delaware in such cases made and provided, and further provided that, any provision of law to the contrary notwithstanding, the board of directors or its delegate may require the owner of such lost or destroyed certificate, or the legal representative of such owner, to give the corporation a bond sufficient, in the opinion of the board of directors or its delegate, to indemnify the corporation against and hold it harmless from any and all loss, damage, liability and claims (whether or not such claims be meritorious) on account of and with respect to such lost or destroyed certificate and the stock evidenced thereby and the issuance or establishment of such new certificate.

SECTION 2.6 NO PREEMPTIVE RIGHTS.

No holder of any stock of the corporation which shall at any time be outstanding shall have any preemptive rights to subscribe for or purchase additional shares of stock of the corporation of any class which at any time may be authorized or issued.

ARTICLE III.

MEETINGS OF STOCKHOLDERS

SECTION 3.1 ANNUAL MEETING.

The annual meeting of stockholders shall be held on the fourth Thursday in April of each year or at such other time as the board of directors shall specify, at such place, either within or without the State of Delaware, as may be designated by the board of directors from time to time, for the purpose of electing directors and for the transaction of only such other business as is properly brought before the meeting in accordance with these By-Laws.

To be properly brought before the meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board, (b) otherwise properly brought before the meeting by or at the direction of the board, or (c) otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided that if the board calls the annual meeting for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so delivered or mailed and received not later than the close of business on the 10th business day following the day on which the board gave such notice or made such public disclosure of the date of the annual meeting, whichever first occurs. Such stockholder's notice to the secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Article III, provided, that nothing in this Article III shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting.

If business is not properly brought before the meeting in accordance with the provisions of this Article III, the Presiding Officer at an annual meeting shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 3.2 SPECIAL MEETINGS.

Special meetings of the stockholders shall be held at such times, and at such places, either within or without the State of Delaware, as shall be designated in the notice of call of the meeting, and may be called by the chairman of the board or the president at any time and must be called by the chairman of the board or the president whenever requested in writing by a majority of the board of directors.

SECTION 3.3 NOTICES OF MEETINGS.

Written or printed notices of every annual or special meeting of the stockholders shall be mailed to each stockholder of record at the close of business on the record date hereinafter provided for, at the address shown on the stock book of the corporation or its transfer agents, not less than ten nor more than sixty days prior to the date of such meeting. Notices of special meetings shall briefly state or summarize the purpose or purposes of such meetings, and no business except that specified in the notice shall be transacted at any special meeting. It shall not be necessary that notices of annual meetings specify the business to be transacted at such annual meetings, and any business of the corporation may be transacted at any annual meeting of the stockholders to the extent not prohibited by applicable law, the Certificate of Incorporation or these By-Laws.

SECTION 3.4 RECORD DATE.

It shall not be necessary to close the stock transfer books of the corporation for the purpose of determining the stockholders entitled to notice of and to participate in and vote at any meeting of the stockholders. In lieu of closing the stock transfer books of the corporation, and for all purposes that might be served by closing the stock transfer books, the board of directors may fix and declare a date not less than ten days nor more than sixty days prior to the date of any annual or special meeting as the record date for the determination of stockholders entitled to notice of and to participate in and vote at such meeting of the stockholders and any adjournment thereof; and the corporation and its transfer agents may continue to receive and record transfers of stock after any record date as so provided. In any such case, such stockholders, and only such stockholders as shall have been stockholders of record at the close of business on the record date shall be entitled to notice and to participate in and vote at any such meeting of the stockholders, notwithstanding any transfers of stock which may have been made on the books of the corporation or its transfer agents after such record date.

SECTION 3.5 QUORUM AND ADJOURNMENT.

Except as otherwise provided or required by law, by the Certificate of Incorporation or by these By-Laws, a quorum at any meeting of the stockholders shall consist of the holders of shares representing a majority of the number of votes entitled to be cast by the holders of all shares of stock then outstanding and entitled to vote, present in person or by proxy. If a quorum is not present at any duly called meeting, the Presiding Officer or the holders of a majority of the votes present may adjourn the meeting from day to day, or to a fixed date, without notice other than announcement at the meeting, but no other business may be transacted until a quorum is present; provided, however, that any meeting at which directors are to be elected shall be adjourned only from day to day until such directors have been elected, and further provided that those who attend the second of such adjourned meetings, although less than a quorum as fixed hereinabove, shall nevertheless constitute a quorum for the purpose of electing directors.

The stockholders present at a duly organized meeting at which a quorum is present at the outset may continue to do business until adjournment, notwithstanding the withdrawal of enough stockholders to result in less than a quorum or the refusal of any stockholder present to vote.

The Presiding Officer may in his discretion defer voting on any proposed action and adjourn any meeting of the stockholders until a later date, provided such actions are otherwise permitted by law and are not inconsistent with the Certificate of Incorporation or other provisions of these By-Laws.

SECTION 3.6 VOTING RIGHTS AND PROXIES.

At all meetings of stockholders, whether annual or special, the holder of each share of common stock which is then outstanding and entitled to vote shall be entitled to one vote for each share held and the holder of each share of any series of preferred stock which is then outstanding shall be entitled to such voting rights, if any, and such number of votes, as shall be specified in the resolution or resolutions of the board of directors providing for the issuance of such series. Stockholders may vote at all such meetings in person or by proxy duly authorized in writing or by a transmission permitted by law filed in accordance with the procedures established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Directors shall be elected by a plurality of the votes cast in an election for such directors. Except as otherwise specifically provided by law, by the Certificate of Incorporation or by these By-Laws, a majority of the valid votes present shall be necessary and sufficient to decide any question which shall come before any meeting of the stockholders. In case of any challenge of the right of a given stockholder to vote in person or by proxy, the Presiding Officer hereinafter provided for shall be authorized to make the appropriate determination, and his decision shall be final.

SECTION 3.7 PRESIDING OFFICER.

All meetings of the stockholders shall be presided over by the chairman of the board or, in the absence or disability of the chairman, by the president, or in his absence or disability, by the vice chairman, if any, or, in his absence or disability, by the senior director (in terms of length of service on the board of directors) present.

SECTION 3.8 LIST OF STOCKHOLDERS ENTITLED TO VOTE.

A complete list of the stockholders entitled to vote, arranged in alphabetical order and indicating the number of shares held by each, shall be prepared by the secretary and shall be available at the place where any stockholders' meeting is being held, and shall be open to the examination of any stockholder for any proper purpose during the whole of such meeting.

ARTICLE IV.

BOARD OF DIRECTORS

SECTION 4.1 POWER AND AUTHORITY.

All of the corporate powers of this corporation shall be vested in and the business, property and affairs of the corporation shall be managed by, or under the direction of, the board of directors; and the board of directors shall be, and hereby is, fully authorized and empowered to exercise all of the powers of the corporation and to do, and to authorize, direct and regulate the doing of, any and all things which the corporation has the lawful right to do which are not by statute, the Certificate of Incorporation or these By-Laws expressly directed or required to be exercised or done by the stockholders.

SECTION 4.2 NUMBER, NOMINATION AND ELECTION OF DIRECTORS.

The board of directors shall consist of not less than five nor more than nineteen directors. The members of the board of directors shall be elected by the stockholders at the annual meeting of stockholders, or at a duly convened adjournment thereof or at a special meeting of stockholders duly called and convened for that purpose, provided, however, that only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the board of the corporation at the annual meeting or a duly convened adjournment thereof may be made by or at the direction of the board of directors, by any nominating committee or person appointed by the board, or by any stockholder of the corporation entitled to vote for the election of directors at the meeting or a duly convened adjournment thereof who complies with the notice procedures set forth in this Article IV. Such nominations, other than those made by or at the direction of the board, or by any nominating committee or person appointed by the board, shall be made pursuant to timely notice in writing to the secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided that if the board calls the annual meeting for a date that is not within 30 days before or after such anniversary date, notice by the stockholder to be timely must be so delivered or mailed and received not later than the close of business on the 10th business day following the day on which the board gave such notice or made such public disclosure of the date of the meeting, whichever first occurs. Such stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director,
(i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be

disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the corporation which are beneficially owned by the stockholder. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the qualifications of such proposed nominee to serve as director of the corporation. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein.

If a nomination is made that is not in accordance with the foregoing procedure, the Presiding Officer at an annual meeting shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 4.2.1 ELIGIBILITY, TENURE AND VACANCIES.

A nomination to serve as a director shall be accepted and votes cast for a nominee shall be counted only if the secretary has received, at least thirty days before the annual or a special meeting of stockholders, a statement signed by the nominee advising that he or she consents to being a nominee and, if elected, intends to serve as a director, and further provided that:

(a) Directors who are full-time employees of the company shall resign from the board coincident with their retirement from full-time employment.

(b) The age limit for directors not covered by subparagraph (a), above, or who, after resigning from the board upon retirement from full-time employment are re-elected to the board, shall be seventy-two, and such directors shall retire from the board as of the date and time of the annual meeting of stockholders which next follows their attainment of age seventy-two.

Each member of the board of directors shall hold office from the time of his election and qualification until the next annual meeting of the stockholders and until his successor shall have been elected and qualified; provided, however, that any member of the board of directors may be removed from such office by the stockholders at any time, with or without cause, at any meeting of the stockholders, duly called for such purpose, by the vote of holders of a majority of the outstanding voting power entitled to vote thereon, in which event a successor may be elected by the stockholders at such meeting or at any subsequent meeting of the stockholders duly called for such purpose.

The number of members of the board of directors may be increased or decreased at any time and from time to time to not less than five nor more than nineteen members by resolution adopted by the board of directors and in such event, and in the event any vacancy on the board of directors shall occur by death, resignation, retirement, disqualification or otherwise, additional or successor members of the board of directors may be elected by majority vote of the remaining members of the board of directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced or until his successor is elected and qualified.

Any director may resign at any time upon written notice to the corporation.

SECTION 4.3 REGULAR MEETINGS OF THE BOARD OF DIRECTORS.

The first organizational meeting of each newly-elected board shall be held at such time and place, either within or without the State of Delaware, as shall be fixed by the outgoing board of directors at or before its last regular meeting preceding the annual meeting of the stockholders, and no notice of such meeting shall be necessary to the newly-elected directors in order to constitute the meeting legally, provided that a majority of the whole board shall be present, and further provided that such newly-elected board may meet at such other place and time as shall be fixed by the consent in writing of all of the said directors.

At such organizational meeting the board, by a vote of a majority of all of the members thereof, shall elect a chairman from among its members. The chairman shall preside over all meetings of the board of directors, if present, and shall have such other powers and perform such other duties as may be assigned to him by the board from time to time. In his capacity as chairman of the board he shall not necessarily be an officer of the corporation but he shall be eligible to serve, in addition, as an officer pursuant to Section 5.1 of these By-Laws.

All meetings of the directors shall be presided over by the chairman of the board or, in his absence or disability, by the chief executive officer of the corporation if he is a member of the Board or, in his absence or disability, by the president if he is a member of the Board or, in his absence or disability, by the vice chairman, if any, or, in his absence or disability, by the senior director (in terms of length of service on the board of directors) present.

Regular meetings of the board of directors shall be held during the months of January, July and October, on such dates and at such places as the board by resolution or, failing such resolution, as the chairman of the board or, during his absence or disability, the president or the secretary of the corporation may determine, and if not previously specified in a board resolution, each director shall be advised in writing of the date, place and time of each such meeting at least two days in advance, unless such notice be waived in writing.

SECTION 4.4 SPECIAL MEETINGS.

Special meetings of the board of directors shall be held at such time and place, within or without the State of Delaware, as shall be designated in the call and notice of the meeting; and may be called by the chairman of the board, or in his absence or disability by the president or the secretary of the company, at any time, and must be called by the chairman, or in his absence or disability by the president or the secretary of the corporation, whenever so requested in writing by three or more members of the board. Notices of special meetings shall be given to each member of the board not less than twenty-four hours before the time at which each such meeting is to convene. Such notices may be given by telephone or by any other form of written or verbal communication. It shall not be necessary that notices of special meetings state the purposes or the objects of the meetings, and any business which may come before any duly called and convened special meeting of the board may be transacted at such meeting.

The members of the board of directors, before or after any meeting of the board, may waive notice thereof and, if all members of the board be present in person at any meeting or waive notice of the meeting, the fact that proper notice of the meeting was not given shall not in any way affect the validity of the meeting or the business transacted at the meeting.

SECTION 4.5 COMMITTEES APPOINTED BY THE BOARD.

A majority of the whole board may from time to time appoint (a) committees of the board, the membership of which shall consist entirely of board members and (b) other committees, the membership of which may be either a mixture of board and non-board members or entirely non-members of the board. All committees so appointed shall elect a chairman and keep regular minutes of their meetings and transactions and such minutes shall be accessible to all members of the board at all reasonable times.

No such committee shall have the power or authority to amend the Certificate of Incorporation (except that a committee may, to the extent authorized in a resolution of the board of directors providing for the issuance of shares of stock, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series); to adopt an agreement of merger or consolidation; to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets; to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution; to amend the By-Laws of the corporation; or, unless a resolution of the board of directors, the By-Laws or the Certificate of Incorporation expressly so provides, to declare a dividend or authorize the issuance of stock.

SECTION 4.6 MEETINGS OF COMMITTEES APPOINTED BY THE BOARD.

Meetings of any committee appointed by the Board shall be called by the secretary or any assistant secretary of the corporation (or, in the case of committees appointed by the board whose membership does not consist exclusively of board members, by such employee of the corporation as has been designated pursuant to By-Law 5.7 to record the votes and the minutes of such committee) upon the request of the chairman of the committee, the chairman of the Board, the chief executive officer of the corporation, or any two members of the committee. Notice of each such meeting shall be given in the same manner specified in Section 4.4 for special meetings of the board of directors.

SECTION 4.7 QUORUM AND VOTING.

A majority of the members of the board of directors shall be present at any meeting of the board in order for there to constitute a quorum. One half of the members of any committee appointed by the board shall be present at any meeting of the board or such committee in order to constitute a quorum. A majority of the members present at any duly constituted meeting of the board or such committee may decide any question which properly may come before the meeting, unless a different vote is specifically required by these By-Laws, the Certificate of Incorporation or applicable law.

SECTION 4.8 MEETING BY CONFERENCE TELEPHONE.

Members of the board of directors or any committee appointed by the board may participate in a meeting by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in such meeting in such manner shall constitute presence in person at such meeting.

Notwithstanding the notice provisions of Sections 4.3, 4.4 and 4.6 above, participation in a meeting by means of conference telephone by a member of the board of directors or a committee appointed by the board shall constitute waiver of notice of the meeting by such director.

SECTION 4.9 ACTION WITHOUT MEETING.

Any action required or permitted to be taken at any meeting of the board of directors or any committee appointed by the board may be taken without a meeting if all of the directors or all of the members of such a committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board of directors or of such committee.

SECTION 4.10 COMPENSATION.

A director shall receive such reasonable compensation for his services as a director or as a member of a committee appointed by the board of directors (including service as chairman of the board or as chairman of a committee of the board) as may be fixed from time to time by the board of directors and shall be reimbursed for his reasonable expenses, if any, in attending any meeting of the board of directors or such a committee. A director shall not be barred from also serving the corporation in any other capacity and receiving reasonable compensation therefor.

ARTICLE V.

OFFICERS

SECTION 5.1 ELECTION, QUALIFICATION, TENURE AND COMPENSATION.

The officers of the corporation shall be elected by the board of directors and shall include a president, one or more vice presidents (one or more of whom may be designated as an executive vice president or senior vice president), a secretary, a comptroller, a treasurer and such other officers, including a vice chairman, as from time to time the board of directors shall deem necessary or desirable. At the discretion of the board, the chairman of the board may also be elected under the same title as an officer of the corporation.

The chairman of the board (and the vice chairman, if any) shall be members of the board of directors.

Unless otherwise provided by the board of directors, each officer shall hold office from the time of his election until his successor shall have been elected and qualified, provided, however (except as otherwise provided in a contract duly authorized by the board of directors), any officer may be removed from office by the board of directors at any time, with or without cause, and any officer may resign at any time upon written notice to the corporation. Any two offices may be united in any one person, provided that no person shall act in more than one capacity in any one transaction.

The compensation of all officers shall be fixed and determined by the board of directors or pursuant to its delegated authority.

From time to time the board of directors, or its delegates, may appoint such other agents, for such terms and with such rights, powers and authorities, on such conditions, subject to such limitations and restrictions and at such compensation as shall seem right and proper to it or them, and any such agent may be removed from office by the board of directors or its delegates at any time, with or without cause.

SECTION 5.2 CHIEF EXECUTIVE OFFICER.

From time to time the board of directors shall designate by resolution either the chairman of the board, if elected as an officer of the corporation, or the president to act as the chief executive officer of the corporation. The chief executive officer shall have responsibility for the active and general management of the corporation and such authorities and duties as are usually incident to the office of chief executive officer and as from time to time shall be specified by the board of directors. He shall prescribe the duties of all subordinate officers, agents and employees of the company to the extent not otherwise prescribed by the Certificate of Incorporation, the By-Laws or the board of directors. Such designation shall continue in full force and effect until modified or rescinded by further resolution of the board.

SECTION 5.3 CHAIRMAN OF THE BOARD.

The chairman of the board shall preside over all meetings of the board of directors and the stockholders of the corporation. He shall have such other authorities and duties as are usually incident to the office of chairman of the board and as from time to time shall be specifically directed by the board of directors. Except where by law the signature of the president is required, the chairman of the board shall possess the same power as the president to sign all certificates, contracts and other instruments of the corporation which may be authorized by the board of directors. During the absence or disability of the president, if the chairman has been elected as an officer of the corporation he shall exercise all of the powers and discharge all of the duties of the president. If the chairman has not been elected as an officer of the corporation, then the provisions of Section 5.6 shall apply.

SECTION 5.4 PRESIDENT.

Subject to the powers and duties hereinbefore delegated to the chairman of the board, and to the powers and duties hereinbefore delegated to the chief executive officer if the chairman of the board is designated by the board of directors to act as chief executive officer, the president shall direct the operations of the company. He shall have such other authorities and duties as are usually incident to the office of president and as, from time to time, shall be specifically directed by the board of directors. During the absence or disability of the chairman, the president shall exercise all of the powers and discharge all of the duties of the chairman.

SECTION 5.5 VICE CHAIRMAN OF THE BOARD.

The vice chairman of the board, if any, who shall be an officer of the corporation, shall have such specific powers, duties and authority, and shall perform such administrative and executive duties as, from time to time, may be assigned by the board of directors, or the chief executive officer.

SECTION 5.6 ABSENCE OR DISABILITY OF CHAIRMAN AND PRESIDENT.

In the absence or disability of both the chairman of the board if he has been elected an officer of the corporation, and the president, or in the absence or disability of the president if the chairman has not been elected as an officer of the corporation, the vice chairman, if any, or if there is no vice chairman, an officer previously designated in writing by the chief executive officer or, in the absence of such designation, an officer designated by the board of directors, shall exercise all of the powers and discharge all of the duties of the said officer or officers until one or both return to active duty or until the board of directors authorizes another person or persons to act in their capacities.

SECTION 5.7 SECRETARY.

The secretary or an assistant secretary shall record the votes and the minutes, in books to be kept for that purpose, of all meetings of the stockholders, of the board of directors, and of those committees of the board of directors whose membership is confined to members of the board, provided, however, that in the absence of the secretary and the assistant secretaries the chairman of any such meeting may designate another officer of the company to act as secretary of that meeting. Any employee of the corporation may be designated by committees which are appointed by the board, but whose membership is not confined to members of the board, to record the votes and minutes of the proceedings of such committees in books to be kept for that purpose. The secretary or an assistant secretary shall give or cause to be given, notice of all meetings of the stockholders, the board of directors and committees of the board of directors. The secretary and assistant secretaries shall keep in safe custody the seal of the corporation and shall affix the same to any instrument requiring it and, when required, it shall be attested by his signature or by the signature of an assistant secretary. In the absence or disability of the secretary and all assistant secretaries, the seal may be affixed and the instrument attested by any vice president. The secretary also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.8 ASSISTANT SECRETARIES.

In the absence or disability of the secretary, an assistant secretary, if specifically designated and directed by the chairman of the board or the president, shall perform the prescribed duties and functions of the secretary. The assistant secretaries also shall have such specific powers and authorities and shall perform such other duties and functions as from time to time may be assigned by the board of directors, or the chief executive officer.

SECTION 5.9 COMPTROLLER.

The comptroller shall cause to be kept full and accurate books and accounts of all assets, liabilities and transactions of the corporation. The comptroller shall establish and administer an adequate plan for the control of operations, including systems and procedures required to properly maintain internal controls on all financial transactions of the corporation. The comptroller shall prepare, or cause to be prepared, statements of the financial condition of the corporation and proper profit and loss statements covering the operations of the corporation and such other and additional financial statements, if any, as the chief executive officer or the board of directors from time to time shall require. The comptroller also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.10 TREASURER.

The treasurer shall be responsible for the custody and care of all the funds and securities of the corporation and shall cause to be kept full and accurate books and records of account of all receipts and disbursements of the corporation. The treasurer shall cause all money and other valuable effects of the corporation to be deposited in the name and to the credit of the corporation in such depositories as shall be designated from time to time by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, or the chief executive officer. The treasurer also shall perform such other duties as may be assigned to him by the board of directors, or the chief executive officer.

SECTION 5.11 ASSISTANT TREASURERS.

In the absence or disability of the treasurer, an assistant treasurer, if any, or any other officer of the corporation, if specifically designated and directed by the chairman of the board or the president, shall perform the prescribed duties and functions of the treasurer. Any such assistant treasurer also shall have such specific powers and authorities and shall perform such other duties and functions as from time to time shall be assigned by the board of directors, or the chief executive officer of the corporation.

SECTION 5.12 BONDS.

Any officer or agent of the corporation shall furnish to the corporation such bond or bonds, with security for the faithful performance of his duties, as from time to time may be required by the board of directors.

ARTICLE VI.

CORPORATE SEAL

SECTION 6.1 CORPORATE SEAL.

The corporate seal shall have inscribed thereon the name of the corporation, the word "SEAL" and the word "Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VII.

FISCAL YEAR

SECTION 7.1 FISCAL YEAR.

The fiscal year of the corporation shall commence on the first day of January of each calendar year and shall end on the thirty-first day of December of such year.

ARTICLE VIII.

DIVIDENDS

SECTION 8.1 $1.50 PAR VALUE COMMON STOCK.

Dividends may be paid on the $1.50 par value common stock of the corporation in such amounts and at such times as the board of directors shall determine.

SECTION 8.2 RECORD DATE FOR PAYMENT OF DIVIDENDS.

It shall not be necessary to close the stock transfer books of the corporation for the purpose of determining the stockholders entitled to receive payment of any dividend on the stock of the corporation; but in lieu of closing the stock transfer books, and for all purposes that might be served by closing the stock transfer books, the board of directors, in declaring any dividend on the common stock, shall fix either the date on which the dividend is declared or a date between that date and the date on which the dividend is to be paid as the record date for determining stockholders entitled to receive payment of said dividend; and the corporation and its transfer agents may continue to receive and record transfers of stock after the record date so fixed and determined but, in any such case, such stockholders and only such stockholders as shall have been stockholders of record at the close of business on the record date so fixed and determined by the board of directors shall be entitled to receive payment of said dividend, notwithstanding any transfer of any stock which may have been made on the books of the corporation or its transfer agents after said record date.

ARTICLE IX.

FINANCIAL TRANSACTIONS AND EXECUTION OF INSTRUMENTS IN WRITING

SECTION 9.1 DEPOSITORIES.

The funds and securities of the corporation shall be deposited, in the name of and to the credit of the corporation, in such banks, trust companies and other financial institutions as shall from time to time be determined and designated by the board of directors or its delegate.

SECTION 9.2 WITHDRAWALS AND PAYMENTS.

All checks and orders for the withdrawal or payment of funds of the corporation, shall be signed in the name of the corporation in such manner and form and by such officer, officers or other employees as from time to time may be authorized and provided by the board of directors or its delegate. Facsimile signatures may be used when authorized by the board or its delegate.

It shall be the duty of the secretary, an assistant secretary or the corporation's official in charge of internal auditing to certify to the designated depositories of the funds and securities of the corporation the names and signatures of the officers and other employees of the corporation who, from time to time, are authorized to sign checks, drafts or orders for the withdrawal of funds and/or securities. No check, drafts or order for the withdrawal or payment of funds of the corporation shall be signed in blank.

SECTION 9.3 EVIDENCE OF INDEBTEDNESS AND INSTRUMENTS UNDER SEAL.

Unless otherwise authorized by the board of directors, all notes, bonds, and other evidences of indebtedness of the corporation, and all deeds, indentures, contracts and other instruments in writing required to be executed under the seal of the corporation, shall be signed in the name and on behalf of the corporation by the chairman of the board, the president, the vice chairman, if any, or a vice president of the corporation and shall be attested by the secretary or an assistant secretary.

ARTICLE X.

BOOKS AND RECORDS

SECTION 10.1 LOCATION.

The books, accounts and records of the corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept outside of the State of Delaware, at such place or places as the board of directors may from time to time appoint.

SECTION 10.2 INSPECTION.

Except as otherwise required by law, the board of directors or its delegate shall determine whether and to what extent the books, accounts and records of the corporation, or any of them other than the stock books, shall be open to the inspection of the stockholders.

ARTICLE XI.

TRANSACTIONS WITH OFFICERS AND DIRECTORS

SECTION 11.1 VALIDATION.

Contracts and all other transactions, including but not limited to purchases and sales, by and between this corporation and one or more of its officers or directors, or by and between this corporation and any firm, partnership, association or corporation of which one or more of the officers or directors of this corporation shall be members, partners, officers or directors or in which one or more of the officers or directors of this corporation shall be interested, shall be valid, binding and enforceable, and shall not be voidable by this corporation or its stockholders notwithstanding the participation of any such interested director in any meeting of the board of directors of this corporation at which such contract or other transaction shall be considered, acted upon or authorized, and notwithstanding the participation of any such interested officer or director in the making or performance of such contract or transaction, if the material facts of such interest shall be disclosed to or be known by the members of the board of directors of this corporation who shall be present at the meeting of said board at which such contract or transaction, and such participation therein, shall be authorized or approved and if the board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum.

ARTICLE XII.

AMENDMENT, REPEAL OR ALTERATION

SECTION 12.1 AMENDMENT, REPEAL OR ALTERATION.

These By-Laws may be amended, repealed or altered, in whole or in part, by a majority of the valid votes cast at any duly convened regular annual meeting of the stockholders or at any duly convened special meeting of stockholders when such object shall have been announced in the call and notice of the meeting. These By-Laws also may be amended, repealed or altered by vote of a majority of the whole board of directors at any duly convened meeting of the board of directors; provided, however, that any such action of the board of directors may be repealed by the stockholders. The repeal of any such action of the board of directors by the stockholders, however, shall not invalidate or in anywise affect the validity of any act or thing done in reliance upon said action of the board of directors.

EMERGENCY BY-LAWS

ADOPTED OCTOBER 27, 1967

Subject to repeal or change by the stockholders, and notwithstanding any different provision contained in the Delaware Corporation Law or in the Certificate of Incorporation or By-Laws of this corporation, the following emergency by-laws shall be operative in any emergency arising from an attack on the United States or on a locality in which the corporation conducts its business or customarily holds meetings of its board of directors or stockholders, or during any atomic or nuclear disaster or during the existence of any catastrophe or other similar emergency condition as a result of which a quorum of the board of directors cannot readily be convened for action.

1. In the event of emergency or disaster as described above, an emergency board of directors shall forthwith assume direction and control of the affairs of the corporation.

2. Such emergency board of directors shall consist of all living directors, and meetings of the emergency board may be called by the chairman of the board, the president, the vice chairman or the secretary or, in the event of the death or inability of any of the four to act, by any surviving director with the capacity and ability to act.

3. To the extent possible, notice of emergency board meetings shall be given in each instance to each known living member of the board at his last known business address, either orally or in writing delivered personally or by mail, telegraph, telephone or radio, or by publication; provided however, that if notice by such means is impossible insofar as specific individual directors are concerned, then the person calling the meeting shall give such directors such notice as is reasonably possible under the circumstances.

4. At any properly called meeting of the emergency board a quorum shall not be necessary, and the acts of a majority of the members of the emergency board present shall be and shall constitute the acts of the emergency board.

5. During its existence, the emergency board shall have the following powers:

(a) To appoint officers and agents of the corporation and to determine their compensation and duties;

(b) To borrow money and to issue bonds, notes or other obligations and evidence of indebtedness therefor;

(c) To determine questions of general policy with respect to the business of the corporation;

(d) To call stockholders' meetings; and

(e) To take all actions and to do all things necessary to preserve the corporation as an operating entity, and to direct and control its affairs and operations, until the regular board of directors has been reconstituted, either by the passage of time, by action of the stockholders, or otherwise in accordance with law.

6. No officer, director or employee acting in accordance with these emergency by-laws shall be liable to the corporation or its stockholders with respect to action taken under power granted herein except for willful misconduct.

7. As soon as reasonably possible following the creation of an emergency board of directors, if it appears clear that such action is required because of the number of directors killed or indefinitely incapacitated, the emergency board shall call a regular or special meeting of the stockholders of the corporation for the election of a new board of directors, or otherwise to reconstitute the board, and upon the election and qualification or reconstitution of such board, the emergency board established pursuant to these emergency by-laws shall cease and terminate and the direction and control of the affairs of the corporation shall vest in such new or reconstituted board of directors.

8. To the extent not inconsistent with these emergency by-laws, the regular by-laws of the corporation shall remain in effect during the emergency.

EXHIBIT 10.8

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT dated as of November 29, 2002 (the "Effective Date"), by and between Delta Air Lines, Inc., a Delaware corporation (the "Company"), and Leo F. Mullin ("Executive");

WHEREAS, Executive currently serves as Chairman of the Board of Directors of the Company (the "Board") and is currently employed as Chief Executive Officer of the Company pursuant to the terms of an employment agreement dated as of August 14, 1997 by and between the Company and Executive (the "Old Employment Agreement");

WHEREAS, the Board desires to continue to employ Executive as Chief Executive Officer of the Company, and Executive desires to accept such continued employment; and

WHEREAS, the Company and Executive desire to enter into an agreement (this "Agreement") embodying the new terms of such continued employment;

NOW THEREFORE, in consideration of the mutual covenants and agreements of the parties set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows (certain capitalized terms used herein being defined in Article 9):

ARTICLE 1
TERM OF AGREEMENT

Section 1.01. Term. The term of this Agreement shall commence on the Effective Date and shall expire on December 31, 2007 (such term, together with any extension pursuant to Section 1.02, referred to hereinafter as the "Agreement Term").

Section 1.02. Automatic Extension Upon Change In Control. In the event that a Change in Control occurs during the Agreement Term as then in effect, upon the effective date of such Change in Control the Agreement Term shall automatically be extended by such period, if any, such that after such extension the Agreement Term shall not be less than 36 months following the effective date of such Change in Control (such 36 month period referred to hereinafter as the "Change Period").

ARTICLE 2
POSITION; DUTIES

Section 2.01. Position. The Company shall continue to employ Executive as Chief Executive Officer of the Company pursuant to the terms of this Agreement. In addition, the Company shall use its best efforts to ensure Executive's continued election as a member of the Board. Executive shall have such duties and authority as shall be determined from time to time by the Board; provided that such duties shall be consistent with the positions assigned to him pursuant to this Section 2.01.

Section 2.02. Performance of Duties. While Executive is employed by the Company hereunder, Executive shall devote substantially all of his business time and best efforts to the business and affairs of the Company and the performance of his duties under this Agreement. Subject to the foregoing, Executive shall not be precluded from (i) continuing to serve on such boards of directors of business corporations and/or charitable organizations as to which the Board shall have given its prior written consent, which consent shall not be withheld unreasonably; provided, however, that such consent shall not be necessary with respect to Executive's continued service on the board of directors of BellSouth Corporation and Johnson & Johnson; (ii) engaging in community affairs or charitable activities (other than serving on the boards of directors of charitable organizations, as to which clause (i) shall control), and (iii) managing his personal investments and affairs.

ARTICLE 3
COMPENSATION

Section 3.01. Base Salary. While Executive is employed by the Company hereunder, the Company shall pay Executive a base salary (the "Base Salary") at the annual rate of not less than $795,000, payable in accordance with the usual payment practices of the Company. Executive's Base Salary shall be subject to review for increase annually and Executive shall be entitled to such increases in his Base Salary, if any, as may be determined from time to time in the sole discretion of the Board or the Personnel & Compensation Committee of the Board (the "Compensation Committee").

Section 3.02. Incentive Compensation Awards. (a) With respect to each Fiscal Year beginning with the Fiscal Year ending December 31, 2002 during which Executive is employed hereunder, Executive shall be eligible to receive in addition to his Base Salary an annual incentive compensation award (the "Annual Award") for services rendered during such Fiscal Year, subject to the terms and conditions of the Company's annual incentive compensation plan as in effect from time to time. The amount of the Annual Award, if any, with respect to any Fiscal Year shall be based upon performance targets and award levels determined by the Compensation Committee in its sole discretion, in accordance with the Company's annual incentive compensation plan as in effect from time to time; provided that for each Fiscal Year ending after December 31, 2002 the award levels with respect to Executive shall be established in such a manner as to provide Executive with the opportunity to earn an award of at least 150% of his Base Salary for such Fiscal Year, assuming performance at a target level, with a maximum award opportunity of 300% of Base Salary for such Fiscal Year; provided, further, however that the Annual Award shall in no event exceed the applicable award limit under the governing shareholder approved incentive compensation plan.

(b) In addition to the Annual Awards described above, Executive shall be eligible to receive such additional bonuses as may be awarded by the Compensation Committee in its sole discretion.

Section 3.03. Employee Benefits. While Executive is employed by the Company hereunder, Executive (and, to the extent applicable, his eligible family members, as defined in the applicable plan or policy) shall be entitled to participate (or to receive benefits equivalent to such participation), on terms no less favorable than the terms offered to other senior executives of the Company, in any group and/or executive life, hospitalization or disability insurance plan, health program, vacation policy, pension, profit sharing, ESOP, 401(k) and similar benefit plans (qualified, non-qualified and supplemental) and other fringe benefits of the Company, including free and reduced-rate travel, automobile allowance, club memberships and dues, and similar programs, as in effect from time to time.

Section 3.04. Supplemental Pension Benefits. Executive shall be entitled to receive from the Company the supplemental retirement benefit (the "Supplemental Retirement Benefit") under and in accordance with the terms of the Excess Benefit Agreement dated as of March 15, 2002 by and between the Company and Executive, as the same may be amended by the parties from time to time (the "Excess Benefit Agreement").

Section 3.05. Business Expenses. The Company shall reimburse promptly such of Executive's travel, entertainment and other business expenses as are reasonably and necessarily incurred by Executive in the performance of his duties while employed hereunder, in accordance with the Company's policies as in effect from time to time.

Section 3.06. Stock Incentive Awards. (a) Executive shall receive stock incentive awards in accordance with the terms of the award agreement (s) attached hereto as Exhibits A, B and C (such stock incentive awards referred to hereinafter collectively as the "Renewal Award").

(b) Executive shall be eligible to receive any additional equity-based incentive awards, including additional options and restricted stock unit awards, as may be granted by the Compensation Committee in its sole discretion.

ARTICLE 4
TERMINATION OF EMPLOYMENT

Section 4.01. Without Cause; For Good Reason. In the event that Executive's employment is terminated during the Agreement Term, other than by reason of death, and other than during the Change Period or within one year prior to, and in anticipation of, a Change in Control, (i) by the Company other than for Cause or Disability or (ii) by Executive with Good Reason, Executive shall be entitled to receive from the Company the benefits described in Paragraphs (a) through (f) below (the "Severance Benefits"):

(a) The Company shall pay Executive a lump sum, in cash, equal to Executive's earned but unpaid Base Salary and other earned but unpaid cash entitlements for the period through and including the date of termination of Executive's employment, including unused earned and accrued vacation pay and unreimbursed business expenses. In addition, with respect to the period through and including the date of termination of Executive's employment, Executive shall be entitled to any other benefits earned or accrued and payable under any other employee benefit plans and arrangements maintained by the Company, in accordance with the terms of such plans and arrangements, except as modified herein (such amounts and benefits described in this Paragraph (a) referred to hereinafter as the "Accrued Benefits").

(b) The Company shall pay Executive a lump sum, in cash, equal to three times the sum of Executive's Reference Salary and Reference Incentive Compensation Award; provided, that if as of the date of Executive's termination of employment pursuant to this Section 4.01, there remain less than three years in the Agreement Term, the three times multiplier shall be reduced to a fraction, the numerator of which is the number of whole months remaining in the Agreement Term as of the date of Executive's termination of employment (the "Remaining

Months") and the denominator of which is 36, provided, further, however, that in no event shall such fraction be less than 1.

(c) The Company shall pay Executive a lump sum, in cash, equal to the amount of his Annual Award payable for the Fiscal Year in which occurs the termination of his employment, calculated assuming performance at the target level and prorated to reflect the portion of such Fiscal Year elapsed through the date of termination of his employment. The amount of the payment under this Paragraph (c) shall be reduced by the amount, if any, previously paid with respect to such Fiscal Year under Section 5.01(i).

(d) Executive (and, to the extent applicable, his eligible family members) shall continue to be eligible, for the lesser of (i) 36 months from the date of such termination of Executive's employment and (ii) the greater of (A) 12 months and (B) the balance of the Agreement Term, to participate in the benefit plans and fringe benefits (other than any qualified or nonqualified retirement plans) in which Executive and his eligible family members were entitled to participate under Section 3.03 immediately prior to termination of Executive's employment, including, but not limited to, any life insurance or survivor benefit arrangements in effect at such time. If continued participation pursuant to this Section 4.01(d) is not permitted under the terms of one or more of the applicable benefit plans and programs, the Company shall, in lieu of continued participation as to those benefits, pay Executive a lump sum, in cash, equal to the present value (as of the date of the termination of his employment) of such continued participation. In determining present value for this purpose, all terms applicable to Executive under such benefit plans and fringe benefits immediately prior to the date of termination of his employment (including the level of premiums, if any, payable by Executive) shall be taken into account.

(e) On and after the first to occur of (i) the third anniversary of Executive's termination of employment and (ii) the expiration of the Agreement Term (but in no event prior to the first anniversary of Executive's termination of employment), he shall be treated as a retired senior executive of the Company for purposes of all benefit plans and arrangements of the Company (other than retirement plans) providing for retiree benefits. For purposes of determining any service-related premiums owed by Executive with respect to any such retiree benefits, all years of service with which Executive is credited for purposes of calculating the Supplemental Retirement Benefit shall be taken into account. If such participation is not permitted under the terms of one or more of the applicable benefit plans and programs, the Company shall, in lieu of such participation as to those benefits, pay Executive a lump sum, in cash, equal to the present value (as of the third anniversary of the termination of his employment or as of the later of the expiration of the Agreement Term or the first anniversary of his employment, as applicable) of such participation. In determining present value for this purpose, all terms applicable to Executive under such retiree benefit plans (including the level of premiums, if any, payable by Executive) shall be taken into account.

(f) For purposes of calculating the Supplemental Retirement Benefit, Executive shall be credited with additional years of service credit in an amount equal to the lesser of (i) three years and (ii) the Remaining Months, provided, however, that Executive shall be credited with at least one additional year of service credit; provided further, however, that Executive's years of service credit shall not exceed the maximum years of service credited under the Excess Benefit Agreement.

The Severance Benefits (other than those described in Paragraph (f) and the first sentence of each of Paragraphs (d) and (e) above) shall be paid or provided to Executive as soon as practicable following the date of termination of Executive's employment, but in no event later than 30 days from the date of such termination of employment.

Section 4.02. For Cause; Without Good Reason. In the event Executive's employment shall be terminated by the Company for Cause or by Executive other than for Good Reason, the Company shall have no further obligations to Executive hereunder, other than for Accrued Benefits. Notwithstanding any other provision of this Agreement to the contrary, Executive shall not be liable to the Company for breach of this Agreement as a result of termination of his employment other than for Good Reason, provided Executive has furnished the Company at least 60 days prior written notice of such termination.

Section 4.03. Death or Disability. In the event of Executive's death or termination by the Company for Disability during the Agreement Term, the Company shall have no further obligations to Executive or his legal representatives hereunder, other than for Accrued Benefits.

Section 4.04. Return of Materials. Executive agrees that upon termination of his employment hereunder for any reason, he shall return to the Company immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Company or any of its affiliates, except that he may retain personal notes, notebooks and diaries. Executive further agrees that he shall not retain or use for his account at any time any trade name, trademark, service mark or other proprietary business designation used or owned in connection with the business of the Company or any of its affiliates.

ARTICLE 5
OBLIGATIONS OF COMPANY ON CHANGE IN CONTROL

Section 5.01. Payment of Performance-Based Awards. In the event that a Change in Control occurs during the Agreement Term and while Executive is employed by the Company, the Company shall promptly thereafter pay Executive the sum of (i) the Reference Incentive Compensation Award, prorated to reflect the portion of the Fiscal Year elapsed through the date of the Change in Control, and (ii) the Reference Long-Term Award, for each performance period that includes the date of the Change in Control under any long-term incentive plan maintained by the Company, prorated to reflect the portion of such performance period elapsed through the date of the Change in Control. The amounts referred to in clauses (i) and (ii) above shall be calculated, and paid in the form of cash or shares of Company stock, in accordance with the terms of the applicable award agreements. The payment under this Section 5.01 shall discharge all liabilities of the Company to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) above.

Section 5.02. Stock Options, Stock Appreciation Rights and Non-Performance-Based Awards. In the event that a Change in Control occurs during the Agreement Term and while Executive is employed by the Company, all outstanding stock options, stock appreciation rights, restricted stock (if not performance-based), and other non-performance-based awards held by Executive pursuant to the provisions of the Stock Incentive Plan or any successor plan shall become immediately vested, nonforfeitable and exercisable as of the date of the Change in Control.

Section 5.03. Additional Severance Benefits. In the event Executive's employment is terminated under circumstances described in clauses (i) or (ii) of
Section 4.01 either (I) during the Change Period; or (II) within one year prior to, and in anticipation of, a Change in Control, then, as of the later of the date of termination of Executive's employment and the Change in Control, Executive shall be entitled to the payments and benefits provided under Section 4.01 with the following changes:

(a) Section 4.01(b) shall be applied without giving effect to the proviso included in such Section. The payment under this Section 5.03(a) shall be reduced, if Executive's employment has been terminated in anticipation of a Change in Control as described in clause (II) above, by the total payment (if any) made to Executive under Section 4.01(b) between the date of termination of Executive's employment and the date of payment under this Section 5.03(a).

(b) Section 4.01(d) shall be applied (x) without giving effect to clause
(ii) of such Section (therefore continuing Executive's eligibility to participate in applicable benefit plans and fringe benefits, to the extent permitted, for a period of 36 months) and (y) eliminating the reference to life insurance or survivor benefits coverage and any free or reduced rate flight or other travel benefits or privileges to which Executive would otherwise be entitled under Section 4.01(d) (which are dealt with in paragraphs (d) and (e) below). For purposes of computing amounts payable under Section 4.01(d) (as modified by the foregoing sentence), the present value referred to in such
Section shall be determined by the actuarial firm acting as actuary for the Qualified Pension Plan at such time (the "Actuarial Firm") on the basis of such assumptions as the Actuarial Firm determines to be reasonable. In the event that the Actuarial Firm is serving as actuary for the Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized actuarial firm to make the determinations required hereunder (which actuarial firm shall then be referred to as the Actuarial Firm hereunder). The Actuarial Firm shall provide its determination and detailed supporting calculations to both the Company and Executive within fifteen business days of the receipt of notice from Executive that a termination, or (if later) a Change in Control, has occurred giving rise to the right to benefits under this Section 5.03, or such earlier time as is requested by the Company. All fees and expenses of the Actuarial Firm shall be borne solely by the Company. If Executive's employment has been terminated in anticipation of a Change in Control as described in clause (II) above, and the Company has paid Executive the cash present value of any coverage or benefits (other than life insurance or survivor benefits coverage, or free or reduced rate flight or other travel benefits or privileges) to which Executive or his eligible family members would otherwise have been entitled under Section 4.01(d), the payments otherwise due Executive under this Section 5.03(b) shall be reduced by the total amount of such cash present value so paid to Executive.

(c) In lieu of any continued life insurance or survivor benefits coverage or participation to which Executive would otherwise be entitled under Section 4.01(d), for a period of three years following the date of Executive's termination of employment, Executive shall continue to be eligible to participate in any life insurance or survivor benefit arrangements on the same terms as in effect immediately preceding such termination of employment. If Executive's employment has been terminated in anticipation of a Change in Control as described in clause (II) above and the Company has paid Executive the cash present value of any life insurance or survivor benefits coverage or participation to which Executive or his eligible family members became entitled under Section 4.01(d), any payments or benefits otherwise due Executive under this Section 5.03 (c) shall be reduced by the total amount of such cash present value so paid to Executive.

(d) In lieu of any free or reduced rate flight or other travel benefits or privileges to which Executive would otherwise be entitled under Section 4.01(d), but without limitation upon any retiree flight privileges for which Executive may otherwise qualify, Executive and Executive's spouse, for the remainder of their respective lives, and Executive's dependent children, for so long as they are under age 18 (or under age 23 if a full-time student), shall be entitled to free system-wide flight privileges on Company flights to any location which the Company serves. Such privileges shall entitle Executive, Executive's spouse and Executive's dependent children to unlimited positive space (or space available, at Executive's option) first-class tickets, but Executive's dependent children shall not be entitled to first-class privileges if under age 8; provided further that all of such flight privileges shall otherwise be subject to the same conditions and restrictions as pertain from time to time to the flight privileges generally provided by the Company to its retirees. If Executive's employment has been terminated in anticipation of a Change in Control as described in clause (II) above and the Company has paid Executive the cash present value of any free or reduced rate flight or other benefits or privileges to which Executive or his eligible family members became entitled under Section 4.01(d), any payments otherwise due Executive under this Section 5.03 shall be reduced by the total amount of such cash present value so paid to Executive.

(e) Section 4.01(e) shall be applied on and after the third anniversary of Executive's termination of Employment and if Executive has earned at least ten years of continuous service under the Qualified Pension Plan as of the date of termination of employment (after crediting Executive with three additional years of service credit) the Company shall pay Executive a lump sum, in cash, equal to the present value (as of the date of the termination of employment) of any premium imposed solely because of early retirement.

(f) If Executive's employment has terminated in anticipation of a Change in Control as described in clause (II), above, the Company shall pay Executive the amount that would have been payable to him under Section 5.01 had the Change in Control occurred as of the date of termination of his employment; provided, however, that the payment under this Section 5.03(f) shall be reduced by any payments previously made to Executive under the Company's annual and long-term incentive plans and programs, and under this Agreement, with respect to performance-based incentive compensation (other than stock options and stock appreciation rights) for the periods referred to in clauses (i) and (ii) of Section 5.01.

Section 5.04. Definition of Disability. After the occurrence of a Change in Control, the term "Disability," as used in Article 4, shall mean Long-Term Disability, as such term is defined in the Disability Plan.

ARTICLE 6
CERTAIN TAX PAYMENTS

Section 6.01. Gross-Up Payment. In the event Executive becomes entitled to benefits under Section 4.01 or Article 5 hereof, the Company shall pay to Executive an additional lump sum payment (the "Gross-Up Payment"), in cash, equal to the sum of the amounts, if any, described in paragraphs (a) and (b) below:

(a) Executive shall be entitled under this paragraph to the sum of (i) the present value of all of Executive's applicable federal, state and local taxes arising due to payments or coverage provided under Section 4.01(d) or 4.01(e), to the extent such payments or coverage are provided in respect of benefits or coverage which, if provided to Executive while employed by the Company, would not have been taxable to Executive, and (ii) an additional amount such that after payment by Executive of all of Executive's applicable federal, state and local taxes on such additional amount, Executive will retain an amount sufficient to pay the total of Executive's applicable federal, state and local taxes arising due to the payment required pursuant to clause (i) above. For purposes of clause (i) above, present value shall be determined using the appropriate "applicable federal rate" promulgated by the Treasury Department under Code Section 1274(d) for the month in which the Gross-Up Payment is made, assuming that all taxes will be paid on the due date therefore (without regard to extensions).

(b) If any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with or plan of the Company, including but not limited to stock options and other long-term incentives (in the aggregate "Total Payments") would be subject to the excise tax imposed by
Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled under this paragraph to an additional amount such that after payment by Executive of all of Executive's applicable federal, state and local taxes, including any Excise Tax, imposed upon such additional amount, Executive will retain an amount sufficient to pay the Excise Tax imposed on the Total Payments.

The amounts payable under this Section 6.01 shall be paid by the Company as soon as practicable (but in no event more than 30 days) after the occurrence of the events giving rise to Executive's right to benefits under Section 4.01 or Article 5.

Section 6.02. Determinations. In the event of a Change in Control, all determinations required to be made under this Article 6, including the amount of the Gross-Up Payment, whether a payment is required under Paragraph (b) of
Section 6.01, and the assumptions to be used in determining the Gross-Up

Payment, shall be made by Deloitte & Touche (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and Executive within twenty business days of the receipt of notice from Executive that there has been an event giving rise to the right to benefits under Article 5, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for a Person effecting the Change in Control or is otherwise unavailable, Executive may appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company.

Section 6.03. Subsequent Redeterminations. Executive agrees (unless requested otherwise by the Company) to use reasonable efforts to contest in good faith any subsequent determination by the Internal Revenue Service that Executive owes an amount of Excise Tax greater than the amount previously determined under this Article 6; provided, that Executive shall be entitled to reimbursement by the Company of all fees and expenses reasonably incurred by Executive in contesting such determination. In the event the Internal Revenue Service or any court of competent jurisdiction determines that Executive owes an amount of Excise Tax that is either greater or less than the amount previously taken into account and paid under this Article 6, the Company shall promptly pay to Executive, or Executive shall promptly repay to the Company, as the case may be, the amount of such excess or shortfall. In the case of any payment that the Company is required to make to Executive pursuant to the preceding sentence (a "Later Payment"), the Company shall also pay to Executive an additional amount such that after payment by Executive of all of Executive's applicable federal, state and local taxes on such additional amount, Executive will retain an amount sufficient to pay the total of Executive's applicable federal, state and local taxes arising due to the Later Payment. In the case of any repayment of Excise Tax that Executive is required to make to the Company pursuant to the second sentence of this Section 6.03, Executive shall also repay to the Company the amount of any additional payment received by Executive from the Company in respect of applicable federal, state and local taxes on such repaid Excise Tax, to the extent Executive is entitled to a refund of (or has not yet paid) such federal, state or local taxes.

ARTICLE 7
SUCCESSORS AND ASSIGNMENTS

Section 7.01. Successors. The Company will require any successor (whether by reason of a Change in Control, direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place.

Section 7.02. Assignment by Executive. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount is owed but unpaid to Executive hereunder, all such amounts, unless otherwise provided herein, shall be paid to Executive's devisee, legatee, or other designee, or if there is no such designee, to Executive's estate. Executive's rights hereunder shall not otherwise be assignable.

ARTICLE 8
MISCELLANEOUS

Section 8.01. Notices. Any notice required to be delivered hereunder shall be in writing and shall be addressed

if to the Company, to:

Delta Air Lines, Inc.
Hartsfield Atlanta International Airport Post Office Box 20706
Atlanta, GA 30320-2534
Attention: General Counsel;

if to Executive, to Executive's last known address as reflected on the books and records of the Company, with a copy to:

Vedder, Price, Kaufman & Kammholz 222 North LaSalle Street, Suite 2600 Chicago, Illinois 60601
Attention: Robert J. Stucker

or such other address as such party may hereafter specify for the purpose by written notice to the other party hereto. Any such notice shall be deemed received on the date of receipt by the recipient thereof if received prior to 5
p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 8.02. Legal Fees and Expenses. The Company shall pay all legal fees, costs of litigation, prejudgment interest, and other expenses which are reasonably incurred by Executive in connection with the negotiation and preparation of this Agreement or as a result of (i) the Company's refusal to provide benefits or other amounts in accordance herewith, (ii) the Company's (or any third party's) contesting the validity, enforceability, or interpretation of the Agreement, (iii) any conflict between the parties pertaining to this Agreement, (iv) Executive's contesting any determination by the Internal Revenue Service pursuant to Section 6.03, or (v) Executive's pursuing any claim under Section 8.18. Notwithstanding the foregoing, in the case of any such fees, costs, interest or other expenses incurred prior to a Change in Control, Executive shall be entitled to payment hereunder only if Executive is successful to a material degree in the contest or dispute giving rise thereto.

Section 8.03. Calculation of Taxes. For purposes of any provision of this Agreement requiring the payment by the Company of Executive's applicable federal, state and local taxes with respect to any benefit or payment provided for hereunder, such federal, state and local taxes shall be computed at the maximum marginal rates, taking into account the effect of any loss of personal exemptions resulting from receipt by Executive of such benefit or payment.

Section 8.04. Arbitration. Executive and, unless a Change in Control shall have occurred, the Company shall have the right and option to elect (in lieu of litigation) to have any dispute or controversy arising under or in connection with this Agreement settled by arbitration, conducted before a panel of three arbitrators sitting in a location selected by Executive within 50 miles from the location of his job with the Company, in accordance with the rules of the American Arbitration Association then in effect. Executive's or the Company's election to arbitrate, as herein provided, and the decision of the arbitrators in that proceeding, shall be binding on the Company and Executive. Judgment may be entered on the award of the arbitrator in any court having jurisdiction. All expenses of such arbitration, including the fees and expenses reasonably incurred by Executive, shall be borne by the Company.

Section 8.05. Unfunded Agreement. Except to the extent otherwise provided in Section 3.04 and Article 5, the obligations of the Company under this Agreement represent an unsecured, unfunded promise to pay benefits to Executive and/or Executive's beneficiaries, and shall not entitle Executive or such beneficiaries to a preferential claim to any asset of the Company.

Section 8.06. Covenants; Confidential Information. (a) Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company, or any of its subsidiaries, affiliates and businesses, which shall have been obtained by Executive pursuant to his employment by the Company or any of its subsidiaries and affiliates and which shall not have become public knowledge (other than by acts by Executive or his representatives in violation of this Agreement). After termination of Executive's employment with the Company, Executive shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. After the occurrence of a Change in Control, in no event shall an asserted violation of the provisions of this Section 8.06 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement.

(b) Executive acknowledges and recognizes the highly competitive nature of the business of the Company and its Affiliates and accordingly agrees that, in consideration of the benefits and protections conferred under this Agreement, during the term of Executive's employment with the Company and for 2 years following the date of Executive's termination of employment, Executive shall not, other than with the prior written consent of the Company, directly or indirectly provide management or executive services (whether as a consultant, advisor, officer or director) to any Person who is in direct and substantial competition with the air transportation business of the Company or its Subsidiaries.

(c) During the term of Executive's employment with the Company and for 2 years following the date of Executive's termination of employment, Executive shall not recruit, solicit or induce any nonclerical employee or employees of the Company or its Affiliates to terminate their employment with, or otherwise cease their relationship with, the Company or its affiliates or hire or assist another person or entity to hire any nonclerical employee of the Company or its affiliates or any person who within twelve months before had been a nonclerical employee of the Company or its Affiliates.

(d) If Executive breaches the non-competition covenant of paragraph (b) above or the non-solicitation covenant of paragraph (c) above, (i) Executive shall not be entitled to any further benefits under the Excess Benefit Agreement and (ii) Executive shall repay to the Company in cash an amount equal to the Liquidated Damages.

(e) Because of the broad and extensive scope of the Company's air transportation business, the restrictions contained in this provision are intended to extend to management or executive services which are directly related to the provision of air transportation services into, within or from the United States, as no smaller geographical restrictions will adequately protect the legitimate business interest of the Company. If any tribunal of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(f) Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of this Section 8.06 would be inadequate and, in recognition of this fact, Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

(g) Notwithstanding any other provisions of this Agreement, the provisions of this Section 8.06 shall survive and remain in effect notwithstanding the termination of this Agreement or any breach by the Company or Executive of any other term of this Agreement.

Section 8.07. Non-Exclusivity of Benefits. Unless specifically provided herein, neither the provisions of this Agreement nor the benefits provided hereunder shall reduce any amounts otherwise payable, or in any way diminish Executive's rights as an employee of the Company, whether existing now or hereafter, under any compensation and/or benefit plans (qualified or nonqualified), programs, policies, or practices provided by the Company, for which Executive may qualify. Vested benefits or other amounts which Executive is or becomes otherwise entitled to receive under any plan, policy, practice, or program of the Company (i.e., including, but not limited to, vested benefits under the Qualified Pension Plan, the Retention Program and the Excess Benefit Agreement, but excluding benefits under any broad-based severance plan), during, at or subsequent to the date of termination of Executive's employment shall be payable in accordance with such plan, policy, practice, or program except as expressly modified by this Agreement.

Section 8.08. Compensation Taken Into Account. Severance Benefits provided hereunder (other than, to the extent applicable, amounts payable pursuant to Sections 4.01(a), 4.01(c) and 5.01) shall not be considered for purposes of determining Executive's benefits under any other plan or program of the Company (including without limitation the Qualified Pension Plan and the Excess Benefit Agreement).

Section 8.09. Employment Status. Nothing herein contained shall interfere with the Company's right to terminate Executive's employment with the Company at any time, with or without Cause, subject to the Company's obligation to provide such Severance Benefits and other amounts as may be required hereunder.

Section 8.10. Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of employment by another employer.

Section 8.11. No Set-Off. The Company's obligations to make all payments and honor all commitments under this Agreement shall be absolute and unconditional and shall not be affected by any circumstances including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against Executive, except that offsets for amounts previously paid shall be permitted to the extent expressly provided in Sections 4.01(c) and 5.04.

Section 8.12. Entire Agreement. Except as provided in Section 8.07, this Agreement, together with the Exhibits hereto, represents the entire agreement between the parties with respect to Executive's employment and/or severance rights (including upon a Change in Control), and supersedes all prior discussions, negotiations, and agreements concerning such rights, including, but not limited to, the Old Employment Agreement and any prior severance agreement made between Executive and the Company.

Section 8.13. Tax Withholding. Notwithstanding anything in this Agreement to the contrary, the Company shall withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as are legally required to be withheld.

Section 8.14. Waiver of Rights. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

Section 8.15. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

Section 8.16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia without reference to principles of conflict of laws.

Section 8.17. Counterparts. This Agreement may be signed in several counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

Section 8.18. Claim Review Procedure. If Executive is denied benefits under this Agreement, Executive may request, in writing, a review of the denial by the Company or its designee within 60 days of receiving written notice of the denial. The Company shall respond in writing to a written request for review within 90 days of receipt of such request. Neither the claim procedure set forth in this Section 8.18 nor Executive's failure to adhere to such procedure shall derogate from Executive's right to enforce this Agreement through legal action, including arbitration as provided in Section 8.04.

Section 8.19. Indemnification. The Company shall indemnify Executive (and Executive's legal representatives or other successors) to the fullest extent permitted by the Certificate of Incorporation and By-Laws of the Company, as in effect at such time or on the Effective Date, or by the terms of any indemnification agreement between the Company and Executive, whichever affords or afforded greater protection to Executive, and Executive shall be entitled to the protection of any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers (and to the extent the Company maintains such an insurance policy or policies, Executive shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company officer or director), against all costs, charges and expenses whatsoever incurred or sustained by Executive or Executive's legal representatives at the time such costs, charges and expenses are incurred or sustained, in connection with any action, suit or proceeding to which Executive (or Executive's legal representatives or other successors) may be made a party by reason of Executive's being or having been a director, officer or employee of the Company, or any Subsidiary or Executive's serving or having served any other enterprise as a director, officer, employee or fiduciary at the request of the Company.

ARTICLE 9
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth below.

"Accounting Firm" has the meaning accorded such term in Section 6.02.

"Accrued Benefits" has the meaning accorded such term in Section 4.01(a).

"Actuarial Firm" has the meaning accorded such term in Section 5.03(b).

"Affiliate" and "Associate" have the respective meanings accorded to such terms in Rule 12b-2 under the Exchange Act as in effect on the Effective Date.

"Agreement Term" has the meaning accorded such term in Section 1.01.

"Annual Award" has the meaning accorded such term in Section 3.02(a).

"Base Salary" means, at any time, the then-regular annual rate of pay which Executive is receiving as annual salary.

"Beneficial Ownership." A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own," securities pursuant to Rule 13d-3 under the Exchange Act as in effect on the Effective Date.

"Board" has the meaning accorded such term in the second "Whereas" clause of this Agreement.

"Cause" means the occurrence of any one or more of the following:

(a) A demonstrably willful and deliberate act or failure to act by Executive (other than as a result of incapacity due to physical or mental illness) which is committed in bad faith, without reasonable belief that such action or inaction is in the best interests of the Company, and which action or inaction is not remedied within fifteen business days of written notice from the Company; or

(b) Executive's conviction for committing an act of fraud, embezzlement, theft, or any other act constituting a felony involving moral turpitude.

Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote (which cannot be delegated) of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive is guilty of conduct set forth above in clauses (a) or (b) of this definition and specifying the particulars thereof in detail.

"Change in Control" means, and shall be deemed to have occurred upon, the first to occur of any of the following events:

(a) Any Person (other than an Excluded Person) acquires, together with all Affiliates and Associates of such Person, Beneficial Ownership of securities representing 20% or more of the combined voting power of the Voting Stock then outstanding, unless such Person acquires Beneficial Ownership of 20% or more of the combined voting power of the Voting Stock then outstanding solely as a result of an acquisition of Voting Stock by the Company which, by reducing the Voting Stock outstanding, increases the proportionate Voting Stock beneficially owned by such Person (together with all Affiliates and Associates of such Person) to 20% or more of the combined voting power of the Voting Stock then outstanding; provided, that if a Person shall become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding by reason of such Voting Stock acquisition by the Company and shall thereafter become the Beneficial Owner of any additional Voting Stock which causes the proportionate voting power of Voting Stock beneficially owned by such Person to increase to 20% or more of the combined voting power of the Voting Stock then outstanding, such Person shall, upon becoming the Beneficial Owner of such additional Voting Stock, be deemed to have become the Beneficial Owner of 20% or more of the combined voting power of the Voting Stock then outstanding other than solely as a result of such Voting Stock acquisition by the Company;

(b) During any period of two consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new Director, whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was so approved), cease for any reason to constitute a majority of Directors then constituting the Board;

(c) A reorganization, merger or consolidation of the Company is consummated, in each case, unless, immediately following such reorganization, merger or consolidation, (i) more than 50% of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such reorganization, merger or consolidation, (ii) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the corporation resulting from such reorganization, merger or consolidation were members of the Board at the time of the execution of the initial agreement providing for such reorganization, merger or consolidation; or

(d) The shareholders of the Company approve (i) a complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to any corporation with respect to which, immediately following such sale or other disposition, (A) more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Voting Stock outstanding immediately prior to such sale or other disposition of assets, (B) no Person (but excluding for this purpose any Excluded Person and any Person beneficially owning, immediately prior to such sale or other disposition, directly or indirectly, 20% or more of the voting power of the outstanding Voting Stock) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of such corporation or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors of such corporation were members of the Board at the time of the execution of the initial agreement or action of the Board providing for such sale or other disposition of assets of the Company.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company or
(ii) with respect to Executive, if Executive is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the Effective Date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a Person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

"Change Period" has the meaning accorded such term in Section 1.02.

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Compensation Committee" has the meaning accorded such term in Section 3.01.

"Disability" means, except to the extent modified pursuant to Section 5.04, Executive's inability due to physical or mental incapacity for a period of six consecutive months or for an aggregate of nine months in any 18 consecutive month period substantially to perform his duties hereunder.

"Disability Plan" means the Delta Family-Care Disability and Survivorship Plan (or any successor disability and/or survivorship plan adopted by the Company), as in effect immediately prior to a Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plan).

"Earliest Retirement Date" means the earliest date, after the date of termination of Executive's employment, as of which Executive would be eligible to commence receiving retirement benefits under the Qualified Pension Plan.

"Effective Date" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Employee Grantor Trust" has the meaning accorded such term in the Excess Benefit Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Excess Benefit Agreement" has the meaning accorded such term in Section 3.04(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excise Tax" has the meaning accorded such term in Section 6.01.

"Excluded Person" means (i) the Company; (ii) any of the Company's Subsidiaries; (iii) any Holding Company; (iv) any employee benefit plan of the Company, any of its Subsidiaries or a Holding Company; or (v) any Person organized, appointed or established by the Company, any of its Subsidiaries or a Holding Company for or pursuant to the terms of any plan described in clause (iv).

"Executive" has the meaning accorded such term in the introductory paragraph of this Agreement.

"Fiscal Year" means a fiscal year of the Company.

"Good Reason" means, other than by reason of the Company's compliance with any legal, regulatory or corporate governance requirement, the occurrence of any one or more of the following, unless Executive has expressly consented in writing thereto:

(a) The assignment to Executive of duties inconsistent with Executive's authorities, duties, titles, responsibilities and status as an officer of the Company, or a reduction or alteration in the nature or status of Executive's authorities, duties, titles or responsibilities, from those in effect as of the Effective Date and described in Section 2.01; other than an insubstantial and inadvertent act that is remedied by the Company promptly after receipt of notice thereof given by Executive;

(b) The Company's requiring Executive to be based at a location in excess of 50 miles from Executive's principal job location or office on the later of
(i) the Effective Date or (ii) immediately prior to the Reference Date; except for required travel on the Company's business to an extent consistent with Executive's business travel obligations on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date;

(c) A reduction by the Company of Executive's Base Salary as in effect on the later of (i) the Effective Date or (ii) the Reference Date (other than pursuant to a reduction by a uniform percentage of the salary of all full-time domestic employees of the Company who are not subject to a collective bargaining agreement); or a reduction in Executive's short-term or long-term incentive compensation opportunities under the executive incentive compensation plans of the Company for which Executive is eligible as in effect on the later of (i) the Effective Date or (ii) the Reference Date;

(d) The failure by the Company to keep in effect compensation, retirement, health and welfare benefits, or perquisite programs under which Executive receives benefits substantially similar, in the aggregate, to the benefits under such programs as exist on the later of (i) the Effective Date or (ii) immediately prior to the Reference Date, or the failure of the Company to meet the funding requirements, if any, of any such programs (other than pursuant to an equivalent reduction in such benefits or pursuant to an equivalent failure to meet the funding requirements of such programs applicable to all similarly situated full-time domestic employees of the Company who are not subject to a collective bargaining agreement);

(e) Any material breach by the Company of its obligations under this Agreement or any failure of a successor of the Company to assume and agree to perform the Company's entire obligations under this Agreement, as required by Article 7 herein, provided that such successor has received at least ten days written notice from the Company or Executive of the requirements of Article 7; or

(f) Executive's ceasing to be Chairman of the Board.

"Gross-Up Payment" has the meaning accorded such term in Section 6.01.

"Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Voting Stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding Voting Stock.

"Later Payment" has the meaning accorded such term in Section 6.03.

"Liquidated Damages" means the sum of (a) and (b) where:

(a) equals the sum of (x) all contributions (if any) made by the Company to the Employee Grantor Trust, (y) all payments (if any) made directly to the Executive, his spouse, eligible family member or beneficiary under the Excess Benefit Agreement and (z) all related amounts with respect to such contributions or payments withheld by the Company for the purpose of satisfying tax withholding requirements; and

(b) equals the amount that would have been earned with respect to such contributions or payments had such amounts been invested in an interest-bearing account, compounded annually, using an annual interest rate equal to the sum of
(i) the prime rate as published in the Wall Street Journal on the date of such contribution or payment was made to the trust and (ii) 2%.

"Medical Plans" means the DeltaFlex and the Delta Family-Care Medical Plans (or any successor medical plans adopted by the Company), as in effect immediately prior to a Change in Control (subject to changes in coverage levels applicable to all employees generally covered by such Plans).

"Old Employment Agreement" has the meaning accorded such term in the second "Whereas" clause of this Agreement.

"Person" means an individual, corporation, partnership, association, trust or any other entity or organization.

"Qualified Pension Plan" means the Delta Family-Care Retirement Plan (or any successor qualified defined benefit retirement plan adopted by the Company).

"Reference Date" means the earlier to occur of (i) a Change in Control and (ii) the date 90 days prior to the termination of Executive's employment.

"Reference Incentive Compensation Award" means:

(a) for purposes Section 5.01 hereof, the greater of the target annual incentive compensation award or bonus (A) for the Company's most recently completed Fiscal Year prior to the Change in Control and (B) for the Company's Fiscal Year that includes the Change in Control.

(b) for all other purposes hereunder, the greater of (A) the target annual incentive compensation award or bonus most recently established prior to the termination of Executive's employment and (B) the actual annual incentive compensation award or bonus for the Company's most recently completed Fiscal Year prior to the termination of employment.

For purposes of both parts (a) and (b) of this definition, the "target annual incentive compensation award or bonus" with respect to any Fiscal Year shall be determined by multiplying the target salary percentage applicable to Executive for such year by the Reference Salary.

"Reference Long-Term Award" means, for each performance period that includes the date of a Change in Control under a long-term incentive plan maintained by the Company, the greater of (i) the actual award payable to Executive for such performance period, calculated as if such performance period had ended on the date of the Change in Control and (ii) the target award payable to Executive for such performance period.

"Reference Salary" means Executive's annual rate of Base Salary as in effect upon the date of termination of Executive's employment or, in the event of such a termination during the Change Period, immediately prior to the Change in Control, if higher.

"Remaining Months" has the meaning accorded such term in Section 4.01(b).

"Renewal Award" has the meaning accorded such term in Section 3.06.

"Retention Program" means the Company 2002 Retention Program.

"Retirement Age" means Executive's age on January 1, 2008.

"Severance Benefits" has the meaning accorded such term in Section 4.01.

"Stock Incentive Plan" means the Company's 1989 Stock Incentive Plan and the Company's 2000 Performance Compensation Plan.

"Subsidiary" of any Person means any other Person of which securities or other ownership interests having voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Supplemental Retirement Benefit" has the meaning accorded such term in Section 3.04(a).

"Total Payments" has the meaning accorded such term in Section 6.01.

"Voting Stock" means securities of the Company entitled to vote generally in the election of members of the Board.

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, to be effective as of the day and year first written above.

EXECUTIVE	Delta Air Lines, Inc.
	By: ------------------------------

Leo F. Mullin	Name: Edward H. Budd
	Title: Chairman, Personnel & Compensation Committee

EXHIBIT A

DELTA 2000 PERFORMANCE COMPENSATION PLAN
NON-QUALIFIED STOCK OPTION AWARD AGREEMENT

November 29, 2002

Leo F. Mullin
Chief Executive Officer

The Delta 2000 Performance Compensation Plan (the "Plan"), is an incentive compensation plan for officers and key employees of Delta Air Lines, Inc. (the "Company") and its Subsidiaries. The Plan is administered by the Personnel & Compensation Committee of the Company's Board of Directors (the "Committee"). The Committee has selected you to receive an award of a Non-Qualified Stock Option, effective as of November 29, 2002, and has requested me, on behalf of the Company, to provide this Agreement to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you, as an employee of the Company or one or more of its Subsidiaries, hereby agree as follows:

1. Grant of Award; Acknowledgments; Capitalized Terms. The Company hereby grants to you 450,000 Non-Qualified Stock Options (each a "Stock Option"). Each Stock Option may be exercised for one share of Company common stock (an "Option Share"). This award is in all respects made subject to the terms and conditions of the Plan and, in the event of any conflict between the Plan and this Agreement, the Plan shall control. You acknowledge that you (a) have had a full and adequate opportunity to read this Agreement and the Plan; (b) agree to all of the terms and conditions thereof for yourself, any designated beneficiary and your heirs, executors, administrators or personal representatives; and (c) have received, and had a full and adequate opportunity to read, the Prospectus relating to the Plan. Capitalized terms which are used but not defined in this Agreement shall have the meanings set forth in the Plan.

2. Option Exercise Price. The Option Exercise Price of the Stock Options covered by this award shall be $13.50, the closing price of the Company common stock on the New York Stock Exchange on the date of this award.

3. Exercise Period. Subject to the terms and conditions of the Plan and this Agreement, 100% of the Stock Options shall become exercisable on the earlier of
(a) the first business day of January 2008 and (b) the occurrence of a Change in Control, and shall be exercisable through and including November 28, 2012. In the event your employment with the Company terminates prior to the earlier of
(a) December 31, 2007 and (b) the occurrence of a Change in Control, the

Stock Options and all associated rights shall be forfeited at the time of such termination of employment.

4. Definitions. For purposes of Paragraph 3 of this Agreement, (i) employment with the Company includes employment with any Subsidiary of the Company; and
(ii) termination of employment with the Company means you are no longer an employee of the Company or any of its Subsidiaries.

5. Stock Option Exercise Procedures. Subject to the terms and conditions of the Plan and this Agreement, you (or, pursuant to Paragraph 7 of this Agreement, a party acting on your behalf after your death) may exercise your Stock Options in whole or, from time to time, in part pursuant to the procedures described in the Prospectus relating to the Plan or as otherwise specified by the Company from time to time. Payment of the full purchase price of the shares of Stock covered by the exercise shall be made in the manner prescribed by the Committee from time to time. If the Committee, in its sole discretion, shall determine that it is appropriate to do so, such payment may be made in whole or in part by tender of shares of unrestricted Stock, as set forth in Section 5 of the Plan, subject to such requirements or procedures as the Committee may specify.

6. Tax Withholding. The Company may in its sole discretion withhold from the shares of Company common stock issued to you a sufficient number of shares of such stock based on its fair market value on the date of exercise to cover any amounts which the Company is required to withhold to comply with withholding requirements of federal, state, local or foreign tax laws, rules or regulations. The fair market value for purposes of the second sentence of this paragraph shall be as determined by the Committee.

7. Restrictions on Transferability. Your stock options are not transferable otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 8.5 of the Plan, and are exercisable during your lifetime only by you. In the event that your Stock Options are to be exercised by any person other than you, such person shall provide appropriate proof of his or her right to exercise your Stock Options.

8. Federal Securities Law; Company Policies. You acknowledge that the federal securities laws and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell shares of Company common stock, including, without limitation, sales of Company common stock to exercise your Stock Options or sales of Company common stock acquired pursuant to the exercise of your Stock Options. You agree to comply with such federal securities law requirements and Company policies, as such laws and policies are amended from time to time.

9. Miscellaneous

a. Authority of the Committee. The Committee has the sole and complete authority to construe and interpret the Plan and this Agreement. All determinations of the Committee shall be final and conclusive for all purposes and upon all persons. The Committee shall be under no obligation to construe this Agreement or treat your Stock Options in a manner consistent with the treatment provided with respect to other Stock Options or Participants.

b. No Rights as Shareholder. You will not have any rights to dividends nor any other rights of a shareholder with respect to the Option Shares until the Option Shares have been issued following a valid exercise of the Stock Option.

c. Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company with respect to the subject matter hereof. This Agreement may not be amended except by a writing signed by the parties.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return one original to the Vice President - Global Rewards & Recognition (Dept. 959-ATG) for the Company's records.

IN WITNESS WHEREOF, the Company, acting through the Committee, and you have executed this Agreement, all as of the date first written above.

DELTA AIR LINES, INC.

By:

Edward H. Budd, Chairman Personnel & Compensation Committee

PARTICIPANT

Leo F. Mullin

EXHIBIT B

DELTA 2000 PERFORMANCE COMPENSATION PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

November 29, 2002

Leo F. Mullin
Chief Executive Officer

The Delta 2000 Performance Compensation Plan (the "Plan"), is an incentive compensation plan for officers and key employees of Delta Air Lines, Inc. (the "Company") and its Subsidiaries. The Plan is administered by the Personnel & Compensation Committee of the Company's Board of Directors (the "Committee"). The Committee has selected you to receive an award of restricted stock units, effective as of November 29, 2002, and has requested me, on behalf of the Company, to provide this Agreement to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you, as an employee of the Company or one or more of its Subsidiaries, hereby agree as follows:

1. Grant of Award; Acknowledgments; Capitalized Terms. The Company hereby grants to you 150,000 restricted stock units (each an "RSU"). Each RSU represents a right to a payment equal to the value of one share of Company common stock (a "Share") in the future. This award is in all respects made subject to the terms and conditions of the Plan and, in the event of any conflict between the Plan and this Agreement, the Plan shall control. This award represents a grant of an "Other Equity Based Award" under the Plan. You acknowledge that you (a) have had a full and adequate opportunity to read this Agreement and the Plan; (b) agree to all of the terms and conditions thereof for yourself, any designated beneficiary and your heirs, executors, administrators or personal representatives; and (c) have received, and had a full and adequate opportunity to read, the Prospectus relating to the Plan. Capitalized terms which are used but not defined in this Agreement shall have the meanings set forth in the Plan.

2. Value. The value of one RSU on any given date will be equal to the closing price of the Company common stock on the New York Stock Exchange as of such date (or, in the event that no sale of the Company common stock takes place on the New York Stock Exchange on such date, the closing price of such common stock on the immediately preceding date).

3. Terms. Subject to the terms and conditions of the Plan and this Agreement, you shall be entitled to receive (and the Company shall deliver to you) a payment equal to the value of 100% of the Shares underlying the RSUs, on the earlier of (a) the first business day of January 2008, subject to your continued employment by the Company on December 31, 2007 and (b) the

occurrence of a Change in Control, subject to your continued employment by the Company on the date immediately preceding the Change in Control. Such payment may, at the election of the Committee, be in cash or in Shares. In the event your employment with the Company terminates prior to the date which immediately precedes the earlier of (a) the first business day of January 2008 and (b) the occurrence of a Change in Control, the RSUs and any and all associated rights shall be forfeited at the time of such termination of employment.

4. Definitions. For purposes of Paragraph 3 of this Agreement, (i) employment with the Company includes employment with any Subsidiary of the Company and (ii) termination of employment with the Company means you are no longer an employee of the Company or any of its Subsidiaries.

5. Tax Withholding. The Company may in its sole discretion withhold from the payment to you hereunder a sufficient amount (in cash or Shares) to provide for the payment of any taxes required to be withheld by federal, state, or local law with respect to income resulting from such payment.

6. Restrictions on Transferability. Your RSUs are not transferable otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 8.5 of the Plan.

7. Federal Securities Law; Company Policies. You acknowledge that the federal securities laws and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell shares of Company common stock, including, without limitation, sales of Company common stock acquired in connection with your RSUs. You agree to comply with such federal securities law requirements and Company policies, as such laws and policies are amended from time to time.

8. Miscellaneous

a. Authority of the Committee. The Committee has the sole and complete authority to construe and interpret the Plan and this Agreement. All determinations of the Committee shall be final and conclusive for all purposes and upon all persons. The Committee shall be under no obligation to construe this Agreement or treat your RSUs in a manner consistent with the treatment provided with respect to other RSUs or Participants.

b. No Rights as Shareholder. An RSU does not represent an equity interest in the Company, and carries no voting rights. You will not have any rights of a shareholder with respect to the RSUs until the Shares have been delivered to you.

c. Dividends. To the extent dividends are paid on Shares while the RSUs remain outstanding, you shall be credited with corresponding notional dividends with respect to the RSUs. The notional dividends credited to you shall be subject to the same restrictions applicable to the RSUs and shall be paid to you in accordance with Sections 3 and 5 of this Agreement.

d. Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company with respect to the subject matter hereof. This Agreement may not be amended except by a writing signed by the parties.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return one original to the Vice President - Global Rewards & Recognition (Dept. 959-ATG) for the Company's records.

IN WITNESS WHEREOF, the Company, acting through the Committee, and you have executed this Agreement, all as of the date first written above.

DELTA AIR LINES, INC.

By:

Edward H. Budd, Chairman Personnel & Compensation Committee

PARTICIPANT

Leo F. Mullin

EXHIBIT C

DELTA 2000 PERFORMANCE COMPENSATION PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

January [ ], 2004

Leo F. Mullin
Chief Executive Officer

The Delta 2000 Performance Compensation Plan (the "Plan"), is an incentive compensation plan for officers and key employees of Delta Air Lines, Inc. (the "Company") and its Subsidiaries. The Plan is administered by the Personnel & Compensation Committee of the Company's Board of Directors (the "Committee"). The Committee has selected you to receive an award of restricted stock units, effective as of January [ ], 2004, and has requested me, on behalf of the Company, to provide this Agreement to you.

In consideration of the mutual covenants herein contained and for other good and valuable consideration, the Company and you, as an employee of the Company or one or more of its Subsidiaries, hereby agree as follows:

1. Grant of Award; Acknowledgments; Capitalized Terms. The Company hereby grants to you 150,000 restricted stock units (each an "RSU"). Each RSU represents a right to a payment equal to the value of one share of Company common stock (a "Share") in the future. This award is in all respects made subject to the terms and conditions of the Plan and, in the event of any conflict between the Plan and this Agreement, the Plan shall control. This award represents a grant of an "Other Equity Based Award" under the Plan. You acknowledge that you (a) have had a full and adequate opportunity to read this Agreement and the Plan; (b) agree to all of the terms and conditions thereof for yourself, any designated beneficiary and your heirs, executors, administrators or personal representatives; and (c) have received, and had a full and adequate opportunity to read, the Prospectus relating to the Plan. Capitalized terms which are used but not defined in this Agreement shall have the meanings set forth in the Plan.

2. Value. The value of one RSU on any given date will be equal to the closing price of the Company common stock on the New York Stock Exchange as of such date (or, in the event that no sale of the Company common stock takes place on the New York Stock Exchange on such date, the closing price of such common stock on the immediately preceding date).

3. Terms. Subject to the terms and conditions of the Plan and this Agreement, you shall be entitled to receive (and the Company shall deliver to you) a payment equal to the value of 100% of the Shares underlying the RSUs, on the earlier of (a) the first business day of January 2008, subject to your continued employment by the Company on December 31, 2007 and (b) the occurrence of a Change in Control, subject to your continued employment by the Company on

the date immediately preceding the Change in Control. Such payment may, at the election of the Committee, be in cash or in Shares. In the event your employment with the Company terminates prior to the date which immediately precedes the earlier of (a) the first business day of January 2008 and (b) the occurrence of a Change in Control, the RSUs and any and all associated rights shall be forfeited at the time of such termination of employment.

4. Definitions. For purposes of Paragraph 3 of this Agreement, (i) employment with the Company includes employment with any Subsidiary of the Company and (ii) termination of employment with the Company means you are no longer an employee of the Company or any of its Subsidiaries.

5. Tax Withholding. The Company may in its sole discretion withhold from the payment to you hereunder a sufficient amount (in cash or Shares) to provide for the payment of any taxes required to be withheld by federal, state, or local law with respect to income resulting from such payment.

6. Restrictions on Transferability. Your RSUs are not transferable otherwise than by will, by the laws of descent and distribution, or by a written designation referred to in Section 8.5 of the Plan.

7. Federal Securities Law; Company Policies. You acknowledge that the federal securities laws and/or the Company's policies regarding trading in its securities may limit or restrict your right to buy or sell shares of Company common stock, including, without limitation, sales of Company common stock acquired in connection with your RSUs. You agree to comply with such federal securities law requirements and Company policies, as such laws and policies are amended from time to time.

8. Miscellaneous

a. Authority of the Committee. The Committee has the sole and complete authority to construe and interpret the Plan and this Agreement. All determinations of the Committee shall be final and conclusive for all purposes and upon all persons. The Committee shall be under no obligation to construe this Agreement or treat your RSUs in a manner consistent with the treatment provided with respect to other RSUs or Participants.

b. No Rights as Shareholder. An RSU does not represent an equity interest in the Company, and carries no voting rights. You will not have any rights of a shareholder with respect to the RSUs until the Shares have been delivered to you.

c. Dividends. To the extent dividends are paid on Shares while the RSUs remain outstanding, you shall be credited with corresponding notional dividends with respect to the RSUs. The notional dividends credited to you shall be subject to the same restrictions applicable to the RSUs and shall be paid to you in accordance with Sections 3 and 5 of this Agreement.

d. Entire Agreement. This Agreement and the Plan constitute the entire agreement between you and the Company with respect to the subject matter hereof. This Agreement may not be amended except by a writing signed by the parties.

This Agreement has been prepared in duplicate. Please note your acceptance in the space provided therefor and return one original to the Vice President - Global Rewards & Recognition (Dept. 959-ATG) for the Company's records.

IN WITNESS WHEREOF, the Company, acting through the Committee, and you have executed this Agreement, all as of the date first written above.

DELTA AIR LINES, INC.

By:

Edward H. Budd, Chairman Personnel & Compensation Committee

PARTICIPANT

Leo F. Mullin

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EXHIBIT 12

DELTA AIR LINES, INC.
STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions, except ratios)

	2002 (1)	2001 (1)	2000	1999	1998
Earnings (loss):					
Earnings (loss) before income taxes and cumulative effect of accounting change	$(2,002)	$(1,864)	$ 1,549	$ 2,093	$ 1,776
Add (deduct):					
Fixed charges from below	1,340	1,204	1,079	831	703
(Income)/loss from equity investees	(41)	12	(59)	(30)	(15)
Distributed income of equity investees	40	70	32	100	--
Interest capitalized	(15)	(32)	(45)	(48)	(40)
Earnings (loss) as adjusted	$ (678)	$ (610)	$ 2,556	$ 2,946	$ 2,424
Fixed charges:					
Interest expense	$ 660	$ 531	$ 426	$ 250	$ 179
Amortization of debt costs	19	12	1	11	3
Preference security dividend	24	22	22	20	18
Portion of rental expense representative of the interest factor	637	639	630	550	503
Total fixed charges	$ 1,340	$ 1,204	$ 1,079	$ 831	$ 703
Ratio of earnings to fixed charges	(0.51)	(0.51)	2.37	3.55	3.45

(1) Fixed charges exceeded our adjusted earnings (loss) by $2.0 billion and $1.8 billion for the years ended December 31, 2002 and 2001, respectively.

Glossary of Defined Terms

ABO - ACCUMULATED BENEFIT OBLIGATION - The actuarial present value of benefits (whether vested or nonvested) attributed by the pension benefit formula, under Delta's defined benefit pension plans, to employee service rendered before a specified date and based on employee service length and compensation levels prior to that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels.

APBO - ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION - The actuarial present value of benefits (other than pensions) attributed to employee service rendered before a specified date under Delta's postretirement welfare benefit plans.

AIR TRAFFIC LIABILITY - A liability on Delta's Consolidated Balance Sheets that represents amounts received for the sale of passenger tickets for which services have not yet been provided. As the transportation service is provided by Delta, the amount paid for the service is removed from air traffic liability and is recognized as revenue.

ASM - AVAILABLE SEAT MILE - A measure of capacity which is calculated by multiplying the total number of seats available for transporting passengers by the total number of miles flown during a reporting period.

CARGO TON MILES - The total number of tons of cargo transported during a reporting period, multiplied by the total number of miles cargo is flown.

CARGO TON MILE YIELD - The amount of cargo revenue earned per cargo ton mile during a reporting period.

CASM - (OPERATING) COST PER AVAILABLE SEAT MILE - The amount of operating cost incurred per available seat mile during a reporting period. Also referred to as unit cost.

EETC - Enhanced equipment trust certificate. These certificates do not represent obligations of Delta, but represent an undivided interest in a pass through trust which has purchased equipment notes issued by Delta. The equipment notes are full recourse obligations of Delta and are secured by certain aircraft.

FUEL PRICE NEUTRALIZED CASM - The amount of operating cost incurred per available seat mile during a reporting period, adjusting average fuel price per gallon to equal the prior year.

NET DEBT-TO-CAPITAL RATIO - A measure of leverage which is calculated by dividing net debt by total capitalization. Net debt includes short-term and long-term debt, capital lease obligations and the present value of operating lease obligations, reduced by cash and short-term investments. Capital includes total debt and shareowners' equity, including Series B ESOP Convertible Preferred Stock.

PASSENGER LOAD FACTOR - A measure of utilized available seating capacity, which is calculated by dividing RPMs by ASMs for a reporting period.

PASSENGER MILE YIELD - The amount of passenger revenue earned per revenue passenger mile during a reporting period.

PBO - PROJECTED BENEFIT OBLIGATION - The actuarial present value as of a date of all benefits attributed by the pension benefit formula, under Delta's defined benefit pension plans, to employee service rendered prior to that date. The projected benefit obligation is measured using assumptions about future compensation levels.

RASM - (OPERATING OR PASSENGER) REVENUE PER AVAILABLE SEAT MILE - The amount of operating or passenger revenue earned per available seat mile during a reporting period. Passenger RASM is also referred to as unit revenue.

RPM - REVENUE PASSENGER MILE - One revenue-paying passenger transported one mile. RPMs are calculated by multiplying the number of revenue passengers by the number of miles they are flown for the reporting period. Also referred to as traffic.

SECTION 1110 - Section 1110 of the U.S. Bankruptcy Code enables a lessor or secured creditor to a U.S. airline to repossess eligible equipment that secures the lease or security interest 60 days after the airline files a petition for bankruptcy protection, unless the airline cures the default and agrees to meet its future obligations to the creditor under the lease or security agreement.

Results of Operations

BUSINESS ENVIRONMENT

Since September 11, 2001, Delta and the airline industry have faced unprecedented challenges. Our industry has experienced substantial revenue declines and cost increases, creating industry-wide liquidity issues which have resulted in two major airlines filing for bankruptcy. The following discussion was prepared as of March 12, 2003.

REVENUES

The depressed revenue environment is the result of various factors, including
(1) a sharp decline in high-yield business travel after the September 11, 2001 terrorist attacks; (2) industry capacity exceeding demand, which has resulted in heavy fare discounting to stimulate demand; (3) a government-imposed passenger security fee adopted after September 11, 2001, which we have not been able to pass on to our customers because of the weak demand situation; and (4) a reduction in traffic due to the real and perceived "hassle factor" resulting from increased airport security measures. Additionally, our revenues have been adversely impacted by the continuing weakness of the U.S. and world economies, the growth of low-cost carriers and increased price-sensitivity in customers' purchasing behavior.

The following table shows the change in our traffic, capacity and yield for the year ended December 31, 2002, compared to the years ended December 31, 2001 and 2000:

	2002 vs. 2001(1)	2002 vs. 2000
Traffic	0%	(10%)
Capacity(2)	(4%)	(9%)
Yield	(5%)	(13%)

(1) During 2001, our financial performance was materially adversely affected by (i) the September 11, 2001 terrorist attacks; (ii) the slowing U.S. and world economies; (iii) the cancellation of a substantial number of flights due to a job action by some Delta pilots and public concern over a possible strike by Delta pilots; and (iv) the Comair, Inc. (Comair) pilot strike, which resulted in Comair's suspension of operations between March 26, 2001 and July 1, 2001, and its gradual return to prestrike service levels following the strike.
(2) We currently have 25 mainline aircraft that remain temporarily grounded as a result of capacity reductions implemented since September 11, 2001.

Operating revenues in 2002 were $13.3 billion, a 4% decrease from $13.9 billion in 2001 and a 21% decrease from $16.7 billion in 2000. We have announced initiatives to mitigate revenue pressures, such as our plans to implement a marketing agreement with Continental Airlines and Northwest Airlines, and the launch in April 2003 of a low-fare carrier, Song. Because of the difficult revenue environment, however, we do not expect significant improvement in our revenues in 2003.

COSTS

Our cost pressures in 2002 included increases in (1) pension expense due primarily to increased obligations resulting from declining interest rates, a decrease in fair value of our pension plan assets, as well as scheduled pilot pay increases; (2) interest expense primarily due to an increase in debt outstanding; (3) war and terrorism risk insurance premiums; and (4) security costs. These costs increased by a total of approximately $645 million from 2001 to 2002. In addition, aircraft fuel prices began to rise significantly beginning in November 2002, reflecting both the Middle East uncertainty and the Venezuelan political crisis.

To mitigate these cost pressures, we implemented cost savings initiatives after September 11, 2001 and throughout 2002 which resulted in approximately $1 billion in savings in 2002. These initiatives included (1) a decrease in salary expense related to our 2001 workforce reduction programs, partially offset by pilot and mechanic rate increases; (2) a decrease in passenger commission expense due to the elimination of travel agent base commissions for tickets sold in the U.S. and Canada; and (3) declines in contract work, aircraft maintenance materials volume, advertising expenditures, passenger service expense and professional fees. While these savings were significant, and resulted in a net decrease in unit costs compared to 2001, our unit cost remained higher than our unit revenue.

During 2003, we expect pension, interest and fuel expenses to increase by approximately $600 million to $800 million compared to 2002, not including the impact of events outside our control, such as a war with Iraq or other geopolitical risks. Assuming the Federal Aviation Administration (FAA) continues to sell war and terrorism risk insurance to airlines at current rates and there are no changes to our security requirements in 2003, we expect insurance and security costs to remain relatively flat as compared to 2002. For additional information on our war and terrorism risk insurance, see Note 19 of the Notes to the Consolidated Financial Statements.

INITIATIVES

We believe it is essential for us to continue to reduce our costs. Accordingly, we have initiated actions to reduce costs and capital expenditures in 2003 and later years, with the goal of reducing non-fuel unit costs by 15% by the end of 2005. These initiatives include the following:

- Reducing staffing by up to an additional 8,000 jobs. We estimate that our workforce reduction programs announced in 2002 will result in approximately $350 million in annual savings, with $250 million being realized in 2003. Most of these job reductions will be complete by May 1, 2003. We recorded a pretax charge of $127 million in the December 2002 quarter related to these workforce reduction programs and expect to record a pretax charge of approximately $43 million in the March 2003 quarter for the associated cost of curtailing the pension and postretirement obligations for employees participating in these programs. See Notes 16 and 17 of the Notes to the Consolidated Financial Statements for additional information on this charge.

- Investing in technology to improve efficiencies. These initiatives include installing over 400 additional self-service kiosks in airports during 2003 and implementing an SAP inventory and supply chain management system.

- Utilizing our regional jet aircraft to decrease the average number of available seats per aircraft while increasing the number of flights in certain locations. This will allow us to better match capacity with demand.

- Modifying our employee benefits programs through a strategic benefits review. Beginning in 2003, we implemented changes to our healthcare benefits which we expect to offset rising healthcare costs in 2003 by approximately $80 million. In July 2003, we will begin the migration to a new cash balance pension plan, which we anticipate will result in cost savings of approximately $600 million over the next five years, including $120 million in 2003.

- Making significant changes to our fleet plan by (1) reducing costs through fleet simplification and (2) reducing capital expenditures in 2003 and 2004 by deferring delivery of 31 aircraft, which will result in no scheduled mainline aircraft deliveries during this two-year period.

LIQUIDITY

Due to the depressed revenue environment and cost pressures, we borrowed $2.6 billion in 2002. The net proceeds from these transactions were primarily used to finance aircraft and repay certain debt obligations. All of our borrowings in 2002 were secured by aircraft.

At February 28, 2003, we had cash and cash equivalents totaling $1.9 billion. This reflects (1) the proceeds from our sale on January 30, 2003 of $392 million principal amount of insured enhanced equipment trust certificates, which is due in installments through January 2008 and is secured by 12 mainline aircraft owned by us, and (2) our purchase on February 25, 2003, of a portion of outstanding ESOP Notes for $74 million. We also have $500 million of liquidity available under a secured credit facility which expires on August 21, 2003, and unencumbered assets available for use in potential financing transactions.

We estimate that the value of our unencumbered aircraft assets at February 28, 2003 is approximately $3.6 billion, (excluding the aircraft that would secure the $500 million secured credit facility described above), approximately $800 million of which consists of aircraft that are eligible under Section 1110. Because this provision provides protection to lessors and creditors, and because Section 1110 aircraft are generally newer, they are more desirable to lenders as collateral in financing transactions than aircraft that are not eligible under Section 1110.

The values of our unencumbered aircraft assets were derived by us from published third-party estimates of the "base value" of similar aircraft using certain assumptions and may not accurately reflect the current market value of the aircraft. Base value is an estimate of the underlying economic value of an aircraft based on historic and future value trends in a stable market environment, while current market value is the value of the aircraft in the actual market; both methods assume an aircraft is in average condition and in its "highest and best use." Given the difficult business environment, there is no assurance we would have access to financing using these aircraft as collateral. In any event, the amount we could finance using these aircraft would likely be significantly less than their base value.

As a result of our revenue and cost initiatives described above, we believe that our cash flows from operations in 2003 will be sufficient to fund our daily operations and non-fleet capital expenditures. This expectation reflects the softness in traffic and advance bookings we are now experiencing as a result of public concern over possible military action in Iraq. Because we cannot predict either the occurrence or the scope and duration of events that are beyond our control, the actual effect on our business of the current geopolitical risks may differ materially from the level we have assumed.

We expect capital expenditures in 2003 to total approximately $1.5 billion, including $1.0 billion for regional jet aircraft and $500 million for non-fleet capital expenditures. We have available commitments from a third party to provide long-term financing on a secured basis for a substantial portion of our commitments for regional jet aircraft to be delivered through 2004.

We have approximately $700 million of current debt maturities and capital lease obligations due in 2003, including $301 million under a Reimbursement Agreement and related letters of credit that terminate on June 8, 2003 (see Note 6 of the Notes to the Consolidated Financial Statements). We will also be required to pay
(1) $102 million related to additional letters of credit under the Reimbursement Agreement mentioned above and (2) $250 million under a receivables securitization agreement when it expires on March 31, 2003 (see Note 8 of the Notes to the Consolidated Financial Statements). We are seeking to renew or refinance the receivables and letter of credit facilities, but there is no assurance we will be able to do so. In addition, our estimated pension funding is approximately $80 million for 2003.

We expect to meet our obligations as they come due through available cash and cash equivalents, investments, internally generated funds and borrowings under existing and new financing transactions. We do not expect new financing transactions to be available on an unsecured basis. While we expect secured financing to be available to us on commercially reasonable terms, in the current business environment access to financing cannot be assured. Failure to obtain new financing could have a material adverse effect on our liquidity.

2003 RESULTS

Based on the difficult business environment discussed above, we anticipate our net loss for the March 2003 quarter to be greater than our March 2002 quarter net loss. We also expect to report a net loss for 2003. In addition, the following significant external risks exist, which could adversely impact our results of operations, our financial condition and our ability to access capital markets for additional financing:

- The possibility of a war with Iraq and other geopolitical risks, which could have a material adverse impact on our results of operations and cash flows.

- Two major competitors, United and US Airways, are currently operating under bankruptcy protection. Historically, air carriers involved in reorganizations have undertaken substantial fare discounts in order to maintain cash flows and to enhance customer loyalty. Such fare discounting has lowered, and may continue to lower, yields for all airlines. Moreover, carriers operating in bankruptcy, or that successfully emerge from bankruptcy, may be able to achieve reduced costs which could place us at a competitive disadvantage.

- The possibility that other carriers may file for bankruptcy protection.

2002 Compared to 2001

NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE (EPS)

We recorded a consolidated net loss of $1.3 billion ($10.44 diluted EPS) in 2002, compared to a consolidated net loss of $1.2 billion ($9.99 diluted EPS) in 2001.

OPERATING REVENUES

Operating revenues were $13.3 billion in 2002, decreasing 4% from $13.9 billion in 2001. Passenger revenues fell 5% to $12.3 billion. RPMs were flat on a capacity decline of 4%, while passenger mile yield decreased 5% to 12.08(cents). The decreases in operating revenues, passenger revenues and passenger mile yield from depressed 2001 levels reflect the continuing effects of the September 11 terrorist attacks on our business and other factors negatively impacting the revenue environment, which are discussed in the Business Environment section of Management's Discussion and Analysis on pages 13-15.

NORTH AMERICAN PASSENGER REVENUES

North American passenger revenues fell 6% to $10.0 billion. RPMs increased 1% on a capacity decrease of 3%, while passenger mile yield decreased 7%. The decline in passenger mile yield reflects the challenging revenue environment, including significant fare discounting as well as a substantial reduction in high-yield business traffic after the September 11 terrorist attacks.

INTERNATIONAL PASSENGER REVENUES

International passenger revenues decreased 2% to $2.3 billion. RPMs fell 2% on a capacity decline of 7%, while passenger mile yield increased 1%. The decline in our international capacity was primarily driven by reductions in our Pacific operations due to weak demand.

CARGO AND OTHER REVENUES

Cargo revenues decreased 9% to $458 million. This reflects a 7% decline due to FAA security measures adopted after September 11, 2001, that prohibit passenger airlines from transporting mail weighing more than 16 ounces, which previously represented approximately 50% of our mail business. The decline in cargo revenues also reflects a 2% decrease due to lower domestic freight volumes and yields. Cargo ton miles decreased 6% and cargo ton mile yield decreased 4%. Other revenues increased 29% to $526 million, primarily reflecting a 12% increase due to higher administrative service fees and a 12% increase due to higher codeshare revenues.

OPERATING EXPENSES

Operating expenses for 2002 totaled $14.6 billion, decreasing 6% from $15.5 billion in 2001. Operating capacity decreased 4% to 142 billion ASMs. CASM fell 2% to 10.31(cents), while fuel price neutralized CASM fell 1% to 10.34(cents). Operating expenses include asset writedowns, restructuring and related items, net totaling a $439 million charge in 2002 and a $1.1 billion charge in 2001, as well as Stabilization Act compensation of $34 million in 2002 and $634 million in 2001 (see Notes 16 and 19, respectively, of the Notes to the Consolidated Financial Statements). Excluding these items, operating expenses decreased 5% to $14.2 billion, CASM fell 1% to 10.03(cents), and fuel price neutralized CASM fell 1% to 10.06(cents).

Salaries and related costs totaled $6.2 billion in 2002, a 1% increase from $6.1 billion in 2001. This reflects a 6% increase from higher pension expense and a 5% increase due to higher salary and benefit rates, primarily for pilots and mechanics. These increases were largely offset by decreases due to workforce reductions implemented after we reduced capacity following September 11, 2001.

Aircraft fuel expense totaled $1.7 billion during 2002, a 7% decrease from $1.8 billion during 2001. Total gallons consumed decreased 5% mainly due to capacity reductions. The average fuel price per gallon fell 2% to 66.94(cents). Our fuel cost is shown net of fuel hedge gains of $136 million for 2002 and $299 million for 2001. Approximately 56% and 58% of our aircraft fuel requirements were hedged during 2002 and 2001, respectively. For additional information about our fuel hedge contracts, see Note 4 of the Notes to the Consolidated Financial Statements.

Depreciation and amortization expense fell 11% in 2002, reflecting a 6% decrease due to a change in our asset base and a 5% decrease due to our adoption on January 1, 2002, of Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 142 requires that goodwill and certain other intangible assets no longer be amortized (see Note 5 of the Notes to the Consolidated Financial Statements).

Contracted services expense declined 1% primarily due to a 4% decrease from fewer contract workers across all workgroups, partially offset by a 3% increase due to higher security costs. Landing fees and other rents rose 7%, of which 3% was related to an increase in landing fee rates and 2% was due to lower costs in 2001 resulting from Comair's reduced operations in 2001 due to its pilot strike and gradual return to previous levels of service after the strike. Aircraft maintenance materials and outside repairs expense fell 11%, primarily reflecting a reduction in maintenance volume and materials consumption due to the timing of maintenance events. Aircraft rent expense decreased 4%, primarily due to lower numbers of leased aircraft during the March, June and September 2002 quarters resulting from our fleet simplification efforts. Other selling expenses fell 13%, of which 6% was due to lower costs associated with our mileage partnership programs and 4% was due to reduced advertising and promotion spending.

Passenger commission expense declined 40%, primarily due to a change in our commission rate structure. On March 14, 2002, we eliminated travel agent base commissions for tickets sold in the U.S. and Canada. Passenger service expense decreased 20%, primarily due to meal service reductions.

Asset writedowns, restructuring and related items, net totaled $439 million in 2002 compared to $1.1 billion in 2001. Our 2002 charge consists of $251 million in asset writedowns, $127 million related to our 2002 workforce reduction programs, $93 million for the temporary carrying cost of surplus pilots and grounded aircraft, $30 million due to the deferred delivery of certain mainline aircraft, $14 million for the closure of certain leased facilities and $3 million related to other items, partially offset by a $79 million reversal of certain reserves. Our 2001 charge consists of $566 million related to our 2001 workforce reduction programs, $363 million from a decrease in value of certain aircraft and other fleet-related charges, $160 million related primarily to discontinued contracts, facilities and information technology projects and $30 million for the temporary carrying cost of surplus pilots and grounded aircraft. See Note 16 of the Notes to the Consolidated Financial Statements for additional information on these asset writedowns, restructuring and related items, net.

Stabilization Act compensation totaled $34 million in 2002 compared to $634 million in 2001, representing amounts we recognized as compensation in the applicable period under the Air Transportation Safety and System Stabilization Act (Stabilization Act). See Note 19 of the Notes to the Consolidated Financial Statements for additional information.

Other operating expenses decreased 11% primarily due to declines in miscellaneous expenses such as supplies, utilities, interrupted operation expenses and professional fees, which were partially offset by a 19% increase in expenses due to a rise in war and terrorism risk insurance rates.

OPERATING INCOME (LOSS) AND OPERATING MARGIN

We incurred an operating loss of $1.3 billion in 2002, compared to an operating loss of $1.6 billion in 2001. Operating margin was (10%) and (12%) for 2002 and 2001, respectively. Excluding asset writedowns, restructuring and related items, net, and Stabilization Act compensation discussed above, we incurred an operating loss of $904 million in 2002, compared to an operating loss of $1.1 billion in 2001. Operating margin excluding these items was (7%) and (8%) for 2002 and 2001, respectively.

OTHER INCOME (EXPENSE)

Other expense totaled $693 million during 2002, compared to other expense of $262 million in 2001. Included in these results are the following:

- A $127 million gain in 2001 on the sale of certain investments. This primarily relates to a $111 million gain on the sale of our equity interest in SkyWest, Inc., the parent company of SkyWest Airlines, and an $11 million gain from the sale of our equity interest in Equant, N.V., an international data network services company.

- A $39 million charge in 2002 compared to a $68 million gain in 2001 for fair value adjustments of financial instruments accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). This relates to derivative instruments we use in our fuel hedging program and to our equity warrants and other similar rights in certain companies.

- A $42 million charge for the extinguishment of debt and a $13 million loss for the reduction in value of certain investments in 2002.

The change in other income (expense) is also attributable to the following:

- Interest expense increased $147 million in 2002 compared to 2001, primarily due to higher levels of outstanding debt.

- Interest income decreased $53 million in 2002 due to lower interest rates and a lower average cash balance compared to 2001.

- Miscellaneous income, net was $1 million in 2002 compared to a $47 million expense in 2001, due primarily to increased earnings from our equity investment in WORLDSPAN, L.P. (Worldspan), a computer reservations system partnership.

2001 Compared to 2000

NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE

We recorded a consolidated net loss of $1.2 billion ($9.99 diluted EPS) in 2001 and consolidated net income of $828 million ($6.28 diluted EPS) in 2000.

OPERATING REVENUES

Operating revenues were $13.9 billion in 2001, decreasing 17% from $16.7 billion in 2000. Passenger revenues fell 17% to $13.0 billion. RPMs declined 10% on a capacity decrease of 5%, while passenger mile yield declined 8% to 12.74(cents). These decreases were primarily the result of the effects of the terrorist attacks on September 11, the slowing U.S. and world economies and pilot labor issues at both Delta and Comair.

NORTH AMERICAN PASSENGER REVENUES

North American passenger revenues fell 19% to $10.6 billion. RPMs decreased 11% on a capacity decrease of 6%, while passenger mile yield decreased 9%. These decreases resulted from the September 11 terrorist attacks, the slowing economy and pilot labor issues.

INTERNATIONAL PASSENGER REVENUES

International passenger revenues decreased 6% to $2.3 billion. RPMs fell 6% mainly due to the terrorist attacks on September 11 and the slowing U.S. and world economies. Passenger mile yield remained flat while capacity increased 2%, reflecting our international expansion, particularly in Latin American markets.

CARGO AND OTHER REVENUES

Cargo revenues decreased 13% to $506 million. This reflects an 8% decline due to lower mail revenues resulting from the implementation of new FAA restrictions on mail and weak U.S. and world economies, and a 5% decrease due to a decline in freight volumes, also resulting from the slowing U.S. and world economies. Cargo ton miles decreased 15% and cargo ton mile yield increased 2%. Other revenues decreased 18% to $409 million, primarily due to lower codeshare revenues, resulting from the terrorist attacks on September 11 and the slowing U.S. and world economies.

OPERATING EXPENSES

Operating expenses for 2001 totaled $15.5 billion, increasing 2% from $15.1 billion in 2000. Operating capacity decreased 5% to 148 billion ASMs. CASM rose 7% to 10.47(cents), and fuel price neutralized CASM grew 7% to 10.45(cents). Operating expenses include asset writedowns, restructuring and related items, net totaling a $1.1 billion charge in 2001 and a $108 million charge in 2000, as well as Stabilization Act compensation of $634 million in 2001 (see Notes 16 and 19, respectively, of the Notes to the Consolidated Financial Statements). Excluding these items, operating expenses remained flat at $15.0 billion, CASM rose 5% to 10.14(cents), and fuel price neutralized CASM grew 5% to 10.12(cents).

Salaries and related costs increased 3% during 2001 to $6.1 billion, primarily due to a rise in costs associated with a new collective bargaining agreement between Delta and its pilots.

Aircraft fuel expense decreased 8% in 2001. Total gallons consumed decreased 9% due primarily to a decrease in flights resulting from the September 11 terrorist attacks and the Comair pilot strike, as well as fuel efficiencies realized from our fleet renewal efforts. The average fuel price per gallon rose 2% to
68.60(cents). Our fuel cost is shown net of fuel hedge gains of $299 million for 2001 and $684 million for 2000. Approximately 58% and 67% of our aircraft fuel requirements were hedged during 2001 and 2000, respectively. For additional information about our fuel hedge contracts, see Note 4 of the Notes to the Consolidated Financial Statements.

Depreciation and amortization expense rose 8% in 2001 due to the acquisition of additional aircraft and ground equipment. Contracted services expense increased 5% resulting primarily from a 1% rise due to rate increases for building and equipment maintenance and a 1% increase due to a rise in security costs. Landing fees and other rents rose 1%. This change includes a 2% rise from increased rates at various locations and a 2% decrease due to Comair's reduced operations from its pilot strike. Aircraft maintenance materials and outside repairs expense grew 11% due primarily to the timing of certain maintenance work. Aircraft rent expense decreased 1% due to a decrease in the number of leased aircraft.

Other selling expenses decreased 10% due to a lower volume of credit card charges from lower revenue. Passenger commission expense declined 18%, primarily as a result of lower passenger revenues. Passenger service expense decreased 1%.

Asset writedowns, restructuring and related items, net totaled $1.1 billion in 2001 compared to $108 million in 2000. Our 2001 charge is described on page 16. Our 2000 charge consists of $86 million related to our decision to offer an early retirement medical option program and $22 million from the closure of our Pacific gateway in Portland, Oregon. See Note 16 of the Notes to the Consolidated Financial Statements for additional information on these asset writedowns, restructuring and related items, net.

Stabilization Act compensation totaled $634 million in 2001. This represents the amount we recognized in 2001 as compensation under the Stabilization Act. See Note 19 of the Notes to the Consolidated Financial Statements for additional information.

Other operating expenses decreased 4% as a result of decreases in miscellaneous expenses such as fuel-related taxes, interrupted trip expenses and professional fees, which were partially offset by a 2% increase due to new uniform costs and a 3% increase due to higher insurance expenses.

OPERATING INCOME (LOSS) AND OPERATING MARGIN

We incurred an operating loss of $1.6 billion in 2001, compared to operating income of $1.6 billion in 2000. Operating margin was (12%) and 10% for 2001 and 2000, respectively. Excluding asset writedowns, restructuring and related items, net and Stabilization Act compensation discussed above, we incurred an operating loss of $1.1 billion in 2001, compared to operating income of $1.7 billion in 2000. Operating margin excluding these items was (8%) and 10% for 2001 and 2000, respectively.

OTHER INCOME (EXPENSE)

Other expense totaled $262 million during 2001, compared to other expense of $88 million in 2000. Included in these results are the following:

- A $301 million gain in 2000 for the sale of certain investments. This includes a $73 million gain from the sale of 1.2 million shares of priceline.com, Incorporated (priceline) common stock and a $228 million non-cash gain from the exchange of six million shares of priceline common stock for priceline preferred stock.

- A $127 million gain in 2001 on the sale of certain investments. This primarily relates to a $111 million gain on the sale of our equity interest in SkyWest, Inc., the parent company of SkyWest Airlines and an $11 million gain from the sale of our equity interest in Equant, N.V., an international data network services company.

- A $68 million gain in 2001 compared to a $159 million charge in 2000 for fair value adjustments of financial instruments accounted for under SFAS 133. This relates to derivative instruments we use in our fuel hedging program and to our equity warrants and other similar rights in certain companies.

- A $16 million one-time, non-cash gain in 2000 related to our equity investment in Worldspan. This gain represents our share of Worldspan's favorable outcome in certain arbitration proceedings.

The change in other income (expense) is also attributable to the following:

- Interest expense increased $119 million in 2001 primarily due to higher levels of outstanding debt;

- Interest income decreased $34 million in 2001 primarily due to lower interest rates; and

- Miscellaneous expense, net was $47 million in 2001 compared to $27 million in income in 2000 mainly due to a decrease in our equity earnings from Worldspan.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

During 2000 we recorded a $164 million cumulative effect, non-cash charge ($100 million net of tax, or $0.77 diluted EPS) resulting from our adoption of SFAS 133 on July 1, 2000 (see Note 4 of the Notes to the Consolidated Financial Statements).

Financial Condition and Liquidity

SOURCES AND USES OF CASH

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Cash and cash equivalents totaled $2.0 billion at December 31, 2002, compared to $2.2 billion at December 31, 2001. For 2002, net cash provided by operations totaled $285 million, including receipt of (1) a $472 million tax refund due to a new tax law and (2) $112 million in compensation under the Stabilization Act. Our cash flows from significant financing and investing activities are described below.

Capital expenditures, including aircraft acquisitions made under seller financing arrangements, were $2.0 billion during 2002 and included the acquisition of four B-737-800, three B-767-400, one B-777-200, 34 CRJ-200 and 15 CRJ-700 aircraft.

Debt and capital lease obligations, including current maturities and short-term obligations, totaled $10.9 billion at December 31, 2002, compared to $9.4 billion at December 31, 2001. During 2002, we entered into or amended the following credit facilities to increase our liquidity (see Note 6 of the Notes to the Consolidated Financial Statements):

- We issued a total of $1.4 billion of enhanced equipment trust certificates, which are secured by 17 B-737-800, one B-757-200, eight B-767-300ER and six B-767-400 aircraft. These financings are due in installments through January 2023. At December 31, 2002, there was $1.4 billion outstanding under these financings.

- In addition to the enhanced equipment trust certificates described above, during 2002 we borrowed $1.2 billion, which is due in installments through June 2019 and is secured by 56 regional jet aircraft, five B-737-800 aircraft, three B-767-300ER aircraft and two B-767-300 aircraft. At December 31, 2002, there was $1.2 billion in borrowings outstanding under these financings. These transactions resulted in the termination of a $350 million short-term facility that we had entered into in January 2002.

- On January 31, 2002, we entered into a facility to finance, on a secured basis at the time of acquisition, certain future deliveries of regional jet aircraft. At December 31, 2002, total borrowings available to us under this facility, as amended, were $197 million, of which $31 million was outstanding.

- On August 22, 2002, we amended and restated an existing credit facility to (1) extend the term from December 27, 2002 to August 21, 2003 and
(2) reduce the maximum amount we may borrow under this agreement from $625 million to $500 million. Any borrowings under this facility will be secured by certain aircraft owned by us. At December 31, 2002, no borrowings were outstanding under this facility.

- In October 2002, we amended our unsecured letter of credit Reimbursement Agreement with Commerzbank AG and a group of banks to (1) eliminate the debt-to-equity ratio and secured debt covenants from that agreement and (2) add a covenant requiring us to maintain a minimum of $1 billion of unrestricted cash, cash equivalents and short-term investments as of the end of each month, beginning on October 31, 2002. The Reimbursement Agreement and the related letters of credit will terminate on June 8, 2003.

In addition, during 2002, we deferred delivery of the following 31 mainline aircraft:

- five B-737-800 aircraft deferred from 2003 to 2006;

- 23 B-737-800 aircraft deferred from 2004 to 2007;

- one B-777-200 aircraft deferred from 2004 to 2006; and

- two B-777-200 aircraft deferred from 2005 to 2006.

As a result of these deferrals, we have no mainline aircraft deliveries scheduled in 2003 or 2004, which will reduce capital expenditures by approximately $1.3 billion during that two-year period.

Shareowners' equity was $893 million at December 31, 2002 and $3.8 billion at December 31, 2001. The decrease in our shareowners' equity is primarily due to the $1.6 billion non-cash charge to equity related to our pension plans (see Note 11 of the Notes to the Consolidated Financial Statements) and our consolidated net loss in 2002. These items, as well as an increase in outstanding debt, have caused our net debt-to-capital ratio, which includes implied debt from operating leases, to increase to 94% at December 31, 2002 from 80% at December 31, 2001.

For additional information on our liquidity, see the Business Environment section of Management's Discussion and Analysis on pages 13-15.

WORKING CAPITAL POSITION

As of December 31, 2002, we had negative working capital of $2.6 billion, compared to negative working capital of $2.8 billion at December 31, 2001. A negative working capital position is normal for us, typically due to our air traffic liability and the fact that we primarily generate revenue by providing air transportation through the utilization of property and equipment, which are classified as long-term assets. Our negative working capital position also reflects our losses over the past two years.

CREDIT RATINGS AND COVENANTS

At December 31, 2002, our senior unsecured long-term debt was rated Ba3 by Moody's and BB- by Standard and Poor's. On February 18, 2003, Standard & Poor's lowered their ratings on certain of our enhanced equipment trust certificates. Both Moody's and Standard & Poor's outlooks for our long-term credit ratings are negative. Our current credit ratings have negatively impacted our ability (1) to issue unsecured debt, (2) to renew outstanding letters of credit that back certain of our obligations and (3) to obtain certain financial instruments that we use in our fuel hedging program. They have also increased the cost of our financing transactions and the amount of collateral required for certain financial instruments and insurance coverage. Subsequent to December 31, 2002, our collateral requirements related to our workers' compensation insurance increased by $55 million. As discussed in Note 8 of the Notes to the Consolidated Financial Statements, we may be required to repurchase outstanding receivables that we sold to a third party ($250 million at December 31, 2002) if our senior unsecured long-term debt is rated either below Ba3 by Moody's or below BB- by Standard & Poor's.

We have obtained from a third party unsecured letters of credit totaling $409 million relating to bonds issued by various municipalities to finance construction at certain airport facilities leased to us. As discussed under "Letter of Credit Enhanced Municipal Bonds" in Note 6 of the Notes to the Consolidated Financial Statements, we will be required to accelerate the repayment of these obligations if we do not extend those letters of credit prior to their expiration on June 8, 2003.

The Reimbursement Agreement relating to the letters of credit described in the above paragraph contains covenants that (1) require us to maintain a minimum of $1 billion of unrestricted cash, cash equivalents and short-term investments at the end of each month; (2) limit the amount of current debt and convertible subordinated debt that we may have outstanding; and (3) limit our annual flight equipment rental expense. It also provides that, upon the occurrence of a change in control of Delta, we shall, at the request of the banks, deposit cash collateral with the banks in an amount equal to all letters of credit outstanding and other amounts we owe under the agreement. We are in compliance with all of our financial covenants.

PRIOR YEARS
2001

Cash and cash equivalents totaled $2.2 billion at December 31, 2001. Net cash provided by operations totaled $236 million during 2001, including $556 million of compensation received under the Stabilization Act. Capital expenditures, including aircraft acquisitions made under seller financing arrangements, were $2.9 billion during 2001 and included the acquisition of 27 B-737-800, three B-757-200, two B-767-300ER, six B-767-400, 23 CRJ-200 and four CRJ-100 aircraft. Debt and capital lease obligations, including current maturities and short-term obligations, totaled $9.4 billion at December 31, 2001. Of this amount, $2.3 billion of secured long-term debt was issued during the year.

2000

Cash, cash equivalents and short-term investments totaled $1.6 billion at December 31, 2000. Net cash provided by operations totaled $2.9 billion during 2000. Capital expenditures were $4.1 billion during 2000 and included the acquisition of 24 B-737-800, 12 B-757-200, seven B-767-300ER, 12 B-767-400, 11 CRJ-200, 19 CRJ-100 and seven ATR-72 aircraft. We also paid $232 million to complete our acquisition of Comair Holdings, Inc. Debt and capital lease obligations, including current maturities and short-term obligations, totaled $6.0 billion at December 31, 2000. Of this amount, $1.9 billion of long-term debt was issued during the year (including $1.5 billion of secured debt).

Financial Position

DECEMBER 31, 2002 COMPARED TO DECEMBER 31, 2001

This section discusses certain changes in our Consolidated Balance Sheets which are not otherwise discussed in this Annual Report.

Prepaid expenses and other current assets increased by 23%, or $66 million, primarily due to our recognition of an intangible asset in connection with the recording of an additional minimum pension liability and an increase in prepaid aircraft rent. Investments in debt and equity securities decreased 66%, or $63 million, primarily due to the partial exercise of our price-line warrants and the sale of a portion of the related shares, as well as a decrease in fair value of our equity securities. Restricted investments for the Boston airport terminal project decreased 12%, or $58 million, due to the capitalization of project expenditures and interest paid. Other noncurrent assets increased 47%, or $472 million, due to an increase in our deferred tax assets and our recognition of an intangible asset in connection with the recording of an additional minimum pension liability.

Taxes payable decreased 18%, or $187 million, primarily due to a decrease in ticket, transportation and airport taxes payable for which payment was deferred under the Stabilization Act until January 2002. Accrued salaries and benefits increased 22%, or $244 million, primarily due to an increase in the number of retired employees and employees on leave and severance programs.

Pension and related benefits increased $2.9 billion, primarily due to an additional minimum pension liability recorded at December 31, 2002. For additional information on our employee benefit plans, see Note 11 of the Notes to the Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

The following table provides a summary of our debt obligations, capital lease obligations, operating lease payments, estimated future expenditures for aircraft and engines and certain other material purchase obligations as of December 31, 2002. This table excludes other obligations that we may have, such as pension obligations (discussed in Note 11 of the Notes to the Consolidated Financial Statements). The table also excludes information about our obligations related to our contract carrier agreements (discussed below) due to the fact that costs beyond 2003 are not reasonably estimable at this time.

	Contractual Payments Due by Period						
(in millions)	Total	2003	2004	2005	2006	2007	After 2007
Debt(1)	$10,740	$ 666	$ 623	$1,203	$ 602	$ 285	$ 7,361
Capital Lease Obligations(2)	172	40	31	24	16	15	46
Operating Lease Payments(3)	12,744	1,277	1,203	1,176	1,128	1,042	6,918
Estimated Future Expenditures for Aircraft and Engines(4)	5,027	1,024	672	1,191	1,281	859	--
Other Purchase Obligations	66	33	33	--	--	--	--
Total	$28,749	$3,040	$2,562	$3,594	$3,027	$2,201	$14,325

(1) These amounts are included on our Consolidated Balance Sheets. A portion of this debt is backed by letters of credit totaling $305 million at December 31, 2002, which expire on June 8, 2003. See Note 6 of the Notes to the Consolidated Financial Statements for additional information about our debt and related matters.
(2) The present value of these obligations, excluding interest, is included on our Consolidated Balance Sheets. See Note 7 of the Notes to the Consolidated Financial Statements for additional information about our capital lease obligations.
(3) Our operating lease obligations are described in Note 7 of the Notes to the Consolidated Financial Statements. A portion of these obligations is backed by letters of credit totaling $104 million at December 31, 2002, which expire on June 8, 2003. See Note 6 of the Notes to the Consolidated Financial Statements for additional information about these letters of credit.
(4) Our estimated future expenditures for aircraft and engines are discussed in Note 9 of the Notes to the Consolidated Financial Statements.

Our estimated pension funding is approximately $80 million for 2003 and between $350 million and $450 million for 2004. These funding estimates are based on various assumptions, including actual market performance of our plan assets and future 30-year U.S. Treasury bond yields. Our 2004 estimate could change significantly prior to the funding date and funding beyond 2004 is not reasonably estimable at this time. Pension funding requirements are governed by ERISA and subject to certain federal tax regulations. See Note 11 of the Notes to the Consolidated Financial Statements for additional information about our pension plans.

In addition, we have contractual obligations related to our contract carrier agreements with SkyWest Airlines, Atlantic Coast Airlines and Chautauqua Airlines. We estimate that our obligations under these contracts will total approximately $780 million in 2003. Costs beyond 2003 under these agreements will be impacted by certain variable operating costs that cannot be reasonably determined at this time. See Note 9 of the Notes to the Consolidated Financial Statements for additional information about these agreements.

OFF-BALANCE SHEET ARRANGEMENTS

SALE OF RECEIVABLES

We are a party to an agreement under which we sell a defined pool of our accounts receivable, on a revolving basis, through a special-purpose, wholly owned subsidiary to a third party. In accordance with accounting principles generally accepted in the United States of America (GAAP), we do not consolidate this subsidiary in our Consolidated Financial Statements. This agreement is scheduled to terminate on March 31, 2003. If the agreement is not renewed prior to this date, we will be required to repurchase outstanding receivables which totaled $250 million at December 31, 2002. This amount is not included on our Consolidated Balance Sheets. See Note 8 of the Notes to the Consolidated Financial Statements for additional information about this agreement.

OTHER

LEGAL CONTINGENCIES

We are involved in legal proceedings relating to antitrust matters, employment practices, environmental issues and other matters concerning our business. We cannot reasonably estimate the potential loss for certain legal proceedings because, for example, the litigation is in its early stages or the plaintiff does not specify damages being sought. Although the ultimate outcome of these matters cannot be predicted with certainty, we believe that the resolution of these actions will not have a material adverse effect on our Consolidated Financial Statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. We periodically evaluate these estimates and assumptions, which are based on historical experience, changes in the business environment and other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates.

Rules proposed by the Securities and Exchange Commission define critical accounting estimates as those accounting estimates which (1) require management to make assumptions about matters that are highly uncertain at the time the estimate is made and (2) would have resulted in material changes to our Consolidated Financial Statements if different estimates, which we reasonably could have used, were made. Our critical accounting estimates are briefly described below. Additional information about these estimates and our significant accounting policies are included in Notes 1, 5, 10 and 11 of the Notes to the Consolidated Financial Statements.

GOODWILL

On January 1, 2002, we adopted SFAS 142, which addresses financial accounting and reporting for goodwill and other intangible assets, including when and how to perform impairment tests of recorded balances.

We have three reporting units that have assigned goodwill: Delta-mainline, Atlantic Southeast Airlines, Inc. (ASA) and Comair. Quoted stock market prices are not available for these individual reporting units. Accordingly, consistent with SFAS 142, our methodology for estimating the fair value of each reporting unit primarily considers discounted future cash flows. In applying this methodology, we (1) make assumptions about each reporting unit's future cash flows based on capacity, yield, traffic, operating costs and other relevant factors and (2) discount those cash flows based on each reporting unit's weighted average cost of capital. Changes in these assumptions may have a material impact on our Consolidated Financial Statements.

INCOME TAX VALUATION ALLOWANCE

In accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109), deferred tax assets should be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In making this determination, we consider both positive and negative evidence and make certain assumptions, including projections of taxable income. Changes in these assumptions may have a material impact on our Consolidated Financial Statements.

PENSION PLANS

We sponsor defined benefit pension plans (Plans) for eligible employees and retirees. The impact of the Plans on our Consolidated Financial Statements as of December 31, 2002 and 2001 and for each of the three years in the period ended December 31, 2002 is presented in Note 11 of the Notes to the Consolidated Financial Statements. We currently estimate that our defined benefit pension expense in 2003 will be approximately $335 million. The effect of our Plans on our Consolidated Financial Statements is subject to many assumptions. We believe the most critical assumptions are (1) the weighted average discount rate; (2) the rate of increase in future compensation levels; and (3) the expected long-term rate of return on Plan assets.

We determine our weighted average discount rate on our measurement date primarily by reference to annualized rates earned on high quality fixed income investments and yield-to-maturity analysis specific to our estimated future benefit payments. Lowering our discount rate (6.75% at September 30, 2002) by 0.5% would increase our accrued pension cost by approximately $730 million at December 31, 2002 and increase our estimated pension expense in 2003 by approximately $80 million.

Our rate of increase in future compensation levels is based primarily on labor contracts currently in effect with our employees under collective bargaining agreements and expected future pay rate increases for other employees. Increasing our estimated rate of increase in future compensation levels (2.67% at September 30, 2002) by 0.5% would increase our estimated pension expense in 2003 by approximately $40 million.

The expected long-term rate of return on our Plan assets is based primarily on Plan-specific asset/liability investment studies performed by outside consultants and recent and historical returns on our Plans' assets. Lowering our expected long-term rate of return (9% at September 30, 2002) by 0.5% would increase our estimated pension expense in 2003 by approximately $60 million.

MARKET RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

We have market risk exposure related to aircraft fuel prices, stock prices, interest rates and foreign currency exchange rates. Market risk is the potential negative impact of adverse changes in these prices or rates on our Consolidated Financial Statements. To manage the volatility relating to these exposures, we periodically enter into derivative transactions pursuant to stated policies (see Notes 3 and 4 of the Notes to the Consolidated Financial Statements). Management expects adjustments to the fair value of financial instruments accounted for under SFAS 133 to result in ongoing volatility in earnings and shareowners' equity.

The following sensitivity analyses do not consider the effects of a decline in demand for air travel, the economy as a whole or additional actions by management to mitigate our exposure to a particular risk. For these and other reasons, the actual results of changes in these prices or rates may differ materially from the following hypothetical results.

AIRCRAFT FUEL PRICE RISK

Our results of operations may be significantly impacted by changes in the price of aircraft fuel. To manage this risk, we periodically enter into heating and crude oil derivative contracts to hedge a portion of our projected annual aircraft fuel requirements. Heating and crude oil prices have a highly correlated relationship to fuel prices, making these derivatives effective in offsetting changes in the cost of aircraft fuel. We do not enter into fuel hedge contracts for speculative purposes. These contracts are intended to reduce our exposure to changes in aircraft fuel prices.

The following table shows our fuel hedging position based on instruments held at December 31, 2002, as supplemented by fuel hedge contracts acquired through March 12, 2003:

	% of Projected Aircraft Fuel Requirements Hedged	Average Hedge Price per Gallon
March 2003 Quarter	77%	79.10(cents)
June 2003 Quarter	78%	78.27(cents)
September 2003 Quarter	52%	78.88(cents)
December 2003 Quarter	36%	74.25(cents)
Year Ending December 31, 2003	61%	78.08(cents)
Year Ending December 31, 2004	10%	68.88(cents)

The fair values of our heating and crude oil derivative instruments were $73 million at December 31, 2002 and $64 million at December 31, 2001. A 10% decrease in the average annual price of heating and crude oil would have decreased the fair values of these instruments by $70 million at December 31, 2002.

During 2002, aircraft fuel accounted for 12% of our total operating expenses. Based on our projected aircraft fuel consumption of 2.4 billion gallons for 2003, a 10% rise in our jet fuel prices would increase our aircraft fuel expense by approximately $46 million in 2003. This analysis includes the effects of fuel hedging instruments in place at December 31, 2002.

For additional information regarding our aircraft fuel price risk management program, see Note 4 of the Notes to the Consolidated Financial Statements.

EQUITY SECURITIES RISK

We hold equity-based interests, including warrants and other similar rights, in certain companies, primarily priceline and Republic Airways Holdings, Inc. (Republic). The estimated fair values and aggregate unrealized and unrecognized losses from these investments were $31 million and $9 million, respectively, at December 31, 2002. At December 31, 2001, the estimated fair values of our equity-based interests totaled $81 million, with aggregate unrealized and unrecognized losses of $3 million. The risk associated with these investments is the potential loss in fair value resulting from a decrease in the price of the issuer's common stock. Based on the fair value of these equity-based interests at December 31, 2002, a 10% decline in the price of the underlying common stock would decrease the fair value of these instruments by approximately $3 million. For additional information regarding our equity-based interests, see Note 2 of the Notes to the Consolidated Financial Statements.

INTEREST RATE RISK

Our exposure to market risk due to changes in interest rates primarily relates to our long-term debt obligations and cash investment portfolio.

Market risk associated with our long-term debt is the potential change in fair value resulting from a change in interest rates. A 10% decrease in average annual interest rates would have increased the estimated fair value of our long-term debt by approximately $395 million at December 31, 2002, and $373 million at December 31, 2001. To manage our interest rate exposure, we have entered into two interest rate swap agreements. At December 31, 2002, the fair value of these agreements was $21 million. A 10% increase in average annual interest rates would have had an immaterial effect on the fair value of these instruments at December 31, 2002. A 10% increase in average annual interest rates would have had an approximately $17 million impact on our interest expense in 2002. For additional information on our interest rate swap and long-term debt agreements, see Notes 4 and 6 of the Notes to the Consolidated Financial Statements.

Market risk associated with our cash portfolio is the potential change in earnings resulting from a change in interest rates. Based on our average balance of cash and cash equivalents during 2002, a 10% decrease in average annual interest rates would have decreased our interest income by approximately $4 million.

FOREIGN CURRENCY EXCHANGE RATE RISK

We have limited revenues and expenses denominated in foreign currencies. As a result, we are exposed to limited foreign currency exchange rate risk. The majority of our exposure results from transactions denominated in the euro, British pound and Canadian dollar. To manage exchange rate risk, we net foreign currency revenues and expenses, to the extent practicable, to take advantage of natural offsets. We may use foreign currency option and forward contracts with maturities of up to 12 months to manage the remaining net exposure. We did not have any of these instruments outstanding at December 31, 2002. Based on our average annual net foreign currency positions during 2002, a 10% adverse change in average annual foreign currency exchange rates would not have had a material impact on our Consolidated Financial Statements.

Forward-Looking Information

Statements in this Annual Report (or otherwise made by Delta or on Delta's behalf), which are not historical facts, including statements about Delta's estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or Delta's present expectations. Factors that could cause these differences include, but are not limited to:

1. The many effects on Delta and the airline industry from the terrorist attacks on the United States on September 11, 2001, including the following:

- The adverse impact of the terrorist attacks on the demand for air travel;

- The change in Delta's operations and higher costs resulting from, and customer reaction to, new airline and airport security directives;

- The availability and cost of war and terrorism risk and other insurance for Delta;

- Potential declines in the values of the aircraft in Delta's fleet or facilities and any related asset impairment charges;

2. The availability to Delta of financing on commercially reasonable terms, which may be influenced by, among other things, airline bankruptcies, the creditworthiness of the airline industry in general and Delta in particular, and actions by credit rating agencies;

3. Continued geopolitical uncertainty, including additional terrorist activity and/or war with Iraq;

4. General economic conditions, both in the United States and in our markets outside the United States;

5. The willingness of customers to travel generally, and with Delta specifically, which could be affected by factors such as Delta's and the industry's safety record and geopolitical uncertainty;

6. Competitive factors in our industry, such as airline bankruptcies, the airline pricing environment, the growth of low-cost carriers, international alliances, codesharing programs, capacity decisions by competitors and mergers and acquisitions;

7. Outcomes of negotiations on collective bargaining agreements and other labor issues;

8. Changes in the availability or cost of aircraft fuel or fuel hedges;

9. Disruptions to operations due to adverse weather conditions and air traffic control-related constraints;

10. Actions by the United States or foreign governments, including the FAA and other regulatory agencies; and

11. The outcome of Delta's litigation.

Caution should be taken not to place undue reliance on Delta's forward-looking statements, which represent Delta's views only as of March 12, 2003, and which Delta has no current intention to update.

Consolidated Balance Sheets

December 31, 2002 and 2001

Assets (in millions)	2002	2001
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,969	$ 2,210
Restricted cash	134	--
Accounts receivable, net of an allowance for uncollectible accounts of $33 at December 31, 2002, and $43 at December 31, 2001	292	368
Income tax receivable	319	--
Expendable parts and supplies inventories, net of an allowance for obsolescence of $183 at December 31, 2002, and $139 at December 31, 2001	164	181
Deferred income taxes	668	518
Prepaid expenses and other	356	290
Total current assets	3,902	3,567
PROPERTY AND EQUIPMENT:		
Flight equipment	20,295	19,427
Accumulated depreciation	(6,109)	(5,730)
Flight equipment, net	14,186	13,697
Flight and ground equipment under capital leases	439	382
Accumulated amortization	(297)	(262)
Flight and ground equipment under capital leases, net	142	120
Ground property and equipment	4,270	4,412
Accumulated depreciation	(2,206)	(2,355)
Ground property and equipment, net	2,064	2,057
Advance payments for equipment	132	223
Total property and equipment, net	16,524	16,097
OTHER ASSETS:		
Investments in debt and equity securities	33	96
Investments in associated companies	174	180
Goodwill	2,092	2,092
Operating rights and other intangibles, net of accumulated amortization of $172 at December 31, 2002, and $246 at December 31, 2001	102	94
Restricted investments for Boston airport terminal project	417	475
Other noncurrent assets	1,476	1,004
Total other assets	4,294	3,941
Total assets	$24,720	$23,605

Liabilities and Shareowners' Equity (in millions, except share data)	2002	2001
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 666	$ 260
Short-term obligations	--	765
Current obligations under capital leases	27	31
Accounts payable, deferred credits and other accrued liabilities	1,921	1,617
Air traffic liability	1,270	1,224
Taxes payable	862	1,049
Accrued salaries and related benefits	1,365	1,121
Accrued rent	344	336
Total current liabilities	6,455	6,403
NONCURRENT LIABILITIES:		
Long-term debt	9,576	7,781
Long-term debt issued by Massachusetts Port Authority (Note 6)	498	498
Capital leases	100	68
Postretirement benefits	2,282	2,292
Accrued rent	739	781
Deferred income taxes	--	465
Pension and related benefits	3,242	359
Other	93	105
Total noncurrent liabilities	16,530	12,349
DEFERRED CREDITS:		
Deferred gains on sale and leaseback transactions	478	519
Deferred revenue and other credits	100	310
Total deferred credits	578	829
COMMITMENTS AND CONTINGENCIES (NOTES 3, 4, 6, 7, 8 AND 9)		
EMPLOYEE STOCK OWNERSHIP PLAN PREFERRED STOCK:		
Series B ESOP Convertible Preferred Stock, $1.00 par value, $72.00 stated and liquidation value; 6,065,489 shares issued and outstanding at December 31, 2002, and 6,278,210 shares issued and outstanding at December 31, 2001	437	452
Unearned compensation under Employee Stock Ownership Plan	(173)	(197)
Total Employee Stock Ownership Plan Preferred Stock	264	255
SHAREOWNERS' EQUITY:		
Common stock, $1.50 par value; 450,000,000 shares authorized; 180,903,373 shares issued at December 31, 2002, and 180,890,356 shares issued at December 31, 2001	271	271
Additional paid-in capital	3,263	3,267
Retained earnings	1,639	2,930
Accumulated other comprehensive income (loss)	(1,562)	25
Treasury stock at cost, 57,544,168 shares at December 31, 2002, and 57,644,690 shares at December 31, 2001	(2,718)	(2,724)
Total shareowners' equity	893	3,769
Total liabilities and shareowners' equity	$24,720	$23,605

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Operations

For the years ended December 31, 2002, 2001 and 2000

(in millions, except per share data)	2002	2001	2000
OPERATING REVENUES:			
Passenger	$ 12,321	$ 12,964	$ 15,657
Cargo	458	506	583
Other, net	526	409	501
Total operating revenues	13,305	13,879	16,741
OPERATING EXPENSES:			
Salaries and related costs	6,165	6,124	5,971
Aircraft fuel	1,683	1,817	1,969
Depreciation and amortization	1,148	1,283	1,187
Contracted services	1,003	1,016	966
Landing fees and other rents	834	780	771
Aircraft maintenance materials and outside repairs	711	801	723
Aircraft rent	709	737	741
Other selling expenses	539	616	688
Passenger commissions	322	540	661
Passenger service	372	466	470
Asset writedowns, restructuring and related items, net	439	1,119	108
Stabilization Act compensation	(34)	(634)	--
Other	723	816	849
Total operating expenses	14,614	15,481	15,104
OPERATING INCOME (LOSS)	(1,309)	(1,602)	1,637
OTHER INCOME (EXPENSE):			
Interest expense	(646)	(499)	(380)
Interest income	36	89	123
Loss on extinguishment of ESOP Notes	(42)	--	--
Gain (loss) from sale of investments, net	(3)	127	301
Fair value adjustments of SFAS 133 derivatives	(39)	68	(159)
Miscellaneous income (expense), net	1	(47)	27
Total other income (expense)	(693)	(262)	(88)
INCOME (LOSS) BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2,002)	(1,864)	1,549
INCOME TAX BENEFIT (PROVISION)	730	648	(621)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX	(1,272)	(1,216)	928
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX OF $64 MILLION IN 2000	--	--	(100)
NET INCOME (LOSS)	(1,272)	(1,216)	828
PREFERRED STOCK DIVIDENDS	(15)	(14)	(13)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREOWNERS	$ (1,287)	$ (1,230)	$ 815
BASIC EARNINGS (LOSS) PER SHARE BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ (10.44)	$ (9.99)	$ 7.39
BASIC EARNINGS (LOSS) PER SHARE	$ (10.44)	$ (9.99)	$ 6.58
DILUTED EARNINGS (LOSS) PER SHARE BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	$ (10.44)	$ (9.99)	$ 7.05
DILUTED EARNINGS (LOSS) PER SHARE	$ (10.44)	$ (9.99)	$ 6.28

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2002, 2001 and 2000

(in millions)	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (1,272)	$ (1,216)	$ 828
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Cumulative effect of change in accounting principle	--	--	100
Asset and other writedowns	287	339	--
Depreciation and amortization	1,181	1,283	1,187
Deferred income taxes	(411)	(648)	396
Fair value adjustments of SFAS 133 derivatives	39	(68)	159
Pension, postretirement and postemployment expense in excess of (less than) payments	177	419	(17)
Loss on extinguishment of ESOP Notes	42	--	--
Dividends (less than) in excess of equity income	(3)	51	(28)
Loss (gain) from sale of investments, net	3	(127)	(301)
Income tax benefit from exercise of stock options	--	--	5
Changes in certain current assets and liabilities:			
(Increase) decrease in receivables	(243)	47	86
Increase in restricted cash	(134)	--	--
(Increase) decrease in prepaid expenses and other current assets	(35)	60	92
Increase (decrease) in air traffic liability	46	(215)	(49)
Increase in other payables, deferred credits and accrued liabilities	675	274	395
Other, net	(67)	37	45
Net cash provided by operating activities	285	236	2,898
CASH FLOWS FROM INVESTING ACTIVITIES:			
Property and equipment additions:			
Flight equipment, including advance payments	(922)	(2,321)	(3,426)
Ground property and equipment, including technology	(364)	(472)	(634)
Decrease (increase) in restricted investments related to the Boston airport terminal project	58	(485)	--
Decrease in short-term investments, net	5	238	456
Proceeds from sales of flight equipment	100	66	384
Proceeds from sales of investments	24	286	73
Acquisitions of companies, net of cash acquired	--	--	(232)
Other, net	(10)	(8)	(17)
Net cash used in investing activities	(1,109)	(2,696)	(3,396)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on long-term debt and capital lease obligations	(734)	(173)	(853)
Prepayment of long-term lease obligations	--	--	(215)
Cash dividends	(39)	(40)	(40)
Issuance of long-term obligations	2,554	2,335	1,867
Issuance of long-term debt by Massachusetts Port Authority	--	498	--
(Payments on) proceeds from short-term obligations and notes payable, net	(1,144)	701	(51)
Issuance of common stock	--	2	33
Repurchase of common stock	--	--	(502)
Payments on extinguishment of ESOP Notes	(42)	--	--
Other, net	(12)	(17)	--
Net cash provided by financing activities	583	3,306	239
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(241)	846	(259)
Cash and cash equivalents at beginning of year	2,210	1,364	1,623
Cash and cash equivalents at end of year	$ 1,969	$ 2,210	$ 1,364
SUPPLEMENTAL DISCLOSURE OF CASH PAID (REFUNDED) FOR:			
Interest, net of amounts capitalized	$ 569	$ 490	$ 410
Income taxes	$ (649)	$ (103)	$ 131
NON-CASH TRANSACTIONS:			
Aircraft delivered under seller-financing	$ 705	$ 77	$ --
Aircraft capital leases from sale and leaseback transactions	$ 52	$ --	$ --

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Shareowners' Equity

For the years ended December 31, 2002, 2001 and 2000

(in millions, except share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE AT DECEMBER 31, 1999	$270	$ 3,222	$ 3,377	$ 266	$(2,227)	$ 4,908
COMPREHENSIVE INCOME:						
Net income	--	--	828	--	--	828
Other comprehensive income	--	--	--	94	--	94
TOTAL COMPREHENSIVE INCOME (SEE NOTE 14)						922
Dividends on common stock ($0.10) per share)	--	--	(12)	--	--	(12)
Dividends on Series B ESOP Convertible Preferred Stock allocated shares	--	--	(13)	--	--	(13)
Issuance of 729,426 shares of common stock under dividend reinvestment and stock purchase plan and stock options ($44.86 per share(1))	1	32	--	--	--	33
Repurchase of 10,626,104 common shares ($47.26 per share(1))	--	--	--	--	(502)	(502)
Income tax benefit from exercise of stock options	--	5	--	--	--	5
Transfers and forfeitures of 16,580 shares of common from Treasury under stock incentive plan ($52.61 per share(1))	--	--	--	--	1	1
Other	--	5	(4)	--	--	1
BALANCE AT DECEMBER 31, 2000	271	3,264	4,176	360	(2,728)	5,343
COMPREHENSIVE LOSS:						
Net loss	--	--	(1,216)	--	--	(1,216)
Other comprehensive loss	--	--	--	(335)	--	(335)
TOTAL COMPREHENSIVE LOSS (SEE NOTE 14)	--	--	--	--	--	(1,551)
Dividends on common stock ($0.10 per share)	--	--	(12)	--	--	(12)
Dividends on Series B ESOP Convertible Preferred Stock allocated shares	--	--	(14)	--	--	(14)
Issuance of 126,299 shares of common stock under dividend reinvestment and stock purchase plan and stock options ($38.10 per share(1))	--	5	--	--	--	5
Transfers and forfeitures of 105,995 shares of common from Treasury under stock incentive plan ($37.10 per share(1))	--	(4)	--	--	4	--
Other	--	2	(4)	--	--	(2)
BALANCE AT DECEMBER 31, 2001	271	3,267	2,930	25	(2,724)	3,769
COMPREHENSIVE LOSS:						
Net loss	--	--	(1,272)	--	--	(1,272)
Other comprehensive loss	--	--	--	(1,587)	--	(1,587)
TOTAL COMPREHENSIVE LOSS (SEE NOTE 14)						(2,859)
Dividends on common stock ($0.10 per share)	--	--	(12)	--	--	(12)
Dividends on Series B ESOP Convertible Preferred Stock allocated shares	--	--	(15)	--	--	(15)
Issuance of 13,017 shares of common stock under stock purchase plan and stock options ($15.70 per share(1))	--	--	--	--	--	--
Forfeitures of 82,878 shares of common to Treasury under stock incentive plan ($27.31 per share(1))	--	--	--	--	(2)	(2)
Transfers of 183,400 shares of common from Treasury under stock incentive plan ($47.11 per share(1))	--	(5)	--	--	8	3
Other	--	1	8	--	--	9
BALANCE AT DECEMBER 31, 2002	$271	$ 3,263	$ 1,639	$(1,562)	$(2,718)	$ 893

(1) Average price per share

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

Delta Air Lines, Inc. (a Delaware corporation) is a major air carrier that provides air transportation for passengers and cargo throughout the U.S. and around the world. Our Consolidated Financial Statements include the accounts of Delta Air Lines, Inc. and our wholly owned subsidiaries, including ASA Holdings, Inc. (ASA Holdings) and Comair Holdings, Inc. (Comair Holdings), collectively referred to as Delta. ASA Holdings is the parent company of Atlantic Southeast Airlines, Inc. (ASA), and Comair Holdings is the parent company of Comair, Inc. (Comair). We completed our acquisitions of ASA Holdings and Comair Holdings in April 1999 and in January 2000, respectively. We have eliminated all material intercompany transactions in our Consolidated Financial Statements. These Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We have reclassified certain prior period amounts in our Consolidated Financial Statements to be consistent with our current period presentation. The effect of these reclassifications is not material.

We do not consolidate the financial statements of any company in which we have an ownership interest of 50% or less unless we control that company. During 2002, 2001 and 2000, we did not control any company in which we had an ownership interest of 50% or less.

CHANGE IN YEAR END

Effective December 31, 2000, we changed our year end from June 30 to December 31. Accordingly, this Annual Report includes audited Consolidated Balance Sheets as of December 31, 2002 and 2001, and audited Consolidated Statements of Operations, Cash Flows and Shareowners' Equity for the years ended December 31, 2002, 2001 and 2000.

USE OF ESTIMATES

We are required to make estimates and assumptions when preparing our Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the amounts reported in our financial statements and the accompanying notes. Actual results could differ materially from those estimates.

NEW ACCOUNTING STANDARDS

On January 1, 2002, we adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets" (SFAS 142), which addresses financial accounting and reporting for goodwill and other intangible assets (see Note 5).

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), which is effective for fiscal years beginning after June 15, 2002. We adopted SFAS 143 on January 1, 2003. The adoption of SFAS 143 did not have a material impact on our Consolidated Financial Statements.

On January 1, 2002, we adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets" (SFAS 144), which supersedes previous accounting and reporting standards for (1) testing for impairment or disposal of long-lived assets and (2) the disposal of segments of a business. Our impairment charges recorded during 2002 were determined in accordance with SFAS 144 (see Note 16).

On October 1, 2002, we adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" (SFAS 145), which, among other things, (1) requires that gains and losses due to the extinguishment of debt be classified as extraordinary items on the Consolidated Statements of Operations only if certain criteria are met and (2) amends the accounting for sale and leaseback transactions. In accordance with SFAS 145, we recorded a $42 million loss on the extinguishment of ESOP Notes in other income (expense) on our 2002 Consolidated Statement of Operations (see Note 6).

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" (SFAS 146), which supersedes previous accounting and reporting standards for costs associated with exit or disposal activities by requiring the related liability to be recognized and measured initially at fair value when the liability is incurred. Under the previous accounting and reporting standards, the liability for exit or disposal costs was recognized at the date management committed to a plan. The adoption of SFAS 146 will impact the timing of the recognition of liabilities related to future exit or disposal activities and is effective for such activities that are initiated after December 31, 2002.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" (SFAS 148), which amends SFAS No. 123, "Accounting for Stock Based Compensation" (SFAS 123), by revising the methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS 148 also requires additional disclosures in annual and interim financial statements related to stock-based employee compensation. On December 31, 2002, we adopted SFAS 148 as it relates to the additional disclosures required for registrants that account for employee stock-based compensation under Accounting Principles Bulletin (APB) Opinion 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations. For additional information, see our stock-based compensation policy in this Note on page 36.

In November 2002, the FASB issued FASB Interpretation No. (FIN) 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45), which expands the disclosures a guarantor is required to provide in its annual and interim financial statements regarding its obligations for certain guarantees. Disclosures are required to be included in financial statements issued after December 15, 2002 (see Note 9). FIN 45 also requires the guarantor to recognize a liability for the fair value of an obligation assumed for guarantees issued or modified after December 31, 2002.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities" (FIN 46), which addresses how to identify variable interest entities and the criteria that require a company to consolidate such entities in its financial statements. FIN 46 is effective on February 1, 2003 for new transactions and on July 1, 2003 for existing transactions. We are evaluating the impact of FIN 46 on our Consolidated Financial Statements.

During 2000, we adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), as amended (see Note 4 for additional information), and SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (SFAS 140). The adoption of SFAS 140 did not have a material impact on our Consolidated Financial Statements.

CASH AND CASH EQUIVALENTS
We classify short-term, highly liquid investments with original maturities of three months or less as cash and cash equivalents. These investments are recorded at cost, which we believe approximates fair value.

Under our cash management system, we utilize controlled disbursement accounts that are funded daily. Payments issued by us, which have not been presented to the bank for payment, are recorded in accounts payable, deferred credits and other accrued liabilities on our Consolidated Balance Sheets.

RESTRICTED ASSETS
We have restricted cash, which primarily relates to cash held as collateral to support certain projected insurance obligations. At December 31, 2002, restricted cash included in current assets on our Consolidated Balance Sheets totaled $134 million.

We have restricted investments for the redevelopment and expansion of Terminal A at Boston's Logan International Airport (see Note 6 for additional information about this project). At December 31, 2002 and 2001, our restricted investments included in other assets on our Consolidated Balance Sheets totaled $417 million and $475 million, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS
We account for derivative financial instruments in accordance with SFAS 133. These derivative instruments include fuel hedge contracts, interest rate swap agreements and equity warrants and other similar rights in certain companies (see Note 4).

FUEL HEDGE CONTRACTS
Our fuel hedge contracts qualify as cash flow hedges under SFAS 133. We record the fair value of our fuel hedge contracts on our Consolidated Balance Sheets and regularly adjust the balances to reflect changes in the fair values of those contracts.

Effective gains or losses related to the fair value adjustments of the fuel hedge contracts are recorded in shareowners' equity as a component of accumulated other comprehensive income (loss). These gains or losses are recognized in aircraft fuel expense in the period in which the related aircraft fuel purchases being hedged are consumed and when the fuel hedge contract is settled. However, to the extent that the change in fair value of a fuel hedge contract does not perfectly offset the change in the value of the aircraft fuel being hedged, the ineffective portion of the hedge is immediately recognized as a fair value adjustment of SFAS 133 derivatives in other income (expense) on our Consolidated Statements of Operations. In calculating the ineffective portion of our hedges under SFAS 133, we include all changes in the fair value attributable to the time value component and recognize the amount in income during the life of the contract. Prior to the adoption of SFAS 133, the fuel hedge gains or losses that were netted against fuel expense included the total fuel-related hedge premiums.

INTEREST RATE SWAP AGREEMENTS

Our interest rate swap agreements qualify as fair value hedges under SFAS 133. We record the fair value of these interest rate swap agreements on our Consolidated Balance Sheets and regularly adjust these amounts and the related debt to reflect changes in their fair values. Net periodic interest rate swap settlements are recorded as adjustments to interest expense in other income (expense) on our Consolidated Statements of Operations.

EQUITY WARRANTS AND OTHER SIMILAR RIGHTS

We record our equity warrants and other similar rights in certain companies at fair value at the date of acquisition in investments in debt and equity securities on our Consolidated Balance Sheets. In accordance with SFAS 133, we regularly adjust our Consolidated Balance Sheets to reflect the changes in the fair values of the equity warrants and other similar rights, and recognize the related gains or losses as fair value adjustments of SFAS 133 derivatives in other income (expense) on our Consolidated Statements of Operations.

REVENUE RECOGNITION

PASSENGER REVENUES

We record sales of passenger tickets as air traffic liability on our Consolidated Balance Sheets. Passenger revenues are recognized when we provide the transportation, reducing the related air traffic liability. We periodically evaluate the estimated air traffic liability and record any resulting adjustments in the Consolidated Statements of Operations in the period that the evaluations are completed.

We sell mileage credits in the SkyMiles(R) frequent flyer program to participating partners such as credit card companies, hotels and car rental agencies. A portion of the revenue from the sale of mileage credits is deferred until the credits are redeemed for travel. For accounting purposes, we amortize the deferred revenue on a straight-line basis over a 30-month period. The majority of the revenue from the sale of mileage credits, including the amortization of deferred revenue, is recorded in passenger revenue; the remaining portion is recorded as an offset to other selling expenses.

CARGO REVENUES

Cargo revenues are recognized in our Consolidated Statements of Operations when we provide the transportation.

OTHER, NET

We are party to codeshare agreements with certain foreign airlines. Under these agreements, we sell seats on these airlines' flights, and they sell seats on our flights, with each airline separately marketing its respective seats. The revenue from our sale of codeshare seats flown by certain foreign airlines and the direct costs incurred in marketing the codeshare flights are recorded in other, net in operating revenues on our Consolidated Statements of Operations. Our revenue from certain foreign airlines' sale of codeshare seats flown by us is recorded in passenger revenue on our Consolidated Statements of Operations.

We record revenues under our contract carrier agreements, reduced by related expenses, in other, net in operating revenues on our Consolidated Statements of Operations (see Note 9).

LONG-LIVED ASSETS

We record our property and equipment at cost and depreciate or amortize these assets on a straight-line basis to their estimated residual values over their respective estimated useful lives. Residual values for flight equipment range from 5%-40% of cost. We also capitalize certain internal and external costs incurred to develop internal-use software during the application stage; these assets are included in ground property and equipment, net on our Consolidated Balance Sheets. The estimated useful lives for major asset classifications are as follows:

Asset Classification	Estimated Useful Life
Owned flight equipment	15-25 years
Flight and ground equipment under capital lease	Lease Term
Ground property and equipment	3-30 years

In accordance with SFAS 144, we record impairment losses on long-lived assets used in operations when events and circumstances indicate the assets may be impaired and the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts. For long-lived assets held for sale, we record impairment losses when the carrying amount is greater than the fair value less the cost to sell. We discontinue depreciation of long-lived assets once they are classified as held for sale.

To determine impairments for aircraft used in operations, we group assets at the fleet type level (the lowest level for which there are identifiable cash flows) and then estimate future cash flows based on projections of passenger yield, fuel costs, labor costs and other relevant factors in the markets in which these aircraft operate. If an impairment occurs, the amount of the impairment loss recognized is the amount by which the carrying amount of the aircraft exceeds the estimated fair value. Aircraft fair values are estimated by management using published sources, appraisals and bids received from third parties, as available.

GOODWILL AND OTHER INTANGIBLE ASSETS

Prior to our adoption of SFAS 142 on January 1, 2002, goodwill and other intangible assets were amortized over their estimated useful lives (not to exceed 40 years in the case of goodwill). Upon adoption of SFAS 142, we discontinued the amortization of goodwill and other intangible assets with indefinite useful lives. Instead, in accordance with SFAS 142, we now apply a fair value-based impairment test to the net book value of goodwill and indefinite-lived intangible assets on an annual basis and on an interim basis if certain events or circumstances indicate that an impairment loss may have been incurred. Intangible assets that have determinable useful lives continue to be amortized on a straight-line basis over their remaining estimated useful lives. Our leasehold and operating rights have definite useful lives and we will continue to amortize these assets over their respective lease terms which range from nine to 19 years.

SFAS 142 requires a two-step process in evaluating goodwill for impairment. The first step requires the comparison of the fair value of each reporting unit to its carrying value. We have identified three reporting units which have assigned goodwill: Delta-mainline, ASA and Comair. Our methodology for estimating the fair value of each reporting unit primarily considers discounted future cash flows. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. If the carrying value of a reporting unit exceeds its fair value, however, a second step is required to determine the amount of the impairment charge, if any. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its implied fair value.

We perform our impairment test for our indefinite-lived intangible assets by comparing the fair value of each indefinite-lived intangible asset unit to its carrying value. The fair value of the asset unit is estimated based on its discounted future cash flows. We recognize an impairment charge if the carrying value of the asset unit exceeds its estimated fair value.

The annual impairment test date for our goodwill and indefinite-lived intangible assets is December 31 (see Note 5).

INTEREST CAPITALIZED

We capitalize interest on advance payments for the acquisition of new aircraft and on construction of ground facilities as an additional cost of the related assets. Interest is capitalized at our weighted average interest rate on long-term debt or, if applicable, the interest rate related to specific asset financings. Interest capitalization ends when the equipment or facility is ready for service or its intended use. Capitalized interest totaled $15 million, $32 million and $45 million for the years ended December 31, 2002, 2001 and 2000, respectively.

EQUITY METHOD INVESTMENTS
We use the equity method to account for our 40% ownership interest in WORLD- SPAN, L.P. (Worldspan), a computer reservations system partnership. Our equity earnings from this investment totaled $43 million, $19 million and $59 million for the years ended December 31, 2002, 2001 and 2000, respectively. We also received cash dividends from Worldspan of $40 million, $70 million and $32 million for the years ended December 31, 2002, 2001 and 2000, respectively. Worldspan provides computer reservation and related services for us, which totaled approximately $180 million for the year ended December 31, 2002. At December 31, 2002, we had a liability to Worldspan for $15 million which is included in accounts payable, deferred credits and other accrued liabilities on our Consolidated Balance Sheet.

We account for our 18% ownership interest in Orbitz, LLC (Orbitz), an on-line travel agency, under the equity method. We use the equity method of accounting for this investment because we believe we have the ability to exercise significant influence, but not control, over the financial and operating policies of Orbitz. This influence is evidenced by, among other things, our right to appoint two of our senior officers to the 11 member Board of Managers of Orbitz, which allows us to participate in Orbitz's financial and operating decisions.

Our investments in Worldspan and Orbitz are recorded in investments in associated companies on our Consolidated Balance Sheets.

INCOME TAXES
We account for deferred income taxes under the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes" (SFAS 109). Under this method, we recognize deferred tax assets and liabilities based on the tax effects of temporary differences between the financial statement and tax bases of assets and liabilities, as measured by current enacted tax rates. A valuation allowance is recorded to reduce deferred tax assets when determined necessary in accordance with SFAS 109. Deferred tax assets and liabilities are recorded net as current and noncurrent deferred income taxes on our Consolidated Balance Sheets.

FREQUENT FLYER PROGRAM
We record an estimated liability for the incremental cost associated with providing free transportation under our SkyMiles frequent flyer program when a free travel award is earned. The liability is recorded in accounts payable, deferred credits and other accrued liabilities on our Consolidated Balance Sheets. It is adjusted periodically based on awards earned, awards redeemed, changes in the SkyMiles program and changes in estimated incremental costs.

DEFERRED GAINS ON SALE AND LEASEBACK TRANSACTIONS
We amortize deferred gains on the sale and leaseback of property and equipment under operating leases over the lives of these leases. The amortization of these gains is recorded as a reduction in rent expense. Gains on the sale and leaseback of property and equipment under capital leases reduce the carrying value of the related assets.

MANUFACTURERS' CREDITS
We periodically receive credits in connection with the acquisition of aircraft and engines. These credits are deferred until the aircraft and engines are delivered, then applied on a pro rata basis as a reduction to the cost of the related equipment.

MAINTENANCE COSTS
We record maintenance costs in operating expenses as they are incurred.

INVENTORIES
Inventories of expendable parts related to flight equipment are carried at cost and charged to operations as consumed. An allowance for obsolescence for the cost of these parts is provided over the remaining useful life of the related fleet.

ADVERTISING COSTS

We expense advertising costs as other selling expenses in the year incurred. Advertising expense was $130 million, $153 million and $151 million for the years ended December 31, 2002, 2001 and 2000, respectively.

COMMISSIONS

We record passenger commissions in prepaid expenses and other on our Consolidated Balance Sheets when the related passenger tickets are sold. Passenger commissions are recognized in operating expenses on our Consolidated Statements of Operations when the transportation is provided and the related revenue is recognized.

FOREIGN CURRENCY REMEASUREMENT

We remeasure assets and liabilities denominated in foreign currencies using exchange rates in effect on the balance sheet date. Fixed assets and the related depreciation or amortization charges are recorded at the exchange rates in effect on the date we acquired the assets. Revenues and expenses denominated in foreign currencies are remeasured using average exchange rates for all periods presented. We recognize the resulting foreign exchange gains and losses as a component of miscellaneous income (expense). These gains and losses are immaterial for all periods presented.

STOCK-BASED COMPENSATION

We account for our stock-based compensation plans under the intrinsic value method in accordance with APB 25 and related interpretations (see Note 12 for additional information related to our stock-based compensation plans). No stock option compensation expense is recognized in net income (loss) as all stock options granted had an exercise price equal to the fair value of the underlying common stock on the grant date.

The estimated fair values of stock options granted during the years ended December 31, 2002, 2001 and 2000, were derived using the Black-Scholes model. The following table includes the assumptions used in estimating fair values and the resulting weighted average fair value of a stock option granted in the periods presented:

	Stock Options Granted		
Assumption	2002	2001	2000
Risk-free interest rate	4.4%	5.8%	6.2%
Average expected life of stock options (in years)	6.7	7.5	7.5
Expected volatility of common stock	38.9%	26.9%	26.9%
Expected annual dividends on common stock	$ 0.10	$ 0.10	$ 0.10
Weighted average fair value of a stock option granted	$ 9	$ 20	$ 23

The following table shows what our net income (loss) and earnings (loss) per share would have been for the years ended December 31, 2002, 2001 and 2000, had we accounted for our stock-based compensation plans under the fair value method of SFAS 123 using the assumptions in the table above:

(in millions, except per share data)	2002	2001	2000
NET INCOME (LOSS):			
As reported	$ (1,272)	$ (1,216)	$ 828
Deduct: total stock option compensation expense determined under the fair value based method, net of tax	(47)	(30)	(27)
As adjusted for the fair value method under SFAS 123	$ (1,319)	$ (1,246)	$ 801
BASIC EARNINGS (LOSS) PER SHARE:			
As reported	$ (10.44)	$ (9.99)	$ 6.58
As adjusted for the fair value method under SFAS 123	$ (10.82)	$ (10.23)	$ 6.36
DILUTED EARNINGS (LOSS) PER SHARE:			
As reported	$ (10.44)	$ (9.99)	$ 6.28
As adjusted for the fair value method under SFAS 123	$ (10.82)	$ (10.23)	$ 6.07

FAIR VALUE OF FINANCIAL INSTRUMENTS

We record our cash equivalents and short-term investments at cost, which we believe approximates their fair values. The estimated fair values of other financial instruments, including debt and derivative instruments, have been determined using available market information and valuation methodologies, primarily discounted cash flow analyses and the Black-Scholes model.

Note 2. Marketable and Other Equity Securities

PRICELINE.COM INCORPORATED (PRICELINE)

We are party to an agreement with priceline under which we (1) provide ticket inventory that may be sold through priceline's Internet-based e-commerce system and (2) received certain equity interests in priceline. We are required to provide priceline access to unpublished fares.

2000

At January 1, 2000, our equity interests in priceline included (1) a warrant to purchase up to 5.5 million shares of priceline common stock for $56.63 per share (1999 Warrant) (see discussion below); (2) a right to exchange six million shares of priceline common stock for six million shares of priceline convertible preferred stock (Exchange Right); and (3) 7.2 million shares of priceline common stock. During 2000, we (1) exercised the Exchange Right in full, receiving six million shares of priceline Series A Convertible Preferred Stock (Series A Preferred Stock); (2) sold 1.2 million shares of priceline common stock; and (3) received 549,764 shares of priceline common stock as a dividend on the Series A Preferred Stock. In our 2000 Consolidated Statement of Operations, we recognized
(1) a pretax gain of $301 million from the exercise of the Exchange Right and the sale of priceline common stock and (2) other income of $14 million, pretax, from the dividend.

The fair value of the 1999 Warrant on the date received was determined to be $61 million based on an independent third-party appraisal. This amount was recognized in income ratably from November 1999 through November 2002.

On November 2, 2000, the 1999 Warrant was amended to reduce (1) the number of shares underlying the warrant from 5.5 million to 4.7 million and (2) our per share purchase price for those shares from $56.63 to $4.72 (Amended 1999 Warrant). The Amended 1999 Warrant became exercisable in full on January 1, 2001, and expires on November 17, 2004. The amendment of the 1999 Warrant did not have a material impact on our Consolidated Financial Statements.

2001

On February 6, 2001, we and priceline agreed to restructure our investment in priceline. We exchanged our six million shares of Series A Preferred Stock for
(1) 80,000 shares of priceline Series B Redeemable Preferred Stock (Series B Preferred Stock) and (2) a warrant to purchase up to 26.9 million shares of priceline common stock for $2.97 per share (2001 Warrant).

The Series B Preferred Stock (1) bears an annual per share dividend of approximately 36 shares of priceline common stock; (2) has a liquidation preference of $1,000 per share plus any dividends accrued or accumulated but not yet paid (Liquidation Preference); (3) is subject to mandatory redemption on February 6, 2007, at a price per share equal to the Liquidation Preference; and
(4) is subject to redemption in whole, at the option of us or priceline, if priceline completes any of certain business combination transactions (Optional Redemption).

Based on an independent third-party appraisal, at February 6, 2001, the fair value of (1) the Series B Preferred Stock was estimated to be $80 million and
(2) the 2001 Warrant was estimated to be $46 million. The total fair value of these securities equaled the carrying amount of the Series A Preferred Stock, including its conversion feature and accumulated dividends on the date the Series A Preferred Stock was exchanged for the Series B Preferred Stock and the 2001 Warrant. Accordingly, we did not recognize a gain or loss on this transaction.

As discussed above, the 2001 Warrant provides us with the right to purchase up to an additional 26.9 million shares of priceline common stock for $2.97 per share. We may exercise the 2001 Warrant, in whole or in part, at any time prior to the close of business on February 6, 2007, unless all of the shares of Series B Preferred Stock owned by us are redeemed in an Optional Redemption, in which case we may not exercise the 2001 Warrant after the date of the Optional Redemption. The exercise price may be paid by us only by the surrender of shares of Series B Preferred Stock, valued at $1,000 per share.

The 2001 Warrant also provides that it will automatically be deemed exercised if the closing sales price of priceline common stock exceeds $8.91 for 20 consecutive trading days. In that event, our rights in the shares of Series B Preferred Stock necessary to pay the exercise price of the 2001 Warrant would automatically be converted into the right to receive shares of priceline common stock pursuant to the 2001 Warrant.

During 2001, we (1) exercised the 2001 Warrant in part to purchase 18.4 million shares of priceline common stock, paying the exercise price by surrendering to priceline 54,656 shares of Series B Preferred Stock; (2) sold 18.7 million shares of priceline common stock; and (3) received 986,491 shares of priceline common stock as a dividend on the Series B Preferred Stock. In our 2001 Consolidated Statement of Operations, we recognized (1) other income of $9 million, pretax, from the dividend and (2) a pretax gain of $4 million from the exercise of the 2001 Warrant and the sale of priceline common stock.

2002

During 2002, we (1) exercised the 2001 Warrant in part to purchase 4.0 million shares of priceline common stock, paying the exercise price by surrendering to priceline 11,875 shares of Series B Preferred Stock; (2) sold 3.9 million shares of priceline common stock; and (3) received 695,749 shares of priceline common stock as dividends on the Series B Preferred Stock. In our 2002 Consolidated Statement of Operations, we recognized (1) a pretax loss of $3 million from the exercise of the 2001 Warrant and the sale of priceline common stock and (2) other income of $2 million, pretax, from the dividends.

The following table represents our equity interests in priceline and their respective carrying values at December 31, 2002 and 2001:

	Number of Shares(1)		Carrying Values	
(in millions, except shares of Series B Preferred Stock)	2002	2001	2002	2001
Series B Preferred Stock	13,469	25,344	$ 13	$ 25
2001 Warrant	4.5	8.5	3	31
Amended 1999 Warrant	4.7	4.7	--	13
priceline common stock	2.1	1.3	3	7

(1) We have certain registration rights relating to shares of priceline common stock we acquire from the exercise of the Amended 1999 Warrant or the 2001 Warrant or receive as dividends on the Series B Preferred Stock.

The Series B Preferred Stock and priceline common stock are accounted for as available-for-sale securities. In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), the Series B Preferred Stock and the priceline common stock are recorded at fair value in investments in debt and equity securities on our Consolidated Balance Sheets. Any changes in fair value of these assets are recorded, net of tax, in accumulated other comprehensive income (loss). The Series B Preferred Stock is recorded at face value, which we believe approximates fair value. The warrants are recorded at fair value in investments in debt and equity securities on our Consolidated Balance Sheets and any changes in fair value are recorded in other income (expense) on our Consolidated Statements of Operations in accordance with SFAS 133.

REPUBLIC AIRWAYS HOLDINGS, INC. (REPUBLIC)

On June 7, 2002, we entered into a contract carrier agreement with Chautauqua Airlines, Inc. (Chautauqua), a regional air carrier which is a subsidiary of Republic (see Note 9). In conjunction with this agreement, we received from Republic (1) a warrant to purchase up to 1.5 million shares of Republic common stock for $12.50 per share (2002 Warrant); (2) a warrant to purchase up to 1.5 million shares of Republic common stock at a price per share equal to 95% of the public offering price per share in Republic's initial public offering of common stock (IPO Warrant); (3) the right to purchase up to 5% of the shares of common stock that

Republic offers for sale in its initial public offering at a price per share equal to the initial public offering price; and (4) the right to receive a warrant to purchase up to an additional 60,000 shares of Republic common stock for each additional aircraft Chautauqua operates for us above the 22 aircraft under the original contract carrier agreement.

The 2002 Warrant is exercisable in whole or in part at any time until June 7, 2012. The fair value of the 2002 Warrant on the date received was approximately $11 million, and will be recognized in income ratably over a five-year period. The carrying value of the 2002 Warrant was approximately $10 million at December 31, 2002. The 2002 Warrant is accounted for in the same manner as the priceline warrants described above.

The IPO Warrant is exercisable in whole or in part at any time (1) beginning on the closing date of Republic's initial public offering of common stock and (2) subject to earlier cancellation if the contract carrier agreement is terminated in certain circumstances, ending on the tenth anniversary of that closing date. We will record the fair value of the IPO Warrant on the closing date of Republic's initial public offering of common stock.

The 2002 Warrant, the IPO Warrant and the shares of Republic common stock underlying these securities are not registered under the Securities Act of 1933; however, we have certain demand and piggyback registration rights relating to the underlying shares of Republic common stock.

OTHER

Our equity interest in SkyWest, Inc., the parent company of SkyWest Airlines, was classified as an available-for-sale equity security under SFAS 115. During 2001, we sold our equity interest in SkyWest, Inc. for $125 million and recorded a pretax gain of $111 million. We recorded this gain in our 2001 Consolidated Statement of Operations in gain (loss) from sale of investments, net.

During 2001, we also sold our remaining equity interest in Equant, N.V. (Equant), an international data services company, recognizing a pretax gain of $11 million. We recorded this gain in our 2001 Consolidated Statement of Operations in gain (loss) from sale of investments, net.

Note 3. Risk Management

AIRCRAFT FUEL PRICE RISK

Our results of operations can be significantly impacted by changes in the price of aircraft fuel. To manage this risk, we periodically purchase options and other similar non-leveraged derivative instruments and enter into forward contracts for the purchase of fuel. These contracts may have maturities of up to 36 months. We may hedge up to 80% of our expected fuel requirements on a 12-month rolling basis. See Note 4 for additional information about our fuel hedge contracts. We do not enter into fuel hedge contracts for speculative purposes.

INTEREST RATE RISK

Our exposure to market risk due to changes in interest rates primarily relates to our long-term debt obligations and cash portfolio. Market risk associated with our long-term debt relates to the potential change in fair value resulting from a change in interest rates as well as the potential increase in interest we would pay on variable rate debt. At December 31, 2002 and 2001, approximately 26% and 25%, respectively, of our total debt was variable rate debt. Market risk associated with our cash portfolio relates to the potential change in our earnings resulting from a decrease in interest rates.

From time to time, we may enter into interest rate swap agreements, provided that the notional amount of these transactions does not exceed 50% of our long-term debt. See Note 4 for additional information about our interest rate swap agreements. We do not enter into interest rate swap agreements for speculative purposes.

FOREIGN CURRENCY EXCHANGE RISK

We are subject to foreign currency exchange risk because we have revenues and expenses denominated in foreign currencies, primarily the euro, the British pound and the Canadian dollar. To manage exchange rate risk, we net foreign currency revenues and expenses, to the extent practicable. From time to time, we may also enter into foreign currency options and forward contracts with maturities of up to 12 months. We did not have any foreign currency hedge contracts at December 31, 2002. The fair value of our foreign currency hedge contracts was not material at December 31, 2001. We do not enter into foreign currency hedge contracts for speculative purposes.

CREDIT RISK

To manage credit risk associated with our aircraft fuel price, interest rate and foreign currency exchange risk management programs, we select counterparties based on their credit ratings and limit our exposure to any one counterparty under defined guidelines. We also monitor the market position of these programs and our relative market position with each counterparty. The credit exposure related to these programs was not significant at December 31, 2002 and 2001.

Our accounts receivable are generated largely from the sale of passenger airline tickets and cargo transportation services to customers. The majority of these sales are processed through major credit card companies, resulting in accounts receivable which are generally short-term in duration. We also have receivables from the sale of mileage credits to partners, such as credit card companies, hotels and car rental agencies, that participate in our SkyMiles program. We believe that the credit risk associated with these receivables is minimal and that the allowance for uncollectible accounts that we have provided is sufficient.

SELF-INSURANCE RISK

We self-insure a portion of our losses from claims related to workers' compensation, environmental issues, property damage, medical insurance for employees and general liability. Losses are accrued based on an estimate of the ultimate aggregate liability for claims incurred, using independent actuarial reviews based on standard industry practices and our actual experience. A portion of our projected workers' compensation liability is secured with restricted cash collateral (see Note 1).

Note 4. Derivative Instruments

On July 1, 2000, we adopted SFAS 133, as amended. SFAS 133 requires us to record all derivative instruments on our Consolidated Balance Sheets at fair value and to recognize certain non-cash changes in these fair values in our Consolidated Statements of Operations. SFAS 133 impacts the accounting for our fuel hedging program, our interest rate hedging program and our holdings of equity warrants and other similar rights in certain companies.

The impact of SFAS 133 on our Consolidated Statements of Operations is summarized as follows:

	Income (Expense)			
(in millions)	FOR THE YEAR ENDED DECEMBER 31, 2002	For the Year Ended December 31, 2001	For the Six Months Ended December 31, 2000	Cumulative Effect July 1, 2000
Write-off of fuel hedge contract premiums	$ --	$ --	$ --	$ (143)
Change in time value of fuel hedge contracts	(23)	(1)	7	--
Ineffective portion of fuel hedge contracts	13	(3)	(2)	16
Fair value adjustment of equity rights	(29)	72	(164)	(37)
Fair value adjustments of SFAS 133 derivatives, pretax	(39)	68	(159)	(164)
Total, net of tax	$ (25)	$ 41	S (97)	$ (100)

FUEL HEDGING PROGRAM
Because there is not a readily available market for derivatives in aircraft fuel, we use heating and crude oil derivative contracts to manage our exposure to changes in aircraft fuel prices. Changes in the fair value of these contracts (fuel hedge contracts) are highly effective at offsetting changes in aircraft fuel prices.

At December 31, 2002, our fuel hedge contracts had an estimated short-term fair value of $68 million and an estimated long-term fair value of $5 million, with unrealized gains of $29 million, net of tax, recorded in accumulated other comprehensive income (loss). At December 31, 2001, our fuel hedge contracts had an estimated short-term fair value of $55 million and an estimated long-term fair value of $9 million, with unrealized gains of $25 million, net of tax, recorded in accumulated other comprehensive income (loss). See Note 1 for information about our accounting policy for fuel hedge contracts.

INTEREST RATE HEDGING PROGRAM
To manage our interest rate exposure, in July 2002, we entered into two interest rate swap agreements relating to our (1) $300 million principal amount of unsecured Series C Medium Term Notes due March 15, 2004, which pay interest at a fixed rate of 6.65% per year and (2) $500 million principal amount of unsecured Notes due December 15, 2005, which pay interest at a fixed rate of 7.70% per year.

Under the first interest rate swap agreement, we are paying the London InterBank Offered Rate (LIBOR) plus a margin per year and receiving 6.65% per year on a notional amount of $300 million until March 15, 2004. Under the second agreement, we are paying LIBOR plus a margin per year and receiving 7.70% per year on a notional amount of $500 million until December 15, 2005.

At December 31, 2002, our interest rate swap agreements had an estimated long-term fair value of $21 million which was recorded in other noncurrent assets on our Consolidated Balance Sheets. In accordance with fair value hedge accounting, we also recorded a $21 million increase to the carrying value of our long-term debt. We did not have any interest rate swap agreements outstanding at December 31, 2001. See Note 1 for information about our accounting policy for interest rate swap agreements.

EQUITY WARRANTS AND OTHER SIMILAR RIGHTS
We own equity warrants and other similar rights in certain companies, primarily Republic and priceline. The total fair value of these rights at December 31, 2002 and 2001, was $14 million and $48 million, respectively. See Notes 1 and 2 for information about our accounting policy for these rights and the significant rights that we own, respectively.

Note 5. Goodwill and Intangible Assets
On January 1, 2002, we adopted SFAS 142, which requires that we discontinue the amortization of goodwill and other intangible assets with indefinite useful lives. Instead, we now apply a fair value-based impairment test to the net book value of goodwill and indefinite-lived intangible assets. See Note 1 for information about our accounting policy for the impairment tests of goodwill and other intangible assets.

The adoption of SFAS 142 decreased our operating expenses on our Consolidated Statements of Operations by approximately $60 million, net of tax, for the year ended December 31, 2002, due to the discontinuance of amortization of goodwill and indefinite-lived intangible assets. The following table reconciles our reported net income (loss) and earnings (loss) per share to adjusted net income (loss) and earnings (loss) per share as if the non-amortization provisions of SFAS 142 had been applied to prior year periods:

(in millions, except per share data)	For the Years Ended December 31, 2002	2001	2000
Net income (loss) before cumulative effect of change in accounting principle	$ (1,272)	$ (1,216)	$ 928
Net income (loss)	$ (1,272)	$ (1,216)	$ 828
Add back: goodwill and international route amortization, net of tax	--	60	60
Adjusted net income (loss) before cumulative effect of change in accounting principle	$ (1,272)	$ (1,156)	$ 988
Adjusted net income (loss)	$ (1,272)	$ (1,156)	$ 888
BASIC EARNINGS PER SHARE:			
Net income (loss) before cumulative effect of change in accounting principle	$ (10.44)	$ (9.99)	$ 7.39
Net income (loss)	$ (10.44)	$ (9.99)	$ 6.58
Add back: goodwill and international route amortization, net of tax	--	0.49	0.49
Adjusted net income (loss) before cumulative effect of change in accounting principle	$ (10.44)	$ (9.50)	$ 7.88
Adjusted net income (loss)	$ (10.44)	$ (9.50)	$ 7.07
DILUTED EARNINGS PER SHARE:			
Net income (loss) before cumulative effect of change in accounting principle	$ (10.44)	$ (9.99)	$ 7.05
Net income (loss)	$ (10.44)	$ (9.99)	$ 6.28
Add back: goodwill and international route amortization, net of tax	--	0.49	0.46
Adjusted net income (loss) before cumulative effect of change in accounting principle	$ (10.44)	$ (9.50)	$ 7.51
Adjusted net income (loss)	$ (10.44)	$ (9.50)	$ 6.74

During the March 2002 quarter, we completed the required initial test of potential impairment of indefinite-lived intangible assets, other than goodwill; that test indicated no impairment at the date of adoption of SFAS 142. The following table presents information about our intangible assets, other than goodwill, at December 31, 2002 and 2001:

	2002		2001	
(in millions)	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Leasehold and operating rights	$ 125	$ (86)	$ 113	$ (81)
Other	3	(1)	2	(1)
Total	$ 128	$ (87)	$ 115	$ (82)

	2002 NET CARRYING AMOUNT	2001 Net Carrying Amount
Unamortized intangible assets:		
International routes	$ 60	$ 60
Other	1	1
Total	$ 61	$ 61

During the June 2002 quarter, we completed our transitional goodwill impairment test, which indicated no impairment at the date of adoption of SFAS 142. At December 31, 2002, we performed the required annual impairment test of our goodwill and indefinite-lived intangible assets, which also indicated no impairment.

Note 6. Debt

The following table summarizes our debt at December 31, 2002 and 2001:

(dollars in millions)	2002	2001
SECURED(1)		
Series 2000-1 Enhanced Equipment Trust Certificates		
7.38% Class A-1 due in installments from 2003 to May 18, 2010	$ 274	$ 308
7.57% Class A-2 due November 18, 2010	738	738
7.92% Class B due November 18, 2010	182	182
7.78% Class C due November 18, 2005	239	239
9.11% Class D due November 18, 2005	176	--
	1,609	1,467
Series 2001-1 Enhanced Equipment Trust Certificates		
6.62% Class A-1 due in installments from 2003 to March 18, 2011	262	300
7.11% Class A-2 due September 18, 2011	571	571
7.71% Class B due September 18, 2011	207	207
7.30% Class C due September 18, 2006	170	170
6.95% Class D due September 18, 2006	150	150
	1,360	1,398
Series 2001-2 Enhanced Equipment Trust Certificates		
3.11% Class A due in installments from 2003 to December 18, 2011(2)	423	449
4.31% Class B due in installments from 2003 to December 18, 2011(2)	254	282
5.66% Class C due in installments from 2005 to December 18, 2011(2)	80	--
	757	731
Series 2002-1 Enhanced Equipment Trust Certificates		
6.72% Class G-1 due in installments from 2003 to January 2, 2023	587	--
6.42% Class G-2 due July 2, 2012	370	--
7.78% Class C due in installments from 2003 to January 2, 2012	169	--
	1,126	--
1.9%-5.9% Other aircraft financings due in installments from 2003 to June 19, 2019(2)	1,555	506
Total secured debt	6,407	4,102
UNSECURED		
1997 Bank Credit Agreement, paid in full and terminated on May 1, 2002	--	625
Massachusetts Port Authority Special Facilities Revenue Bonds		
5.0-5.5% Series 2001A due in installments from 2012 to 2027	338	338
1.3%(2) Series 2001B due in installments from 2027 to January 1, 2031	80	80
1.4%(2) Series 2001C due in installments from 2027 to January 1, 2031	80	80
8.10% Series C Guaranteed Serial ESOP Notes, due in installments from 2003 to 2009	92	290
6.65% Medium-Term Notes, Series C, due March 15, 2004	300	300
7.7% Notes due December 15, 2005	500	500
7.9% Notes due December 15, 2009	499	499
9.75% Debentures due May 15, 2021	106	106
Development Authority of Clayton County, loan agreement,		
3.2%(2)Series 2000A due June 1, 2029	65	65
3.3%(2)Series 2000B due May 1, 2035	116	116
3.3%(2) Series 2000C due May 1, 2033	120	120
8.3% Notes due December 15, 2029	925	925
8.125% Notes due July 1, 2039(3)	538	538
5.3% to 10.375% Other unsecured debt due 2003 to 2033	574	620
Total unsecured debt	4,333	5,202
Total debt	10,740	9,304
Less: current maturities	666	1,025
Total long-term debt	$10,074	$8,279

(1) Our secured debt is secured by first mortgage liens on a total of 249 aircraft (69 B-737-800, 32 B-757-200, two B-767-300, 28 B-767-300ER, six B-767-400, four B-777-200, 93 CRJ-100/200, 11 EMB-120 and four ATR-72) delivered new to us from March 1992 through December 2002. These aircraft had an aggregate net book value of approximately $7.0 billion at December 31, 2002.

(2) Our variable interest rate long-term debt is shown using interest rates in effect at December 31, 2002.

(3) The 8.125% Notes due 2039 are redeemable by us, in whole or in part, at par on or after July 1, 2004.

The fair value of our total debt was $9.5 billion and $8.9 billion at December 31, 2002 and 2001, respectively.

FUTURE MATURITIES

The following table summarizes the scheduled maturities of our debt at December 31, 2002, for the next five years and thereafter:

Years Ending December 31, (in millions)	Principal Amount
2003	$ 666
2004	623
2005	1,203
2006	602
2007	285
After 2007	7,361
Total	$10,740

BOSTON AIRPORT TERMINAL PROJECT

During 2001, we entered into lease and financing agreements with the Massachusetts Port Authority (Massport) for the redevelopment and expansion of Terminal A at Boston's Logan International Airport. The completion of this project will enable us to consolidate all of our domestic operations at that airport into one location. Construction began in the June 2002 quarter and is expected to be completed during 2005. Project costs will be funded with $498 million in proceeds from Special Facilities Revenue Bonds issued by Massport on August 16, 2001. We agreed to pay the debt service on the bonds under a long-term lease agreement with Massport and issued a guarantee to the bond trustee covering the payment of the debt service on the bonds. For additional information about these bonds, see "Massachusetts Port Authority Special Facilities Revenue Bonds" on the table on page 43. Because we have issued a guarantee of the debt service on the bonds, we have included the bonds, as well as the related bond proceeds, on our Consolidated Balance Sheets. The bonds are reflected in noncurrent liabilities and the related proceeds, which are held in trust, are reflected as restricted investments in other assets on our Consolidated Balance Sheets.

LETTER OF CREDIT ENHANCED MUNICIPAL BONDS

In June 2000, the Development Authority of Clayton County (Development Authority) issued $301 million principal amount of bonds in three series with scheduled maturities between 2029 and 2035. The proceeds of this sale were used to refund bonds that had been issued to finance certain of our facilities at Hartsfield Atlanta International Airport. The new bonds are secured by the Development Authority's pledge of revenues derived by the Development Authority under related loan agreements between us and the Development Authority. The Development Authority bonds currently bear interest at a variable rate which is determined weekly. The bonds may be tendered for purchase by their holders on seven days notice. Subject to certain conditions, tendered bonds will be remarketed at then prevailing interest rates.

Principal and interest on the bonds, and the payment of the purchase price of bonds tendered for purchase, are presently paid under three irrevocable, direct-pay letters of credit totaling $305 million issued by Commerzbank AG under a Reimbursement Agreement between us and a group of banks (Reimbursement Agreement).

There are also outstanding under the Reimbursement Agreement irrevocable direct-pay letters of credit totaling $104 million relating to $102 million principal amount of bonds issued by other municipalities to build certain airport facilities leased to us. These bonds currently bear interest at a variable rate, which is determined weekly, and may be tendered for purchase by their holders on seven days notice. We pay the debt service on these bonds under long-term lease agreements (see Note 7). The related letters of credit are similar to the letters of credit relating to the Development Authority bonds.

In October 2002, we and the banks that are parties to the Reimbursement Agreement amended that agreement to eliminate covenants that limited our secured debt and debt-to-equity ratio. We took this action to increase our financial flexibility and because we believed we would not be in compliance with the debt-to-equity covenant at December 31, 2002, due to the combined effect of (1) the anticipated need to record at December 31, 2002, a substantial non-cash charge to equity relating to our defined benefit pension plans (see Note 11); (2) our increased debt levels; and (3) our continuing losses since 2001. In consideration for these changes, we:

- Agreed to comply with a new cash maintenance covenant that was added to the Reimbursement Agreement. See the Covenants and Change in Control Provisions section below.

- Agreed that the Reimbursement Agreement and the letters of credit issued thereunder would terminate on June 8, 2003. These letters of credit were originally scheduled to expire between June 8, 2003 and December 4, 2003.

- Terminated in October 2002 a reimbursement agreement with Bayerische Hypo-Und Vereinsbank AG and a group of banks (HVB Agreement) and the related letter of credit that supported our obligations with respect to the Series C Guaranteed Serial ESOP Notes (ESOP Notes). Several of the banks that are parties to the Reimbursement Agreement also participated in the HVB Agreement. The HVB Agreement was originally scheduled to expire on May 19, 2003. See the ESOP Notes section below.

The Reimbursement Agreement generally provides that, if there is a drawing under a letter of credit to purchase bonds that have been tendered, we may convert our repayment obligation to a loan that becomes due and payable on the earlier of
(1) the date the related bonds are remarketed or (2) June 8, 2003.

Unless the letters of credit issued under the Reimbursement Agreement are extended in a timely manner, we will be required to purchase on June 3, 2003, five days prior to the expiration of the letters of credit, the related $403 million principal amount of tax-exempt municipal bonds. In these circumstances, we could seek, but there is no assurance we would be able, to (1) sell the bonds without a letter of credit enhancement at then prevailing fixed interest rates or (2) replace the expiring letters of credit with a new letter of credit from an alternate credit provider and remarket the related bonds.

ESOP NOTES

We guarantee the ESOP Notes issued by the Delta Family-Care Savings Plan. The holders of the ESOP Notes were entitled to the benefits of an unconditional, direct-pay letter of credit issued under the HVB Agreement. Required payments of principal, interest and make-whole premium amounts on the ESOP Notes were paid under the letter of credit. As part of the amendment to the Reimbursement Agreement discussed above, we terminated the HVB Agreement on October 21, 2002.

To effect the termination of the HVB Agreement, on September 30, 2002, we provided the required advance notice of our decision to terminate early the letter of credit issued under that agreement. As a result of this action, each holder of the ESOP Notes had the right to require us to purchase its ESOP Notes before the termination of the letter of credit. Some, but not all, of the holders of the ESOP Notes exercised this right. On October 15, 2002, we purchased ESOP Notes for $215 million, covering $169 million principal amount of ESOP Notes, $4 million of accrued interest and $42 million of make-whole premium. The $42 million loss recognized for the make-whole premium related to this extinguishment of debt was recorded in other income (expense) on our Consolidated Statements of Operations.

As a result of the termination of the letter of credit issued under the HVB Agreement, the holders of the remaining $92 million principal amount of ESOP Notes that we did not purchase on October 15, 2002, had the right to tender their ESOP Notes for purchase by January 26, 2003. Some, but not all, of the remaining holders of the ESOP Notes exercised this right. On January 26, 2003, we incurred an obligation to purchase on February 25, 2003, ESOP Notes for $74 million, covering $57 million principal amount of ESOP Notes, $3 million of accrued interest and $14 million of make-whole premium. The $14 million loss recognized for the make-whole premium related to this extinguishment of debt will be recorded during the March 2003 quarter in other income (expense) on our Consolidated Statements of Operations. Subsequent to our purchase of these ESOP Notes, $35 million principal amount of ESOP Notes is held by third parties.

COVENANTS AND CHANGE IN CONTROL PROVISIONS

The Reimbursement Agreement, as amended, contains covenants that (1) require us to maintain a minimum of $1 billion of unrestricted cash, cash equivalents and short-term investments at the end of each month; (2) limit the amount of current debt and convertible subordinated debt that we may have outstanding; and (3) limit our annual flight equipment rental expense. It also provides that, upon the occurrence of a change in control of Delta, we shall, at the request of the banks, deposit cash collateral with the banks in an amount equal to all letters of credit outstanding and other amounts we owe under the Reimbursement Agreement.

As is customary in the airline industry, our aircraft lease and financing agreements require that we maintain certain levels of insurance coverage. We were in compliance with all of the covenants and requirements discussed above at December 31, 2002 and 2001.

OTHER FINANCING ARRANGEMENTS

On December 12, 2001, we entered into an agreement under which we were able to borrow, prior to July 1, 2002, up to $935 million on a secured basis. Upon completion of the Series 2002-1 enhanced equipment trust certificates financing on April 30, 2002, this facility terminated. No borrowings were outstanding under this facility during its term.

On December 28, 2001, we entered into a credit facility with certain banks under which, as amended, we may borrow up to $500 million on a secured basis until August 21, 2003, subject to certain conditions. The banks' lending commitment under this facility is reduced, however, to the extent we receive net cash proceeds from the issuance of certain financings. The interest rate under this facility is, at our option, LIBOR or a specified base rate plus a margin that varies depending on the period during which borrowings are outstanding. Any borrowings under this facility will be secured by certain aircraft owned by us. At December 31, 2002 and 2001, no borrowings were outstanding under this facility.

On January 31, 2002, we entered into a facility under which we were able to borrow up to approximately $350 million secured by certain regional jet aircraft which we purchased for cash. This facility was scheduled to expire on February 1, 2003, except that amounts borrowed prior to that date were due between 366 days and 18 months after the date of borrowing. In December 2002, we utilized as security for longer-term financings all of the regional jet aircraft that served as collateral under this facility. As a result, we terminated this facility on December 19, 2002. No borrowings were outstanding under this facility on that date.

Also on January 31, 2002, we entered into a facility to finance, on a secured basis at the time of acquisition, certain future deliveries of regional jet aircraft. At December 31, 2002, the total borrowings available to us under this facility, as amended, were $197 million, of which $31 million was outstanding. Borrowings under this facility (1) are due between 366 days and 18 months after the date of borrowing (subject to earlier repayment if certain longer-term financing is obtained for these aircraft) and (2) bear interest at LIBOR plus a margin.

We have available to us long-term, secured financing commitments from a third party that we may elect to use for a substantial portion of the commitments for regional jet aircraft to be delivered to ASA and Comair through 2004 (see Note 9). Any borrowings under these commitments would be at a fixed interest rate determined by reference to 10-year U.S. Treasury Notes and would have various repayment dates.

Note 7. Lease Obligations

We lease aircraft, airport terminal and maintenance facilities, ticket offices and other property and equipment. Rental expense for operating leases, which is recorded on a straight-line basis over the life of the lease, totaled $1.3 billion for each year ended December 31, 2002, 2001 and 2000. Amounts due under capital leases are recorded as liabilities. Our interest in assets acquired under capital leases is recorded as property and equipment on our Consolidated Balance Sheets. Amortization of assets recorded under capital leases is included in depreciation and amortization expense on our Consolidated Statements of Operations. Our leases do not include residual value guarantees.

The following table summarizes, as of December 31, 2002, our minimum rental commitments under capital leases and noncancelable operating leases with initial or remaining terms in excess of one year:

Years Ending December 31, (in millions)	Capital Leases	Operating Leases
2003	$ 40	$ 1,277
2004	31	1,203
2005	24	1,176
2006	16	1,128
2007	15	1,042
After 2007	46	6,918
Total minimum lease payments	172	$12,744
Less: lease payments that represent interest	45	
Present value of future minimum capital lease payments	127	
Less: current obligations under capital leases	27	
Long-term capital lease obligations	$100	

The total minimum rental commitments under operating leases in the table above do not include approximately $144 million in future minimum lease payments which we expect to receive under noncancelable subleases.

As of December 31, 2002, we operated 313 aircraft under operating leases and 45 aircraft under capital leases. These leases have remaining terms ranging from one month to 15 years.

Certain municipalities have issued special facilities revenue bonds to build or improve airport and maintenance facilities leased to us. The facility lease agreements require us to make rental payments sufficient to pay principal and interest on the bonds. The above table includes $1.8 billion of operating lease rental commitments for such payments.

Note 8. Sale of Receivables

We are party to an agreement, as amended, under which we sell a defined pool of our accounts receivable, on a revolving basis, through a special-purpose, wholly owned subsidiary, which then sells an undivided interest in the defined pool of accounts receivable to a third party. In accordance with SFAS 140, this subsidiary is not consolidated in our Consolidated Financial Statements. We retain servicing and record-keeping responsibilities for the receivables sold, the fair value of which is not material at December 31, 2002 and 2001.

In exchange for the sale of receivables, we receive (1) cash up to a maximum of $250 million from the subsidiary's sale of an undivided interest in the pool of receivables to the third party and (2) a subordinated promissory note from the subsidiary, less certain program fees. Proceeds from new securitizations under this agreement were approximately $38 million for the year ended December 31, 2002, which are recorded as cash flows from operations on our Consolidated Statements of Cash Flows. The amount of the promissory note fluctuates because it represents the portion of the purchase price payable for the volume of receivables sold. The principal amount of the promissory note was $67 million and $144 million at December 31, 2002 and 2001, respectively, and is included in accounts receivable on our Consolidated Balance Sheets. Additionally, our investment in the subsidiary, which represents our funding of the entity, totaled $117 million at December 31, 2002, and is recorded in investments in associated companies on our Consolidated Balance Sheets.

The program fees related to this agreement are paid to the third party based on the amounts invested by the third party. These fees were $4 million, $14 million and $22 million for the years ended December 31, 2002, 2001 and 2000, respectively, and are recorded in miscellaneous income (expense), net included in other income (expense) on our Consolidated Statements of Operations.

This agreement, as amended during the June 2002 quarter, expires on March 31, 2003. However, the third party may terminate this agreement prior to its scheduled termination date if our senior unsecured long-term debt is rated either below Ba3 by Moody's or below BB- by Standard & Poor's. If this agreement is terminated under these circumstances or upon expiration, we would be required to repurchase the funded receivables, which totaled $250 million at December 31, 2002. At December 31, 2002, our senior unsecured long-term debt was rated Ba3 by Moody's and BB- by Standard & Poor's. Both Moody's and Standard & Poor's ratings outlook for our long-term debt is negative.

Note 9. Purchase Commitments and Contingencies

AIRCRAFT & ENGINE ORDER COMMITMENTS

Future expenditures for aircraft and engines on firm order as of December 31, 2002 are estimated to be $5.0 billion. The following table shows the timing of these commitments:

Year Ending December 31, (in billions)	Amount
2003	$1.0
2004	0.7
2005	1.2
2006	1.3
2007	0.8
After 2007	--
Total	$5.0

CONTRACT CARRIER AGREEMENT COMMITMENTS

We have contract carrier agreements with two regional air carriers, Atlantic Coast Airlines (ACA) and SkyWest Airlines, Inc. (SkyWest), which expire in 2010. During the June 2002 quarter, we entered into a contract carrier agreement with a third regional air carrier, Chautauqua Airlines, which expires in 2012. Chautauqua began operations under our Delta Connection program in November 2002.

Under these contract carrier agreements, we schedule certain aircraft that are operated by those airlines using our flight code, sell the seats on those flights and retain the related revenues. We pay those airlines an amount that is based on their cost of operating those flights plus a specified margin. The following table shows the number of aircraft and available seat miles (ASMs) operated for us by the regional air carriers, and our expenses related to the contract carrier agreements for the years ended December 31, 2002, 2001 and 2000:

(in millions, except aircraft)	2002	2001	2000
Number of aircraft operated(1)	100	72	23
ASMs(1,2)	3,513	1,562	328
Expenses	$ 561	$ 240	$ 89

(1) These amounts are unaudited.

(2) These ASMs are not included in our ASMs on pages 11 and 68.

We expect to incur approximately $780 million in expenses related to these contract carrier agreements in 2003. We anticipate that the number of aircraft operated for us by these regional air carriers will increase to 136 by December 31, 2003, including the 12 additional Chautauqua aircraft discussed in Note 22. See Note 1 for information about our accounting policy for revenues and expenses related to our contract carrier agreements.

We may terminate the ACA and SkyWest agreements without cause at any time by giving the airlines certain advance notice. If we terminate the ACA agreement in this manner, ACA has the right to (1) assign to us leased aircraft that it operates for us, provided we are able to continue the leases on the same financial terms ACA had prior to the assignment, and (2) require us to purchase, at fair value, aircraft that ACA operates for us and owns at the time of the termination. If we terminate the SkyWest agreement in this manner, SkyWest has the right to assign to us leased regional jet aircraft that it operates for us, provided we are able to continue the leases on the same terms SkyWest had prior to the assignment.

We may not terminate the Chautauqua agreement without cause during the approximately first five years of its term. After that period, we may terminate this agreement without cause at any time. If we terminate the Chautauqua agreement in this manner, Chautauqua has the right to (1) assign to us leased aircraft that it operates for us, provided we are able to continue the leases on the same terms Chautauqua had prior to the assignment, and (2) require us to purchase or sublease any of the aircraft that it owns and operates for us. If we are required to purchase aircraft owned by Chautauqua, the purchase price would be equal to the amount necessary (1) to reimburse Chautauqua for the equity it provided to purchase the aircraft and (2) to repay in full any debt outstanding at such time that is not being assumed in connection with such purchase. If we are required to sublease aircraft owned by Chautauqua, the sublease would have
(1) a rate equal to the debt payments of Chautauqua for the debt financing of the aircraft calculated as if 90% of the aircraft was debt financed by Chautauqua and (2) specified other terms and conditions.

We estimate that the total fair value of the aircraft that all three regional air carriers could assign to us or require that we purchase is approximately $1.5 billion.

LEGAL CONTINGENCIES

We are involved in legal proceedings relating to antitrust matters, employment practices, environmental issues and other matters concerning our business. We cannot reasonably estimate the potential loss for certain legal proceedings because, for example, the litigation is in its early stages or the plaintiff does not specify damages being sought. Although the ultimate outcome of our legal proceedings cannot be predicted with certainty, we believe that the resolution of these actions will not have a material adverse effect on our Consolidated Financial Statements.

OTHER CONTINGENCIES

REGIONAL AIRPORTS IMPROVEMENT CORPORATION (RAIC)

In 1996, the RAIC refinanced $88 million in Facilities Sublease Revenue Bonds which had been initially issued in 1985 for the construction of certain airport terminal facilities at Los Angeles International Airport for Western Airlines (Western) prior to our merger with them. We are obligated under a facilities sublease with the RAIC to pay the trustee rent in an amount sufficient to pay the debt service on the bonds. When the bonds were refinanced in 1996, we also provided a guarantee to the bond trustee covering the payment of the debt service on the bonds substantially similar to the guarantee provided by Western in 1985. In November 2002, the City of Los Angeles (City) deposited in escrow with the bond trustee approximately $38 million as prepayment of an ongoing rental credit for certain City areas within the terminal facilities constructed and financed with the bonds. Subsequent to December 31, 2002, these escrow funds were used to purchase, at a discount in the open market, and retire approximately $41 million principal amount of the bonds.

GENERAL INDEMNIFICATIONS

We are the lessee under many real estate leases. It is common in these commercial lease transactions for us, as the lessee, to agree to indemnify the lessor and other related third parties for tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. Typically, this type of indemnity would make us responsible to indemnified parties for liabilities arising out of the conduct of, among others, contractors, licensees and invitees at or in connection with the use or occupancy of the leased premises. Often, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by their gross negligence or willful misconduct.

Our aircraft and other equipment lease and financing agreements typically contain provisions requiring us, as the lessee or obligor, to indemnify the other parties to those agreements, including certain related parties, against virtually any liabilities that might arise from the condition, use or operation of the aircraft or such other equipment.

We believe that our insurance coverage would cover most, but not all, of such liabilities and related indemnities associated with the types of lease and financing agreements described above, including real estate leases.

Certain of our aircraft and other financing transactions also often include provisions which require us to make payments to the lenders to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. lenders to withholding taxes.

We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above.

EMPLOYEES UNDER COLLECTIVE BARGAINING AGREEMENTS

At December 31, 2002, Delta, ASA and Comair had a total of approximately 75,100 full-time equivalent employees. Approximately 18% of these employees, including all of our pilots, are represented by labor unions. Approximately 3% of our total full-time equivalent employees are covered under collective bargaining agreements that are either in negotiations or will become amendable by December 31, 2003. ASA is currently in collective bargaining negotiations with the Air Line Pilots Association, International, which represents ASA's approximately 1,520 pilots. This contract became amendable in September 2002. The outcome of these collective bargaining negotiations cannot presently be determined. In addition, ASA's contract with the Association of Flight Attendants, which represents ASA's approximately 775 flight attendants, becomes amendable in September 2003.

Note 10. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. See Note 1 for information about our accounting policy for income taxes. At December 31, 2002, we had $349 million of federal alternative minimum tax (AMT) credit carryforward, which does not expire. We also had federal and state pretax net operating loss carryforwards of approximately $3.3 billion at December 31, 2002, substantially all of which will not expire until 2022. The following table shows significant components of our deferred tax assets and liabilities at December 31, 2002 and 2001:

(in millions)	2002	2001
DEFERRED TAX ASSETS:		
Net operating loss carryforwards	$ 1,256	$ 911
Additional minimum pension liability (see Note 14)	972	--
Postretirement benefits	909	1,025
Other employee benefits	404	254
AMT credit carryforward	349	23
Gains on sale and leaseback transactions, net	217	239
Rent expense	215	220
Other	508	455
Valuation allowance	(16)	(16)
Total deferred tax assets	$ 4,814	$ 3,111
DEFERRED TAX LIABILITIES:		
Depreciation and amortization	$ 3,639	$ 2,696
Other	332	362
Total deferred tax liabilities	$ 3,971	$ 3,058

The following table shows the current and noncurrent deferred tax assets (liabilities) recorded on our Consolidated Balance Sheets at December 31, 2002 and 2001:

(in millions)	2002	2001
Current deferred tax assets, net	$668	$ 518
Noncurrent deferred tax assets (liabilities), net	175	(465)
Total deferred tax assets, net	$843	$ 53

Based on the actions we have taken and will continue to take to improve financial performance and other relevant factors, we believe that it is more likely than not that our net deferred tax assets recorded at December 31, 2002, will be fully realized.

Our income tax benefit (provision) for the years ended December 31, 2002, 2001 and 2000 consisted of:

(in millions)	2002	2001	2000
Current tax benefit (provision)	$319	$ --	$(230)
Deferred tax benefit (provision)	407	644	(396)
Tax benefit of dividends on allocated Series B ESOP Convertible Preferred Stock	4	4	5
Income tax benefit (provision)	$730	$648	$(621)

The following table presents the principal reasons for the difference between our effective income tax rate and the U.S. federal statutory income tax rate for the years ended December 31, 2002, 2001 and 2000:

	2002	2001	2000
U.S. federal statutory income tax rate	(35.0)%	(35.0)%	35.0%
State taxes, net of federal income tax effect	(2.4)	(2.6)	3.4
Meals and entertainment	0.7	1.0	1.1
Amortization	--	1.0	1.0
Municipal bond interest	--	(0.1)	(0.2)
Increase in valuation allowance	--	0.8	--
Other, net	0.2	0.1	(0.2)
Effective income tax rate	(36.5)%	(34.8)%	40.1%

Note 11. Employee Benefit Plans

We sponsor qualified and non-qualified defined benefit pension plans, defined contribution pension plans, healthcare plans, and disability and survivorship plans for eligible employees and retirees, and their eligible family members. We reserve the right to modify or terminate these plans as to all participants and beneficiaries at any time, except as restricted by the Internal Revenue Code or the Employee Retirement Income Security Act (ERISA).

DEFINED BENEFIT PENSION PLANS

Our qualified defined benefit pension plans meet or exceed ERISA's minimum funding requirements as of December 31, 2002. Our non-qualified pension plans are funded primarily with current assets.

The following table shows the change in the projected benefit obligation for our defined benefit pension plans for the years ended December 31, 2002 and 2001 (as measured at September 30, 2002 and 2001):

(in millions)	2002	2001
Projected benefit obligation at beginning of period	$ 10,657	$ 9,263
Service cost	282	246
Interest cost	825	763
Actuarial loss	798	531
Benefits paid	(888)	(623)
Special termination benefits	--	185
Curtailment loss	--	30
Plan amendments	8	262
Projected benefit obligation at end of period	$ 11,682	$ 10,657

The special termination benefits and curtailment loss reflected in the table above relate to the workforce reduction programs offered to certain of our employees in 2001. In December 2002, we recorded a $7 million pretax charge for special termination benefits related to the 2002 workforce reduction programs. During the March 2003 quarter, we will record a $47 million pretax charge for the associated cost of curtailing the pension obligations for participants in the 2002 workforce reduction programs.

See Note 16 for additional information about our 2002 and 2001 workforce reduction programs.

The following table shows the change in the fair value of our defined benefit pension plan assets for the years ended December 31, 2002 and 2001 (as measured at September 30, 2002 and 2001):

(in millions)	2002	2001
Fair value of plan assets at beginning of period	$8,304	$10,398
Actual loss on plan assets	(718)	(1,521)
Employer contributions	77	50
Benefits paid	(888)	(623)
Fair value of plan assets at end of period	$6,775	$ 8,304

The accrued pension cost recognized for these plans on our Consolidated Balance Sheets at December 31, 2002 and 2001 is computed as follows:

(in millions)	2002	2001
Funded status	$(4,907)	$(2,353)
Unrecognized net actuarial loss	4,092	1,584
Unrecognized transition obligation	41	49
Unrecognized prior service cost	292	308
Contributions made between the measurement date and year end	10	12
Special termination benefits recognized between the measurement date and year end	(7)	--
Intangible asset	(333)	(7)
Accumulated other comprehensive loss	(2,558)	(12)
Accrued pension cost recognized on the Consolidated Balance Sheets	$(3,370)	$ (419)

Net periodic pension cost for the years ended December 31, 2002, 2001 and 2000 included the following components:

(in millions)	2002	2001	2000
Service cost	$ 282	$ 246	$ 250
Interest cost	825	763	686
Expected return on plan assets	(984)	(1,040)	(924)
Amortization of prior service cost	24	5	4
Recognized net actuarial gain	(8)	(51)	(22)
Amortization of net transition obligation	8	4	2
Settlement costs	1	--	--
Special termination benefits	7	--	--
Net periodic pension cost	$ 155	$ (73)	$ (4)

We used the following actuarial assumptions to account for our defined benefit pension plans:

	September 30, 2002	September 30, 2001	September 30, 2000
Weighted average discount rate	6.75%	7.75%	8.25%
Rate of increase in future compensation levels	2.67%	4.67%	5.35%
Expected long-term rate of return on plan assets	9.00%	10.00%	10.00%

At December 31, 2002, we recorded a non-cash charge to accumulated other comprehensive income (loss) to recognize a portion of our additional minimum pension liability in accordance with SFAS No. 87, "Employers' Accounting for Pensions" (SFAS 87). SFAS 87 requires that this liability be recognized at year end in an amount equal to the amount by which the accumulated benefit obligation (ABO) exceeds the fair value of the defined benefit pension plan assets. The additional minimum pension liability was recorded by recognizing an intangible asset to the extent of any unrecognized prior service costs and transition obligation, which totaled $333 million at December 31, 2002. The remaining portion of the additional minimum pension liability totaling $1.6 billion, net of tax, was recorded in accumulated other comprehensive income (loss) on our Consolidated Balance Sheets (see Note 14).

The ABO and the fair value of plan assets for the plans with an ABO in excess of plan assets were $10.1 billion and $6.8 billion, respectively, as of September 30, 2002, and $303 million and zero, respectively, as of September 30, 2001.

DEFINED CONTRIBUTION PENSION PLANS

DELTA PILOTS MONEY PURCHASE PENSION PLAN (MPPP)

We contribute 5% of covered pay to the MPPP for each eligible Delta pilot. The MPPP is related to the Delta Pilots Retirement Plan. The defined benefit pension payable to a pilot is reduced by the actuarial equivalent of the accumulated account balance in the MPPP. During the years ended December 31, 2002, 2001 and 2000, we recognized expense of $71 million, $69 million and $63 million, respectively, for this plan.

DELTA FAMILY-CARE SAVINGS PLAN

Our Savings Plan includes an employee stock ownership plan (ESOP) feature. Eligible employees may contribute a portion of their covered pay to the Savings Plan.

Prior to July 1, 2001, we matched 50% of employee contributions with a maximum employer contribution of 2% of a participant's covered pay for all participants. Effective July 1, 2001, the Savings Plan was amended to provide all eligible Delta pilots with an employer contribution of 3% of their covered pay to replace their former matching contribution. We make our contributions for non-pilots and pilots by allocating Series B ESOP Convertible Preferred Stock (ESOP Preferred Stock), common stock or cash to the Savings Plan. Our contributions, which are recorded as salaries and related costs in the accompanying Consolidated Statements of Operations, totaled $85 million, $83 million and $69 million for the years ended December 31, 2002, 2001 and 2000, respectively.

When we adopted the ESOP in 1989, we sold 6,944,450 shares of ESOP Preferred Stock to the Savings Plan for $500 million. We have recorded unearned compensation equal to the value of the shares of preferred stock not yet allocated to participants' accounts. We reduce the unearned compensation as shares of preferred stock are allocated to participants' accounts. Dividends on unallocated shares of preferred stock are used for debt service on the Savings Plan's ESOP Notes and are not considered dividends for financial reporting purposes. Dividends on allocated shares of preferred stock are credited to participants' accounts and are considered dividends for financial reporting purposes. Only allocated shares of preferred stock are considered outstanding when we compute diluted earnings per share. At December 31, 2002, 3,666,639 shares of ESOP Preferred Stock were allocated to participants' accounts and 2,398,850 shares were held by the ESOP for future allocations.

OTHER PLANS

ASA, Comair and DAL Global Services, Inc., three of our wholly owned subsidiaries, sponsor defined contribution retirement plans for eligible employees. These plans did not have a material impact on our Consolidated Financial Statements in 2002, 2001 and 2000.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Our medical plans provide medical and dental benefits to substantially all Delta retirees and their eligible dependents. Benefits are funded from our general assets on a current basis. Plan benefits are subject to copayments, deductibles and other limits as described in the plans.

The following table shows the change in our accumulated postretirement benefit obligation (APBO) for the years ended December 31, 2002 and 2001 (as measured at September 30, 2002 and 2001):

(in millions)	2002	2001
APBO at beginning of period	$2,100	$1,780
Service cost	30	37
Interest cost	160	146
Benefits paid	(154)	(102)
Actuarial loss	234	163
Plan amendments	--	(176)
Curtailment loss	--	49
Special termination benefits	--	203
APBO at end of period	$2,370	$2,100

The special termination benefits and curtailment loss reflected in the table above relate to the workforce reduction programs offered to certain of our employees during 2001. In December 2002, we recorded a $44 million pretax charge for special termination benefits related to the 2002 workforce reduction programs. During the March 2003 quarter, we will recorded a $4 million pretax gain for the associated cost of curtailing the future obligations for the participants in these programs. See Note 16 for additional information about our 2002 and 2001 workforce reduction program.

A 1% change in the healthcare cost trend rate used in measuring the APBO at September 30, 2002, would have the following effects:

(in millions)	1% Increase	1% Decrease
Increase (decrease) in total service and interest cost	$ 12	$ (11)
Increase (decrease) in the APBO	$108	$(106)

The following table shows the calculation of the accrued postretirement benefit cost recognized on our Consolidated Balance Sheets at December 31, 2002 and 2001 (as measured at September 30, 2002 and 2001):

(in millions)	2002	2001
Funded status	$(2,370)	$(2,100)
Unrecognized net actuarial loss	299	100
Unrecognized prior service cost	(353)	(421)
Special termination benefits recognized between the measurement date and year end	(44)	--
Contributions made between the measurement date and year end	45	29
Accrued postretirement benefit cost recognized on the Consolidated Balance Sheets	$(2,423)	$(2,392)

Our net periodic postretirement benefit cost for the years ended December 31, 2002, 2001 and 2000, included the following components:

(in millions)	2002	2001	2000
Service cost	$ 30	$ 37	$ 37
Interest cost	160	146	129
Amortization of prior service cost	(50)	(39)	(40)
Recognized actuarial loss	2	--	--
Special termination benefits	44	--	--
Net periodic postretirement benefit cost	$186	$144	$126

We used the following actuarial assumptions to account for our postretirement benefit plans:

	September 30, 2002	September 30, 2001	September 30, 2000
Weighted average discount rate	6.75%	7.75%	8.25%
Assumed healthcare cost trend rate(1)	10.00%	6.25%	7.00%

(1) The assumed healthcare cost trend rate is assumed to decline gradually to 5.25% by 2007 for noncapped plans and to zero between 2005 and 2007 for capped plans, and remain level thereafter.

POSTEMPLOYMENT BENEFITS

We provide certain other welfare benefits to eligible former or inactive employees after employment but before retirement, primarily as part of the disability and survivorship plans.

Postemployment benefit (expense) income was $(62) million, $23 million and $51 million for the years ended December 31, 2002, 2001 and 2000, respectively. We include the amount funded in excess of the liability in other noncurrent assets on our Consolidated Balance Sheets. Future period expenses will vary based on actual claims experience and the return on plan assets. Gains and losses occur because actual experience differs from assumed experience. These gains and losses are amortized over the average future service period of employees. We also amortize differences in prior service costs resulting from amendments affecting the benefits of retired and inactive employees.

We regularly evaluate ways to better manage employee benefits and control costs. Any changes to the plans or assumptions used to estimate future benefits could have a significant effect on the amount of the reported obligation and future annual expense. During the December 2002 quarter, we announced the implementation of and migration to a cash balance pension plan for non-pilot employees. As a result of the changes to our pension plans and 2002 workforce reductions (see Note 16), we were required to remeasure our pension plan obligations, which will impact our pension expense in 2003.

Note 12. Common and Preferred Stock

STOCK OPTION AND OTHER STOCK-BASED AWARD PLANS

To more closely align the interests of directors, officers and other employees with the interests of our shareowners, we maintain certain plans which provide for the issuance of common stock in connection with the exercise of stock options and for other stock-based awards. Stock options awarded under these plans (1) have an exercise price equal to the fair value of the common stock on the grant date; (2) become exercisable one to five years after the grant date; and (3) generally expire 10 years after the grant date. The following table includes additional information about these plans as of December 31, 2002:

Plan	Total Shares Authorized for Issuance	Non-Qualified Stock Options Granted	Shares Reserved for Future Grant
Broad-based employee stock option plans(1)	49,400,000	49,400,000	--
Delta 2000 Performance Compensation Plan(2)	16,000,000	10,802,850	4,963,183
Non-Employee Directors' Stock Option Plan(3)	250,000	119,245	132,755
Non-Employee Directors' Stock Plan(4)	500,000	--	457,272

(1) In 1996, shareowners approved broad-based pilot and non-pilot stock option plans. Under these two plans, we granted eligible employees non-qualified stock options to purchase a total of 49.4 million shares of common stock in three approximately equal installments on October 30, 1996, 1997 and 1998.

(2) On October 25, 2000, shareowners approved this plan, which authorizes the grant of stock options and a limited number of other stock awards. The plan amends and restates a prior plan which was also approved by shareowners. No awards have been, or will be, granted under the prior plan on or after October 25, 2000. At December 31, 2002, there were 11.0 million shares of common stock reserved for awards (primarily non-qualified stock options) that were outstanding under the prior plan. The current plan provides that shares reserved for awards under the plans that are forfeited, settled in cash rather than stock or withheld, plus shares tendered to Delta in connection with such awards, may be added back to the shares available for future grants. At December 31, 2002, 1.5 million shares had been added back pursuant to that provision.

(3) On October 22, 1998, the Board of Directors approved this plan. Each non-employee director receives an annual grant of non-qualified stock options. This plan provides that shares reserved for awards that are forfeited may be added back to the shares available for future grants.

(4) In 1995, shareowners approved this plan, which provides that a portion of each non-employee director's compensation for serving as a director will be paid in shares of common stock. It also permits non-employee directors to elect to receive all or a portion of their cash

compensation for service as a director in shares of common stock at current market prices.

The following table summarizes all stock option and stock appreciation rights (SAR) activity for the years ended December 31, 2002, 2001 and 2000:

(shares in thousands)	2002 Shares	2002 Weighted Average Exercise Price	2001 Shares	2001 Weighted Average Exercise Price	2000 Shares	2000 Weighted Average Exercise Price
Outstanding at the beginning of the year	51,537	$48	50,365	$48	47,859	$48
Granted	8,478	21	2,358	46	3,914	52
Exercised	(9)	27	(76)	34	(725)	41
Forfeited	(1,200)	48	(1,110)	53	(683)	53
Outstanding at the end of the year	58,806	44	51,537	48	50,365	48
Exercisable at the end of the year	45,996	$48	44,751	$48	46,309	$48

The following table summarizes information about stock options outstanding and exercisable at December 31, 2002:

	Stock Options Outstanding			Stock Options Exercisable	
Stock Options	Number Outstanding (000)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable (000)	Weighted Average Exercise Price
$9-$20	4,573	10	$11	--	$--
$21-$35	10,756	5	$33	6,960	$34
$36-$50	36,101	5	$49	33,743	$49
$51-$69	7,376	7	$56	5,293	$56

ESOP PREFERRED STOCK

Each outstanding share of ESOP Preferred Stock pays a cumulative cash dividend of 6% per year, is convertible into 1.7155 shares of common stock at a conversion price of $41.97 per share and has a liquidation price of $72.00, plus accrued and unpaid dividends. The ESOP Preferred Stock generally votes together as a single class with the common stock and has two votes per share. It is redeemable at our option at $72.00 per share plus accrued and unpaid dividends, payable in cash or common stock. We cannot pay cash dividends on common stock until all cumulative dividends on the ESOP Preferred Stock have been paid. The conversion rate, conversion price and voting rights of the ESOP Preferred Stock are subject to adjustment in certain circumstances.

All shares of ESOP Preferred Stock are held of record by the trustee of the Delta Family-Care Savings Plan (see Note 11). At December 31, 2002, 10,405,346 shares of common stock were reserved for issuance for the conversion of the ESOP Preferred Stock.

SHAREOWNER RIGHTS PLAN

The Shareowner Rights Plan is designed to protect shareowners against attempts to acquire Delta that do not offer an adequate purchase price to all shareowners, or are otherwise not in the best interest of Delta and our shareowners. Under the plan, each outstanding share of common stock is accompanied by one-half of a preferred stock purchase right. Each whole right entitles the holder to purchase 1/100 of a share of Series D Junior Participating Preferred Stock at an exercise price of $300, subject to adjustment.

The rights become exercisable only after a person acquires, or makes a tender or exchange offer that would result in the person acquiring, beneficial ownership of 15% or more of our common stock. If a person acquires beneficial ownership of 15% or more of our common stock, each right will entitle its holder (other than the acquiring person) to exercise his rights to purchase our common stock having a market value of twice the exercise price.

If a person acquires beneficial interest of 15% or more of our common stock and
(1) we are involved in a merger or other business combination in which we are not the surviving corporation, or (2) we sell more than 50% of our assets or earning power, then each right will entitle its holder (other than the acquiring person) to exercise their rights to purchase common stock of the acquiring company having a market value of twice the exercise price.

The rights expire on November 4, 2006. We may redeem the rights for $0.01 per right at any time before a person becomes the beneficial owner of 15% or more of our common stock. At December 31, 2002, 2,250,000 shares of preferred stock were reserved for issuance under the Shareowner Rights Plan.

PAYMENT OF DIVIDENDS

The determination to pay cash dividends on our ESOP Preferred Stock and our common stock is at the discretion of our Board of Directors, and is also subject to the provisions of Delaware General Corporation Law, which authorizes the payment of dividends from (1) surplus, defined as the excess of net assets (total assets minus total liabilities) over the amount determined to be capital, or (2) if there is no surplus, out of net profits for the current fiscal year or the previous fiscal year. The terms of the ESOP Preferred Stock discussed above provide for cumulative dividends and also limit our ability to pay cash dividends to our common shareowners in certain circumstances. Our debt agreements do not limit the payment of dividends on our capital stock.

Note 13. Common Stock Repurchases

We repurchased 10.6 million shares of common stock for $502 million in 2000. These repurchases were made under certain now-completed stock buyback programs, and the ongoing common stock repurchase authorization described below.

In 1996, our Board of Directors authorized us to repurchase up to 49.4 million shares of common stock issued under our broad-based employee stock option plans (see Note 12). As of December 31, 2002, we had repurchased a total of 21.6 million shares of common stock under this authorization. We are authorized to repurchase the remaining shares as employees exercise their stock options under those plans. Repurchases are subject to market conditions and may be made in the open market or privately negotiated transactions.

Note 14. Comprehensive Income (Loss)

Comprehensive income (loss) includes (1) reported net income (loss); (2) the additional minimum pension liability; and (3) unrealized gains and losses on marketable equity securities and fuel derivative instruments that qualify for hedge accounting. The following table shows our comprehensive income (loss) for the years ended December 31, 2002, 2001 and 2000:

{in millions}	2002	2001	2000
Net income	$ (1,272)	$(1,216)	$828
Other comprehensive income (loss)	(1,587)	(335)	94
Comprehensive income (loss)	$ (2,859)	$(1,551)	$922

The following table shows the components of accumulated other comprehensive income (loss) at December 31, 2002, 2001 and 2000, and the activity for the years then ended:

(in millions)	Additional Minimum Pension Liability	Fuel Derivative Instruments	Marketable Equity Securities	Other	Total
Balance at December 31, 1999	$ --	$ --	$ 266	$ --	$ 266
Unrealized gain (loss)	--	814	16	--	830
Realized (gain) loss	--	(375)	(301)	--	(676)
Tax effect	--	(171)	111	--	(60)
Net of tax	--	268	(174)	--	94
Balance at December 31, 2000	--	268	92	--	360
Unrealized gain (loss)	--	(100)	(84)	2	(182)
Realized (gain) loss	--	(299)	(73)	--	(372)
Tax effect	--	156	64	(1)	219
Net of tax	--	(243)	(93)	1	(335)
Balance at December 31, 2001	--	25	(1)	1	25
Additional minimum pension liability adjustment	(2,558)	--	--	--	(2,558)
Unrealized gain (loss)	--	143	(9)	(2)	132
Realized (gain) loss	--	(136)	4	--	(132)
Tax effect	972	(3)	1	1	971
Net of tax	(1,586)	4	(4)	(1)	(1,587)
BALANCE AT DECEMBER 31, 2002	$ (1,586)	$ 29	$ (5)	$ --	$ (1,562)

We anticipate that gains of $29 million, net of tax, will be realized during 2003 as (1) fuel hedge contracts settle and (2) the related aircraft fuel purchases being hedged are consumed and recognized in expense. For additional information regarding our fuel hedge contracts, see Note 4.

See Note 11 for further information related to the additional minimum pension liability.

Note 15. Geographic Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), requires us to disclose certain information about our operating segments. Operating segments are defined as components of an enterprise with separate financial information which is evaluated regularly by the chief operating decision-maker and is used in resource allocation and performance assessments.

We are managed as a single business unit that provides air transportation for passengers and cargo. This allows us to benefit from an integrated revenue pricing and route network that includes Delta-mainline, ASA and Comair. The flight equipment of all three carriers is combined to form one fleet which is deployed through a single route scheduling system. When making resource allocation decisions, our chief operating decision-maker evaluates flight profitability data, which considers aircraft type and route economics, but gives no weight to the financial impact of the resource allocation decision on an individual carrier basis. Their objective in making resource allocation decisions is to maximize our consolidated financial results, not the individual results of Delta-mainline, ASA and Comair.

Operating revenues are assigned to a specific geographic region based on the origin, flight path and destination of each flight segment. Our operating revenues by geographic region for the years ended December 31, 2002, 2001 and 2000, are summarized in the following table:

(in millions)	2002	2001	2000
North America	$ 10,778	$ 11,288	$ 14,004
Atlantic	1,860	1,823	1,988
Pacific	127	222	297
Latin America	540	546	452
Total	$ 13,305	$ 13,879	$ 16,741

Our tangible assets consist primarily of flight equipment which is mobile across geographic markets. Accordingly, assets are not allocated to specific geographic regions.

Note 16. Asset Writedowns, Restructuring and Related Items, Net

2002

In 2002, we recorded net charges totaling $439 million ($277 million net of tax, or $2.25 diluted earnings per share) in asset writedowns, restructuring and related items, net on our Consolidated Statements of Operations, as follows:

- FLEET CHANGES

During 2002, we made significant changes in our fleet plan (1) to reduce costs through fleet simplification and capacity reductions and (2) to decrease capital expenditures through aircraft deferrals. These actions resulted in $225 million in net asset impairments and other charges, which are discussed below.

During the September 2002 quarter, we recorded an impairment charge, shown in the table below, related to 59 owned B-727 aircraft. The impairment of 23 B-727 aircraft used in operations resulted from a further reduction in their estimated future cash flows and fair values since our impairment review in 2001. The impairment of 36 B-727 aircraft held for sale resulted from a further decline in their fair values less the cost to sell since our impairment review in 2001. The aircraft held for sale will be disposed of as part of our fleet simplification plan and are expected to be sold by December 31, 2003, under an existing agreement. The net book value of these aircraft held for sale is included in other noncurrent assets on our Consolidated Balance Sheets at December 31, 2002, and is not material; these aircraft are not included in the aircraft fleet table on page 70 because they have been removed from service.

During the September 2002 quarter, we also decided to temporarily remove our MD-11 aircraft from service beginning in early 2003. As a result of this decision, we recorded an impairment charge, shown in the table below, related to our eight owned MD-11 aircraft. This charge reflects the further reduction in estimated future cash flows and fair values of these aircraft since our impairment review in 2001. The MD-11 aircraft will be replaced on international routes by B-767-300ER aircraft that are currently used in the domestic system. We will use smaller mainline aircraft to replace the B-767 aircraft on domestic routes, thereby reducing our domestic capacity.

During the December 2002 quarter, we decided to return to service, beginning in 2003, nine leased B-737-300 aircraft to replace the B-767 aircraft on domestic routes. This decision was based on (1) capacity and operating cost considerations and (2) our inability to sublease the B-737-300 aircraft due to the difficult business environment facing the airline industry after September 11, 2001. As discussed below, during the June 2001 quarter, we decided to remove the B-737-300 aircraft from service and recorded a reserve for future lease payments less estimated sublease income. Due to our decision to return these aircraft to service, we reversed the remaining $56 million reserve related to these B-737-300 aircraft.

During the December 2002 quarter, we entered into an agreement with Boeing to defer 31 mainline aircraft previously scheduled for delivery in 2003 and 2004. As a result of these deferrals, we have no mainline aircraft scheduled for delivery during 2003 or 2004. We incurred a $30 million charge related to these deferrals.

During the December 2002 quarter, we decided to accelerate the retirement of 37 owned EMB-120 aircraft to achieve costs savings and operating efficiencies. We plan to remove these aircraft from service beginning in 2003. The accelerated retirement of these aircraft as well as a reduction in their estimated future cash flows and fair values resulted in an impairment charge.

During 2002, we recorded the following impairment charges for our owned B-727, MD-11 and EMB-120 aircraft:

	Used in Operations		Held for Sale				
(dollars in millions)	Writedown(1)	No. of Aircraft	Writedown	No. of Aircraft	Subtotal	Spare Parts(2)	Total
B-727	$ 24	23	$ 37	36	$ 61	$ --	$ 61
MD-11	141	8	--	--	141	18	159
EMB-120	27	37	--	--	27	4	31
Total	$ 192		$ 37		$ 229	$ 22	$ 251

(1) The fair value of aircraft used in operations was determined using third-party appraisals.

(2) Charges related to the writedown of the related spare parts inventory to their net realizable value.

- WORKFORCE REDUCTIONS

We recorded a $127 million charge related to our decision in October 2002 to reduce staffing by up to approximately 8,000 jobs across all work groups, excluding pilots, to further reduce operating costs. We offered eligible non-pilot employees several programs, including voluntary severance, leaves of absence and early retirement. Approximately 3,900 employees elected to participate in one of these programs. Involuntary reductions will affect up to approximately 4,000 employees and are expected to be completed by May 2003.

The total charge includes (1) $51 million for costs associated with the voluntary programs that were recorded as special termination benefits under our pension and postretirement medical benefit obligations (see Note 11) and (2) $76 million for severance and related costs.

- SURPLUS PILOTS AND GROUNDED AIRCRAFT

We recorded $93 million in expenses for the temporary carrying cost of surplus pilots and grounded aircraft related to our capacity reductions which became effective on November 1, 2001. This cost also includes related requalification training and relocation costs for certain pilots.

- OTHER

We also recorded (1) a $23 million gain related to the adjustment of certain prior year restructuring reserves based on revised estimates of remaining costs; (2) a $14 million charge associated with our decision to close certain leased facilities; and (3) a $3 million charge related to other items.

2001

In 2001, we recorded charges totaling $1.1 billion ($695 million net of tax, or $5.63 diluted earnings per share) in asset write-downs, restructuring and related items, net on our Consolidated Statements of Operations, as follows:

- WORKFORCE REDUCTIONS

We recorded a $566 million charge relating to our decision in 2001 to reduce staffing across all workgroups due to the capacity reductions we implemented as a result of the September 11 terrorist attacks. We offered eligible employees several programs, including voluntary severance, leaves of absence and early retirement. Approximately 10,000 employees elected to participate in one of the voluntary programs. Involuntary reductions were expected to affect up to approximately 1,700 employees - up to 1,400 pilots and 300 employees from other workgroups.

The total charge includes $475 million for costs associated with the early retirement and certain voluntary leave of absence programs which are recorded as special termination benefits under our pension and postretirement medical benefit obligations (see Note 11). The remaining $91 million relates to severance and related costs.

- FLEET CHANGES

As a result of the effects of the September 11 terrorist attacks on our business and the related decline in aircraft values, we recorded $286 million in asset writedowns. These writedowns include (1) the impairment of 16 MD-90 and eight MD-11 owned aircraft, which reflects further reductions in the estimated future cash flows and fair values of these aircraft since our impairment review in 1999, as well as a revised schedule for retiring these aircraft; (2) charges related to the accelerated retirement of 40 owned B-727 aircraft by 2003; and (3) the writedown to fair value of 18 owned L-1011 aircraft. These charges are summarized in the table below:

	Used in Operations		Held for Sale		
(dollars in millions)	Writedown(1)	No. of Aircraft	Writedown	No. of Aircraft	Total
MD-90	$ 98	16	$ --	--	$ 98
MD-11	93	8	--	--	93
B-727-200	81	36	2	4	83
L-1011	--	--	12	18	12
Total	$ 272		$ 14		$ 286

(1) The fair value of aircraft used in operations was determined using third-party appraisals.

The net book value of the aircraft held for sale is included in other noncurrent assets on our Consolidated Balance Sheets at December 31, 2001, and is not material.

In addition, we recorded a $71 million reserve related to our decision to remove nine leased B-737-300 aircraft from service to more closely align capacity and demand, and to improve scheduling and operating efficiency. The reserve consisted of future lease payments for these aircraft less estimated sublease income. We also recorded an additional $6 million charge for the writedown to net realizable value of related aircraft spare parts.

- SURPLUS PILOTS AND GROUNDED AIRCRAFT

We recorded $30 million in expenses for the temporary carrying cost of surplus pilots and grounded aircraft related to our capacity reductions which became effective on November 1, 2001. This cost also includes related requalification training and relocation costs for certain pilots.

- OTHER

We recorded $160 million in charges that include (1) an $81 million charge related to the write-off of previously capitalized amounts that would provide no future economic benefit due to our decision to cancel or delay certain airport and technology projects following September 11, 2001; (2) a $63 million charge related to contract termination costs; (3) a $9 million charge related to the write-off of certain receivables, primarily those of foreign air carriers and other related businesses, that we believe became uncollectible as a result of those businesses' weakened financial condition after September 11, 2001; and
(4) a $7 million charge related to our decision to close certain facilities.

2000

In 2000, we recorded charges totaling $108 million ($66 million net of tax, or $0.53 basic and $0.50 diluted earnings per share) in asset writedowns, restructuring and related items, net on our Consolidated Statements of Operations, as follows:

- WORKFORCE REDUCTIONS

We recorded an $86 million charge relating to our decision to offer an early retirement medical option program to enable eligible employees to retire with continued medical coverage without paying certain early retirement medical premiums. Approximately 2,500 employees participated in this program.

- OTHER

We recorded a $22 million restructuring charge relating to our decision to close our Pacific gateway in Portland, Oregon.

Notes to the Consolidated Financial Statements

Note 17. Restructuring and Other Reserves

The following table shows changes in our restructuring and other reserve balances as of December 31, 2002, 2001 and 2000, and the associated activity for the years then ended:

	Restructuring and Other Charges			
			Severance and Related Costs	
(in millions)	Leased Aircraft	Facilities and Other	2002 Workforce Reduction Programs	2001 Workforce Reduction Programs
Balance at December 31, 1999	$ --	$ 41	$ --	$ --
Additional costs and expenses	--	22	--	--
Payments	--	(7)	--	--
Balance at December 31, 2000	--	56	--	--
Additional costs and expenses	71	24	--	91
Payments	(1)	(6)	--	(44)
Balance at December 31, 2001	70	74	--	47
Additional costs and expenses	--	14	76	--
Payments	(14)	(9)	(5)	(35)
Adjustments	(56)	(14)	--	(9)
BALANCE AT DECEMBER 31, 2002	$ --	$ 65	$ 71	$ 3

At December 31, 2002, the facilities and other reserve represents costs related primarily to (1) future lease payments for facilities closures and (2) contract termination fees. During 2002, we recorded a $14 million charge related to our decision in 2002 to close certain facilities and a $14 million adjustment to prior year reserves based on revised estimates of remaining costs.

The leased aircraft reserve represents future lease payments for B-737 aircraft previously removed from service prior to the lease expiration date, less estimated sublease income. Due to changes in our fleet plan during the December 2002 quarter, these aircraft will be returned to service in 2003. Therefore, we reversed the remaining $56 million balance of this reserve.

The severance and related costs reserve represents future payments associated with our 2002 and 2001 voluntary and involuntary workforce reduction programs. At December 31, 2002, the remaining $71 million balance related to the 2002 workforce reduction programs represents severance and medical benefits for employees who received severance or are participating in certain leave of absence programs; this amount will be paid during 2003. At December 31, 2002, the remaining $3 million balance related to the 2001 workforce reduction programs primarily consists of severance for international employees that will be paid during early 2003 in accordance with local country laws and regulations. During 2002, we also recorded a $9 million adjustment to the 2001 reserve based on revised estimates of the remaining costs, including (1) the adjustment of medical benefits for certain employees participating in the leave of absence programs who returned to the workforce earlier than originally scheduled and (2) the change in the number of pilot furloughs from up to 1,400 to approximately 1,100.

See Note 16 for additional information related to the charges discussed above.

Note 18. Earnings (Loss) per Share

We calculate basic earnings (loss) per share by dividing the income (loss) available to common shareowners by the weighted average number of common shares outstanding. Diluted earnings (loss) per share includes the dilutive effects of stock options and convertible securities. To the extent stock options and convertible securities are anti-dilutive, they are excluded from the calculation of diluted earnings (loss) per share. The following table shows our computation of basic and diluted earnings (loss) per share:

Years Ended December 31, (in millions, except per share data)	2002	2001	2000
BASIC:			
Net income (loss) excluding cumulative effect of change in accounting principle	$ (1,272)	$ (1,216)	$ 928
Dividends on allocated Series B ESOP Convertible Preferred Stock	(15)	(14)	(13)
Net income (loss) available to common shareowners, excluding cumulative effect of change in accounting principle	$ (1,287)	$ (1,230)	$ 915
Weighted average shares outstanding	123.3	123.1	123.8
Basic earnings (loss) per share excluding cumulative effect of change in accounting principle	$ (10.44)	$ (9.99)	$ 7.39
DILUTED:			
Net income (loss) available to common shareowners, excluding cumulative effect of change in accounting principle	$ (1,287)	$ (1,230)	$ 915
Income tax effect assuming conversion of allocated Series B ESOP Convertible Preferred Stock	--	--	8
Income (loss) available to common shareowners including assumed conversion	$ (1,287)	$ (1,230)	$ 923
Weighted average shares outstanding	123.3	123.1	123.8
Additional shares assuming:			
Exercise of stock options	--	--	1.6
Conversion of allocated Series B ESOP Convertible Preferred Stock	--	--	5.4
Conversion of performance-based stock units	--	--	0.2
Weighted average shares outstanding, as adjusted	123.3	123.1	131.0
Diluted earnings (loss) per share excluding cumulative effect of change in accounting principle	$ (10.44)	$ (9.99)	$ 7.05

For the years ended December 31, 2002, 2001 and 2000, we excluded from the diluted earnings (loss) per share computation (1) 54.5 million, 44.3 million and 23.4 million stock options, respectively, because the exercise price of the options was greater than the average price of common stock and (2) 6.9 million, 6.5 million and zero additional shares, respectively, because their effect on earnings (loss) per share was anti-dilutive.

Note 19. Stabilization Act

On September 22, 2001, the Air Transportation Safety and System Stabilization Act (Stabilization Act) became effective. The Stabilization Act is intended to preserve the viability of the U.S. air transportation system following the terrorist attacks on September 11, 2001 by, among other things, (1) providing for payments from the U.S. Government totaling $5 billion to compensate U.S. air carriers for losses incurred from September 11, 2001 through December 31, 2001 as a result of the September 11 terrorist attacks and (2) permitting the Secretary of Transportation to sell insurance to U.S. air carriers.

Our allocated portion of compensation under the Stabilization Act was $668 million. Due to uncertainties regarding the U.S. government's calculation of compensation, we recognized $634 million of this amount in our 2001 Consolidated Statement of Operations. We recognized the remaining $34 million of compensation in our 2002 Consolidated Statement of Operations. We received $112 million and $556 million in cash for the years ended December 31, 2002 and 2001, respectively, under the Stabilization Act.

Subsequent to September 11, 2001, our insurance providers reduced our coverage and significantly increased our premium rates for war and terrorism risk insurance. Under the provisions of the Stabilization Act, the Federal Aviation Administration (FAA) has been selling U.S. airlines excess war and terrorism risk insurance coverage since the September 11 terrorist attacks. Effective January 24, 2003, under the Homeland Security Act, the FAA is required to sell passenger, third-party (ground damage) and aircraft hull war and terrorism risk insurance to U.S. airlines through August 31, 2003.

Note 20. Related Party Transaction

The Delta Employees Credit Union (DECU) is an independent entity that is chartered to provide banking and financial services to our employees, former employees and certain relatives of these persons. At December 31, 2002, we had a $71 million liability to DECU recorded in accounts payable, deferred credits and other accrued liabilities on our Consolidated Balance Sheet. The liability results from a timing difference in funding a portion of our 2002 year end payroll and is reflected as a non-cash transaction on our Consolidated Statement of Cash Flows for the year ended December 31, 2002. We paid the liability on January 2, 2003.

Note 21. Valuation and Qualifying Accounts

The following table shows the valuation and qualifying accounts as of December 31, 2002, 2001 and 2000, and the associated activity for the years then ended:

(in millions)	Leased Aircraft(1)	Restructuring and Other Charges(1)	Allowance for: Uncollectible Accounts Receivable(2)	Allowance for: Obsolescence of Expendable Parts & Supplies Inventory(3)
Balance at December 31, 1999	$ --	$ 41	$ 39	$ 104
Additional costs and expenses	--	22	15	22
Payments and deductions	--	(7)	(23)	(2)
Balance at December 31, 2000	--	56	31	124
Additional costs and expenses	71	115	18	38
Payments and deductions	(1)	(50)	(6)	(23)
Balance at December 31, 2001	70	121	43	139
Additional costs and expenses	--	90	21	51
Payments and deductions	(70)	(72)	(31)	(7)
BALANCE AT DECEMBER 31, 2002	$ --	$ 139	$ 33	$ 183

(1) See Note 17 for additional information related to leased aircraft and restructuring and other charges.

(2) The payments and deductions related to the allowance for uncollectible accounts receivable represent the write-off of accounts considered to be uncollectible, less recoveries.

(3) These additional costs and expenses in 2001 and 2002 include the charges related to the writedown of certain aircraft spare parts inventory to their net realizable value (see Note 16).

Note 22. Subsequent Events (Unaudited)

ENHANCED EQUIPMENT TRUST CERTIFICATES

On January 30, 2003, we issued, in a private placement, $392 million aggregate principal amount of insured Pass Through Certificates, Series 2003-1 G (Certificates). The certificates bear interest at floating rates based on LIBOR + 0.75% and require principal payments from 2003 to 2008. This financing is secured by two B-737-800 and 10 B-767-300ER aircraft owned by us. The net proceeds of this financing were made available for general corporate purposes.

CONTRACT CARRIER AGREEMENT

During February 2003, we amended our contract carrier agreement with Chautauqua to increase from 22 to 34 the number of aircraft Chautauqua will operate for us. All of these aircraft are scheduled to be in service under the Delta Connection program by the end of 2003. We estimate that the total fair value of these additional aircraft that Chautauqua could assign to us or require that we purchase if we were to terminate this agreement without cause is approximately $200 million (see Note 9).

As part of this amended agreement, we received a warrant to purchase up to an additional 720,000 shares of Republic common stock for (1) $12.50 per share, if the warrant is exercised prior to the completion of Republic's initial public offering of common stock (IPO) or (2) the price per share at which Republic common stock is sold in the IPO, if the warrant is exercised after or in connection with the IPO. The warrant is exercisable in whole or in part at any time until February 7, 2013. The fair value of this warrant on the date received was not material.

Note 23. Quarterly Financial Data (Unaudited)
The following table summarizes our unaudited quarterly results of operations for 2002 and 2001:

2002 (in millions, except per share data)	Three Months Ended March 31	June 30	September 30	December 31
Operating revenues	$ 3,103	$ 3,474	$ 3,420	$ 3,308
Operating loss	$ (435)	$ (127)	$ (385)	$ (362)
Net loss	$ (397)	$ (186)	$ (326)	$ (363)
Basic and diluted loss per share(1)	$ (3.25)	$ (1.54)	$ (2.67)	$ (2.98)

2001 (in millions, except per share data)	Three Months Ended March 31	June 30	September 30	December 31
Operating revenues	$ 3,842	$ 3,776	$ 3,398	$ 2,863
Operating loss	$ (115)	$ (114)	$ (251)	$ (1,122)
Net loss	$ (133)	$ (90)	$ (259)	$ (734)
Basic and diluted loss per share(1)	$ (1.11)	$ (0.76)	$ (2.13)	$ (5.98)

(1) The sum of the quarterly earnings per share does not equal the annual earnings per share due to changes in average shares outstanding.

Our financial results for the years ended December 31, 2002 and 2001 were materially impacted by certain events, as discussed below:

- During the six months ended June 30, 2001, public concern over a possible strike by Delta pilots relating to then ongoing collective bargaining negotiations caused some customers to make reservations and travel with airlines other than Delta. On June 20, 2001, Delta pilots ratified a new collective bargaining agreement, avoiding a possible strike.

- On March 26, 2001, Comair pilots began a strike, which continued until June 22, 2001 when they ratified a new collective bargaining agreement. As a result of this 89-day strike, Comair suspended its operations between March 26, 2001 and July 1, 2001. Comair resumed partial service on July 2, 2001, and gradually began restoring service during the remainder of the year. Service was fully restored to pre-strike levels during January 2002.

- Prior to September 11, 2001, the slowing U.S. and world economies reduced the demand for air travel among both business and leisure passengers. This decline in demand negatively impacted our passenger traffic and yield in 2001 and 2002.

- The business environment significantly worsened as a result of the September 11 terrorist attacks. See Note 16 for information regarding certain charges and costs we recorded in 2001 as a result of these attacks.

- During 2002, we made significant changes in our fleet plan to simplify our aircraft fleet to reduce capacity and to decrease capital expenditures through aircraft deferrals. See Note 16 for information related to charges and other costs associated with these fleet changes.

Independent's Auditors' Report

To the Board of Directors and Shareowners' of Delta Air Lines, Inc.:

We have audited the accompanying consolidated balance sheet of Delta Air Lines, Inc. (a Delaware corporation) and subsidiaries (the "Company) as of December 31, 2002, and the related consolidated statements of operations, cash flows and shareowners' equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Delta Air Lines, Inc. as of December 31, 2001, and for each of the two years in the period ended December 31, 2001, before the revisions discussed below to Notes 5, 9, 17 and 21 to the consolidated financial statements, were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements in their report dated January 23, 2002. Their report contained an explanatory paragraph related to the Company's change in its method of accounting for derivative instruments and hedging activities effective July 1, 2000 as discussed in Note 4 to the consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the consolidated financial statements, effective January 1, 2002, the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142 ("SFAS 142").

As discussed above, the financial statements of the Company as of December 31, 2001, and for each of the two years in the period ended December 31, 2001, were audited by other auditors who have ceased operations. These consolidated financial statements have been revised as follows:

- As described in Note 5, the Company adopted the provisions of SFAS 142 as of January 1, 2002. These consolidated financial statements have been revised to include the disclosures required by SFAS 142.

- In Note 9, the Company has disclosed the amount of expenses incurred related to contract carrier agreements. These consolidated financial statements have been revised to include such disclosures for 2001 and 2000.

- In Note 17, the Company has disclosed the amounts of the additional costs and expenses and payments related to restructuring and other reserves for leased aircraft and facilities and other items. These consolidated financial statements have been revised to include such disclosures for 2001 and 2000.

- In Note 21, the Company has disclosed the amounts of additional costs and expenses and deductions related to the allowance for obsolescence of expendable parts and supplies inventories. These consolidated financial statements have been revised to include such disclosures for 2001 and 2000.

We audited the disclosures in Notes 5, 9, 17 and 21 that were included to revise the 2001 and 2000 consolidated financial statements. In our opinion, such disclosures are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 consolidated financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
January 31, 2003

Report of Independent Public Accountants

THE FOLLOWING IS A COPY OF THE AUDIT REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP IN CONNECTION WITH DELTA'S ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2001. THIS AUDIT REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP.

To Delta Air Lines, Inc.:

We have audited the accompanying consolidated balance sheets of Delta Air Lines, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, cash flows and shareowners' equity for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Delta Air Lines, Inc. and subsidiaries as of December 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 4 to the consolidated financial statements, effective July 1, 2000, Delta Air Lines, Inc. changed its method of accounting for derivative instruments and hedging activities.

/s/ Arthur Andersen LLP

Atlanta, Georgia
January 23, 2002

Consolidated Summary of Operations

For the years ended December 31, 2002-1998

(in millions, except per share data)	2002(1)	2001(2)	2000(3)	1999(4)	1998
Operating revenues	$ 13,305	$ 13,879	$ 16,741	$ 14,883	$ 14,312
Operating expenses	14,614	15,481	15,104	13,565	12,509
Operating income (loss)	(1,309)	(1,602)	1,637	1,318	1,803
Interest income (expense), net(5)	(610)	(410)	(257)	(126)	(66)
Miscellaneous income (expense), net(6)	(2)	80	328	901	39
Loss on extinguishment of ESOP Notes	(42)	--	--	--	--
Fair value adjustments of SFAS 133 derivatives	(39)	68	(159)	--	--
Income (loss) before income taxes and cumulative effect of change in accounting principle	(2,002)	(1,864)	1,549	2,093	1,776
Income tax benefit (provision)	730	648	(621)	(831)	(698)
Net income (loss) before cumulative effect of change in accounting principle	(1,272)	(1,216)	928	1,262	1,078
Net income (loss) after cumulative effect of change in accounting principle	(1,272)	(1,216)	828	1,208	1,078
Preferred stock dividends	(15)	(14)	(13)	(12)	(11)
Net income (loss) attributable to common shareowners	$ (1,287)	$ (1,230)	$ 815	$ 1,196	$ 1,067
Earnings (loss) per share before cumulative effect of change in accounting principle(7)					
Basic	$ (10.44)	$ (9.99)	$ 7.39	$ 9.05	$ 7.22
Diluted	$ (10.44)	$ (9.99)	$ 7.05	$ 8.52	$ 6.87
Earnings (loss) per share(7)					
Basic	$ (10.44)	$ (9.99)	$ 6.58	$ 8.66	$ 7.22
Diluted	$ (10.44)	(9.99)	$ 6.28	$ 8.15	$ 6.87
Dividends declared per common share	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10

Other Financial and Statistical Data

For the years ended December 31, 2002-1998	2002(1)	2001(2)	2000(3)	1999(4)	1998
Total assets (millions)	$ 24,720	$ 23,605	$ 21,931	$ 19,942	$ 14,727
Long-term debt and capital leases (excluding current maturities) (millions)	$ 10,174	$ 8,347	$ 5,896	$ 4,303	$ 1,720
Shareowners' equity (millions)	$ 893	$ 3,769	$ 5,343	$ 4,908	$ 4,077
Shares of common stock outstanding at year end(7)	123,359,205	123,245,666	123,013,372	132,893,470	141,514,262
Revenue passengers enplaned (thousands)	107,048	104,943	119,930	110,083	105,304
Available seat miles (millions)	141,719	147,837	154,974	147,073	142,154
Revenue passenger miles (millions)	102,029	101,717	112,998	106,165	103,342
Operating revenue per available seat mile	9.39(cents)	9.39(cents)	10.80(cents)	10.12(cents)	10.07(cents)
Passenger mile yield	12.08(cents)	12.74(cents)	13.86(cents)	13.14(cents)	12.99(cents)
Operating cost per available seat mile	10.31(cents)	10.47(cents)	9.75(cents)	9.22(cents)	8.80(cents)
Passenger load factor	71.99%	68.80%	72.91%	72.18%	72.70%
Breakeven passenger load factor	79.64%	77.31%	65.29%	65.37%	62.94%
Available ton miles (millions)	21,548	22,282	22,925	21,245	20,312
Revenue ton miles (millions)	11,698	11,752	13,058	12,227	12,052
Operating cost per available ton miles	67.82(cents)	69.48(cents)	65.88(cents)	63.85(cents)	61.58(cents)

(1) Includes a $439 million charge ($277 million net of tax, or $2.25 diluted EPS) for asset writedowns, restructuring and related items, net; a $34 million gain ($22 million net of tax, or $0.17 diluted EPS) for Stabilization Act compensation; and a $94 million charge ($59 million net of tax, or $0.47 diluted EPS) for other income and expense items (seepages 16-17 of Management's Discussion and Analysis).

(2) Includes a $1.1 billion charge ($695 million net of tax, or $5.63 diluted EPS) for asset writedowns, restructuring and related items, net; a $634 million gain ($392 million net of tax, or $3.18 diluted EPS) for Stabilization Act compensation; and a $186 million gain ($114 million net of tax, or $0.92 diluted EPS) for other income and expense items (see pages 16-17 of Management's Discussion and Analysis).

(3) Includes a $108 million charge ($66 million net of tax, or $0.50 diluted EPS) for asset writedowns, restructuring and related items, net; a $151 million gain ($93 million net of tax, or $0.70 diluted EPS) for other income and expense items; and a $164 million cumulative effect, non-cash charge ($100 million net of tax, or $0.77 diluted EPS), resulting from our adoption of SFAS 133 on July 1, 2000 (see pages 18-19 of Management's Discussion and Analysis).

(4) Includes a $469 million charge ($286 million net of tax, or $1.94 diluted EPS) for asset writedowns; $927 million gain ($565 million net of tax, or $3.83 diluted EPS) from the sale of certain investments; an $89 million non-cash charge ($54 million net of tax, or $0.37 diluted EPS)

from the cumulative effect of a change in accounting principle resulting from our adoption on January 1, 1999 of SAB 101; and a $40 million charge ($24 million net of tax, or $0.16 diluted EPS) for the early extinguishment of certain debt obligations.

(5) Includes interest income.

(6) Includes gains (losses) from the sale of investments.

(7) All earnings per share amounts for 1998 have been restated to reflect the two-for-one common stock split that became effective on November 2, 1998.

Shareowner Information

TRANSFER AGENT, REGISTRAR, AND DIVIDEND PAYING AGENT FOR COMMON STOCK

Registered shareowner inquiries related to stock transfers, address changes, lost stock certificates, dividend payments or account consolidations should be directed to:

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
Telephone (800) 259-2345 or (651) 450-4064 www.wellsfargo.com/shareownerservices

SHAREOWNER SERVICE PLUS PLAN(SM)

Investors may purchase Delta common stock under this program, which is sponsored and administered by Wells Fargo Shareowner Services. All correspondence and inquiries concerning the program should be directed to:

Delta Air Lines, Inc.
c/o Wells Fargo Shareowner Services P.O. Box 64863
St. Paul, MN 55164-0863
Telephone (800) 259-2345 or (651) 450-4064

FORM 10-K AND OTHER FINANCIAL INFORMATION

A copy of the Form 10-K for the year ended December 31, 2002 and other financial reports filed by Delta with the SEC is available on Delta's Web site at www.delta.com or the SEC's Web site at www.sec.gov, or may be obtained without charge by calling (866) 240-0597 or by writing to:

Delta Air Lines, Inc.
Investor Relations, Department 829 P.O. Box 20706
Atlanta, Georgia 30320-6001

A copy of this Annual Report can be found on Delta's Web site, www.delta.com. Registered shareowners and participants in the Delta Family-Care Savings Plan may elect to receive future annual meeting materials electronically by signing up at www.delta.com/inside/investors/index.jsp

AVAILABILITY OF ANNUAL REPORT ON COMMUNITY AFFAIRS AND ANNUAL REPORT ON GLOBAL DIVERSITY

Copies of these reports are available online at www.delta.com.

INVESTOR RELATIONS

Telephone inquiries related to financial information, other than requests for financial documents, may be directed to Delta Investor Relations at (866) 715-2170.

INDEPENDENT AUDITORS

Deloitte & Touche LLP
191 Peachtree Street, N.E., Suite 1500
Atlanta, GA 30303-1924

COMMON STOCK

Delta's Common Stock is traded on the New York Stock Exchange under the ticker symbol DAL. As of December 31, 2002, there were 22,390 registered owners of common stock.

MARKET PRICES AND DIVIDENDS

YEAR 2002	PRICE OF COMMON STOCK		CASH DIVIDENDS PER COMMON SHARE
QUARTER ENDED:	HIGH	LOW	
March 31	$ 38.69	$ 28.52	$ 0.025

June 30	32.65	18.30	0.025
September 30	20.12	8.30	0.025
December 31	14.09	6.10	0.025
	=======	=======	=======

Year 2001	Price of Common Stock		Cash Dividends per Common Share
Quarter Ended:	High	Low	
March 31	$ 52.94	$ 37.51	$ 0.025
June 30	48.05	37.80	0.025
September 30	46.56	20.00	0.025
December 31	31.15	22.20	0.025
	=======	=======	=======

AVAILABILITY OF EQUAL EMPLOYMENT OPPORTUNITY REPORT

A copy of Delta's Equal Employment Opportunity Report is available without charge upon written request to:

Delta Air Lines, Inc.
Equal Opportunity, Department 955 P.O. Box 20706
Atlanta, Georgia 30320-6001

Delta's Aircraft Fleet

MAINLINE AIRCRAFT FLEET

Our mainline fleet strategy is designed to achieve operational and cost efficiencies through fleet modernization. Our long-term agreement with The Boeing Company (Boeing) covers firm orders, options and rolling options for certain aircraft through calendar year 2017. This agreement supports our plan for disciplined growth, aircraft rationalization and fleet replacement. It also gives us certain flexibility to adjust scheduled aircraft deliveries and to substitute between aircraft models and aircraft types. The majority of the aircraft under firm order from Boeing will be used to replace older aircraft. During 2002, we deferred delivery of 31 mainline aircraft. As a result of these deferrals, we have no mainline aircraft deliveries scheduled in 2003 or 2004.

Our long-term plan is to reduce our mainline aircraft fleet to three family types. We believe fleet standardization will improve reliability and produce long-term cost savings. Consistent with this plan, we will retire our last B-727 aircraft in April 2003. Due to the weak demand environment, we will temporarily ground the entire MD-11 fleet by March 31, 2004. As a result of these actions, by early 2004, we will operate a mainline fleet composed entirely of two-pilot, two-engine aircraft.

Our fleet at December 31, 2002, includes the following 25 aircraft that have been temporarily grounded: 14 B-737-200, eight B-737-300 and three B-767-200 aircraft. These aircraft are included in the table to the right.

REGIONAL JET AIRCRAFT FLEET

Our regional jet program offers service to small and medium-sized cities and enables us to supplement mainline frequencies and service to larger cities. In 2000, ASA and Comair entered into agreements with Bombardier, Inc. to purchase a total of 94 Canadair Regional Jet (CRJ) aircraft, including 69 CRJ-200 aircraft with a mix of 40 and 50 seats, and 25 CRJ-700 aircraft with 70 seats. ASA and Comair also received options to purchase 406 CRJ aircraft through 2010. In 2002, ASA and Comair each took delivery of their first CRJ-700 aircraft. Additionally, Comair now operates an all-jet fleet, having retired its last EMB-120 turbo prop aircraft in August 2002.

AIRCRAFT FLEET AT DECEMBER 31, 2002

	Current Fleet				
Aircraft Type	Owned	Capital Lease	Operating Lease	Total	Average Age
B-727-200	18	--	3	21	23.5
B-737-200	--	42	10	52	17.8
B-737-300	--	--	26	26	16.1
B-737-800	71	--	--	71	2.2
B-757-200	77	3	41	121	11.3
B-767-200	15	--	--	15	19.6
B-767-300	4	--	24	28	12.9
B-767-300ER	51	--	8	59	6.9
B-767-400	21	--	--	21	1.8
B-777-200	8	--	--	8	2.9
MD-11	8	--	7	15	8.9
MD-88	63	--	57	120	12.5
MD-90	16	--	--	16	7.1
EMB-120	29	--	--	29	11.8
ATR-72	4	--	15	19	8.5
CRJ-100/200	73	--	122	195	3.7
CRJ-700	15	--	--	15	0.3
Total	473	45	313	831	9.0

AIRCRAFT DELIVERY SCHEDULE AT DECEMBER 31, 2002

	Delivery Calendar Year Ending					
Aircraft on Firm Order	2003	2004	2005	2006	After 2006	Total
B-737-800	--	--	19	19	23	61
B-777-200	--	--	2	3	--	5
CRJ-100/200	31	--	--	--	--	31
CRJ-700	20	23	--	--	--	43
Total	51	23	21	22	23	140

AIRCRAFT ON OPTION AT DECEMBER 31, 2002

Aircraft on Option(1)	2003	2004	2005	2006	After 2006	Total	Rolling Options
	Delivery in Calendar year Ending						
B-737-800	--	4	8	10	38	60	231
B-757-200	--	3	6	6	5	20	43
B-767-300/300ER	--	--	2	2	6	10	9
B-767-400	--	2	2	2	18	24	3
B-777-200	--	2	5	1	12	20	14
CRJ-100/200	--	27	38	33	99	197	--
CRJ-700	--	5	30	30	100	165	--
Total	--	43	91	84	278	496	300

(1) Aircraft options have scheduled delivery slots, while rolling options replace options and are assigned delivery slots as options expire or are exercised.

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EXHIBIT 21

SUBSIDIARIES OF DELTA AIR LINES, INC.

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
Aero Assurance Ltd.	Vermont
ASA Holdings, Inc.	Georgia
Atlantic Southeast Airlines, Inc.	Georgia
CMD, Ltd.	Cayman
Comair Acquisition Co., Inc.	Michigan
Comair Capital Markets, Inc.	Delaware
Comair Holdings, Inc.	Kentucky
Comair, Inc.	Ohio
Comair Services, Inc.	Kentucky
Crown Rooms, Inc.	Nevada
Crown Rooms of Texas, Inc.	Texas
DAL Aircraft Trading, Inc.	Delaware
DAL Funding, LLC	Delaware
DAL Global Services, Inc.	Delaware
DAL Hospitality Services Ltd.	Canada
DAL Moscow, Inc.	Delaware
DAL Receivables, LLC	Delaware
DASH Management, Inc.	Delaware
Delta AirElite Business Jets, Inc.	Kentucky
Delta Air Lines, Inc. and Pan American World Airways, Inc. - Unterstutzungskasse GMBH	Germany

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
Delta Air Lines Receivables Corporation	Delaware
Delta Air Technology, Ltd.	United Kingdom
Delta Connection Academy, Inc	Florida
Delta Benefits Management, Inc.	Delaware
Delta Corporate Identity, Inc	Delaware
Delta Connection, Inc.	Delaware
Delta Grantor Trust	New York
Delta Loyalty Management Services, Inc.	Delaware
Delta Technology, Inc.	Georgia
Delta Ventures III, Inc.	Delaware
Epsilon Trading, Inc.	Delaware
Guardant, Inc.	Delaware
Kappa Capital Management, Inc.	Delaware
New Sky, Ltd.	Bermuda
Song Airways, LLC	Delaware
Omicron Reservations Management, Inc.	Delaware
Theta Services, LLC	Georgia
TransQuest Holdings, Inc.	Georgia

None of Delta's subsidiaries do business under any names other than their corporate names.

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 2-94541 and 333-65218 on Form S-3 and in Registration Statements No. 33-65391, 333-16471, 333-92291, 333-46904, 333-48718, 33-30454, 333-49553 and 333-73856 on Form S-8 of Delta Air Lines, Inc. of our report dated January 31, 2003, relating to the consolidated financial statements of Delta Air Lines, Inc. as of and for the year ended December 31, 2002 (which report expresses an unqualified opinion and includes explanatory paragraphs relating to (1) the Company's change in its method of accounting for goodwill and other intangible assets to conform with Statement of Financial Accounting Standards No. 142 and (2) the application of procedures relating to certain revised disclosures in Notes 5, 9, 17 and 21 related to the 2001 and 2000 consolidated financial statements that were audited by other auditors who have ceased operations and for which we have expressed no opinion or other form of assurance other than with respect to such disclosures), incorporated by reference in this Annual Report on Form 10-K of Delta Air Lines, Inc. for the year ended December 31, 2002.

/s/ Deloitte & Touche LLP

Atlanta, Georgia
March 24, 2003

EXHIBIT 24

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of February 3, 2003.

/s/ Edward H. Budd
____
Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of January 31, 2003.

/s/ George Fisher

Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of January 30, 2003.

/s/ David R. Goode

Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of February 3, 2003.

/s/ Gerald Grinstein

Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of January 29, 2003.

/s/ James M. Kilts

Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of January 29, 2003.

/s/ John F. Smith Jr.

Director
Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of February 2, 2003.

/s/ Joan E. Spero

Director

Delta Air Lines, Inc.

POWER OF ATTORNEY

I hereby constitute and appoint Leo F. Mullin, M. Michele Burns and Edward H. Bastian, and each of them separately, as my true and lawful attorneys-in-fact and agents, with full power of substitution, for me and in my name, in any and all capacities, to sign on my behalf the Annual Report on Form 10-K of Delta Air Lines, Inc. for the fiscal year ended December 31, 2002, and any amendment or supplement thereto; and to file such Annual Report on Form 10-K with the Securities and Exchange Commission, the New York Stock Exchange, and any other appropriate agency pursuant to applicable laws and regulations.

IN WITNESS WHEREOF, I have hereunto set my hand as of February 3, 2003.

/s/ Andrew J. Young

Director
Delta Air Lines, Inc.

EXHIBIT 99.1

March 27, 2003

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Ladies and Gentlemen:

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the Annual Report on Form 10-K of Delta Air Lines, Inc. ("Delta") for the fiscal year ended December 31, 2002 (the "Report").

Each of the undersigned, the Chairman of the Board and Chief Executive Officer, and the Executive Vice President and Chief Financial Officer, respectively, of Delta, hereby certifies that, as of the end of the period covered by the Report:

1. such Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta.

/s/ Leo F. Mullin

Name: Leo F. Mullin
Chairman of the Board and
Chief Executive Officer

/s/ M. Michele Burns

Name: M. Michele Burns
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Delta and will be retained by Delta and furnished to the Securities and Exchange Commission or its staff upon request.