

DELTA AIR LINES INC /DE/
Form T-3
February 08, 2007

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

FORM T-3
APPLICATION FOR QUALIFICATION OF INDENTURE
UNDER THE TRUST INDENTURE ACT OF 1939

DELTA AIR LINES, INC.
(Name of applicant)

P.O. Box 20706
Atlanta, Georgia 30320-6001
(404) 715-2600
(Address of principal executive offices)

Securities to be Issued Under the Indenture to be Qualified

<i>Title of Class</i>	<i>Amount</i>
Senior Notes due 2021	\$225,000,000

Approximate date of proposed public offering: The Effective Date under the Joint Plan of Reorganization of the applicant and certain of its direct and indirect wholly-owned subsidiaries pursuant to chapter 11 of the Bankruptcy Code (which is presently expected to be on or about April 30, 2007), or within seven business days thereafter.

Name and address of agent for service:

Leslie P. Klemperer, Esq.
Vice President—Deputy
General Counsel
Delta Air Lines, Inc.
P.O. Box 20706
Atlanta, Georgia 30320-6001
(404) 715-2476

with copies to:

John Fouhey, Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000

The applicant hereby amends this application for qualification on such date or dates as may be necessary to delay its effective date until: (i) the 20th day after the filing of a further amendment that specifically states that it will supersede this application for qualification or (ii) such date as the Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), may determine upon the written request of the applicant.

GENERAL

General Information.

The applicant, Delta Air Lines, Inc. (“Delta” or the “Company”), is a corporation organized and existing under the laws of the State of Delaware.

Securities Act exemption applicable.

On September 14, 2005 (the “Petition Date”), Delta and certain direct and indirect wholly-owned subsidiaries of Delta (together, the “Debtors”) filed voluntary petitions to reorganize their businesses under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The Bankruptcy Court is jointly administering these cases as “In re Delta Air Lines, Inc., et al., Case No. 05-17923”.

On December 4, 2006, Delta and the Pension Benefit Guaranty Corporation (“PBGC”) entered into a global settlement agreement that provides for the settlement and compromise of various disputes and controversies with respect to the Delta Pilots Retirement Plan (the “Pilot Plan”), a tax-qualified defined benefit pension plan maintained by Delta for the benefit of pilot employees and governed by ERISA and the Internal Revenue Code. The settlement agreement was approved by the Bankruptcy Court on December 20, 2006.

On December 19, 2006, the Debtors filed a Joint Plan of Reorganization with the Bankruptcy Court and filed amendments on January 18, 2007, February 2, 2007 and February 7, 2007 (including each such amendment, and as may be further amended from time to time, the “Plan”). The Effective Date under the Plan (the “Effective Date”) is currently expected to be April 30, 2007.

Under the settlement agreement, Delta agreed that the Plan will provide for the distribution to PBGC of \$225 million in aggregate principal amount of senior unsecured notes with a term of up to 15 years and an annual interest rate calculated to ensure that the securities trade at par on the issuance date. At Delta’s option, Delta may replace all or a portion of the principal amount of the securities with cash prior to their issuance, which Delta is required to do on a pro rata basis to the extent Delta replaces with cash all or a portion of certain notes issued to the Air Line Pilots Association (“ALPA”) in connection with the Plan.

The securities for distribution to PBGC will be issued under an indenture to be entered into between Delta and a qualified financial institution acting as trustee, a form of which is attached as Exhibit T3C.

The Applicant believes that the issuance of the securities is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 1145(a)(1) of the Bankruptcy Code. Generally, Section 1145(a)(1) of the Bankruptcy Code exempts the issuance of securities from the registration requirements of the Securities Act and equivalent state securities and “blue sky” laws if the securities are issued by a debtor, an affiliate participating in a joint plan of reorganization with the debtor or a successor to the debtor under a plan of reorganization, in each case (i) in exchange for a claim against, an interest in or a claim for an administrative expense in a case concerning the debtor or (ii) are issued principally in such exchange and partly for cash or property.

Delta believes that the issuance of the securities as contemplated by the Plan will satisfy the aforementioned requirements. The securities will be issued to PBGC pursuant to the settlement agreement that, among other things, settles each of the potential claims of PBGC in connection with the Pilot Plan and in consideration for the settlements and compromises contained in the settlement agreement.

AFFILIATIONS**Affiliates.**

As of February 7, 2007, the affiliates of Delta and the percentages of voting securities owned by the immediate parent of each subsidiary are as follows:

Name of Entity	Percentage of Voting Securities Owned by Immediate Parent
Delta Air Lines, Inc.	
Crown Rooms, Inc.	100%
DAL Aircraft Trading, Inc.	100%
DAL Global Services, LLC	100%
Delta Air Lines, Inc. and Pan American World Airways, Inc.—Unterstützungskasse GmbH	100%
Delta Air Lines Dublin Limited	100%
Delta Air Lines Private Limited	51%
Delta Corporate Identity, Inc.	100%
Kappa Capital Management, Inc.	100%
Aero Assurance, Ltd. (1)	95%
ASA Holdings, Inc.	100%
Comair Holdings, LLC	100%
Comair, Inc.	100%
Comair Services, Inc.	100%
Delta AirElite Business Jets, Inc.	100%
Delta Connection Academy, Inc.	100%
DAL Moscow, Inc.	100%
A/O DATE	50%
New Sky, Ltd.	100%
Delta Loyalty Management Services, LLC	100%
Delta Technology, LLC	100%
Delta Benefits Management, Inc. (2)	90%
Delta Ventures III, LLC	100%
Epsilon Trading, LLC	100%
Song, LLC	100%

(1) Kappa Capital Management, Inc., the immediate parent, owns 12,900,000 shares of Class A Preferred Stock. The remaining voting power is held by Delta Air Lines, Inc., which owns 120,000 shares of Class A Common Stock and 500,000 shares of Class B Common Stock. All shares of voting stock have one vote per share. ACE American Insurance Company owns 4,500,000 Class B Preferred Stock, which does not have voting rights.

(2) AON Group, Inc. owns the remaining shares, which have voting rights with respect to the election of one director.

Upon the Effective Date, the relationship among Delta and each of its affiliates is currently expected to be as follows:

Name of Entity	Percentage of Voting Securities Owned by Immediate Parent
Delta Air Lines, Inc.	
Crown Rooms, Inc.	100%
DAL Global Services, LLC	100%
Delta Air Lines, Inc. and Pan American World Airways, Inc.—Unterstützungskasse GmbH	100%
Delta Air Lines Dublin Limited	100%
Delta Air Lines Private Limited	51%
Kappa Capital Management, LLC	100%
Aero Assurance, Ltd. (1)	95%
ASA Holdings, Inc.	