

DELTA AIR LINES INC /DE/

Form 10-K/A

April 28, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
AMENDMENT No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

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	58-0218548
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Post Office Box 20706 Atlanta, Georgia	30320-6001
(Address of principal executive offices)	(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
None	

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value \$0.01 per share
Preferred Stock Purchase Rights
8¹/₈ % Notes Due July 1, 2039

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ___ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes ___ No X

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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 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and non-accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2005 was approximately \$590 million.

On March 31, 2006, there were outstanding 197,335,938 shares of the registrant's common stock.

This document is also available on our website at <http://investor.delta.com/edgar.cfm>.

Explanatory Note

On March 27, 2006, we filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2005. In accordance with General Instruction G(3), we are now filing this amendment to include in the Form 10-K the information required to be filed pursuant to Part III of Form 10-K. We are also filing with this amendment Exhibit No. 10.15(e) titled Form of Separation Agreement and General Release Applicable to Executive Officers and Exhibit No. 10.16 titled Description of Certain Benefits of Executive Officers. Additionally, certifications of the Chief Executive Officer and Chief Financial Officer are being filed with this amendment as Exhibit Nos. 31.3 and 31.4, respectively, pursuant to Rule 12b-15 under the Securities Exchange Act.

PART III**Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The following table sets forth information regarding our directors and executive officers, as of April 28, 2006:

Name	Age	Position
Edward H. Budd	72	Director
Domenico De Sole	62	Director
David R. Goode	65	Director
Gerald Grinstein	73	Chief Executive Officer and Director
Patricia L. Higgins	56	Director
Arthur E. Johnson	59	Director
Karl J. Krapek	57	Director
Paula Rosput Reynolds	49	Director
John F. Smith, Jr.	68	Chairman of the Board of Directors
Kenneth B. Woodrow	61	Director
James Whitehurst	38	Chief Operating Officer
Edward H. Bastian	48	Chief Financial Officer
Glen W. Hauenstein	45	Executive Vice President Network Planning and Revenue Management
Joseph C. Kolshak	49	Executive Vice President Operations
Lee A. Macenczak	44	Executive Vice President Sales and Customer Service
Paul G. Matsen ⁽¹⁾	46	Executive Vice President and Chief Marketing Officer

(1) Mr. Matsen's employment with Delta ends effective June 1, 2006 due to the consolidation of positions in Delta's executive team. His responsibilities have been assigned to other officers and his position will not be replaced.

Directors***Edward H. Budd***

Joined Delta's Board in 1985. Chairman of the Board and Chief Executive Officer of The Travelers Corporation (1982 until his retirement in 1993); held other executive officer positions in that company (1974-1982).

Committees: Audit (Chair); Finance; Personnel & Compensation

Directorships: None

Affiliations: Member of the American Academy of Actuaries and The Business Council; Trustee of Tufts University

Domenico De Sole

Joined Delta's Board in 2005. Chairman, TOM FORD Brand since 2005; President and Chief Executive Officer of Gucci Group, N.V., and Chairman of the Gucci Group's Management Board (1995-2004); Chief Operating Officer, Gucci Group (1994-1995); Chief Executive Officer, Gucci America (1984-1994). Prior to joining Gucci, De Sole was a partner with the law firm of Patton, Boggs L.L.P.

Committees: Corporate Governance and Finance

Directorships: Bausch & Lomb, Incorporated; The Gap, Inc.; TOM FORD Brand; Gruppo Ermenegildo Zegna; TelecomItalia SpA

Affiliations:

Member, Advisory Board of Harvard Law School

David R. Goode

Joined Delta's Board in 1999. Chairman of the Board of Norfolk Southern Corporation (1992 until his retirement in 2006); Chief Executive Officer of Norfolk Southern Corporation (1992 – October 2005); held other executive officer positions with that company since 1985.

Committees: Personnel & Compensation (Chair); Finance

Directorships: Caterpillar, Inc.; Norfolk Southern Corporation; Norfolk Southern Railway Company; Texas Instruments, Incorporated

Affiliations: Member of The Business Council

Gerald Grinstein

Chief Executive Officer of Delta since 2004. Joined Delta's Board in 1987. Non-executive Chairman of the Board of Agilent Technologies, Inc. (1999 – 2002); non-executive Chairman of Delta's Board of Directors (1997 – 1999); Retired Chairman of Burlington Northern Santa Fe Corporation (successor to Burlington Northern Inc.) since December 1995; executive officer, including Chief Executive Officer, of Burlington Northern Inc. and certain affiliated companies (1987 – 1995); Chief Executive Officer of Western Air Lines, Inc. (1985 – 1987).

Committees: None

Directorships: None

Affiliations: Trustee, Henry M. Jackson Foundation; Trustee, University of Washington Foundation

Patricia L. Higgins

Joined Delta's Board in 2005. President and Chief Executive Officer of Switch and Data, a leading neutral interconnection and colocation provider (2000 – 2004); Chairman and Chief Executive Officer of The Research Board, a business unit of the Gartner Group, and an Executive Vice President of the Gartner Group (1999 – 2000); Chief Information Officer, Corporate Vice President and Member of the Executive Committee of Alcoa (1997 – 1999).

Committees: Audit; Corporate Governance

Directorships: Visteon Corporation; Internap Network Services Corporation

Arthur E. Johnson

Joined Delta's Board in 2005. Senior Vice President, Corporate Strategic Development of Lockheed Martin Corporation since December 2001; Vice President, Corporate Strategic Development of Lockheed Martin Corporation (1999 – 2001); President and Chief Operating Officer of Lockheed Martin Corporation Information and Services Sector (1997 – 1999); President of Lockheed Martin Corporation Systems Integration Group (January 1997 to August 1997); President of Loral Corporation Federal Systems Group (1994 – 1996).

Committees: Finance; Personnel & Compensation

Directorships: AGL Resources, Inc.; IKON Office Solutions, Inc.

Affiliations: Trustee, Dillard University; Director, The Woods Charitable Foundation, Inc.

Karl J. Krapek

Joined Delta's Board in 2004. President and Chief Operating Officer of United Technologies Corporation (1999 until his retirement in 2002); also held other management positions in that company (1982 - 1999).

- Committees:** Corporate Governance (Chair); Finance
- Directorships:** Lucent Technologies Inc.; Prudential Financial, Inc.; The Connecticut Bank and Trust Company; Visteon Corporation
- Affiliations:** Vice Chairman, Board of Trustees of Connecticut State University; Director, St. Francis Care, Inc.; Chairman, Hartford Youth Scholars Foundation

Paula Rosput Reynolds

Joined Delta's Board in 2004. President and Chief Executive Officer of Safeco Corporation since January 2006; Chairman of the Board of AGL Resources, Inc. (2002 - 2005); President and Chief Executive Officer of AGL Resources, Inc. (2000 - 2005); Chairman of Atlanta Gas Light Company, a wholly-owned subsidiary of AGL Resources, Inc., (2000 - 2003); President and Chief Operating Officer of Atlanta Gas Light Company (1998 - 2000); President and Chief Executive Officer of Duke Energy Power Services, LLC, a subsidiary of Duke Energy Corporation (1997 - 1998).

- Committees:** Corporate Governance; Personnel & Compensation
- Directorships:** Coca-Cola Enterprises Inc.; Safeco Corporation

John F. Smith, Jr.

Joined Delta's Board in 2000. Chairman of the Board of General Motors Corporation (1996 until his retirement in 2003); also served as that company's Chief Executive Officer (1992 - 2000), President (1992 - 1998) and Chief Operating Officer (1992).

- Committees:** Finance (Chair); Audit; Corporate Governance
- Directorships:** Swiss Reinsurance Company; The Procter & Gamble Company
- Affiliations:** Member of the Board of The Nature Conservancy; Chairman of the Advisory Board of Alix Partners LLC/ Questor Partners Funds; Member of The Business Council; Trustee, Boston University

Kenneth B. Woodrow

Joined Delta's Board in 2004. Vice Chairman of Target Corporation (1999 until his retirement in 2000); also served as that company's President (1994 - 1999); and held other management positions in that company (1971 - 1994).

- Committees:** Audit; Personnel & Compensation
- Directorships:** EZ Gard Industries, Inc.; Visteon Corporation
- Affiliations:** Chairman of the Board of Trustees, Hamline University

Executive Officers

James Whitehurst

Chief Operating Officer since July 2005; Senior Vice President and Chief Network and Planning Officer (2004 July 2005); Senior Vice President Finance, Treasury & Business Development (2002 2004); Vice President and Director, Boston Consulting Group (2001).

Edward H. Bastian

Chief Financial Officer since April 2006; Executive Vice President and Chief Financial Officer (July 2005 April 2006); Chief Financial Officer, Acuity Brands (June 2005 July 2005); Senior Vice President Finance and Controller, Delta Air Lines (2000 April 2005); Vice President and Controller (1998 2000).

Glen W. Hauenstein

Executive Vice President Network Planning and Revenue Management since April 2006; Executive Vice President and Chief of Network and Revenue Management (August 2005 April 2006); Vice General Director Chief Commercial Officer and Chief Operating Officer, Alitalia (2003 2005); Senior Vice President Network, Continental Airlines (2003); Senior Vice President Scheduling, Continental Airlines (2001 2003); Vice President Scheduling, Continental Airlines (1998 2001).

Joseph C. Kolshak

Executive Vice President Operations since April 2006; Executive Vice President and Chief of Operations (July 2005 April 2006); Senior Vice President and Chief of Operations 2004 2005; Senior Vice President Flight Operations (2002 2004); Vice President Flight Operations (2001 2002); Director, Investor Relations (1998 2001); General Manager Flight Operations (1996 1998); Flight Operations Manager and Assistant Chief Pilot (1994 1996); Flight Operations Coordinator Atlanta (1993 1994); Special Assignment Supervisor to the Vice President of Flight Operations (1991 1993). Additionally, Mr. Kolshak is a 757/767/777 Captain.

Lee A. Macenczak

Executive Vice President Sales and Customer Service since April 2006; Executive Vice President and Chief Customer Service Officer (July 2005 April 2006); Senior Vice President and Chief Customer Service Officer (2004 2005); Senior Vice President & Chief Human Resources Officer (June 2004 October 2004); Senior Vice President Sales and Distribution (2000 2004); Vice President Customer Service (1999 2000); Vice President Reservation Sales (1998 1999); Vice President Reservation Sales & Distribution Planning (1996 1998).

Paul G. Matsen

Executive Vice President and Chief Marketing Officer since July 2005; Senior Vice President and Chief Marketing Officer (2004 2005); Senior Vice President International & Alliances (2000 2004); Senior Vice President Alliances (1999 2000); Senior Vice President Alliance Strategy & Development (1998 1999); Senior Vice President Corporate Planning & Information Technologies (1997 1998); Senior Vice President Corporate Planning (1996 1997); Vice President Corporate Planning (1996); Vice President Advertising and Consumer Marketing (1994 1996). Mr. Matsen's employment with Delta ends effective June 1, 2006, due to the consolidation of positions in Delta's executive team.

Corporate Governance Matters

Director Independence

The Board of Directors has adopted a formal policy that a substantial majority of its members should be independent directors who have no material relationship with Delta (either directly or as a partner, shareowner or officer of an organization that has such a relationship with Delta), as defined under the New York Stock Exchange (NYSE) listing standards and our director independence standards. Although our securities were delisted from the NYSE, we continue to determine the independence of directors under the NYSE listing standards and our director independence standards. The Board of Directors has determined that all directors are independent under both sets of standards except Mr. Grinstein, who is not independent because he became our Chief Executive Officer on January 1, 2004. In making these independence determinations, the Board of Directors considered information submitted by the directors in response to

directors' questionnaires and information obtained from our internal records. Delta's director independence standards are available on our website at www.delta.com/about_delta/investor_relations/corporate_governance/index.jsp.

Independence of Audit, Corporate Governance and Personnel & Compensation Committee Members

The Audit, Corporate Governance and Personnel & Compensation Committees of our Board of Directors consist entirely of non-employee directors who are independent, as defined in the NYSE listing standards and our director independence standards. The members of the Audit Committee also satisfy the additional independence requirements set forth in rules under the Securities Exchange Act of 1934.

Audit Committee Financial Experts

The Board of Directors has designated all of the Audit Committee members, Mr. Budd, Ms. Higgins, Mr. Smith and Mr. Woodrow, as Audit Committee Financial Experts. The Board has also determined that each is independent, as described above.

Corporate Governance Principles, Independence Standards, Committee Charters, and Codes of Ethics

Our corporate governance principles, director independence standards, the charters of the Audit, Corporate Governance and Personnel & Compensation Committees, our code of ethics and business conduct for all employees, including our senior financial officers (as defined in SEC rules), and our code of ethics and business conduct for directors, and certain Board policies are available on our website at www.delta.com/about_delta/investor_relations/corporate_governance/index.jsp. Additionally, a copy of these materials may be obtained by contacting our Corporate Secretary at PO Box 20574, Dept. 981, Atlanta, GA 30320-2574. We intend to post on our website any amendments or waivers of our codes of ethics and business conduct in favor of members of the board of directors or our senior financial officers.

Shareowner Communications with Directors

The Board of Directors has established a process by which our shareowners may communicate with our independent directors. Shareowners may send communications by e-mail to independent.directors@delta.com. We have established a link to this address on our website. All communications will be sent directly to the non-executive Chairman of the Board, as representative of the independent directors, other than communications pertaining to customer service, human resources and accounting, auditing, internal control and financial reporting matters. Communications regarding customer service and human resources matters will be forwarded for handling by the appropriate Delta department. Communications regarding accounting, auditing, internal control and financial reporting matters will be brought to the attention of the Chair of the Audit Committee.

Meetings of the Board of Directors and Board Committees

The Board of Directors holds regular meetings four times a year, schedules special meetings when required and regularly meets in executive session without management. Mr. Smith, who serves as the non-executive Chairman of the Board, presides at these executive sessions.

During 2005, the Board met 13 times. The Board and its committees also meet informally from time to time. Each director attended more than 90% of the meetings of the Board of Directors and the committees on which he or she served that were held during his or her tenure on the Board of Directors, except Mr. De Sole. Due to an unavoidable conflict, Mr. De Sole, who joined the Board on October 3, 2005, was unable to attend one of the three meetings held after he joined the Board.

It is the Board's policy that directors should attend each annual meeting of shareowners. All directors elected at the 2005 annual meeting of shareowners attended that meeting.

Section 16 Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and persons who beneficially own more than 10% of a registered class of our equity securities (reporting persons) to file certain reports concerning their beneficial ownership of our equity securities. We believe that during 2005 all reporting persons complied with their Section 16(a) filing obligations.

ITEM 11. EXECUTIVE COMPENSATION

This section contains information about the compensation of Mr. Grinstein, who served as Delta's Chief Executive Officer during 2005, and Delta's four most highly compensated executive officers, other than Mr. Grinstein, who were serving as executive officers at December 31, 2005.

Summary Compensation Table

Name and Principal Position(1)	Year	Annual Compensation		Long Term Compensation Awards			All Other Compensation	
		Salary	Bonus	Other Restricted Stock Compensation(5)	Restricted Stock Awards(6)	Securities Underlying SARs/TIP Payouts(7)		
		(\$)(2)(3)	(\$)(4)	(\$)(5)	(\$)(6)	(#)(7)	(\$)(8)	(\$)(9)
Gerald Grinstein	Year ended 12/31/05	431,250	0	2,705	0	0	0	0
Chief Executive Officer	Year ended 12/31/04	250,000	0	40,837	0	0	0	91,370
James M. Whitehurst	Year ended 12/31/05	401,981	0	4,901	0	0	0	4,374
Chief Operating Officer	Year ended 12/31/04	420,000	0	4,511	0	296,700	0	3,581
Edward H. Bastian ⁽¹⁰⁾	Year ended 12/31/05	264,616	350,000	11,692	0	0	0	200,538
Chief Financial Officer								
Joseph C. Kolshak	Year ended 12/31/05	394,877	0	3,761	0	0	0	33,918
Executive Vice President - Operations	Year ended 12/31/04	367,917	0	6,738	0	313,400	0	7,797
Paul G. Matsen	Year ended 12/31/05	394,877	0	2,685	0	0	0	5,553
Executive Vice President and Chief Marketing Officer	Year ended 12/31/04	382,125	0	2,300	0	313,400	0	5,477

(1) Messrs. Grinstein, Whitehurst, Kolshak and Matsen each became an executive officer of Delta during 2004, and Mr. Bastian became an executive officer of Delta in 2005. Accordingly, consistent with rules adopted by the Securities and Exchange Commission, this table does not include information regarding compensation (a) for Messrs. Grinstein, Whitehurst, Kolshak and Matsen for the year ended December 31, 2003; or (b) for Mr. Bastian for the years ended December 31, 2004 and 2003.

(2) As part of its cost reduction efforts, Delta implemented an across-the-board 10% salary reduction for nonpilot employees, including its executive officers, on January 1, 2005. No executive officer received a salary increase in 2005 except that, as previously reported, Mr. Whitehurst's annual salary was set at \$450,000 on July 20, 2005 due to his promotion to Chief Operating Officer. As discussed in footnote 10 to this table, Mr. Bastian resigned from Delta effective April 1, 2005, and rejoined Delta as Executive Vice President and Chief Financial Officer on July 20, 2005.

As part of its Chapter 11 reorganization, Delta is seeking an additional \$3 billion in annual financial benefits by the end of 2007. This includes the reduction of pay at all levels of management. Accordingly, effective November 1, 2005, the annual salary of Mr. Grinstein was reduced by 25%, and the salary for all other officers was reduced by 15%. The following table shows the annual salary rate for each person named in the Summary Compensation Table as of October 31, 2005 (Former Annual Salary) and after the salary reduction which became effective on November 1, 2005 (Current Annual Salary).

Name	Former Annual Salary(\$)	Current Annual Salary(\$)	% Reduction
Mr. Grinstein	450,000	337,500	25
Mr. Whitehurst	450,000	382,500	15
Mr. Bastian	450,000	382,500	15
Mr. Kolshak	405,000	344,250	15
Mr. Matsen	405,000	344,250	15

(3) The salary reported in the Summary Compensation Table for Messrs. Grinstein, Kolshak and Matsen is higher in 2005 than in 2004 because:

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Mr. Grinstein voluntarily relinquished his salary (a) for the quarter ended March 31, 2004, to facilitate Delta's compliance with the executive compensation limits under the Emergency Wartime Supplemental Appropriations Act; and (b) for the quarter ended December 31, 2004, in keeping with companywide efforts to reduce Delta's costs. Through the combination of these actions, Mr. Grinstein only accepted 50% of his 2004 base salary of \$500,000.

Messrs. Kolshak and Matsen each received a salary increase on June 1, 2004, as a result of their promotions to executive officers of Delta. Since this change in compensation was not effective for all of calendar year 2004, their total 2004 salaries were below the 2005 level, even after the 2005 salary reductions described in footnote 2, above.

- (4) See footnote 10 for information regarding Mr. Bastian's one-time payment when he rejoined Delta in July 2005.
- (5) Amounts for 2005 include tax reimbursements related primarily to (a) flight benefits and (b) life insurance arrangements. No person named in the Summary Compensation Table received compensation in the form of personal benefits in 2005 in excess of the lesser of \$50,000 or 10% of the total of his annual salary and bonus in 2005.
- (6) At December 31, 2005, Mr. Grinstein had the right to receive a total of 23,387 deferred shares of common stock that the Board of Directors granted to him between 1997 and 1999 in recognition of his special service to the Board and Delta as a director. These shares were not to be issued to Mr. Grinstein until after he completed his service on the Board of Directors, and he had no voting or dispositive power over the shares prior to their issuance. These deferred shares were valued at \$17,540 based on the \$0.75 closing bid for the common stock as reported on the Pink Sheets Electronic Quotation Service ("Pink Sheets") for December 30, 2005. Effective March 31, 2006, however, Delta rejected its obligation to issue these deferred shares with the approval of the Bankruptcy Court. As a result, these deferred shares no longer have any value. No other person named in the Summary Compensation Table held restricted stock, deferred shares or restricted stock units at December 31, 2005.
- (7) Represents the number of shares of common stock subject to stock options or stock appreciation rights granted during the period. We concluded that all of our stock options and stock appreciation rights would be cancelled as part of our emergence from Chapter 11. Accordingly, in March 2006, we filed with the Bankruptcy Court a motion to reject these outstanding awards to avoid the administrative and other costs associated with these awards. The Bankruptcy Court granted our motion, which resulted in all of these awards being rejected effective March 31, 2006.
- (8) No payments will be made for the long-term incentive award opportunities granted in January 2003 for the performance period that began January 1, 2003 and ended December 31, 2005.
- (9) For 2005, this column consists of the following items:

Name	Term Life Insurance Coverage Premiums (\$)	Contributions to Qualified Defined Contribution Retirement Plans (\$)(a)	Payments Due to Internal Revenue Code Limits Applicable to Qualified Defined Contribution Plans(b)	Payments under Separation Agreement (\$)(b)
Mr. Grinstein	0	0	0	0
Mr. Whitehurst	813	3,561	0	0
Mr. Bastian	328	1,490	0	198,720

Mr. Kolshak	1,604	20,267	12,047	0
Mr. Matsen	1,353	4,200	0	0

(a) Includes Delta's contributions to the Delta Family-Care Savings Plan (a broad-based tax qualified defined contribution plan) and, with respect to Mr. Kolshak, Delta's contributions to a defined contribution plan for pilots adopted effective January 1, 2005.

(b) In accordance with the pilot collective bargaining agreement, contributions that would have been made to the qualified defined contribution plan for pilots but for the limits applicable to such plans under the Internal Revenue Code are paid directly to the pilot. The amount in this column represents the amount paid to Mr. Kolshak as a result of this provision.

(c) See footnote 10 for additional information about Mr. Bastian's payment under his Separation Agreement.

⁽¹⁰⁾ Mr. Bastian first joined Delta in October 1998 as Vice President and Controller. He was promoted to Senior Vice President Finance and Controller in February 2000; resigned from Delta effective April 1, 2005; served as Senior Vice President and Chief Financial Officer of Acuity Brands, Inc. from June 1, 2005 until July 20, 2005; and rejoined Delta as Executive Vice President and Chief Financial Officer on July 20, 2005.

In connection with his resignation from Delta, Mr. Bastian and Delta entered into a Separation Agreement and General Release (Separation Agreement) under which Mr. Bastian received a one-time payment of \$198,720, which is included in the column titled All Other Compensation. Consistent with Delta's normal practices,

Mr. Bastian agreed in the Separation Agreement to a release of claims in favor of Delta and to certain non-competition, non-solicitation and confidentiality provisions for the benefit of Delta.

On July 20, 2005, Mr. Bastian resigned as Senior Vice President and Chief Financial Officer of Acuity Brands and rejoined Delta as Executive Vice President and Chief Financial Officer. In recognition of Mr. Bastian's repayment obligation to Acuity Brands of a significant portion of his signing bonus from that employer, as well as Mr. Bastian's forfeiture of substantial additional compensation from and opportunities with Acuity Brands, Delta made a one-time payment of \$350,000 to Mr. Bastian. This amount is reported in the column titled "Bonus." Mr. Bastian paid a substantial portion of this amount to Acuity Brands in satisfaction of his repayment obligation described above.

Option/SAR Grants In Last Fiscal Year

During 2005, none of the persons named in the Summary Compensation Table received any stock options or stock appreciation rights.

Aggregated Option/SAR Exercises In Last Fiscal Year And FY-End Option Values

The following table sets forth certain information regarding the number and value of unexercised stock options and stock appreciation rights held at December 31, 2005 by the persons named in the Summary Compensation Table. None of the persons named in the Summary Compensation Table exercised any stock options or stock appreciation rights during 2005.

We concluded that all of our stock options and stock appreciation rights would be cancelled as part of our emergence from Chapter 11. Accordingly, in March 2006, we filed with the Bankruptcy Court a motion to reject these outstanding securities to avoid the administrative and other costs associated with these awards. The Bankruptcy Court granted our motion, which resulted in all of the awards reported in the table below being rejected effective March 31, 2006.

Name	Shares Acquired on Exercise(#)	Value Realized(\$)	Number of Securities Underlying Unexercised Options/SARs at FY-End(#)		Value of Unexercised In-the-Money Options/SARs at FY-End(\$) ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Gerald Grinstein ⁽²⁾	0	\$ 0	12,022	838	0	0
James M. Whitehurst	0	\$ 0	209,969	197,799	0	0
Edward H. Bastian	0	\$ 0	146,068	0	0	0
Joseph C. Kolshak	0	\$ 0	160,069	208,933	0	0
Paul G. Matsen	0	\$ 0	206,802	208,933	0	0

⁽¹⁾ No unexercised options were in the money because the \$0.75 closing bid for the common stock as reported on the Pink Sheets for December 30, 2005 was less than the exercise price of the options.

⁽²⁾ The stock options shown for Mr. Grinstein were granted to him between 1998 and 2002 for serving as a non-employee member of Delta's Board of Directors. All non-employee members of the Board of Directors during this period received identical stock option awards.

Long-Term Incentive Plans Awards in Last Fiscal Year

During 2005, none of the persons named in the Summary Compensation Table received any long-term incentive award opportunities.

Retirement Plans and Other Agreements

Qualified Nonpilot Retirement Plan

The Delta Retirement Plan (Pension Plan) is a broad-based, non-contributory qualified defined benefit plan for nonpilot employees. Messrs. Grinstein, Whitehurst, Bastian and Matsen participate in the Pension Plan.

Retirement benefits under the Pension Plan are based on the same formula for all employees who are not covered by a collective bargaining agreement. Until July 1, 2003, Pension Plan benefits were calculated using only a final average earnings formula. Under this formula, the benefit is based on an employee's (1) final average earnings; (2) years of service prior to January 1, 2006; (3) age when the payment of benefits begins (which may not be before age 52); and (4) primary Social Security benefit. Final average earnings are the average of an employee's highest average monthly earnings (based on the employee's salary and eligible annual incentive compensation, if any) for the 36 consecutive months in the 120-month period immediately preceding the earlier of termination of employment or January 1, 2006. The monthly retirement benefit payable at the normal retirement age of 65 is determined by multiplying final average earnings by 60%, and then reducing that amount for service of less than 30 years with Delta and by 50% of the primary Social Security benefit payable to the employee. The 50% Social Security offset is reduced for service of less than 30 years. Benefits determined under the final average earnings formula are paid in the form of a monthly annuity.

Effective July 1, 2003, the Pension Plan was amended to transition to a cash balance formula. Generally, for employees hired (or rehired) after that date, retirement benefits are based only on the cash balance formula. Under this formula, each participant has an account, for recordkeeping purposes only, to which pay credits were allocated annually until January 1, 2006. These pay credits were based on 6% of a participant's salary and eligible annual incentive compensation, if any. In addition, all balances in a participant's account are credited with an annual interest credit which is currently based on the 30-year U.S. Treasury rate published by the Internal Revenue Service (the Annual Interest Credit). At termination of employment, an amount equal to the then-vested balance of a participant's cash balance account is payable to the participant, at his election, in the form of an immediate or deferred lump sum or equivalent monthly annuity benefit.

Employees covered by the Pension Plan who were employed on July 1, 2003 are eligible for transition benefits as long as they remained continuously employed