

DELTA AIR LINES INC /DE/

FORM 10-Q (Quarterly Report)

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Telephone	4047152600
CIK	0000027904
Symbol	DAL
SIC Code	4512 - Air Transportation, Scheduled
Industry	Airline
Sector	Transportation
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2015

Or

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

Commission File Number 001-5424



DELTA AIR LINES, INC.

(Exact name of registrant as specified in its charter)

State of Incorporation: Delaware

I.R.S. Employer Identification No.: 58-0218548

Post Office Box 20706, Atlanta, Georgia 30320-6001

Telephone: (404) 715-2600

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

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

Yes ☐ No ☒

Number of shares outstanding by each class of common stock, as of March 31, 2015 :

Common Stock, \$ 0.0001 par value - 816,296,778 shares outstanding

This document is also available through our website at <http://ir.delta.com/>.

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Unless otherwise indicated, the terms “Delta,” “we,” “us,” and “our” refer to Delta Air Lines, Inc. and its subsidiaries.

FORWARD-LOOKING STATEMENTS

Statements in this Form 10-Q (or otherwise made by us or on our behalf) that are not historical facts, including statements about our 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 our present expectations. Known material risk factors applicable to Delta are described in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (“Form 10-K”), other than risks that could apply to any issuer or offering. All forward-looking statements speak only as of the date made, and we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this report.

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Delta Air Lines, Inc.

We have reviewed the consolidated balance sheet of Delta Air Lines, Inc. (the Company) as of March 31, 2015 , and the related condensed consolidated statements of operations and comprehensive income and cash flows for the three-month periods ended March 31, 2015 and 2014 . These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Delta Air Lines, Inc. as of December 31, 2014 and the related consolidated statements of operations, comprehensive income (loss), cash flows and stockholders' equity (deficit) for the year then ended (not presented herein) and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated February 10, 2015.

Atlanta, Georgia
April 15, 2015

/s/ Ernst & Young LLP

DELTA AIR LINES, INC.
Consolidated Balance Sheets
(Unaudited)

(in millions, except share data)	March 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,122	\$ 2,088
Short-term investments	1,447	1,217
Accounts receivable, net of an allowance for uncollectible accounts of \$9 and \$11 at March 31, 2015 and December 31, 2014, respectively	2,057	2,297
Hedge margin receivable	383	925
Fuel inventory	475	534
Expendable parts and supplies inventories, net of an allowance for obsolescence of \$119 and \$127 at March 31, 2015 and December 31, 2014, respectively	326	318
Hedge derivatives asset	1,575	1,078
Deferred income taxes, net	3,091	3,275
Prepaid expenses and other	790	733
Total current assets	12,266	12,465
Property and Equipment, Net:		
Property and equipment, net of accumulated depreciation and amortization of \$9,765 and \$9,340 at March 31, 2015 and December 31, 2014, respectively	22,023	21,929
Other Assets:		
Goodwill	9,794	9,794
Identifiable intangibles, net of accumulated amortization of \$797 and \$793 at March 31, 2015 and December 31, 2014, respectively	4,599	4,603
Deferred income taxes, net	4,051	4,320
Other noncurrent assets	1,019	1,010
Total other assets	19,463	19,727
Total assets	\$ 53,752	\$ 54,121
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt and capital leases	\$ 1,261	\$ 1,216
Air traffic liability	5,866	4,296
Accounts payable	2,492	2,622
Accrued salaries and related benefits	1,622	2,266
Hedge derivatives liability	2,512	2,772
Frequent flyer deferred revenue	1,575	1,580
Other accrued liabilities	1,991	2,127
Total current liabilities	17,319	16,879
Noncurrent Liabilities:		
Long-term debt and capital leases	8,305	8,561
Pension, postretirement and related benefits	14,170	15,138
Frequent flyer deferred revenue	2,455	2,602
Other noncurrent liabilities	2,457	2,128
Total noncurrent liabilities	27,387	28,429
Commitments and Contingencies		
Stockholders' Equity:		
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 837,176,320 and 845,048,310 shares issued at March 31, 2015 and December 31, 2014, respectively	—	—
Additional paid-in capital	12,578	12,981
Retained earnings	4,127	3,456
Accumulated other comprehensive loss	(7,294)	(7,311)
Treasury stock, at cost, 20,879,542 and 19,790,077 shares at March 31, 2015 and December 31, 2014, respectively	(365)	(313)
Total stockholders' equity	9,046	8,813

Total liabilities and stockholders' equity	\$	<u>53,752</u>	\$	<u>54,121</u>
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The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

DELTA AIR LINES, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in millions, except per share data)	Three Months Ended March 31,	
	2015	2014
Operating Revenue:		
Passenger:		
Mainline	\$ 6,549	\$ 6,224
Regional carriers	1,374	1,453
Total passenger revenue	7,923	7,677
Cargo	217	217
Other	1,248	1,022
Total operating revenue	9,388	8,916
Operating Expense:		
Salaries and related costs	2,092	1,969
Aircraft fuel and related taxes	1,835	2,226
Regional carrier expense	1,053	1,319
Depreciation and amortization	470	442
Aircraft maintenance materials and outside repairs	452	448
Contracted services	441	427
Passenger commissions and other selling expenses	386	373
Landing fees and other rents	373	341
Passenger service	190	173
Profit sharing	136	99
Aircraft rent	60	51
Restructuring and other items	10	49
Other	492	379
Total operating expense	7,990	8,296
Operating Income	1,398	620
Other Expense:		
Interest expense, net	(131)	(186)
Loss on extinguishment of debt	—	(18)
Miscellaneous, net	(81)	(81)
Total other expense, net	(212)	(285)
Income Before Income Taxes	1,186	335
Income Tax Provision	(440)	(122)
Net Income	\$ 746	\$ 213
Basic Earnings Per Share	\$ 0.91	\$ 0.25
Diluted Earnings Per Share	\$ 0.90	\$ 0.25
Cash Dividends Declared Per Share	\$ 0.09	\$ 0.06
Comprehensive Income	\$ 763	\$ 204

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

DELTA AIR LINES, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2015	2014
Net Cash Provided by Operating Activities	\$ 1,636	\$ 951
Cash Flows From Investing Activities:		
Property and equipment additions:		
Flight equipment, including advance payments	(451)	(514)
Ground property and equipment, including technology	(135)	(100)
Purchase of short-term investments	(344)	(240)
Redemption of short-term investments	115	251
Other, net	3	40
Net cash used in investing activities	(812)	(563)
Cash Flows From Financing Activities:		
Payments on long-term debt and capital lease obligations	(301)	(412)
Repurchase of common stock	(425)	(125)
Cash dividends	(75)	(51)
Proceeds from long-term obligations	41	59
Other, net	(30)	(4)
Net cash used in financing activities	(790)	(533)
Net Increase (Decrease) in Cash and Cash Equivalents	34	(145)
Cash and cash equivalents at beginning of period	2,088	2,844
Cash and cash equivalents at end of period	<u>\$ 2,122</u>	<u>\$ 2,699</u>
Non-Cash Transactions:		
Flight equipment under capital leases	\$ 39	\$ 10

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

DELTA AIR LINES, INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Delta Air Lines, Inc. and our wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Consistent with these requirements, this Form 10-Q does not include all the information required by GAAP for complete financial statements. As a result, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in our Form 10-K.

Management believes the accompanying unaudited Condensed Consolidated Financial Statements reflect all adjustments, including normal recurring items and restructuring and other items, considered necessary for a fair statement of results for the interim periods presented.

Due to seasonal variations in the demand for air travel, the volatility of aircraft fuel prices, changes in global economic conditions and other factors, operating results for the three months ended March 31, 2015 are not necessarily indicative of operating results for the entire year.

We reclassified certain prior period amounts, none of which were material, to conform to the current period presentation. Unless otherwise noted, all amounts disclosed are stated before consideration of income taxes.

Recent Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers." While the standard supersedes existing revenue recognition guidance, it closely aligns with current GAAP. Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption.

On April 1, 2015, the FASB proposed deferring the effective date by one year to December 15, 2017 for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. We are currently evaluating the impact, if any, the adoption of this standard will have on our Consolidated Financial Statements.

Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. We are currently evaluating the impact the adoption of this standard will have on our Consolidated Financial Statements.

NOTE 2 . SEGMENTS

Refinery Operations

We own and operate an oil refinery as part of our strategy to reduce the cost of the refining margin we pay. The refinery's production consists of jet fuel, as well as gasoline, diesel and other refined products ("non-jet fuel products"). We use several counterparties to exchange the non-jet fuel products produced by the refinery for jet fuel consumed in our airline operations. The gross fair value of the products exchanged under these agreements during the three months ended March 31, 2015 and 2014 was \$782 million and \$1.0 billion, respectively.

Segment Reporting

Segment results are prepared based on our internal accounting policies described below, with reconciliations to consolidated amounts in accordance with GAAP.

(in millions)	Airline	Refinery	Intersegment Sales/Other	Consolidated
Three Months Ended March 31, 2015				
Operating revenue:	\$ 9,314	\$ 1,140		\$ 9,388
Sales to airline segment			\$ (233) ⁽¹⁾	
Exchanged products			(782) ⁽²⁾	
Sales of refined products to third parties			(51) ⁽³⁾	
Operating income ⁽⁴⁾	1,312	86	—	1,398
Interest expense, net	131	—	—	131
Depreciation and amortization	463	7	—	470
Total assets, end of period	52,696	1,056	—	53,752
Capital expenditures	579	7	—	586
Three Months Ended March 31, 2014				
Operating revenue:	\$ 8,916	\$ 1,463		\$ 8,916
Sales to airline segment			\$ (249) ⁽¹⁾	
Exchanged products			(1,003) ⁽²⁾	
Sales of refined products to third parties			(211) ⁽³⁾	
Operating income (loss) ⁽⁴⁾	661	(41)	—	620
Interest expense, net	186	—	—	186
Depreciation and amortization	437	5	—	442
Total assets, end of period	51,016	1,151	—	52,167
Capital expenditures	592	22	—	614

⁽¹⁾ Represents transfers, valued on a market price basis, from the refinery to the airline segment for use in airline operations. We determine market price by reference to the market index for the primary delivery location, which is New York Harbor, for jet fuel from the refinery.

⁽²⁾ Represents value of products delivered under exchange agreements with third parties, as discussed above, determined on a market price basis.

⁽³⁾ Represents sales of refined products to third parties. These sales were at or near cost; accordingly, the margin on these sales is de minimis.

⁽⁴⁾ Includes the impact of pricing arrangements between the airline segment and refinery segment with respect to the refinery's inventory price risk.

NOTE 3 . FAIR VALUE MEASUREMENTS

Assets (Liabilities) Measured at Fair Value on a Recurring Basis

(in millions)	March 31, 2015	Level 1	Level 2
Cash equivalents	\$ 1,618	\$ 1,618	\$ —
Short-term investments			
U.S. government and agency securities	135	63	72
Asset- and mortgage-backed securities	395	—	395
Corporate obligations	894	—	894
Other fixed income securities	23	—	23
Restricted cash equivalents and investments	45	45	—
Long-term investments	99	73	26
Hedge derivatives, net			
Fuel hedge contracts	(1,428)	(68)	(1,360)
Interest rate contract	(1)	—	(1)
Foreign currency exchange contracts	96	—	96

(in millions)	December 31, 2014	Level 1	Level 2
Cash equivalents	\$ 1,612	\$ 1,612	\$ —
Short-term investments			
U.S. government and agency securities	59	—	59
Asset- and mortgage-backed securities	392	—	392
Corporate obligations	749	—	749
Other fixed income securities	17	—	17
Restricted cash equivalents and investments	37	37	—
Long-term investments	118	90	28
Hedge derivatives, net			
Fuel hedge contracts	(1,848)	(167)	(1,681)
Interest rate contract	(7)	—	(7)
Foreign currency exchange contracts	73	—	73

Cash Equivalents and Restricted Cash Equivalents and Investments. Cash equivalents generally consist of money market funds. Restricted cash equivalents and investments primarily support letters of credit that relate to certain projected self-insurance obligations and airport commitments and generally consist of money market funds and time deposits. The fair value of these investments is based on a market approach using prices and other relevant information generated by market transactions involving identical or comparable assets.

Short-Term Investments. The fair values of short-term investments are based on a market approach using industry standard valuation techniques that incorporate observable inputs such as quoted market prices, interest rates, benchmark curves, credit ratings of the security and other observable information.

Long-Term Investments. Our long-term investments that are measured at fair value primarily consist of equity investments in Grupo Aeroméxico, S.A.B. de C.V., the parent company of Aeroméxico, and GOL Linhas Aéreas Inteligentes, S.A, the parent company of VRG Linhas Aéreas (operating as GOL). Shares of the parent companies of Aeroméxico and GOL are traded on public exchanges and we have valued our investments based on quoted market prices. The investments are classified in other noncurrent assets.

Hedge Derivatives. Our derivative contracts are generally negotiated with counterparties without going through a public exchange. Accordingly, our fair value assessments give consideration to the risk of counterparty default (as well as our own credit risk).

- *Fuel Contracts.* Our fuel hedge portfolio consists of options, swaps and futures. The hedge contracts include crude oil, diesel fuel and jet fuel, as these commodities are highly correlated with the price of jet fuel that we consume. Option contracts are valued under an income approach using option pricing models based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets. Volatilities used in these valuations ranged from 26% to 73% depending on the maturity dates, underlying commodities and strike prices of the option contracts. Swap contracts are valued under an income approach using a discounted cash flow model based on data either readily observable or derived from public markets. Discount rates used in these valuations vary with the maturity dates of the respective contracts and are based on LIBOR. Futures contracts and options on futures contracts are traded on a public exchange and valued based on quoted market prices.
- *Interest Rate Contract.* Our interest rate derivative is a swap contract, which is valued based on data readily observable in public markets.
- *Foreign Currency Exchange Contracts.* Our foreign currency derivatives consist of Japanese yen and Canadian dollar forward contracts and are valued based on data readily observable in public markets.

NOTE 4. INVESTMENTS

Short-Term Investments

The estimated fair values of short-term investments, which approximate cost at March 31, 2015, are shown below by contractual maturity. Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to retire our investment without prepayment penalties.

(in millions)	Available-For-Sale
March 31, 2015	
Due in one year or less	\$ 299
Due after one year through three years	902
Due after three years through five years	162
Due after five years	84
Total	\$ 1,447

NOTE 5 . DERIVATIVES

Changes in aircraft fuel prices, interest rates and foreign currency exchange rates impact our results of operations. In an effort to manage our exposure to these risks, we enter into derivative contracts and adjust our derivative portfolio as market conditions change.

Aircraft Fuel Price Risk

Changes in aircraft fuel prices materially impact our results of operations. We actively manage our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of jet fuel. We utilize different contract and commodity types in this program and frequently test their economic effectiveness against our financial targets. We rebalance the hedge portfolio from time to time according to market conditions, which may result in locking in gains or losses on hedge contracts prior to their settlement dates. During the three months ended March 31, 2015 and 2014, we recorded a \$411 million fuel hedge loss and a \$78 million fuel hedge gain, respectively.

During the March 2015 quarter, we restructured our fuel hedge portfolio by early settling certain 2015 hedges and deferring the settlement of a portion of the remaining positions. We paid \$302 million to early settle contracts that were in a loss position and originally scheduled to expire in the second half of 2015. Additionally, we effectively deferred settlement of a portion of our hedge portfolio until 2016 by entering into fuel derivative transactions that will provide approximately \$300 million in cash receipts during the second half of 2015 and require approximately \$300 million in cash payments in 2016 (excluding market movements from the date of the transactions). By effectively deferring settlement of a portion of the original derivative transactions, the restructured hedge portfolio provides additional time for the fuel market to stabilize while adding some hedge protection in 2016. Cash flows associated with these deferral transactions will be reported as cash flows from financing activities within our Condensed Consolidated Statement of Cash Flows in the settlement period.

Hedge Position as of March 31, 2015

(in millions)	Volume	Final Maturity Date	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, net
Designated as hedges							
Interest rate contract (fair value hedge)	400 U.S. dollars	August 2022	5	—	—	(6)	(1)
Foreign currency exchange contracts	63,914 Japanese yen 506 Canadian dollars	January 2018	48	48	—	—	96
Not designated as hedges							
Fuel hedge contracts	1,618 gallons - crude oil, diesel and jet fuel	December 2016	1,522	35	(2,512)	(473)	(1,428)
Total derivative contracts			\$ 1,575	\$ 83	\$ (2,512)	\$ (479)	\$ (1,333)

Hedge Position as of December 31, 2014

(in millions)	Volume	Final Maturity Date	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, net
Designated as hedges							
Interest rate contract (fair value hedge)	416 U.S. dollars	August 2022	5	—	—	(12)	(7)
Foreign currency exchange contracts	77,576 Japanese yen 511 Canadian dollars	October 2017	25	49	(1)	—	73
Not designated as hedges							
Fuel hedge contracts	3,286 gallons - crude oil, diesel and jet fuel	December 2016	1,048	3	(2,771)	(128)	(1,848)
Total derivative contracts			\$ 1,078	\$ 52	\$ (2,772)	\$ (140)	\$ (1,782)

Offsetting Assets and Liabilities

We have master netting arrangements with our counterparties giving us the right of setoff. We have elected not to offset the fair value positions recorded on our Consolidated Balance Sheets. The following table shows the net fair value positions had we elected to offset.

(in millions)	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, net
March 31, 2015					
Net derivative contracts	\$ 148	\$ 48	\$ (1,074)	\$ (455)	\$ (1,333)
December 31, 2014					
Net derivative contracts	\$ 29	\$ 49	\$ (1,723)	\$ (137)	\$ (1,782)

Designated Hedge Gains (Losses)

Gains (losses) related to our designated hedge contracts are as follows:

(in millions)	Effective Portion Reclassified from AOCI to Earnings		Effective Portion Recognized in Other Comprehensive Income	
	2015	2014	2015	2014
Three Months Ended March 31,				
Foreign currency exchange contracts	51	43	(16)	(51)

As of March 31, 2015, we have recorded \$158 million of gains on cash flow hedge contracts in accumulated other comprehensive (loss)/income ("AOCI"), which are scheduled to settle and be reclassified into earnings within the next 12 months.

Credit Risk

To manage credit risk associated with our aircraft fuel price, interest rate and foreign currency hedging programs, we evaluate counterparties based on several criteria including their credit ratings and limit our exposure to any one counterparty.

Our hedge contracts contain margin funding requirements. The margin funding requirements may cause us to post margin to counterparties or may cause counterparties to post margin to us as market prices in the underlying hedged items change. Due to the fair value position of our hedge contracts, we posted margin of \$383 million and \$925 million as of March 31, 2015 and December 31, 2014, respectively.

NOTE 6 . LONG-TERM DEBT

Fair Value of Debt

Market risk associated with our fixed- and variable-rate long-term debt relates to the potential reduction in fair value and negative impact to future earnings, respectively, from an increase in interest rates. In the table below, the aggregate fair value of debt is based primarily on reported market values, recently completed market transactions and estimates based on interest rates, maturities, credit risk and underlying collateral and is classified primarily as Level 2 within the fair value hierarchy.

(in millions)	March 31, 2015	December 31, 2014
Total debt at par value	\$ 9,261	\$ 9,469
Unamortized discount, net	(78)	(90)
Net carrying amount	\$ 9,183	\$ 9,379
Fair value	\$ 9,600	\$ 9,800

Covenants

We were in compliance with the covenants in our financing agreements at March 31, 2015.

NOTE 7 . EMPLOYEE BENEFIT PLANS

The following table shows the components of net periodic cost:

(in millions)	Pension Benefits		Other Postretirement and Postemployment Benefits	
	2015	2014	2015	2014
Three Months Ended March 31,				
Service cost	\$ —	\$ —	\$ 16	\$ 13
Interest cost	221	232	35	39
Expected return on plan assets	(220)	(207)	(20)	(21)
Amortization of prior service credit	—	—	(7)	(7)
Recognized net actuarial loss	58	34	6	1
Net periodic cost	\$ 59	\$ 59	\$ 30	\$ 25

NOTE 8 . COMMITMENTS AND CONTINGENCIES

Aircraft Purchase and Lease Commitments

At March 31, 2015, future aircraft purchase commitments totaled approximately \$13.6 billion and included 63 B-737-900ER, 45 A321-200, 25 A330-900neo, 25 A350-900, 18 B-787-8, 10 A330-300, 5 B-757-200 and 3 B-717-200 aircraft. We have obtained long-term financing commitments for a substantial portion of the purchase price of these aircraft, except for the 18 B-787-8 aircraft. Our purchase commitment for the 18 B-787-8 aircraft provides for certain aircraft substitution rights.

(in millions)	Total
Nine months ending December 31, 2015	\$ 1,140
2016	1,970
2017	2,390
2018	2,230
2019	1,060
Thereafter	4,820
Total	\$ 13,610

In addition, we have agreements with Southwest Airlines and The Boeing Company to lease an additional 27 B-717-200 aircraft, which will be delivered during 2015.

Venezuelan Currency Devaluation

As of March 31, 2015, we had \$93 million of unrestricted cash on our Consolidated Balance Sheets primarily related to our 2013 Venezuelan ticket sales for which repatriation has been requested, but not yet authorized. While the cash is available for use in Venezuela, our ability to repatriate these funds has been limited due to Venezuelan government controls. Until these funds can be repatriated, they are at risk of future devaluations.

Legal Contingencies

We are involved in various legal proceedings related to employment practices, environmental issues, antitrust matters and other matters concerning our business. We record liabilities for losses from legal proceedings when we determine that it is probable that the outcome in a legal proceeding will be unfavorable and the amount of loss can be reasonably estimated. 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 the damages being sought. Although the outcome of the legal proceedings in which we are involved cannot be predicted with certainty, management believes that the resolution of these matters will not have a material adverse effect on our Condensed Consolidated Financial Statements.

Other Contingencies

General Indemnifications

We are the lessee under many commercial real estate leases. It is common in these transactions for us, as the lessee, to agree to indemnify the lessor and the lessor's related parties for tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. This type of indemnity would typically 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. This indemnity often extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by either their sole or gross negligence or their 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 of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or other equipment.

We believe that our insurance would cover most of our exposure to liabilities and related indemnities associated with the commercial real estate leases and aircraft and other equipment lease and financing agreements described above. While our insurance does not typically cover environmental liabilities, we have certain insurance policies in place as required by applicable environmental laws.

Certain of our aircraft and other financing transactions include provisions that require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in laws 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 because we cannot predict (1) when and under what circumstances these provisions may be triggered and (2) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

Employees Under Collective Bargaining Agreements

At March 31, 2015, we had approximately 81,000 full-time equivalent employees. Approximately 18% of these employees were represented by unions.

During the March 2015 quarter, we reached a new collective bargaining agreement with the union representing our refinery employees. The agreement will expire on February 28, 2019.

Other

We have certain contracts for goods and services that require us to pay a penalty, acquire inventory specific to us or purchase contract-specific equipment, as defined by each respective contract, if we terminate the contract without cause prior to its expiration date. Because these obligations are contingent on our termination of the contract without cause prior to its expiration date, no obligation would exist unless such a termination occurs.

NOTE 9 . ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables show the components of accumulated other comprehensive loss:

(in millions)	Pension and Other Benefits Liabilities ⁽²⁾	Derivative Contracts	Investments	Total
Balance at January 1, 2015	\$ (7,517)	\$ 222	\$ (16)	\$ (7,311)
Changes in value (net of tax effect of \$13)	—	22	(12)	10
Reclassifications into earnings (net of tax effect of \$5) ⁽¹⁾	39	(32)	—	7
Balance at March 31, 2015	\$ (7,478)	\$ 212	\$ (28)	\$ (7,294)

(in millions)	Pension and Other Benefits Liabilities ⁽²⁾	Derivative Contracts	Investments	Total
Balance at January 1, 2014	\$ (5,323)	\$ 219	\$ (26)	\$ (5,130)
Changes in value (net of tax effect of \$2)	—	(3)	10	7
Reclassifications into earnings (net of tax effect of \$9) ⁽¹⁾	12	(28)	—	(16)
Balance at March 31, 2014	\$ (5,311)	\$ 188	\$ (16)	\$ (5,139)

⁽¹⁾ Amounts reclassified from AOCI for pension and other benefits liabilities are recorded in salaries and related costs in the Condensed Consolidated Statements of Operations and Comprehensive Income. Amounts reclassified from AOCI for derivative contracts designated as foreign currency cash flow hedges and interest rate cash flow hedges are recorded in passenger revenue and interest expense, net, respectively, in the Condensed Consolidated Statements of Operations and Comprehensive Income. Amounts reclassified from AOCI for investments are recorded in interest expense, net in the Condensed Consolidated Statements of Operations and Comprehensive Income.

⁽²⁾ Includes \$ 1.9 billion of deferred income tax expense primarily related to pension obligations that will not be recognized in net income until the pension obligations are fully extinguished.

NOTE 10 . RESTRUCTURING AND OTHER ITEMS

During the March 2015 quarter, we recorded a \$10 million charge associated with our fleet restructuring initiative. We continue to restructure our domestic fleet by replacing a significant portion of our 50-seat regional flying with more efficient and customer preferred CRJ-900 and B-717-200 aircraft and replacing older, less cost effective B-757-200 aircraft with B-737-900ER aircraft. These restructuring charges include remaining lease payments and lease return costs for permanently grounded aircraft.

The following table shows the balances and activity for restructuring charges:

(in millions)	Severance and Related Costs	Lease Restructuring
Liability as of January 1, 2015	\$ 42	\$ 462
Additional costs and expenses	—	10
Payments	(24)	(20)
Liability as of March 31, 2015	\$ 18	\$ 452

NOTE 11 . EARNINGS PER SHARE

We calculate basic earnings per share by dividing net income by the weighted average number of common shares outstanding, excluding restricted shares. Antidilutive common stock equivalents excluded from the diluted earnings per share calculation are not material. The following table shows the computation of basic and diluted earnings per share:

(in millions, except per share data)	Three Months Ended March 31,	
	2015	2014
Net income	\$ 746	\$ 213
Basic weighted average shares outstanding	818	844
Dilutive effect of share-based awards	8	9
Diluted weighted average shares outstanding	826	853
Basic earnings per share	\$ 0.91	\$ 0.25
Diluted earnings per share	\$ 0.90	\$ 0.25

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

March 2015 Quarter Financial Highlights

Our pre-tax income for the March 2015 quarter was \$1.2 billion , representing an \$851 million increase compared to the corresponding prior year period as a result of higher passenger revenue and lower fuel prices. Pre-tax income, adjusted for special items, increased \$150 million, or 34%, to \$594 million . Special items were primarily comprised of \$589 million from (1) the impact of unfavorable mark-to-market adjustments recorded on hedges in periods other than the settlement period and (2) \$302 million in cash paid to early settle contracts that were in a loss position and originally scheduled to expire in the second half of 2015.

Revenue. Our passenger revenue increased \$246 million , or 3% , compared to the March 2014 quarter on 3.6% higher traffic. The increase in revenue resulted from strength in our domestic operations, higher corporate sales and merchandising initiatives such as branded fares, first class upsell and preferred seating. This growth was achieved despite lower market fuel prices and foreign currency weakness.

Operating Expense. Total operating expense decreased \$306 million from the March 2014 quarter driven by lower fuel prices, partially offset by higher salaries and related costs, higher profit sharing and volume-based cost increases due to increases in capacity and traffic. Salaries and related costs are higher primarily due to pay rate increases and an increase in pilot and flight attendant block hours.

Our consolidated operating cost per available seat mile ("CASM") for the March 2015 quarter decreased 8.3% to 14.12 cents from 15.39 cents in the March 2014 quarter, on a 5.0% increase in capacity. Non-fuel unit costs ("CASM-Ex," a non-GAAP financial measure) decreased 1.4% to 9.64 cents compared to the March 2014 quarter primarily due to upgauging initiatives, lower maintenance expense due to 50-seat regional fleet retirements and other productivity improvement efforts.

The non-GAAP financial measures for pre-tax income, adjusted for special items, and CASM-Ex used in this section are defined and reconciled in "Supplemental Information" below.

Results of Operations - Three Months Ended March 31, 2015 and 2014

Operating Revenue

(in millions)	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2015	2014		
Passenger:				
Mainline	\$ 6,549	\$ 6,224	\$ 325	5 %
Regional carriers	1,374	1,453	(79)	(5)%
Total passenger revenue	7,923	7,677	246	3 %
Cargo	217	217	—	— %
Other	1,248	1,022	226	22 %
Total operating revenue	\$ 9,388	\$ 8,916	\$ 472	5 %

Passenger Revenue

(in millions)	Three Months Ended March 31, 2015	Increase (Decrease) vs. Three Months Ended March 31, 2014					
		Passenger Revenue	RPMs ⁽¹⁾ (Traffic)	ASMs ⁽²⁾ (Capacity)	Passenger Mile Yield	PRASM ⁽³⁾	Load Factor
Domestic	\$ 4,080	9 %	6.7 %	7.0 %	2.4 %	2.1 %) (0.3pts)
Atlantic	1,018	1 %	(0.3)%	4.1 %	1.4 %	(2.9)%) (3.3pts)
Pacific	740	(11)%	(2.5)%	(1.4)%	(8.2)%	(9.2)%) (0.9pts)
Latin America	711	8 %	9.8 %	13.2 %	(1.2)%	(4.2)%) (2.6pts)
Total Mainline	6,549	5 %	4.4 %	5.9 %	0.8 %	(0.7)%) (1.2pts)
Regional carriers	1,374	(5)%	(2.3)%	(1.8)%	(3.1)%	(3.7)%) (0.4pts)
Total Consolidated	\$ 7,923	3 %	3.6 %	5.0 %	(0.4)%	(1.7)%) (1.0pt)

⁽¹⁾ Revenue passenger miles ("RPMs")

⁽²⁾ Available seat miles ("ASMs")

⁽³⁾ Passenger revenue per ASM ("PRASM")

Passenger revenue increased \$246 million , or 3% , compared to the March 2014 quarter. PRASM decreased 1.7% and passenger mile yield was flat on 5.0% higher capacity. Load factor was 1.0 point lower than the prior year quarter at 81.7% .

Unit revenues of the mainline domestic region increased 2.1% on 7.0% capacity growth led by strong improvements in our hubs in Seattle and New York-JFK. Our strength at JFK was primarily driven by long-haul markets, especially transcontinental flights.

Revenues related to our international regions decreased 1% year-over-year primarily due to foreign currency weakness versus the dollar and international surcharge declines. Atlantic unit revenue decreased 2.9% as a result of foreign currency weakness on a 4.1% increase in capacity. Our joint venture with Virgin Atlantic and corporate revenues contributed to a 1.4% increase in Atlantic yields. Our Pacific region experienced a 9.2% decline in unit revenues driven by lower yield, primarily due to the effects of the weakening of the Japanese yen. Latin America capacity grew 13.2% as a result of our efforts to improve connections with GOL and Aeroméxico. GOL and Aeroméxico contributed a significant portion of the traffic between the U.S. and Brazil and key Mexican markets, respectively. Despite these contributions, Latin America unit revenues declined 4.2% as a result of foreign currency weakness and ongoing economic concerns in Venezuela.

Other Revenue. Other revenue increased \$226 million , or 22% , primarily due to loyalty program revenues and sales of non-jet fuel products to third parties by our oil refinery.

Operating Expense (in millions)	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2015	2014		
Salaries and related costs	\$ 2,092	\$ 1,969	\$ 123	6 %
Aircraft fuel and related taxes	1,835	2,226	(391)	(18)%
Regional carrier expense	1,053	1,319	(266)	(20)%
Depreciation and amortization	470	442	28	6 %
Aircraft maintenance materials and outside repairs	452	448	4	1 %
Contracted services	441	427	14	3 %
Passenger commissions and other selling expenses	386	373	13	3 %
Landing fees and other rents	373	341	32	9 %
Passenger service	190	173	17	10 %
Profit sharing	136	99	37	37 %
Aircraft rent	60	51	9	18 %
Restructuring and other items	10	49	(39)	NM ⁽¹⁾
Other	492	379	113	30 %
Total operating expense	\$ 7,990	\$ 8,296	\$ (306)	(4)%

⁽¹⁾ Due to the nature of amounts recorded within restructuring and other items, a year-over-year comparison is not meaningful. For a discussion of charges recorded in restructuring and other items, see Note 10 of the Notes to the Condensed Consolidated Financial Statements.

Salaries and Related Costs. The increase in salaries and related costs is primarily due to pay rate increases and an increase in pilot and flight attendant block hours.

Aircraft Fuel and Related Taxes. Including our regional carriers, fuel expense decreased \$600 million compared to the prior year quarter due to a 45% decrease in the market price per gallon of fuel and an increase in Monroe's profitability, partially offset by fuel hedge losses and a 4% increase in consumption. The table below presents fuel expense, gallons consumed and average price per gallon:

(in millions, except per gallon data)	Three Months Ended March 31,		Increase (Decrease)	% Increase (Decrease)
	2015	2014		
Aircraft fuel and related taxes ⁽¹⁾	\$ 1,835	\$ 2,226	\$ (391)	
Aircraft fuel and related taxes included within regional carrier expense	264	473	(209)	
Total fuel expense	\$ 2,099	\$ 2,699	\$ (600)	(22)%
Total fuel consumption (gallons)	918	881	37	4 %
Average price per gallon	\$ 2.29	\$ 3.06	\$ (0.77)	(25)%

⁽¹⁾ Includes the impact of fuel hedging and refinery results described further in the table below.

The table below shows the impact of hedging and the refinery on fuel expense and average price per gallon, adjusted:

(in millions, except per gallon data)	Three Months Ended March 31,			Average Price Per Gallon		
	Three Months Ended March 31,		Change	Three Months Ended March 31,		Change
	2015	2014		2015	2014	
Fuel purchase cost	\$ 1,718	\$ 2,731	\$ (1,013)	\$ 1.87	\$ 3.09	\$ (1.22)
Airline segment fuel hedge losses (gains) ⁽¹⁾	467	(73)	540	0.51	(0.08)	0.59
Refinery segment impact ⁽¹⁾	(86)	41	(127)	(0.09)	0.05	(0.14)
Total fuel expense	\$ 2,099	\$ 2,699	\$ (600)	\$ 2.29	\$ 3.06	\$ (0.77)
MTM adjustments and settlements	589	(34)	623	0.64	(0.03)	0.67
Total fuel expense, adjusted	\$ 2,688	\$ 2,665	\$ 23	\$ 2.93	\$ 3.03	\$ (0.10)

⁽¹⁾ Includes the impact of pricing arrangements between the airline segment and refinery segment with respect to the refinery's inventory price risk.

Fuel Purchase Cost. Fuel purchase cost is based on the market price for jet fuel at airport locations.

Airline Segment Fuel Hedge Impact. During the March 2015 quarter, our airline segment recorded a fuel hedge loss of \$467 million .

Refinery Segment Impact. The refinery results include the impact on fuel expense of self-supply from the production of the refinery and from refined products exchanged with third parties. To the extent that we account for exchanges of refined products as nonmonetary transactions, we include the results of those transactions within fuel expense . For additional information regarding the refinery segment impact, see "Refinery Segment" below.

Mark-to-Market ("MTM") Adjustments and Settlements. MTM adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period. Settlements represent cash received or paid on hedge contracts settling during the period. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. During the March 2015 quarter, we paid \$302 million to early settle contracts that were originally scheduled to expire in the second half of 2015.

We adjust fuel expense for the items noted above to arrive at an economic fuel cost. Our average price per gallon, adjusted (a non-GAAP financial measure) was \$2.93 for the three months ended March 31, 2015 .

Regional Carrier Expense. The reduction in regional carrier expense is primarily due to lower fuel cost from a decrease in the cost of fuel per gallon, a contract settlement gain and lower block hours. During the March 2015 quarter, we removed seventeen 50-seat regional aircraft from our fleet as part of our strategy to restructure our domestic fleet.

Depreciation and Amortization. Depreciation and amortization expense increased year-over-year primarily due to investments in new B-737-900ER and CRJ-900 aircraft and aircraft modifications that upgraded aircraft interiors and enhanced our product offering.

Landing Fees and Other Rents. Landing fees and other rents increased primarily due to rent escalations and increased departures.

Passenger Service. Passenger service expense includes the costs for onboard food and beverage, cleaning and supplies. This expense increased year-over-year primarily due to costs associated with the 4.4% increase in mainline traffic.

Profit Sharing. The increase in profit sharing is driven by an increase in the projected full year pre-tax income compared to the prior year. Our broad-based employee profit sharing program provides that, for each year in which we have an annual pre-tax profit, as defined by the terms of the program, we will pay a specified portion of that profit to employees. In determining the amount of profit sharing, the program defines profit as pre-tax profit adjusted for profit sharing and special items, such as MTM adjustments and settlements and restructuring and other. Our profit sharing program pays 10% to employees for the first \$2.5 billion of annual profits and 20% of annual profits above \$2.5 billion.

Aircraft Rent. Aircraft rent increased year-over-year due primarily to the addition of leased B-717-200 and B-737-900ER aircraft delivered during the preceding twelve months, partially offset by the retirement of B-747-400 aircraft.

Other. Other operating expense increased primarily due to costs associated with sales of non-jet fuel products to third parties by the oil refinery.

Non-Operating Results

(in millions)	Three Months Ended March 31,			Favorable (Unfavorable)
	2015	2014		
Interest expense, net	\$ (131)	\$ (186)	\$	55
Loss on extinguishment of debt	—	(18)		18
Miscellaneous, net	(81)	(81)		—
Total other expense, net	\$ (212)	\$ (285)	\$	73

The decline in interest expense, net results from reduced levels of debt and the refinancing of debt obligations at lower interest rates. Our principal amount of debt and capital leases has declined from \$11.4 billion at March 31, 2014 to \$9.6 billion at March 31, 2015 .

During the March 2014 quarter, we recorded a loss of \$18 million on extinguishment of debt primarily related to unamortized debt discounts resulting from fair value adjustments recorded in the 2008 purchase accounting of Northwest Airlines.

Income Taxes

We project that our annual effective tax rate for 2015 will be approximately 38% . In certain interim periods, we may have adjustments to our net deferred tax assets as a result of changes in prior year estimates and tax laws enacted during the period, which will impact the effective tax rate for that interim period. At March 31, 2015 , we had approximately \$12 billion of U.S. federal pre-tax net operating loss carryforwards, which do not begin to expire until 2024 . Accordingly, we believe we will not pay federal income taxes during the next few years.

Refinery Segment

The refinery primarily produces gasoline, diesel and jet fuel. Under multi-year agreements, Monroe exchanges the non-jet fuel products the refinery produces with third parties for jet fuel consumed in our airline operations. The jet fuel produced and procured through exchanging gasoline and diesel fuel produced by the refinery provided approximately 164,000 barrels (approximately seven million gallons) per day for use in airline operations during the March 2015 quarter. We believe that the increase in jet fuel supply due to the refinery's operation has reduced the overall market price of jet fuel, and thus lowered our cost of jet fuel.

A refinery is subject to U.S. Environmental Protection Agency ("EPA") requirements that are established each year to blend renewable fuels into the gasoline and on-road diesel fuel it produces. Alternatively, a refinery may purchase renewable energy credits, called RINs, from third parties in the secondary market. Because the refinery operated by Monroe does not blend renewable fuels, it must purchase its entire RINs requirement in the secondary market or obtain a waiver from the EPA. We recognized \$28 million and \$34 million of expense related to the RINs requirement in the March 2015 and 2014 quarters, respectively. We are in possession of the RINs needed to satisfy our 2013 obligation and a portion of our 2014 obligation.

The refinery recorded a profit of \$86 million in the March 2015 quarter, compared to a loss of \$41 million in the March 2014 quarter.

Operating Statistics

The following table sets forth our operating statistics:

Consolidated ⁽¹⁾	Three Months Ended March 31,	
	2015	2014
Revenue passenger miles (millions)	46,221	44,601
Available seat miles (millions)	56,597	53,904
Passenger mile yield	17.14¢	17.21¢
Passenger revenue per available seat mile	14.00¢	14.24¢
Operating cost per available seat mile (CASM)	14.12¢	15.39¢
CASM-Ex ⁽²⁾	9.64¢	9.77¢
Passenger load factor	81.7%	82.7%
Fuel gallons consumed (millions)	918	881
Average price per gallon ⁽³⁾	\$ 2.29	\$ 3.06
Average price per gallon, adjusted ⁽³⁾⁽⁴⁾	\$ 2.93	\$ 3.03
Full-time equivalent employees, end of period	81,055	78,870

- ⁽¹⁾ Includes the operations of our regional carriers. Full-time equivalent employees exclude employees of regional carriers that we do not own.
- ⁽²⁾ Non-GAAP financial measure defined in " March 2015 Quarter Financial Highlights" above. See reconciliation to CASM in "Supplemental Information" below.
- ⁽³⁾ Includes the impact of fuel hedge activity and refinery segment results.
- ⁽⁴⁾ Non-GAAP financial measure defined and reconciled in the "Operating Expense" section of "Results of Operations" for the three months ended March 31, 2015 and 2014 .

Fleet Information

Our operating aircraft fleet, commitments and options at March 31, 2015 are summarized in the following tables:

Aircraft Type	Current Fleet ⁽¹⁾					Commitments		
	Owned	Capital Lease	Operating Lease	Total	Average Age	Purchase ⁽²⁾	Lease	Options ⁽²⁾
B-717-200	—	8	53	61	13.3	3	27	—
B-737-700	10	—	—	10	6.2	—	—	—
B-737-800	73	—	—	73	14.2	—	—	—
B-737-900ER	27	—	10	37	0.9	63	—	30
B-747-400	8	5	—	13	22.9	—	—	—
B-757-200	89	18	16	123	20.1	5	—	—
B-757-300	16	—	—	16	12.2	—	—	—
B-767-300	14	—	2	16	24.2	—	—	—
B-767-300ER	51	5	2	58	19.0	—	—	1
B-767-400ER	21	—	—	21	14.1	—	—	1
B-777-200ER	8	—	—	8	15.2	—	—	—
B-777-200LR	10	—	—	10	6.0	—	—	2
B-787-8	—	—	—	—	—	18	—	—
A319-100	55	—	2	57	13.2	—	—	—
A320-200	52	—	17	69	20.1	—	—	—
A321-200	—	—	—	—	—	45	—	—
A330-200	11	—	—	11	10.0	—	—	—
A330-300	21	—	—	21	9.6	10	—	—
A330-900neo	—	—	—	—	—	25	—	—
A350-900	—	—	—	—	—	25	—	—
MD-88	76	41	—	117	24.7	—	—	—
MD-90	57	8	—	65	18.1	—	—	—
Total	599	85	102	786	17.0	194	27	34

⁽¹⁾ Excludes certain aircraft we own or lease, which are operated by regional carriers on our behalf shown in the table below.

⁽²⁾ Our purchase commitment for 18 B-787-8 aircraft and option agreements for B-767-300ER, B-767-400ER and B-777-200LR aircraft provide for certain aircraft substitution rights.

The following table summarizes the aircraft fleet operated by our regional carriers on our behalf at March 31, 2015 :

Carrier	Fleet Type						Total
	CRJ-200	CRJ-700	CRJ-900	Embraer 145	Embraer 170	Embraer 175	
Endeavor Air, Inc. ⁽¹⁾	45	—	81	—	—	—	126
ExpressJet Airlines, Inc.	50	41	28	—	—	—	119
SkyWest Airlines, Inc.	53	19	32	—	—	—	104
Compass Airlines, Inc.	—	—	—	—	6	36	42
Shuttle America Corporation	—	—	—	41	14	16	71
GoJet Airlines, LLC	—	22	—	—	—	—	22
Total	148	82	141	41	20	52	484

⁽¹⁾ Endeavor Air, Inc. is a wholly-owned subsidiary.

Financial Condition and Liquidity

We expect to meet our cash needs for the next 12 months with cash flows from operations, cash and cash equivalents, short-term investments and financing arrangements. As of March 31, 2015, we had \$5.5 billion in unrestricted liquidity, consisting of \$3.6 billion in cash and cash equivalents and short-term investments and \$1.9 billion in undrawn revolving credit facilities. During the three months ended March 31, 2015, we generated \$1.6 billion in cash from operating activities, which we used, along with existing cash, to reduce the principal on our debt and capital lease obligations by \$260 million, fund capital expenditures of \$586 million and return \$500 million to shareholders, while maintaining a sufficient liquidity position.

Sources of Liquidity

Operating Activities

Cash flows from operating activities provide our primary source of liquidity. We generated positive cash flows from operations of \$1.6 billion and \$951 million in the three months ended March 31, 2015 and 2014, respectively. We also expect to generate positive cash flows from operations for the remainder of 2015.

Our operating cash flows can be impacted by the following factors:

Seasonality of Advance Ticket Sales. We sell tickets for air travel in advance of the customer's travel date. When we receive a cash payment at the time of sale, we record the cash received on advance sales as deferred revenue in air traffic liability. The air traffic liability increases during the winter and spring as we have increased sales in advance of the summer peak travel season and decreases during the summer and fall months.

Fuel and Fuel Hedge Margins. Including our regional carriers, fuel expense represented approximately 26% of our total operating expenses for the March 2015 quarter. The market price for jet fuel is highly volatile, which can impact the comparability of our cash flows from operations from period to period.

As part of our fuel hedging program, we may be required to post margin to counterparties when our portfolio is in a loss position. Conversely, if our portfolio with counterparties is in a gain position, we may receive margin. Our future cash flows are impacted by the nature of our derivative contracts and the market price of the commodities underlying our derivative contracts. Our hedge contracts were in a net loss position at March 31, 2015, resulting in \$383 million of margin postings to counterparties. Additionally, during the March 2015 quarter we paid \$302 million to early settle contracts that were originally scheduled to expire in the second half of 2015.

Timing of SkyMiles Sales. In December 2011, we amended our American Express agreements and agreed to sell \$675 million of unrestricted SkyMiles to American Express in each December from 2011 through 2014. Pursuant to the December 2011 amendment, American Express purchased \$675 million of unrestricted SkyMiles in each of those years with the final payment in 2014. The SkyMiles purchased in December 2014 are expected to be utilized by American Express in 2015.

Pension Contributions. We sponsor defined benefit pension plans for eligible employees and retirees. These plans are closed to new entrants and are frozen for future benefit accruals. Our funding obligations for these plans are governed by the Employee Retirement Income Security Act, as modified by The Pension Protection Act of 2006. We contributed \$904 million to our qualified defined benefit pension plans during the March 2015 quarter and contributed an additional \$296 million in April 2015. As a result of these contributions, we satisfied, on an accelerated basis, our required contributions for our defined benefit plans for 2015 including nearly \$600 million above the minimum funding requirements. During the March 2014 quarter, we contributed \$605 million to our qualified defined benefit pension plans.

Profit Sharing. Our broad-based employee profit sharing program provides that, for each year in which we have an annual pre-tax profit, as defined by the terms of the program, we will pay a specified portion of that profit to employees. In determining the amount of profit sharing, the program defines profit as pre-tax profit adjusted for profit sharing and special items, such as MTM adjustments and settlements and restructuring and other items. Our profit sharing program pays 10% to employees on the first \$2.5 billion of annual profits and 20% of annual profits above \$2.5 billion.

After making an advanced profit sharing payment of more than \$300 million in October 2014, we paid an additional \$756 million in profit sharing in February 2015 related to our 2014 pre-tax profit in recognition of our employees' contributions toward meeting our financial goals. We paid \$506 million in profit sharing in February 2014 related to our 2013 pre-tax profit. During the three months ended March 31, 2015, we accrued \$136 million in profit sharing expense based on current expectations for 2015 pre-tax profit.

Investing Activities

Capital Expenditures. Our capital expenditures were \$586 million and \$614 million in the three months ended March 31, 2015 and 2014, respectively. Our capital expenditures during the March 2015 quarter were primarily for aircraft modifications and the purchase of B-737-900ER aircraft to replace a portion of our older B-757s.

We have committed to future aircraft purchases that will require significant capital investment, and have obtained long-term financing commitments for a substantial portion of the purchase price of these aircraft. We expect that we will invest approximately \$2.8 billion in 2015 primarily for (1) aircraft, including deliveries of B-737-900ERs and A330-300s, along with advance deposit payments for these and our A321-200, A330-900neo and A350-900 orders, as well as for (2) aircraft modifications, the majority of which relate to increasing the seat density on our domestic fleet and enhancing the cabins on both our domestic and international fleets. We expect that the 2015 investments will be funded through cash flows from operations.

Financing Activities

Debt and Capital Leases. Our principal amount of debt and capital leases has declined from \$9.9 billion at December 31, 2014 to \$9.6 billion at March 31, 2015. Since December 31, 2009, we have reduced our principal amount of debt and capital leases by \$8.7 billion. We have focused on reducing our total debt in recent years as part of our strategy to strengthen our balance sheet. In addition, we have refinanced debt to reduce our total future interest expense.

Capital Return to Shareholders. In May 2014, we announced the second phase of capital returns to shareholders. The Board of Directors approved a program to increase the quarterly dividend by 50% to \$0.09 per share beginning in the September 2014 quarter and authorized a new \$2 billion share repurchase program to be completed no later than December 31, 2016. During the March 2015 quarter, we repurchased and retired 9.3 million shares at a cost of \$425 million bringing the total under this program to 30.6 million shares at a cost of \$1.3 billion.

On February 6, 2015, the Board of Directors declared a \$0.09 per share dividend for shareholders of record as of February 20, 2015. This dividend was paid in March 2015 and totaled \$75 million.

Undrawn Lines of Credit

We have available \$1.9 billion in undrawn revolving lines of credit. Our credit facilities have covenants, including minimum collateral coverage ratios. If we are not in compliance with these covenants, we may be required to repay amounts borrowed under the credit facilities or we may not be able to draw on them. We currently have a substantial amount of unencumbered assets available to pledge as collateral.

Covenants

We were in compliance with the covenants in our financing agreements at March 31, 2015.

Critical Accounting Policies and Estimates

For information regarding our Critical Accounting Policies and Estimates, see the “Critical Accounting Policies and Estimates” section of “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Form 10-K.

Recent Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers." While the standard supersedes existing revenue recognition guidance, it closely aligns with current GAAP. Under the new standard, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received for that specific good or service. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption.

On April 1, 2015, the FASB proposed deferring the effective date by one year to December 15, 2017 for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the standard, but not before the original effective date of December 15, 2016. We are currently evaluating the impact, if any, the adoption of this standard will have on our Consolidated Financial Statements.

Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. We are currently evaluating the impact the adoption of this standard will have on our Consolidated Financial Statements.

Supplemental Information

We sometimes use information (“non-GAAP financial measures”) that is derived from the Consolidated Financial Statements, but that is not presented in accordance with GAAP. Under the U.S. Securities and Exchange Commission rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results.

The following table shows a reconciliation of pre-tax income (a GAAP measure) to pre-tax income, adjusted for special items (a non-GAAP financial measure). We adjust pre-tax income for the following items to determine pre-tax income, adjusted for special items for the reasons described below:

- *MTM adjustments and settlements.* MTM adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period. Settlements represent cash received or paid on hedge contracts settling during the period. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. Adjusting for these items allows investors to better understand and analyze our core operational performance in the periods shown.
- *Restructuring and other.* Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze our recurring core operational performance in the periods shown.
- *Loss on extinguishment of debt.* Because of the variability in loss on extinguishment of debt, the adjustment for this item is helpful to investors to analyze our recurring core operational performance in the periods shown.
- *Virgin Atlantic MTM adjustments .* We record our proportionate share of earnings from our equity investment in Virgin Atlantic in other expense. We adjust for Virgin Atlantic's MTM adjustments to allow investors to better understand and analyze our financial performance in the periods shown.

(in millions)	Three Months Ended March 31,	
	2015	2014
Pre-tax income	\$ 1,186	\$ 335
Adjusted for:		
MTM adjustments and settlements	(589) ⁽¹⁾	34
Restructuring and other	10	49
Loss on extinguishment of debt	—	18
Virgin Atlantic MTM adjustments	(13)	8
Pre-tax income, adjusted for special items	\$ 594	\$ 444

⁽¹⁾ Includes \$302 million to early settle contracts that were in a loss position and originally scheduled to expire in the second half of 2015.

The following table shows a reconciliation of CASM (a GAAP measure) to CASM-Ex (a non-GAAP financial measure). We adjust CASM for the following items to determine CASM-Ex for the reasons described below:

- *Aircraft fuel and related taxes.* The volatility in fuel prices impacts the comparability of year-over-year financial performance. The adjustment for aircraft fuel and related taxes (including our regional carriers) allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.
- *Profit sharing.* We adjust for profit sharing because this adjustment allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.
- *Restructuring and other.* Because of the variability in restructuring and other, the adjustment for this item is helpful to investors to analyze our recurring core operational performance in the periods shown.
- *Other expenses.* Other expenses include aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations and refinery cost of sales to third parties. Because these businesses are not related to the generation of a seat mile, we adjust for the costs related to these sales to provide a more meaningful comparison of the costs of our airline operations to the rest of the airline industry.

	Three Months Ended March 31,	
	2015	2014
CASM	14.12¢	15.39¢
Adjusted for:		
Aircraft fuel and related taxes	(3.71)	(5.01)
Profit sharing	(0.24)	(0.18)
Restructuring and other	(0.02)	(0.09)
Other expenses	(0.51)	(0.34)
CASM-Ex	9.64¢	9.77¢

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Form 10-K, other than those discussed below.

The following sensitivity analysis does not consider the effects of a change in demand for air travel, the economy as a whole or actions we may take to seek 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

Changes in aircraft fuel prices materially impact our results of operations. We actively manage our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of jet fuel. We utilize different contract and commodity types in this program and frequently test their economic effectiveness against our financial targets. We rebalance the hedge portfolio from time to time according to market conditions, which may result in locking in gains or losses on hedge contracts prior to their settlement dates.

Our fuel hedge portfolio consists of options, swaps and futures. The hedge contracts include crude oil, diesel fuel and jet fuel, as these commodities are highly correlated with the price of jet fuel and crude oil that we consume. Our hedge contracts contain margin funding requirements. The margin funding requirements may cause us to post margin to counterparties or may cause counterparties to post margin to us as market prices in the underlying hedged items change. If fuel prices change significantly from the levels existing at the time we enter into fuel hedge contracts, we may be required to post a significant amount of margin. We may adjust our hedge portfolio from time to time in response to margin posting requirements.

For the three months ended March 31, 2015, aircraft fuel and related taxes, including our regional carriers, accounted for \$2.1 billion, or 26%, of our total operating expense. We recognized \$411 million of fuel hedge losses during the three months ended March 31, 2015.

The following table shows the projected cash impact to fuel cost assuming 20% and 40% increases or decreases in fuel prices. The hedge gain (loss) reflects the change in the projected cash settlement value of our open fuel hedge contracts at March 31, 2015 based on their contract settlement dates, assuming the same 20% and 40% changes.

	(in millions)				
	Period from April 1, 2015 to December 31, 2016			Fuel Hedge Margin Received from (Posted to) Counterparties ⁽³⁾	
	(Increase) Decrease to Unhedged Fuel Cost ⁽¹⁾	Hedge Gain (Loss) ⁽²⁾	Net Impact		
+ 40%	\$ (4,930)	\$ 950	\$ (3,980)	\$ 420	
+ 20%	(2,470)	540	(1,930)	320	
- 20%	2,470	(360)	2,110	(540)	
- 40%	4,930	(1,050)	3,880	(1,160)	

⁽¹⁾ Projections based upon the (increase) decrease to unhedged fuel cost as compared to the jet fuel price per gallon of \$1.62, excluding transportation costs and taxes, at March 31, 2015 and estimated fuel consumption of 7.0 billion gallons for the period from April 1, 2015 to December 31, 2016.

⁽²⁾ Projections based on average futures prices by contract settlement month compared to futures prices at March 31, 2015.

⁽³⁾ Projections represent margin estimates for the entire fuel hedge portfolio at March 31, 2015, including contracts settling in 2016.

ITEM 4. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of our disclosure controls and procedures, which have been designed to permit us to effectively identify and timely disclose important information. Our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the controls and procedures were effective as of March 31, 2015 to ensure that material information was accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended March 31, 2015 , we did not make any changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

“Item 3. Legal Proceedings” of our Form 10-K includes a discussion of our legal proceedings. There have been no material changes from the legal proceedings described in our Form 10-K.

ITEM 1A. RISK FACTORS

“Item 1A. Risk Factors” of our Form 10-K includes a discussion of our risk factors. There have been no material changes from the risk factors described in our Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information with respect to purchases of common stock we made during the March 2015 quarter. The total number of shares purchased includes shares repurchased pursuant to our \$2.0 billion share repurchase program, which was publicly announced on May 6, 2014 ("the 2014 Repurchase Program"). The 2014 Repurchase Program will terminate no later than December 2016. Some purchases made in March 2015 under the 2014 Repurchase Program were made pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934.

In addition, the table includes shares withheld from employees to satisfy certain tax obligations due in connection with grants of stock under the Delta Air Lines, Inc. 2007 Performance Compensation Plan (the "2007 Plan"). The 2007 Plan provides for the withholding of shares to satisfy tax obligations. It does not specify a maximum number of shares that can be withheld for this purpose. The shares of common stock withheld to satisfy tax withholding obligations may be deemed to be “issuer purchases” of shares that are required to be disclosed pursuant to this Item.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in millions) of Shares That May Yet Be Purchased Under the Plan or Programs
January 2015	—	\$ —	—	\$1,150
February 2015	4,904,799	\$ 46.09	4,904,799	\$924
March 2015	4,352,139	\$ 45.74	4,352,139	\$725
Total	9,256,938		9,256,938	

ITEM 6. EXHIBITS

(a) Exhibits

10.1	Second Amendment to the Delta Air Lines, Inc. 2007 Performance Compensation Plan
10.2	Model Award Agreement for the Delta Air Lines, Inc. 2015 Long-Term Incentive Plan
15	Letter from Ernst & Young LLP regarding unaudited interim financial information
31.1	Certification by Delta's Chief Executive Officer with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015
31.2	Certification by Delta's Executive Vice President and Chief Financial Officer with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015
32	Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code by Delta's Chief Executive Officer and Executive Vice President and Chief Financial Officer with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

Pursuant to the requirements 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.

Delta Air Lines, Inc.
(Registrant)

/s/ Craig M. Meynard

Craig M. Meynard
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

April 15, 2015

**Second Amendment to the
Delta Air Lines, Inc. 2007 Performance Compensation Plan**

Section 5(b) of the Delta Air Lines, Inc. 2007 Performance Compensation Plan 2007 Plan shall be deleted in its entirety and replaced by the following:

- “(b) ***Share Counting.*** Any Shares subject to an Award (but not including any Substitute Award), that expires, is cancelled, forfeited, or otherwise terminates without the delivery of Shares shall again be, or shall become, available for distribution under the Plan; *provided, however,* that (i) any Shares tendered in payment of an Option, (ii) Shares withheld by the Company to satisfy any tax withholding obligation with respect to the exercise of an Option or SAR, or (iii) Shares covered by a stock-settled SAR or other Awards that were not issued upon the settlement of the Award, shall not again be available for distribution under the Plan.”

**DELTA AIR LINES, INC. 2015 LONG-TERM INCENTIVE PROGRAM
AWARD AGREEMENT**

Date of this Agreement:

Grant Date:

[Name]

This Award Agreement, [including Appendix A hereto] (the “Agreement”) describes some of the terms of your award (the “Award”) under the Delta Air Lines, Inc. 2015 Long-Term Incentive Program (which is subject to the Delta Air Lines, Inc. 2007 Performance Compensation Plan) (the “2015 LTIP”). Your Award is subject to the terms of the 2015 LTIP and this Agreement. Capitalized terms that are used but not otherwise defined in this Agreement have the meaning set forth in the 2015 LTIP. In order for this Award to remain effective, you must accept the Award in accordance with Section 9 below on or before the date that is 30 calendar days after the date of this Agreement (the “Acceptance Date”). If you do not accept the Award as required, the Award and this Agreement will become void and of no further effect as of 5:00 pm Eastern Time on the Acceptance Date.

1. **Summary of Award** . Your Award will include Restricted Stock, a Performance Award and a Non-qualified Stock Option (the “Option”) as described below. Terms applicable to your Award, including the lapsing of the Restrictions on your Restricted Stock, the vesting and form of payment, if any, of your Performance Award and the exercisability of your Option are included in the 2015 LTIP. [Terms applicable to the vesting, exercisability and payout of your Award upon a Termination of Employment are included in Appendix A to this Agreement.]

(a) ***Restricted Stock***. You are hereby awarded, on the Grant Date above (the “Grant Date”), Restricted Stock for [NUMBER] shares of Delta Common Stock, par value \$0.0001 per share.

(b) ***Performance Award***. You are hereby awarded, on the Grant Date, a Performance Award with a target value of [AMOUNT].

[(c) ***Non-Qualified Stock Option*** . You are hereby awarded, on the Grant Date, an Option exercisable for [NUMBER] of shares of Delta Common Stock. The exercise price of the Option will be the closing price of a share of Common Stock on the New York Stock Exchange on the Grant Date.]

2. **Restrictive Covenants** . In exchange for the Award, you hereby agree as follows:

(a) ***Trade Secrets*** . You hereby acknowledge that during the term of your employment with Delta Air Lines, Inc., its subsidiaries and affiliates (“Delta”), you have acquired and will continue to acquire knowledge of secret, confidential and proprietary information regarding Delta and its business that fits within the definition of “trade secrets” under the law of the State of Georgia, including, without limitation, information regarding Delta’s present and future operations, its financial operations, marketing plans and strategies, alliance agreements and relationships, its compensation and incentive programs for

employees, and the business methods used by Delta and its employees, and other information which derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (each, a “Trade Secret”). You hereby agree that for so long as such information remains a Trade Secret as defined by Georgia law, you will hold in a fiduciary capacity for the benefit of Delta and shall not directly or indirectly make use of, on your own behalf or on behalf of others, any Trade Secret, or transmit, reveal or disclose any Trade Secret to any person, concern or entity. Nothing in this Agreement is intended, or shall be construed, to limit the protections of any applicable law protecting trade secrets.

(b) Confidential or Proprietary Information . You further agree that you will hold in a fiduciary capacity for the benefit of Delta, and, during the term of your employment with Delta and for the two-year period after such employment terminates, shall not directly or indirectly use or disclose, any Confidential or Proprietary Information, as defined hereinafter, that you acquire (whether or not developed or compiled by you and whether or not you were authorized to have access to such Confidential or Proprietary Information) during the term of, in the course of, or as a result of your employment by Delta. Subject to the provisions set forth below, the term “Confidential or Proprietary Information” as used in this Agreement means the following secret, confidential and proprietary information of Delta not otherwise included in the definition of Trade Secret: all marketing, alliance, advertising and sales plans and strategies; all pricing information; all financial, advertising and product development plans and strategies; all compensation and incentive programs for employees; all alliance agreements, plans and processes; all plans, strategies, and agreements related to the sale of assets; all third party provider agreements, relationships, and strategies; all business methods and processes used by Delta and its employees; all personally identifiable information regarding Delta employees, contractors, and applicants; and all lists of actual or potential customers or suppliers maintained by Delta. The term “Confidential or Proprietary Information” does not include information that has become generally available to the public by the act of one who has the right to disclose such information. Nothing in this Agreement is intended, or shall be construed, to limit the protections of any applicable law protecting confidential or proprietary information.

(c) Employee/Customer Non-Solicitation Agreement. During the term of your employment with Delta and during the [one/two]-year period following the termination of such employment, you will not directly or indirectly (on your own behalf or on behalf of any other person, company, partnership, corporation or other entity), (i) employ or solicit for employment any individual who is a management or professional employee of Delta for employment with any entity or person other than Delta or solicit, encourage or induce any such person to terminate his or her employment with Delta or (ii) induce or attempt to induce any customer, supplier, licensee or other business relation of Delta to cease doing business with Delta, or in any way interfere with the relationship between Delta and any customer, supplier, licensee or other business relation of Delta. The restrictions set forth in clause (i) above, shall be limited to those Delta management or professional employees who: (A) were employed by Delta during your employment in a supervisory or administrative job and (B) with whom you had material professional contact during your employment with Delta.

(d) Non-Competition Agreement .

(i) You acknowledge and agree with the following:

(A) Delta competes in a worldwide air transportation market that includes passenger transportation and services, air cargo services, repair and maintenance of aircraft and staffing services for third parties, vacation wholesale, refinery and private jet operations, and Delta's business is both domestic and international in scope;

(B) the airlines listed or described below and the related businesses listed on Exhibit 1 hereto are particular competitors to Delta and your employment or consulting with any of the listed or described entities would create more harm to Delta than would your possible employment or consulting with other companies;

(C) you have been and are closely involved in the planning for or the direction of critical components of Delta's operation and business and have developed or supplemented your expertise and skills as the result of such activities with Delta, and the use of such skills or disclosure of the details of such skills or knowledge to a competitor of Delta would be detrimental to Delta's legitimate business interests; and

(D) the restrictions imposed by this paragraph will not prevent you from earning a livelihood, given both the broad demand for the type of skills you possess as well as the large number of worldwide and domestic passenger and cargo air carriers and related businesses not included in subparagraph (ii) below or Exhibit 1 hereto.

(ii) During the term of your employment with Delta and for the [one/two]-year period following the termination of such employment, you will not on your own behalf or on behalf of any person, firm, partnership, association, corporation or business organization, entity or enterprise, whether as an employee, consultant, partner, or in any other capacity provide services that are the same or similar to the services of the type conducted, authorized, offered, or provided by either you or any other executive, key, or professional employee to Delta or any of its subsidiaries/divisions on the Grant Date (or within two years prior to your termination of employment), to:

(A) any of the following entities, (including any successors thereto), any airline alliances (including Star Alliance and Oneworld) in which such entity participates, and any partially or wholly owned subsidiary or joint venture of such entity that operates an airline or a business operated by Delta as of the Grant Date: Alaska Air Group, Inc., American Airlines Group, Inc., United Continental Holdings, Inc., Southwest Airlines Co., Jet Blue Airways Corporation, Emirates Group, Qatar Airways, or Etihad Airways P.J.S.C.;

(B) any passenger or cargo air carrier that is more than 25% owned by Emirates Group, Qatar Airways or Etihad Airways P.J.S.C.; or

(C) if not included in (A) or (B) above, any foreign air carrier that operates passenger or cargo service into the United States or its territories more than 35 flights per week for more than six months in any rolling 12 month period; *provided, however*, this provision (C) shall not apply to employment by Delta profit sharing joint venture partners Air France KLM Group or Virgin Atlantic Airways Limited, but shall apply to Campagnia Aerea Italiana S.p.A. (Alitalia).

(D) any of the entities listed on Exhibit 1 hereto, *provided* that you (1) are employed by a Delta subsidiary or you have a significant role with and spend more than 75% of your time providing services to a Delta subsidiary or (2) are employed in Delta's TechOps or Delta Connection divisions.

These restrictions will apply to the territory over which you have responsibility on the Grant Date (or had responsibility for at the time of your termination), which territory you acknowledge to be co-extensive with the cities encompassed by Delta's worldwide route structure, as it exists as of the Grant Date or the date of your termination, as appropriate.

(e) ***Return of Property***. You hereby agree that all property belonging to Delta, including records, files, memoranda, reports, personnel information (including benefit files, training records, customer lists, operating procedure manuals, safety manuals, financial statements, price lists and the like), relating to the business of Delta, with which you come in contact in the course of your employment (hereinafter "Delta's Materials") shall, as between the parties hereto, remain the sole property of Delta. You hereby warrant that you shall promptly return all originals and copies of Delta's Materials to Delta at the time your employment terminates.

(f) ***Cooperation***. You hereby agree that you shall, both during and after your employment with Delta, to the extent requested in writing and reasonable under the circumstances, cooperate with and serve in any capacity requested by Delta in any pending or future litigation in which Delta has an interest, and regarding which you, by virtue of your employment with Delta, have knowledge or information relevant to the litigation.

(g) ***Clawback***. If you are an officer of Delta at or above the Vice President level, you hereby agree that if the Committee determines that you have engaged in fraud or misconduct that caused, in whole or in part, the need for a required restatement of Delta's financial statements filed with the Securities and Exchange Commission, the Committee will review all incentive compensation awarded to or earned by you, including, without limitation, your Award, with respect to fiscal periods materially affected by the restatement and may recover from you all such incentive compensation to the extent the Committee deems appropriate after taking into account the relevant facts and circumstances. Any recoupment hereunder may be in addition to any other remedies that may be available to Delta under applicable law, including, disciplinary action up to and including termination of employment.

3. Dispute Resolution.

(a) Arbitration. You hereby agree that except as expressly set forth below, all disputes and any claims arising out of or under or relating to the Award or this Agreement, including without limitation any dispute or controversy as to the validity, interpretation, construction, application, performance, breach or enforcement of this Agreement, shall be submitted for, and settled by, mandatory, final and binding arbitration in accordance with the Commercial Arbitration Rules then prevailing of the American Arbitration Association. Unless an alternative locale is otherwise agreed in writing by the parties to this Agreement, the arbitration shall be conducted in the City of Atlanta, Georgia. The arbitrator will apply Georgia law to the merits of any dispute or claim without reference to rules of conflicts of law. Any award rendered by the arbitrator shall provide the full remedies available to the parties under the applicable law and shall be final and binding on each of the parties hereto and their heirs, executors, administrators, successors and assigns and judgment may be entered thereon in any court having jurisdiction. You hereby consent to the personal jurisdiction of the state and federal courts in the State of Georgia, with venue in Atlanta, for any action or proceeding arising from or relating to any arbitration under this Agreement. The prevailing party in any such arbitration shall be entitled to an award by the arbitrator of all reasonable attorneys' fees and expenses incurred in connection with the arbitration. However, Delta will pay all fees associated with the American Arbitration Association and the arbitrator. All parties must initial here for this Section 3 to be effective:

[NAME]

Delta Air Lines, Inc.—Robert L. Kight, Senior Vice President—Global HR Services & Labor Relations

(b) Injunctive Relief in Aid of Arbitration; Forum Selection. You hereby acknowledge and agree that the provisions contained in Section 2 of this Agreement are reasonably necessary to protect the legitimate business interests of Delta, and that any breach of any of these provisions will result in immediate and irreparable injury to Delta for which monetary damages will not be an adequate remedy. You further acknowledge that if any such provision is breached or threatened to be breached, Delta will be entitled to seek a temporary restraining order, preliminary injunction or other equitable relief in aid of arbitration in any court of competent jurisdiction without the necessity of posting a bond, restraining you from continuing to commit any violation of the covenants, and you hereby irrevocably consent to the jurisdiction of the state and federal courts of the State of Georgia, with venue in Atlanta, which shall have jurisdiction to hear and determine any claim for a temporary restraining order, preliminary injunction or other equitable relief brought against you by Delta in aid of arbitration.

(c) Consequences of Breach. Furthermore, you acknowledge that, in partial consideration for the Award described in the 2015 LTIP and this Agreement, Delta is requiring that you agree to and comply with the terms of Section 2 and you hereby agree that without limiting any of the foregoing, should you violate any of the covenants included in Section 2 above, you will not be entitled to and shall not receive any Awards under the 2015 LTIP and this Agreement and any outstanding Awards will be forfeited.

(d) **Tolling** . You further agree that in the event the enforceability of any of the restrictions as set forth in Section 2 of this Agreement are challenged and you are not preliminarily or otherwise enjoined from breaching such restriction(s) pending a final determination of the issues, then, if an arbitrator finds that the challenged restriction(s) is enforceable, any applicable time period related to the challenged restriction(s) set forth in such Section shall be deemed tolled upon the filing of the arbitration or action seeking injunctive or other equitable relief in aid of arbitration, whichever is first in time, until the dispute is finally resolved and all periods of appeal have expired.

(e) **Governing Law** . Unless governed by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to principles of conflicts of laws of that State.

(f) **Waiver of Jury Trial** . **TO THE MAXIMUM EXTENT PERMITTED BY LAW, YOU HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY MATTER ARISING OUT OF, UNDER, IN CONNECTION WITH, OR IN ANY WAY RELATED TO THIS AGREEMENT. THIS INCLUDES, WITHOUT LIMITATION, ANY DISPUTE CONCERNING ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN), OR ACTION OF DELTA OR YOU, OR ANY EXERCISE BY DELTA OR YOU OF OUR RESPECTIVE RIGHTS UNDER THIS AGREEMENT OR IN ANY WAY RELATING TO THIS AGREEMENT. YOU FURTHER ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR DELTA TO ISSUE AND ACCEPT THIS AGREEMENT.**

4. **Validity; Severability** . In the event that one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such holding shall not affect any other provisions in this Agreement, but this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had never been contained herein. The invalidity, illegality or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

5. **Authority of the Committee** . You acknowledge and agree that the Committee has the sole and complete authority and discretion to construe and interpret the terms of the 2015 LTIP and this Agreement. All determinations of the Committee shall be final and binding for all purposes and upon all persons, including, without limitation, you and Delta, and your heirs and successors. The Committee shall be under no obligation to construe this Agreement or treat the Award in a manner consistent with the treatment provided with respect to other Awards or Participants.

6. **Amendment** . This Agreement may not be amended or modified except by written agreement signed by you and Delta; *provided, however*, you acknowledge and agree that Delta may unilaterally amend the clawback provision set forth in Section 2(g) of this Agreement to the extent required to be in compliance with any applicable law or regulation or Delta's internal clawback policy, as it may be amended from time to time.

7. **Acknowledgement** . By signing this Agreement: (a) you acknowledge that you have had a full and adequate opportunity to read this Agreement and you agree with every term and

provision herein, including, without limitation, the terms of Sections 2, 3, 4, 5 and 6 and, if applicable, Exhibit 1 hereto; (b) you acknowledge that you have received and had a full and adequate opportunity to read the 2015 LTIP; (c) you agree, on behalf of yourself and on behalf of any designated beneficiary and your heirs, executors, administrators and personal representatives, to all of the terms and conditions contained in this Agreement and the 2015 LTIP; and (d) you consent to receive all material regarding any awards under the 2015 LTIP, including any prospectuses, electronically with an e-mail notification to your work e-mail address.

8. **Entire Agreement.** This Agreement, together with the 2015 LTIP (the terms of which are made a part of this Agreement and are incorporated into this Agreement by reference), constitute the entire agreement between you and Delta with respect to the Award.

9. **Acceptance of this Award.** If you agree to all of the terms of this Agreement and would like to accept this Award, you must sign and date the Agreement where indicated below and, if you do not accept the Award electronically, return an original signed version of this Agreement to Mary Steele, either by hand or by mail to Department 936, P.O. Box 20706, Atlanta, Georgia 30320, as set forth on page 1 of this Agreement. If you have any questions regarding how to accept your Award, please contact Ms. Steele at (404) 715-6333. Delta hereby acknowledges and agrees that its legal obligation to make the Award to you shall become effective when you sign this Agreement.

10. **Electronic Signature.** All references to signatures and delivery of documents in this Agreement can be satisfied by procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including this Agreement. Your electronic signature is the same as, and shall have the same force and effect as, your manual signature. Any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the 2015 LTIP.

You and Delta, each intending to be bound legally, agree to the matters set forth above by signing this Agreement, all as of the date set forth below.

DELTA AIR LINES, INC.

By: _____
Name: Robert L. Kight
Title: Senior Vice President–Global HR Services & Labor Relations

PARTICIPANT

[NAME]

Date:

Subsidiary and Company Division Competitors

1. If you are employed by, or you have a significant role with and spend more than 75% of your time providing services to **DAL Global Services, LLC**, the following entities, (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: Swissport International Ltd./Swissport USA, Inc.; Servisair USA Inc; John Menzies Plc; Airport Terminal Services, Inc.; PrimeFlight Aviation Services, Inc.; Prospect Airport Services, Inc; ABM Industries Incorporated; BBA Aviation USA, Inc.; ExpressJet Airlines, Inc.; Envoy Air, Inc; Piedmont Airlines, Inc; G2 Secure Staff, LLC; ATS Staffing; and Eulen America.
 2. If you are employed by, or you have a significant role with and spend more than 75% of your time providing services to **Delta Private Jets, Inc.**, the following entities, (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: NetJets Aviation, Inc.; Executive Jet Management, Inc.; Marquis Jet Partners, Inc.; Jet Solutions L.L.C.; Flight Options, LLC; Sentient Jet, LLC; Sentient Jet Charter, LLC; Jet1 Charter Inc.; Citation Air Travel, Inc.; Apollo Jets LLC; XOJET, Inc; and JetSuite, Inc.
 3. If you are employed by, or you have a significant role with and spend more than 75% of your time providing services to **MLT Vacations, LLC**, the following entities, (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: Apple Vacations; Classic Vacations, LLC; FC USA, Inc.; CheapCaribbean.com; Sun Country Vacations; The Mark Travel Corporation; and Travel Impressions.
 4. If you are employed by, or you have a significant role with and spend more than 75% of your time providing services to **Monroe Energy, LLC**, the following entities, (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: PBF Energy Inc.; Philadelphia Energy Solutions LLC; Western Refining, Inc.; Tesoro Corporation; HollyFrontier Corporation; CVR Energy; Alon USA Energy, Inc.; and Northern Tier Energy LP.
 5. If you are employed by, or you have a significant role with and spend more than 75% of your time providing services to **Endeavor Air, Inc.**, the following entities, (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: Piedmont Airlines, Inc.; Jazz Aviation, LP; PSA Airlines, Inc.; Mesa Air Group, Inc.; Skywest, Inc.; ExpressJet Airlines, Inc.; Republic Airways Holdings Inc.; Trans States Holdings, Inc.; Envoy Air, Inc.; and Air Wisconsin Airlines Corporation.
 6. If you are employed by the Company in its **TechOps** division, the following entities (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: Pratt & Whitney (a division of United Technologies Corporation); GE Aviation Service Operation LLP, GE Aviation Systems Group Limited, GE Aviation Systems North America, Inc. GE Aviation UK; the MTU Maintenance businesses of MTU Aero Engines (domestic and international); AAR Corp.; and Singapore Technologies Aerospace Ltd.
-

7. If you are employed by the Company in its **Delta Connection** division, the following entities (including the successors thereto) and any corporate parent or any partially or wholly owned subsidiary of such entities shall be included as competitors under Section 2(d)(ii)(D) of the Agreement: Piedmont Airlines, Inc.; Jazz Aviation, LP; PSA Airlines, Inc.; Mesa Air Group, Inc.; Skywest, Inc.; ExpressJet Airlines, Inc.; Republic Airways Holdings Inc.; Trans States Holdings, Inc.; Envoy Air, Inc.; and Air Wisconsin Airlines Corporation.

[APPENDIX A]

The terms of this Appendix A shall apply to the Award set forth in the Agreement to which this Appendix is attached. Capitalized terms that are used but not otherwise defined in the Agreement have the meaning set forth in the 2015 LTIP and the Delta Air Lines, Inc. 2007 Performance Compensation Plan.

RESTRICTED STOCK

1. *Lapse of Restrictions/Forfeiture upon Terminations of Employment Occurring prior to October 1, 2015*. Effective for Terminations of Employment that occur prior to October 1, 2015, the Restricted Stock and the Restrictions set forth in the 2015 LTIP are subject to the terms and conditions set forth in Sections 4(a)(v) and (vi) of the 2015 LTIP.

2. *Lapse of Restrictions/Forfeiture upon Terminations of Employment Occurring on or after October 1, 2015*. Effective for Terminations of Employment that occur on or after October 1, 2015, the Restricted Stock and the Restrictions set forth in the 2015 LTIP are subject to the following terms and conditions, which terms and conditions shall supersede and replace Sections 4(a)(v) and (vi) of the 2015 LTIP.

(a) *Qualifying Termination of Employment*. Upon a Participant's Qualifying Termination of Employment (as such term is hereinafter defined), with respect to any portion of the Restricted Stock subject to the Restrictions, the Restrictions shall lapse and be of no further force or effect as of the dates set forth in Section 4(a)(iv) of the 2015 LTIP in the same manner and to the same extent as if the Participant's employment had continued.

(b) *Disqualifying Termination of Employment*. Upon a Participant's Disqualifying Termination of Employment (as such term is hereinafter defined), any portion of the Restricted Stock subject to the Restrictions shall be immediately forfeited.

(c) *Death or Disability*. Upon a Participant's Termination of Employment due to death or Disability, the Restrictions shall immediately lapse and be of no further force or effect as of the date of such Termination of Employment.

(d) *Change in Control*. Notwithstanding the foregoing and subject to Section 5 of the 2015 LTIP, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason on or after a Change in Control but prior to the second anniversary of such Change in Control, any Restrictions in effect shall immediately lapse on the date of such Termination of Employment and be of no further force or effect as of such date.

3. *Definitions*.

(a) *"Qualifying Termination of Employment"* means a Participant's Termination of Employment (i) by the Company without Cause or (ii) by the Participant with or without Good Reason or by reason of Retirement.

(b) *Disqualifying Termination of Employment*” means a Participant’s Termination of Employment by the Company for Cause.

PERFORMANCE AWARD

1. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring Prior to October 1, 2015—Excluding Return on Invested Capital*. Effective for Terminations of Employment that occur prior to October 1, 2015, the portion of the Performance Award attributable to Average Annual Operating Income Margin and Customer Service Performance is subject to the terms and conditions set forth in Section 4(b)(vii) of the 2015 LTIP.

2. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring on or after October 1, 2015—Excluding Return on Invested Capital*. Effective for Terminations of Employment that occur on or after October 1, 2015, the portion of the Performance Award attributable to Average Annual Operating Income Margin and Customer Service Performance is subject to the following terms and conditions, which terms and conditions shall supersede and replace Section 4(b)(vii) of the 2015 LTIP.

(a) *Qualifying Termination of Employment*. Upon a Participant’s Qualifying Termination of Employment, the Participant will remain eligible for any unpaid Performance Award attributable to Average Annual Operating Income Margin and Customer Service Performance, which award will vest and become payable under Section 4(b)(v) of the 2015 LTIP in the same manner and to the same extent as if the Participant’s employment had continued.

(b) *Disqualifying Termination of Employment*. Upon a Participant’s Disqualifying Termination of Employment, the Participant will immediately forfeit any unpaid portion of the Performance Award attributable to Average Annual Operating Income Margin and Customer Service Performance as of the date of such Termination of Employment.

(c) *Death or Disability*. Upon a Participant’s Termination of Employment due to death or Disability, the portion of the Participant’s Performance Award attributable to Average Annual Operating Income Margin and Customer Service Performance will immediately become vested at the target level and such amount will be paid in cash as soon as practicable thereafter to the Participant or the Participant’s estate, as applicable.

3. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring Prior to October 1, 2015—Return on Invested Capital*. Effective for Terminations of Employment that occur prior to October 1, 2015, the portion of the Performance Award attributable to Return on Investment Capital is subject to the terms and conditions set forth in Section 4(b)(viii) of the 2015 LTIP.

4. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring on or after October 1, 2015—Return on Invested Capital*. Effective for Terminations of Employment that occur on or after October 1, 2015, the portion of the Performance Award attributable to Return on Invested Capital is subject to the following terms and conditions, which terms and conditions shall supersede and replace Section 4(b)(viii) of the 2015 LTIP.

(a) *Qualifying Termination of Employment*. Upon a Participant's Qualifying Termination of Employment, the Participant will remain eligible for any unpaid Performance Award attributable to Return on Invested Capital, including any Earned Awards, which award will vest and become payable under Section 4(b)(v) of the 2015 LTIP in the same manner and to the same extent as if the Participant's employment had continued.

(b) *Disqualifying Termination of Employment*. Upon a Participant's Disqualifying Termination of Employment, the Participant will immediately forfeit any unpaid portion of the Performance Award attributable to Return on Invested Capital, including any Earned Awards, as of the date of such Termination of Employment.

(c) *Death or Disability*. Upon a Participant's Termination of Employment due to death or Disability, the Participant will be eligible to receive: (i) payment of any Earned Awards, which Earned Awards will immediately become vested and such amount will be paid in cash as soon as practicable thereafter to the Participant or the Participant's estate, as applicable and (ii) with respect to any remaining ROIC Installment(s) outstanding as of the date of the Participant's Termination of Employment, the Participant's ROIC Installment(s) will immediately become vested at the target level and such amount will be paid in cash as soon as practicable thereafter to the Participant or the Participant's estate, as applicable.

5. *Change in Control*. Notwithstanding the forgoing and subject to Section 5 of the 2015 LTIP, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason on or after a Change in Control (whether prior to or on or after October 1, 2015) but prior to the second anniversary of such Change in Control, the Participant's outstanding Performance Award shall immediately become vested at the target level (or, with respect to any Earned Award, at the level at which it was earned) and such amount will be paid in cash to the Participant as soon as practicable. With respect to any Participant who incurs a Termination of Employment by the Company without Cause or who resigns for Good Reason prior to a Change in Control, if a Change in Control occurs thereafter during the Performance Period, such Participant's Performance Award, ROIC Installments and Earned Awards, if any, will immediately become vested and be paid in cash to the Participant as soon as practicable. This paragraph 5 shall supersede and replace Section 4(b)(ix) of the 2015 LTIP.

[OPTION]

1. *Change in Exercisability and Exercise Period upon Terminations of Employment Occurring prior to October 1, 2015*. Effective for Terminations of Employment that occur prior to October 1, 2015, the exercisability of the Option and the exercise period are subject to the terms and conditions set forth in Section 4(d)(v) of the 2015 LTIP.

2. *Change in Exercisability and Exercise Period upon Terminations of Employment on or after October 1, 2015*. Effective for Terminations of Employment that occur on or after October 1, 2015, the exercisability of the Option and the exercise period set forth in the 2015 LTIP are subject to the following terms and conditions, which terms and conditions shall supersede and replace Section 4(d)(v) of the 2015 LTIP:

(a) *Qualifying Termination of Employment*. Upon a Participant's Qualifying Termination of Employment, any portion of the Option that is not exercisable at the time of

such Qualifying Termination of Employment (i) will vest and become exercisable, if applicable, under Section 4(d)(iv) of the 2015 LTIP in the same manner and to the same extent as if the Participant's employment had continued and (ii) the entire then exercisable portion of the Option, as applicable, shall be exercisable during the period: (A) beginning on the applicable Option Installment Vesting Date and (B) ending on the earlier of (1) the later of the third anniversary of (I) such Termination of Employment or (II) the applicable Option Installment Vesting Date or (2) the Expiration Date.

(b) *Disqualifying Termination of Employment.* Upon a Participant's Disqualifying Termination of Employment, any unexercised portion of the Option shall be immediately forfeited, including any portion that was then exercisable.

(c) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, any portion of the Option that is not exercisable at the time of such Termination of Employment shall vest and become exercisable and the then exercisable portion of the Option shall be exercisable during the period: (i) beginning on the date of such Termination of Employment and (ii) ending on the earlier of (A) the third anniversary of such Termination of Employment or (B) the Expiration Date.

(d) *Change in Control* . Notwithstanding the foregoing and subject to Section 5 of the 2015 LTIP, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason on or after a Change in Control but prior to the second anniversary of such Change in Control, any portion of the Option that is not exercisable at the time of such Termination of Employment shall vest and become exercisable, and the entire then exercisable portion of the Option shall be exercisable during the period (i) beginning on the date of such Termination of Employment and (ii) ending on the earlier of (A) the third anniversary of such Termination of Employment or (B) the Expiration Date.]]

April 15, 2015

To the Board of Directors and Stockholders of
Delta Air Lines, Inc.

We are aware of the incorporation by reference in the Registration Statements (Form S-8 No.'s 333-142424, 333-149308, 333-154818 and 333-151060) of Delta Air Lines, Inc. for the registration of shares of its common stock of our report dated April 15, 2015 relating to the unaudited condensed consolidated interim financial statements of Delta Air Lines, Inc. that are included in its Form 10-Q for the quarter ended March 31, 2015 .

/s/ Ernst & Young LLP

I, Richard H. Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended March 31, 2015 ;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, 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 report;
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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Delta and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of Delta's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in Delta's internal control over financial reporting that occurred during Delta's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Delta's internal control over financial reporting; and
5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Delta's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal control over financial reporting.

April 15, 2015

/s/ Richard H. Anderson

Richard H. Anderson

Chief Executive Officer

I, Paul A. Jacobson , certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended March 31, 2015 ;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, 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 report;
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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Delta and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of Delta's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in Delta's internal control over financial reporting that occurred during Delta's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Delta's internal control over financial reporting; and
5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Delta's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal control over financial reporting.

April 15, 2015

/s/ Paul A. Jacobson

Paul A. Jacobson

Executive Vice President and Chief Financial Officer

April 15, 2015
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 quarterly report on Form 10-Q of Delta Air Lines, Inc. (“Delta”) for the quarterly period ended March 31, 2015 (the “Report”).

Each of the undersigned, the 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/ Richard H. Anderson

Richard H. Anderson
Chief Executive Officer

/s/ Paul A. Jacobson

Paul A. Jacobson
Executive Vice President and Chief Financial Officer