

---

**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, 2016

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Commission File Number 001-5424



**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, 2016 :

Common Stock, \$ 0.0001 par value - 771,581,440 shares outstanding

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

---

## Table of Contents

|  | <b>Page</b>               |
|--|---------------------------|
| <a href="#"><u>Forward Looking Statements</u></a>  | <a href="#"><u>1</u></a>  |
| <br><b><a href="#"><u>Part I. Financial Information</u></a></b>  |                           |
| <a href="#"><u>Item 1. Financial Statements</u></a>  | <a href="#"><u>3</u></a>  |
| <a href="#"><u>Consolidated Balance Sheets</u></a>   | <a href="#"><u>3</u></a>  |
| <a href="#"><u>Condensed Consolidated Statements of Operations and Comprehensive Income</u></a>                      | <a href="#"><u>4</u></a>  |
| <a href="#"><u>Condensed Consolidated Statements of Cash Flows</u></a>   | <a href="#"><u>5</u></a>  |
| <a href="#"><u>Notes to the Condensed Consolidated Financial Statements</u></a>                                      | <a href="#"><u>6</u></a>  |
| <a href="#"><u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a> | <a href="#"><u>18</u></a> |
| <a href="#"><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></a>                            | <a href="#"><u>30</u></a> |
| <a href="#"><u>Item 4. Controls and Procedures</u></a>   | <a href="#"><u>31</u></a> |
| <br><b><a href="#"><u>Part II. Other Information</u></a></b>   |                           |
| <a href="#"><u>Item 1. Legal Proceedings</u></a>   | <a href="#"><u>32</u></a> |
| <a href="#"><u>Item 1A. Risk Factors</u></a>   | <a href="#"><u>32</u></a> |
| <a href="#"><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></a>                           | <a href="#"><u>32</u></a> |
| <a href="#"><u>Item 6. Exhibits</u></a>  | <a href="#"><u>33</u></a> |
| <br><a href="#"><u>Signature</u></a>   | <a href="#"><u>34</u></a> |

---

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, 2015 (“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

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, 2016 , and the related condensed consolidated statements of operations and comprehensive income for the three-month periods ended March 31, 2016 and 2015 and condensed consolidated statements of cash flows for the three-month periods ended March 31, 2016 and 2015 . 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, 2015 and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity 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 5, 2016.

Atlanta, Georgia  
April 14, 2016

/s/ Ernst & Young LLP

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

| (in millions, except share data)   | March 31,<br>2016 | December 31,<br>2015 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| <b>Current Assets:</b>   |                   |                      |
| Cash and cash equivalents  | \$ 1,708          | \$ 1,972             |
| Short-term investments   | 1,206             | 1,465                |
| Accounts receivable, net of an allowance for uncollectible accounts of \$11 and \$9 at March 31, 2016 and December 31, 2015, respectively                            | 2,179             | 2,020                |
| Hedge margin receivable  | 454               | 119                  |
| Fuel inventory   | 367               | 379                  |
| Expendable parts and supplies inventories, net of an allowance for obsolescence of \$114 at March 31, 2016 and December 31, 2015                                     | 326               | 318                  |
| Hedge derivatives asset  | 2,179             | 1,987                |
| Prepaid expenses and other   | 887               | 796                  |
| Total current assets   | 9,306             | 9,056                |
| <b>Property and Equipment, Net:</b>  |                   |                      |
| Property and equipment, net of accumulated depreciation and amortization of \$11,314 and \$10,871 at March 31, 2016 and December 31, 2015, respectively              | 23,422            | 23,039               |
| <b>Other Assets:</b>   |                   |                      |
| Goodwill   | 9,794             | 9,794                |
| Identifiable intangibles, net of accumulated amortization of \$815 and \$811 at March 31, 2016 and December 31, 2015, respectively                                   | 4,856             | 4,861                |
| Deferred income taxes, net   | 4,489             | 4,956                |
| Other noncurrent assets  | 1,475             | 1,428                |
| Total other assets   | 20,614            | 21,039               |
| Total assets   | \$ 53,342         | \$ 53,134            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |                      |
| <b>Current Liabilities:</b>  |                   |                      |
| Current maturities of long-term debt and capital leases  | \$ 1,531          | \$ 1,563             |
| Air traffic liability  | 5,988             | 4,503                |
| Accounts payable   | 2,732             | 2,743                |
| Accrued salaries and related benefits  | 1,903             | 3,195                |
| Hedge derivatives liability  | 2,630             | 2,581                |
| Frequent flyer deferred revenue  | 1,605             | 1,635                |
| Other accrued liabilities  | 1,719             | 1,306                |
| Total current liabilities  | 18,108            | 17,526               |
| <b>Noncurrent Liabilities:</b>   |                   |                      |
| Long-term debt and capital leases  | 6,920             | 6,766                |
| Pension, postretirement and related benefits   | 12,695            | 13,855               |
| Frequent flyer deferred revenue  | 2,276             | 2,246                |
| Other noncurrent liabilities   | 2,091             | 1,891                |
| Total noncurrent liabilities   | 23,982            | 24,758               |
| <b>Commitments and Contingencies</b>   |                   |                      |
| <b>Stockholders' Equity:</b>   |                   |                      |
| Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 785,605,157 and 799,850,675 shares issued at March 31, 2016 and December 31, 2015, respectively | —                 | —                    |
| Additional paid-in capital   | 10,339            | 10,875               |
| Retained earnings  | 8,462             | 7,623                |
| Accumulated other comprehensive loss   | (7,279)           | (7,275)              |
| Treasury stock, at cost, 14,023,717 and 21,066,684 shares at March 31, 2016 and December 31, 2015, respectively  | (270)             | (373)                |
| Total stockholders' equity   | 11,252            | 10,850               |
| Total liabilities and stockholders' equity   | \$ 53,342         | \$ 53,134            |

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, |          |
|--|------------------------------|----------|
|  | 2016                         | 2015     |
| <b>Operating Revenue:</b>                          |                              |          |
| Passenger:   |                              |          |
| Mainline   | \$ 6,444                     | \$ 6,549 |
| Regional carriers                                  | 1,318                        | 1,374    |
| Total passenger revenue                            | 7,762                        | 7,923    |
| Cargo  | 162                          | 217      |
| Other  | 1,327                        | 1,248    |
| Total operating revenue                            | 9,251                        | 9,388    |
| <b>Operating Expense:</b>                          |                              |          |
| Salaries and related costs                         | 2,311                        | 2,092    |
| Aircraft fuel and related taxes                    | 1,227                        | 1,835    |
| Regional carriers expense                          | 1,006                        | 1,053    |
| Depreciation and amortization                      | 486                          | 470      |
| Contracted services                                | 476                          | 441      |
| Aircraft maintenance materials and outside repairs | 449                          | 452      |
| Passenger commissions and other selling expenses   | 388                          | 386      |
| Landing fees and other rents                       | 348                          | 373      |
| Profit sharing                                     | 272                          | 136      |
| Passenger service                                  | 189                          | 190      |
| Aircraft rent                                      | 66                           | 60       |
| Other  | 493                          | 502      |
| Total operating expense                            | 7,711                        | 7,990    |
| <b>Operating Income</b>                            | 1,540                        | 1,398    |
| <b>Non-Operating Expense:</b>                      |                              |          |
| Interest expense, net                              | (107)                        | (131)    |
| Miscellaneous, net                                 | 1                            | (81)     |
| Total non-operating expense, net                   | (106)                        | (212)    |
| <b>Income Before Income Taxes</b>                  | 1,434                        | 1,186    |
| <b>Income Tax Provision</b>                        | (488)                        | (440)    |
| <b>Net Income</b>                                  | \$ 946                       | \$ 746   |
| <b>Basic Earnings Per Share</b>                    | \$ 1.22                      | \$ 0.91  |
| <b>Diluted Earnings Per Share</b>                  | \$ 1.21                      | \$ 0.90  |
| <b>Cash Dividends Declared Per Share</b>           | \$ 0.135                     | \$ 0.09  |
| <b>Comprehensive Income</b>                        | \$ 942                       | \$ 763   |

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, |                 |
|---|------------------------------|-----------------|
|   | 2016                         | 2015            |
| <b>Net Cash Provided by Operating Activities</b>                          | <b>\$ 1,011</b>              | <b>\$ 1,636</b> |
| <b>Cash Flows From Investing Activities:</b>                              |                              |                 |
| Property and equipment additions:   |                              |                 |
| Flight equipment, including advance payments                              | (764)                        | (451)           |
| Ground property and equipment, including technology                       | (107)                        | (135)           |
| Purchase of short-term investments  | (488)                        | (344)           |
| Redemption of short-term investments                                      | 753                          | 115             |
| Other, net  | 5                            | 3               |
| Net cash used in investing activities                                     | (601)                        | (812)           |
| <b>Cash Flows From Financing Activities:</b>                              |                              |                 |
| Payments on long-term debt and capital lease obligations                  | (459)                        | (301)           |
| Repurchase of common stock  | (775)                        | (425)           |
| Cash dividends  | (107)                        | (75)            |
| Fuel card obligation  | 141                          | (32)            |
| Proceeds from short-term obligations                                      | 68                           | —               |
| Proceeds from long-term obligations                                       | 450                          | 41              |
| Other, net  | 8                            | 2               |
| Net cash used in financing activities                                     | (674)                        | (790)           |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>               | <b>(264)</b>                 | <b>34</b>       |
| Cash and cash equivalents at beginning of period                          | 1,972                        | 2,088           |
| Cash and cash equivalents at end of period                                | <u>\$ 1,708</u>              | <u>\$ 2,122</u> |
| <b>Non-Cash Transactions:</b>   |                              |                 |
| Treasury stock contributed to our qualified defined benefit pension plans | \$ 350                       | \$ —            |
| Flight equipment acquired under capital leases                            | 27                           | 39              |

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 for the year ended December 31, 2015 .

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 and other factors, operating results for the three months ended March 31, 2016 are not necessarily indicative of operating results for the entire year.

We reclassified certain prior period amounts 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 (Topic 606)." Under this ASU and subsequently issued amendments, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption of the standard is permitted, but not before December 15, 2016. We are currently evaluating how the adoption of the revenue recognition standard will impact our Consolidated Financial Statements.

***Leases***

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This standard will require all leases with durations greater than twelve months to be recognized on the balance sheet and is effective for interim and annual reporting periods beginning after December 15, 2018, although early adoption is permitted.

We believe adoption of this standard will have a significant impact on our Consolidated Balance Sheets. Although we have not completed our assessment, we do not expect the adoption to change the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations and Cash Flows. Information about our undiscounted future lease payments and the timing of those payments is in Note 7, "Lease Obligations," in our Form 10-K for the year ended December 31, 2015.

***Equity Method Investments***

In March 2016, the FASB issued ASU No. 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323)." This standard eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in accumulated other comprehensive income/(loss) ("AOCI") will be recognized through earnings. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted.



We early adopted this standard during the three months ended March 31, 2016. Although none of our available-for-sale or cost investments qualified for use of the equity method during the quarter, we expect the tender offer for additional capital stock of Grupo Aeroméxico to be completed during 2016, at which point our investment will qualify for the equity method of accounting. As of March 31, 2016, the unrealized gain recorded in AOCI related to our investment in Grupo Aeroméxico was \$21 million .

#### Share-Based Compensation

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718)." This standard makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. ASU 2016-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted. We are currently assessing how the adoption of this standard will impact our Consolidated Financial Statements.

## NOTE 2 . FAIR VALUE MEASUREMENTS

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

| (in millions)                               | March 31,<br>2016 | Level 1  | Level 2 |
|---|-------------------|----------|---------|
| Cash equivalents                            | \$ 1,137          | \$ 1,137 | \$ —    |
| Short-term investments                      |                   |          |         |
| U.S. government and agency securities       | 160               | 127      | 33      |
| Asset- and mortgage-backed securities       | 238               | —        | 238     |
| Corporate obligations                       | 755               | —        | 755     |
| Other fixed income securities               | 53                | —        | 53      |
| Restricted cash equivalents and investments | 49                | 49       | —       |
| Long-term investments                       | 167               | 141      | 26      |
| Hedge derivatives, net                      |                   |          |         |
| Fuel hedge contracts                        | (664)             | (101)    | (563)   |
| Interest rate contract                      | 7                 | —        | 7       |
| Foreign currency exchange contracts         | (33)              | —        | (33)    |

| (in millions)                               | December 31,<br>2015 | Level 1  | Level 2 |
|---|----------------------|----------|---------|
| Cash equivalents                            | \$ 1,543             | \$ 1,543 | \$ —    |
| Short-term investments                      |                      |          |         |
| U.S. government and agency securities       | 151                  | 74       | 77      |
| Asset- and mortgage-backed securities       | 380                  | —        | 380     |
| Corporate obligations                       | 896                  | —        | 896     |
| Other fixed income securities               | 38                   | —        | 38      |
| Restricted cash equivalents and investments | 49                   | 49       | —       |
| Long-term investments                       | 155                  | 130      | 25      |
| Hedge derivatives, net                      |                      |          |         |
| Fuel hedge contracts                        | (672)                | 65       | (737)   |
| Interest rate contract                      | (3)                  | —        | (3)     |
| Foreign currency exchange contracts         | 94                   | —        | 94      |

*Cash Equivalents and Restricted Cash Equivalents and Investments.* Cash equivalents generally consist of money market funds. Restricted cash equivalents and investments generally consist of money market funds and time deposits, which relate to certain self-insurance obligations and airport commitments. 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, the parent company of Aeroméxico, and GOL Linhas Aéreas Inteligentes, 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.* A portion of our derivative contracts are negotiated over-the-counter 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). Such contracts are classified as Level 2 within the fair value hierarchy. The remainder of our hedge contracts are comprised of futures contracts, which are traded on a public exchange. These contracts are classified within Level 1 of the fair value hierarchy.

- *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 23% to 58% 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 provided by counterparties who regularly trade in public markets. Discount rates used in these valuations vary with the maturity dates of the respective contracts and are based on the London interbank offered rate ("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 3 . INVESTMENTS

#### *Short-Term Investments*

The estimated fair values of short-term investments, which approximate cost at March 31, 2016 , are shown below by contractual maturity. Actual maturities may differ from contractual maturities because issuers of the securities may have the right to retire our investments without prepayment penalties.

| (in millions)                            | Available-For-Sale |
|--|--------------------|
| Due in one year or less                  | \$ 221             |
| Due after one year through three years   | 829                |
| Due after three years through five years | 102                |
| Due after five years                     | 54                 |
| Total                                    | \$ 1,206           |

## *Long-Term Investments*

We have developed strategic relationships with certain international airlines through equity investments or other forms of cooperation and support. Strategic relationships improve our coordination with these airlines and enable our customers to seamlessly connect to more places while enjoying a consistent, high-quality travel experience.

- *Aeroméxico* . We own 4.1% of the outstanding shares of Grupo Aeroméxico. Additionally, we have a derivative contract that may be settled for the underlying shares representing another 8.1% of Grupo Aeroméxico outstanding shares. During 2015, we announced our intention to acquire additional shares of the capital stock of Grupo Aeroméxico through a cash tender offer, subject to regulatory approvals. If approved, the tender offer is expected to occur during 2016. As a result of this tender offer, we would own up to 49% of the outstanding capital stock of Grupo Aeroméxico. Based on current exchange rates, the total amount to be paid for the additional shares and the shares underlying the derivative would be up to \$750 million.
- *GOL*. During 2015, we acquired preferred shares of GOL's parent company , increasing our ownership to 9.5% of GOL's outstanding capital stock. Additionally, GOL entered into a \$300 million five -year term loan facility with third parties, which we have guaranteed. Our entire guaranty is secured by GOL's ownership interest in Smiles, GOL's publicly traded loyalty program. Because GOL remains in compliance with the terms of its loan facility, we have not recorded a liability on our Consolidated Balance Sheet as of March 31, 2016 .

Challenges in the Brazilian economy and GOL's recent financial performance have caused the fair value of our equity investment in GOL's parent company to decline to \$25 million with an \$81 million loss recorded in AOCI at March 31, 2016 . As GOL's shares have traded below our cost basis for longer than a year, we evaluated whether the investment was other-than-temporarily impaired. We determined the investment was not impaired as GOL's management is executing measures to maximize operational and network efficiency and control costs, which we anticipate will improve GOL's financial performance and the fair value of our investment. In addition, we have the intent and ability to maintain our investment in GOL to allow for the recovery of its market value as GOL, which operates as an extension of our global network, is a strategic investment for Delta.

- *China Eastern*. During 2015, we acquired shares of China Eastern , which provided us with a 3.5% stake in the airline . In conjunction with this transaction, we and China Eastern entered into a new commercial agreement to expand our relationship and better connect the networks of the two airlines. As the investment agreement restricts our sale or transfer of these shares for a period of three years, we will account for the investment at cost during this period. Although China Eastern shares are actively traded on a public exchange, it is not practicable to estimate the fair value of the investment due to the restriction on our ability to sell or transfer the shares.

We have, however, evaluated whether the recent decline in the value of China Eastern's shares would impair our investment. We considered the recent conditions and outlook for both China Eastern and the broader Chinese economy, as well as the nature of our investment in China Eastern. We determined that the investment was not impaired as the share price decline primarily results from declines in the broader Chinese equity markets and is not specific to China Eastern's financial performance. In addition, we have the intent and ability to maintain our investment in China Eastern to allow for the recovery of its market value as China Eastern, which operates as an extension of our global network, is a strategic investment for Delta.

## NOTE 4 . 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 have historically managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of jet fuel. Since 2014, however, jet fuel prices have consistently decreased and remain at low levels.

During the March 2015 quarter, we effectively deferred settlement of a portion of our hedge portfolio until 2016 by entering into fuel derivative transactions that, excluding market movements from the date of inception, would settle and provide approximately \$300 million in cash receipts during the second half of 2015 and require approximately \$300 million in cash payments in 2016. By effectively deferring settlement of a portion of the original derivative transactions, the restructured hedge portfolio provided additional time for the fuel market to stabilize. We early terminated certain of these deferral transactions in the second half of 2015.

Due to the continued volatility in the fuel market, early in the March 2016 quarter, we entered into transactions to further defer settlement of a portion of our hedge portfolio until 2017. These deferral transactions, excluding market movements from the date of inception, will settle and provide approximately \$300 million in cash receipts during the second half of 2016 and require approximately \$300 million in cash payments in 2017.

Subsequent to these deferral transactions, in order to better participate in the low fuel price environment, we reduced our hedging activity and entered into derivatives designed to offset and effectively terminate our existing airline segment hedge positions. As a result, we have both neutralized our hedge portfolio and locked in net settlements of approximately \$725 million in 2016 and \$300 million in 2017, which include the deferral transactions discussed above. During the three months ended March 31, 2016 and 2015, we recorded fuel hedge losses of \$274 million and \$411 million, respectively.

Cash flows associated with these deferral transactions are reported as cash flows from financing activities within our Condensed Consolidated Statements of Cash Flows in the settlement period. During the three months ended March 31, 2016, we reported \$11 million in net cash receipts associated with these transactions as cash flows from financing activities within other, net.

### *Hedge Position as of March 31, 2016*

| (in millions)                             | Volume  | Final Maturity Date | Hedge Derivatives Asset | Other Noncurrent Assets | Hedge Derivatives Liability | Other Noncurrent Liabilities | Hedge Derivatives, net |
|---|---|---------------------|-------------------------|-------------------------|-----------------------------|------------------------------|------------------------|
| <b>Designated as hedges</b>               |   |                     |                         |                         |                             |                              |                        |
| Interest rate contract (fair value hedge) | 367 U.S. dollars  | August 2022         | \$ 3                    | \$ 4                    | \$ —                        | \$ —                         | 7                      |
| Foreign currency exchange contracts       | 70,789 Japanese yen<br>555 Canadian dollars                 | February 2019       | 5                       | 8                       | (24)                        | (22)                         | (33)                   |
| <b>Not designated as hedges</b>           |   |                     |                         |                         |                             |                              |                        |
| Fuel hedge contracts                      | 244 <sup>(1)</sup> gallons - crude oil, diesel and jet fuel | December 2017       | 2,171                   | 16                      | (2,606)                     | (245)                        | (664)                  |
| Total derivative contracts                |   |                     | \$ 2,179                | \$ 28                   | \$ (2,630)                  | \$ (267)                     | \$ (690)               |

<sup>(1)</sup> As discussed above, we have entered into hedges designed to offset and effectively terminate our existing hedge positions for 2016 and 2017. This volume represents short-term hedge protection designed to mitigate the risk of fuel price and refining margin declines.

## Hedge Position as of December 31, 2015

| (in millions)                             | Volume                                       | Final Maturity Date | Hedge Derivatives Asset | Other Noncurrent Assets | Hedge Derivatives Liability | Other Noncurrent Liabilities | Hedge Derivatives, net |
|---|--|---------------------|-------------------------|-------------------------|-----------------------------|------------------------------|------------------------|
| <b>Designated as hedges</b>               |  |                     |                         |                         |                             |                              |                        |
| Interest rate contract (fair value hedge) | 384 U.S. dollars                             | August 2022         | \$ 4                    | \$ —                    | \$ —                        | \$ (7)                       | \$ (3)                 |
| Foreign currency exchange contracts       | 46,920 Japanese yen                          | July 2018           | 76                      | 20                      | (1)                         | (1)                          | 94                     |
|   | 395 Canadian dollars                         |                     |                         |                         |                             |                              |                        |
| <b>Not designated as hedges</b>           |  |                     |                         |                         |                             |                              |                        |
| Fuel hedge contracts                      | 887 gallons - crude oil, diesel and jet fuel | November 2017       | 1,907                   | 4                       | (2,580)                     | (3)                          | (672)                  |
| Total derivative contracts                |  |                     | \$ 1,987                | \$ 24                   | \$ (2,581)                  | \$ (11)                      | \$ (581)               |

## 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 |
|--------------------------|-------------------------|-------------------------|-----------------------------|------------------------------|------------------------|
| <b>March 31, 2016</b>    |                         |                         |                             |                              |                        |
| Net derivative contracts | \$ 6                    | \$ 6                    | \$ (457)                    | \$ (245)                     | \$ (690)               |
| <b>December 31, 2015</b> |                         |                         |                             |                              |                        |
| Net derivative contracts | \$ 143                  | \$ 21                   | \$ (737)                    | \$ (8)                       | \$ (581)               |

## 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 |         |
|-------------------------------------|--|-------|--|---------|
|                                     | 2016   | 2015  | 2016   | 2015    |
| <b>Three Months Ended March 31,</b> |  |       |  |         |
| Foreign currency exchange contracts | \$ 24  | \$ 51 | \$ (82)  | \$ (16) |

As of March 31, 2016, we have recorded \$26 million of gains on cash flow hedge contracts in 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 \$454 million and \$119 million as of March 31, 2016 and December 31, 2015, respectively.

## NOTE 5 . 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. The fair value of debt, shown below, is principally based on reported market values, recently completed market transactions and estimates based on interest rates, maturities, credit risk and underlying collateral. Long-term debt is primarily classified as Level 2 within the fair value hierarchy.

| (in millions)                                 | March 31, 2016 |       | December 31, 2015 |       |
|---|----------------|-------|-------------------|-------|
| Total debt at par value                       | \$             | 8,243 | \$                | 8,098 |
| Unamortized discount and debt issue cost, net |                | (133) |                   | (152) |
| Net carrying amount                           | \$             | 8,110 | \$                | 7,946 |
| Fair value                                    | \$             | 8,500 | \$                | 8,400 |

### *Aircraft Financings*

During the three months ended March 31, 2016 , we entered into financing arrangements to borrow \$450 million , which are secured by 26 aircraft. These loans bear interest at a variable rate equal to LIBOR plus a specified margin and mature between 2019 and 2021.

### *Covenants*

We were in compliance with the covenants in our financing agreements at March 31, 2016 .

## NOTE 6 . EMPLOYEE BENEFIT PLANS

The following table shows the components of net periodic cost:

| (in millions)                        | Pension Benefits |       | Other Postretirement and Postemployment Benefits |      |
|--------------------------------------|------------------|-------|--|------|
|                                      | 2016             | 2015  | 2016   | 2015 |
| <b>Three Months Ended March 31,</b>  |                  |       |  |      |
| Service cost                         | \$               | —     | \$   | 17   |
| Interest cost                        |                  | 229   |  | 37   |
| Expected return on plan assets       |                  | (226) |  | (18) |
| Amortization of prior service credit |                  | —     |  | (7)  |
| Recognized net actuarial loss        |                  | 59    |  | 6    |
| Net periodic cost                    | \$               | 62    | \$   | 35   |

## NOTE 7 . COMMITMENTS AND CONTINGENCIES

### *Aircraft Purchase and Lease Commitments*

Our future aircraft purchase commitments totaled approximately \$13.1 billion at March 31, 2016 :

| (in millions)                        | Total     |
|--------------------------------------|-----------|
| Nine months ending December 31, 2016 | \$ 1,660  |
| 2017                                 | 2,500     |
| 2018                                 | 2,510     |
| 2019                                 | 1,500     |
| 2020                                 | 1,900     |
| Thereafter                           | 3,010     |
| Total                                | \$ 13,080 |

Our future aircraft purchase commitments included the following aircraft at March 31, 2016 :

| Aircraft Type | Purchase Commitments |
|---------------|----------------------|
| B-737-900ER   | 64                   |
| B-787-8       | 18                   |
| A321-200      | 44                   |
| A330-300      | 5                    |
| A330-900neo   | 25                   |
| A350-900      | 25                   |
| E190-100      | 19                   |
| Total         | 200                  |

We have obtained, but are under no obligation to use, long-term financing commitments for a substantial portion of the purchase price of these aircraft, except for the 18 B-787-8 and 19 E190-100 aircraft. Our purchase commitment for the 18 B-787-8 aircraft provides for certain aircraft substitution rights, including for our current orders of B-737-900ER aircraft.

### *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. 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 effect on our Condensed Consolidated Financial Statements.

### *Shuttle America*

Shuttle America and its parent, Republic Airways Holdings (collectively, Republic Airways), filed for bankruptcy in February 2016. In connection with agreements to settle litigation currently pending between Republic Airways and Delta, wind-down 50 -seat aircraft operations, return to full capacity of contracted operations for Embraer 170/175 aircraft and lease certain takeoff and landing slots at New York-LaGuardia, we have agreed to enter into a debtor-in-possession credit agreement that will provide up to \$75 million in liquidity to Republic Airways, all subject to the approval of the bankruptcy court. We do not believe that Republic Airways' bankruptcy filing will have a material effect on our operations or 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, 2016, we had approximately 84,000 full-time equivalent employees. Approximately 18% of these employees were represented by unions.

### ***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 8 . ACCUMULATED OTHER COMPREHENSIVE LOSS**

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

| (in millions)  | Pension and Other<br>Benefits Liabilities <sup>(2)</sup> | Derivative Contracts | Investments | Total      |
|--|--|----------------------|-------------|------------|
| Balance at January 1, 2016 (net of tax effect of \$1,222)                  | \$ (7,354)   | \$ 140               | \$ (61)     | \$ (7,275) |
| Changes in value (net of tax effect of \$20)                               | —  | (36)                 | 11          | (25)       |
| Reclassifications into earnings (net of tax effect of \$12) <sup>(1)</sup> | 36   | (15)                 | —           | 21         |
| Balance at March 31, 2016 (net of tax effect of \$1,230)                   | \$ (7,318)   | \$ 89                | \$ (50)     | \$ (7,279) |

| (in millions)   | Pension and Other<br>Benefits Liabilities <sup>(2)</sup> | Derivative Contracts | Investments | Total      |
|---|--|----------------------|-------------|------------|
| Balance at January 1, 2015 (net of tax effect of \$1,279)                 | \$ (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) <sup>(1)</sup> | 39   | (32)                 | —           | 7          |
| Balance at March 31, 2015 (net of tax effect of \$1,261)                  | \$ (7,478)   | \$ 212               | \$ (28)     | \$ (7,294) |

<sup>(1)</sup> 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 are recorded in passenger revenue in the Condensed Consolidated Statements of Operations and Comprehensive Income.

<sup>(2)</sup> 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 9 . SEGMENTS

### Refinery Operations

Our refinery segment operates for the benefit of the airline segment by providing jet fuel to the airline segment from its own production and through jet fuel obtained through agreements with third parties. 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, 2016 and 2015 was \$526 million and \$782 million, respectively.

### Segment Reporting

Segment results are prepared based on our internal accounting methods described below, with reconciliations to consolidated amounts in accordance with GAAP. Our segments are not designed to measure operating income or loss directly related to the products and services included in each segment on a stand-alone basis.

| (in millions)                              | Airline  | Refinery | Intersegment Sales/Other | Consolidated |
|--|----------|----------|--------------------------|--------------|
| <b>Three Months Ended March 31, 2016</b>   |          |          |                          |              |
| Operating revenue:                         | \$ 9,172 | \$ 765   |                          | \$ 9,251     |
| Sales to airline segment                   |          |          | \$ (144) <sup>(1)</sup>  |              |
| Exchanged products                         |          |          | (526) <sup>(2)</sup>     |              |
| Sales of refined products to third parties |          |          | (16) <sup>(3)</sup>      |              |
| Operating income <sup>(4)</sup>            | 1,568    | (28)     | —                        | 1,540        |
| Interest expense, net                      | 107      | —        | —                        | 107          |
| Depreciation and amortization              | 477      | 9        | —                        | 486          |
| Total assets, end of period                | 52,093   | 1,249    | —                        | 53,342       |
| Capital expenditures                       | 858      | 13       | —                        | 871          |
| <b>Three Months Ended March 31, 2015</b>   |          |          |                          |              |
| Operating revenue:                         | \$ 9,314 | \$ 1,140 |                          | \$ 9,388     |
| Sales to airline segment                   |          |          | \$ (233) <sup>(1)</sup>  |              |
| Exchanged products                         |          |          | (782) <sup>(2)</sup>     |              |
| Sales of refined products to third parties |          |          | (51) <sup>(3)</sup>      |              |
| Operating income <sup>(4)</sup>            | 1,312    | 86       | —                        | 1,398        |
| Interest expense, net                      | 131      | —        | —                        | 131          |
| Depreciation and amortization              | 463      | 7        | —                        | 470          |
| Total assets, end of period                | 52,587   | 1,056    | —                        | 53,643       |
| Capital expenditures                       | 579      | 7        | —                        | 586          |

<sup>(1)</sup> 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.

<sup>(2)</sup> Represents value of products delivered under our exchange agreements, as discussed above, determined on a market price basis.

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

<sup>(4)</sup> Includes the impact of pricing arrangements between the airline and refinery segments with respect to the refinery's inventory price risk.

## NOTE 10 . RESTRUCTURING

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

| (in millions)                   | Severance and Related Costs |      | Lease Restructuring |      |
|---------------------------------|-----------------------------|------|---------------------|------|
| Liability as of January 1, 2016 | \$                          | 52   | \$                  | 415  |
| Additional costs and expenses   |                             | 1    |                     | —    |
| Payments                        |                             | (31) |                     | (22) |
| Liability as of March 31, 2016  | \$                          | 22   | \$                  | 393  |

Lease restructuring charges include remaining lease payments for permanently grounded aircraft related to the domestic and Pacific fleet restructurings. Certain 50 -seat regional aircraft and older B-757-200 aircraft were retired as a part of our domestic fleet restructuring over the past several years. Our domestic fleet restructuring replaced these aircraft with more efficient and customer preferred CRJ-900, B-717-200 and B-737-900 aircraft. We are restructuring our Pacific fleet by removing less efficient B-747-400 aircraft and replacing them with smaller-gauge, widebody aircraft to better match capacity with demand. These liabilities also include lease restructuring charges related to B-747-400 aircraft under operating leases that were retired during 2014.

## 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. We calculate diluted earnings per share by dividing net income by the weighted average number of common shares outstanding plus the dilutive effect of outstanding share-based awards, including stock options and restricted stock awards. 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, |      |      |      |
|---|------------------------------|------|------|------|
|   | 2016                         |      | 2015 |      |
| Net income                                  | \$                           | 946  | \$   | 746  |
| Basic weighted average shares outstanding   |                              | 774  |      | 818  |
| Dilutive effect of share-based awards       |                              | 6    |      | 8    |
| Diluted weighted average shares outstanding |                              | 780  |      | 826  |
| Basic earnings per share                    | \$                           | 1.22 | \$   | 0.91 |
| Diluted earnings per share                  | \$                           | 1.21 | \$   | 0.90 |

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

### March 2016 Quarter Financial Highlights

Our pre-tax income for the March 2016 quarter was \$1.4 billion, representing a \$248 million increase compared to the corresponding prior year period predominantly as a result of lower fuel prices and strong corporate demand, partially offset by higher salaries and related costs and profit sharing. Pre-tax income, adjusted for special items (a non-GAAP financial measure), increased \$966 million, to \$1.6 billion. Special items were primarily related to hedge mark-to-market ("MTM") adjustments and settlements, which totaled \$155 million in the March 2016 quarter and \$589 million in the March 2015 quarter.

*Revenue.* Our operating revenue decreased \$137 million, or 1.5%, compared to the March 2015 quarter resulting from the impact of U.S. dollar strength on tickets sold in international markets, which are predominantly priced in local currency. These factors were mitigated by our targeted capacity actions and other commercial initiatives as load factor was 0.4 points higher than the prior year quarter at 82.1%. Passenger revenue per available seat mile ("PRASM") decreased 4.6% on 2.7% higher capacity for the same reasons as operating revenue and as a result of volatility in the domestic close-in yield environment.

*Operating Expense.* Total operating expense decreased \$279 million from the March 2015 quarter driven by lower fuel prices, partially offset by higher salaries and related costs and profit sharing. During the March 2016 quarter, Brent crude oil averaged \$34 per barrel, which is significantly lower than the average of \$54 per barrel during the March 2015 quarter. Salaries and related costs were higher as a result of pay rate increases implemented subsequent to the March 2015 quarter.

Our consolidated operating cost per available seat mile ("CASM") for the March 2016 quarter decreased 6.1% to 13.26 cents from 14.12 cents in the March 2015 quarter, on a 2.7% increase in capacity, primarily due to lower fuel prices. Non-fuel unit costs ("CASM-Ex, including profit sharing," a non-GAAP financial measure) increased 4.5% to 10.33 cents compared to the March 2015 quarter principally due to pay rate increases, profit sharing and enhancements to our products and operations, which are partially offset by the impact of U.S. dollar strength on costs incurred in other currencies and cost savings resulting from our domestic fleet restructuring initiatives.

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

## Results of Operations - Three Months Ended March 31, 2016 and 2015

### Operating Revenue

| (in millions)           | Three Months Ended March 31, |          | Increase (Decrease) | % Increase (Decrease) |
|-------------------------|------------------------------|----------|---------------------|-----------------------|
|                         | 2016                         | 2015     |                     |                       |
| Passenger:              |                              |          |                     |                       |
| Mainline                | \$ 6,444                     | \$ 6,549 | \$ (105)            | (1.6)%                |
| Regional carriers       | 1,318                        | 1,374    | (56)                | (4.1)%                |
| Total passenger revenue | 7,762                        | 7,923    | (161)               | (2.0)%                |
| Cargo                   | 162                          | 217      | (55)                | (25.3)%               |
| Other                   | 1,327                        | 1,248    | 79                  | 6.3 %                 |
| Total operating revenue | \$ 9,251                     | \$ 9,388 | \$ (137)            | (1.5)%                |

### Passenger Revenue

| (in millions)     | Three Months Ended<br>March 31, 2016 | Increase (Decrease)<br>vs. Three Months Ended March 31, 2015 |                               |                                |                         |                      |             |
|-------------------|--------------------------------------|--|-------------------------------|--------------------------------|-------------------------|----------------------|-------------|
|                   |                                      | Passenger<br>Revenue   | RPMs <sup>(1)</sup> (Traffic) | ASMs <sup>(2)</sup> (Capacity) | Passenger Mile<br>Yield | PRASM <sup>(3)</sup> | Load Factor |
| Mainline          | \$ 4,211                             | 3.2 %  | 7.2 %                         | 8.0 %                          | (3.7)%                  | (4.4)%               | (0.6) pts   |
| Regional carriers | 1,318                                | (4.1)%   | 0.5 %                         | 0.1 %                          | (4.5)%                  | (4.2)%               | 0.2 pts     |
| Domestic          | 5,529                                | 1.4 %  | 6.0 %                         | 6.5 %                          | (4.4)%                  | (4.8)%               | (0.3) pts   |
| Atlantic          | 919                                  | (9.7)%   | (3.4)%                        | (3.5)%                         | (6.6)%                  | (6.4)%               | 0.1 pts     |
| Pacific           | 637                                  | (13.9)%  | (5.1)%                        | (9.0)%                         | (9.2)%                  | (5.3)%               | 3.6 pts     |
| Latin America     | 677                                  | (4.8)%   | 6.8 %                         | 4.8 %                          | (10.8)%                 | (9.2)%               | 1.5 pts     |
| Total             | \$ 7,762                             | (2.0)%   | 3.3 %                         | 2.7 %                          | (5.1)%                  | (4.6)%               | 0.4 pts     |

<sup>(1)</sup> Revenue passenger miles ("RPMs")

<sup>(2)</sup> Available seat miles ("ASMs")

<sup>(3)</sup> Passenger revenue per ASM ("PRASM")

Passenger revenue decreased \$161 million, or 2.0%, compared to the March 2015 quarter. PRASM decreased 4.6% and passenger mile yield decreased 5.1% on 2.7% higher capacity. Load factor was 0.4 points higher than the prior year quarter at 82.1%.

Unit revenues of the mainline domestic region and regional carriers decreased 4.4% and 4.2%, respectively, resulting from volatility in the close-in yield environment, which was partially offset by strong corporate demand and other commercial initiatives.

Revenues related to our international regions decreased 9.5% year-over-year primarily due to the continued strength of the U.S. dollar, reductions in international fuel surcharges and economic challenges in certain regions. We continue to address these challenges by adjusting capacity to meet demand.

In the Atlantic, the unit revenue decline predominantly resulted from the strength of the U.S. dollar. In core European markets, U.S. point-of-sale demand was strong and recovered quickly following the events in Brussels. However, Europe point-of-sale demand has been softer largely due to the weak Euro.

Unit revenue declines in the Pacific primarily resulted from the strength of the U.S. dollar and lower international fuel surcharges, although we expect currency headwinds to moderate during 2016 if the Japanese Yen remains stable following its recent strengthening. We continued to optimize the Pacific region in order to improve margins by reducing our capacity 9.0% during the March 2016 quarter.

Unit revenues declined in Latin America principally as a result of economic challenges in Brazil. We continued to address unit revenue declines by investing in higher performing markets such as Mexico and the Caribbean, while reducing capacity by nearly 25% in Brazil during the March 2016 quarter.

*Cargo Revenue.* Cargo revenue decreased \$55 million , or 25.3% , primarily due to weaker international demand compared to the March 2015 quarter.

*Other Revenue.* Other revenue increased \$79 million , or 6.3% , primarily due to loyalty program revenues and settlements associated with our transatlantic joint venture agreements.

### ***Operating Expense***

| (in millions)                                      | Three Months Ended March 31, |          | Increase (Decrease) | % Increase (Decrease) |
|--|------------------------------|----------|---------------------|-----------------------|
|  | 2016                         | 2015     |                     |                       |
| Salaries and related costs                         | \$ 2,311                     | \$ 2,092 | \$ 219              | 10.5 %                |
| Aircraft fuel and related taxes                    | 1,227                        | 1,835    | (608)               | (33.1)%               |
| Regional carriers expense                          | 1,006                        | 1,053    | (47)                | (4.5)%                |
| Depreciation and amortization                      | 486                          | 470      | 16                  | 3.4 %                 |
| Contracted services                                | 476                          | 441      | 35                  | 7.9 %                 |
| Aircraft maintenance materials and outside repairs | 449                          | 452      | (3)                 | (0.7)%                |
| Passenger commissions and other selling expenses   | 388                          | 386      | 2                   | 0.5 %                 |
| Landing fees and other rents                       | 348                          | 373      | (25)                | (6.7)%                |
| Profit sharing                                     | 272                          | 136      | 136                 | 100.0 %               |
| Passenger service                                  | 189                          | 190      | (1)                 | (0.5)%                |
| Aircraft rent                                      | 66                           | 60       | 6                   | 10.0 %                |
| Other  | 493                          | 502      | (9)                 | (1.8)%                |
| Total operating expense                            | \$ 7,711                     | \$ 7,990 | \$ (279)            | (3.5)%                |

*Salaries and Related Costs.* The increase in salaries and related costs is primarily due to pay rate increases implemented in 2015. In the December 2015 quarter, base pay rates increased 14.5% for eligible merit, ground and flight attendant employees, in conjunction with changes in the profit sharing program.

*Aircraft Fuel and Related Taxes.* Including our regional carriers, fuel expense decreased \$705 million compared to the prior year quarter due to a 39% decrease in the market price per gallon of fuel and reduced fuel hedge losses, partially offset by losses from our refinery segment and a 1.3% increase in consumption. The table below presents fuel expense including our regional carriers:

| (in millions)   | Three Months Ended March 31, |          | Increase (Decrease) | % Increase (Decrease) |
|---|------------------------------|----------|---------------------|-----------------------|
|   | 2016                         | 2015     |                     |                       |
| Aircraft fuel and related taxes <sup>(1)</sup>                            | \$ 1,227                     | \$ 1,835 | \$ (608)            |                       |
| Aircraft fuel and related taxes included within regional carriers expense | 167                          | 264      | (97)                |                       |
| Total fuel expense  | \$ 1,394                     | \$ 2,099 | \$ (705)            | (33.6)%               |

<sup>(1)</sup> 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 (non-GAAP financial measures):

| (in millions, except per gallon data)            | Three Months Ended March 31, |          |            | Average Price Per Gallon     |         |           |
|--|------------------------------|----------|------------|------------------------------|---------|-----------|
|  | Three Months Ended March 31, |          |            | Three Months Ended March 31, |         |           |
|  | 2016                         | 2015     | Change     | 2016                         | 2015    | Change    |
| Fuel purchase cost <sup>(1)</sup>                | \$ 1,093                     | \$ 1,718 | \$ (625)   | \$ 1.18                      | \$ 1.87 | \$ (0.69) |
| Airline segment fuel hedge losses <sup>(2)</sup> | 273                          | 467      | (194)      | 0.29                         | 0.51    | (0.22)    |
| Refinery segment impact <sup>(2)</sup>           | 28                           | (86)     | 114        | 0.03                         | (0.09)  | 0.12      |
| Total fuel expense                               | \$ 1,394                     | \$ 2,099 | \$ (705)   | \$ 1.50                      | \$ 2.29 | \$ (0.79) |
| MTM adjustments and settlements <sup>(3)</sup>   | (155)                        | 589      | (744)      | (0.17)                       | 0.64    | (0.81)    |
| Total fuel expense, adjusted                     | \$ 1,239                     | \$ 2,688 | \$ (1,449) | \$ 1.33                      | \$ 2.93 | \$ (1.60) |

<sup>(1)</sup> Market price for jet fuel at airport locations, including related taxes and transportation costs.

<sup>(2)</sup> Includes the impact of pricing arrangements between the airline and refinery segments with respect to the refinery's inventory price risk. For additional information regarding the refinery segment impact, see "Refinery Segment" below.

<sup>(3)</sup> MTM adjustments and settlements include the effects of the derivative transactions discussed in Note 4 of the Notes to the Condensed Consolidated Financial Statements. For additional information and the reason for adjusting fuel expense, see "Supplemental Information" below.

*Regional Carriers Expense.* The reduction in regional carrier expense is primarily due to lower fuel cost from a decrease in the market price of fuel.

*Contracted Services.* The increase in contracted services expense predominantly related to costs associated with the 2.7% increase in capacity and additional temporary staffing.

*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 certain other items. In 2015, our profit sharing program paid 10% to employees for the first \$2.5 billion of annual profit and 20% of annual profit above \$2.5 billion. Beginning with 2016 pre-tax profit (for the profit sharing payment in 2017), the profit sharing formula has been adjusted to pay 10% of annual pre-tax profit (as defined by the terms of the program) and, if we exceed our prior-year results, the program will pay 20% of the year-over-year increase in pre-tax profit to eligible employees. The profit sharing program for pilots remains unchanged from the prior year.

#### Non-Operating Results

| (in millions)                    | Three Months Ended March 31, |          |           |
|----------------------------------|------------------------------|----------|-----------|
|                                  | 2016                         | 2015     | Favorable |
| Interest expense, net            | \$ (107)                     | \$ (131) | 24        |
| Miscellaneous, net               | 1                            | (81)     | 82        |
| Total non-operating expense, net | \$ (106)                     | \$ (212) | 106       |

The decline in interest expense, net results from reduced levels of debt and from the refinancing of debt obligations at lower interest rates. The principal amount of debt and capital leases has declined from \$9.6 billion at March 31, 2015 to \$8.6 billion at March 31, 2016 .

Miscellaneous, net is favorable primarily due to our proportionate share of earnings from our equity investment in Virgin Atlantic and lower foreign exchange losses in the March 2016 quarter compared to the March 2015 quarter.

## Income Taxes

We project that our annual effective tax rate for 2016 will be approximately 35%. The expected reduction in our rate from prior years is primarily related to differences in our global tax rates. 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, 2016, we had approximately \$8.5 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 any cash federal income taxes before 2018.

## Refinery Segment

The refinery primarily produces gasoline, diesel and jet fuel. Monroe exchanges substantially all the non-jet fuel products it 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 170,000 barrels per day for use in airline operations during the March 2016 quarter. We believe that the jet fuel supply resulting from the refinery's operation has contributed to the reduction in the market price of jet fuel, and thus lowered our cost of jet fuel compared to what it otherwise would have been.

A refinery is subject to annual U.S. Environmental Protection Agency ("EPA") requirements 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 of expense related to the RINs requirement in each of the three months ended March 31, 2016 and 2015. During the three months ended March 31, 2016, we retired our 2013 RINs obligation. Additionally, we are in possession of the RINs needed to satisfy a portion of our 2014 and 2015 obligations.

The refinery recorded a loss of \$28 million and a profit of \$86 million in the three months ended March 31, 2016 and 2015, respectively. The refinery's loss in the current period compared to a profit in the prior year was primarily attributable to lower product crack spreads. For more information regarding the refinery's results, see Note 9 of the Notes to the Condensed Consolidated Financial Statements.

## Operating Statistics

| Consolidated <sup>(1)</sup>                               | Three Months Ended March 31, |         |
|---|------------------------------|---------|
|   | 2016                         | 2015    |
| Revenue passenger miles (in millions)                     | 47,725                       | 46,221  |
| Available seat miles (in millions)                        | 58,145                       | 56,597  |
| Passenger mile yield                                      | 16.26¢                       | 17.14¢  |
| Passenger revenue per available seat mile ("PRASM")       | 13.35¢                       | 14.00¢  |
| Operating cost per available seat mile ("CASM")           | 13.26¢                       | 14.12¢  |
| CASM-Ex, including profit sharing <sup>(2)</sup>          | 10.33¢                       | 9.88¢   |
| Passenger load factor                                     | 82.1%                        | 81.7%   |
| Fuel gallons consumed (in millions)                       | 930                          | 918     |
| Average price per fuel gallon <sup>(3)</sup>              | \$ 1.50                      | \$ 2.29 |
| Average price per fuel gallon, adjusted <sup>(3)(4)</sup> | \$ 1.33                      | \$ 2.93 |
| Full-time equivalent employees, end of period             | 83,817                       | 81,055  |

<sup>(1)</sup> Includes the operations of our regional carriers under capacity purchase agreements. Full-time equivalent employees exclude employees of non-owned regional carriers.

<sup>(2)</sup> Non-GAAP financial measure defined in "March 2016 Quarter Financial Highlights" above. See reconciliation to CASM in "Supplemental Information" below.

<sup>(3)</sup> Includes the impact of fuel hedge activity and refinery segment results.

<sup>(4)</sup> Non-GAAP financial measure defined and reconciled to average fuel price per gallon in "Results of Operations - Three Months Ended March 31, 2016 and 2015" above.



## Fleet Information

Our operating aircraft fleet and commitments at March 31, 2016 are summarized in the following table:

| Aircraft Type | Current Fleet <sup>(1)</sup> |               |                 |       | Average Age | Commitments             |       |
|---------------|------------------------------|---------------|-----------------|-------|-------------|-------------------------|-------|
|               | Owned                        | Capital Lease | Operating Lease | Total |             | Purchase <sup>(2)</sup> | Lease |
| B-717-200     | 2                            | 13            | 75              | 90    | 14.6        | —                       | —     |
| B-737-700     | 10                           | —             | —               | 10    | 7.2         | —                       | —     |
| B-737-800     | 73                           | —             | —               | 73    | 15.2        | —                       | —     |
| B-737-900ER   | 37                           | —             | 19              | 56    | 1.4         | 64                      | —     |
| B-747-400     | 4                            | 5             | —               | 9     | 24.0        | —                       | —     |
| B-757-200     | 81                           | 16            | 8               | 105   | 19.3        | —                       | —     |
| B-757-300     | 16                           | —             | —               | 16    | 13.1        | —                       | —     |
| B-767-300     | 13                           | —             | —               | 13    | 24.7        | —                       | —     |
| B-767-300ER   | 54                           | 4             | —               | 58    | 20.0        | —                       | —     |
| B-767-400ER   | 21                           | —             | —               | 21    | 15.1        | —                       | —     |
| B-777-200ER   | 8                            | —             | —               | 8     | 16.2        | —                       | —     |
| B-777-200LR   | 10                           | —             | —               | 10    | 7.0         | —                       | —     |
| B-787-8       | —                            | —             | —               | —     | —           | 18                      | —     |
| A319-100      | 55                           | —             | 2               | 57    | 14.2        | —                       | —     |
| A320-200      | 58                           | —             | 11              | 69    | 21.1        | —                       | —     |
| A321-200      | 1                            | —             | —               | 1     | —           | 44                      | —     |
| A330-200      | 11                           | —             | —               | 11    | 11.0        | —                       | —     |
| A330-300      | 26                           | —             | —               | 26    | 8.7         | 5                       | —     |
| A330-900neo   | —                            | —             | —               | —     | —           | 25                      | —     |
| A350-900      | —                            | —             | —               | —     | —           | 25                      | —     |
| E190-100      | —                            | —             | —               | —     | —           | 19                      | —     |
| MD-88         | 83                           | 33            | —               | 116   | 25.7        | —                       | —     |
| MD-90         | 62                           | 3             | —               | 65    | 19.1        | —                       | —     |
| Total         | 625                          | 74            | 115             | 814   | 17.0        | 200                     | —     |

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

<sup>(2)</sup> Our purchase commitment for the 18 B-787-8 aircraft provides for certain aircraft substitution rights, including for our current orders of B-737-900ER aircraft.

The following table summarizes the aircraft fleet operated by our regional carriers on our behalf at March 31, 2016 :

| Carrier                           | Fleet Type |         |         |             |             |             | Total |
|-----------------------------------|------------|---------|---------|-------------|-------------|-------------|-------|
|                                   | CRJ-200    | CRJ-700 | CRJ-900 | Embraer 145 | Embraer 170 | Embraer 175 |       |
| Endeavor Air, Inc. <sup>(1)</sup> | 36         | —       | 81      | —           | —           | —           | 117   |
| ExpressJet Airlines, Inc.         | 41         | 40      | 28      | —           | —           | —           | 109   |
| SkyWest Airlines, Inc.            | 58         | 20      | 36      | —           | —           | —           | 114   |
| Compass Airlines, Inc.            | —          | —       | —       | —           | 6           | 36          | 42    |
| Shuttle America                   | —          | —       | —       | 41          | 14          | 16          | 71    |
| GoJet Airlines, LLC               | —          | 22      | 7       | —           | —           | —           | 29    |
| Total                             | 135        | 82      | 152     | 41          | 20          | 52          | 482   |

<sup>(1)</sup> Endeavor Air, Inc. is a wholly owned subsidiary of Delta.

## 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, 2016, we had \$5.2 billion in unrestricted liquidity, consisting of \$2.9 billion in cash and cash equivalents and short-term investments and \$2.3 billion in undrawn revolving credit facilities. During the three months ended March 31, 2016, we generated \$1.0 billion in cash from operating activities, which we used, along with existing cash, to fund capital expenditures of \$871 million and return \$882 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 \$1.0 billion and \$1.6 billion in the three months ended March 31, 2016 and 2015, respectively. We also expect to generate positive cash flows from operations for the remainder of 2016.

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 advanced ticket sales grow prior to 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 18.1% of our total operating expenses for the three months ended March 31, 2016. The market price for jet fuel is highly volatile, which can impact the comparability of our cash flows from operations from period to period.

We have historically managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of jet fuel. Since 2014, however, jet fuel prices have consistently decreased and remain at low levels. In order to better participate in the low fuel price environment, we reduced our hedging activity and entered into derivatives designed to offset and effectively terminate our existing airline segment hedge positions. As a result, we have both neutralized our hedge portfolio and locked in net settlements of approximately \$725 million in 2016.

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 those derivative contracts. Our hedge contracts were in a net loss position at March 31, 2016, resulting in \$454 million of margin postings to counterparties.

*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 \$1.2 billion, including \$825 million in cash and shares of our common stock from treasury with a value of \$350 million, to our qualified defined benefit pension plans during the three months ended March 31, 2016 and contributed an additional \$135 million in cash in April 2016. As a result of these contributions, we satisfied, on an accelerated basis, our 2016 required contributions for our defined benefit plans, including more than \$750 million above the minimum funding requirements. During the three months ended March 31, 2015, we contributed \$904 million in cash 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 certain other items. In 2015, our profit sharing program paid 10% to employees for the first \$2.5 billion of annual profit and 20% of annual profit above \$2.5 billion. Beginning with 2016 pre-tax profit (for the profit sharing payment in 2017), the profit sharing formula has been adjusted to pay 10% of annual pre-tax profit (as defined by the terms of the program) and, if we exceed our prior-year results, the program will pay 20% of the year-over-year increase in pre-tax profit to eligible employees. The profit sharing program for pilots remains unchanged from the prior year. During the three months ended March 31, 2016, we accrued \$272 million in profit sharing expense based on current expectations for 2016 pre-tax profit.

We paid \$1.5 billion in profit sharing in February 2016 related to our 2015 pre-tax profit in recognition of our employees' contributions toward meeting our financial goals. 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.

### *Investing Activities*

**Capital Expenditures.** Our capital expenditures were \$871 million and \$586 million for the three months ended March 31, 2016 and 2015, respectively. Our capital expenditures during the three months ended March 31, 2016 were primarily related to the purchase of B-737-900ER aircraft to replace a portion of our older B-757-200 aircraft, purchases of A330-300 and A321-200 aircraft, advanced deposit payments on B-737-900ER, A350-900 and A321-200 aircraft, and seat density projects for our domestic fleet.

We have committed to future aircraft purchases that will require significant capital investment and have obtained, but are under no obligation to use, long-term financing commitments for a substantial portion of the purchase price of these aircraft. We expect that we will invest approximately \$3 billion in 2016 primarily for (1) aircraft, including deliveries of B-737-900ERs, A321-200s, A330-300s and E190-100s, along with advance deposit payments for these and our A330-900neo and A350-900 orders, as well as for (2) aircraft modifications, the majority of which relate to increasing the seat density and enhancing the cabins on our domestic fleet. We expect that the remainder of the 2016 investments will be funded through cash flows from operations.

**Equity Investments.** During 2015, we announced our intention to acquire additional shares of the capital stock of Grupo Aeroméxico through a cash tender offer, subject to regulatory approvals. If approved, the tender offer is expected to occur during 2016. As a result of this tender offer, we would own up to 49% of the outstanding capital stock of Grupo Aeroméxico. Based on current exchange rates, the total amount to be paid for the additional shares and the shares underlying the derivative would be up to \$750 million.

### *Financing Activities*

**Debt and Capital Leases.** The principal amount of debt and capital leases was \$8.6 billion at March 31, 2016. Since December 31, 2009, we have reduced our principal amount of debt and capital leases by \$9.7 billion. We have focused on reducing our total debt in recent years as part of our strategy to strengthen our balance sheet. As a result, in the past year we have received upgrades to our credit ratings by all three major rating agencies, including an investment grade rating from Moody's. At March 31, 2016, our ratings were:

| Rating Agency     | Current Rating | Outlook  |
|-------------------|----------------|----------|
| Moody's           | Baa3           | Stable   |
| Standard & Poor's | BB+            | Stable   |
| Fitch             | BB+            | Positive |

Continued improvement in our credit ratings would likely result in lower costs of borrowing, among other benefits.

**Capital Return to Shareholders.** During the three months ended March 31, 2016, we repurchased and retired 16.3 million shares at a cost of \$775 million, including \$350 million of shares repurchased in conjunction with the treasury stock contributed to our qualified defined benefit pension plans.

| (in millions, except dividends per share) | Dividends per Share | Share Repurchase Authorization | Average Repurchase Price | Completion Date   | Authorization Remaining |
|---|---------------------|--------------------------------|--------------------------|-------------------|-------------------------|
| May 2013 Program                          | \$ 0.060            | \$ 500                         | \$ 28.43                 | June 30, 2016     | Completed June 2014     |
| May 2014 Program                          | \$ 0.090            | \$ 2,000                       | \$ 42.86                 | December 31, 2016 | Completed June 2015     |
| May 2015 Program                          | \$ 0.135            | \$ 5,000                       | \$ 46.47                 | December 31, 2017 | \$ 3,175                |

**Fuel Hedge Restructuring.** During the March 2015 quarter, we effectively deferred settlement of a portion of our hedge portfolio until 2016 by entering into fuel derivative transactions that, excluding market movements from the date of inception, would settle and provide approximately \$300 million in cash receipts during the second half of 2015 and require approximately \$300 million in cash payments in 2016. We early terminated certain of these deferral transactions in the second half of 2015.

Due to the continued volatility in the fuel market, early in the three months ended March 31, 2016, we entered into transactions to further defer settlement of a portion of our hedge portfolio until 2017. These deferral transactions, excluding market movements from the date of inception, will settle and provide approximately \$300 million in cash receipts during the second half of 2016 and require approximately \$300 million in cash payments in 2017.

#### *Undrawn Lines of Credit*

We have \$2.3 billion available 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, 2016.

### **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 (Topic 606)." Under this ASU and subsequently issued amendments, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption of the standard is permitted, but not before December 15, 2016. We are currently evaluating how the adoption of the revenue recognition standard will impact our Consolidated Financial Statements.

##### *Leases*

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." This standard will require all leases with durations greater than twelve months to be recognized on the balance sheet and is effective for interim and annual reporting periods beginning after December 15, 2018, although early adoption is permitted.

We believe adoption of this standard will have a significant impact on our Consolidated Balance Sheets. Although we have not completed our assessment, we do not expect the adoption to change the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations and Cash Flows. Information about our undiscounted future lease payments and the timing of those payments is in Note 7, "Lease Obligations," in our Form 10-K for the year ended December 31, 2015.

##### *Equity Method Investments*

In March 2016, the FASB issued ASU No. 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323)." This standard eliminates the requirement that when an existing cost method investment qualifies for use of the equity method, an investor must restate its historical financial statements, as if the equity method had been used during all previous periods. Under the new guidance, at the point an investment qualifies for the equity method, any unrealized gain or loss in AOCI will be recognized through earnings. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted.

We early adopted this standard in the March 2016 quarter. Although none of our available-for-sale or cost investments qualified for use of the equity method during the quarter, we expect the tender offer for additional capital stock of Grupo Aeroméxico to be completed during 2016, at which point our investment will qualify for the equity method of accounting. As of March 31, 2016, the unrealized gain recorded in AOCI related to our investment in Grupo Aeroméxico was \$21 million .

#### *Share-Based Compensation*

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718)." This standard makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. ASU 2016-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, although early adoption is permitted. We are currently assessing how the adoption of this standard will impact our Consolidated Financial Statements.

## Supplemental Information

We sometimes use information (“non-GAAP financial measures”) that is derived from the Condensed 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 settled 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 performance in the period shown.
- *Virgin Atlantic MTM adjustments .* We record our proportionate share of earnings from our equity investment in Virgin Atlantic in non-operating expense. We adjust for Virgin Atlantic's MTM adjustments to allow investors to better understand and analyze our core financial performance in the periods shown.

| (in millions)                                  | Three Months Ended March 31, |          |
|--|------------------------------|----------|
|  | 2016                         | 2015     |
| Pre-tax income                                 | \$ 1,434                     | \$ 1,186 |
| Adjusted for:                                  |                              |          |
| MTM adjustments and settlements <sup>(1)</sup> | 155                          | (589)    |
| Restructuring and other                        | —                            | 10       |
| Virgin Atlantic MTM adjustments                | (29)                         | (13)     |
| Pre-tax income, adjusted for special items     | \$ 1,560                     | \$ 594   |

<sup>(1)</sup> The three months ended March 2015 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, including profit sharing (a non-GAAP financial measure). We adjust CASM for the following items to determine CASM-Ex, including profit sharing, 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.
- *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 performance in the period 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, |        |
|---------------------------------|------------------------------|--------|
|                                 | 2016                         | 2015   |
| CASM                            | 13.26¢                       | 14.12¢ |
| Adjusted for:                   |                              |        |
| Aircraft fuel and related taxes | (2.40)                       | (3.71) |
| Restructuring and other         | —                            | (0.02) |
| Other expenses                  | (0.53)                       | (0.51) |
| CASM-Ex                         | 10.33¢                       | 9.88¢  |

### 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 have historically managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of jet fuel. Since 2014, however, jet fuel prices have consistently decreased and remain at low levels. In order to better participate in the low fuel price environment, we reduced our hedging activity and entered into derivatives designed to offset and effectively terminate our existing airline segment hedge positions. As a result, we have both neutralized our hedge portfolio and locked in net settlements of approximately \$725 million in 2016 and \$300 million in 2017. During the three months ended March 31, 2016, we recorded fuel hedge losses of \$274 million.

For the three months ended March 31, 2016, aircraft fuel and related taxes, including our regional carriers, accounted for \$1.4 billion, or 18.1%, of our total operating expense. The following table shows the projected cash impact to fuel cost assuming the specified changes in fuel prices. As a result of effectively terminating our hedge positions as discussed above, the impact of our hedge portfolio due to changes in fuel prices during 2016 is not material.

#### *Fuel Cost Sensitivity for the Period from April 1, 2016 to December 31, 2017*

| (in millions, except for percentages) | (Increase) Decrease <sup>(1)</sup> |
|---------------------------------------|------------------------------------|
| + 40%                                 | \$ (3,540)                         |
| + 20%                                 | (1,770)                            |
| - 20%                                 | 1,770                              |
| - 40%                                 | 3,540                              |

<sup>(1)</sup> Projections based upon the (increase) decrease to unhedged fuel cost as compared to the jet fuel price per gallon of \$1.09, excluding transportation costs and taxes, at March 31, 2016 and estimated fuel consumption of 7.1 billion gallons for the period from April 1, 2016 to December 31, 2017.



#### **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, 2016 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, 2016 , 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 2016 quarter. The total number of shares purchased includes shares repurchased pursuant to our \$5 billion share repurchase program, which was publicly announced on May 13, 2015 (the "2015 Repurchase Program"). The 2015 Repurchase Program will terminate no later than December 31, 2017. Some purchases made in the March 2016 quarter 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 2016  | 563,283                          | \$ 46.26                     | 563,283  | \$ 3,925  |
| February 2016 | 10,182,333                       | \$ 46.86                     | 10,182,333   | \$ 3,475  |
| March 2016    | 6,398,427                        | \$ 48.19                     | 6,398,427  | \$ 3,175  |
| Total         | 17,144,043                       |                              | 17,144,043   |   |

## ITEM 6. EXHIBITS

### (a) Exhibits

|         |  |
|---------|--|
| 10.1    | Model Award Agreement for the Delta Air Lines, Inc. 2016 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, 2016   |
| 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, 2016  |
| 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, 2016 |
| 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 14, 2016

**DELTA AIR LINES, INC. 2016 LONG-TERM INCENTIVE PROGRAM  
AWARD AGREEMENT**

**Date of this Agreement:**  
**Grant Date:**

**[Participant]**

This Award Agreement (the “Agreement”) describes some of the terms of your award (the “Award”) under the Delta Air Lines, Inc. 2016 Long-Term Incentive Program (which is subject to the Delta Air Lines, Inc. 2007 Performance Compensation Plan) (the “2016 LTIP”). Your Award is subject to the terms of the 2016 LTIP and this Agreement. Capitalized terms that are used but not otherwise defined in this Agreement have the meaning set forth in the 2016 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 2016 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 Delta 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 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 Section 2(d) 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 Section 2(d)(ii) below or Exhibit 1 hereto.
- (ii)During the term of your employment with Delta and for the 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) or airline industry associations (including Airlines for America and International Air Transport Association) 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, Etihad Airways P.J.S.C., International Consolidated Airlines Group, S.A. and LATAM Airlines Group S.A.;
- (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.;
- (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 clause (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); or

(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) **No Statements**. You hereby agree that you will not, both during and after your employment with Delta, make any oral or written statement to the news media, in any public forum, or to any business competitive with Delta, its subsidiaries, or affiliates, concerning any actions or inactions by Delta or any of its present or former subsidiaries or affiliates or any of their present or former officers, directors, or employees (the "Delta Parties"), relative to the Delta Parties' compliance with any state, federal or local law or rule. You also agree that you will not make any oral or written statement or take any other action, which disparages or criticizes the Delta Parties, including, but not limited to any such statement that damages the Delta Parties' good reputation or impairs their normal operations or activities.

(g) **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.

(h) **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.



(i) **Insider Trading Policy.** You understand that you are subject to the Delta Air Lines, Inc. Insider Trading Policy, as in effect from time to time, and you are responsible for reading, understanding and complying with the policy, including the prohibitions against hedging and pledging of Delta Common Stock.

### 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:

[Participant]

Delta Air Lines, Inc.—Robert L. Kight, Senior Vice President—Human Resources

(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 2016 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 2016 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 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 2016 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(h) 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 2016 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 2016 LTIP; and (d) you consent to receive all material regarding any awards under the 2016 LTIP, including any prospectuses, electronically with an e-mail notification to your work e-mail address.

8. **Entire Agreement.** This Agreement, together with the 2016 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 2016 LTIP.

[ *Signature Page Follows* ]

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–Human Resources

PARTICIPANT

\_\_\_\_\_  
\_\_\_\_\_  
Date:

**Subsidiary and Company Division Competitors**

1. If you are employed by, or you have had a significant role with and spent 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 this 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 had a significant role with and spent 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 this Agreement: Atlantic Aviation FBO Holdings, LLC; Landmark Aviation; Signature Flight Support, a BBA Aviation Company; 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 had a significant role with and spent 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 this 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 had a significant role with and spent 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 this Agreement: PBF Energy Inc.; Philadelphia Energy Solutions LLC; Western Refining, Inc.; Tesoro Corporation; HollyFrontier Corporation; and CVR Energy;.
  5. If you are employed by, or you have had a significant role with and spent 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 this Agreement: CommutAir; 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 this Agreement: Honeywell International, Inc.; United Technologies Corporation; Pratt & Whitney; 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 this Agreement: CommutAir; 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.

8. If you are employed by, or you have had a significant role with and spent more than 75% of your time providing services to **Delta Material 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 this Agreement: AAR Corp; AeroTurbine Inc.; AJ Walter Aviation Limited; Avtrade Limited; GE Capital Aviation Services; and VAS Aero Services, LLC.

---

## 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 2016 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 [DATE]*. Effective for Terminations of Employment that occur prior to [DATE], the Restricted Stock and the Restrictions set forth in the 2016 LTIP are subject to the terms and conditions set forth in Sections 4(a)(v) and (vi) of the 2016 LTIP.

2. *Lapse of Restrictions/Forfeiture upon Terminations of Employment Occurring on or after [DATE]*. Effective for Terminations of Employment that occur on or after [DATE], the Restricted Stock and the Restrictions set forth in the 2016 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 2016 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 2016 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 2016 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.

---

4. *Death Following Qualifying Termination of Employment*. If a Participant dies after incurring a Qualifying Termination of Employment, but before the dates set forth in Section 4(a)(iv) of the 2016 LTIP, with respect to any portion of the Restricted Stock subject to the Restrictions, the Restrictions shall immediately lapse and be of no further force or effect as of the date of the Participant's death.

## PERFORMANCE AWARD

1. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring Prior to [DATE]*. Effective for Terminations of Employment that occur prior to [DATE], the Performance Award is subject to the terms and conditions set forth in Section 4(b)(vii) of the 2016 LTIP.

2. *Accelerated Vesting/Forfeiture upon Terminations of Employment Occurring on or after [DATE]*. Effective for Terminations of Employment that occur on or after [DATE], the Performance Award is subject to the following terms and conditions, which terms and conditions shall supersede and replace Section 4(b)(vii) of the 2016 LTIP.

(a) *Qualifying Termination of Employment*. Upon a Participant's Qualifying Termination of Employment, the Participant will remain eligible for any unpaid Performance Award, which award will vest and become payable under Section 4(b)(v) of the 2016 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 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's Performance Award 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. *Death Following Qualifying Termination of Employment*. If a Participant dies after incurring a Qualifying Termination of Employment, but before the Performance Award vests and becomes payable under Section 4(b)(v) of the 2016 LTIP, the Participant's Performance Award will immediately become vested at the target level and such amount will be paid in cash as soon as practicable thereafter to the Participant's estate.

4. *Change in Control*. Notwithstanding the foregoing and subject to Section 5 of the 2016 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 [DATE]) but prior to the second anniversary of such Change in Control, the Participant's outstanding Performance Award will immediately become vested at the target level 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 will immediately become vested and be paid in cash to the Participant as soon as practicable. This paragraph 4 shall supersede and replace Section 4(b)(viii) of the 2016 LTIP.



## [OPTION]

1. Change in Exercisability and Exercise Period upon Terminations of Employment Occurring prior to [DATE]. Effective for Terminations of Employment that occur prior to [DATE], 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 2016 LTIP.

2. Change in Exercisability and Exercise Period upon Terminations of Employment on or after [DATE]. Effective for Terminations of Employment that occur on or after [DATE], the exercisability of the Option and the exercise period set forth in the 2016 LTIP are subject to the following terms and conditions, which terms and conditions shall supersede and replace Section 4(d)(v) of the 2016 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 2016 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 2016 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.

3. Death Following Qualifying Termination of Employment. If a Participant dies after incurring a Qualifying Termination of Employment, but before the dates set forth in Section 4(d)(iv) of the 2016 LTIP, if applicable, any portion of the Option that is not exercisable at the time of the Participant's death 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 the Participant's death and (ii) ending on the earlier of the third anniversary of the Participant's death or (B) the Expiration Date.]

April 14, 2016

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-3 No.'s 333-206258 and 333-209571 and 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 14, 2016 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, 2016 .

/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, 2016 ;
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 14, 2016

/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, 2016 ;
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 14, 2016

/s/ Paul A. Jacobson

Paul A. Jacobson

Executive Vice President and Chief Financial Officer

April 14, 2016  
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, 2016 (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