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

FORM 10-K

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

For the fiscal year ended December 31, 2023

or

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

Commission File Number 001-5424

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DELTA AIR LINES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**58-0218548**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Post Office Box 20706	
Atlanta, Georgia	**30320-6001**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	DAL	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐
		Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023 was approximately $30.4 billion.

On January 31, 2024, there were outstanding 643,323,851 shares of the registrant's common stock.

This document is also available on our website at http://ir.delta.com/.

Documents Incorporated By Reference

Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement for its 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission.

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Unless otherwise indicated or the context otherwise requires, the terms "Delta," "we," "us," and "our" refer to Delta Air Lines, Inc. and its subsidiaries.

FORWARD-LOOKING STATEMENTS

Statements in this Form 10-K (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 "Risk Factors Relating to Delta" and "Risk Factors Relating to the Airline Industry" in "Item 1A. Risk Factors" of this 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.

Part I

ITEM 1. BUSINESS

General

As a global airline based in the United States, we connect customers across our expansive global network with a commitment to industry-leading customer service, safety and innovation. In 2023, we served over 190 million customers.

Competitive Advantages and Brand Strength

The competitive advantages that support our trusted consumer brand include our people and culture, operational reliability, global network, customer loyalty and financial foundation. In 2023, we continued to differentiate Delta from the industry by strengthening our competitive advantages.

People and Culture

The Delta people and culture are our strongest competitive advantage. Our more than 100,000 employees provide world-class travel experiences for our customers and best-in-class service, delivering customer satisfaction and brand preference. We believe that Delta's brand transcends the industry, powered by our people's outstanding work and passion for serving our customers. Delta is the world's No. 11 Most Admired Company as ranked by *FORTUNE* and is ranked No. 13 in the U.S. on Glassdoor's Best Places to Work list.

Our industry-leading profit sharing program directly aligns our employees' interests with the company's long-term success and for 2023, we are rewarding them with $1.4 billion in profit sharing payments. The company also maintains a Shared Rewards program to incentivize operational performance, and our employees earned $53 million under this program in 2023.

Operational Reliability

We remain committed to industry-leading reliability and are consistently among the industry's best performers, delivering the best on-time arrival among our network carrier peers in 2023. In recognition of our commitment to operational performance and minimizing passenger disruption, we were honored for the third consecutive year with the Cirium Platinum Award for global operational excellence in January 2024, and named the most on-time airline in North America. The *Wall Street Journal* named us the top airline of 2023 among the nine major U.S. airlines in its annual airline scorecard for the third consecutive year, leading the industry in on-time arrivals and involuntary denied boardings.

Global Network

We and our alliance partners collectively serve over 130 countries and territories and over 700 destinations around the world. At the end of 2023, we offered more than 4,000 daily flights to more than 280 destinations on six continents.

Our domestic network is centered around core hubs in Atlanta, Minneapolis-St. Paul, Detroit and Salt Lake City. Core hubs have strong local passenger share, a high penetration of customers loyal to Delta, a competitive cost position and strong margins. Core hub positions complement coastal hub positions in Boston, Los Angeles, New York-LaGuardia, New York-JFK and Seattle. Coastal hubs provide a strong presence in large revenue markets and enable growth in premium products and international service.

In 2023, we focused on restoring our core hubs while solidifying positions in our coastal hubs. We expect to leverage our coastal gateways and strategic relationships with international airline partners to further grow our international service.

Internationally, we operate significant hubs in, or have market presence in the key cities of, Amsterdam, Bogota, Lima, London-Heathrow, Mexico City, Paris-Charles de Gaulle, Santiago (Chile), Sao Paulo, Seoul-Incheon and Tokyo. Through innovative alliances with Aeroméxico, LATAM Airlines Group S.A. ("LATAM"), Air France-KLM, China Eastern, Korean Air and Virgin Atlantic, we seek to bring more choice to customers worldwide. Our strategic relationships with these international airlines are an important part of our business as they improve our access to markets around the world and enable us to provide customers a more seamless global travel experience across our alliance network. The most significant of these arrangements are commercial joint ventures or cooperation agreements that include joint sales and marketing coordination, co-location of airport facilities and other commercial cooperation arrangements. In some cases, we have reinforced strategic alliances through equity investments where we have opportunity to create deep relationships and maximize commercial cooperation.

Our global network is supported by a fleet of 1,273 aircraft as of December 31, 2023 that are varied in size and capabilities, giving us flexibility to adjust aircraft to the network. We are continuing to refresh our fleet by acquiring new and more fuel-efficient aircraft with increased premium seating and cargo capacity to replace retiring aircraft. Simultaneously, we continue on our multi-year journey of fleet simplification by replacing retiring aircraft with deliveries of next-generation aircraft. In 2023, we took delivery of 43 aircraft, including new A321neos, A220-300s and A330-900s. Our new aircraft delivered since 2019 are on average 28% more fuel efficient per seat mile than aircraft retired since 2019. In January 2024, we entered into a purchase agreement with Airbus for 20 A350-1000 aircraft, with an option to purchase an additional 20 widebody aircraft. Deliveries of these aircraft are scheduled to begin in 2026.

Customer Loyalty

With operational excellence, best-in-class service and commitment to our customers, we have continued to earn our customers' trust and preference by delivering the "Delta Difference." We are elevating the customer experience by deploying our newest aircraft, accelerating generational airport investments in key markets, including new facilities that opened at New York-LaGuardia, Los Angeles and Salt Lake City, and investing in our digital transformation. We believe our continued investment in customer service and experience, operations, product, airports and technology has shaped customer perception of our brand leading to improvements in our domestic net promoter scores and increased customer loyalty compared to pre-pandemic levels. In 2023, various outlets recognized Delta as a trusted consumer brand, including:

- Named the number one airline by corporate travel customers in the annual Business Travel News Airline Survey for the 13^{th} year in a row and the number one U.S. airline by *Condé Nast Traveler* readers.

- Ranked No. 12 in *TIME* magazine's World's Best Companies of 2023 based on revenue growth, employee satisfaction and the company's sustainability profile.

- Earned the No. 1 spot on The Points Guy's list of best U.S. Airlines for the fifth year in a row, and *USA Today* readers selected Delta as the Best Airline of 2023.

Our award-winning SkyMiles program, discussed in further detail below, is designed to attract lifetime members and to grow customer loyalty by offering our customers a wide variety of benefits when traveling with us and our partners, and personalizing our engagement with them. We aim to increase the value of our program for customers and to deepen customer engagement with Delta through a growing ecosystem of partnerships with premier brands, extending the value of our SkyMiles currency beyond flight and introducing new technology initiatives. We believe there is opportunity to continue this trend and expect the increased value we provide customers to deliver high-margin revenue and resilient cash flows.

Financial Foundation

In 2023, we made significant progress restoring our financial foundation with strong profitability and $2 billion of free cash flow for the year. Our financial results are discussed in more detail in "Item 7. Management's Discussion and Analysis," which includes definitions and reconciliations of non-GAAP financial measures, including free cash flow, under the "Supplemental Information" section.

Restoring the strength of our balance sheet and reducing debt is a key financial priority. During 2023, we repaid approximately $4.1 billion in debt and finance lease obligations and the company remains committed to regaining investment grade metrics.

Over the last decade we have fundamentally transformed our business by investing in our people, our product and our reliability to alter the commodity-like nature of air travel and improve our financial foundation. We have diversified our business by growing high-margin revenue streams that leverage our competitive advantages, including:

- Our continued focus on our premium products (including Delta One®, First Class, Delta Premium Select and Delta Comfort+®) and customer segmentation, which has reduced our reliance on the most price sensitive customer segment.

- Our partnership with American Express, which provides us a co-brand revenue stream tied to broader consumer spending.

- Our Maintenance, Repair and Overhaul ("MRO") operation, where we believe that we remain well-positioned for growth through contractual agreements with jet engine manufacturers, including three next generation engine platforms.

- Our other complementary portfolio businesses, such as our cargo business and our travel-adjacent services, which include trip insurance, car and hotel rentals.

Our premium yield growth has significantly outpaced main cabin, with record paid load factors in premium cabin in 2023, as demand for premium products continues to grow. In 2023, we grew our mix of premium seats, including the continued expansion of Delta Premium Select. The sale of premium products is facilitated through various distribution channels, with 62% of tickets sold through direct channels in 2023. These include digital channels, such as the Fly Delta app, which surpassed one billion visits in 2023, delta.com and our reservations specialists. Indirect distribution channels include online travel agencies and traditional "brick and mortar" agencies. We make fare and product information widely available across those channels in an effort to ensure customers receive the best information and service options, further supporting the growth of premium products.

SkyMiles Program

Our SkyMiles program provides members with the ability to earn mileage credits ("miles") when traveling on Delta, Delta Connection and our partner airlines. Miles may also be earned by using certain services offered by program partners, such as credit card, retail, ridesharing, car rental and hotel companies. To facilitate transactions with participating companies, we sell miles to non-airline businesses and other airlines.

Miles may be used toward award redemptions such as flights and upgrades on Delta, our regional carriers and other participating airlines as well as donations to specific charities and more. In 2023, 10% of revenue miles flown on Delta were from award travel, as program members redeemed miles in the loyalty program for approximately 30 million award tickets. Our most significant and valuable contract to sell miles relates to our co-brand credit card relationship with American Express. In 2023, remuneration from American Express totaled $6.8 billion, which we expect to increase by 10% in 2024 and grow to $10 billion over the long-term.

Innovative Investments in Technology

Our objective is to make technology a strategic differentiator. We continue to invest in technological improvements that enhance the customer experience, support our operations and empower our people. These investments include innovations to customer facing applications and improvements to infrastructure and technology architecture to unify and improve access to data sources. We believe this digital transformation enhances interactions with our customers and allows our people to deliver more personalized service, further enhancing the customer experience, strengthening our brand and driving revenue and efficiency.

Through the development of innovative new technologies, we can better serve customers and give our employees the best tools. For our customers, we are making investments in the digital platforms on the ground and in the air. We continue to evolve the Fly Delta app into a digital travel concierge for our customers to offer convenient services on the day of travel and deliver thoughtful notifications to make their travel journeys more seamless. On the ground, we are investing to create a smoother, less stressful and increasingly contactless travel experience. Onboard the aircraft, we continue to invest in in-flight entertainment and announced fast and free Wi-Fi for all customers through a free SkyMiles account on most domestic mainline flights, with plans for full availability on international and regional aircraft. We also introduced Delta Sync, which will enable the creation of more personalized experiences over the next several years and further elevate the consumer experience across the travel journey, including partnerships with leading brands. For our employees, we are investing in applications that allow our people to have more meaningful interactions with our customers.

Commercial Arrangements with Other Airlines

Joint Venture/Cooperation Agreements. We have implemented four separate joint venture or joint cooperation agreements with foreign carriers as described below. We have sought to reinforce a number of the agreements through equity investments in those carriers. See Note 4 of the Notes to the Consolidated Financial Statements for additional information about our equity investments.

Each of our joint venture or cooperation arrangements provides for joint commercial cooperation with the relevant partner within the geographic scope of the arrangement, including the sharing of revenues and/or profits and losses generated by the parties on the joint venture routes, as well as joint marketing and sales, coordinated pricing and revenue management, network and schedule planning and other coordinated activities with respect to the parties' operations on joint venture routes. Our implemented commercial joint ventures/cooperation agreements consist of the following:

- A combined joint venture with Air France, KLM and Virgin Atlantic with respect to transatlantic traffic flows. In addition to the joint venture, we own a non-controlling 49% equity stake in Virgin Atlantic Limited, the parent company of Virgin Atlantic Airways and a 3% ownership stake in the parent company of Air France and KLM.

- A joint cooperation agreement with Aeroméxico with respect to trans-border traffic flows between the U.S. and Mexico. In addition to the joint cooperation agreement, we currently own an approximately 20% equity stake in Grupo Aeroméxico, S.A.B. de C.V., the parent company of Aeroméxico.

- A joint venture agreement with LATAM with respect to traffic flows between North and South America, allowing our passengers to access more than 300 destinations between the United States/Canada and South America (Brazil, Chile, Colombia, Paraguay, Peru and Uruguay). We currently own an approximately 10% equity stake in LATAM.

- A joint venture with Korean Air with respect to traffic flows between the United States and certain countries in Asia. In addition to the joint venture, we own just under 15% of the outstanding common stock of Hanjin-KAL, the largest shareholder of Korean Air.

Each of our joint venture or joint cooperation agreements described above has been approved and granted antitrust immunity from the U.S. Department of Transportation ("DOT"). The grant of antitrust immunity for our joint cooperation agreement with Aeroméxico is subject to a pending renewal application with the DOT, which was tentatively dismissed pursuant to an Order to Show Cause issued by the DOT on January 26, 2024. The existing immunity remains in effect pending final adjudication of the renewal application, the timing and outcome of which cannot be predicted at this time.

Enhanced Commercial Agreements with China Eastern. We own a 2% equity interest in China Eastern, with whom we have a strategic joint marketing and commercial cooperation arrangement covering traffic flows between China and the U.S., which includes reciprocal codesharing, loyalty program participation, airport lounge access and joint sales cooperation.

SkyTeam. We are a member of the SkyTeam global airline alliance. The other members of SkyTeam are Aerolíneas Argentinas, Aeroméxico, Air Europa (Spain), Air France, China Airlines, China Eastern, Czech Airlines, Garuda Indonesia, ITA Airways (Italy), Kenya Airways, KLM, Korean Air, Middle East Airlines, Saudia, TAROM (Romania), Vietnam Airlines, Virgin Atlantic and Xiamen Airlines (China). Through alliance arrangements with other SkyTeam carriers, we are able to link our route network with those of the other member airlines, providing opportunities to increase connecting traffic while offering enhanced customer service through reciprocal codesharing and loyalty program participation, airport lounge access and cargo operations.

Other International Carriers. We also have marketing arrangements with other airlines to enhance our global network. These arrangements may include codesharing, reciprocal loyalty program benefits, shared or reciprocal access to passenger lounges, joint promotions, common use of airport gates and ticket counters, office co-location and other activities.

Regional Carriers

We have air service agreements with domestic regional air carriers that feed traffic to our network by serving passengers primarily in small and medium-sized cities in the domestic market. These arrangements enable us to better match capacity with demand in these markets.

Through our regional carrier program, Delta Connection®, we have contractual arrangements with regional carriers to operate aircraft using our "DL" designator code. We currently have contractual arrangements with:

- Endeavor Air, Inc., a wholly owned subsidiary of ours ("Endeavor").
- Republic Airways, Inc.
- SkyWest Airlines, Inc. ("SkyWest Airlines").

Our contractual agreements with regional carriers are primarily capacity purchase arrangements, under which we control the scheduling, pricing, reservations, ticketing and seat inventories for the regional carriers' flights operating under our "DL" designator code. We are entitled to all ticket, cargo, mail, in-flight and ancillary revenues associated with the flights under these capacity purchase arrangements. We pay those airlines an amount, as defined in the applicable agreement, which is based on a determination of their cost of operating those flights and other factors intended to approximate market rates for those services. These capacity purchase agreements are long-term agreements, usually with initial terms of at least ten years, which grant us the option to extend the initial term. Certain of these agreements provide us the right to terminate the entire agreement, or in some cases remove some of the aircraft from the scope of the agreement, for convenience at certain future dates.

SkyWest Airlines operates some flights for us under a revenue proration agreement. This proration agreement establishes a fixed dollar or percentage division of revenues for tickets sold to passengers traveling on connecting flight itineraries.

Cargo

Through our global network, our cargo operations are able to connect the world’s major freight gateways. We generate cargo revenues in domestic and international markets through the use of cargo space on regularly scheduled passenger aircraft. We are a member of SkyTeam Cargo, an international airline cargo alliance with eight other airlines that offer a network spanning six continents, through which we provide global solutions to our customers by connecting our network with those partners.

In 2023, cargo revenues decreased year over year, mostly resulting from lower yield due to decreased market demand and increased industry capacity.

Other Complementary Businesses

We have various other businesses arising from our airline operations, including the following:

- In addition to providing maintenance and engineering support for our fleet of 1,273 mainline and regional aircraft, our MRO operation, known as Delta TechOps, serves aviation and airline customers from around the world. With agreements to service multiple next-generation aircraft engines, Delta TechOps is positioned as a leading global service provider for state-of-the-art, more sustainable engines.
- Our vacation wholesale subsidiary, Delta Vacations, provides vacation packages to third-party consumers. Revenue allocated to Delta Vacations excludes flight revenue associated with vacation packages.

In 2023, the aggregate revenue from our MRO operation and Delta Vacations was approximately $840 million.

Environmental Sustainability

In 2023, we outlined our roadmap to a more sustainable future of travel that details our strategy for achieving net-zero greenhouse gas emissions from our airline operations by 2050. As part of this roadmap, we announced short-, medium- and long-term milestones which will help us measure and report progress towards our ultimate net-zero goal. In 2023, we made progress toward achievement of our goals across three key areas:

What We Fly

- ***Fleet renewal***: We continue to make our existing fleet more efficient as older aircraft are retired. Additions to our fleet since 2019, including 43 new aircraft delivered in 2023, are on average 28% more fuel efficient per seat mile than aircraft retired since 2019. We also completed the retirement of the CRJ-200 fleet in 2023, our least fuel-efficient aircraft type, contributing to a fleet-wide fuel efficiency improvement of 5.5% compared to 2019.

- ***Pursuing future aviation technologies***: Our sustainability strategy aims to introduce revolutionary aircraft into our fleet. In 2023, we joined a coalition alongside Boeing and NASA to support the Sustainable Flight Demonstrator program. We will serve as an adviser on a new aircraft design with a Transonic Truss-Braced Wing, which will be the first ever experimental aircraft focused on sustainability. We sold two retired MD-90 aircraft to Boeing which will become the test planes for the program. This innovative project supplements previously announced partnerships with Airbus on their hydrogen-powered aircraft research as well as our investment in Joby Aviation, which aims to pioneer home-to-airport transportation through electric, vertical takeoff and landing (eVTOL) technology.

- ***Fleet modification***: Following the completed installation of split-scimitar winglets on the Boeing 737-900ER fleet, and outfitting all Boeing 737-800 and 737-900ER aircraft with lighter-weight, radial landing gear tires in 2022, we began installing split-scimitar winglets on the 737-800 fleet in 2023. When complete, this enhancement is expected to drive approximately three million gallons of fuel savings annually. Additionally, we completed modifications and certification test flights for a novel drag reduction system on the 737-800 fleet with Aero Design Labs, accelerating the certification of this innovation.

How We Fly

- ***Aircraft operations***: Teams across Delta have worked together to make an impact through enhanced landing procedures, optimizations to flight routing and speed, and weight reduction initiatives. These cross-divisional efforts coordinated through our Carbon Council have saved over 20 million gallons of jet fuel in 2022 and 2023.

- ***Waste reduction***: Our Waste Council was established in 2023 and led the evaluation of test sites across our operation aiming to capture more recyclable materials by changing processes and leveraging catering kitchens. We also launched our paperless gates initiative in 2023, allowing gate agents to bypass the automatic printing of pre-departure and departure documents on all flights. The effort eliminates printer malfunctions, cuts paper and printer maintenance costs and saves an estimated 70 million pages per year – the equivalent to 4,000 trees.

- ***Ground operations***: In 2023, we purchased more than 500 new electric ground support equipment ("GSE") for utilization across our network, inclusive of baggage tractors, belt loaders, and aircraft tow tractors. The equipment necessary to turn an aircraft (core GSE) at our hubs in Salt Lake City and Boston is nearly entirely powered with electricity.

The Fuel We Use

- ***Continued investment in sustainable aviation fuel ("SAF")***: With approximately 90% of our carbon emissions coming from jet fuel, finding lower emissions fuel alternatives is critical to making progress toward net zero. SAF, which can be channeled to airports through existing fuel infrastructure, is central to reducing the lifecycle emissions from aviation fuel and is safe to use in current aircraft engines. Our Global Sustainability and Fuel teams have been working over the past several years to catalyze investment and stimulate SAF production by signing offtake agreements with various SAF producers. Under these agreements, we have contracted to purchase SAF when it is available, subject to certain conditions. In 2023, we used over three million gallons of SAF onboard our aircraft, nearly doubling our 2022 SAF utilization.

- ***Building coalitions for the future***: We continue to advocate for policy incentives to scale the SAF market. For example, we are a founding member of Americans for Clean Aviation Fuels (ACAF), a diverse coalition of the largest industrial sectors in America from farmers to fuel producers and aviation to agribusiness. This coalition is focused on promoting the economic benefits of building a robust market for SAF and clean aviation fuels. We are also a founding member of the Minnesota SAF Hub, a first-of-its-kind partnership among corporations seeking to collaborate on scaling SAF production.

The global aviation industry is viewed as a "hard-to-abate" sector, meaning it is innately difficult to decarbonize. Achieving our long-term goals will require substantial expansion of the SAF market, the adoption of new technologies, engagement from both internal and external stakeholders, as well as partnerships across industries to increase production of alternative fuels and help drive down costs.

Employee Matters

Human Capital and Commitment to Diversity, Equity and Inclusion

We believe that the Delta people and culture are our strongest competitive advantage, and the high-quality service that our employees provide sets us apart from other airlines. As of December 31, 2023, we had approximately 103,000 full-time employee equivalents, of which approximately 100,000 were based in the U.S.

Our principal human capital management objectives are to attract, retain and develop people who understand and are committed to delivering the "Delta Difference" that is core to our brand. To support these objectives, we have put in place programs that seek to:

- Reward our people through highly competitive total compensation designed to share Delta's success with our employees who make it possible and promote teamwork and collaboration across the business.

- Achieve high performance by fostering our people's holistic wellbeing including physical, emotional, social and financial wellbeing.

- Drive employees' professional and community engagement.

- Prepare our employees for key roles and future leadership positions through a variety of training and development programs.

- Enhance our culture through efforts aimed at making our workplace more engaging, equitable and inclusive.

The health and safety of our employees is foundational to achieving these objectives. Delta's Safety Management System is central to promoting a positive safety culture, proactively managing safety risk, and making investments to ensure a safe experience for our employees and customers.

Our commitment to diversity, equity and inclusion is critical to effective human capital management at Delta. As a global airline, we are in the business of bringing people together, and we believe our business should reflect the diversity of our customer base. To achieve this goal, we seek diverse talent internally and externally in an effort to achieve broader representation throughout our organization. We also promote inclusion through education, training and development opportunities as well as by leveraging insights from our ten employee resource groups, which we refer to as business resource groups, totaling membership of more than 30,000 as of December 31, 2023.

We continued to invest in our leadership's equity learning and understanding in 2023, with nearly 80% of officers participating in our voluntary two-day racial equity workshop by the end of 2023. In 2023, we also introduced a new diversity, equity and inclusion education program, building on foundational learnings through a multitude of different training offerings.

In addition, we are reviewing and revising systems, practices and policies in support of our commitment to diversity, equity and inclusion and with a focus on achieving equitable outcomes. Two key areas on which we are focused are (1) reinforcement of our diverse talent pipeline by, among other things, requiring hiring candidate slates and interview panels to reflect diversity, and taking a proactive approach to build internal and external career pathways to certain roles by removing college degree requirements and introducing a skills-first talent approach, and (2) closing diversity gaps in senior leadership positions by increasing the representation of women, Black and Latin/Hispanic groups in those roles.

We also believe that listening, engaging and connecting with employees furthers our human capital management objectives. We have historically done so primarily through our open-door policy, digital communication across all levels of the company, in-person events with senior management and company-wide and division-specific surveys to evaluate employee satisfaction. Members of senior management participate in regular company-wide town hall discussions with our employees and our senior executive leadership team regularly shares memos with all employees regarding our ongoing commitment to our people and our culture. We have also continued to conduct periodic employee surveys to seek feedback on engagement levels in general, our wellbeing programs, diversity, equity and inclusion efforts and our culture of safety.

Collective Bargaining

As of December 31, 2023, approximately 20% of our full-time equivalent employees were represented by unions.

Domestic airline employees represented by collective bargaining agreements by group

Employee Group	Approximate Number of Employees Represented	Union	Date on which Collective Bargaining Agreement Becomes Amendable
Delta Pilots[(1)]	16,960	ALPA	December 31, 2026
Delta Flight Superintendents (Dispatchers)	490	PAFCA	November 1, 2024
Endeavor Pilots	1,530	ALPA	January 1, 2029
Endeavor Flight Attendants	1,600	AFA	March 31, 2027

[(1)] Delta's pilots ratified a new four-year Pilot Working Agreement in March 2023, effective January 1, 2023.

In addition to the domestic airline employee groups discussed above, approximately 200 refinery employees of our wholly owned subsidiary, Monroe Energy, LLC ("Monroe") are represented by the United Steel Workers under an agreement that expires on February 28, 2026. This agreement is governed by the National Labor Relations Act ("NLRA"), which generally allows either party to engage in self-help upon the expiration of the agreement. Certain of our employees outside the U.S. are represented by unions, work councils or other local representative groups.

Labor unions periodically engage in organizing efforts to represent various groups of our employees, including at our operating subsidiaries, that are not represented for collective bargaining purposes.

Fuel

Our results of operations are significantly impacted by changes in the price and availability of aircraft fuel. We purchase most of our aircraft fuel under contracts that establish the price based on various market indices and therefore do not provide material protection against price increases or assure the availability of our fuel supplies. We also purchase aircraft fuel on the spot market, from offshore sources and under contracts that permit the refiners to set the price. We are currently able to obtain adequate supplies of aircraft fuel, including fuel produced by Monroe or procured through the exchange of gasoline, diesel and other refined petroleum products ("non-jet fuel products") the refinery produces, and crude oil for Monroe's operations.

The following table shows our aircraft fuel consumption and costs:

Fuel consumption and expense by year

Year	Gallons Consumed[(1)] (in millions)	Cost[(1)(2)] (in millions)	Average Price Per Gallon[(1)(2)]	Percentage of Total Operating Expense[(1)(2)]
2023	3,926	$ 11,069	$ 2.82	21 %
2022	3,412	$ 11,482	$ 3.36	24 %
2021	2,778	$ 5,633	$ 2.02	20 %

(1) Includes the operations of our regional carriers operating under capacity purchase agreements.

(2) Includes the impact of fuel hedge activity and refinery segment results.

Monroe Energy

Our Monroe subsidiaries operate the Trainer refinery and related logistics assets located near Philadelphia, Pennsylvania. The facilities include pipelines and terminal assets that allow the refinery to supply jet fuel to our airline operations throughout the Northeastern U.S., including our New York hubs at LaGuardia and JFK. These companies are distinct from us, operating under their own management teams and with their own boards. We own Monroe as part of our strategy to mitigate the cost of the refining margin reflected in the price of jet fuel, as well as to maintain sufficiency of supply to our New York operations.

Refinery Operations. The facility is capable of refining approximately 200,000 barrels of crude oil per day and sources domestic and foreign crude oil supply from a variety of providers. During 2023, Monroe successfully performed a planned plant-wide maintenance turnaround ("turnaround"), which addressed all required inspections, allowed Monroe to clean and repair all of the equipment, as well as enable the installation of a new Fluidized Catalyst Cracking Unit Reactor.

Strategic Agreements. Monroe has agreements in place to exchange the non-jet fuel products the refinery produces with third parties for jet fuel consumed in our airline operations.

Environmental Sustainability. Delta is evaluating operational pathways for integrating Monroe into Delta's net zero future. Monroe’s sustainability ambitions include being one of the most energy efficient refineries in the country with the lowest energy intensity and greenhouse gas ("GHG") emissions on an absolute and per barrel basis. For example, Monroe is implementing a plan to replace steam driven turbines that currently power pumps at the facility with more efficient and reliable electric motors, which will reduce the amount of steam required from the facility’s natural gas-fired boilers. Monroe is also recovering and utilizing methane, a potent GHG, instead of flaring it into the atmosphere. Finally, in support of Delta’s 10% SAF goal, Monroe is evaluating the possibility of producing SAF and other renewable fuels at the Trainer refinery, although additional analyses must be conducted to determine economic and operational viability of various SAF production pathways. Monroe continues to evaluate the production of renewables, and in 2023 successfully produced a test quantity of renewable diesel at the facility.

Fuel Hedging Program

Our derivative contracts to hedge the financial risk from changing fuel prices are related to Monroe’s inventory. We may utilize different contract and commodity types in this program and frequently test their economic effectiveness against our financial targets. We closely monitor the hedge portfolio and rebalance the portfolio based on market conditions, which may result in locking in gains or losses on hedge contracts prior to their settlement dates.

Competition

The airline industry is highly competitive, marked by significant competition with respect to routes, fares, schedules (both timing and frequency), operational reliability, services, products, customer service and loyalty programs. The industry has evolved through mergers, new entries, both domestically and internationally, and changes in international alliances. Consolidation in the airline industry, the presence of subsidized government-sponsored international carriers, changes in international alliances and the creation of immunized joint ventures have altered, and will continue to alter, the competitive landscape in the industry, resulting in the formation of airlines and alliances with significant financial resources, extensive global networks and competitive cost structures.

Domestic

Our domestic operations are subject to significant competition from traditional network carriers, including American Airlines and United Airlines, national point-to-point carriers, including Alaska Airlines, JetBlue Airways and Southwest Airlines, and other discount or ultra-low-cost carriers, including Allegiant Air, Avelo Airlines, Breeze Airways, Frontier Airlines and Spirit Airlines. Some of these carriers have business models primarily focused on maintaining low costs, with the intention of providing service at lower fares to destinations served by Delta. In particular, we face significant competition at our domestic hubs and key airports either directly at those airports or at the hubs of other airlines that are located in close proximity. We also face competition in small- to medium-sized markets from regional jet operations of other carriers.

International

Our international operations are subject to competition from both foreign and domestic carriers, including from point-to-point carriers on certain international routes. Through alliance and other marketing and codesharing agreements with foreign carriers, U.S. carriers have increased their ability to sell international transportation, such as services to and beyond traditional European, Asian and Latin American gateway cities. Similarly, foreign carriers have obtained increased access to interior U.S. passenger traffic beyond traditional U.S. gateway cities through these relationships.

In particular, several joint ventures among U.S. and foreign carriers, including several of our joint ventures as well as those of our competitors, have received grants of antitrust immunity allowing the participating carriers to coordinate networks, schedules, pricing, sales and inventory. In addition, alliances formed by domestic and foreign carriers, including SkyTeam, the Star Alliance (among United Airlines, Lufthansa German Airlines, Air Canada and others) and the oneworld alliance (among American Airlines, British Airways, Qantas and others) have enhanced competition in international markets.

Regulatory Matters

The DOT and the Federal Aviation Administration (the "FAA") exercise regulatory authority over air transportation in the U.S. The DOT has authority to issue certificates of public convenience and necessity required for airlines to provide air transportation. An air carrier that the DOT finds fit, willing and able to perform the proposed service is given authority to operate domestic and international air transportation (including the carriage of passengers and cargo), as applicable. Since the passage of the Airline Industry Deregulation Act in 1978, airlines have generally been free to launch or terminate service to U.S airports without restriction, except with respect to certain slot-controlled and schedule-facilitated airports, as well as certain constraints related to service to small communities governed by the "Essential Air Services" program.

The DOT has jurisdiction over certain economic and consumer protection matters, such as unfair or deceptive practices and methods of competition, advertising, denied boarding compensation, baggage liability and disabled passenger transportation. The DOT also has authority to review certain joint venture agreements between domestic and international carriers. The DOT engages in regulation of economic matters such as transactions involving allocation of "slots" or similar regulatory mechanisms which limit the rights of carriers to conduct operations at airports where such mechanisms are in place. The FAA has primary responsibility for matters relating to the safety of air carrier flight operations, including airline operating certificates, control of navigable air space, flight personnel, aircraft certification and maintenance and other matters affecting air safety.

Authority to operate international routes and international codesharing arrangements is regulated by the DOT and by the governments of the foreign countries involved. International certificate authorities are also subject to the approval of the U.S. President for conformance with national defense and foreign policy objectives.

The Transportation Security Administration ("TSA") and the U.S. Customs and Border Protection, each a division of the Department of Homeland Security, are responsible for certain civil aviation security matters, including passenger and baggage screening at U.S. airports and international passenger prescreening prior to entry into or departure from the U.S.

Airlines are also subject to various other federal, state, local and foreign laws and regulations. For example, the U.S. Department of Justice has jurisdiction over some airline competition matters. The U.S. Postal Service has authority over certain aspects of the transportation of mail. Labor relations in the airline industry, as discussed below, are generally governed by the Railway Labor Act with oversight by the National Mediation Board ("NMB"). Environmental matters are regulated by various federal, state, local and foreign governmental entities. Privacy of passenger and employee data is regulated by domestic and foreign laws and regulations.

Fares and Rates

Airlines set ticket prices in all domestic and most international city-pairs with minimal governmental regulation, and the industry is characterized by significant price competition. Certain international fares and rates are subject to the jurisdiction of the DOT and the governments of the foreign countries involved. Many of our tickets are sold by travel agents, and fares are subject to commissions, overrides and discounts paid to travel agents, brokers and wholesalers.

Route Authority

Our flight operations are authorized by certificates of public convenience and necessity and also by exemptions and limited-entry frequency awards issued by the DOT. The requisite approvals of other governments for international operations are controlled by bilateral agreements (and a multilateral agreement in the case of the U.S. and the European Union ("EU")) with, or permits or approvals issued by, foreign countries. Because international air transportation is governed by bilateral or other agreements between the U.S. and the foreign country or countries involved, changes in U.S. or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of our international route authorities or otherwise affect our international operations. Bilateral agreements between the U.S. and various foreign countries that we serve are subject to renegotiation from time to time. The U.S. government has negotiated "Open Skies" agreements with many countries, which allow unrestricted access between the U.S. and these foreign markets.

Certain of our international route authorities are subject to periodic renewal requirements. We request extension of these authorities when and as appropriate. While the DOT usually renews temporary authorities on routes where the authorized carrier is providing a reasonable level of service, there is no assurance this practice will continue in general or with respect to a specific renewal. Dormant route authorities may not be renewed in some cases, especially where another U.S. carrier indicates a willingness to provide service.

Airport Access

Operations at three major domestic airports and certain foreign airports that we serve are regulated by governmental entities through allocations of "slots" or similar regulatory mechanisms. Each slot represents the authorization to land at or take off from the particular airport during a specified time period.

In the U.S., the FAA currently regulates the allocation of slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms at Reagan National in Washington, D.C. and LaGuardia and JFK in the New York City area. Our operations at these airports generally require the allocation of slots or analogous regulatory authorizations. Similarly, our operations at London's Heathrow airport, Tokyo's Haneda airport and other international airports are regulated by local slot coordinators pursuant to the International Air Transport Association's Worldwide Scheduling Guidelines and applicable local law. We currently have sufficient slots or analogous authorizations to operate our existing flights, and we have generally been able to obtain the rights to expand our operations and to change our schedules. There is no assurance, however, that we will be able to do so in the future because, among other reasons, such allocations are subject to changes in governmental policies.

Airline Labor Regulation

In the U.S., airlines and labor unions are governed by the Railway Labor Act. Under the Railway Labor Act, a labor union seeking to represent an unrepresented craft or class of employees is required to file with the NMB an application alleging a representation dispute, along with authorization cards signed by at least 50% of the employees in that craft or class. The NMB then investigates the dispute and, if it finds the labor union has obtained a sufficient number of authorization cards, conducts an election to determine whether to certify the labor union as the collective bargaining representative of that craft or class. A labor union will be certified as the representative of the employees in a craft or class if more than 50% of votes cast are for representation. A certified labor union would then commence negotiations toward a collective bargaining agreement with the employer.

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

Environmental Regulation

Environmental Compliance Obligations. Our operations are subject to numerous international, federal, state and local laws and regulations governing protection of the environment, including regulation of greenhouse gases and other air emissions, noise reduction, water discharges, aircraft drinking water, storage and use of petroleum products and other regulated substances, and the management and disposal of hazardous waste, substances and materials.

We are also subject to certain environmental laws and contractual obligations governing the management and release of regulated substances, which may require the investigation and remediation of affected sites. Soil and/or ground water impacts have been identified at certain of our current or former leaseholds at several domestic airports. To address these impacts, we have a program in place to investigate and, if appropriate, remediate these sites. Although the ultimate outcome of these matters cannot be predicted with certainty, we believe that the resolution of these matters will not have a material adverse effect on our Consolidated Financial Statements.

In 2022, the U.S. Environmental Protection Agency (the "EPA") proposed regulations to define certain per- and polyfluoroalkyl substances ("PFAS") as "hazardous substances" under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), and the EPA has proposed to regulate certain PFAS as "hazardous constituents" under the Resource Conservation and Recovery Act ("RCRA"). The EPA is also proposing to regulate PFAS under the Safe Drinking Water Act. PFAS are used in a wide variety of consumer and industrial products, including the firefighting foams used to extinguish fuel-based fires at airports and refineries. Numerous states have adopted regulations governing PFAS as well, and some have adopted legislation prohibiting the manufacture, sale, distribution and/or use of firefighting foam containing intentionally added PFAS. The EPA's proposed rule under CERCLA, once finalized, could subject airports, airlines, and refineries, among others, to potential liability for cleanup of historical PFAS contamination associated with use of PFAS-containing firefighting foam, and some state laws require transition to alternative fire suppression systems. To address these possibilities, Delta is developing plans to transition its aircraft maintenance hangars to systems that do not contain intentionally added PFAS. The ultimate impact and associated cost to Delta of these legislative and regulatory developments cannot be predicted at this time.

GHG Emissions. Aviation industry GHG emissions, particularly carbon emissions, and their impact on climate change have become a focus in the international community and within the U.S. In 2016, the International Civil Aviation Organization ("ICAO") formally adopted a global, market-based emissions offset program known as the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"). This program establishes a goal for the aviation industry to achieve carbon-neutral growth in international aviation beginning in 2021. Any growth above the baseline would need to be addressed using either eligible carbon offsets or a lower carbon fuel. ICAO set the baseline for establishing airlines' obligations under CORSIA for 2021 to 2023 based on 2019 travel, and in 2022 set a new, more stringent CORSIA baseline of 85% of 2019, which will apply from 2024 through 2035.

The pilot phase of the CORSIA program ran from 2021 through 2023, and is being followed by a first phase of the program beginning in 2024 and a second phase beginning in 2027. Countries can voluntarily participate in the pilot and first phase, and the United States agreed to participate in these voluntary phases. Participation in the second phase is mandatory for certain countries, including the United States. The U.S. government has not yet enacted legislation to mandate that U.S. operators participate in CORSIA. Nonetheless, we have voluntarily submitted verified emissions reports on our annual international emissions. While airlines had no offsetting obligations during the pilot phase of CORSIA as a result of the impact of the COVID-19 pandemic on international travel, we expect that international airline emissions will likely exceed the new baseline during the next phase (2024 – 2026). Because certain CORSIA program details remain to be developed and could potentially be affected by political developments in participating countries or the results of the initial phases of the program, the impact of CORSIA cannot be predicted at this time. However, CORSIA is expected to increase operating costs for airlines that operate internationally.

Additionally, the EU requires its member states to implement regulations to include aviation in its Emissions Trading Scheme ("ETS"). Under these regulations, any airline with flights originating or landing in the European Economic Area ("EEA") is subject to the ETS and, beginning in 2012, was required to purchase emissions allowances if the airline exceeds the number of free allowances allocated to it under the ETS. The scope of the ETS was narrowed so that it currently applies only to flights within the EEA through 2023 to align with the pilot phase of CORSIA. In 2023, the EU adopted new legislation extending this narrow scope of the EU ETS until 2027 but requires a review of CORSIA's effectiveness in 2026, which could potentially lead to expansion of the EU ETS to include all flights departing the EU and EEA. As a result of the United Kingdom's ("UK") withdrawal from the EU, UK flights are no longer part of the EU ETS and are instead regulated under a separate UK ETS scheme. UK ETS is applicable to UK domestic flights and flights from the UK to EEA countries.

In 2017, ICAO also adopted aircraft certification standards to reduce carbon dioxide ("CO_2") emissions from new aircraft. The new aircraft certification standards applied to new fleet types in 2020 and will apply to in-production aircraft no later than 2028. These standards will not apply to existing in-service aircraft. In 2021, the EPA finalized GHG emission standards for new aircraft engines designed to implement the ICAO standards on the same timeframe contemplated by ICAO, and these standards have been upheld in response to legal challenges. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft.

The airline industry may face additional regulation of aircraft emissions in the U.S. and abroad and become subject to further taxes, charges or additional requirements to obtain permits or purchase allowances or emission credits for GHG emissions in various jurisdictions. For example, in 2023, the EU adopted legislation that will impose a SAF mandate on fuel supplied at EU airports. The mandate requires that, of the jet fuel supplied in the EU, 2% must be SAF beginning in 2025, and the percentage increases incrementally over time to 70% in 2050. This mandate is expected to increase the cost of SAF in the EU. Additional regulation could result in taxation, regulatory or permitting requirements from multiple jurisdictions for the same operations and significant costs for us and the airline industry. In addition to direct costs, such regulation could result in increased fuel costs passed through from fuel suppliers affected by any such regulations. Certain airports have also adopted, and others could in the future adopt, GHG emission or climate-related goals and requirements that could impact our operations or require us to make changes or investments in our infrastructure. We are monitoring and evaluating the potential impact of such developments.

Noise. The Airport Noise and Capacity Act of 1990 recognizes the rights of operators of airports with noise problems to implement local noise abatement programs so long as such programs do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. This statute generally provides that local noise restrictions on Stage 3 aircraft first effective after October 1, 1990 require FAA approval. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if locally imposed regulations become more restrictive or widespread. In addition, foreign governments may enact or allow airports to enact similar restrictions, which could adversely impact our international operations or require significant expenditures in order for our aircraft to comply with the restrictions. For example, in 2022, to reduce noise, the Netherlands announced a multi-phase plan to reduce the maximum number of flights authorized annually at Amsterdam's Schiphol Airport. In 2023, airlines and airline associations, including Delta and KLM, challenged the initial phase of the plan. The legal challenge resulted in a ruling against the industry, but an appeal is currently pending before the Supreme Court of the Netherlands. The U.S., the European Commission and other governments also raised legal concerns about the plan with the Dutch government. In November 2023, the Netherlands suspended the initial phase of the plan; however, the government continues to support a second-phase plan to reduce flights at Schiphol. The outcome cannot be determined at this time.

Refinery Matters. Monroe's operation of the Trainer refinery is subject to numerous environmental laws and extensive regulations, including those relating to the discharge of materials into the environment, waste management, pollution prevention measures and greenhouse gas and other air emissions.

Under the Energy Policy Act of 2005, as expanded by the Energy Independence and Security Act of 2007, the Renewable Fuel Standard ("RFS") was created, setting up specific targets of renewable fuel to be used in the U.S. economy by mandating the blending of renewable fuels into gasoline and on-road diesel ("Transportation Fuels"). Renewable Identification Numbers ("RINs") are assigned to renewable fuels produced by or imported into the U.S. that are blended into Transportation Fuels to demonstrate compliance with this obligation. A refinery may meet its obligation under RFS by blending the necessary volumes of renewable fuels with Transportation Fuels, by purchasing RINs in the open market or through a combination of blending and purchasing RINs. Because Monroe is able to blend only a small amount of renewable fuels, it must purchase the majority of its RINs requirement in the secondary market. Market prices for RINs have been volatile and marked by periods of sharp increases and decreases primarily in response to speculation about what the EPA and/or the U.S. Congress will do with respect to compliance obligations. In June 2023, the EPA finalized RFS volume requirements for 2023, 2024 and 2025. These volume requirements are below projected production of Transportation Fuels, which has resulted in a decrease in the price of RINs.

Civil Reserve Air Fleet Program

We participate in the Civil Reserve Air Fleet program (the "CRAF Program"), which permits the U.S. military to use the aircraft and crew resources of participating U.S. airlines during airlift emergencies, national emergencies or times of war. We have agreed to make available under the CRAF Program a portion of our international aircraft during the contract period that ends on September 30, 2024. The CRAF Program has only been activated three times since it was created in 1951, most recently in 2021 to support the military's effort to evacuate people from Afghanistan following the withdrawal of U.S. troops from the country.

Information About Our Executive Officers

Edward H. Bastian, Age 66: Chief Executive Officer of Delta since May 2016; President of Delta (September 2007 - May 2016); President of Delta and Chief Executive Officer Northwest Airlines, Inc. (October 2008 - December 2009); President and Chief Financial Officer of Delta (September 2007 - October 2008); Executive Vice President and Chief Financial Officer of Delta (July 2005 - September 2007); Chief Financial Officer of Acuity Brands (June 2005 - July 2005); Senior Vice President - Finance and Controller of Delta (2000 - April 2005); Vice President and Controller of Delta (1998 - 2000).

Glen W. Hauenstein, Age 63: President of Delta since May 2016; Executive Vice President - Chief Revenue Officer of Delta (August 2013 - May 2016); Executive Vice President - Network Planning and Revenue Management of Delta (April 2006 - July 2013); Executive Vice President and Chief of Network and Revenue Management of Delta (August 2005 - April 2006); Vice General Director - Chief Commercial Officer and Chief Operating Officer of Alitalia (2003 - 2005); Senior Vice President-Network of Continental Airlines (2003); Senior Vice President - Scheduling of Continental Airlines (2001 - 2003); Vice President Scheduling of Continental Airlines (1998 - 2001).

Allison C. Ausband, Age 61: Executive Vice President - Chief Customer Experience Officer of Delta since June 2021; Senior Vice President - In-Flight Service of Delta (September 2014 - May 2021); Vice President - Reservation Sales and Customer Care of Delta (January 2010 - September 2014).

Alain Bellemare, Age 62: President - International of Delta since January 2021; Chief Executive Officer of Bombardier (February 2015 - March 2020); President and Chief Executive Officer of United Technologies Corporation Propulsion & Aerospace Systems (June 2011 - February 2015).

Peter W. Carter, Age 60: Executive Vice President - External Affairs of Delta since October 2022; Executive Vice President - Chief Legal Officer of Delta (July 2015 - October 2022); Partner of Dorsey & Whitney LLP (1999 - 2015), including co-chair of Securities Litigation and Enforcement practice group, chair of Policy Committee and chair of trial department.

Daniel C. Janki, Age 55: Executive Vice President - Chief Financial Officer of Delta since July 2021; Senior Vice President of General Electric Company (GE) and Chief Executive Officer of GE Power Portfolio (October 2020 - June 2021); Senior Vice President, Business and Portfolio Transformation of GE (2018 - 2020); Senior Vice President, Treasurer and Global Business Operations of GE (2014 - 2017); Senior Vice President, CEO of GE Energy Management (2012 - 2013).

John E. Laughter, Age 53: President - Delta TechOps and Chief of Operations since October 2023; Executive Vice President - Chief of Operations of Delta (June 2021 - October 2023); Senior Vice President and Chief of Operations of Delta (October 2020 - June 2021); Senior Vice President - Flight Operations of Delta (March 2020 - October 2020); Senior Vice President - Corporate Safety, Security and Compliance of Delta (August 2013 - March 2020); Senior Vice President - Maintenance Operations of Delta (March 2008 - July 2013); Vice President - Maintenance of Delta (December 2005 - March 2008).

Rahul Samant, Age 57: Executive Vice President - Chief Information Officer of Delta since January 2018; Senior Vice President and Chief Information Officer of Delta (February 2016 - December 2017); Senior Vice President and Chief Digital Officer of American International Group, Inc. (January 2015 - February 2016); Senior Vice President and Global Head, Application Development and Management of American International Group, Inc. (September 2012 - December 2014); Managing Director of Bank of America (1999 - September 2012).

Steven M. Sear, Age 58: Executive Vice President - Global Sales of Delta since February 2016; Senior Vice President - Global Sales of Delta (December 2011 - February 2016); Vice President - Global Sales of Delta (October 2008 - December 2011); Vice President - Sales & Customer Care of Northwest Airlines, Inc. (June 2005 - October 2008).

Joanne D. Smith, Age 65: Executive Vice President and Chief People Officer of Delta since October 2014; Senior Vice President - In-Flight Service of Delta (March 2007 - September 2014); Vice President - Marketing of Delta (November 2005 - February 2007); President of Song (January 2005 - October 2005); Vice President - Marketing and Customer Service of Song (November 2002 - December 2004).

Mike Spanos, Age 59: Chief Operating Officer of Delta since June 2023; President and Chief Executive Officer of Six Flags Entertainment Corporation (November 2019 - November 2021); Chief Executive Officer, Asia, Middle East and North Africa of PepsiCo, Inc. (January 2018 - November 2019); previously served in a variety of management roles of increasing responsibility at PepsiCo, Inc. since 1993.

Additional Information

Our company website is located at www.delta.com and our investor relations website is located at ir.delta.com. We make available free of charge on our investor relations website our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after these reports are filed with or furnished to the Securities and Exchange Commission ("SEC"). Information on our website, including our investor relations website, is not incorporated into this Form 10-K or our other securities filings and is not a part of those filings.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following material risk factors applicable to Delta. As described below, these risks could materially affect our business, financial condition or results of operations in the future.

Risk Factors Relating to Delta

We are at risk of losses and adverse publicity stemming from a serious accident involving our aircraft or aircraft of our airline partners.

An aircraft crash or other serious accident involving our aircraft or those of our airline partners could expose us to significant liability. Although we believe that our insurance coverage is appropriate, we may be forced to bear substantial losses from an accident in the event that the coverage was not sufficient.

In addition, any accident involving an aircraft that we operate or an aircraft that is operated by an airline that is one of our regional carriers or codeshare, alliance or joint venture partners could create a negative public perception about safety and reliability for aviation authorities and the public, which could harm our reputation, resulting in air travelers being reluctant to fly on our aircraft and therefore harm our business.

Breaches or lapses in the security of the technology systems we use and rely on could compromise the data stored within them and consequently expose us to liability, disruption to our operations and damage to our reputation, any or all of which could have a material adverse effect on our business.

As a regular part of our ordinary business operations, we collect and store sensitive data, including information necessary for our operations, personal information of our passengers and employees and information of our business partners. The secure operation of our networks and systems, and those of our business partners and third-party service providers, on which this type of information is stored, processed and maintained is critical to our business operations and strategy. These networks and systems are subject to an increasing threat of continually evolving cybersecurity risks, which we must manage.

We expect unauthorized parties to continue attempting to gain access to our systems or information, or those of our business partners and third-party service providers, including through fraud or other means of deception, or introduction of malicious code, such as malware and ransomware. If successful, these actions could cause harm to our computer systems or compromise data stored on our computer networks or those of our business partners and third-party service providers, potentially causing us to incur remedial, legal and other costs, which could be material. Hardware or software we or our business partners or third-party service providers develop, acquire or use in connection with our systems may contain defects that could unexpectedly compromise information security.

The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or to detect for long periods of time. As a result of these types of risks and regular attacks on our systems, we regularly review and update procedures and processes to prevent and protect against unauthorized access to our systems and information and inadvertent misuse of data. In addition to continuously assessing risk and reviewing our procedures, processes and technologies, we continue to educate our employees about these risks and to monitor, review and update the process and control requirements we expect third parties and vendors to leverage and implement for the protection of information regarding our customers, employees or business partners that is in their care. However, the constantly changing nature of the threats means that we may not be able to prevent all information security breaches or misuse of data. In addition, as cybercriminals become more sophisticated, the cost of proactive defensive measures continues to increase.

We are also subject to evolving global privacy and security regulatory obligations and an increasing customer focus on privacy issues and data security in the United States and abroad, as well as to geopolitical risks associated with international data transfer. The compromise of our or our business partners' or third-party service providers' technology systems resulting in the loss, interruption, disclosure, misappropriation of, or access to, our information or that of our customers, employees or business partners could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy and security of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business. The costs to remediate breaches and similar system compromises that do occur could be material.

Disruptions of our information technology infrastructure could interfere with our operations, possibly having a material adverse effect on our business.

Disruptions in our information technology capability could result from a technology error or failure impacting our internal systems, whether hosted internally at our data centers or externally at third-party locations, or large-scale external interruption in technology infrastructure support on which we depend, such as power, telecommunications or the internet. The operation of our technology systems and the use of related data may also be vulnerable to a variety of other sources of interruption, including natural disasters, terrorist attacks, computer viruses, hackers and other security issues. A significant individual, sustained or repeated failure of our information technology infrastructure, including third-party networks we utilize and on which we depend, could impact our operations and our customer service, result in increased costs and damage our reputation. While we have in place initiatives to prevent disruptions and disaster recovery plans and continue to invest in improvements to these initiatives and plans, we have previously experienced infrastructure disruptions. These measures may not be adequate to prevent a future business disruption and any material adverse financial and reputational consequences to our business as recent outages of large cloud providers whom we rely on has shown.

Failure of the technology we use to perform effectively could have a material adverse effect on our business.

We are dependent on technology initiatives and capabilities to provide customer service and operational effectiveness in order to compete in the current business environment. For example, substantially all of our tickets are issued to our customers as electronic tickets, and a growing number of our customers check in using our website, airport kiosks and our FlyDelta mobile application. We have made and continue to make significant investments in customer facing technology such as delta.com, the FlyDelta mobile application, in-flight wireless internet, check-in kiosks, customer service applications, application of biometric technology, airport information displays and related initiatives, including security for these initiatives. We are also investing in significant upgrades to technology infrastructure and other supporting systems and transitioning to cloud-based technologies. The performance, reliability and security of the technology we use are critical to our ability to serve customers. If this technology does not perform effectively, including as a result of the implementation or integration of new or upgraded technologies or systems, our business and operations would be negatively affected, which could be material.

Our business and results of operations are dependent on the price of aircraft fuel. High fuel costs or cost increases, including in the cost of crude oil, could have a material adverse effect on our results of operations.

Our results of operations are significantly impacted by changes in the price of aircraft fuel. Fuel costs represented 21%, 24% and 20% of our operating expense in 2023, 2022 and 2021, respectively. Fuel prices are highly volatile and at times have increased substantially. In 2023, our average fuel price per gallon was $2.82, ranging from a monthly low of approximately $2.41 per gallon to a monthly high of approximately $3.18 per gallon.

We acquire a significant amount of jet fuel from Monroe and through strategic agreements associated with the refinery that Monroe has with third parties. The cost of the fuel we purchase under these arrangements remains subject to volatility in the cost of crude oil and jet fuel. In addition, we have historically purchased a significant amount of aircraft fuel in addition to what we obtain from Monroe. Our aircraft fuel purchase contracts alone do not provide material protection against price increases as these contracts typically establish the price based on industry standard market price indices.

Because passengers often purchase tickets well in advance of their travel, a significant rapid increase in fuel price may result in the fare charged not covering that increase. At times in the past, we often were not able to increase our fares to offset fully the effect of increases in fuel costs, and we may not be able to do so in the future.

Significant extended disruptions in the supply of aircraft fuel, including from Monroe, could have a material adverse effect on our business and results of operations.

Weather-related events, natural disasters, political disruptions or disputes involving oil-producing countries, changes in governmental policy concerning aircraft fuel production, transportation or taxes, changes in refining capacity or refining priorities, environmental concerns and other unpredictable events may impact crude oil and fuel supply and could result in shortages in the future. Shortages in fuel supplies could have negative effects on our business and results of operations.

Unplanned disruptions or interruptions of production at the refinery could have a negative impact on our ability to acquire jet fuel needed for our operations. Disruptions or interruptions of production at the refinery could result from various sources including a major accident or mechanical failure, interruption of supply or delivery of crude oil, work stoppages relating to organized labor issues, or damage from severe weather or other natural or man-made disasters, including acts of terrorism. If the refinery were to experience an unexpected interruption in operations, disruptions in fuel supplies could have negative effects on our results of operations and financial condition. In addition, the financial benefits from the operation of the refinery could be materially adversely affected (to the extent not recoverable through insurance) because of lost production and repair costs.

If Monroe's cost of producing non-jet fuel products significantly exceeds the value it receives for those products, the financial benefits we expect to achieve through the ownership of the refinery and our consolidated results of operations could be materially adversely affected.

Our commercial relationships with airlines in other parts of the world and the investments that we have in certain of those carriers may not produce the results or returns we expect.

An important part of our strategy to expand our global network has been to develop and expand strategic relationships with a number of airlines through joint ventures and other forms of cooperation and support, including equity investments. These relationships and investments involve significant challenges and risks, including that joint ventures or cooperation agreements may be subject to ongoing review and renewal requirements and may not generate the expected financial results, or that we may not realize a satisfactory return on our investments. For example, the DOT's approval of and antitrust immunity grant for our joint cooperation agreement with Aeroméxico is subject to a pending renewal application with the DOT, which was tentatively dismissed pursuant to an Order to Show Cause issued by the DOT on January 26, 2024. The existing immunity remains in effect pending final adjudication of the renewal application, the timing and outcome of which cannot be predicted at this time.

We are dependent on these other carriers for significant aspects of our network in the regions in which they operate. While we work closely with these carriers, we do not have control over their operations or business methods. To the extent that the operations of any of these carriers are disrupted over an extended period or their actions have a significant adverse effect on our operations, our results of operations could be materially adversely affected. If our commercial arrangements with any of these partners are not maintained, any investments or other assets associated with those partners could become impaired, and our business and results of operations could be materially adversely affected.

A significant disruption in, or other problems with respect to, the operations or performance of third parties on which we rely, including third-party carriers, could have a material adverse effect on our business and results of operations.

We rely on the operations and performance of third parties in a number of areas that are important to our business, including third-party regional carriers, international alliance partners and ground operation providers at some airports. While we have agreements with certain of these third parties that define expected service performance, we do not have direct control over their operations. To the extent that the operations of a third-party on which we rely is significantly disrupted or if these third parties experience significant performance issues (including failing to satisfy any applicable performance standards) or fail to meet any applicable compliance requirements, our revenue may be reduced, our expenses may be increased and our reputation may be harmed, any or all of which could result in a material adverse effect on our business and results of operations.

Some regional carriers, including our wholly owned subsidiary, Endeavor, are facing a shortage of qualified pilots and experiencing operating constraints as a result. If this shortage becomes more widespread, third-party regional carriers may not be able to comply with their obligations to us, and Endeavor may not be able to perform as expected, which could reduce our expected capacity and affect our revenue, resulting in a material adverse effect on our business and results of operations.

Agreements governing our debt, including our credit facilities and our SkyMiles financing agreements, include financial and other covenants. Certain of these covenants impose restrictions on our business, and failure to comply with any of the covenants in these agreements could result in events of default.

Our debt agreements contain various affirmative, negative and financial covenants, including our credit facilities and our SkyMiles financing agreements, each of which contains a minimum liquidity covenant. Certain of our debt agreements and our SkyMiles financing agreements contain minimum coverage ratios. A decline in these coverage ratios, including due to factors that are beyond our control, could trigger an early amortization event or, if applicable, require us to post additional collateral. Our SkyMiles financing agreements also restrict our ability to, among other things, change the policies and procedures of the SkyMiles program in a manner that would reasonably be expected to materially impair repayment of our SkyMiles debt. Complying with certain of the covenants in our debt agreements, and other restrictive covenants that may be contained in any future debt agreements, could limit our ability to operate our business and to take advantage of business opportunities that are in our long-term interest.

While the covenants in our debt agreements are subject to important exceptions and qualifications, if we fail to comply with them and are unable to obtain a waiver or amendment, refinance the indebtedness subject to these covenants or take other mitigating actions, an event of default would result. These arrangements also contain other events of default customary for such financings. If an event of default were to occur, the lenders or noteholders could, among other things, declare outstanding amounts due and payable and where applicable and subject to the terms of relevant collateral agreements, repossess collateral, including aircraft or other valuable assets. In addition, an event of default or acceleration of indebtedness under one agreement could result in an event of default under other of our financing agreements. The acceleration of significant indebtedness could require us to seek to renegotiate, repay or refinance the obligations under our financing arrangements, and there is no assurance that such renegotiation or refinancing efforts would be successful.

Employee strikes and other labor-related disruptions may have a material adverse effect on our operations.

Our business is labor intensive, utilizing large numbers of pilots, flight attendants, aircraft maintenance technicians, ground support personnel and other personnel. As of December 31, 2023, 20% of our workforce, primarily pilots, was unionized. Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, which provides that a collective bargaining agreement between an airline and a labor union does not expire, but instead becomes amendable as of a stated date. The Railway Labor Act generally prohibits strikes or other types of self-help actions both before and after a collective bargaining agreement becomes amendable, unless and until the collective bargaining processes required by the Railway Labor Act have been exhausted. Separately, the NLRA governs Monroe's relations with the union representing their employees, which generally allows self help after a collective bargaining agreement expires.

If we or our subsidiaries are unable to reach agreement with any of our unionized work groups in future negotiations regarding the terms of their collective bargaining agreements or if additional segments of our workforce become unionized, we may be subject to work interruptions or stoppages, subject to the requirements of the Railway Labor Act or the NLRA, as the case may be. Strikes or labor disputes with our unionized employees may have a material adverse effect on our ability to conduct business. Likewise, if third-party regional carriers with which we have contract carrier agreements are unable to reach agreement with their unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, those carriers may be subject to work interruptions or stoppages, subject to the requirements of the Railway Labor Act, which could have a material adverse effect on our operations.

Our results can fluctuate due to seasonality and other factors.

Our results of operations are impacted by a number of factors including seasonality and changing economic and other conditions beyond our control. Demand for air travel is typically higher in the June and September quarters, particularly in our international markets, because there is more vacation travel during these periods than during the remainder of the year. The seasonal shifting of demand causes our financial results to vary on a quarterly basis. Changes in the value of our equity investments in other airlines and airline service companies can also be significant and cause fluctuations in our results. Other factors that may affect our results include severe weather conditions and natural disasters (or other environmental events), which could significantly disrupt service and create air traffic control problems. In addition, increases in the frequency, severity or duration of thunderstorms, hurricanes, typhoons, floods or other severe weather events, including from changes in the global climate and rising global temperatures, could result in increases in delays and cancellations, turbulence-related injuries and fuel consumption to avoid such weather, any of which could result in loss of revenue and higher costs. Because of fluctuations in our results from seasonality and other factors, results of operations for a historical period are not necessarily indicative of results of operations for a future period and results of operations for an interim period are not necessarily indicative of results of operations for an entire year.

An environmental or other incident associated with the operation of the Monroe refinery could have a material adverse effect on our consolidated financial results if insurance is unable to cover a significant liability. In addition, such an incident could damage our reputation.

Monroe's refining operations are subject to various hazards unique to refinery operations, including explosions, fires, toxic emissions and natural catastrophes. Monroe could incur substantial losses, including cleanup costs, fines and other sanctions and third-party claims, and its operations could be interrupted, as a result of such an incident. Monroe's insurance coverage does not cover all potential losses, costs or liabilities, and Monroe could suffer losses for uninsurable or uninsured risks or in amounts greater than its insurance coverage. In addition, Monroe's ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which it has no control. If Monroe were to incur a significant liability for which it is not fully insured or for which insurance companies do not or are unable to provide coverage, this could have a material adverse effect on our consolidated financial results of operations or consolidated financial position. In addition, because of our ownership of Monroe, the occurrence of an environmental or other incident could result in damage to our reputation, which could have a material adverse effect on our financial results.

The operation of the refinery by Monroe is subject to significant environmental regulation. Failure to comply with environmental regulations or the enactment of additional regulation applicable to Monroe could have a material adverse effect on our consolidated financial results.

Monroe’s operations are subject to extensive environmental, health and safety laws and regulations, including those relating to the discharge of materials into the environment, waste management, pollution prevention measures and greenhouse gas emissions, which are subject to change over time. Monroe could incur fines and other sanctions, cleanup costs and third-party claims as a result of violations of or liabilities under environmental, health and safety requirements, which if significant, could have a material adverse effect on our consolidated financial results. In addition, the enactment of new, more stringent environmental laws and regulations, including any laws or regulations relating to greenhouse gas emissions, could significantly increase the level of expenditures required for Monroe or restrict its operations.

In particular, in administering the RFS, created by the U.S. Congress under the Energy Independence and Security Act of 2007, the EPA created a program to ensure compliance with RFS mandates for the blending of renewable fuels into Transportation Fuels. RINs are assigned to renewable fuels produced or imported into the U.S. that are blended into Transportation Fuels to demonstrate compliance with this obligation. A refinery may meet its obligation under RFS by blending the necessary volumes of renewable fuels with Transportation Fuels, by purchasing RINs in the open market, or by a combination of blending and purchasing RINs.

Because Monroe is able to blend only a small amount of renewable fuels, it must purchase the majority of its RINs obligation in the secondary market. As a result, Monroe is exposed to the market price of RINs. Market prices for RINs have been volatile, marked by periods of sharp increases and decreases primarily in response to speculation about what the EPA and/or the U.S. Congress will do with respect to compliance obligations. We cannot predict these actions or the future prices of RINs. Monroe’s purchase of RINs at elevated prices in the future could have a material impact on our consolidated results of operations and cash flows.

Existing laws or regulations could change, and the minimum volumes of renewable fuels that must be blended with refined petroleum products may increase. Increases in the volume of renewable fuels that must be blended into Monroe’s products could limit the refinery’s production if sufficient numbers of RINs are not available for purchase, or if relief from this requirement is not obtained, which could have a material adverse effect on our consolidated financial results.

Significant damage to our reputation and brand, including as a result of significant adverse publicity or inability to achieve certain sustainability goals, could materially adversely affect our business and financial results.

Maintaining our reputation and global brand is critical to our business. We operate in a highly visible and public environment with significant real-time exposure to traditional and social media. Adverse publicity, whether justified or not, can rapidly spread, including through social or digital media. In particular, passengers can use social media to portray interactions with Delta, without context, in a manner that can be quickly and broadly disseminated. To the extent we are unable to respond in a timely and appropriate manner to adverse publicity, our brand and reputation may be damaged.

Our reputation and brand could also be adversely impacted by, among other things, failure to make progress toward and achieve our environmental sustainability and diversity, equity and inclusion goals, as well as public pressure from investors or policy groups to change our policies or negative public perception of the environmental impact of air travel. For example, we have established ambitious goals to reduce our greenhouse gas emissions. Achieving these ambitious goals will require significant capital investment from manufacturers and other stakeholders, as we are unable to achieve these goals using our existing fleet, current technologies and available fuel sources. We are continuing to develop our climate strategy and transition plan; however, our ability to execute on such a plan is subject to substantial risks and uncertainties, as it is dependent on the actions of governments and third parties and will require, among other things, significant capital investment, including from third parties, research and development from manufacturers and other stakeholders, along with government policies and incentives to reduce the cost, and incent production, of SAF and other technologies that are not presently in existence or available at scale. Significant damage to our reputation and brand could have a material adverse effect on our business and financial results, including as a result of litigation related to any of these matters.

If we lose senior management and other key employees and they are not replaced by individuals with comparable skills, or we otherwise fail to maintain our company culture, our business and results of operations could be materially adversely affected.

We are dependent on the experience and industry knowledge of our officers and other key employees to design and execute our business plans. If we experience a substantial turnover in our leadership and other key employees and we are not able to replace these persons with individuals with comparable skills, or we otherwise fail to maintain our company culture, our performance could be materially adversely impacted. Furthermore, we may be unable to attract and retain additional qualified senior management and other key personnel as needed in the future.

Risk Factors Relating to the Airline Industry

Disease outbreaks, such as the COVID-19 pandemic or similar public health threats that may arise in the future, and measures implemented to combat them have had, and may in the future have, a material adverse effect on our business.

The COVID-19 pandemic, the measures governments and private parties implemented in order to stem its spread, and the general concern about the virus among travelers had a material adverse effect on the demand for worldwide air travel compared to historical levels, and consequently upon our business for an extended period. Similar disease outbreaks or public health threats that may arise in the future could have similarly adverse effects on our business.

Our operations were, and could in the future be, negatively affected further if our employees are quarantined or sickened as a result of exposure to a disease outbreak, or as a result of a similar public health crisis, or if they are subject to additional governmental curfews or "shelter in place" health orders or similar restrictions. Measures restricting the ability of our airport or in-flight employees to come to work negatively impact our service or operations, all of which could negatively affect our business.

We are unable to predict the extent to which disease outbreaks or other public health threats that may arise in the future may change our customers' behavior or travel patterns, which could have a material impact on our business. The degree to which any future disease outbreaks or public health threats may impact our revenues, results of operations and financial condition is uncertain and will depend on future developments.

Terrorist attacks, geopolitical conflict or security events may adversely affect our business, financial condition and results of operations.

Terrorist attacks, geopolitical conflict or security events, or the fear or threat of any of these events, could have a significant adverse effect on our business. Despite significant security measures at airports and airlines, the airline industry remains a high profile target for terrorist groups. We rely on government provided threat intelligence and utilize private sources to constantly monitor for threats from terrorist groups and individuals, including from violent extremists both internationally and domestically, with respect to direct threats against our operations and in ways not directly related to the airline industry. In addition, the impact on our operations of avoiding areas of the world, including airspace, in which there are geopolitical conflicts and the targeting of commercial aircraft by parties to those conflicts can be significant. Security events, primarily from external sources but also from potential insider threats, also pose a significant risk to our passenger and cargo operations. These events could include random acts of violence and could occur in public areas that we cannot control.

Terrorist attacks, geopolitical conflict or security events, or the fear or threat of any of these events, even if not made directly on or involving the airline industry, could have a significant negative impact on us by discouraging passengers from flying, leading to decreased ticket sales and increased refunds. In addition, potential costs from these types of events include increased security costs, impacts from avoiding flight paths over areas in which conflict is occurring or could occur, such as flight redirections or cancellations, reputational harm and other costs. If any or all of these types of events occur, they could have a material adverse effect on our business, financial condition and results of operations.

The global airline industry is highly competitive and, if we cannot successfully compete in the marketplace, our business, financial condition and results of operations will be materially adversely affected.

The airline industry is highly competitive, marked by significant competition with respect to routes, fares, schedules (both timing and frequency), operational reliability, services, products, customer service and loyalty programs. Consolidation in the airline industry, changes in international alliances, the creation of immunized joint ventures and the rise of subsidized government-sponsored international carriers have altered and will continue to alter the competitive landscape in the industry, resulting in the formation of airlines and alliances with increased financial resources, more extensive global networks and competitive cost structures.

Our domestic operations are subject to significant competition from traditional network carriers, including American Airlines and United Airlines, national point-to-point carriers, including Alaska Airlines, JetBlue Airways and Southwest Airlines, and other discount or ultra-low-cost carriers, including Allegiant Air, Avelo Airlines, Breeze Airways, Frontier Airlines and Spirit Airlines. Some of these carriers have business models primarily focused on maintaining low costs, with the intention of providing service at lower fares to destinations served by Delta. In particular, we face significant competition at our domestic hubs and key airports either directly at those airports or at the hubs of other airlines that are located in close proximity. We also face competition in small- to medium-sized markets from regional jet operations of other carriers. Our ability to compete in the domestic market effectively depends, in part, on our ability to maintain a competitive cost structure. If we cannot maintain our costs at a competitive level, then our business, financial condition and results of operations could be materially adversely affected.

Our international operations are subject to competition from both foreign and domestic carriers, including from point-to-point carriers on certain international routes. Through alliance and other marketing and codesharing agreements with foreign carriers, U.S. carriers have increased their ability to sell international transportation, such as services to and beyond traditional European, Asian and Latin American gateway cities. Similarly, foreign carriers have obtained increased access to interior U.S. passenger traffic beyond traditional U.S. gateway cities through these relationships.

In particular, several joint ventures among U.S. and foreign carriers, including several of our joint ventures as well as those of our competitors, have received grants of antitrust immunity allowing the participating carriers to coordinate networks, schedules, pricing, sales and inventory. In addition, alliances formed by domestic and foreign carriers, including SkyTeam, the Star Alliance (among United Airlines, Lufthansa German Airlines, Air Canada and others) and the oneworld alliance (among American Airlines, British Airways, Qantas and others) have enhanced competition in international markets.

The airline industry also faces competition from surface transportation and technological alternatives such as virtual meetings, teleconferencing or videoconferencing. Increased competition from these sectors in both the domestic and international markets may have a material adverse effect on our business, financial condition and results of operations.

Extended interruptions or disruptions in service at major airports in which we operate or significant problems associated with a type of aircraft or engine we operate could have a material adverse effect on our financial condition and results of operations.

The airline industry is heavily dependent on business models that concentrate operations in major airports in the United States and throughout the world. An interruption or disruption at an airport or facility where we have significant operations, whether resulting from air traffic control delays, failure of computer systems or technology infrastructure, weather events or natural disasters, or performance issues from third-party service providers, if sustained for an extended period of time, could have a material adverse effect on our business, financial condition and results of operations.

Similarly, the airline industry is heavily dependent on a limited number of aircraft and engine manufacturers whose products are subject to extensive regulatory requirements. Any significant problems associated with an aircraft or engine type that we operate, including new aircraft or engine types, such as design defects, mechanical problems, contractual performance by the manufacturers or adverse perception by the public leading to customer avoidance, or adverse actions by the FAA resulting in limitations on use or grounding could have a negative impact on our operations if we are not able to substitute or replace the affected aircraft or engine type. Any of the foregoing could have a material adverse effect on our financial condition and results of operations.

The airline industry is subject to extensive government regulation, which is costly and could materially adversely affect our business.

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs and may have material adverse effects on our business. For instance, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that necessitate significant expenditures and could carry operational implications. We expect to continue incurring significant expenses to comply with the FAA's regulations. In addition, a directive or other regulation that has a significant operational impact on us could have a material adverse impact on our financial results.

Other laws, regulations, taxes and airport rates and charges have also been imposed from time to time that significantly increase the cost of airline operations, reduce revenues or otherwise impact our business. The industry is heavily taxed. Additional taxes and fees, if implemented, could negatively impact our results of operations.

Airport slot access is subject to government regulation and changes in slot regulations or allocations could impose a significant cost on the airlines operating in airports subject to such regulations or allocations or otherwise adversely affect an airline's business. Certain of our hubs are among the most congested airports in the United States and have been, and could in the future be, the subject of regulatory action that might limit the number of flights and/or increase costs of operations at certain times or throughout the day. Air traffic control inefficiencies can also enhance these pressures.

In addition, inefficiencies in the U.S. air traffic control system, which is regulated by the FAA, can result in delays and disruptions of air traffic, especially during peak travel periods in certain congested markets. Failure to implement measures to improve the air traffic control system could lead to increased delays and inefficiencies in flight operations as demand for U.S. air travel increases, having a material adverse effect on our operations. Failure to update the air traffic control system in a timely manner, and the substantial funding requirements of an updated system that may be imposed on air carriers, may have an adverse impact on our financial condition and results of operations.

As an international carrier, we are subject to a wide variety of U.S. and foreign laws that affect trade, including tariff and trade policies, export and import requirements, taxes, monetary policies and other restrictions and charges. In particular, the imposition of significant tariffs with respect to aircraft that we are not able to mitigate could substantially increase our costs, which in turn could have a material adverse effect on our financial results.

In addition, some of our operations are in high-risk legal compliance environments. Failure to comply with trade sanctions and restrictions, the Foreign Corrupt Practices Act (the "FCPA") and similar anti-bribery laws in non-U.S. jurisdictions, as well as other applicable laws or regulations could result in litigation, assessment of damages, imposition of penalties or other consequences, any or all of which could harm our reputation and have an adverse effect on our financial results. In certain circumstances, we also may be subject to consequences of the failure of our airline partners to comply with laws and regulations, including U.S. laws to which they may be subject such as the FCPA.

We and other U.S. carriers are subject to U.S. and foreign laws regarding privacy and security of passenger and employee data that are not consistent in all countries in which we operate and which are continuously evolving, requiring ongoing monitoring and updates to our privacy and information security programs. Although we dedicate significant resources to manage compliance with global privacy and information security obligations, this challenging regulatory environment may pose material risks to our business, including increased operational burdens and costs, regulatory enforcement, and legal claims or proceedings.

The airline industry is subject to many forms of environmental regulation, including but not limited to regulation of hazardous substances, increased regulation to reduce emissions and other risks associated with climate change. The cost of compliance with more stringent environmental regulations, failure to comply with existing or future regulations or failure to otherwise manage the risks of climate change effectively could have a material adverse effect on our business.

Many aspects of our operations are subject to evolving and increasingly stringent federal, state, local and international laws governing environmental protection. Compliance with existing and future environmental laws and regulations could require capital investment and increase operational costs, and violations can lead to significant fines and penalties and reputational harm.

For example, in 2022, the EPA proposed regulations to define certain PFAS as "hazardous substances" under CERCLA, and the EPA has proposed to regulate certain PFAS as "hazardous constituents" under RCRA. The EPA is also proposing to regulate PFAS under the Safe Drinking Water Act. PFAS are used in a wide variety of consumer and industrial products, including the firefighting foams used to extinguish fuel-based fires at airports and refineries. Numerous states have adopted regulations governing PFAS as well, and some have adopted legislation prohibiting the manufacture, sale, distribution and/or use of firefighting foam containing intentionally added PFAS. EPA's proposed rule under CERCLA, once finalized, could subject airports, airlines, and refineries, among others, to potential liability for cleanup of historical PFAS contamination associated with use of PFAS-containing firefighting foam, and some state laws require transition to alternative fire suppression systems. The ultimate impact and associated cost to Delta of these legislative and regulatory developments related to PFAS, including firefighting foam, cannot be predicted at this time.

Future regulatory action concerning climate change, aircraft emissions and noise could have a significant effect on the airline industry. In order to address aircraft carbon dioxide emissions, the International Civil Aviation Organization (ICAO), a United Nations specialized agency, formally adopted a global, market-based emission offset program known as CORSIA. This program establishes a goal for the aviation industry to achieve carbon-neutral growth in international aviation beginning in 2021 through the use of carbon offsets and/or lower carbon aviation fuel. ICAO set the baseline for establishing airlines' obligations under CORSIA for 2021 to 2023 based on 2019 travel, and in 2022 set a new, more stringent CORSIA baseline of 85% of 2019, which will apply from 2024 through 2035. Because certain CORSIA program details remain to be developed and could potentially be affected by political developments in participating countries or the results of the initial phases of the program, the impact of CORSIA cannot be predicted at this time. However, CORSIA is expected to increase operating costs for airlines that operate internationally.

In addition to CORSIA, we may face a patchwork of regulation of aircraft emissions in the U.S. and abroad and could become subject to further taxes, charges or additional requirements to obtain permits or purchase allowances or emission credits for greenhouse gas emissions in various jurisdictions. For example, in 2023, the EU adopted updated legislation on the EU Emissions Trading System ("ETS"). The new legislation continues in effect the so-called "stop-the-clock" provision whereby EU ETS does not apply to flights to or from locations outside the EEA, Switzerland or the UK until 2027. However, the legislation provides for a review of the effectiveness of CORSIA in 2026 that could, if CORSIA is not deemed sufficiently effective, lead to the application of EU ETS to all flights departing the EU and EEA. Also in 2023, the EU adopted legislation that will impose a SAF mandate on fuel supplied at EU airports. The mandate initially requires that, of the jet fuel supplied in the EU, 2% must be SAF beginning in 2025, and the percentage increases incrementally over time to 70% in 2050. This mandate is expected to increase the cost of SAF in the EU. Additional regulation could result in taxation, regulatory or permitting requirements from multiple jurisdictions for the same operations and significant costs for the airline industry, including Delta. In addition to direct costs, such regulation could result in increased fuel costs passed through from fuel suppliers affected by any such regulations. While the specific nature of future actions is hard to predict, new laws or regulations related to environmental matters adopted in the U.S. or other countries could impose significant additional costs on or otherwise adversely affect our operations. Certain airports have also adopted, and others could in the future adopt, greenhouse gas emission or climate-related goals and requirements that could impact our operations or require us to make changes or investments in our infrastructure.

In addition to risks from potential changes to environmental regulation and policy, the transition to lower-carbon technologies, such as SAF, or changes in consumer preferences resulting from a negative perception of the environmental impact of air travel could materially adversely affect our business and financial results. For example, lower-carbon technologies such as SAF and direct air capture technologies are currently not available at scale and may take decades to develop, and the cost to transition to them could be prohibitively expensive without appropriate government policies and incentives in place.

Because of the global nature of our business, unfavorable economic or political conditions in the markets in which we operate or volatility in currency exchange rates could have a material adverse effect on our business, financial condition and results of operations.

As a result of the discretionary nature of air travel, the airline industry has been cyclical and particularly sensitive to changes in economic conditions. Because we operate globally, our business is subject to economic and political conditions throughout the world. During periods of unfavorable or volatile economic conditions in the economy in the U.S. or abroad, demand for air travel can be significantly impacted as business and leisure travelers choose not to travel, seek alternative forms of transportation for short trips or conduct business using technological alternatives. If unfavorable economic conditions occur, particularly for an extended period, our business, financial condition and results of operations may be adversely affected. In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies, and the imposition of exchange controls or other currency restrictions, may have a material adverse effect on our liquidity, financial conditions and results of operations.

Our international operations are an important part of our route network. Political disruptions and instability around the world can negatively impact the demand and network availability for air travel. Additionally, any deterioration in global trade relations, such as increased tariffs or other trade barriers, could result in a decrease in the demand for international air travel.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We are committed to safeguarding our information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction. Our program to protect our information assets and the management of risks to those assets supports the confidentiality, integrity, and availability of the information necessary to our long-term business success.

Risk Management & Strategy

Our processes for assessing, identifying and managing material risks from cybersecurity threats is incorporated into our Enterprise Risk Management ("ERM") framework. Our information security and ERM teams coordinate to regularly review and assess these risks using a wide range of tools and services. Our cybersecurity program leverages components from several industry frameworks and generally recognized best practices, including International Organization for Standardization 27001 and National Institute of Standards and Technology ("NIST") standards, such as the NIST Cybersecurity Framework, which emphasizes identification, protection, detection, response and recovery. We regularly assess our information security program capabilities and tools to improve reliability, enhance capabilities and scan our environment for vulnerabilities and weaknesses.

Our information technology teams are trained to remediate vulnerabilities identified within established timeframes and our information security team reports to management on a weekly basis regarding the security risk posture of our information technology assets. We have established a dedicated Information Technology Risk team tasked with the goal of ensuring that risk remediation activities are carried out consistently and that risk remediation controls are operating as intended and within established thresholds.

Enterprise-wide training is a vital component to reducing risk and protecting customers, employees and company information. We expect all Delta employees to adhere to information security and privacy policies as they handle corporate and customer information in their daily jobs. As a result, we require all employees and contractors with access to Delta's information to complete annual training, which is updated as new technology, security and privacy issues emerge. All new employees are required to complete training within 30 days of hire. We also regularly conduct other training and employee education activities, including through awareness programs and campaigns.

We engage with assessors, consultants, auditors and other third parties, including by regularly having a third party review our overall cybersecurity program to help identify areas for continued focus, improvement and/or compliance. In connection with certain regulatory requirements, we are required to engage third parties to assess our cybersecurity controls.

Our cybersecurity program is subject to TSA requirements applicable to certain TSA-regulated airport and aircraft operators, including the requirement to develop a TSA-approved implementation plan describing measures we are taking to improve cybersecurity and to assess the effectiveness of those measures on an ongoing basis.

Our processes also address cybersecurity threat risks associated with our use of third-party service providers, including those who have access to our data or our systems. Third-party risks are included within our risk assessment of vendors, as well as our cybersecurity-specific risk identification program. In addition, cybersecurity considerations affect the selection and oversight of third-party service providers. We perform diligence on third parties, particularly those that have access to our systems, data or facilities that house such systems or data, and continually monitor cybersecurity threat risks identified through such diligence. Additionally, we generally require those third parties that could introduce significant cybersecurity risk to us to agree by contract to manage their cybersecurity risks in specified ways, and to agree to be subject to cybersecurity audits, which we conduct as appropriate.

We regularly test our incident response processes through table-top exercises to ensure they continue to be effective as our business and the cybersecurity threat landscape evolve. Our incident response processes are designed to guide the actions we take to prepare for, detect, respond to and recover from cybersecurity incidents.

In the last three fiscal years, we have not experienced any material cybersecurity incidents and the expenses we have incurred from cybersecurity incidents were immaterial. We describe whether and how risks related to cybersecurity threats are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, in Item 1A of this Annual Report on Form 10-K, which disclosures are incorporated by reference in this Item 1C.

Governance

Our Board is engaged in the oversight of cybersecurity threat risk management. As reflected in the Audit Committee's charter, the Board has specifically delegated responsibility for oversight of cybersecurity matters to the Audit Committee as part of its review of our ERM framework. The Audit Committee regularly receives updates on cybersecurity risks and the security and operations of our information technology systems from our Chief Information Officer and our Chief Information Security Officer. In 2023, the Audit Committee received briefings on information security matters at all of its regular meetings. In addition, our Chief Information Officer, our Chief Information Security Officer, other members of our information technology leadership team and an outside legal expert on cybersecurity matters held a special session with all members of our Board of Directors to provide an overview of the information security environment. In addition to information provided in these meetings, members of our Board also have access to internal and external education on cybersecurity risks. The Board also benefits from the expertise of one of our members who has significant experience in management of cybersecurity companies.

Our information security team is led by our Senior Vice President & Chief Information Security Officer, who reports directly to our Executive Vice President - Chief Information Officer. Leadership of the information security team has extensive dedicated cybersecurity experience. Additionally, the collective leadership team holds 21 certifications in cybersecurity and related fields, including Certified Information Systems Security Professional, Certified Information Security Manager, and Certified Information Systems Auditor.

Our Chief Information Security Officer and other members of our cybersecurity leadership team regularly participate in threat intelligence briefings provided through various government and industry entities. Both our Chief Information Officer and our Chief Information Security Officer are members of the Delta Risk Council, which is the management group that oversees all areas of our business risk. Cybersecurity threat risks are a regular subject addressed by this group. In addition, our Chief Information Officer is a member of the Delta Leadership Committee and provides updates to this group as needed about cybersecurity matters. Our cybersecurity incident response plan includes processes for communication about cybersecurity incidents to appropriate levels of management, including to the Risk Council and Leadership Committee, as well as the Audit Committee and the Board, as merited.

ITEM 2. PROPERTIES

Flight Equipment

Our operating aircraft fleet, purchase commitments and options at December 31, 2023 are summarized in the following table.

Mainline aircraft information by fleet type

	Current Fleet[1]						Commitments	
Fleet Type	Owned	Finance Lease	Operating Lease	Total	Average Age (Years)		Purchase	Options
A220-100	41	4	—	45	4.0		—	—
A220-300	23	—	—	23	1.6		77	—
A319-100	57	—	—	57	21.8		—	—
A320-200	60	—	—	60	28.2		—	—
A321-200	63	22	42	127	5.0		—	—
A321-200neo	48	—	—	48	0.8		107	70
A330-200	11	—	—	11	18.8		—	—
A330-300	28	—	3	31	14.9		—	—
A330-900neo	19	3	5	27	2.0		12	—
A350-900	17	—	11	28	5.1		16	—
B-717-200	10	70	—	80	22.3		—	—
B-737-800	73	4	—	77	22.3		—	—
B-737-900ER	114	—	49	163	8.0		—	—
B-737-10	—	—	—	—	—		100	30
B-757-200	100	—	—	100	26.4		—	—
B-757-300	16	—	—	16	20.9		—	—
B-767-300ER	44	—	—	44	27.7		—	—
B-767-400ER	21	—	—	21	23.0		—	—
Total	745	103	110	958	14.8		312	100

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

The following table summarizes the aircraft operated by regional carriers on our behalf at December 31, 2023. In 2023, we retired all remaining CRJ-200 aircraft from service.

Regional aircraft information by fleet type and carrier

	Fleet Type[1][2]				
Carrier	CRJ-700	CRJ-900	Embraer 170	Embraer 175	Total
Endeavor Air, Inc. [3]	9	118	—	—	127
SkyWest Airlines, Inc.	8	38	—	85	131
Republic Airways, Inc.	—	—	11	46	57
Total	17	156	11	131	315

(1) We own 190 and have operating leases for three of these regional aircraft. The remainder are owned or leased by SkyWest Airlines, Inc. or Republic Airways, Inc.

(2) Excluded from the total operating count above are nine CRJ-700 and five CRJ-900 which are owned and temporarily parked as of December 31, 2023.

(3) Endeavor Air, Inc. is a wholly owned subsidiary of Delta.

Aircraft Purchase Commitments

As part of a multi-year effort, we have been investing in new aircraft to provide an improved customer experience, greater fuel efficiency that results in reduced carbon emissions, better operating economics and more premium products. Our contractual purchase commitments for additional aircraft as of December 31, 2023 are detailed in the following table:

Aircraft purchase commitments by fleet type

	Delivery in Calendar Years Ending				
Aircraft Purchase Commitments[(1)]	**2024**	**2025**	**2026**	**After 2026**	**Total**
A220-300	7	8	14	48	77
A321-200neo	25	22	24	36	107
A330-900neo	7	5	—	—	12
A350-900	7	6	3	—	16
B-737-10	—	20	20	60	100
Total	46	61	61	144	312

(1) The timing of these commitments is based on our contractual agreements with the aircraft manufacturers and remains uncertain due to supply chain, manufacturing and regulatory constraints.

In January 2024, we entered into a purchase agreement with Airbus for 20 A350-1000 aircraft, with an option to purchase an additional 20 widebody aircraft. Deliveries of these aircraft are scheduled to begin in 2026.

Ground Facilities

Airline Operations

We lease most of the land and buildings that we occupy. Our largest aircraft maintenance base, various equipment maintenance, cargo, flight kitchen and training facilities and most of our principal offices are located at or near the Atlanta airport on land leased from the City of Atlanta. We lease ticket counters, gate areas, operating facilities and other terminal space in most of the airports that we serve. At most airports, we have entered into use agreements which provide for the non-exclusive use of runways, taxiways and other improvements and facilities; landing fees under these agreements normally are based on the number of landings and weight of aircraft. These leases and use agreements generally run for periods of less than one year to 30 years or more, and often contain provisions for periodic adjustments of lease rates, landing fees and other charges applicable under that type of agreement. We also lease aircraft maintenance, equipment maintenance and air cargo facilities at several airports. Our facility leases generally require us to pay the cost of providing, operating and maintaining such facilities, including, in some cases, amounts necessary to pay debt service on special facility bonds issued to finance their construction. We also lease computer facilities, marketing offices, reservations offices and other off-airport facilities in certain locations for varying terms.

We own our Atlanta reservations center, other real property in Atlanta and reservations centers in Minot, North Dakota and Chisholm, Minnesota.

Refinery Operations

Our Monroe subsidiaries own and operate the Trainer refinery and related assets in Pennsylvania. The facilities include pipelines and terminal assets that allow the refinery to supply jet fuel to our airline operations throughout the Northeastern U.S., including our New York hubs at LaGuardia and JFK.

ITEM 3. LEGAL PROCEEDINGS

Capacity Antitrust Litigation

In July 2015, a number of purported class action antitrust lawsuits were filed alleging that Delta, American, United and Southwest had conspired to restrain capacity. The lawsuits were filed in the wake of media reports that the U.S. Department of Justice had served civil investigative demands upon these carriers seeking documents and information relating to this subject. The lawsuits have been consolidated into a single Multi-District Litigation proceeding in the U.S. District Court for the District of Columbia. In August 2023, the Court denied the defendants' motions for summary judgment that had been pending for over two years. In Fall 2023, we moved to certify the decision for an interlocutory appeal or for reconsideration, and briefing related to that motion is now complete. We believe the claims in these cases are without merit and are vigorously defending these lawsuits.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is listed on the New York Stock Exchange ("NYSE") under the trading symbol DAL.

Holders

As of January 31, 2024, there were approximately 2,100 holders of record of our common stock.

Dividends

After suspending dividends in March 2020, our Board of Directors re-instated a quarterly dividend program in 2023 with $0.10 per share dividend payments in both the September and December quarters. The Board expects to be able to continue to pay cash dividends for the foreseeable future, subject to applicable limitations under Delaware law and compliance with covenants in certain of our credit facilities. Dividend payments are dependent upon our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

Stock Performance Graph

The following graph compares the cumulative total returns during the period from December 31, 2018 to December 31, 2023 of our common stock to the Standard & Poor's 500 Stock Index and the NYSE ARCA Airline Index. The comparison assumes $100 was invested on December 31, 2018 in each of our common stock and the indices and assumes that all dividends were reinvested.

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Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of common stock we made during the December 2023 quarter. The table reflects shares withheld from employees to satisfy certain tax obligations due in connection with grants of stock under the Delta Air Lines, Inc. Performance Compensation Plan (the "Plan"). The Plan provides for the withholding of shares to satisfy tax obligations but 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.

Shares purchased / withheld from employee awards during the December 2023 quarter

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
October 2023	8,141	$ 37.56	8,141	$ —
November 2023	3,751	$ 34.89	3,751	$ —
December 2023	1,340	$ 39.94	1,340	$ —
Total	13,232		13,232	

ITEM 6. (RESERVED)

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

This section of Form 10-K does not address certain items regarding the year ended December 31, 2021. Discussion and analysis of 2021 and year-to-year comparisons between 2022 and 2021 not included in this Form 10-K can be found in "Item 7. Management's Discussion and Analysis" of our Annual Report on Form 10-K for the year ended December 31, 2022. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited Consolidated Financial Statements and the related notes and other financial information as well as the material risk factors included elsewhere in this Annual Report on Form 10-K.

2023 Financial Overview

Our 2023 operating income was $5.5 billion, an improvement of $1.9 billion compared to 2022, while operating income, adjusted (a non-GAAP financial measure) which excludes one-time pilot agreement expenses and other items was $6.3 billion, an increase of $2.8 billion compared to 2022. Operating income and operating income, adjusted increased primarily from increases in revenue as described below.

Revenue. Compared to 2022, our 2023 operating revenue increased $7.5 billion, or 15%, primarily due to a 17% increase in capacity driven by an increase in demand for international travel and continuing strength in demand for domestic travel and premium products. Total revenue, adjusted (a non-GAAP financial measure) increased in 2023 by $9.1 billion, or 20%, compared to 2022. Adjustments were primarily to exclude revenue related to refinery sales to third parties.

Operating Expense. Total operating expense increased $5.6 billion, or 12%, compared to 2022, primarily resulting from higher employee related costs from increased wages and profit sharing, pilot agreement and related expenses and higher volume-related expenses associated with the 17% increase in capacity, partially offset by lower expenses related to refinery sales to third parties, reflected in ancillary business and refinery expense. Total operating expense, adjusted (a non-GAAP financial measure) increased $6.3 billion, or 15%, compared to 2022. Adjustments were primarily to exclude expenses related to refinery sales to third parties and the pilot agreement and related expenses.

Our total operating cost per available seat mile ("CASM") decreased 4% compared to 2022 to 19.31 cents, primarily due to a 17% increase in capacity, as well as lower fuel expense and lower expenses related to refinery sales to third parties. Non-fuel unit costs ("CASM-Ex", a non-GAAP financial measure), which excludes fuel, expenses related to refinery sales to third parties, and other items, increased 2.3% to 13.17 cents.

Non-Operating Results. Total non-operating income was $87 million in 2023 compared to total non-operating expense of $1.7 billion in 2022 primarily due to mark-to-market gains on certain of our equity investments and lower interest expense as a result of our debt reduction initiatives, partially offset by increased pension related expenses.

Cash Flow. During 2023, operating activities provided cash flows of $6.5 billion, primarily from ticket sales. Investing activities resulted in net cash outflows of approximately $3.1 billion, primarily for $5.3 billion of capital expenditures, partially offset by $2.2 billion of net redemptions of short-term investments. After adjusting for the pilot agreement payment and certain other activities, these results generated $2.0 billion of free cash flow (a non-GAAP financial measure) in 2023.

Also, during 2023 we had cash outflows of approximately $4.1 billion related to repayments of our debt and finance leases, including approximately $2.0 billion for early repayments and the remainder from scheduled maturities. Our cash, cash equivalents, short-term investments and aggregate principal amount committed and available to be drawn under our revolving credit facilities ("liquidity") at December 31, 2023 was $6.8 billion.

The non-GAAP financial measures of operating income, adjusted, total revenue, adjusted, total operating expense, adjusted, CASM-Ex and free cash flow used above are defined and reconciled in "Supplemental Information" below.

Results of Operations

Operating Revenue

(in millions) [1]	Year Ended December 31, 2023	2022	Increase (Decrease)	% Increase (Decrease)
Ticket - Main cabin	$ 24,477	$ 20,396	$ 4,081	20 %
Ticket - Premium products	19,119	15,230	3,889	26 %
Loyalty travel awards	3,462	2,898	564	19 %
Travel-related services	1,851	1,694	157	9 %
Total passenger revenue	$ 48,909	$ 40,218	$ 8,691	22 %
Cargo	723	1,050	(327)	(31) %
Other	8,416	9,314	(898)	(10) %
Total operating revenue	$ 58,048	$ 50,582	$ 7,466	15 %
TRASM (cents)	21.34 ¢	21.69 ¢	(0.35) ¢	(2) %
Third-party refinery sales [2]	(1.24)	(2.13)	0.89	(42) %
TRASM, adjusted (cents)	20.10 ¢	19.55 ¢	0.55 ¢	3 %

[1] Total amounts in the table above may not calculate exactly due to rounding.

[2] For additional information on adjustments to TRASM, see "Supplemental Information" below.

Operating Revenue

Our operating revenue increased $7.5 billion, or 15%, compared to 2022 due primarily to a 17% increase in capacity driven by an increase in demand for international travel and continuing strength in demand for domestic travel, with growth in revenue from premium products outpacing main cabin. This increase was partially offset by lower third-party refinery sales recorded in other revenue. Total revenue per available seat mile ("TRASM") decreased 2% in large part as a result of the decline in third-party refinery sales.

See "Refinery Segment" below for additional details on the refinery's operations, including third-party refinery sales recorded in other revenue, during each period.

Passenger Revenue by Geographic Region

		Increase (Decrease) vs. Year Ended December 31, 2022					
(in millions)	Year Ended December 31, 2023	Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Domestic	$ 33,968	12 %	10 %	10 %	2 %	2 %	1 pt
Atlantic	9,057	49 %	34 %	30 %	11 %	15 %	3 pts
Latin America	3,798	31 %	22 %	16 %	8 %	13 %	4 pts
Pacific	2,086	101 %	104 %	75 %	(2) %	15 %	11 pts
Total passenger revenue	$ 48,909	22 %	19 %	17 %	2 %	4 %	3 pts

Domestic

Domestic passenger unit revenue ("PRASM") for 2023 increased 2% compared to 2022 due to a 12% increase in revenue on a 10% increase in capacity and a slight increase in load factor.

Domestic revenue in 2023 was above 2022 levels as we experienced strong revenue results across the domestic network, with coastal hub markets such as New York and Boston improving significantly compared to the prior year, domestic business travel revenue improving and a 10% increase in domestic capacity compared to 2022. We believe spending patterns for services are returning to historical levels compared to spending on goods. We also experienced higher growth in premium product revenue (including Delta One, First Class, Delta Premium Select and Delta Comfort+) compared to main cabin with the delivery of new aircraft that include more premium seat capacity and an increase in yield in premium products compared to main cabin, as we see more consumers choosing these premium offerings. In 2024, we expect moderate capacity growth of single digits.

International

International passenger revenue for 2023 increased 49% with capacity up 31% compared to 2022. Passenger revenue increased in each geographic region with the Atlantic region experiencing the largest absolute improvement, as travel to many European destinations increased.

Consumers showed a strong desire for transatlantic travel, driving higher revenue and passenger unit revenue during 2023 on 30% capacity growth compared to 2022. This has been led by demand for travel to leisure destinations in Europe and premium products.

Latin America region revenue increased during 2023 compared to 2022, due to strong demand for leisure destinations in South America and the Caribbean on a 16% increase in capacity. In addition, during the first year of our joint venture with LATAM, we have streamlined travel between North and South America while expanding connections in each of our key hub airports.

The Pacific region benefited from improved demand for travel to the region, particularly to Japan, on 75% increased capacity following the lifting of pandemic-related travel restrictions and the performance of our joint venture with Korean Air.

Other Revenue

(in millions)	Year Ended December 31, 2023	Year Ended December 31, 2022	Increase (Decrease)	% Increase (Decrease)
Refinery	$ 3,379	$ 4,977	$ (1,598)	(32) %
Loyalty program	3,093	2,597	496	19 %
Ancillary businesses	840	846	(6)	(1) %
Miscellaneous	1,104	894	210	23 %
Total other revenue	$ 8,416	$ 9,314	$ (898)	(10) %

Refinery. This represents refinery sales to third parties. These sales decreased $1.6 billion compared to 2022. The decrease in third-party refinery sales resulted from lower pricing and a turnaround which was completed between September and November 2023. See "Refinery Segment" below for additional details on the refinery's operations, including third-party refinery sales recorded in other revenue, during each period.

Loyalty Program. This relates to revenues from brand usage by third parties and other performance obligations embedded in miles sold, as well as redemption of miles for non-travel awards. These revenues are mainly driven by customer spend on American Express cards and new cardholder acquisitions. Revenues from our relationship with American Express increased compared to 2022 driven by co-brand card spend growth.

Ancillary Businesses. This includes aircraft maintenance services we provide to third parties and our vacation wholesale operations.

Miscellaneous. This is primarily composed of lounge access, including access provided to certain American Express cardholders, and codeshare revenues. The increase in miscellaneous is primarily due to increased revenue from Delta Sky Club access.

Operating Expense

	Year Ended December 31,			
(in millions)	2023	2022	Increase (Decrease)	% Increase (Decrease)[(1)]
Salaries and related costs	$ 14,607	$ 11,902	$ 2,705	23 %
Aircraft fuel and related taxes	11,069	11,482	(413)	(4) %
Ancillary businesses and refinery	4,172	5,756	(1,584)	(28) %
Contracted services	4,041	3,345	696	21 %
Landing fees and other rents	2,563	2,181	382	18 %
Aircraft maintenance materials and outside repairs	2,432	1,982	450	23 %
Depreciation and amortization	2,341	2,107	234	11 %
Passenger commissions and other selling expenses	2,334	1,891	443	23 %
Regional carrier expense	2,200	2,051	149	7 %
Passenger service	1,750	1,453	297	20 %
Profit sharing	1,383	563	820	146 %
Pilot agreement and related expenses	864	—	864	NM
Aircraft rent	532	508	24	5 %
Other	2,239	1,700	539	32 %
Total operating expense	$ 52,527	$ 46,921	$ 5,606	12 %

(1) Certain variances are labeled as not meaningful ("NM") throughout management's discussion and analysis.

Salaries and Related Costs. Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes numerous work rule changes and pay rate increases during the four-year term, including an initial pay rate increase of 18%. Additional effects of this agreement are described below under pilot agreement and related expenses.

We also implemented base pay increases for eligible non-pilot employees of 5% effective April 1, 2023. Further, we have approximately 8,000 more employees as of December 31, 2023 than at December 31, 2022 principally in in-flight service, flight operations and aircraft maintenance, in order to support the growth in our operations. Each of these actions contributed to the increase in salaries and related costs.

Aircraft Fuel and Related Taxes. Fuel expense decreased $413 million compared to 2022 primarily due to an 18% decrease in the market price of jet fuel partially offset by a 15% increase in consumption on a 17% increase in capacity.

Fuel expense and average price per gallon

				Average Price Per Gallon		
	Year Ended December 31,			Year Ended December 31,		
(in millions, except per gallon data)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Fuel purchase cost [(1)]	$ 11,506	$ 12,230	$ (724)	$ 2.93	$ 3.58	$ (0.65)
Fuel hedge impact	(52)	29	(81)	(0.01)	0.01	(0.02)
Refinery segment impact	(385)	(777)	392	(0.10)	(0.23)	0.13
Total fuel expense	$ 11,069	$ 11,482	$ (413)	$ 2.82	$ 3.36	$ (0.54)

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

Ancillary Businesses and Refinery. Ancillary businesses and refinery includes expenses associated with refinery sales to third parties, aircraft maintenance services we provide to third parties and our vacation wholesale operations. The decline in these expenses was primarily related to lower refinery sales to third parties, which decreased $1.6 billion compared to 2022. The decrease in third-party refinery sales resulted from lower pricing and the turnaround, which was completed between September and November 2023.

Contracted Services. Contracted services expenses increased compared to 2022 due to higher-volume related expenses associated with increased capacity, in addition to inflationary pressures.

Landing Fees and Other Rents. The increase in landing fees and other rents resulted from higher rates charged by airports following extensive redevelopment projects at numerous facilities and more flights compared to 2022 that contributed to our increased capacity.

Aircraft Maintenance Materials and Outside Repairs. Aircraft maintenance materials and outside repairs increased as we continued to invest in the operational reliability of our fleet, in particular related to engine overhauls on our B-757 aircraft, in addition to higher material costs.

Passenger Commissions and Other Selling Expenses. The increase in passenger revenue in 2023, compared to 2022, directly led to increased passenger commissions and selling expenses.

Passenger Service. Passenger service expenses increased compared to 2022 due to higher volume-related expenses associated with increased traffic.

Profit Sharing. Profit sharing increased by $820 million during 2023 due to higher profit during the year. Our profit sharing program pays 10% to all eligible employees for the first $2.5 billion of annual profit, as defined by the terms of the program, and 20% of annual profit above $2.5 billion.

Pilot agreement and related expenses. In addition to the actions in salaries and related costs described above, the ratified pilot agreement also includes a provision for a one-time payment made upon ratification during 2023 of $735 million. Additionally, we recorded adjustments to other benefit-related items of approximately $130 million.

Other. The increase in other is primarily due to higher volume-related expenses associated with increased capacity, such as flight crew and other employee travel and incidental costs, and inflationary pressures.

Non-Operating Results

	Year Ended December 31,		
(in millions)	**2023**	**2022**	**Favorable (Unfavorable)**
Interest expense, net	$ (834)	$ (1,029)	$ 195
Gain/(loss) on investments, net	1,263	(783)	2,046
Loss on extinguishment of debt	(63)	(100)	37
Pension and related (expense)/benefit	(244)	292	(536)
Miscellaneous, net	(35)	(127)	92
Total non-operating income/(expense), net	$ 87	$ (1,747)	$ 1,834

Interest expense, net. Interest expense, net includes interest expense and interest income. This decreased as compared to 2022 as a result of our reduced interest expense resulting from our debt reduction initiatives and increased interest income. We are reducing the total amount of interest expense by pre-paying our debt in addition to periodic amortization payments and scheduled maturities. During 2023, we made $4.1 billion of payments on debt and finance lease obligations, including early repayment activities of $1.4 billion in principal for the early repurchase of various secured and unsecured notes and the SkyMiles Term Loan on the open market and $585 million in early principal repayments on various notes secured by aircraft. We will continue to seek opportunities to pre-pay our debt, in addition to periodic amortization payments and scheduled maturities, during 2024 and beyond. Interest income increased as a result of higher interest rates and higher short-term investment balances throughout most of 2023.

Gain/(loss) on investments, net. See Note 4 of the Notes to the Consolidated Financial Statements for additional information on our equity investments measured at fair value on a recurring basis. The increase compared to 2022 is due to net unrealized gains on our equity investments during 2023, primarily Wheels Up, Hanjin-KAL and LATAM. During 2023, we recorded a $786 million mark-to-market gain on our investment in Wheels Up based on the closing price of its shares as traded on the New York Stock Exchange. As of December 31, 2023, Wheels Up's public float was under 5% of the total outstanding shares which contributed to significant volatility in the value of our Wheels Up equity investment since the announcement of Wheels Up's credit facility in

September 2023. Net unrealized losses on our equity investments during 2022 were primarily related to LATAM, Hanjin-KAL and Wheels Up.

Loss on extinguishment of debt. Loss on extinguishment of debt reflects the losses incurred in the early repayment of debt referenced above.

Pension and related (expense)/benefit. Pension and related (expense)/benefit reflects the net periodic (cost)/benefit of our pension and other postretirement and postemployment benefit plans. See Note 9 of the Notes to the Consolidated Financial Statements for additional information on our employee benefit plans.

Miscellaneous, net. Miscellaneous, net primarily includes our share of net results from our equity method investments, charitable contributions and foreign exchange gains/(losses). See Note 4 of the Notes to the Consolidated Financial Statements for additional information on our equity investments.

Income Taxes

Our effective tax rate for 2023 was 18%. Our effective tax rate in 2023 was impacted by mark-to-market adjustments on our equity investments which are considered capital assets for tax purposes. As of December 31, 2023, we had approximately $4.5 billion of U.S. federal pre-tax net operating loss carryforwards which we are expecting to utilize by the end of 2025. Approximately $800 million of these net operating loss carryforwards were generated prior to 2018 and will not begin to expire until 2029, while the remaining net operating loss carryforwards do not expire.

We expect our annual effective tax rate to be between 23% and 25% for 2024. In certain interim periods, we may have adjustments to our net deferred tax assets as a result of changes in prior year estimates, mark-to-market adjustments on our equity investments and tax laws enacted during the period, which will impact the effective tax rate for that period.

For more information about our income taxes, see Note 11 of the Notes to the Consolidated Financial Statements.

Refinery Segment

The refinery operated by our wholly owned subsidiary Monroe primarily produces gasoline, diesel and jet fuel. Monroe has agreements in place to exchange the non-jet fuel products the refinery produces with third parties for jet fuel consumed in our airline operations. The jet fuel produced and procured through exchanging gasoline and diesel fuel produced by the refinery typically provides approximately 200,000 barrels per day, or approximately 75% of our consumption, for use in our airline operations.

Between mid-September 2023 and mid-November 2023, the refinery completed a turnaround and did not produce any refined products during this time. The turnaround was in accordance with the long-term maintenance plan for the facility to allow for the safe completion of major repairs and upgrades.

Refinery segment financial information			
	Year Ended December 31,		
(in millions, except per gallon data)	**2023**	**2022**	**% Increase (Decrease)**
Exchange products	$ 2,354	$ 3,475	(32) %
Sales of refined products	304	278	9 %
Sales to airline segment	1,535	1,976	(22) %
Third-party refinery sales	3,379	4,977	(32) %
Operating revenue	$ 7,572	$ 10,706	(29) %
Operating income	$ 385	$ 777	(50) %
Refinery segment impact on average price per fuel gallon	$ (0.10)	$ (0.23)	(57) %

Refinery revenues decreased in 2023, primarily driven by the decrease in exchange products and third-party refinery sales. These decreases resulted from lower pricing and the turnaround, which was completed between September and November 2023. The refinery operating income decreased in 2023 mainly due to lower pricing and the turnaround.

A refinery is subject to annual EPA requirements to blend renewable fuels into the gasoline and on-road diesel fuel it produces. A refinery may meet its obligation by blending the necessary volumes of renewable fuels, by purchasing RINs in the open market or through a combination of blending and purchasing RINs. Because Monroe is able to blend only a small amount of renewable fuels, it must purchase the majority of its RINs requirement in the secondary market. Monroe incurred $323 million in RINs compliance costs during 2023, compared to $576 million incurred in 2022. Observable RINs prices declined during 2023 and we acquired RINs assets to satisfy substantially all of our 2023 RINs obligation.

During 2023, we retired approximately $700 million of our 2021 and 2022 RINs assets to settle our 2021 and 2022 obligations prior to the compliance deadlines.

For more information regarding the refinery's results, see Note 14 of the Notes to the Consolidated Financial Statements.

Operating Statistics

	Year Ended December 31,	
Consolidated [1]	**2023**	**2022**
Revenue passenger miles (in millions)	232,241	195,480
Available seat miles (in millions)	272,033	233,226
Passenger mile yield	21.06 ¢	20.57 ¢
Passenger revenue per available seat mile ("PRASM")	17.98 ¢	17.24 ¢
Total revenue per available seat mile ("TRASM")	21.34 ¢	21.69 ¢
TRASM, adjusted [2]	20.10 ¢	19.55 ¢
Cost per available seat mile ("CASM")	19.31 ¢	20.12 ¢
CASM-Ex [2]	13.17 ¢	12.87 ¢
Passenger load factor	85 %	84 %
Fuel gallons consumed (in millions)	3,926	3,412
Average price per fuel gallon [3]	$ 2.82	$ 3.36
Average price per fuel gallon, adjusted [2][3]	$ 2.83	$ 3.36
Approximate full-time equivalent employees, end of period	103,000	95,000

(1) Includes the operations of our regional carriers under capacity purchase agreements. Full-time equivalent employees exclude employees of regional carriers that we do not own.

(2) Non-GAAP financial measures are defined and reconciled to TRASM, CASM and average fuel price per gallon, respectively, in "Supplemental Information" below.

(3) Includes the impact of refinery segment results and fuel hedge activity.

Financial Condition and Liquidity

As of December 31, 2023, we had $6.8 billion in cash, cash equivalents, short-term investments and aggregate principal amount committed and available to be drawn under our revolving credit facilities ("liquidity"). We expect to meet our liquidity needs for the next twelve months with cash and cash equivalents, short-term investments, restricted cash equivalents and cash flows from operations. We expect to meet our long-term liquidity needs with cash flows from operations and financing arrangements.

Sources and Uses of Liquidity

Operating Activities

Operating activities in 2023 provided $6.5 billion of cash flow compared to $6.4 billion in 2022. We expect to continue generating cash flows from operations during 2024.

Our operating cash flow is 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 typically increases during the winter and spring months as advanced ticket sales grow prior to the summer peak travel season and decreases during the summer and fall months.

Fuel. Fuel expense represented approximately 21% of our total operating expense during 2023. The market price for jet fuel is volatile, which can impact the comparability of our periodic cash flows from operations. The average fuel price per gallon decreased in 2023. We expect elevated jet fuel prices in comparison to historical levels to continue during the beginning of 2024 due to current market conditions, further exacerbated by geopolitical events. As capacity increased throughout the year, fuel consumption was higher in 2023 than 2022 as well. We expect fuel consumption to increase in 2024 aligned with capacity, partially offset by improvements in the fuel efficiency of our fleet.

We expect our commitment to environmental sustainability to depend on increased use of SAF, which is not presently available at scale or at prices competitive to jet fuel. While we do not expect a material adverse effect on our Consolidated Financial Statements in the near-term from the use of SAF, we are unable to predict the financial impact of increased use of SAF on our Consolidated Financial Statements over the longer term as government policies and incentives for, and sufficient third-party investment in, SAF are necessary to make its use in larger quantities commercially and economically feasible.

Employee Benefit Obligations. We sponsor defined benefit pension plans for eligible employees and retirees. These plans are generally 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 ("ERISA") and any applicable legislation. We had no minimum funding requirements in 2023, and have no such requirements in 2024. At the current level of funding, plan assets and investment returns are expected to satisfy a majority of future benefit payments. Estimates of future funding requirements are based on various assumptions and could vary materially from actual funding requirements. Assumptions include, among other things, the actual and projected market performance of assets, statutory requirements and demographic data for participants.

In addition, we have employee benefit obligations relating primarily to projected future benefit payments from our unfunded postretirement and postemployment plans. See Note 9 of the Notes to the Consolidated Financial Statements for more information on our employee benefit obligations.

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.

We pay profit sharing annually in February. We paid $563 million in 2023 to our employees in recognition of their contributions toward meeting our financial goals. During the year ended December 31, 2023, we recorded $1.4 billion in profit sharing expense based on 2023 pre-tax profit, which we will pay to employees in February 2024.

Contract Carrier Obligations. We have certain estimated minimum fixed obligations under capacity purchase agreements with third-party regional carriers. These minimum amounts are based on the required minimum levels of flying by the regional carriers under the respective agreements and assumptions regarding the costs associated with such minimum levels of flying. As of December 31, 2023 the total of these minimum amounts was $8.8 billion and range from approximately $1.3 billion to $1.6 billion on an annual basis over the next five years. See Note 10 of the Notes to the Consolidated Financial Statements for more information on our contract carrier obligations.

Operating Lease Obligations. As described further in Note 7 of the Notes to the Consolidated Financial Statements, as of December 31, 2023 we had a total of $9.2 billion of minimum operating lease obligations. These minimum lease payments range from approximately $800 million to $1.0 billion on an annual basis over the next five years.

New York-JFK Airport Expansion. We are enhancing and expanding our facilities at Terminal 4 of JFK to strengthen our competitive position and offer a premium travel experience for customers in New York City. Terminal 4 is operated by JFK International Air Terminal LLC ("IAT"), a private party, under its lease with the Port Authority of New York and New Jersey ("Port Authority"). We have a long-term agreement with IAT to sublease space in Terminal 4 through 2043.

In 2021, the Port Authority approved plans to renovate and expand Terminal 4 in order to facilitate Delta's relocation from Terminal 2 and consolidation of its operations into Terminal 4. The project is adding 10 new gates and other complementary facilities, including an additional Delta Sky Club and a new Delta premium lounge. The project is estimated to cost approximately $1.6 billion and will be funded primarily with bonds issued in 2022 by the New York Transportation Development Corporation ("NYTDC") for which our landlord, IAT, is the obligor. The majority of project costs are being used to expand or modify Delta's leased premises. Construction started in late 2021 and in 2023 we substantially completed a majority of Delta's portion of the project and consolidated all operations to Terminal 4.

Other Obligations. We have certain purchase obligations under which we are required to make minimum payments for goods and services, including, but not limited to, aviation-related, maintenance, insurance, marketing, technology, sponsorships and other third-party services and products. As of December 31, 2023, we had approximately $9.2 billion of such obligations, which range from approximately $300 million to $1.1 billion on an annual basis over the next five years.

Investing Activities

Short-Term Investments. In 2023, we redeemed a net of $2.2 billion in short-term investments. See Note 1 and Note 3 of the Notes to the Consolidated Financial Statements for further information on these investments.

Capital Expenditures. Our capital expenditures (i.e., property and equipment additions in our Consolidated Statements of Cash Flows ("cash flows statement")) were $5.3 billion and $6.4 billion in 2023 and 2022, respectively. Our capital expenditures are primarily related to the purchases of aircraft, airport construction projects, fleet modifications and technology enhancements.

We have committed to future aircraft purchases and have obtained, but are under no obligation to use, long-term financing commitments for a substantial portion of the purchase price of the aircraft. Excluding the New York-LaGuardia airport project discussed below, our expected 2024 capital spend of approximately $5 billion, which may vary depending on financing decisions, will be primarily for aircraft, including deliveries and advance deposit payments, as well as fleet modifications and technology enhancements. As described in Part I, Item 1. "Business - Environmental Sustainability," aircraft fleet renewal is an important component of our environmental sustainability strategy and the path to achievement of our ambitious climate goals, which will continue to require extensive capital investment in future periods. See Note 10 of the Notes to the Consolidated Financial Statements for additional information regarding our aircraft purchase commitments, which totaled approximately $17.5 billion as of December 31, 2023.

New York-LaGuardia Redevelopment. As part of the terminal redevelopment project at LaGuardia Airport, we are partnering with the Port Authority to replace Terminals C and D with a new state-of-the-art terminal facility consisting of 37 gates across four concourses connected to a central headhouse. The completed terminal redevelopment features a new, larger Delta Sky Club, wider concourses, more gate seating and nearly double the amount of concessions space than the prior terminals. The completed facility also offers direct access between the parking garage and terminal and improved roadways and drop-off/pick-up areas. Construction is underway and is being phased to limit passenger inconvenience.

We have opened Concourse E, Concourse G, the headhouse (including the Delta Sky Club), the terminal roadways and portions of Concourse D and Concourse F. Due to an acceleration effort that commenced in 2020, substantial completion is expected by the end of 2024.

In connection with the redevelopment, during 2017, we entered into an amended and restated terminal lease with the Port Authority with a term through 2050. Pursuant to the lease agreement, as amended to date, we (1) are funding (through debt issuance and existing cash) and undertaking the design, management and construction of the terminal and certain off-premises supporting facilities, (2) are receiving a Port Authority contribution of approximately $500 million to facilitate construction of the terminal and other supporting infrastructure, (3) will be responsible for all operations and maintenance during the term of the lease and (4) will have preferential rights to all gates in the terminal subject to Port Authority requirements with respect to accommodation of designated carriers.

The project is expected to cost $4.3 billion and the total amount spent to date is approximately $3.7 billion. We currently expect our net project cost to be approximately $3.8 billion and we bear the risks of project construction, including any potential cost over-runs. We entered into loan agreements to fund a portion of the construction, which are recorded on our Consolidated Balance Sheets ("balance sheets") as debt with the proceeds reflected as restricted cash. Using funding primarily provided by these arrangements, we spent approximately $500 million, $650 million and $950 million during 2023, 2022 and 2021, respectively. We expect to spend approximately $500 million during 2024. See Note 6 of the Notes to the Consolidated Financial Statements for additional information on the debt related to the redevelopment project, including the $878 million of NYTDC Special Facilities Revenue Bonds, Series 2023 issued during 2023.

Los Angeles International Airport ("LAX") Construction. As part of the terminal redevelopment project at LAX, we are modernizing, upgrading, and providing post-security connection to Terminals 2 and 3. We announced this project and executed a modified lease agreement during 2016 with the City of Los Angeles (the "City"), which owns and operates LAX. This project includes a new centralized ticketing and arrival hall, a new security checkpoint, core infrastructure to support the City's planned airport people mover, ramp improvements and a post-security connector to the north side of the Tom Bradley International Terminal.

The project is expected to cost approximately $2.4 billion. A substantial majority of the project costs are being funded through the Regional Airports Improvement Corporation ("RAIC"), a California public benefit corporation, using a revolving credit facility provided by a group of lenders. The credit facility was executed in 2017 and we have guaranteed the obligations of the RAIC under the credit facility. During 2023, the revolving credit facility agreement was amended and the revolver capacity was reduced to $626 million. Loans made under the credit facility are being repaid with the proceeds from the City's purchase of completed project assets. Under the lease agreement and subsequent project component approvals by the City's Board of Airport Commissioners, the City has appropriated to date approximately $1.8 billion to purchase completed project assets, representing the maximum allowable reimbursement by the City. Costs incurred in excess of the $1.8 billion maximum will not be reimbursed by the City. We currently expect our net project costs to be approximately $600 million, of which approximately $350 million has been reflected as investing activities and approximately $200 million as operating activities in our cash flows statement since the project started in 2017.

In 2020, we enhanced the project's scope to include a more customer-friendly design of Terminal 3, an expanded Delta Sky Club and baggage system upgrades designed to increase the terminals' operational efficiency going forward. In 2023, we substantially completed all construction for this project.

Wheels Up. We announced an expanded strategic partnership with Wheels Up, which included an agreement for a new credit facility to Wheels Up. This new credit facility is comprised of a $390 million term loan, of which we contributed $150 million and several other lenders contributed the remaining $240 million, and a $100 million liquidity facility that we made available to Wheels Up in the event the company's liquidity falls below $100 million. Our $150 million cash contribution was reflected as an investing outflow in our cash flows statement.

Financing Activities

Debt and Finance Leases. In 2023, we had cash outflows of approximately $4.1 billion related to repayments of our debt and finance leases, including early repayment activities of $1.4 billion in principal for the repurchase of various secured and unsecured notes and the SkyMiles Term Loan through repurchases on the open market and $585 million in early principal repayments on various notes secured by aircraft. We will continue to seek opportunities to pre-pay our debt, in addition to periodic amortization payments and scheduled maturities, during 2024 and beyond.

In the March 2023 quarter, both Fitch and S&P credit rating agencies upgraded our debt rating outlooks to stable and positive, respectively. In the September 2023 quarter, S&P upgraded our credit rating to BB+.

The principal amount of our debt and finance leases was $20.1 billion at December 31, 2023.

Future Debt Obligations. As described further in Note 6 of the Notes to the Consolidated Financial Statements, as of December 31, 2023, scheduled maturities of our debt in 2024 and 2025 were $2.6 billion and $2.0 billion, respectively, with maturities from 2026 through 2028 ranging between $1.9 billion and $2.6 billion annually. As of December 31, 2023, scheduled maturities after 2028 aggregate to $7.2 billion. In addition, we are obligated to make periodic interest payments at fixed and variable rates, depending on the terms of the applicable debt agreements. Based on applicable interest rates and scheduled debt maturities as of December 31, 2023, these interest obligations total approximately $4.0 billion and range from approximately $300 million to $800 million on an annual basis over the next five years. We will continue to seek opportunities to pre-pay our debt, in addition to periodic amortization payments and scheduled maturities, during 2024 and beyond.

Finance Lease Obligations. As described further in Note 7 of the Notes to the Consolidated Financial Statements, as of December 31, 2023 we had a total of $1.6 billion of minimum finance lease obligations. These minimum lease payments range from approximately $200 million to $400 million on an annual basis over the next five years.

Capital Returns to Shareholders. During 2023, we re-instated our quarterly dividend program with $0.10 per share payments in both the September 2023 and December 2023 quarters, resulting in total dividend payments during the year ended December 31, 2023 of $128 million.

On February 8, 2024, the Board of Directors approved and we will pay a quarterly dividend of $0.10 per share on March 18, 2024 to shareholders of record as of February 26, 2024.

Undrawn Lines of Credit. As of December 31, 2023 we had approximately $2.9 billion undrawn and available under our revolving credit facilities. In addition, we had $450 million of outstanding letters of credit as of December 31, 2023 that did not affect the availability under our revolvers.

Covenants. We were in compliance with the covenants in our debt agreements at December 31, 2023. See Note 6 of the Notes to the Consolidated Financial Statements for more information on the covenants in our debt agreements.

Critical Accounting Estimates

Our critical accounting estimates are those estimates made in accordance with generally accepted accounting principles in the U.S. ("GAAP") that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our consolidated results of operations or financial condition. Accordingly, the actual results may differ materially from these estimates. For a discussion of our significant accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements, unless otherwise noted below.

Loyalty Program

Our SkyMiles loyalty program generates customer loyalty by rewarding customers with incentives to travel on Delta. This program allows customers to earn miles by flying on Delta, Delta Connection carriers and other airlines that participate in the loyalty program. When traveling, customers earn miles primarily based on the passenger's loyalty program status, fare class and ticket price. Customers can also earn miles through participating companies. Miles are redeemable by customers in future periods for air travel on Delta and other participating airlines, access to Delta Sky Club and other program awards. To facilitate transactions with participating companies, we sell miles to non-airline businesses and other airlines.

The loyalty program includes two types of transactions that are considered revenue arrangements with multiple performance obligations (1) passenger ticket sales earning miles and (2) sale of miles to participating companies.

Passenger Ticket Sales Earning Miles. Passenger ticket sales earning miles provide customers with (1) miles earned and (2) air transportation, which are each considered performance obligations. We value each performance obligation on a standalone basis. To value the miles earned, we consider the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as equivalent ticket value ("ETV"). Our estimate of ETV is adjusted for miles that are not likely to be redeemed ("mileage breakage"). We use statistical models to estimate mileage breakage based on historical redemption patterns. A change in assumptions regarding the redemption activity for miles or the estimated fair value of miles expected to be redeemed could have a material impact on our revenue in the year in which the change occurs and in future years. We recognize mileage breakage proportionally during the period in which the remaining miles are actually redeemed.

At December 31, 2023, the aggregate deferred revenue balance associated with the SkyMiles program was $8.4 billion. A hypothetical 10% change in the number of outstanding miles estimated to be redeemed would result in an impact of less than 1% of total operating revenue recognized for the year ended December 31, 2023.

We defer revenue for the miles when earned and recognize loyalty travel awards in passenger revenue as the miles are redeemed and transportation is provided. We record the air transportation portion of the passenger ticket sales in air traffic liability and recognize passenger revenue when we provide transportation or if the ticket goes unused. A hypothetical 10% increase in our estimate of the ETV of a mile would have decreased total operating revenue by less than 1% for the year ended December 31, 2023, as a result of an increase in the amount of revenue deferred associated with the miles earned.

Sale of Miles to Participating Companies. Customers earn miles based on their spending with participating companies, such as credit card, retail, ridesharing, car rental and hotel companies, with which we have marketing agreements to sell miles. Our contracts to sell miles under these marketing agreements have multiple performance obligations. Payments are typically due to us monthly based on the volume of miles sold during the period, and the initial terms of our marketing contracts are from one to thirteen years. During the years ended December 31, 2023, 2022 and 2021, total cash sales from marketing agreements related to our loyalty program were $6.9 billion, $5.7 billion and $4.1 billion, respectively, which are allocated to travel and other performance obligations, as discussed below.

Our most significant contract to sell miles relates to our co-brand credit card relationship with American Express. Our agreements with American Express provide for joint marketing, grant certain benefits to Delta-American Express co-branded credit card holders ("cardholders") and American Express Membership Rewards program participants, and allow American Express to market its services or products using our customer database. Cardholders earn miles for making purchases using co-branded cards, and certain cardholders may also check their first bag for free, are granted discounted access to Delta Sky Club lounges and receive priority boarding and other benefits while traveling on Delta. Additionally, participants in the American Express Membership Rewards program may exchange their points for miles under the loyalty program. We sell miles at agreed-upon rates to American Express which are then provided to their customers under the co-brand credit card program and the Membership Rewards program.

We account for marketing agreements, including those with American Express, by allocating the consideration to the individual products and services delivered. We allocate the value based on the relative selling prices of those products and services, which generally consist of award travel, priority boarding, baggage fee waivers, lounge access and the use of our brand. We determine our best estimate of the selling prices by using a discounted cash flow analysis using multiple inputs and assumptions, including (1) the expected number of miles awarded and number of miles redeemed, (2) ETV for the award travel obligation adjusted for mileage breakage, (3) published rates on our website for baggage fees, discounted access to Delta Sky Club lounges and other benefits while traveling on Delta, (4) brand value (using estimated royalties generated from the use of our brand) and (5) volume discounts provided to certain partners.

We defer the amount allocated to award travel as part of loyalty program deferred revenue and recognize loyalty travel awards in passenger revenue as the miles are redeemed and transportation is provided. Revenue allocated to services performed in conjunction with a passenger’s flight, such as baggage fee waivers, is recognized as travel-related services in passenger revenue when the related service is performed. Revenue allocated to Delta Sky Club lounge access is recognized as miscellaneous in other revenue as access is provided. Revenue allocated to the remaining performance obligations, primarily brand value, is recorded as loyalty program in other revenue as miles are delivered.

The timing of mile redemptions can vary widely; however, the majority of new miles have historically been redeemed within two years of being earned. The loyalty program deferred revenue classified as a current liability represents our estimate of revenue expected to be recognized in the next twelve months based on projected redemptions, while the balance classified as a noncurrent liability represents our estimate of revenue expected to be recognized beyond twelve months.

For additional information on our significant accounting policies related to the loyalty program, see Note 2 of the Notes to the Consolidated Financial Statements.

Passenger Ticket Sales

We defer sales of passenger tickets to be flown by us or that we sell on behalf of other airlines in our air traffic liability. Passenger revenue is recognized when we provide transportation. For tickets that we sell on behalf of other airlines, we reduce the air traffic liability when consideration is remitted to those airlines. The air traffic liability primarily includes sales of passenger tickets with scheduled departure dates in the future and travel credits, which can be applied as payment toward the cost of a ticket. We periodically evaluate the estimated air traffic liability and may record adjustments in our Consolidated Statement of Operations ("income statement"). These adjustments relate primarily to tickets that expire unused ("ticket breakage"), refunds, exchanges, transactions with other airlines and other items for which final settlement occurs in periods subsequent to the sale of the related tickets at amounts other than the original sales price.

We estimate the value of ticket breakage and recognize revenue at the scheduled flight date. Our ticket breakage estimates are primarily based on historical experience, ticket contract terms and customers’ travel behavior. At December 31, 2023, the aggregate air traffic liability balance was $7.0 billion. A hypothetical 10% change in the amount of tickets estimated to expire unused would result in an impact of less than 1% of total operating revenue for the year ended December 31, 2023.

For additional information on our significant accounting policies related to passenger ticket sales, see Note 2 of the Notes to the Consolidated Financial Statements.

Goodwill and Indefinite-Lived Intangible Assets

We apply a fair value-based impairment test to the carrying value of goodwill and indefinite-lived intangible assets on an annual basis (as of October 1) and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. We assess the value of our goodwill and indefinite-lived assets under either a qualitative or quantitative approach. Under a qualitative approach, we consider various market factors, including certain of the key assumptions listed below. We analyze these factors to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets. If we determine that it is more likely than not that the asset may be impaired, we use the quantitative approach to assess the asset's fair value and the amount of the impairment. Under a quantitative approach, we calculate the fair value of the asset incorporating the key assumptions listed below into our calculation.

When we evaluate goodwill for impairment using a quantitative approach, we estimate the fair value of the reporting unit by considering both comparable public company multiples (a market approach) and projected discounted future cash flows (an income approach). When we perform a quantitative impairment assessment of our indefinite-lived intangible assets, fair value is estimated based on (1) recent market transactions, where available, (2) the royalty method for the Delta tradename (which assumes hypothetical royalties generated from using our tradename) or (3) projected discounted future cash flows (an income approach).

Key Assumptions. The key assumptions in our impairment tests include (1) forecasted revenues, expenses and cash flows, (2) current discount rates, (3) observable market transactions and (4) anticipated changes to the regulatory environment (e.g., changes in slot access and/or availability, additional Open Skies agreements or changes to antitrust approvals). These assumptions are consistent with those that hypothetical market participants would use. Because we are required to make estimates and assumptions when evaluating goodwill and indefinite-lived intangible assets for impairment, actual transaction amounts may differ materially from these estimates. In addition, when performing a qualitative valuation, we consider the amount by which the intangible assets' fair values exceeded their respective carrying values in the most recent fair value measurements calculated using a quantitative approach.

Changes in certain events and circumstances could result in impairment or a change from indefinite-lived to definite-lived. Factors which could cause impairment include, but are not limited to (1) negative trends in our market capitalization, (2) reduced profitability resulting from lower passenger mile yields or higher input costs (primarily related to fuel and employees), (3) lower passenger demand as a result of weakened U.S. and global economies or other factors, (4) interruption to our operations due to a prolonged employee strike, terrorist attack or other reasons, (5) changes to the regulatory environment (e.g., changes in slot access and/or availability, additional Open Skies agreements or changes to antitrust approvals), (6) competitive changes by other airlines and (7) strategic changes to our operations leading to diminished utilization of the intangible assets.

Goodwill. Our goodwill balance, which is related to the airline segment, was $9.8 billion at December 31, 2023.

Identifiable Intangible Assets. Our identifiable intangible assets, which are related to the airline segment, had a net carrying amount of $6.0 billion at December 31, 2023, of which $5.9 billion related to indefinite-lived intangible assets. Indefinite-lived assets are not amortized and consist of routes, slots, the Delta tradename and assets related to alliances and collaborative arrangements. Definite-lived assets consist primarily of marketing and maintenance service agreements.

In 2023, we performed quantitative assessments of our goodwill and indefinite-lived intangible assets, including applicable factors noted in "Key Assumptions" above, and determined that there was no indication that the assets were impaired as the fair value of each asset exceeded its carrying value by at least 20%. Assumptions are sensitive to uncertainty about future events, the macroeconomic environment and other market-based risk factors. A change in key assumptions such as the discount rate or projected future revenues, expenses and cash flows could materially affect the determination of fair values. Management evaluated estimates and assumptions used in the valuations, considering market and industry-specific conditions.

For additional information on our goodwill and indefinite-lived intangible assets' significant accounting policies and the related fair values and book values, see Note 5 of the Notes to the Consolidated Financial Statements.

Defined Benefit Pension Plans

We sponsor defined benefit pension plans for eligible employees and retirees. These plans are generally closed to new entrants and frozen for future benefit accruals. As of December 31, 2023, the unfunded benefit obligation for these plans recorded on our balance sheets was $145 million, which is the net of our benefit obligation of $15.9 billion and plan assets of $15.8 billion. We had no minimum funding requirements in 2023, and have no such requirements in 2024. The most critical assumptions impacting our defined benefit pension plan obligations, plan assets and net periodic cost/(benefit) are the discount rate, the expected long-term rate of return on plan assets and life expectancy of plan participants.

Discount Rate. We determine our discount rate on our measurement date primarily by reference to annualized rates earned on high-quality fixed income investments and yield-to-maturity analyses specific to our estimated future benefit payments for each plan. We used a weighted average discount rate to value the obligations of 5.31% and 5.62% at December 31, 2023 and 2022, respectively.

Expected Long-Term Rate of Return. Our expected long-term rate of return on plan assets is based primarily on plan-specific investment studies using historical market return and volatility data. Modest excess return expectations versus some public market indices are incorporated into the return projections based on the actively managed structure of the investment programs and their records of achieving such returns historically. We also expect to receive a premium for investing in less liquid private markets. We review our rate of return on plan assets assumptions annually.

The investment strategy for our defined benefit pension plan assets is to earn a long-term return that meets or exceeds our annualized return target while taking an acceptable level of risk and maintaining sufficient liquidity to pay current benefits and other cash obligations of the plan. This is achieved by investing in a globally diversified mix of public and private equity, fixed income, real assets, hedge funds and other assets and instruments. The expected long-term rate of return on our defined benefit pension plan assets is 7.00%.

The impact of a 0.50% change in weighted average discount rate and 1.00% change in expected long-term rate of return on assets are shown in the table below:

Benefit plan effects of change in assumptions used						
Change in Assumption	**Effect on 2024 Pension Cost/(Benefit)**			**Effect on Accrued Pension Liability at December 31, 2023**		
0.50% decrease in weighted average discount rate	$	(5)	million	$	742	million
0.50% increase in weighted average discount rate	$	1	million	$	(685)	million
1.00% decrease in expected long-term rate of return on assets	$	150	million	$	—	
1.00% increase in expected long-term rate of return on assets	$	(150)	million	$	—	

Life Expectancy. Changes in life expectancy may significantly impact our benefit obligations and future net periodic cost/(benefit). Each year we review information published by the Society of Actuaries and other publicly available information to develop our best estimate of life expectancy for purposes of measuring pension and other postretirement and postemployment benefit obligations.

Funding. Our funding obligations for qualified defined benefit plans are governed by ERISA and any applicable legislation. Under the Pension Protection Act of 2006, we elected alternative funding rules so that the unfunded liability for a frozen defined benefit plan may be amortized over a fixed 17-year period and is calculated using an 8.85% discount rate until the 17-year period expires for all frozen defined benefit plans by the end of 2024. Upon expiration, under legislation passed in 2021, any required funding would be amortized over a rolling 15-year period and calculated using a discount rate of no less than 4.75% through 2030.

While this recent legislation makes our funding obligations for these plans more predictable, factors outside our control continue to have an impact on the funding requirements. Estimates of future funding requirements are based on various assumptions and can vary materially from actual funding requirements. Assumptions include, among other things, the actual and projected market performance of assets, statutory requirements and demographic data for participants.

Investments Valued at Net Asset Value ("NAV") Per Share. On an annual basis we assess the potential for adjustments to the fair value of all investments. These investments valued using NAV as a practical expedient are typically valued on a monthly or quarterly basis by third-party administrators, valuation agents or fund managers with an annual audit performed by an independent third-party, but certain of these investments have a lag in the availability of data. We solicit valuation updates from the investment fund managers and use their information and corroborating data from public markets to determine any needed fair value adjustments.

For additional information on our significant accounting policies related to defined benefit pension plans, see Note 9 of the Notes to the Consolidated Financial Statements.

Recent Accounting Standards

Standards Effective in Future Years

Fair Value of Equity Investments. In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." Under this standard, a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The standard also requires certain disclosures for equity securities that are subject to contractual restrictions. The ASU becomes effective January 1, 2024, however we early adopted this standard as of December 31, 2023. The new standard does not impact the valuation of our equity investments, but we have included the newly required disclosures related to the contractual sale restrictions associated with our investment in Wheels Up. See Note 4 of the Notes to the Consolidated Financial Statements for additional details.

Segment Reporting. In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This standard requires disclosure of significant segment expenses and other segment items by reportable segment. This ASU becomes effective for annual periods beginning in 2024 and interim periods in 2025. We are assessing the impact of this ASU and upon adoption expect that any impact would be limited to additional segment expense disclosures in the footnotes to our Consolidated Financial Statements.

Income Taxes. In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This standard enhances disclosures related to income taxes, including the rate reconciliation and information on income taxes paid. This ASU becomes effective January 1, 2025. We are assessing the impact of this ASU and upon adoption may be required to include certain additional disclosures in the footnotes to our Consolidated Financial Statements.

Supplemental Information

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

Included below are reconciliations of non-GAAP measures used within this Form 10-K to the most directly comparable GAAP financial measures. Reconciliations below may not calculate exactly due to rounding. These reconciliations include certain adjustments to GAAP measures to provide comparability between the reported periods, if applicable, as indicated below:

- *MTM adjustments and settlements on hedges.* Mark-to-market ("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, and therefore we remove this impact to allow investors to better understand and analyze our core performance. Settlements represent cash received or paid on hedge contracts settled during the applicable period.

- *One-time pilot agreement expenses.* During 2023, Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes a provision for a one-time payment made upon ratification in the March 2023 quarter of $735 million. Additionally, we recorded adjustments to other benefit-related items of approximately $130 million. Adjusting for these expenses allows investors to better understand and analyze our core cost performance.

- *Restructuring charges.* During 2020, we recorded restructuring charges for items such as fleet impairments and voluntary early retirement and separation programs following strategic business decisions in response to the COVID-19 pandemic. During 2022, we recognized adjustments to certain of those restructuring charges, representing changes in our estimates.

- *Third-party refinery sales.* Refinery sales to third parties, and related expenses, are not related to our airline segment. Excluding these sales therefore provides a more meaningful comparison of our airline operations to the rest of the airline industry.

- *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 allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.

- *Profit sharing.* We adjust for profit sharing because this adjustment allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.

Operating income, adjusted reconciliation		
	Year Ended December 31,	
(in millions)	**2023**	**2022**
Operating income	$ 5,521	$ 3,661
Adjusted for:		
MTM adjustments and settlements on hedges	(52)	29
One-time pilot agreement expenses	864	—
Restructuring charges	—	(124)
Operating income, adjusted	$ 6,334	$ 3,566

Total revenue, adjusted reconciliation

	Year Ended December 31,	
(in millions)	**2023**	**2022**
Total revenue	$ 58,048	$ 50,582
Adjusted for:		
Third-party refinery sales	(3,379)	(4,977)
Total revenue, adjusted	$ 54,669	$ 45,605

Operating expense, adjusted reconciliation

	Year Ended December 31,	
(in millions)	**2023**	**2022**
Operating expense	$ 52,527	$ 46,921
Adjusted for:		
Third-party refinery sales	(3,379)	(4,977)
MTM adjustments and settlements on hedges	52	(29)
One-time pilot agreement charges	(864)	—
Restructuring charges	—	124
Operating expense, adjusted	$ 48,335	$ 42,039

Fuel expense, adjusted and Average fuel price per gallon, adjusted reconciliations

			Average Price Per Gallon	
	Year Ended December 31,		Year Ended December 31,	
(in millions, except per gallon data)	**2023**	**2022**	**2023**	**2022**
Total fuel expense	$ 11,069	$ 11,482	$ 2.82	$ 3.36
Adjusted for:				
MTM adjustments and settlements on hedges	52	(29)	0.01	(0.01)
Total fuel expense, adjusted	$ 11,121	$ 11,453	$ 2.83	$ 3.36

TRASM, adjusted reconciliation

	Year Ended December 31,	
(in cents)	**2023**	**2022**
TRASM	21.34 ¢	21.69 ¢
Adjusted for:		
Third-party refinery sales	(1.24)	(2.13)
TRASM, adjusted	20.10 ¢	19.55 ¢

CASM-Ex reconciliation		
	Year Ended December 31,	
(in cents)	2023	2022
CASM	19.31 ¢	20.12 ¢
Adjusted for:		
Third-party refinery sales	(1.24)	(2.13)
Aircraft fuel and related taxes	(4.07)	(4.92)
Profit sharing	(0.51)	(0.24)
One-time pilot agreement expenses	(0.32)	—
Restructuring charges	—	0.05
CASM-Ex	13.17 ¢	12.87 ¢

Free Cash Flow

The following table shows a reconciliation of net cash provided by operating activities (a GAAP measure) to free cash flow (a non-GAAP financial measure). We present free cash flow because management believes this metric is helpful to investors to evaluate the company's ability to generate cash that is available for use for debt service or general corporate initiatives. Adjustments include:

- *Net redemptions of short-term investments.* Net redemptions of short-term investments represent the net purchase and sale activity of investments and marketable securities in the period, including gains and losses. We adjust for this activity to provide investors a better understanding of the company's free cash flow generated by our operations.

- *Strategic investments and related.* Cash flows related to our investments in and related transactions with other airlines are included in our GAAP investing activities. We adjust for this activity because it provides a more meaningful comparison to our airline industry peers.

- *Net cash flows related to certain airport construction projects and other.* Cash flows related to certain airport construction projects are included in our GAAP operating activities and capital expenditures. We have adjusted for these items because management believes investors should be informed that a portion of these capital expenditures from airport construction projects are either reimbursed by a third-party or funded with restricted cash specific to these projects.

- *Financed aircraft acquisitions.* This adjustment reflects aircraft deliveries that are leased as capital expenditures. The adjustment is based on their original contractual purchase price or an estimate of the aircraft's fair value and provides a more meaningful view of our investing activities.

- *Pilot agreement payment*. In the March 2023 quarter, Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes a provision for a one-time payment made upon ratification in the March 2023 quarter of $735 million. Adjusting for this item provides investors a better understanding of our recurring free cash flow generated by our operations.

Free cash flow reconciliation		
	Year Ended December 31,	
(in millions)	**2023**	
Net cash provided by operating activities	$	6,464
Net cash used in investing activities		(3,148)
Adjusted for:		
Net redemptions of short-term investments		(2,235)
Strategic investments and related		152
Net cash flows related to certain airport construction projects and other		496
Financed aircraft acquisitions		(461)
Pilot agreement payment		735
Free cash flow	$	2,003

Glossary of Defined Terms

ASM - Available Seat Mile. A measure of capacity. ASMs equal the total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period.

CASM - (Total Operating) Cost per Available Seat Mile. The amount of operating cost incurred per ASM during a reporting period. CASM is also referred to as "unit cost."

CASM-Ex - The amount of operating cost incurred per ASM during a reporting period, adjusted for the items shown above in "Supplemental Information."

Free Cash Flow - A measure of net cash from operating and investing activities, adjusted for items shown above in "Supplemental Information." Represents the cash available for use for debt service or general corporate initiatives.

Liquidity - Includes our cash and cash-like assets, including cash equivalents and short-term investments, as well as aggregate principal amount committed and available to be drawn under our revolving credit facilities.

Load Factor - A measure of utilized available seating capacity calculated by dividing RPMs by ASMs for a reporting period.

Passenger Mile Yield or Yield - The amount of passenger revenue earned per RPM during a reporting period.

PRASM - Passenger Revenue per ASM. The amount of passenger revenue earned per ASM during a reporting period. PRASM is also referred to as "passenger unit revenue."

RPM - Revenue Passenger Mile. One revenue-paying passenger transported one mile is one RPM. RPMs equal the number of revenue passengers during a reporting period multiplied by the number of miles flown by those passengers during that period. RPMs are also referred to as "traffic."

TRASM - Total Revenue per ASM. The amount of total revenue earned per ASM during a reporting period.

TRASM, adjusted - The amount of total revenue earned per ASM during a reporting period, adjusted for the item shown above in "Supplemental Information."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have market risk exposure related to fuel prices, interest rates, foreign currency exchange rates and changes in the market value of equity investments. Market risk is the potential negative impact of adverse changes in these prices or rates on our Consolidated Financial Statements. In an effort to manage our exposure to these risks, we may enter into derivative contracts and may adjust our derivative portfolio as market conditions change. See Note 3 of the Notes to the Consolidated Financial Statements for further information on our derivative contracts. We expect adjustments to the fair value of financial instruments to result in ongoing volatility in earnings and stockholders' equity.

The following sensitivity analyses do 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.

Fuel Price Risk

Changes in fuel prices materially impact our results of operations. A one cent increase in the cost of jet fuel per gallon would result in approximately $40 million of additional annual fuel expense based on annual consumption of approximately four billion gallons of jet fuel. Our derivative contracts to hedge the financial risk from changing fuel prices are related to Monroe’s inventory.

Interest Rate Risk

Our exposure to market risk from adverse changes in interest rates is primarily associated with our debt and lease obligations. Market risk associated with our fixed-rate debt relates to the potential reduction in fair value from an increase in interest rates. Market risk associated with our variable-rate debt and variable-rate leases relates to the potential negative impact to future earnings from an increase in interest rates.

At December 31, 2023, we had $16.8 billion of fixed-rate debt, $1.9 billion of variable-rate debt and $583 million of variable-rate leases. The rates used in our variable-rate debt are based on SOFR, or another index rate, which in certain cases is subject to a floor. At December 31, 2023 we no longer had LIBOR-based debt or finance leases. An increase of 100 basis points in average annual interest rates would have decreased the estimated fair value of our fixed-rate debt by $716 million at December 31, 2023 and would have increased the annual interest expense on our variable-rate debt and variable-rate leases by $25 million.

Foreign Currency Exchange Risk

We are subject to foreign currency exchange rate risk because we have revenue, expense and equity investments denominated in foreign currencies. To manage exchange rate risk, we execute both our international revenue and expense transactions in the same foreign currency to the extent practicable. From time to time, we may also enter into foreign currency option and forward contracts.

At December 31, 2023 we had no open foreign currency options or forward contracts.

Equity Investment Risk

We own equity investments in a number of airlines and airline service companies, which are subject to equity price risk. We often hold our equity securities for long periods and short-term price volatility has occurred in the past and will occur in the future, impacting the volatility of our financial results. During 2023, we recorded a net gain of $1.3 billion related to the valuation of our fair value investments. As of December 31, 2023, we have long-term investments recorded at fair value of $2.9 billion and, therefore, a 10% change in the fair value of these investments would have an approximately $290 million impact on our financial results. See Note 3 and Note 4 of the Notes to the Consolidated Financial Statements for further information on our investments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Delta Air Lines, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 12, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Employee Benefit Plans - Net Asset Value Per Share (NAV) Asset Valuation

Description of the Matter	At December 31, 2023, the fair value of the Company's benefit plan assets measured at fair value on a recurring basis totaled $16.2 billion, of which $11.4 billion do not have a readily determinable fair value and are measured at NAV as a practical expedient. Management determines the fair value of NAV assets by applying the methodologies described in Note 9 to the consolidated financial statements.
	Auditing the Company's NAV assets required significant judgment in estimating the fair value of the NAV assets, primarily resulting from the lag in the availability of data provided by the investment fund managers.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s accounting for the fair value measurement of its NAV assets, including controls over management’s assessment of the significant inputs and estimates affecting the fair value measurement.
	To test the fair value of plan assets measured at NAV, our audit procedures included, among others, evaluating the valuation methodologies used by the Company and comparing significant inputs and underlying data used in the Company's valuations to information available from third-party sources and market data. Additionally, we performed sensitivity analyses to evaluate the changes to the Company’s net periodic benefit that would result from changes in the fair value measurement, compared the Company’s asset performance results to applicable third-party benchmarks, and assessed management’s historical accuracy of estimating fair value by performing retrospective review procedures comparing the Company’s estimates of fair value as of the prior year end to the fair value NAV in the investment’s audited financial statements made available during the current year.

Loyalty Program - Mileage Breakage

Description of the Matter	At December 31, 2023 the Company’s aggregate current and noncurrent loyalty program deferred revenue balance was $8.4 billion. For the year ended December 31, 2023, the Company recognized $3.5 billion of revenue classified as loyalty travel awards within passenger revenue and $3.1 billion of revenue classified as loyalty program revenue within other revenue in the consolidated statement of operations. As disclosed in Note 2 to the consolidated financial statements, the Company defers revenue for mileage credits earned and recognizes loyalty travel awards in passenger revenue as the miles are redeemed and services are provided. In accounting for its loyalty program deferred revenue, the Company estimates the amount of mileage credits outstanding that are not expected to be redeemed (mileage breakage). The Company recognizes mileage breakage proportionally during the period in which the remaining mileage credits are redeemed. Under the Company’s loyalty program, mileage credits do not expire. Therefore, the Company uses statistical models to estimate mileage breakage based on historical redemption patterns.
	Auditing the Company’s accounting for its loyalty program required significant estimation in determining the mileage breakage estimate for mileage credits. In particular, there is complexity and subjectivity in estimating mileage breakage based on expectations of future redemption patterns due to the absence of historical expirations as the Company’s mileage credits do not expire.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s accounting for its loyalty program, including controls over management’s review of the estimation of the mileage breakage and the completeness and accuracy of the data underlying the mileage breakage estimate.
	To test the estimate of breakage of mileage credits, our audit procedures included, among others, involving an actuarial specialist to assist in assessing the method used by the Company to develop the mileage breakage estimate and to independently develop a range of mileage breakage estimates and compare to the Company's estimate. Additionally, we tested the completeness and accuracy of the underlying mileage data used to develop the mileage breakage estimate.

	/s/ Ernst & Young LLP
We have served as the Company's auditor since 2006.	
Atlanta, Georgia	
February 12, 2024	

DELTA AIR LINES, INC.
Consolidated Balance Sheets

(in millions, except share data)	December 31, 2023		2022	
ASSETS				
Current Assets:				
Cash and cash equivalents	$	2,741	$	3,266
Short-term investments		1,127		3,268
Accounts receivable, net of an allowance for uncollectible accounts of $17 and $23		3,130		3,176
Fuel, expendable parts and supplies inventories, net of an allowance for obsolescence of $123 and $136		1,314		1,424
Prepaid expenses and other		1,957		1,877
Total current assets		10,269		13,011
Noncurrent Assets:				
Property and equipment, net of accumulated depreciation and amortization of $21,707 and $20,370		35,486		33,109
Operating lease right-of-use assets		7,004		7,036
Goodwill		9,753		9,753
Identifiable intangibles, net of accumulated amortization of $911 and $902		5,983		5,992
Equity investments		3,457		2,128
Other noncurrent assets		1,692		1,259
Total noncurrent assets		63,375		59,277
Total assets	$	73,644	$	72,288
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Current maturities of debt and finance leases	$	2,983	$	2,359
Current maturities of operating leases		759		714
Air traffic liability		7,044		8,160
Accounts payable		4,446		5,106
Accrued salaries and related benefits		4,561		3,288
Loyalty program deferred revenue		3,908		3,434
Fuel card obligation		1,100		1,100
Other accrued liabilities		1,617		1,779
Total current liabilities		26,418		25,940
Noncurrent Liabilities:				
Debt and finance leases		17,071		20,671
Pension, postretirement and related benefits		3,601		3,707
Loyalty program deferred revenue		4,512		4,448
Noncurrent operating leases		6,468		6,866
Deferred income taxes, net		908		24
Other noncurrent liabilities		3,561		4,050
Total noncurrent liabilities		36,121		39,766
Commitments and Contingencies				
Stockholders' Equity:				
Common stock at $0.0001 par value; 1,500,000,000 shares authorized, 654,671,194 and 651,800,786 shares issued		—		—

DELTA AIR LINES, INC.
Consolidated Statements of Operations

(in millions, except per share data)	Year Ended December 31, 2023	2022	2021
Operating Revenue:			
Passenger	$ 48,909	$ 40,218	$ 22,519
Cargo	723	1,050	1,032
Other	8,416	9,314	6,348
Total operating revenue	58,048	50,582	29,899
Operating Expense:			
Salaries and related costs	14,607	11,902	9,728
Aircraft fuel and related taxes	11,069	11,482	5,633
Ancillary businesses and refinery	4,172	5,756	3,957
Contracted services	4,041	3,345	2,420
Landing fees and other rents	2,563	2,181	2,019
Aircraft maintenance materials and outside repairs	2,432	1,982	1,401
Depreciation and amortization	2,341	2,107	1,998
Passenger commissions and other selling expenses	2,334	1,891	953
Regional carrier expense	2,200	2,051	1,736
Passenger service	1,750	1,453	756
Profit sharing	1,383	563	108
Pilot agreement and related expenses	864	—	—
Aircraft rent	532	508	430
Government grant recognition	—	—	(4,512)
Other	2,239	1,700	1,386
Total operating expense	52,527	46,921	28,013
Operating Income	5,521	3,661	1,886
Non-Operating Income/(Expense):			
Interest expense, net	(834)	(1,029)	(1,279)
Gain/(loss) on investments, net	1,263	(783)	56
Loss on extinguishment of debt	(63)	(100)	(319)
Pension and related (expense)/benefit	(244)	292	451
Miscellaneous, net	(35)	(127)	(397)
Total non-operating income/(expense), net	87	(1,747)	(1,488)
Income Before Income Taxes	5,608	1,914	398
Income Tax Provision	(999)	(596)	(118)
Net Income	$ 4,609	$ 1,318	$ 280
Basic Earnings Per Share	$ 7.21	$ 2.07	$ 0.44
Diluted Earnings Per Share	$ 7.17	$ 2.06	$ 0.44

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

DELTA AIR LINES, INC.
Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Net Income	$ 4,609	$ 1,318	$ 280
Other comprehensive income:			
Net change in pension and other benefits	(44)	1,329	1,908
Total Other Comprehensive (Loss)/Income	(44)	1,329	1,908
Comprehensive Income	$ 4,565	$ 2,647	$ 2,188

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

DELTA AIR LINES, INC.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
(in millions)	2023	2022	2021
Cash Flows From Operating Activities:			
Net income	$ 4,609	$ 1,318	$ 280
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,341	2,107	1,998
Deferred income taxes	980	591	115
(Gain)/loss on fair value investments	(1,283)	874	(38)
Pension, postretirement and postemployment payments greater than expense	(121)	(453)	(2,038)
Changes in certain assets and liabilities:			
Receivables	(7)	(728)	(981)
Fuel inventory	121	(158)	(318)
Prepaids and other current assets	17	(867)	(58)
Air traffic liability	(1,216)	1,902	1,814
Loyalty program deferred revenue	538	324	376
Profit sharing	821	455	108
Other payables, deferred revenue and accrued liabilities	(285)	1,226	1,986
Noncurrent liabilities	(18)	(348)	(399)
Other, net	(33)	120	419
Net cash provided by operating activities	6,464	6,363	3,264
Cash Flows From Investing Activities:			
Property and equipment additions:			
Flight equipment, including advance payments	(3,645)	(4,495)	(1,596)
Ground property and equipment, including technology	(1,678)	(1,871)	(1,651)
Purchase of equity investments	(152)	(870)	—
Purchase of short-term investments	(2,312)	(2,704)	(12,655)
Redemption of short-term investments	4,547	2,804	15,036
Other, net	92	212	(32)
Net cash used in investing activities	(3,148)	(6,924)	(898)
Cash Flows From Financing Activities:			
Proceeds from long-term obligations	878	—	1,902
Payments on debt and finance lease obligations	(4,071)	(4,475)	(5,834)
Cash dividends	(128)	—	—
Other, net	(73)	(60)	80
Net cash used in financing activities	(3,394)	(4,535)	(3,852)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(78)	(5,096)	(1,486)
Cash, cash equivalents and restricted cash at beginning of period	3,473	8,569	10,055
Cash, cash equivalents and restricted cash at end of period	$ 3,395	$ 3,473	$ 8,569
Supplemental Disclosure of Cash Paid for Interest	$ 1,164	$ 1,261	$ 1,524
Non-Cash Transactions:			
Right-of-use assets acquired under operating leases	$ 661	$ 531	$ 2,113
Flight and ground equipment acquired under finance leases	31	91	1,049
Operating leases converted to finance leases	84	342	42

DELTA AIR LINES, INC.
Consolidated Statements of Stockholders' Equity

	Common Stock					Treasury Stock		
(in millions, except per share data)	Shares	Amount	Additional Paid-In Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Shares	Amount	Total
Balance at January 1, 2021	647	$ —	$ 11,259	$ (428)	$ (9,038)	9	$ (259)	$ 1,534
Net income	—	—	—	280	—	—	—	280
Other comprehensive income	—	—	—	—	1,908	—	—	1,908
Common stock issued for employee equity awards[1]	3	—	102	—	—	1	(23)	79
Government grant warrant issuance	—	—	86	—	—	—	—	86
Balance at December 31, 2021	650	—	11,447	(148)	(7,130)	10	(282)	3,887
Net income	—	—	—	1,318	—	—	—	1,318
Other comprehensive income	—	—	—	—	1,329	—	—	1,329
Common stock issued for employee equity awards[1]	2	—	79	—	—	1	(31)	48
Balance at December 31, 2022	652	—	11,526	1,170	(5,801)	11	(313)	6,582
Net income	—	—	—	4,609	—	—	—	4,609
Dividends declared ($0.20 per share)	—	—	—	(129)	—	—	—	(129)
Other comprehensive loss	—	—	—	—	(44)	—	—	(44)
Common stock issued for employee equity awards[1]	3	—	115	—	—	—	(28)	87
Balance at December 31, 2023	655	$ —	$ 11,641	$ 5,650	$ (5,845)	11	$ (341)	$ 11,105

(1) Treasury shares were withheld for payment of taxes, at a weighted average price per share of $40.08, $40.52 and $38.87 in 2023, 2022 and 2021, respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Delta Air Lines, Inc., a Delaware corporation, provides scheduled air transportation for passengers and cargo throughout the United States ("U.S.") and around the world. Our Consolidated Financial Statements include the accounts of Delta Air Lines, Inc. and our consolidated subsidiaries and have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). We are not the primary beneficiary of, nor do we have a controlling financial interest in, any variable interest entity. Accordingly, we have not consolidated any variable interest entity.

We have marketing alliances with other airlines to enhance our access to domestic and international markets. These arrangements may include codesharing, reciprocal loyalty program benefits, shared or reciprocal access to passenger lounges, joint promotions, common use of airport gates and ticket counters, office co-location and other marketing agreements. We have received antitrust immunity for certain marketing arrangements, which enables us to offer a more integrated route network and develop common sales, marketing and discount programs for customers. Some of our marketing arrangements provide for the sharing of revenues and expenses. Revenues and expenses associated with collaborative arrangements are presented on a gross basis in the applicable line items on our Consolidated Statements of Operations ("income statement").

We have 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.

Use of Estimates

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

Recent Accounting Standards

Standards Effective in Future Years

Fair Value of Equity Investments. In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." Under this standard, a contractual restriction on the sale of an equity security is not considered in measuring the security's fair value. The standard also requires certain disclosures for equity securities that are subject to contractual restrictions. The ASU becomes effective January 1, 2024, however we early adopted this standard as of December 31, 2023. The new standard does not impact the valuation of our equity investments, but we have included the newly required disclosures related to the contractual sale restrictions associated with our investment in Wheels Up Experience Inc. ("Wheels Up"). See Note 4, "Investments," for additional details.

Segment Reporting. In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This standard requires disclosure of significant segment expenses and other segment items by reportable segment. This ASU becomes effective for annual periods beginning in 2024 and interim periods in 2025. We are assessing the impact of this ASU and upon adoption expect that any impact would be limited to additional segment expense disclosures in the footnotes to our Consolidated Financial Statements.

Income Taxes. In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This standard enhances disclosures related to income taxes, including the rate reconciliation and information on income taxes paid. This ASU becomes effective January 1, 2025. We are assessing the impact of this ASU and upon adoption may be required to include certain additional disclosures in the footnotes to our Consolidated Financial Statements.

Significant Accounting Policies

Our significant accounting policies are disclosed below or included within the topic-specific notes included herein.

Cash and Cash Equivalents and Short-Term Investments

Short-term, highly liquid investments with maturities of three months or less when purchased are classified as cash and cash equivalents. Investments with maturities of greater than three months, but not in excess of one year, when purchased are classified as short-term investments and are stated at fair value. Investments with maturities beyond one year when purchased may be classified as short-term investments if they are expected to be available to support our short-term liquidity needs. Our short-term investments in debt securities purchased prior to October 1, 2022 are classified as fair value investments under the fair value option and unrealized gains and losses are recorded in non-operating expense. Our short-term investments in debt securities purchased on or after October 1, 2022 are classified as available-for-sale investments and are stated at fair value with unrealized gains and losses recorded in accumulated other comprehensive income/(loss) ("AOCI"). Realized gains and losses on these investments are recorded in non-operating expense.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets ("balance sheets") that sum to the total of the same such amounts shown within the Consolidated Statements of Cash Flows ("cash flows statement").

Reconciliation of cash, cash equivalents and restricted cash

	December 31,		
(in millions)	**2023**	**2022**	**2021**
Current assets:			
Cash and cash equivalents	$ 2,741	$ 3,266	$ 7,933
Restricted cash included in prepaid expenses and other	199	138	163
Noncurrent assets:			
Restricted cash included in other noncurrent assets	455	69	473
Total cash, cash equivalents and restricted cash	$ 3,395	$ 3,473	$ 8,569

Inventories

Fuel. As part of our strategy to mitigate the cost of the refining margin reflected in the price of jet fuel, our wholly owned subsidiary, Monroe Energy, LLC ("Monroe"), operates the Trainer oil refinery. Refined products (finished goods) and feedstock and blendstock inventories (work-in-process) are both carried at the lower of cost and net realizable value. We use jet fuel in our airline operations that is produced by the refinery and procured through the exchanges with third parties of gasoline, diesel and other refined products ("non-jet fuel products") the refinery produces. Cost is determined using the first-in, first-out method. Costs include the raw material consumed plus direct manufacturing costs (such as labor, utilities and supplies) as incurred and an applicable portion of manufacturing overhead.

Expendables Parts and Supplies. Inventories of expendable parts related to flight equipment, which cannot be economically repaired, reconditioned or reused after removal from the aircraft, are carried at moving average cost and charged to aircraft maintenance materials and outside repairs as consumed. An allowance for obsolescence is provided over the remaining useful life of the related fleet. We also provide allowances for parts identified as excess or obsolete to reduce the carrying costs to the lower of cost or net realizable value. These parts are estimated to have residual value of 5% of the original cost.

Accounting for Refinery Related Buy/Sell Agreements

To the extent that we receive jet fuel for non-jet fuel products exchanged under buy/sell agreements, we account for these transactions as nonmonetary exchanges. We have recorded these nonmonetary exchanges at the carrying amount of the non-jet fuel products transferred within aircraft fuel and related taxes on the income statement.

Derivatives

Changes in 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 may enter into derivative contracts and adjust our derivative portfolio as market conditions change. Our derivative contracts are recognized at fair value on our balance sheets and had net balances of $5 million and $47 million at December 31, 2023 and 2022, respectively. See Note 3, "Fair Value Measurements," for further information regarding our derivative contracts.

Long-Lived Assets

Our long-lived lived assets include property and equipment, net and operating lease right-of-use ("ROU") assets on our balance sheets. See Note 7, "Leases," for further information regarding our leases. The following table summarizes our property and equipment:

Property and equipment by classification		December 31,	
(in millions, except for estimated useful life)	**Estimated Useful Life**	**2023**	**2022**
Flight equipment[1]	25-34 years	$ 40,976	$ 38,091
Ground property and equipment	3-40 years	9,986	8,996
Information technology-related assets	3-15 years	3,307	3,375
Flight and ground equipment under finance leases	Shorter of lease term or estimated useful life	1,862	1,950
Advance payments for equipment		1,062	1,067
Less: accumulated depreciation and amortization[2]		(21,707)	(20,370)
Total property and equipment, net		$ 35,486	$ 33,109

(1) Includes aircraft and associated engines and parts.

(2) Includes accumulated amortization for flight and ground equipment under finance leases in the amount of $525 million and $463 million at December 31, 2023 and 2022, respectively.

We record property and equipment at cost and depreciate or amortize these assets on a straight-line basis to their estimated residual values over their estimated useful lives. The estimated useful life for leasehold improvements is the shorter of lease term or estimated useful life. Depreciation and amortization expense related to our property and equipment was $2.3 billion, $2.1 billion and $2.0 billion for the years ended December 31, 2023, 2022 and 2021, respectively. Residual values for owned aircraft, engines, spare parts and simulators are generally 5% to 10% of cost.

We capitalize certain internal and external costs incurred to develop and implement software and amortize those costs over an estimated useful life of three to fifteen years. Included in the depreciation and amortization expense discussed above, we recorded $340 million, $307 million and $301 million for amortization of capitalized software for the years ended December 31, 2023, 2022 and 2021, respectively. The net book value of these assets, which are included in information technology-related assets above, totaled $932 million and $891 million at December 31, 2023 and 2022, respectively.

Our tangible assets consist primarily of flight equipment, which is mobile across geographic markets. Accordingly, assets are not allocated to specific geographic regions.

We review flight equipment, ROU assets and other long-lived assets used in operations for impairment losses when events and circumstances indicate the assets may be impaired. Factors which could be indicators of impairment include, but are not limited to (1) a decision to permanently remove flight equipment or other long-lived assets from operations, (2) significant changes in the estimated useful life, (3) significant changes in projected cash flows, (4) permanent and significant declines in fleet fair values and (5) changes to the regulatory environment. For long-lived assets held for sale, we discontinue depreciation and record impairment losses when the carrying amount of these assets is greater than the fair value less the cost to sell.

To determine whether impairments exist for aircraft used in operations, we group assets at the fleet type level or at the contract level for aircraft operated by third-party regional carriers (i.e., the lowest level for which there are identifiable cash flows) and then estimate future cash flows based on projections of capacity, passenger mile yield, fuel and labor costs and other relevant factors. If an asset group is impaired, the impairment loss recognized is the amount by which the asset group's carrying amount exceeds its estimated fair value. We estimate aircraft fair values using published sources, appraisals and bids received from third parties, as available.

Income Taxes

We account for deferred income taxes under the liability method. We recognize deferred tax assets and liabilities based on the tax effects of temporary differences between the financial statement and tax basis of assets and liabilities, as measured by current enacted tax rates. Deferred tax assets and liabilities are net by jurisdiction and are recorded as noncurrent on the balance sheets.

We have elected to recognize global intangible low tax income in the period it arises and do not recognize deferred taxes for basis differences that may reverse in future years.

A valuation allowance is recorded to reduce deferred tax assets when necessary. We periodically assess whether it is more likely than not that we will generate sufficient taxable income to realize our deferred income tax assets. We establish valuation allowances if it is more likely than not that we will be unable to realize our deferred income tax assets. In making this determination, we consider available positive and negative evidence and make certain assumptions. We consider, among other things, projected future taxable income, scheduled reversals of deferred tax liabilities, the overall business environment, our historical financial results and tax planning strategies. See Note 11, "Income Taxes," for further information on our deferred income taxes.

Fuel Card Obligation

We have a purchasing card with American Express for the purpose of buying jet fuel and crude oil. The card carried a maximum credit limit of $1.1 billion as of December 31, 2023 and must be paid monthly. At both December 31, 2023 and 2022, we had $1.1 billion outstanding on this purchasing card and the activity was classified as a financing activity in our cash flows statement.

Manufacturers' Credits

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

Maintenance Costs

We record maintenance costs related to our mainline and regional fleets in aircraft maintenance materials and outside repairs and regional carrier expense, respectively. Maintenance costs are expensed as incurred, except for costs incurred under power-by-the-hour contracts, which are expensed based on actual hours flown. Power-by-the-hour contracts transfer certain risk to third-party service providers and fix the amount we pay per flight hour or per flight cycle to the service provider in exchange for maintenance and repairs under a predefined maintenance program. Modifications that enhance the operating performance or extend the useful lives of airframes or engines are capitalized and amortized over the remaining estimated useful life of the asset or the remaining lease term, whichever is shorter.

Advertising Costs

We expense advertising costs in passenger commissions and other selling expenses in the year the advertising first takes place. Advertising expense was $347 million, $302 million and $198 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Commissions and Merchant Fees

Passenger sales commissions and merchant fees are recognized in passenger commissions and other selling expenses when the related revenue is recognized.

NOTE 2. REVENUE RECOGNITION

Passenger Revenue

Passenger revenue is composed of passenger ticket sales, loyalty travel awards and travel-related services performed in conjunction with a passenger's flight.

Passenger revenue by category			
	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Ticket	$ 43,596	$ 35,626	$ 19,339
Loyalty travel awards	3,462	2,898	1,786
Travel-related services	1,851	1,694	1,394
Total passenger revenue	$ 48,909	$ 40,218	$ 22,519

Ticket

Passenger Tickets. We defer sales of passenger tickets to be flown by us or that we sell on behalf of other airlines in our air traffic liability. Passenger revenue is recognized when we provide transportation. For tickets that we sell on behalf of other airlines, we reduce the air traffic liability when consideration is remitted to those airlines. The air traffic liability primarily includes sales of passenger tickets with scheduled departure dates in the future and travel credits, which can be applied as payment toward the cost of a ticket. We periodically evaluate the estimated air traffic liability and may record adjustments in our income statement. These adjustments relate primarily to tickets that expire unused ("ticket breakage"), refunds, exchanges, transactions with other airlines and other items for which final settlement occurs in periods subsequent to the sale of the related tickets at amounts other than the original sales price.

We recognized approximately $7.4 billion, $4.2 billion and $2.2 billion in passenger revenue during the years ended December 31, 2023, 2022 and 2021, respectively, that had been recorded in our air traffic liability balance at the beginning of those periods.

As of December 31, 2023, all of our air traffic liability was recorded as a current liability. As of December 31, 2022, our air traffic liability was $8.3 billion, of which $100 million was included in other noncurrent liabilities on our balance sheet due to ticket validity extensions related to certain tickets and travel credits as of the end of 2022.

Ticket Breakage. We estimate the value of ticket breakage and recognize revenue at the scheduled flight date. Our ticket breakage estimates are primarily based on historical experience, ticket contract terms and customers' travel behavior.

Regional Carriers. Our regional carriers include both third-party regional carriers with which we have contract carrier agreements ("contract carriers") and Endeavor Air, Inc., our wholly owned subsidiary. Our contract carrier agreements are primarily structured as capacity purchase agreements where we purchase all or a portion of the contract carrier's capacity and are responsible for selling the seat inventory we purchase. We record revenue related to our capacity purchase agreements in passenger revenue and the related expenses in regional carrier expense. See Note 10, "Commitments and Contingencies," for additional information regarding contract carrier agreements.

Loyalty Travel Awards

Loyalty travel awards revenue is related to the redemption of mileage credits ("miles") for travel. We recognize loyalty travel awards revenue in passenger revenue as miles are redeemed and transportation is provided. See below for discussion of our loyalty program accounting policies.

Travel-Related Services

Travel-related services are primarily composed of services performed in conjunction with a passenger's flight, including baggage fees, administrative fees, and on-board sales. We recognize revenue for these services when the related transportation service is provided.

Loyalty Program

Our SkyMiles loyalty program generates customer loyalty by rewarding customers with incentives to travel on Delta. This program allows customers to earn miles by flying on Delta, Delta Connection carriers and other airlines that participate in the loyalty program. When traveling, customers earn miles primarily based on the passenger's loyalty program status, fare class and ticket price. Customers can also earn miles through participating companies. Miles are redeemable by customers in future periods for air travel on Delta and other participating airlines, access to Delta Sky Club and other program awards. To facilitate transactions with participating companies, we sell miles to non-airline businesses and other airlines.

The loyalty program includes two types of transactions that are considered revenue arrangements with multiple performance obligations (1) passenger ticket sales earning miles and (2) sale of miles to participating companies.

Passenger Ticket Sales Earning Miles. Passenger ticket sales earning miles provide customers with (1) miles earned and (2) air transportation, which are each considered performance obligations. We value each performance obligation on a standalone basis. To value the miles earned, we consider the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as equivalent ticket value ("ETV"). Our estimate of ETV is adjusted for miles that are not likely to be redeemed ("mileage breakage"). We use statistical models to estimate mileage breakage based on historical redemption patterns. A change in assumptions regarding the redemption activity for miles or the estimated fair value of miles expected to be redeemed could have a material impact on our revenue in the year in which the change occurs and in future years. We recognize mileage breakage proportionally during the period in which the remaining miles are actually redeemed.

We defer revenue for the miles when earned and recognize loyalty travel awards in passenger revenue as the miles are redeemed and transportation is provided. We record the air transportation portion of the passenger ticket sales in air traffic liability and recognize passenger revenue when we provide transportation or if the ticket goes unused.

Sale of Miles to Participating Companies. Customers earn miles based on their spending with participating companies, such as credit card, retail, ridesharing, car rental and hotel companies, with which we have marketing agreements to sell miles. Our contracts to sell miles under these marketing agreements have multiple performance obligations. Payments are typically due to us monthly based on the volume of miles sold during the period, and the initial terms of our marketing contracts are from one to thirteen years. During the years ended December 31, 2023, 2022 and 2021, total cash sales from marketing agreements related to our loyalty program were $6.9 billion, $5.7 billion and $4.1 billion, respectively, which are allocated to travel and other performance obligations, as discussed below.

Our most significant contract to sell miles relates to our co-brand credit card relationship with American Express. Our agreements with American Express provide for joint marketing, grant certain benefits to Delta-American Express co-branded credit card holders ("cardholders") and American Express Membership Rewards program participants, and allow American Express to market its services or products using our customer database. Cardholders earn miles for making purchases using co-branded cards, and certain cardholders may also check their first bag for free, are granted discounted access to Delta Sky Club lounges and receive priority boarding and other benefits while traveling on Delta. Additionally, participants in the American Express Membership Rewards program may exchange their points for miles under the loyalty program. We sell miles at agreed-upon rates to American Express which are then provided to their customers under the co-brand credit card program and the Membership Rewards program.

We account for marketing agreements, including those with American Express, by allocating the consideration to the individual products and services delivered. We allocate the value based on the relative selling prices of those products and services, which generally consist of award travel, priority boarding, baggage fee waivers, lounge access and the use of our brand. We determine our best estimate of the selling prices by using a discounted cash flow analysis using multiple inputs and assumptions, including (1) the expected number of miles awarded and number of miles redeemed, (2) ETV for the award travel obligation adjusted for mileage breakage, (3) published rates on our website for baggage fees, discounted access to Delta Sky Club lounges and other benefits while traveling on Delta, (4) brand value (using estimated royalties generated from the use of our brand) and (5) volume discounts provided to certain partners.

We defer the amount allocated to award travel as part of loyalty program deferred revenue and recognize loyalty travel awards in passenger revenue as the miles are redeemed and transportation is provided. Revenue allocated to services performed in conjunction with a passenger’s flight, such as baggage fee waivers, is recognized as travel-related services in passenger revenue when the related service is performed. Revenue allocated to Delta Sky Club lounge access is recognized as miscellaneous in other revenue as access is provided. Revenue allocated to the remaining performance obligations, primarily brand value, is recorded as loyalty program in other revenue as miles are delivered.

Current Activity of the Loyalty Program. Miles are combined in one homogeneous pool and are not separately identifiable. Therefore, the revenue is comprised of miles that were part of the loyalty program deferred revenue balance at the beginning of the period as well as miles that were issued during the period.

The table below presents the activity of the current and noncurrent loyalty program deferred revenue, and includes miles earned through travel and miles sold to participating companies, which are primarily through marketing agreements.

Loyalty program activity		
(in millions)	**2023**	**2022**	**2021**
Balance at January 1	$ 7,882	$ 7,559	$ 7,182
Miles earned	4,173	3,419	2,238
Travel miles redeemed	(3,462)	(2,898)	(1,786)
Non-travel miles redeemed	(173)	(198)	(75)
Balance at December 31	$ 8,420	$ 7,882	$ 7,559

The timing of mile redemptions can vary widely; however, the majority of new miles have historically been redeemed within two years of being earned. The loyalty program deferred revenue classified as a current liability represents our estimate of revenue expected to be recognized in the next twelve months based on projected redemptions, while the balance classified as a noncurrent liability represents our estimate of revenue expected to be recognized beyond twelve months.

Cargo Revenue

Cargo revenue is recognized when we provide the transportation.

Other Revenue

	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Refinery	$ 3,379	$ 4,977	$ 3,229
Loyalty program	3,093	2,597	1,770
Ancillary businesses	840	846	793
Miscellaneous	1,104	894	556
Total other revenue	$ 8,416	$ 9,314	$ 6,348

Refinery. This represents refinery sales to third parties. See Note 14, "Segments," for more information on revenue recognition within our refinery segment.

Loyalty Program. This relates to revenues from brand usage by third parties and other performance obligations embedded in miles sold, which are included within the total cash sales from marketing agreements, discussed above. This also includes the redemption of miles for non-travel awards.

Ancillary Businesses. This includes aircraft maintenance services we provide to third parties and our vacation wholesale operations.

Miscellaneous. This is primarily composed of lounge access, including access provided to certain American Express cardholders, and codeshare revenues.

Revenue by Geographic Region

Operating revenue for the airline segment is recognized in a specific geographic region based on the origin, flight path and destination of each flight segment. A significant portion of the refinery segment's revenues typically consists of fuel sales to support the airline, which is eliminated in the Consolidated Financial Statements. The remaining operating revenue for the refinery segment is included in the domestic region. Our passenger and operating revenue by geographic region are summarized in the following table:

Revenue by geographic region						
	Passenger Revenue			**Operating Revenue**		
	Year Ended December 31,			**Year Ended December 31,**		
(in millions)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Domestic	$ 33,968	$ 30,197	$ 18,468	$ 40,845	$ 38,478	$ 24,320
Atlantic	9,057	6,093	1,777	10,458	7,429	2,537
Latin America	3,798	2,889	1,873	4,292	3,334	2,284
Pacific	2,086	1,039	401	2,453	1,341	758
Total	$ 48,909	$ 40,218	$ 22,519	$ 58,048	$ 50,582	$ 29,899

Accounts Receivable

Accounts receivable primarily consist of amounts due from credit card companies from the sale of passenger tickets, ancillary businesses, refinery sales and other companies for the purchase of miles under the loyalty program. We provide an allowance for uncollectible accounts using an expected credit loss model which represents our estimate of expected credit losses over the lifetime of the asset.

Passenger Taxes and Fees

We are required to charge certain taxes and fees on our passenger tickets, including U.S. federal transportation taxes, federal security charges, airport passenger facility charges and foreign arrival and departure taxes. These taxes and fees are assessments on the customer for which we act as a collection agent and these amounts are not included in passenger revenue. We record a liability when the amounts are collected and reduce the liability when payments are made to the applicable government agency or operating carrier (i.e., for codeshare-related fees).

NOTE 3. FAIR VALUE MEASUREMENTS

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Each fair value measurement is classified into one of the following levels based on the information used in the valuation:

- *Level 1.* Observable inputs such as quoted prices in active markets.
- *Level 2.* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- *Level 3.* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on the valuation techniques identified in the tables below. The valuation techniques are as follows:

(a) *Market Approach.* Prices and other relevant information generated by observable transactions involving identical or comparable assets or liabilities.

(b) *Income Approach.* Techniques to convert future amounts to a single present value amount based on market expectations (including present value techniques and option-pricing models).

Assets (Liabilities) Measured at Fair Value on a Recurring Basis [(1)]

	December 31, 2023				
(in millions)	Total	Level 1	Level 2	Level 3	Valuation Technique
Cash equivalents	$ 1,545	$ 1,545	$ —	$ —	(a)
Restricted cash equivalents	653	653	—	—	(a)
Short-term investments					
U.S. Government securities	859	204	655	—	(a)
Corporate obligations	218	—	218	—	(a)
Other fixed income securities	50	—	50	—	(a)
Long-term investments and related	2,867	2,614	134	119	(a)(b)
Hedge derivatives, net					
Fuel hedge contracts	5	—	5	—	(a)(b)

	December 31, 2022				
(in millions)	Total	Level 1	Level 2	Level 3	Valuation Technique
Cash equivalents	$ 2,021	$ 2,021	$ —	$ —	(a)
Restricted cash equivalents	206	206	—	—	(a)
Short-term investments					
U.S. Government securities	1,587	122	1,465	—	(a)
Corporate obligations	1,614	—	1,614	—	(a)
Other fixed income securities	67	—	67	—	(a)
Long-term investments	1,450	1,305	38	107	(a)(b)
Hedge derivatives, net					
Fuel hedge contracts	(47)	—	(47)	—	(a)(b)

(1) See Note 9, "Employee Benefit Plans," for fair value of benefit plan assets.

Cash Equivalents and Restricted Cash Equivalents. Cash equivalents generally consist of money market funds. Restricted cash equivalents are recorded in prepaid expenses and other and other noncurrent assets on our balance sheets and generally consist of money market funds, time deposits, commercial paper and negotiable certificates of deposit, which primarily relate to proceeds from debt issued to finance, among other things, a portion of the construction costs for our new terminal facilities at New York's LaGuardia Airport as well as certain self-insurance obligations and airport commitments. The fair value of these cash equivalents is based on a market approach using prices generated by market transactions involving identical or comparable assets.

Short-Term Investments. The fair values of our 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.

As of December 31, 2023, the estimated fair value of our short-term investments was $1.1 billion. These investments are expected to mature in one year or less.

Long-Term Investments and Related. Our long-term investments measured at fair value primarily consist of equity investments, which are valued based on market prices or other observable transactions and inputs, and are recorded in equity investments on our balance sheets. Our equity investments in private companies are classified as Level 3 in the fair value hierarchy as their equity is not traded on a public exchange and our valuations incorporate certain unobservable inputs, including non-public equity issuances.

As of December 31, 2023 and December 31, 2022, our equity investment in Wheels Up was classified as Level 1 in the fair value hierarchy. In the September 2023 quarter, our Wheels Up investment was classified as Level 3 after we determined the quoted price of its publicly-traded shares did not represent fair value due to the short time between closing of Wheels Up's credit facility and our quarterly reporting date. Given the amount of time that elapsed by December 31, 2023, we returned to valuing our equity investment in Wheels Up using the closing price of its shares at year end as traded on the New York Stock Exchange. Fair value measurement using unobservable inputs is inherently uncertain, and a change in significant inputs could result in different fair values. During the year ended December 31, 2023 there were no material gains or losses related to investments classified as Level 3 as a result of fair value adjustments. See Note 4, "Investments," for further information on our long-term investments.

Hedge Derivatives. A portion of our derivative contracts may be 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 would be classified as Level 2 within the fair value hierarchy. The remainder of our hedge contracts may be comprised of futures contracts, which are traded on a public exchange. These contracts would be classified within Level 1 of the fair value hierarchy.

- *Fuel Hedge Contracts.* Our derivative contracts to hedge the financial risk from changing fuel prices are related to Monroe's inventory. Our fuel hedge portfolio may consist of a combination of options, swaps or futures. Option and swap contracts are valued under income approaches using option pricing models and discounted cash flow models, respectively, based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets. Futures contracts and options on futures contracts are traded on a public exchange and valued based on quoted market prices. We recognized losses of $6 million, $394 million and $146 million on our fuel hedge contracts in aircraft fuel and related taxes on our income statement for the years ended December 31, 2023, 2022 and 2021, respectively. The losses recognized during 2023 were composed of $58 million of settlements on contracts and $52 million of mark-to-market adjustments. Expense from the settlement of closed contracts is offset by higher operating profits at Monroe from higher pricing. See Note 14, "Segments," for further information on our Monroe refinery segment.

NOTE 4. INVESTMENTS

We have developed strategic relationships with a number of airlines and airline services companies through joint ventures and other forms of cooperation and support, including equity investments. Our equity investments reinforce our commitment to these relationships and generally enhance our ability to offer input to the investee on strategic issues and direction, in some cases through representation on the board of directors of the investee.

Fair Value Investments. Changes in the valuation of investments accounted for at fair value are recorded in gain/(loss) on investments, net in our income statement within non-operating expense and are driven by changes in stock prices, foreign currency fluctuations and other valuation techniques for investments in companies without publicly-traded shares.

Equity Method Investments. We record our share of our equity method investees' financial results in our income statement as described in the table below.

Equity investments ownership interest and carrying value

(in millions)	Accounting Treatment	Ownership Interest December 31, 2023	Ownership Interest December 31, 2022	Carrying Value December 31, 2023	Carrying Value December 31, 2022
Air France-KLM	Fair Value	3 %	3 %	$ 110	$ 97
China Eastern	Fair Value	2 %	2 %	134	189
CLEAR	Fair Value	6 %	5 %	171	227
Grupo Aeroméxico	Equity Method(1)	20 %	20 %	421	412
Hanjin-KAL	Fair Value(2)	15 %	15 %	561	296
LATAM	Fair Value	10 %	10 %	658	403
Unifi Aviation	Equity Method(3)	49 %	49 %	162	165
Wheels Up	Fair Value(4)	38 %	21 %	903	54
Other investments	Various			337	285
Equity investments				$ 3,457	$ 2,128

(1) Results are included in miscellaneous, net in our income statement under non-operating expense.

(2) At December 31, 2023, we held 14.8% of the outstanding shares (including common and preferred), and 14.9% of the common shares, of Hanjin KAL.

(3) Results are included in contracted services in our income statement as this entity is integral to the operations of our business by providing services at many of our airport locations.

(4) See below for additional information about our ownership interest and voting rights.

Wheels Up. During 2023, we announced an expanded strategic partnership with Wheels Up, which included an agreement for a new credit facility to Wheels Up. This new credit facility is comprised of a $390 million term loan, of which we contributed $150 million and several other lenders contributed the remaining $240 million, and a $100 million liquidity facility that we made available to Wheels Up in the event the company's liquidity falls below $100 million. In connection with the credit facility, the term loan investors received newly issued shares of Wheels Up's common stock representing 95% of Wheels Up's outstanding equity on a fully diluted basis as of the closing of the initial extension of credit.

Our $150 million cash contribution was reflected as an investing outflow in our cash flows statement and allocated on a relative fair value basis to a loan receivable within other noncurrent assets and an equity investment on our balance sheet. Combined with our previous ownership stake, this new investment provides us with a 38% equity interest in Wheels Up. Delta's voting rights with respect to its Wheels Up equity interest are capped at 29.9%.

As a result of the transaction, we concluded that Wheels Up is a variable interest entity ("VIE"). A VIE requires consolidation by the entity's primary beneficiary. We determined that we are not the primary beneficiary after assessing the decision-making process for the significant activities of Wheels Up, concluding that Wheels Up's Board of Directors continues to possess the decision-making authority over the significant activities, and we do not control Wheels Up's Board. Based on this assessment, Wheels Up is not consolidated in our financial statements.

We continue to account for our Wheels Up equity interest under the fair value option, as originally elected as part of our initial acquisition of Wheels Up shares in 2020. During 2023, we recorded a $786 million mark-to-market gain on our investment in Wheels Up based on the closing price of its shares as traded on the New York Stock Exchange. As of December 31, 2023, Wheels Up's public float was under 5% of the total outstanding shares which contributed to significant volatility in the value of our Wheels Up equity investment since the announcement of Wheels Up's credit facility in September 2023. The Wheels Up shares issued to Delta and the other term loan lenders were unregistered as of December 31, 2023 and are subject to a contractual transfer restriction until the first anniversary of the credit facility (September 2024). Following the expiration of this restriction, our equity investment in Wheels Up will be subject to certain, more limited transfer restrictions. We also account for our loan receivable at fair value, as the fair value option is applied to all of an investor's financial interests in the same entity. None of the $100 million liquidity facility has been drawn as of December 31, 2023.

Other Investments

This category includes various investments that are accounted for at fair value or under the equity method, depending on our ownership interest and the level of influence conveyed by our investment. Among others, this category includes our equity method investments in Virgin Atlantic and JFK IAT Member LLC.

Virgin Atlantic. The carrying value of our investment in Virgin Atlantic remains zero as of December 31, 2023. We maintain our 49% equity interest and continue to track our share of Virgin Atlantic's losses under the equity method of accounting. These previously unrecognized losses are only recorded to the extent we make additional investments in Virgin Atlantic (i.e., additional shareholder support). As of December 31, 2023, we have approximately $400 million of unrecognized equity method losses related to our 49% interest in Virgin Atlantic.

JFK IAT Member LLC is discussed further in Note 8, "Airport Redevelopment."

NOTE 5. GOODWILL AND INTANGIBLE ASSETS

Goodwill and Indefinite-Lived Intangible Assets

Our goodwill and identifiable intangible assets relate to the airline segment. We apply a fair value-based impairment test to the carrying value of goodwill and indefinite-lived intangible assets on an annual basis (as of October 1) and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. We assess the value of our goodwill and indefinite-lived assets under either a qualitative or quantitative approach. Under a qualitative approach, we consider various market factors, including certain of the key assumptions listed below. We analyze these factors to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets. If we determine that it is more likely than not that the asset may be impaired, we use the quantitative approach to assess the asset's fair value and the amount of the impairment. Under a quantitative approach, we calculate the fair value of the asset incorporating the key assumptions listed below into our calculation.

We value goodwill and indefinite-lived intangible assets primarily using market and income approach valuation techniques. These measurements include the following key assumptions (1) forecasted revenues, expenses and cash flows, (2) current discount rates, (3) observable market transactions and (4) anticipated changes to the regulatory environment (e.g., changes in slot access and/or availability, additional Open Skies agreements or changes to antitrust approvals). These assumptions are consistent with those that hypothetical market participants would use. Because we are required to make estimates and assumptions when evaluating goodwill and indefinite-lived intangible assets for impairment, actual transaction amounts may differ materially from these estimates. We recognize an impairment charge if the asset's carrying value exceeds its estimated fair value.

Changes in certain events and circumstances could result in impairment or a change from indefinite-lived to definite-lived. Factors which could cause impairment include, but are not limited to (1) negative trends in our market capitalization, (2) reduced profitability resulting from lower passenger mile yields or higher input costs (primarily related to fuel and employees), (3) lower passenger demand as a result of weakened U.S. and global economies or other factors, (4) interruption to our operations due to a prolonged employee strike, terrorist attack or other reasons, (5) changes to the regulatory environment (e.g., changes in slot access and/or availability, additional Open Skies agreements or changes to antitrust approvals), (6) competitive changes by other airlines and (7) strategic changes to our operations leading to diminished utilization of the intangible assets.

Identifiable Intangible Assets. Indefinite-lived assets are not amortized and consist of routes, slots, the Delta tradename and assets related to alliances and collaborative arrangements. Definite-lived intangible assets consist primarily of marketing and maintenance service agreements and are amortized on a straight-line basis or under the undiscounted cash flows method over the estimated economic life of the respective agreements. Costs incurred to renew or extend the term of an intangible asset are expensed as incurred.

During the December 2023 quarter, we performed a quantitative valuation of our goodwill and indefinite-lived intangible assets as the most recent quantitative analysis was several years ago. These quantitative impairment tests of goodwill and intangibles concluded that there was no indication of impairment as the fair values exceeded our carrying values.

Goodwill and indefinite-lived intangible assets by category

	Carrying Value at		
(in millions)	**December 31, 2023**	**December 31, 2022**	**Excess Fair Value at 2023 Testing Date**
Goodwill	$ 9,753	$ 9,753	>100%
International routes and slots	2,583	2,583	20% to >100%
Airline alliances	1,863	1,863	30% to >100%
Delta tradename	850	850	>100%
Domestic slots	622	622	60% to >100%
Total	$ 15,671	$ 15,671	

International Routes and Slots. This primarily relates to Pacific route authorities and slots at capacity-constrained airports in Asia, and slots at London-Heathrow airport.

Airline Alliances. This primarily relates to our commercial agreements with LATAM and our SkyTeam partners.

Domestic Slots. This primarily relates to our slots at New York-LaGuardia and Washington-Reagan National airports.

Definite-Lived Intangible Assets

Definite-lived intangible assets by category				
	December 31, 2023		**December 31, 2022**	
(in millions)	**Gross Carrying Value**	**Accumulated Amortization**	**Gross Carrying Value**	**Accumulated Amortization**
Marketing agreements	$ 730	$ (708)	$ 730	$ (704)
Maintenance contracts	192	(150)	192	(145)
Other	54	(53)	54	(53)
Total	$ 976	$ (911)	$ 976	$ (902)

Amortization expense was $9 million, $9 million and $10 million for the years ended December 31, 2023, 2022 and 2021, respectively. Based on our definite-lived intangible assets at December 31, 2023, we estimate that we will incur approximately $8 million of amortization expense annually from 2024 through 2028.

NOTE 6. DEBT

The following table summarizes our debt as of the dates indicated below:

Summary of outstanding debt by category							
						December 31,	
(in millions)	Maturity Dates			Interest Rate(s) Per Annum at December 31, 2023		2023	2022
Unsecured Payroll Support Program Loans	2030	to	2031	1.00%		$ 3,496	$ 3,496
Unsecured notes	2024	to	2029	2.90% to	7.38%	2,590	2,997
Financing arrangements secured by SkyMiles assets:							
SkyMiles Notes(1)	2024	to	2028	4.50% and	4.75%	4,518	5,144
SkyMiles Term Loan(1)(2)	2024	to	2027	9.17%		1,772	2,820
NYTDC Special Facilities Revenue Bonds(1)	2024	to	2045	4.00% to	6.00%	3,656	2,838
Financing arrangements secured by aircraft:							
Certificates(1)	2024	to	2028	2.00% to	8.00%	1,591	1,802
Notes(1)(2)	2024	to	2033	6.72% to	7.65%	165	813
Financing arrangements secured by slots, gates and/or routes:							
2020 Senior Secured Notes	2025			7.00%		838	1,542
2018 Revolving Credit Facility(2)	2026	to	2028	Undrawn		—	—
Other financings(1)(2)	2024	to	2030	2.51% to	5.00%	67	67
Other revolving credit facilities(2)	2024	to	2026	Undrawn		—	—
Total secured and unsecured debt						18,693	21,519
Unamortized (discount)/premium and debt issuance cost, net and other						(83)	(138)
Total debt						18,610	21,381
Less: current maturities						(2,625)	(2,055)
Total long-term debt						$ 15,985	$ 19,326

(1) Due in installments.

(2) Certain financings are comprised of variable rate debt. All variable rates are equal to SOFR (generally subject to a floor) or another index rate plus a specified margin.

Early Settlement of Outstanding Notes

During 2023, we repurchased a principal amount of $1.4 billion of various secured and unsecured notes and a portion of the SkyMiles Term Loan on the open market and made early principal repayments of $585 million on various notes secured by aircraft. Collectively, these payments resulted in a $63 million loss on extinguishment of debt, which is recorded in non-operating expense in our income statement.

Availability Under Revolving Facilities

As of December 31, 2023, we had approximately $2.9 billion undrawn and available under our revolving credit facilities. In addition, we had $450 million of outstanding letters of credit as of December 31, 2023 that did not affect the availability under our revolvers.

New York Transportation Development Corporation ("NYTDC") Special Facilities Revenue Bonds, Series 2023

In the December 2023 quarter, the NYTDC issued Special Facilities Revenue Bonds ("Series 2023 Bonds") in the aggregate principal amount of $878 million. We entered into loan agreements with the NYTDC to use the proceeds from the Series 2023 Bonds to finance a portion of the costs of the construction project that is currently in process at LaGuardia Airport. The proceeds from the Series 2023 Bonds are recorded in other noncurrent assets on our balance sheets. See Note 8, "Airport Redevelopment," for further information on our LaGuardia Airport project.

We are required to pay debt service on the Series 2023 Bonds through payments under loan agreements with NYTDC, and we have guaranteed the Series 2023 Bonds.

2018 Revolving Credit Facility

In the December 2023 quarter, we entered into an amended and restated credit agreement (the "A&R Credit Facility") which amends and restates the previous 2018 revolving credit facility. The A&R Credit Facility was undrawn at the time we entered into it and at December 31, 2023. The A&R Credit Facility contains a $1.325 billion three-year revolving facility, a $1.325 billion five-year revolving facility and a $360 million three-year standby letter of credit facility. Up to $250 million of each of the three-year and the five-year facilities can also be used for the issuance of letters of credit. The A&R Credit Facility contains an accordion feature under which the aggregate commitments can be increased up to $3.65 billion subject to certain conditions.

The A&R Credit Facility is secured by a first lien on collateral consistent with the existing credit agreement, which includes our Pacific route authorities and certain related assets. We also have the option of pledging additional collateral. The A&R Credit Facility provides for the release of the lien on the collateral if we receive and maintain an investment grade rating with stable outlook from at least two of the three rating agencies (such date on which the collateral release conditions are met, the "Collateral Release Date").

Fair Value of Debt

Market risk associated with our fixed- and variable-rate 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. Debt is primarily classified as Level 2 within the fair value hierarchy.

Fair value of outstanding debt		
(in millions)	**December 31, 2023**	**December 31, 2022**
Net carrying amount	$ 18,610	$ 21,381
Fair value	$ 18,400	$ 20,700

Covenants

Our debt agreements contain various affirmative, negative and financial covenants. For example, our credit facilities and our SkyMiles financing agreements, contain, among other things, a minimum liquidity covenant. The minimum liquidity covenant requires us to maintain at least $2.0 billion of liquidity (defined as cash, cash equivalents, short-term investments and aggregate principal amount committed and available to be drawn under our revolving credit facilities). Certain of our debt agreements also include collateral coverage ratios and limit our ability to (1) incur liens under certain circumstances, (2) dispose of collateral and (3) engage in mergers and consolidations or transfer all or substantially all of our assets. On or after the Collateral Release Date, collateral and liquidity covenants in the A&R Credit Facility will be replaced to include, among other things, (1) restrictions on our ability to place liens on, or to sell or otherwise dispose of, a designated pool of assets and (2) minimum fixed charge coverage ratio and minimum asset coverage ratio covenants. Our SkyMiles financing agreements include a debt service coverage ratio and also restrict our ability to, among other things, (1) modify the terms of the SkyMiles program, or otherwise change the policies and procedures of the SkyMiles program, in a manner that would reasonably be expected to materially impair repayment of the SkyMiles Debt, (2) sell pre-paid miles in excess of $550 million in the aggregate and (3) terminate or materially modify the intercompany arrangements governing the relationship between Delta and SkyMiles IP Ltd. with respect to the SkyMiles program.

Each of these restrictions, however, is subject to certain exceptions and qualifications that are set forth in these debt agreements. We were in compliance with the covenants in our debt agreements at December 31, 2023.

Future Maturities

The following table summarizes scheduled maturities of our debt for the years succeeding December 31, 2023:

Future debt maturities			
(in millions)	**Total Debt**	**Amortization of Debt (Discount)/Premium and Debt Issuance Cost, net and other**	
2024	$ 2,633	$ (49)	
2025	2,006	(32)	
2026	2,610	(6)	
2027	2,315	—	
2028	1,884	—	
Thereafter	7,245	4	
Total	$ 18,693	$ (83)	$ 18,610

NOTE 7. LEASES

We lease property and equipment under finance and operating leases. For leases with terms greater than 12 months, we record the related asset and obligation at the present value of the fixed minimum lease payments over the term. Many of our leases include rental escalation clauses, renewal options and/or termination options that are factored into our determination of lease payments when appropriate. We do not separate lease and nonlease components of contracts, except for regional aircraft and information technology ("IT") assets as discussed below.

We use the rate implicit in the lease to discount lease payments to present value, when readily determinable. As the rate implicit in the lease is rarely readily determinable, we use our incremental borrowing rate, which is based on the estimated interest rate for collateralized borrowing over a similar term of the lease at commencement date.

Some of our aircraft lease agreements include provisions for residual value guarantees. These guarantees represent an immaterial portion of our lease liability.

Aircraft

As of December 31, 2023, including aircraft operated by our regional carriers, we leased 225 aircraft, of which 111 were under finance leases and 114 were operating leases. Our aircraft leases had remaining lease terms of five months to 12 years.

In addition, we have regional aircraft leases that are embedded within our capacity purchase agreements and included in the ROU asset and lease liability. We allocated the consideration in each capacity purchase agreement to the lease and nonlease components based on their relative standalone fair values. Lease components of these agreements consist of 116 aircraft as of December 31, 2023 and nonlease components primarily consist of flight operations, in-flight and maintenance services. We determined our best estimate of the standalone fair value of the individual components by considering observable information including rates paid by our wholly owned subsidiary, Endeavor Air, Inc., and rates published by independent valuation firms. See Note 10, "Commitments and Contingencies," for additional information about our capacity purchase agreements.

Airport Facilities

Our facility leases are primarily for space at approximately 300 airports around the world that we serve. These leases reflect our use of airport terminals, office space, cargo warehouses and maintenance facilities. We generally lease space from government agencies that control the use of the airport, and as a result, these leases are classified as operating leases. The remaining lease terms vary from one month to 29 years. At the majority of the U.S. airports, the lease rates depend on airport operating costs or use of the facilities and are reset at least annually. Because of the variable nature of the rates, these leases are not recorded on our balance sheets as a ROU asset and lease liability.

Some airport facilities have fixed payment schedules, the most significant of which are New York-LaGuardia and New York-JFK. For those airport leases, we have recorded a ROU asset and lease liability representing the fixed component of the lease payments. See Note 8, "Airport Redevelopment," for more information on our significant airport redevelopment projects.

Other Ground Property and Equipment

We lease certain IT assets (including servers, mainframes, etc.), ground support equipment (including tugs, tractors, fuel trucks and de-icers), and various other equipment. The remaining lease terms range from one month to six years. Certain leased assets are embedded within various ground and IT service agreements. For ground service contracts, we have elected to include both the lease and nonlease components in the lease asset and lease liability balances on our balance sheets. For IT service contracts, we have elected to separate the lease and nonlease components and only the lease components are included in the lease asset and lease liability balances on our balance sheets. The amounts of these lease and nonlease components are not significant.

Lease Position

The table below presents the lease-related assets and liabilities recorded on the balance sheets.

Lease asset and liability balance sheet position by category			
		December 31,	
(in millions)	**Classification on the Balance Sheet**	**2023**	**2022**
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 7,004	$ 7,036
Finance lease assets	Property and equipment, net	1,338	1,487
Total lease assets		$ 8,342	$ 8,523
Liabilities			
Current			
Operating	Current maturities of operating leases	$ 759	$ 714
Finance	Current maturities of debt and finance leases	358	304
Noncurrent			
Operating	Noncurrent operating leases	6,468	6,866
Finance	Debt and finance leases	1,086	1,345
Total lease liabilities		$ 8,671	$ 9,229
Weighted-average remaining lease term			
Operating leases		13 years	13 years
Finance leases		4 years	5 years
Weighted-average discount rate			
Operating leases		3.73 %	4.30 %
Finance leases		3.12 %	3.05 %

Lease Costs

The table below presents certain information related to the lease costs for finance and operating leases.

Lease cost by category			
	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Finance lease cost			
Amortization of leased assets	$ 109	$ 120	$ 131
Interest of lease liabilities	42	45	55
Operating lease cost(1)	981	949	863
Short-term lease cost(1)	258	281	245
Variable lease cost(1)	2,230	1,859	1,599
Total lease cost	$ 3,620	$ 3,254	$ 2,893

(1) Expenses are primarily classified within aircraft rent, landing fees and other rents and regional carrier expense on our income statement.

Other Information

The table below presents supplemental cash flow information related to leases.

Supplemental lease-related cash flow information			
	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows for operating leases	$ 1,230	$ 809	$ 999
Operating cash flows for finance leases	71	49	46
Financing cash flows for finance leases	264	363	336

Undiscounted Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the finance lease liabilities and operating lease liabilities recorded on the balance sheets.

Future lease cash flows and reconciliation to the balance sheet		
(in millions)	**Operating Leases**	**Finance Leases**
2024	$ 1,021	$ 395
2025	990	257
2026	899	192
2027	860	391
2028	772	164
Thereafter	4,705	157
Total minimum lease payments	9,247	1,556
Less: amount of lease payments representing interest	(2,020)	(112)
Present value of future minimum lease payments	7,227	1,444
Less: current obligations under leases	(759)	(358)
Long-term lease obligations	$ 6,468	$ 1,086

As of December 31, 2023, we had additional leases that had not yet commenced of $151 million. These leases will commence in 2024 with lease terms of 4 to 19 years.

NOTE 8. AIRPORT REDEVELOPMENT

New York-JFK Airport

We are enhancing and expanding our facilities at Terminal 4 of JFK to strengthen our competitive position and offer a premium travel experience for customers in New York City. Terminal 4 is operated by JFK International Air Terminal LLC ("IAT"), a private party, under its lease with the Port Authority of New York and New Jersey ("Port Authority"). We have a long-term agreement with IAT to sublease space in Terminal 4 through 2043 ("Sublease").

In 2021, the Port Authority approved plans to renovate and expand Terminal 4 in order to facilitate Delta's relocation from Terminal 2 and consolidation of its operations into Terminal 4. The project is adding 10 new gates and other complementary facilities, including an additional Delta Sky Club and a new Delta premium lounge. The project is estimated to cost approximately $1.6 billion and will be funded primarily with bonds issued in 2022 by the NYTDC for which our landlord, IAT, is the obligor. The majority of project costs are being used to expand or modify Delta's leased premises. Construction started in late 2021 and in 2023 we substantially completed a majority of Delta's portion of the project and consolidated all operations to Terminal 4. Based on our assessment of the project, we concluded that we do not control the underlying assets being constructed, and therefore, we do not have the project asset or related obligation recorded on our balance sheets.

Equity Investment. We have an equity method investment in JFK IAT Member LLC, which owns IAT. The Sublease requires us to pay certain fixed management fees. We determined the investment is a variable interest entity and assessed whether we have a controlling financial interest in IAT. Our rights under the Sublease, with respect to management of Terminal 4, are consistent with rights granted to an anchor tenant under a standard airport lease. Accordingly, we do not consolidate this entity in our Consolidated Financial Statements. See Note 4, "Investments" for additional information on our equity investments.

Los Angeles International Airport ("LAX")

As part of the terminal redevelopment project at LAX, we are modernizing, upgrading, and providing post-security connection to Terminals 2 and 3. We announced this project and executed a modified lease agreement during 2016 with the City of Los Angeles (the "City"), which owns and operates LAX. This project includes a new centralized ticketing and arrival hall, a new security checkpoint, core infrastructure to support the City's planned airport people mover, ramp improvements and a post-security connector to the north side of the Tom Bradley International Terminal.

The project is expected to cost approximately $2.4 billion. A substantial majority of the project costs are being funded through the Regional Airports Improvement Corporation ("RAIC"), a California public benefit corporation, using a revolving credit facility provided by a group of lenders. The credit facility was executed in 2017 and we have guaranteed the obligations of the RAIC under the credit facility. During 2023, the revolving credit facility agreement was amended and the revolver capacity was reduced to $626 million. Loans made under the credit facility are being repaid with the proceeds from the City’s purchase of completed project assets. Under the lease agreement and subsequent project component approvals by the City's Board of Airport Commissioners, the City has appropriated to date approximately $1.8 billion to purchase completed project assets, representing the maximum allowable reimbursement by the City. Costs incurred in excess of the $1.8 billion maximum will not be reimbursed by the City. We currently expect our net project costs to be approximately $600 million, of which approximately $350 million has been reflected as investing activities and approximately $200 million as operating activities in our cash flows statement since the project started in 2017.

In 2020, we enhanced the project’s scope to include a more customer-friendly design of Terminal 3, an expanded Delta Sky Club and baggage system upgrades designed to increase the terminals’ operational efficiency going forward. In 2023, we substantially completed all construction for this project.

Based on our assessment of the project, we concluded that we do not control the underlying assets being constructed, and therefore, we do not have the project asset or related obligation recorded on our balance sheets, except for certain assets recorded as leasehold improvements within property and equipment, net on our balance sheets.

We have recorded approximately $200 million as a ROU asset on our balance sheets related to certain costs incurred in excess of RAIC funding, though we have not recognized a ROU asset and lease liability on our balance sheets for the variable lease payments in our agreement with the City. See Note 7, "Leases" for more information on our ROU assets and lease liabilities.

New York-LaGuardia Airport

As part of the terminal redevelopment project at LaGuardia Airport, we are partnering with the Port Authority to replace Terminals C and D with a new state-of-the-art terminal facility consisting of 37 gates across four concourses connected to a central headhouse. The completed terminal redevelopment features a new, larger Delta Sky Club, wider concourses, more gate seating and nearly double the amount of concessions space than the prior terminals. The completed facility also offers direct access between the parking garage and terminal and improved roadways and drop-off/pick-up areas. Construction is underway and is being phased to limit passenger inconvenience.

We have opened Concourse E, Concourse G, the headhouse (including the Delta Sky Club), the terminal roadways and portions of Concourse D and Concourse F. Due to an acceleration effort that commenced in 2020, substantial completion is expected by the end of 2024.

In connection with the redevelopment, during 2017, we entered into an amended and restated terminal lease with the Port Authority with a term through 2050. Pursuant to the lease agreement, as amended to date, we (1) are funding (through debt issuance and existing cash) and undertaking the design, management and construction of the terminal and certain off-premises supporting facilities, (2) are receiving a Port Authority contribution of approximately $500 million to facilitate construction of the terminal and other supporting infrastructure, (3) will be responsible for all operations and maintenance during the term of the lease and (4) will have preferential rights to all gates in the terminal subject to Port Authority requirements with respect to accommodation of designated carriers.

The project is expected to cost $4.3 billion and the total amount spent to date is approximately $3.7 billion. We currently expect our net project cost to be approximately $3.8 billion and we bear the risks of project construction, including any potential cost over-runs. We entered into loan agreements to fund a portion of the construction, which are recorded on our balance sheets as debt with the proceeds reflected as restricted cash. Using funding primarily provided by these arrangements, we spent approximately $500 million, $650 million and $950 million during 2023, 2022 and 2021, respectively. Based on our assessment of the project, we concluded that we do not control the underlying assets being constructed. Costs incurred by Delta are accounted for as leasehold improvements recorded in property and equipment, net on our balance sheets. See Note 6, "Debt," for additional information on the debt (NYTDC Special Facilities Revenue Bonds) related to this redevelopment project.

NOTE 9. EMPLOYEE BENEFIT PLANS

We sponsor defined benefit and defined contribution pension plans, healthcare plans and disability and survivorship plans for eligible employees and retirees and their eligible family members.

Defined Benefit Pension Plans. We sponsor defined benefit pension plans for eligible employees and retirees. These plans are generally closed to new entrants and frozen for future benefit accruals. Our funding obligations for qualified defined benefit plans are governed by the Employee Retirement Income Security Act and any applicable legislation. Under the Pension Protection Act of 2006, we elected alternative funding rules so that the unfunded liability for a frozen defined benefit plan may be amortized over a fixed 17-year period and is calculated using an 8.85% discount rate until the 17-year period expires for all frozen defined benefit plans by the end of 2024. Upon expiration, under legislation passed in 2021, any required funding would be amortized over a rolling 15-year period and calculated using a discount rate of no less than 4.75% through 2030. We have no minimum funding requirements for these plans in 2024 and do not plan to make voluntary contributions during 2024.

During 2023, we established a market based cash balance defined benefit pension plan for eligible pilots that is funded by company contributions in excess of IRS limits in the 401(k) plan. Prior to 2023, these contributions were reflected in our cost associated with the defined contribution pension plans shown below. The company funds the plan with cash contributions as benefits are earned and invests those assets. The participants' benefit is the sum of the contributions made on their behalf plus any positive return on the invested contributions.

Defined Contribution Pension Plans. We sponsor several defined contribution plans. These plans generally cover different employee groups and employer contributions vary by plan. The costs associated with our defined contribution pension plans were approximately $1.2 billion, $1.0 billion and $875 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Postretirement Healthcare Plans. We sponsor healthcare plans that provide benefits to eligible retirees and their dependents who are under age 65. We have generally eliminated company-paid post age 65 healthcare coverage, except for (1) subsidies available to a limited group of retirees and their dependents, (2) a group of retirees who retired prior to 1987 and (3) retiree medical accounts which provide a fixed dollar amount to eligible employees who retired under the 2012 voluntary workforce reduction programs or under the 2020 voluntary early retirement and separation programs ("voluntary programs").

Postemployment Plans. We provide certain other welfare benefits to eligible former or inactive employees after employment but before retirement, primarily as part of the disability and survivorship plans. Substantially all employees are eligible for benefits under these plans in the event of death and/or disability.

Benefits under our postretirement and post employment plans are funded from current assets and employee contributions.

Benefit Obligations, Fair Value of Plan Assets and Funded Status

	Pension Benefits		Other Postretirement and Postemployment Benefits	
	December 31,		December 31,	
(in millions)	2023	2022	2023	2022
Benefit obligation at beginning of period	$ 15,811	$ 21,073	$ 3,664	$ 4,605
Service cost	95	—	71	70
Interest cost	855	611	200	128
Actuarial loss/(gain)	351	(4,599)	24	(710)
Benefits paid, including lump sums and annuities	(1,201)	(1,274)	(485)	(447)
Plan amendments	—	—	11	—
Participant contributions	—	—	18	18
Benefit obligation at end of period[1]	$ 15,911	$ 15,811	$ 3,503	$ 3,664
Fair value of plan assets at beginning of period	$ 15,721	$ 19,502	$ 71	$ 357
Actual gain/(loss) on plan assets	1,142	(2,517)	3	(73)
Employer contributions	104	10	426	216
Participant contributions	—	—	18	18
Benefits paid, including lump sums and annuities	(1,201)	(1,274)	(485)	(447)
Fair value of plan assets at end of period	$ 15,766	$ 15,721	$ 33	$ 71
Funded status at end of period	$ (145)	$ (90)	$ (3,470)	$ (3,593)

[1] At the end of each year presented, our accumulated benefit obligations for our pension plans are equal to the benefit obligations shown above.

During 2023, net actuarial losses increased our benefit obligation primarily due to the decrease in discount rates while net actuarial gains decreased our benefit obligation primarily due to the increase in discount rates during 2022. These gains and losses are recorded in AOCI and reflected in the table below. Amounts are generally amortized from AOCI over the expected future lifetime of plan participants.

Balance Sheet Position

	Pension Benefits		Other Postretirement and Postemployment Benefits	
	December 31,		December 31,	
(in millions)	2023	2022	2023	2022
Prepaid pension assets	$ 22	$ 27	$ —	$ —
Current liabilities	(9)	(9)	(404)	(369)
Noncurrent liabilities	(158)	(108)	(3,066)	(3,224)
Funded status at end of period	$ (145)	$ (90)	$ (3,470)	$ (3,593)
Net actuarial (loss)/gain	$ (6,474)	$ (6,444)	$ (162)	$ (155)
Prior service credit	—	—	1	18
Total accumulated other comprehensive loss, pre-tax	$ (6,474)	$ (6,444)	$ (161)	$ (137)

Certain pension plans have benefit obligations in excess of plan assets. These plans have aggregate projected benefit obligations of $8.6 billion and aggregate fair value of plan assets of $8.4 billion at December 31, 2023.

Net Periodic Cost/(Benefit)

	Pension Benefits			Other Postretirement and Postemployment Benefits		
	Year Ended December 31,			Year Ended December 31,		
(in millions)	2023	2022	2021	2023	2022	2021
Service cost	$ 95	$ —	$ —	$ 71	$ 70	$ 86
Interest cost	855	611	582	200	128	117
Expected return on plan assets	(1,060)	(1,319)	(1,522)	(1)	(17)	(34)
Amortization of prior service credit	—	—	—	(5)	(5)	(6)
Recognized net actuarial loss	240	255	354	14	56	55
Settlements	—	—	2	—	—	—
Net periodic cost/(benefit)	$ 130	$ (453)	$ (584)	$ 279	$ 232	$ 218

Service cost is recorded in salaries and related costs in the income statement, while all other components are recorded within pension and related (expense)/benefit under non-operating expense. Service cost listed under Pension Benefits relates solely to the new market based cash balance defined benefit pension plan discussed above.

Assumptions

We used the following actuarial assumptions to determine our benefit obligations and our net periodic cost/(benefit) for the periods presented:

	December 31,	
Benefit Obligations[(1)]	2023	2022
Weighted average discount rate	5.31 %	5.62 %

	Year Ended December 31,		
Net Periodic Cost/(Benefit)[(1)]	2023	2022	2021
Weighted average discount rate	5.59 %	2.96 %	2.61 %
Weighted average expected long-term rate of return on plan assets	7.00 %	7.00 %	8.98 %
Assumed healthcare cost trend rate for the next year[(2)]	6.25 %	6.50 %	6.25 %

(1) Future employee compensation levels do not impact our frozen defined benefit pension plans or other postretirement plans and impact only a small portion of our other postemployment obligation.

(2) Healthcare cost trend rate is assumed to decline gradually to 5.00% by 2029 and remain unchanged thereafter.

Expected Long-Term Rate of Return. Our expected long-term rate of return on plan assets is based primarily on plan-specific investment studies using historical market return and volatility data. Modest excess return expectations versus some public market indices are incorporated into the return projections based on the actively managed structure of the investment programs and their records of achieving such returns historically. We also expect to receive a premium for investing in less liquid private markets. We review our rate of return on plan assets assumptions annually. Our annual investment performance for one particular year does not, by itself, significantly influence our evaluation. The investment strategy for our defined benefit pension plan assets is to earn a long-term return that meets or exceeds our annualized return target while taking an acceptable level of risk and maintaining sufficient liquidity to pay current benefits and other cash obligations of the plan. This is achieved by investing in a globally diversified mix of public and private equity, fixed income, real assets, hedge funds and other assets and instruments. Our weighted average expected long-term rate of return on assets for net periodic cost/(benefit) for the year ended December 31, 2023 was 7.00%.

Life Expectancy. Changes in life expectancy may significantly impact our benefit obligations and future net periodic cost/(benefit). Each year we review information published by the Society of Actuaries and other publicly available information to develop our best estimate of life expectancy for purposes of measuring pension and other postretirement and postemployment benefit obligations.

Benefit Payments

Benefit payments in the table below are based on the same assumptions used to measure the related benefit obligations. Actual benefit payments may vary significantly from these estimates. Benefits earned under our pension plans are expected to be paid from funded benefit plan trusts, while our other postretirement and postemployment benefits are funded from current assets.

The following table summarizes the benefit payments that are expected to be paid in the years ending December 31:

Expected future benefit payments		
(in millions)	**Pension Benefits**	**Other Postretirement and Postemployment Benefits**
2024	$ 1,310	$ 450
2025	1,350	440
2026	1,350	440
2027	1,360	440
2028	1,360	450
2029-2033	6,670	2,190

Plan Assets

We have adopted and implemented investment policies for our defined benefit pension plans that incorporate strategic asset allocation mixes intended to best meet the plans' long-term obligations, while maintaining an appropriate level of risk and liquidity. These asset portfolios employ a diversified mix of investments, which are reviewed periodically. Active management strategies are utilized where feasible in an effort to realize investment returns in excess of market indices. Derivatives in the plans are primarily used to manage risk and gain asset class exposure while still maintaining liquidity. As part of these strategies, the plans are required to hold cash collateral associated with certain derivatives. Our investment strategies target a mix of 20-40% growth-seeking assets, 25-35% income-generating assets and 35-45% risk-diversifying assets. Risk diversifying assets include hedge funds implementing long-short, market neutral and relative value strategies that invest primarily in publicly-traded equity, fixed income, foreign currency and commodity securities and are used to improve the impact of active management on the plans.

Benefit Plan Assets Measured at Fair Value on a Recurring Basis

Benefit plan assets relate to our defined benefit pension plans and certain of our postemployment benefit plans. These investments are presented net of the related benefit obligation in either other noncurrent assets or pension, postretirement and related benefits on the balance sheets depending on the funded status of each plan. See Note 3, "Fair Value Measurements," for a description of the levels within the fair value hierarchy and associated valuation techniques used to measure fair value. The following table shows our benefit plan assets by asset class.

Benefit plan assets measured at fair value on a recurring basis							
	December 31, 2023			**December 31, 2022**			
(in millions)	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**	**Valuation Technique**
Fixed income and fixed income-related instruments	$ 300	$ 1,858	$ 2,158	$ 77	$ 1,366	$ 1,443	(a)(b)
Cash equivalents	471	685	1,156	629	265	894	(a)
Equities and equity-related instruments	647	122	769	420	25	445	(a)
Delta common stock	419	—	419	343	—	343	(a)
Real assets	11	236	247	17	170	187	(a)
Benefit plan assets	$ 1,848	$ 2,901	$ 4,749	$ 1,486	$ 1,826	$ 3,312	
Investments measured at net asset value ("NAV")[1]			11,417			12,329	
Total benefit plan assets			$ 16,166			$ 15,641	

[1] Investments that were measured at NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy.

Fixed Income and Fixed Income-Related Instruments. These investments include corporate bonds, government bonds, collateralized mortgage obligations and other asset-backed securities, and are generally valued at the bid price or the average of the bid and ask price. Prices are based on pricing models, quoted prices of securities with similar characteristics or broker quotes. Fixed income-related instruments include investments in securities traded on exchanges, including listed futures and options, which are valued at the last reported sale prices on the last business day of the year, or if not available, the last reported bid prices. Over-the-counter securities are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, generally broker quotes.

Cash Equivalents. These investments primarily consist of high-quality, short-term obligations that are a part of institutional money market mutual funds that are valued using current market quotations or an appropriate substitute that reflects current market conditions.

Equities and Equity-Related Instruments. These investments include common stock and equity-related instruments. Common stock is valued at the closing price reported on the active market on which the individual securities are traded. Equity-related instruments include investments in securities traded on exchanges, including listed futures and options, which are valued at the last reported sale prices on the last business day of the year or, if not available, the last reported bid prices. Over-the-counter securities are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable, generally broker quotes.

Delta Common Stock. The Delta common stock investment is managed by an independent fiduciary.

Real Assets. These investments include commodities such as precious metals and precious metals-related instruments, some of which are valued at the closing price reported on the active market on which the individual instruments are traded, while others are priced based on pricing models, quoted prices of securities with similar characteristics or broker quotes.

The following table summarizes investments measured at fair value based on NAV per share as a practical expedient:

Benefit plan investment assets measured at NAV						
	December 31, 2023			**December 31, 2022**		
(in millions)	**Fair Value**	**Redemption Frequency**	**Redemption Notice Period**	**Fair Value**	**Redemption Frequency**	**Redemption Notice Period**
Hedge funds and hedge fund-related strategies	$ 6,175	(1)	7-180 Days	$ 6,730	(1)	2-180 Days
Commingled funds, private equity and private equity-related instruments [4]	2,379	(1) (2)	0-45 Days	2,266	(1) (2)	2-45 Days
Fixed income and fixed income-related instruments[4]	1,147	(1)	1-180 Days	1,003	(1)	1-180 Days
Real assets [4]	893	(2)	N/A	819	(2)	N/A
Other	823	(3)	2-10 Days	1,511	(3)	2-10 Days
Total investments measured at NAV	$ 11,417			$ 12,329		

(1) Various. Includes funds with monthly or more frequent, quarterly and/or custom redemption frequencies as well as funds with a redemption window following the anniversary of the initial investment.

(2) Includes private funds that are closed-ended structures in which the plans' investments are generally not eligible for redemption.

(3) Includes funds with monthly or more frequent redemptions.

(4) Unfunded commitments were $1.3 billion for commingled funds, private equity and private equity-related instruments, $296 million for fixed income and fixed income-related instruments and $584 million for real assets at December 31, 2023.

On an annual basis we assess the potential for adjustments to the fair value of all investments. This primarily applies to private equity, private equity-related strategies and real assets. Due to a lag in the availability of data for certain of these investments, we solicit valuation updates from the investment fund managers and use their information and corroborating data from public markets to determine any needed fair value adjustments.

Hedge Funds and Hedge Fund-Related Strategies. These investments are primarily made through shares of limited partnerships or similar structures for which a liquid secondary market does not exist.

Commingled Funds, Private Equity and Private Equity-Related Instruments. These investments include commingled funds invested in common stock, as well as private equity and private equity-related instruments. Commingled funds are valued based on quoted market prices of the underlying assets owned by the fund. Private equity and private equity-related instruments are typically valued quarterly by the fund managers using valuation models where one or more of the significant inputs into the model cannot be observed and which require the development of assumptions.

Fixed Income and Fixed Income-Related Instruments. These investments include private fixed income instruments that are typically valued monthly or quarterly by the fund managers or third-party valuation agents using valuation models where one or more of significant inputs into the model cannot be observed and which require the development of assumptions.

Real Assets. These investments include real estate, energy transition, timberland, agriculture and infrastructure. The valuation of real assets requires significant judgment due to the absence of quoted market prices as well as the inherent lack of liquidity and the long-term nature of these assets. Real assets are typically valued quarterly by the fund managers using valuation models where one or more of the significant inputs into the model cannot be observed and which require the development of assumptions.

Other. Primarily includes globally-diversified, risk-managed commingled funds consisting mainly of equity, fixed income and commodity exposures.

Other

We also sponsor defined benefit pension plans for eligible employees in certain foreign countries. These plans did not have a material impact on our Consolidated Financial Statements in any period presented.

Profit Sharing Program

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.

For the years ended December 31, 2023 and 2022, we recorded profit sharing expense of $1.4 billion and $563 million under the program, respectively. For the year ended December 31, 2021, we recorded a special profit sharing expense of $108 million, based on the adjusted pre-tax profit earned during the second half of the year, to recognize the extraordinary efforts of our employees through the pandemic.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Aircraft Purchase Commitments

Our future aircraft purchase commitments totaled approximately $17.5 billion at December 31, 2023:

Aircraft purchase commitments[(1)]		
(in millions)		**Total**
2024	$	3,530
2025		4,230
2026		3,490
2027		3,870
2028		1,650
Thereafter		760
Total	$	17,530

(1) The timing of these commitments is based on our contractual agreements with the aircraft manufacturers and remains uncertain due to supply chain, manufacturing and regulatory constraints.

Our future aircraft purchase commitments included the following aircraft at December 31, 2023:

Aircraft purchase commitments by fleet type	
Fleet Type	**Purchase Commitments**
A220-300	77
A321-200neo	107
A330-900neo	12
A350-900	16
B-737-10	100
Total	312

Aircraft Orders

During 2023, we agreed to acquire one A330-900 with delivery expected to occur in 2025 and exercised purchase rights for 26 A220-300 aircraft with delivery expected to start in 2027.

In January 2024, we entered into a purchase agreement with Airbus for 20 A350-1000 aircraft, with an option to purchase an additional 20 widebody aircraft. Deliveries of these aircraft are scheduled to begin in 2026.

Contract Carrier Agreements

We have contract carrier agreements with regional carriers expiring through 2034. These agreements are structured as either capacity purchase or revenue proration agreements.

Capacity Purchase Agreements. Our regional carriers primarily operate for us under capacity purchase agreements. Under these agreements, the regional carriers operate some or all of their aircraft using our flight designator codes, and we control the scheduling, pricing, reservations, ticketing and seat inventories of those aircraft and retain the revenues associated with those flights. We pay those airlines an amount, as defined in the applicable agreement, which is based on a determination of their cost of operating those flights and other factors intended to approximate market rates for those services.

The following table shows our minimum obligations under our existing capacity purchase agreements with third-party regional carriers, excluding contract carrier payments accounted for as leases of aircraft, which are described in Note 7, "Leases." The obligations set forth in the table contemplate minimum levels of flying by the regional carriers under the respective agreements and also reflect assumptions regarding certain costs associated with the minimum levels of flying such as the cost of fuel, labor, maintenance, insurance, catering, property tax and landing fees. Accordingly, our actual payments under these agreements could differ materially from the minimum fixed obligations set forth in the table below.

Contract carrier minimum obligations		
(in millions)		**Amount**
2024	$	1,600
2025		1,540
2026		1,560
2027		1,520
2028		1,260
Thereafter		1,360
Total	$	8,840

Revenue Proration Agreement. As of December 31, 2023, a portion of our contract carrier arrangement with SkyWest Airlines, Inc. was structured as a revenue proration agreement. This revenue proration agreement establishes a fixed dollar or percentage division of revenues for tickets sold to passengers traveling on connecting flight itineraries.

Legal Contingencies

We are involved in various legal proceedings related to employment practices, environmental issues, commercial disputes, antitrust and other regulatory 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, we believe that the resolution of current matters will not have a material adverse effect on our Consolidated Financial Statements.

Credit Card Processing Agreements

Our VISA/MasterCard and American Express credit card processing agreements provide that no cash reserve ("Reserve") is required, and no withholding of payment related to receivables collected will occur, except in certain circumstances, including when we do not maintain a required level of liquidity as outlined in the merchant processing agreements. In circumstances in which the credit card processor can establish a Reserve or withhold payments, the amount of the Reserve or payments that may be withheld would be equal to the potential liability of the credit card processor for tickets purchased with VISA/MasterCard or American Express credit cards, as applicable, that had not yet been used for travel. We did not have a Reserve or an amount withheld as of December 31, 2023 or 2022.

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 insurance policies in place as required by applicable environmental laws.

Some 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 specified changes in law or regulations. In some of these financing transactions, we also bear the risk of 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

As of December 31, 2023, we had approximately 103,000 full-time equivalent employees, approximately 20% of whom were represented by unions.

Domestic airline employees represented by collective bargaining agreements by group			
Employee Group	**Approximate Number of Employees Represented**	**Union**	**Date on which Collective Bargaining Agreement Becomes Amendable**
Delta Pilots	16,960	ALPA	December 31, 2026
Delta Flight Superintendents (Dispatchers)	490	PAFCA	November 1, 2024
Endeavor Pilots	1,530	ALPA	January 1, 2029
Endeavor Flight Attendants	1,600	AFA	March 31, 2027

Delta pilots ratified a new four-year Pilot Working Agreement effective January 1, 2023. The agreement includes numerous work rule changes and pay rate increases during the four-year term, including an initial pay rate increase of 18%. The agreement also includes a provision for a one-time payment made upon ratification in the March 2023 quarter of $735 million. Additionally, we recorded adjustments to other benefit-related items of approximately $130 million. These items are recorded within pilot agreement and related expenses in our income statement.

In addition to the domestic airline employee groups discussed above, approximately 200 refinery employees of our wholly owned subsidiary Monroe are represented by the United Steel Workers under an agreement that expires on February 28, 2026. This agreement is governed by the National Labor Relations Act, which generally allows either party to engage in self-help upon the expiration of the agreement. Certain of our employees outside the U.S. are represented by unions, work councils or other local representative groups.

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 11. INCOME TAXES

Income Tax Provision

Components of income tax provision

	Year Ended December 31,		
(in millions)	**2023**	**2022**	**2021**
Current tax provision:			
Federal	$ —	$ —	$ —
State and local	(8)	(1)	(1)
International	(11)	(4)	(3)
Deferred tax (provision) benefit:			
Federal	(896)	(525)	(130)
State and local	(84)	(66)	16
Income tax provision	$ (999)	$ (596)	$ (118)

The following table presents the principal reasons for the difference between the effective tax rate and the U.S. federal statutory income tax rate:

Reconciliation of statutory federal income tax rate to the effective income tax rate			
	Year Ended December 31,		
	2023	**2022**	**2021**
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	2.0	3.0	(4.4)
Permanent differences	0.7	1.0	4.9
Valuation allowance	(5.0)	7.3	9.1
Other	(0.9)	(1.1)	(0.8)
Effective income tax rate	17.8 %	31.2 %	29.8 %

Deferred Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

Significant components of deferred income tax assets and liabilities		
	December 31,	
(in millions)	**2023**	**2022**
Deferred tax assets:		
Net operating loss carryforwards	$ 1,217	$ 1,395
Capital loss carryforward	8	50
Pension, postretirement and other benefits	1,488	1,467
Investments	806	1,106
Deferred revenue	2,110	2,334
Lease liabilities	2,193	2,376
Other	709	682
Valuation allowance	(877)	(1,176)
Total deferred tax assets	$ 7,654	$ 8,234
Deferred tax liabilities:		
Depreciation	$ 5,570	$ 5,110
Operating lease assets	1,533	1,624
Intangible assets	1,143	1,121
Other	73	78
Total deferred tax liabilities	$ 8,319	$ 7,933
Balance Sheet Position:		
Other noncurrent assets	$ 243	$ 325
Deferred income taxes, net	(908)	(24)
Net deferred tax (liabilities) assets	$ (665)	$ 301

Valuation Allowance

We periodically assess whether it is more likely than not that we will generate sufficient taxable income to realize our deferred income tax assets. We establish valuation allowances if it is more likely than not that we will be unable to realize our deferred income tax assets. In making this determination, we consider available positive and negative evidence and make certain assumptions. We consider, among other things, projected future taxable income, scheduled reversals of deferred tax liabilities, the overall business environment, our historical financial results and tax planning strategies.

At December 31, 2023 our net deferred tax liability balance was $665 million, including an $877 million valuation allowance primarily related to certain net realized and unrealized capital losses and certain state net operating losses.

As of December 31, 2023, we had approximately $4.5 billion of U.S. federal pre-tax net operating loss carryforwards which we are expecting to utilize by the end of 2025. Approximately $800 million of these net operating loss carryforwards were generated prior to 2018 and will not begin to expire until 2029, while the remaining net operating loss carryforwards do not expire. Therefore, we have not recorded a valuation allowance on our deferred tax assets other than the certain net realized and unrealized capital losses and certain state net operating losses that have short expiration periods.

The following table presents the balance of our valuation allowance on our deferred income tax assets and the associated activity:

Valuation allowance activity				
(in millions)		**2023**		**2022**
Balance at January 1	$	1,176	$	833
Tax provision		(299)		155
Equity investment activity		—		188
Balance at December 31	$	877	$	1,176

Other

The amount of, and changes to, our uncertain tax positions were not material in any of the years presented. We are currently under audit by the IRS for the 2023 and 2022 tax years.

NOTE 12. EQUITY AND EQUITY COMPENSATION

Equity

We are authorized to issue 2.0 billion shares of capital stock, of which up to 1.5 billion may be shares of common stock, par value $0.0001 per share, and up to 500 million may be shares of preferred stock.

Preferred Stock. We may issue preferred stock in one or more series. The Board of Directors is authorized (1) to fix the descriptions, powers (including voting powers), preferences, rights, qualifications, limitations and restrictions with respect to any series of preferred stock and (2) to specify the number of shares of any series of preferred stock. We have not issued any preferred stock.

Treasury Stock. We generally withhold shares of Delta common stock to cover employees' portion of required tax withholdings when employee equity awards are issued or vest. These shares are valued at cost, which equals the market price of the common stock on the date of issuance or vesting. The weighted average cost per share held in treasury was $30.37 and $29.73 as of December 31, 2023 and 2022, respectively.

Warrants. During 2020 and 2021, in connection with the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act") payroll support program ("PSP") and extensions, we issued warrants to the U.S Department of the Treasury to acquire more than 11.1 million shares of Delta common stock. The number of warrants outstanding slightly increased and the exercise price of the warrants slightly decreased since December 31, 2022 due to dividend payments during 2023. Key terms under each program as of December 31, 2023 are as follows:

Summary of payroll support program warrants			
(in millions)	Number of Warrants	Exercise Price	Expiration Year
Payroll Support Program (PSP1)	6.8	$ 24.25	2025
Payroll Support Program Extension (PSP2)	2.4	39.54	2026
Payroll Support Program 3 (PSP3)	1.9	47.57	2026
Total	11.1		

Government Grant Recognition. Under the initial payroll support program under the CARES Act and PSP extensions we received support payments of grants, which included $4.5 billion of grants during the year ended December 31, 2021. The grants received from PSP2 and PSP3 were recognized in government grant recognition in our income statement during 2021 over the period that the funds were intended to compensate.

Equity Compensation

Our broad-based equity and cash compensation plan provides for grants of restricted stock, restricted stock units, stock options, performance awards, including cash incentive awards and other equity-based awards (the "Plan"). Shares of common stock issued under the Plan may be made available from authorized, but unissued, common stock or common stock we acquire. If any shares of our common stock are covered by an award that expires, is canceled, forfeited or otherwise terminates without delivery of shares (including shares surrendered or withheld for payment of taxes related to an award), such shares will again be available for issuance under the Plan except for (1) any shares tendered in payment of an option, (2) shares withheld to satisfy any tax withholding obligation with respect to the exercise of an option or stock appreciation right ("SAR") or (3) shares covered by a stock-settled SAR or other awards that were not issued upon the settlement of the award. The Plan authorizes the issuance of up to 163 million shares of common stock. As of December 31, 2023, there were 13 million shares available for future grants.

We make long-term incentive awards annually to eligible employees under the Plan. Generally, awards vest over time, subject to the employee's continued employment. Equity compensation expense, including awards payable in common stock or cash, is recognized in salaries and related costs over the employee's requisite service period (generally, the vesting period of the award) and totaled $180 million, $150 million and $149 million for the years ended December 31, 2023, 2022 and 2021, respectively. We record expense on a straight-line basis for awards with installment vesting. As of December 31, 2023, unrecognized costs related to unvested shares and stock options totaled $103 million. We expect substantially all unvested awards to vest and recognize forfeitures as they occur.

Restricted Stock. Restricted stock is common stock that may not be sold or otherwise transferred for a period of time and is subject to forfeiture in certain circumstances. The fair value of restricted stock awards is based on the closing price of the common stock on the grant date. As of December 31, 2023, there were 4.2 million unvested restricted stock awards. Restricted stock activity under the Plan for the years ended December 31, 2023, 2022 and 2021 is as follows:

Restricted Stock Award Activity

	2023		2022		2021	
(in millions, except weighted avg grant price)	**Restricted Stock Awards**	**Weighted-Average Grant Price**	**Restricted Stock Awards**	**Weighted-Average Grant Price**	**Restricted Stock Awards**	**Weighted-Average Grant Price**
Outstanding at January 1	3.1	$ 43.43	2.9	$ 45.66	2.2	$ 54.06
Granted	2.7	39.63	1.9	42.45	2.3	39.93
Vested	(1.5)	44.79	(1.6)	46.31	(1.4)	51.15
Forfeited	(0.1)	40.94	(0.1)	45.51	(0.2)	44.01
Outstanding at December 31	4.2	$ 40.51	3.1	$ 43.43	2.9	$ 45.66

Stock Options. Stock options are granted with an exercise price equal to the closing price of Delta common stock on the grant date and generally have a 10-year term. We determine the fair value of stock options at the grant date using an option pricing model. As of December 31, 2023, there were 6.2 million outstanding stock option awards with a weighted average exercise price of $50.42 of which 5.9 million were exercisable. Stock option activity under the Plan for the years ended December 31, 2023, 2022 and 2021 is as follows:

Stock Option Activity

	2023		2022		2021	
(in millions, except weighted avg grant price)	**Stock Options**	**Weighted-Average Exercise Price**	**Stock Options**	**Weighted-Average Exercise Price**	**Stock Options**	**Weighted-Average Exercise Price**
Outstanding at January 1	6.2	$ 50.40	6.2	$ 50.41	5.4	$ 52.37
Granted	—	—	—	—	1.0	39.78
Exercised[(1)]	—	39.78	—	—	—	—
Forfeited[(1)]	—	51.91	—	52.87	(0.2)	49.61
Outstanding at December 31	6.2	$ 50.42	6.2	$ 50.40	6.2	$ 50.41

(1) 2023 exercise and forfeiture and 2022 forfeiture activity in the table above rounds to zero.

Performance Awards. Performance awards are dollar-denominated long-term incentive opportunities which, for grants prior to 2021, were payable in Delta stock to executive officers on the payment date and in cash to all other participants. Beginning with the 2021 grants, performance awards are payable in cash to all participants. Potential performance award payments range from 0%-200% of a target level and are contingent upon our achieving certain financial and operational goals over a three-year performance period. As of December 31, 2023, there were no performance awards payable in Delta stock to executive officers. Based on the closing stock price at each respective year end and contingent on achieving the specified performance conditions, the maximum shares that could be issued were 0.7 million and 1.5 million for the years ended December 31, 2022 and 2021, respectively.

Performance-Based Restricted Stock Units. Performance-based restricted stock units are long-term incentive opportunities that provide executive officers with the right to receive shares of Delta stock based on our achievement of certain performance conditions at the end of a three-year period. Potential payouts range from 0%-300% of a target level. Based on the closing stock price at year end and contingent on achieving the specified performance conditions, the maximum shares that could be issued were 3.3 million and 1.3 million for the years ended December 31, 2023 and 2022, respectively. There were no outstanding performance-based restricted stock units for the year ended December 31, 2021.

NOTE 13. ACCUMULATED OTHER COMPREHENSIVE LOSS

Components of accumulated other comprehensive loss				
(in millions)	**Pension and Other Benefits Liabilities**[(2)]	**Other**	**Tax Effect**	**Total**
Balance at January 1, 2021	$ (10,843)	$ 41	$ 1,764	$ (9,038)
Changes in value	2,077	—	(484)	1,593
Reclassifications into earnings[(1)]	411	—	(96)	315
Balance at December 31, 2021	(8,355)	41	1,184	(7,130)
Changes in value	1,419	—	(330)	1,089
Reclassifications into earnings[(1)]	312	—	(72)	240
Balance at December 31, 2022	(6,624)	41	782	(5,801)
Changes in value	(303)	(1)	71	(233)
Reclassifications into earnings[(1)]	246	—	(57)	189
Balance at December 31, 2023	$ (6,681)	$ 40	$ 796	$ (5,845)

(1) Amounts reclassified from AOCI for pension and other benefits liabilities are recorded in pension and related (expense)/benefit in non-operating expense in the income statement.

(2) Includes approximately $755 million of deferred income tax expense as a result of tax law changes and prior valuation allowance releases through continuing operations, that will not be recognized in net income until pension and other benefit obligations are fully extinguished.

NOTE 14. SEGMENTS

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker and is used in resource allocation and performance assessments. Our chief operating decision maker is considered to be our executive leadership team. Our executive leadership team regularly reviews discrete information for our two operating segments, which are determined by the products and services provided: our airline segment and our refinery segment.

Airline Segment

Our airline segment is managed as a single business unit that provides scheduled air transportation for passengers and cargo throughout the U.S. and around the world and includes our loyalty program, as well as other ancillary businesses. This allows us to benefit from an integrated revenue pricing and route network. Our flight equipment forms one fleet, which is deployed through a single route scheduling system. When making resource allocation decisions, our chief operating decision maker evaluates flight profitability data, which considers fleet type and route economics, but gives no weight to the financial impact of the resource allocation decision on a geographic region or mainline/regional carrier basis. Our objective in making resource allocation decisions is to optimize our consolidated financial results.

Refinery Segment

Our Monroe subsidiary operates the Trainer oil refinery and related assets located near Philadelphia, Pennsylvania, as part of our strategy to mitigate the cost of the refining margin reflected in the price of jet fuel. Monroe's operations include pipelines and terminal assets that allow the refinery to supply jet fuel to our airline operations throughout the Northeastern U.S., including our New York hubs at LaGuardia and JFK.

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 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 years ended December 31, 2023, 2022 and 2021 was $2.4 billion, $3.5 billion and $2.3 billion, respectively.

A refinery is subject to annual Environmental Protection Agency ("EPA") requirements to blend renewable fuels into the gasoline and on-road diesel fuel it produces. A refinery may meet its obligation by blending the necessary volumes of renewable fuels, by purchasing Renewable Identification Numbers ("RINs") in the open market or through a combination of blending and purchasing RINs. Because Monroe is able to blend only a small amount of renewable fuels, it must purchase the majority of its RINs requirement in the secondary market. Renewable fuel compliance costs are accrued in accounts payable each period as the RINs obligation is generated. Purchased RINs are carried at the lower of cost and net realizable value and are recorded in prepaid expenses and other. During 2023, we acquired RINs assets to satisfy substantially all of our 2023 RINs obligation. The RINs asset and obligation are retired when used to satisfy EPA requirements. During 2023, we retired approximately $700 million of our 2021 and 2022 RINs assets to settle our 2021 and 2022 obligations prior to the compliance deadlines.

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.

Financial information by segment

(in millions)	Airline	Refinery	Intersegment Sales/ Other		Consolidated
Year Ended December 31, 2023					
Operating revenue	$ 54,669	$ 7,572	$ (4,193)	(1)	$ 58,048
Depreciation and amortization	2,341	94	(94)	(2)	2,341
Operating income[(2)]	5,136	385			5,521
Interest expense, net	834	17	(17)		834
Total assets, end of period	71,529	2,174	(59)		73,644
Capital expenditures	5,088	235			5,323
Year Ended December 31, 2022					
Operating revenue	$ 45,605	$ 10,706	$ (5,729)	(1)	$ 50,582
Depreciation and amortization	2,107	93	(93)	(2)	2,107
Operating income[(2)]	2,884	777			3,661
Interest expense, net	1,029	12	(12)		1,029
Total assets, end of period	69,355	3,039	(106)		72,288
Capital expenditures	6,217	149			6,366
Year Ended December 31, 2021					
Operating revenue	$ 26,670	$ 6,054	$ (2,825)	(1)	$ 29,899
Depreciation and amortization	1,998	95	(95)	(2)	1,998
Operating income/(loss)[(2)]	1,888	(2)			1,886
Interest expense, net	1,279	7	(7)		1,279
Total assets, end of period	70,417	2,099	(57)		72,459
Capital expenditures	3,188	59			3,247

(1) See table below for detail of the intersegment operating revenue amounts.

(2) Refinery segment operating results, including depreciation and amortization, are included within aircraft fuel and related taxes in our income statement.

Operating Revenue Intersegment Sales/Other

	Year Ended December 31,		
(in millions)	2023	2022	2021
Sales to airline segment[(1)]	$ (1,535)	$ (1,976)	$ (492)
Exchanged products[(2)]	(2,354)	(3,475)	(2,293)
Sales of refined products	(304)	(278)	(40)
Total Operating Revenue Intersegment Sales/Other	$ (4,193)	$ (5,729)	$ (2,825)

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

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

NOTE 15. 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 instruments, including stock options, restricted stock awards and warrants. Antidilutive common stock equivalents excluded from the diluted earnings per share calculation are not material. The following table shows our computation:

Basic and diluted earnings per share			
	Year Ended December 31,		
(in millions, except per share data)	**2023**	**2022**	**2021**
Net income	$ 4,609	$ 1,318	$ 280
Basic weighted average shares outstanding	639	638	636
Dilutive effect of share-based instruments	4	3	5
Diluted weighted average shares outstanding	643	641	641
Basic earnings per share	$ 7.21	$ 2.07	$ 0.44
Diluted earnings per share	$ 7.17	$ 2.06	$ 0.44

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure 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 record, process, summarize and report, within time periods specified by the SEC's rules and forms, information required to be disclosed. Our management, including our Chief Executive Officer and Chief Financial Officer, concluded that the controls and procedures were effective as of December 31, 2023 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.

Changes in Internal Control

During the three months ended December 31, 2023, 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.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 2013 Internal Control-Integrated Framework. Based on that evaluation, management believes that our internal control over financial reporting was effective as of December 31, 2023.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by Ernst & Young LLP, an independent registered public accounting firm, which also audited our Consolidated Financial Statements for the year ended December 31, 2023. Ernst & Young LLP's report on our internal control over financial reporting is set forth below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited Delta Air Lines, Inc.'s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Delta Air Lines, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 consolidated financial statements of the Company and our report dated February 12, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

	/s/ Ernst & Young LLP
Atlanta, Georgia	
February 12, 2024	

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is set forth under the headings "Governance - Board Matters" and "Proposal 1 - Election of Directors" in our Proxy Statement to be filed with the Commission related to our 2024 Annual Meeting of Stockholders ("Proxy Statement"), and is incorporated by reference. Certain information regarding Delta's executive officers is contained in Part I of this Form 10-K under the heading "Information About Our Executive Officers."

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is set forth under the headings "Executive Compensation" and "Director Compensation" in our Proxy Statement and is incorporated by reference.

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

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the number of shares of common stock that may be issued under Delta's equity compensation plans as of December 31, 2023.

Equity compensation plan information			
Plan Category	**(a) No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights**[(1)]	**(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights**[(2)]	**(c) No. of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))**[(3)]
Equity compensation plans approved by securities holders	9,506,385	$ 32.72	13,238,608
Equity compensation plans not approved by securities holders	—	—	—
Total	9,506,385	$ 32.72	13,238,608

(1) Includes a maximum of 3,337,350 shares of common stock that may be issued upon the achievement of certain performance conditions under outstanding performance-based restricted share awards as of December 31, 2023.

(2) Includes performance-based restricted share awards, which do not have exercise prices. The weighted average exercise price of outstanding options at December 31, 2023 was $50.42.

(3) Reflects shares remaining available for issuance under Delta's Performance Compensation Plan. If any shares of our common stock are covered by an award under the Plan that expires, is canceled, forfeited or otherwise terminates without delivery of shares (including shares surrendered or withheld for payment of taxes related to an award), then such shares will again be available for issuance under the Plan except for (1) any shares tendered in payment of an option, (2) shares withheld to satisfy any tax withholding obligation with respect to the exercise of an option or stock appreciation right ("SAR") or (3) shares covered by a stock-settled SAR or other awards that were not issued upon the settlement of the award. Because 4,166,569 shares of restricted stock remained unvested and subject to forfeiture as of December 31, 2023, these shares could again be available for issuance.

Other information required by this item is set forth under the heading "Share Ownership" in our Proxy Statement and is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is set forth under the headings "Governance - Board Matters" and "Proposal 1 - Election of Directors" in our Proxy Statement and is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is set forth under the heading "Proposal 3 - Ratification of the Appointment of Independent Auditors" in our Proxy Statement and is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1). The following is an index of the financial statements required by this item that are included in this Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets—December 31, 2023 and 2022

Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2023, 2022 and 2021

Notes to the Consolidated Financial Statements

(2). Financial Statement Schedules. Financial statement schedules are not included herein as the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and accompanying notes included in this Form 10-K.

(3). Exhibit List.

The exhibits required by this item are listed below. The management contracts and compensatory plans or arrangements required to be filed as an exhibit to this Form 10-K are listed as Exhibits 10.11 through 10.19.

Note to Exhibits: Any representations and warranties of a party set forth in any agreement (including all exhibits and schedules thereto) filed with this Annual Report on Form 10-K have been made solely for the benefit of the other party to the agreement. Some of those representations and warranties were made only as of the date of the agreement or such other date as specified in the agreement, may be subject to a contractual standard of materiality different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts. Such agreements are included with this filing only to provide investors with information regarding the terms of the agreements, and not to provide investors with any other factual or disclosure information regarding the registrant or its business.

3.1(a) Delta's Amended and Restated Certificate of Incorporation (Filed as Exhibit 3.1 to Delta's Current Report on Form 8-K as filed on April 30, 2007).*

3.1 (b) Amendment to Amended and Restated Certificate of Incorporation (Filed as Exhibit 3.1 to Delta's Current Report on Form 8-K as filed on June 27, 2014).*

3.2 Delta's Bylaws (Filed as Exhibit 3.1 to Delta's Current Report on Form 8-K as filed on December 9, 2022).*

4.1 Description of Registrant's Securities (Filed as Exhibit 4.1 to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

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

10.1 Amended and Restated Credit Agreement, dated as of November 6, 2023, among Delta Air Lines, Inc., as borrower, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent.

10.2(a) Payroll Support Program Agreement, dated as of April 20, 2020, between Delta Air Lines, Inc. and the United States Department of the Treasury (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020).*

10.2(b) Warrant Agreement, dated as of April 20, 2020, between Delta Air Lines, Inc. and the United States Department of the Treasury (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020).*

10.2(c) Form of Warrant to Purchase Common Stock (Filed as Exhibit 10.4(b) to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

10.3(a) Payroll Support Program Extension Agreement, dated as of January 15, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury (Filed as Exhibit 10.7 to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

10.3(b) Warrant Agreement, dated as of January 15, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury (Filed as Exhibit 10.8(a) to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

10.3(c) Form of Warrant to Purchase Common Stock (Filed as Exhibit 10.8(b) to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

10.4(a) Payroll Support Program 3 Agreement, dated as of April 23, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).*

10.4(b) Warrant Agreement, dated as of April 23, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury (including Form of Warrant to Purchase Common Stock) (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).*

10.5(a) Term Loan Credit and Guaranty Agreement, dated as of September 23, 2020, among Delta, SkyMiles IP Ltd., the guarantors party thereto, Barclays Bank PLC, as administrative agent, U.S. Bank National Association, as collateral administrator, and the lenders party thereto (Filed as Exhibit 10.1 to Delta's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 25, 2020).*

10.5(b) First Amendment to Term Loan Credit and Guaranty dated as of December 4, 2022 among SkyMiles IP Ltd., Delta Air Lines, Inc. and Barclays Bank PLC, as administrative agent (Filed as Exhibit 10.6(b) to Delta's Annual Report on form 10-K for the year ended December 31, 2022).*

10.6(a) Anchor Tenant Agreement dated as of December 9, 2010 between JFK International Air Terminal LLC and Delta Air Lines, Inc. (Filed as Exhibit 10.4 to Delta's Annual Report on Form 10-K for the year ended December 31, 2010).*

10.6(b) Sixth Supplement to Anchor Tenant Agreement dated as of April 8, 2022 between JFK International Air Terminal LLC and Delta Air Lines, Inc. (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022).*

10.7 Amended and Restated Agreement of Lease by and between The Port Authority of New York and New Jersey and Delta Air Lines, Inc., dated as of September 13, 2017 (Filed as Exhibit 10.1 to Delta’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).*

10.8(a) Airbus A330-900neo Aircraft and A350-900 Aircraft Purchase Agreement dated as of November 24, 2014 between Airbus S.A.S and Delta Air Lines, Inc. (Filed as Exhibit 10.9 to Delta's Annual Report on Form 10-K for the year ended December 31, 2014).*/**

10.8(b) Amendment No. 3, dated May 10, 2017, to Airbus A330-900 Aircraft and A350-900 Aircraft Purchase Agreement dated as of November 24, 2014 between Airbus S.A.S. and Delta Air Lines, Inc. ("Amendment No. 3") (Filed as Exhibit 10.2(a) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).*/**

10.8(c) Letter Agreements, dated May 10, 2017, relating to Amendment No. 3 (Filed as Exhibit 10.2(b) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017).*/**

10.8(d) Amendment No. 8, dated as of October 30, 2018, to Airbus A330-900 Aircraft and A350-900 Aircraft Purchase Agreement dated as of November 24, 2014 between Airbus S.A.S. and Delta Air Lines, Inc. ("Amendment No. 8") (Filed as Exhibit 10.7(d) to Delta's Annual Report on Form 10-K for the year ended December 31, 2018).*/**

10.8(e) Letter Agreements, dated as of October 30, 2018, relating to Amendment No. 8 (Filed as Exhibit 10.7(e) to Delta's Annual Report on Form 10-K for the year ended December 31, 2018).*/**

10.8(f) Amendment No 11, dated as of July 30, 2020 to Airbus A330-900 Aircraft and A350-900 Aircraft Purchase Agreement, dated as of November 24, 2014 between Delta and Airbus S.A.S. (Filed as Exhibit 10.1(a) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*/**

10.8(g) Amended and Restated Letter Agreement No. 1, dated as of July 30, 2020, relating to Airbus A330-900 Aircraft and A350-900 Aircraft Purchase Agreement dated as of November 24, 2014 (Filed as Exhibit 10.1(b) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*/**

10.8(h) Amended and Restated Letter Agreement No. 4, dated as of July 30, 2020, relating to Airbus A330-900 Aircraft and A350-900 Aircraft Purchase Agreement dated as of November 24, 2014 (Filed as Exhibit 10.1(c) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*/**

10.9(a) Airbus A321neo Aircraft Purchase Agreement dated as of December 15, 2017 between Airbus S.A.S. and Delta Air Lines, Inc. (Filed as Exhibit 10.10 to Delta's Annual Report on Form 10-K for the year ended December 31, 2017).*/**

10.9(b) Amendment No. 2, dated as of July 30, 2020 to Airbus A321neo Aircraft Purchase Agreement, dated as of December 15, 2017 between Delta and Airbus S.A.S. (Filed as Exhibit 10.2(a) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*/**

10.9(c) Amended and Restated Letter Agreement No. 3, dated as of July 30, 2020, relating to Airbus A321neo Aircraft Purchase Agreement, dated as of December 15, 2017 between Delta and Airbus S.A.S. (Filed as Exhibit 10.2(b) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020).*/**

10.9(d) Amendment No. 3, dated April 22, 2021, to Airbus A321neo Aircraft Purchase Agreement, dated as of December 15, 2017, between Airbus S.A.S. and Delta Air Lines, Inc. ("Amendment No. 3") (Filed as Exhibit 10.3(a) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).*/**

10.9(e) Amended and Restated Letter Agreements related to Amendment No. 3, dated April 22, 2021 (Filed as Exhibit 10.3(b) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021).*/**

10.9(f) Amendment No. 4, dated August 20, 2021, to Airbus A321neo Aircraft Purchase Agreement, dated as of December 15, 2017, between Airbus S.A.S. and Delta Air Lines, Inc. ("Amendment No. 4") (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).*/**

10.9(g) Amended and Restated Letter Agreements No. 3 related to Amendment No. 4, dated August 20, 2021 (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).*/**

10.10 Purchase Agreement Number PA-04696, dated July 18, 2022, between The Boeing Company and Delta Air Lines, Inc. relating to Boeing Model 737-10 Aircraft (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022).*/**

10.11 Delta Air Lines, Inc. Performance Compensation Plan (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).*

10.12(a) Delta Air Lines, Inc. Officer and Director Severance Plan, as amended and restated as of June 1, 2016 (Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).*

10.12(b) Amendment to Delta Air Lines, Inc. Officer and Director Severance Plan, as amended and restated as of June 1, 2016 (Filed as Exhibit 10.15(b) to Delta's Annual Report on Form 10-K for the year ended December 31, 2020).*

10.13 Description of Certain Benefits of Members of the Board of Directors and Executive Officers (Filed as Exhibit 10.14 to Delta's Annual Report on Form 10-K for the year ended December 31, 2021).*

10.14 Delta Air Lines, Inc. Management Incentive Plan (As Amended and Restated December 1, 2023).

10.15 Model Award Agreement for the Delta Air Lines, Inc. 2021 Long-Term Incentive Program (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021).*

10.16 Model Award Agreement for the Delta Air Lines, Inc. 2022 Long-Term Incentive Program (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).*

10.17 Model Award Agreement for the Delta Air Lines, Inc. 2023 Long-Term Incentive Program (Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023).*

10.18 Delta Air Lines, Inc. Restoration Long Term Disability Plan (Filed as Exhibit 10.24 to Delta's Annual Report on Form 10-K for the year ended December 31, 2011).*

10.19 Terms of 2023 Restricted Stock Awards for Non-Employee Directors (Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023).*

21.1 Subsidiaries of the Registrant.

23.1 Consent of Ernst & Young LLP.

31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.

31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.

32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 2002.

97 Delta Air Lines, Inc. Executive Officer Clawback Policy.

101.INS XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL 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

104 The cover page from this Annual Report on Form 10-K for the year ended December 31, 2023 formatted in Inline XBRL (included in Exhibit 101)

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* Incorporated by reference.

** Portions of this exhibit have been omitted as confidential information.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of February, 2024.

	DELTA AIR LINES, INC.		
	By:	/s/ Edward H. Bastian	
		Edward H. Bastian	
		Chief Executive Officer	

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 12th day of February, 2024 by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ Edward H. Bastian Edward H. Bastian	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Daniel C. Janki Daniel C. Janki	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ William C. Carroll William C. Carroll	Senior Vice President - Controller (Principal Accounting Officer)
/s/ Greg Creed Greg Creed	Director
/s/ David G. DeWalt David G. DeWalt	Director
/s/ William H. Easter III William H. Easter III	Director
/s/ Leslie D. Hale Leslie D. Hale	Director
/s/ Christopher A. Hazleton Christopher A. Hazleton	Director
/s/ Michael P. Huerta Michael P. Huerta	Director
/s/ Jeanne P. Jackson Jeanne P. Jackson	Director
/s/ Vasant M. Prabhu Vasant M. Prabhu	Director
/s/ Sergio A.L. Rial Sergio A.L. Rial	Director
/s/ David S. Taylor David S. Taylor	Chairman of the Board
/s/ Kathy N. Waller Kathy N. Waller	Director