

DELTA AIR LINES, INC.
Consolidated Balance Sheets

(in millions, except share data)	December 31,	
	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,565	\$ 1,814
Short-term investments	203	825
Accounts receivable, net of an allowance for uncollectible accounts of \$12 at December 31, 2018 and 2017	2,314	2,377
Fuel inventory	592	916
Expendable parts and supplies inventories, net of an allowance for obsolescence of \$102 and \$113 at December 31, 2018 and 2017, respectively	463	413
Prepaid expenses and other	1,203	1,459
Total current assets	6,340	7,804
Noncurrent Assets:		
Property and equipment, net of accumulated depreciation and amortization of \$15,823 and \$14,097 at December 31, 2018 and 2017, respectively	28,335	26,563
Operating lease right-of-use assets	5,994	—
Goodwill	9,781	9,794
Identifiable intangibles, net of accumulated amortization of \$862 and \$845 at December 31, 2018 and 2017, respectively	4,830	4,847
Cash restricted for airport construction	1,136	—
Deferred income taxes, net	242	1,354
Other noncurrent assets	3,608	3,309
Total noncurrent assets	53,926	45,867
Total assets	\$ 60,266	\$ 53,671
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt and finance leases	\$ 1,518	\$ 2,242
Current maturities of operating leases	955	—
Air traffic liability	4,661	4,364
Accounts payable	2,976	3,634
Accrued salaries and related benefits	3,287	3,022
Loyalty program deferred revenue	2,989	2,762
Fuel card obligation	1,075	1,067
Other accrued liabilities	1,117	1,868
Total current liabilities	18,578	18,959
Noncurrent Liabilities:		
Long-term debt and finance leases	8,253	6,592
Pension, postretirement and related benefits	9,163	9,810
Loyalty program deferred revenue	3,652	3,559
Noncurrent operating leases	5,801	—
Other noncurrent liabilities	1,132	2,221
Total noncurrent liabilities	28,001	22,182
Commitments and Contingencies		
Stockholders' Equity:		
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 688,136,306 and 714,674,160 shares issued at December 31, 2018 and 2017, respectively	—	—
Additional paid-in capital	11,671	12,053
Retained earnings	10,039	8,256
Accumulated other comprehensive loss	(7,825)	(7,621)
Treasury stock, at cost, 8,191,831 and 7,476,181 shares at December 31, 2018 and 2017, respectively	(198)	(158)
Total stockholders' equity	13,687	12,530
Total liabilities and stockholders' equity	\$ 60,266	\$ 53,671

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

DELTA AIR LINES, INC.
Consolidated Statements of Operations

(in millions, except per share data)	Year Ended December 31,		
	2018	2017	2016
Operating Revenue:			
Passenger	\$ 39,755	\$ 36,947	\$ 35,814
Cargo	865	744	684
Other	3,818	3,447	2,952
Total operating revenue	44,438	41,138	39,450
Operating Expense:			
Salaries and related costs	10,743	10,058	9,394
Aircraft fuel and related taxes	9,020	6,756	5,985
Regional carriers expense, excluding fuel	3,438	3,466	3,447
Depreciation and amortization	2,329	2,222	1,886
Contracted services	2,175	2,108	1,918
Passenger commissions and other selling expenses	1,941	1,827	1,751
Ancillary businesses and refinery	1,695	1,495	1,182
Landing fees and other rents	1,662	1,501	1,472
Aircraft maintenance materials and outside repairs	1,575	1,591	1,434
Profit sharing	1,301	1,065	1,115
Passenger service	1,178	1,123	964
Aircraft rent	394	351	285
Other	1,723	1,609	1,621
Total operating expense	39,174	35,172	32,454
Operating Income	5,264	5,966	6,996
Non-Operating Expense:			
Interest expense, net	(311)	(396)	(388)
Unrealized gain/(loss) on investments, net	14	—	—
Miscellaneous, net	184	(70)	(255)
Total non-operating expense, net	(113)	(466)	(643)
Income Before Income Taxes	5,151	5,500	6,353
Income Tax Provision	(1,216)	(2,295)	(2,158)
Net Income	\$ 3,935	\$ 3,205	\$ 4,195
Basic Earnings Per Share	\$ 5.69	\$ 4.45	\$ 5.59
Diluted Earnings Per Share	\$ 5.67	\$ 4.43	\$ 5.55
Cash Dividends Declared Per Share	\$ 1.31	\$ 1.02	\$ 0.68

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

DELTA AIR LINES, INC.
Consolidated Statements of Cash Flows

(in millions)	Year Ended December 31,		
	2018	2017	2016
Cash Flows From Operating Activities:			
Net income	\$ 3,935	\$ 3,205	\$ 4,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,329	2,222	1,886
Deferred income taxes	1,364	2,242	2,118
Pension, postretirement and postemployment payments greater than expense	(790)	(3,302)	(717)
Changes in certain assets and liabilities:			
Receivables	108	(428)	(134)
Fuel inventory	324	(397)	(140)
Prepaid expenses and other current assets	(440)	(57)	(26)
Air traffic liability	297	284	157
Loyalty program deferred revenue	319	399	198
Profit sharing	233	(51)	(383)
Accounts payable and accrued liabilities	(418)	955	298
Other, net	(247)	(49)	(237)
Net cash provided by operating activities	7,014	5,023	7,215
Cash Flows From Investing Activities:			
Property and equipment additions:			
Flight equipment, including advance payments	(3,704)	(2,704)	(2,617)
Ground property and equipment, including technology	(1,464)	(1,187)	(774)
Purchase of equity investments	—	(1,245)	—
Purchase of short-term investments	(145)	(925)	(1,707)
Redemption of short-term investments	766	584	2,686
Other, net	154	211	257
Net cash used in investing activities	(4,393)	(5,266)	(2,155)
Cash Flows From Financing Activities:			
Payments on long-term debt and finance lease obligations	(3,052)	(1,258)	(1,709)
Repurchase of common stock	(1,575)	(1,677)	(2,601)
Cash dividends	(909)	(731)	(509)
Fuel card obligation	7	636	211
Proceeds from long-term obligations	3,745	2,454	450
Other, net	58	(154)	(102)
Net cash used in financing activities	(1,726)	(730)	(4,260)
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	895	(973)	800
Cash, cash equivalents and restricted cash at beginning of period	1,853	2,826	2,026
Cash, cash equivalents and restricted cash at end of period	<u>\$ 2,748</u>	<u>\$ 1,853</u>	<u>\$ 2,826</u>
Supplemental Disclosure of Cash Paid for Interest	\$ 376	\$ 390	\$ 385
Non-Cash Transactions:			
Treasury stock contributed to our qualified defined benefit pension plans	\$ —	\$ 350	\$ 350
Flight and ground equipment acquired under finance leases	\$ 100	\$ 261	\$ 86
Flight and ground equipment acquired under operating leases	\$ 1,041	\$ —	\$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets to the total of the same such amounts shown above:

(in millions)	Year Ended December 31,		
	2018	2017	2016
Current assets:			
Cash and cash equivalents	\$ 1,565	\$ 1,814	\$ 2,762