

**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, 2017

Or

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

Commission File Number 001-5424



**Delaware**

(State or other jurisdiction of incorporation or organization)

**58-0218548**

(I.R.S. Employer Identification No.)

**Post Office Box 20706**

**Atlanta, Georgia**

(Address of principal executive offices)

**30320-6001**

(Zip Code)

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

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.0001 per share	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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer  (Do not check if a smaller reporting company)  
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 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, 2017 was approximately \$38.9 billion .

On January 31, 2018, there were outstanding 706,913,358 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 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission.

## A LETTER FROM OUR CEO TO OUR SHAREHOLDERS

Dear Delta shareholder:

Delta Air Lines had a strong year on many fronts in 2017, delivering solid results for our employees, customers and owners, while also making significant investments in Delta's future. We generated more than \$5 billion in pre-tax income for the third consecutive year despite a number of challenges, including major weather events and a 12-hour power outage at our Atlanta hub. Through it all, Delta people provided our customers the very best service in the industry - showing that they are our greatest asset.

Our top financial priority in 2017 was to return the business to unit revenue growth. We took a number of actions to drive this result, including capping our capacity growth at 1% for the year. We also made investments in our product and people that are contributing to higher net promoter scores, demonstrating better customer satisfaction and a sustainable revenue premium. We enter 2018 with the best revenue momentum in years. Domestic demand and yields remain robust and global economies are rebounding, allowing us to resume growth in our international business.

Limiting our capacity growth helped produce revenue momentum, but it also created heightened pressure on our unit costs. Costs were further pressured by product investments, weather and accelerated depreciation on aircraft exiting our fleet. These impacts combined for unsustainable unit cost growth in 2017, and we are determined to change this trajectory in 2018. Our 2018 fleet additions are set to deliver some of the greatest efficiency gains in Delta's history. In addition, we have started a company-wide project to drive productivity by better leveraging our scale and rethinking the way we do business.

In recent years, we have invested more than \$2 billion in partnerships with some of the finest airlines in the world. These strong relationships allow us to offer more choices to our customers and expand globally in a more capital efficient way. In 2017 alone, we acquired a 10% stake in Air France-KLM, acquired a 49% stake in Grupo Aeromexico and announced plans for joint ventures with Korean Air and WestJet. With these investments made, we have built the foundation to produce hundreds of millions of dollars in benefits in the coming years from serving some of the largest and fastest growing markets in the world.

As we look to 2018 and beyond, our focus is on delivering sustainable financial results by leveraging our five key competitive differentiators:

**Our People and Culture** - Our culture is the foundation of every decision we make at Delta and the key to every other competitive advantage that we have built. Ensuring that the incentives of our people are aligned with those of our customers and shareholders is vital to our success, which is why we are proud to offer our people one of the most generous profit-sharing programs of any company. Since we started our profit sharing program in 2007, it has paid out more than \$6 billion, including at least \$1 billion for each of the past four years. Our culture is also one of giving back to the communities we serve - in 2017 we contributed over \$40 million as part of our annual commitment to give 1 percent of net income to key charitable organizations.

**Our Industry-Leading Operational Reliability** - We are constantly focused on ways to run a better, more reliable, customer-focused airline. We have made significant investments in our business and currently run the best operation in the global industry - in 2017 we ran 242 days without cancelling any mainline flights, including 90 days with no system cancellations on the entire Delta platform - a 10% increase from 2016. These results led to Delta's recognition by *FlightGlobal* as the most on-time global airline - the first time a U.S. airline has earned this award.

**Our Network** - Our domestic network combines a focus on the most desirable markets with a balanced footprint between East and West coasts, and is optimally structured to capture premium revenue. Delta holds approximately 60% share in our four interior hubs (Atlanta, Minneapolis, Detroit and Salt Lake City), allowing us to take advantage of scale economies. We have also streamlined our international network with a focus on major and developing markets around the world through global partnerships. We are achieving many of the benefits of cross-border cooperation for our customers and our owners, with strong alliances in Europe, Latin America, Asia, Australia and Canada.

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**Our Customer Loyalty and Brand** - During 2017, we achieved record customer satisfaction levels, with higher net promoter scores in every region and a 2-point improvement overall, including an all-time high in November 2017. We will continue to build on this success, with more than \$12 billion of airport facility projects planned in the next decade. We are offering more customer choice through Branded Fares, including First Class upsell, Comfort+, Preferred Seats and Basic Economy, which combined generated nearly \$2 billion of revenue in 2017. We are also growing our relationship with American Express - our co-brand partnership contributed \$3 billion in 2017, which we expect to grow to \$4 billion by 2021.

**Our Investment Grade Balance Sheet** - Since 2009, we have reduced the principal amount of our debt by more than \$9 billion, which has lowered our annual interest expense by approximately \$900 million and resulted in an investment grade credit rating from all three agencies. In addition, our pension funded status is at its highest level since the merger. Our long-term goal is to generate \$8 - \$9 billion in operating cash flow and \$4 - \$5 billion of free cash flow annually, which will be used to further pay down debt and continue to return cash to shareholders. In 2017, we returned \$2.4 billion to shareholders through dividends and share repurchases and announced our fourth 50% dividend increase in as many years. Since 2013, we have returned nearly \$10 billion to shareholders and have reduced our outstanding shares by 18%.

We are approaching the 10-year anniversary of the Delta-Northwest merger, and the transformation of our company and the airline industry over that decade has been unprecedented. We are financially stronger, consistently delivering and investing in a high-quality experience for our customers, and sharing our success with our people. We love our “Keep Climbing” tagline because it reminds us not only of the hard work it has taken to achieve our current success, but also that our greatest days are ahead of us.



Edward H. Bastian  
Chief Executive Officer

February 23, 2018

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

### **FORWARD-LOOKING STATEMENTS**

Statements in this Form 10-K, including in the letter to shareholders included in the front of 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

We provide scheduled air transportation for passengers and cargo throughout the United States ("U.S.") and around the world. Our global route network gives us a presence in every major domestic and international market. Our route network is centered around a system of hub, international gateway and key airports that we operate in Amsterdam, Atlanta, Boston, Detroit, London-Heathrow, Los Angeles, Minneapolis-St. Paul, New York-LaGuardia, New York-JFK, Paris-Charles de Gaulle, Salt Lake City, Seattle and Tokyo-Narita. Each of these operations includes flights that gather and distribute traffic from markets in the geographic region surrounding the hub or gateway to domestic and international cities and to other hubs or gateways. Our network is supported by a fleet of aircraft that is varied in size and capabilities, giving us flexibility to adjust aircraft to the network. Other important characteristics of our route network include our international joint ventures, our alliances with other foreign airlines, our membership in SkyTeam and agreements with multiple domestic regional carriers that operate as Delta Connection<sup>®</sup>.

We are incorporated under the laws of the State of Delaware. Our principal executive offices are located at Hartsfield-Jackson Atlanta International Airport in Atlanta, Georgia. Our telephone number is (404) 715-2600 and our Internet address is [www.delta.com](http://www.delta.com). Information contained on our website is not part of, and is not incorporated by reference in, this Form 10-K.

#### International Alliances

Our international alliance relationships with foreign carriers are an important part of our business as they improve our access to international markets and enable us to market globally integrated air transportation services. The most significant of these arrangements are commercial joint ventures that include joint sales and marketing coordination, co-location of airport facilities and other commercial cooperation arrangements. Our alliance arrangements also include reciprocal codesharing and reciprocal frequent flyer program participation and airport lounge access arrangements. These alliance relationships also may present opportunities in other areas, such as airport ground handling arrangements, aircraft maintenance insourcing and joint procurement.

*Joint Venture Agreements.* We currently operate four joint ventures with foreign carriers and have entered into an agreement to form a fifth. These arrangements, for which we have received antitrust immunity from the U.S. Department of Transportation ("DOT"), provide for joint commercial cooperation with our partners within the geographic scope of those arrangements, 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 planning and scheduling and other coordinated activities with respect to the parties' operations on joint venture routes. Our commercial joint ventures are:

- A transatlantic joint venture with Air France and KLM, both of which are subsidiaries of the same holding company, and Alitalia.
- A joint venture with Virgin Atlantic Airways with respect to operations on non-stop routes between the United Kingdom and North America. 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.
- A joint venture with Aeroméxico with respect to trans-border operations on flights between the U.S. and Mexico. In addition to the joint venture, we acquired a non-controlling 49% equity stake in Grupo Aeroméxico, S.A.B. de C.V., the parent company of Aeroméxico. In addition, we and Aeroméxico have established a joint venture relating to an airframe maintenance, repair and overhaul operation located in Queretaro, Mexico.
- A joint venture with Virgin Australia Airlines and its affiliated carriers with respect to operations on transpacific routes between North America and Australia/New Zealand.
- In 2017, we entered into a joint venture with Korean Air Lines with respect to operations on transpacific routes between the United States and certain countries in Asia. We have not yet implemented this joint venture as it remains subject to receipt of required regulatory approvals in Korea.



*Enhanced Commercial Agreements with Foreign Carriers.* We have a strategic equity investment in GOL Linhas Aéreas Inteligentes, S.A., the parent company of Gol Linhas Aéreas (a Brazilian air carrier), and an exclusive commercial cooperation relationship with GOL, which includes reciprocal codesharing and frequent flyer program participation, airport lounge access arrangements and joint sales cooperation.

We also own shares of China Eastern and entered into a joint marketing agreement with China Eastern in 2015 to expand our commercial cooperation and better connect the networks of the two airlines.

*SkyTeam.* In addition to our marketing alliance agreements with individual foreign airlines, we are a member of the SkyTeam global airline alliance. The other members of SkyTeam are Aeroflot, Aerolíneas Argentinas, Aeroméxico, Air Europa, Air France, Alitalia, China Airlines, China Eastern, China Southern, CSA Czech Airlines, Garuda Indonesia, Kenya Airways, KLM, Korean Air, Middle East Airlines, Saudi Arabian Airlines, Tarom, Vietnam Airlines and Xiamen Airlines. Through alliance arrangements with other SkyTeam carriers, Delta is able to link its network with the route networks of the other member airlines, providing opportunities for increased connecting traffic while offering enhanced customer service through reciprocal codesharing and frequent flyer arrangements, airport lounge access programs and coordinated cargo operations.

### ***Regional Carriers***

We have air service agreements with domestic regional air carriers that feed traffic to our route system by serving passengers primarily in small and medium-sized cities. These arrangements enable us to better match capacity with demand in these markets. Approximately 16% of our passenger revenue in 2017 was related to flying by these regional air carriers.

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

- ExpressJet Airlines, Inc. and SkyWest Airlines, Inc., both subsidiaries of SkyWest, Inc.;
- Republic Airline, Inc. ("Republic"), a subsidiary of Republic Airways Holdings, Inc.;
- Compass Airlines, LLC ("Compass") and GoJet Airlines, LLC, both subsidiaries of Trans States Holdings, Inc. ("Trans States"); and
- Endeavor Air, Inc., which is a wholly owned subsidiary of ours.

Our contractual agreements with regional carriers primarily are 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 these 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. These capacity purchase agreements are long-term agreements, usually with initial terms of at least 10 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.

**Frequent Flyer Program**

Our SkyMiles<sup>®</sup> frequent flyer program ("SkyMiles program") is designed to retain and increase traveler loyalty by offering incentives to customers to increase travel on Delta. The SkyMiles program allows program members to earn mileage credit for travel awards by flying on Delta, its regional carriers and other participating airlines. Mileage credit may also be earned by using certain services offered by program participants, such as credit card companies, hotels and car rental agencies. In addition, individuals may purchase mileage credits. Miles do not expire, but are subject to the program rules. We reserve the right to terminate the program with six months advance notice, and to change the program's terms and conditions at any time without notice.

SkyMiles program mileage credits can be redeemed for air travel on Delta and participating airlines, for membership in our Delta Sky Clubs<sup>®</sup> and for other program participant awards. Mileage credits are subject to certain transfer restrictions and travel awards on partner airlines are subject to capacity-controlled seating. We offer last-seat availability for travel awards on our own flights (including most Delta Connection flights). In 2017, program members redeemed more than 345 billion miles in the SkyMiles program for 14.9 million award redemptions. During this period, 7.9% of revenue miles flown on Delta were from award travel.

**Fuel**

Our results of operations are significantly impacted by changes in the price and availability of aircraft fuel. The following table shows our aircraft fuel consumption and costs.

Year	Gallons Consumed <sup>(1)</sup> (in millions)	Cost <sup>(1)(2)</sup> (in millions)	Average Price Per Gallon <sup>(1)(2)</sup>	Percentage of Total Operating Expense <sup>(1)(2)</sup>
2017	4,032	\$ 6,756	\$ 1.68	19.2%
2016	4,016	\$ 5,985	\$ 1.49	18.3%
2015	3,988	\$ 7,579	\$ 1.90	23.0%

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

<sup>(2)</sup> Includes the impact of fuel hedge activity and refinery segment results.

**General**

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 off-shore sources and under contracts that permit the refiners to set the price.

**Monroe Energy**

Our wholly owned subsidiaries, Monroe Energy, LLC and MIPC, LLC (collectively, "Monroe") operate the Trainer refinery and related 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 of managers. 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. In addition to jet fuel, the refinery's production consists of gasoline, diesel and other refined products ("non-jet fuel products"). Monroe sources domestic and foreign crude oil supply from a variety of providers.

*Strategic Agreements.* Monroe exchanges the non-jet fuel products the refinery produces with third parties for jet fuel consumed in our airline operations.

*Segments.* Because the products and services of Monroe's refinery operations are discrete from our airline services, segment results are prepared for our airline segment and our refinery segment. Financial information on our segment reporting can be found in Note 14 of the Notes to the Consolidated Financial Statements.

### ***Fuel Hedging Program***

We have recently managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of fuel as fuel prices are subject to potential volatility. 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. In addition, we enter into derivatives with third parties to hedge financial risk related to Monroe's refining margins.

### ***Fuel Supply Availability***

We are currently able to obtain adequate supplies of aircraft fuel, including fuel produced by Monroe or procured through the exchange of non-jet fuel products the refinery produces, and crude oil for Monroe's operations. However, it is impossible to predict the future availability or price of aircraft fuel and crude oil. Weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in government policy concerning aircraft fuel production, transportation, taxes or marketing, changes in refining capacity, environmental concerns and other unpredictable events may result in future fuel supply shortages and fuel price increases.

### **Other Businesses**

#### ***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, a global airline cargo alliance, whose other members are Aeroflot, Aerolíneas Argentinas, Aeroméxico Cargo, Air France-KLM Cargo, Alitalia Cargo, China Airlines Cargo, China Cargo Airlines, China Southern Cargo, Czech Airlines Cargo and Korean Air Cargo. SkyTeam Cargo offers a global network spanning six continents.

#### ***Ancillary Businesses***

We have several other businesses arising from our airline operations, including aircraft maintenance, repair and overhaul ("MRO"), staffing and other services, vacation wholesale operations and our private jet operations. In 2017, the total revenue from these businesses was approximately \$1 billion.

- In addition to providing maintenance and engineering support for our fleet of over 900 aircraft, our MRO operation, known as Delta TechOps, serves aviation and airline customers from around the world.
- Delta Global Services provides services to us and to third parties, including staffing services, aviation solutions, professional security and training services.
- Our vacation wholesale business, Delta Vacations, provides vacation packages to third-party consumers.
- Our private jet operations, Delta Private Jets, provides aircraft charters, aircraft management and programs allowing members to purchase flight time by the hour.

### **Distribution and Expanded Product Offerings**

Our tickets are sold through various distribution channels, including: (1) digital channels, such as delta.com and mobile applications/web, (2) telephone reservations, (3) online travel agencies and (4) traditional "brick and mortar" and other agencies. We make fare and product information widely available across those channels, ensuring customers always receive the best information and service options. An increasing number of our tickets are sold through Delta digital direct channels, driving more direct, personalized interactions with our customers and reducing distribution costs.

We have transformed distribution to a more retail oriented, merchandised approach by introducing well-defined and differentiated products for our customers. We offer distinct travel experiences with clear value propositions that enable customer choice. Delta One™, Delta Premium Select, First Class and Delta Comfort+™ include varying premium amenities and services while Main Cabin and Basic Economy allow varying levels of pre-travel flexibility as well as exceptional service once onboard the aircraft. We expect that these merchandising initiatives as implemented across all of Delta's distribution channels will allow customers to better understand our product offerings, make it easier to buy the products they desire and increase customer satisfaction. This merchandising effort is most effective in Delta's digital channels where customers can compare all product options in a single, easy to understand display.

## **Technology Transformation**

Significant progress was made in 2017 in the transformation of our information technology function to improve operational reliability and enhance disaster recovery capabilities. Most significantly, we opened a new data center to provide redundancy for our key systems and continue the enhancement of that facility. We also reduced the risk of technology system failures to our operations through additional disaster recovery processes and heightened emphasis on our information security program including through the hiring of an experienced information security professional as our Chief Information Security Officer.

We are engaged in a digital transformation by continuing to invest in technology that supports our operations and provides tools for our employees, with our long term goal to convert our technology into a competitive advantage. These investments include improvements to infrastructure and technology architecture to unify and improve access to data sources and continue innovations in customer facing applications. This digital transformation will enhance interactions with our customers and allow us to deliver more personalized service, further enhancing the customer experience and strengthening our brand and competitive position.

## **Competition**

The airline industry is highly competitive, marked by significant competition with respect to routes, fares, schedules (both timing and frequency), services, products, customer service and frequent flyer programs. The industry has evolved through mergers and new entry, both domestically and internationally, and changes in international alliances. Consolidation in the airline industry, the rise of well-funded 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 increased financial resources, more extensive global networks and more competitive cost structures.

### ***Domestic***

Our domestic operations are subject to 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 discount carriers, some of which may have lower costs than we do and provide service at low fares to destinations served by us. Point-to-point, discount and ultra low-cost carriers, including Spirit Airlines and Allegiant Air, place significant competitive pressure on network carriers in the domestic market. In particular, we face significant competition at our domestic hub and gateway airports either directly at those airports or at the hubs of other airlines that are located in close proximity to our hubs and gateways. We also face competition in smaller 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. Competition is increasing from government-owned and -funded carriers in the Gulf region, including Emirates, Etihad Airways and Qatar Airways. These carriers have large numbers of international widebody aircraft on order and are increasing service to the U.S. These carriers are government-subsidized, which has allowed them to grow quickly, reinvest in their product and expand their global presence at the expense of U.S. airlines.

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 and Asian 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, 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.

In addition, several joint ventures among U.S. and foreign carriers, including our transatlantic and transpacific joint ventures, have received grants of antitrust immunity allowing the participating carriers to coordinate schedules, pricing, sales and inventory. Other joint ventures that have received antitrust immunity include a transatlantic alliance among United Airlines, Air Canada and Lufthansa German Airlines, a transpacific joint venture between United Airlines and All Nippon Airways, a transatlantic joint venture among American Airlines, British Airways and Iberia and a transpacific joint venture between American Airlines and Japan Air Lines.

### **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 domestic air transportation. An air carrier that the DOT finds fit to operate is given authority to operate domestic and international air transportation (including the carriage of passengers and cargo). Except for constraints imposed by regulations regarding "Essential Air Services," which are applicable to certain small communities, airlines may terminate service to a city without restriction.

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 and engages in regulation of economic matters such as slot transactions. 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 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 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. 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) 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 served by us 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 the foreign markets. These agreements include separate agreements with the European Union and Japan.

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 served by us are regulated by governmental entities through allocations of "slots" or similar regulatory mechanisms which limit the rights of carriers to conduct operations at those airports. 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 Tokyo's Narita and Haneda airports, London's Heathrow 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.

***Environmental Matters***

Our operations are subject to a number of 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 and other regulated substances, and the management and disposal of hazardous waste, substances and materials.

*Emissions* . Greenhouse gas emissions by the aviation industry and their impact on climate change have become a particular focus in the international community and within the U.S. For several years, the European Union has required 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 Union 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 ETS was amended to apply only to flights within the European Economic Area from 2013 through 2016. In 2017, the EU extended the exemption for foreign flights through 2023 given the International Civil Aviation Organization's ("ICAO") adoption of a global market-based program.

In October 2016, ICAO formally adopted a global, market-based emissions offset program known as the Carbon Offsetting and Reduction Scheme for International Aviation. This program is designed to achieve a medium-term goal for the aviation industry of achieving carbon-neutral growth in international aviation beginning in 2020. A pilot phase of the offset program will begin in 2021, 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, but participation in the second phase is mandatory. In 2016, ICAO also adopted new aircraft certification standards to reduce carbon dioxide (CO<sub>2</sub>) emissions from aircraft. The new aircraft certification standards will apply to new aircraft types in 2020 and to new in-production aircraft starting in 2023 but no later than 2028. It is important to note that the standards will not apply to existing in-service aircraft. However, exemption from the certification requirement would provide no protection from taxation schemes based on CO<sub>2</sub> emissions.

In July 2016, the U.S. Environmental Protection Agency ("EPA") issued a final finding under the Clean Air Act that greenhouse gases threaten the public health and welfare, and further determined that aircraft cause or contribute to greenhouse gases. The endangerment finding does not establish standards, but triggers an obligation for the EPA to regulate greenhouse gas emissions from aircraft. The EPA has historically implemented air emissions control standards adopted by ICAO; therefore, the ICAO aircraft engine certification standards are expected to influence the development of any EPA greenhouse gas emission standards for aircraft.

We 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 greenhouse gas emissions in various jurisdictions. Additional regulation could result in taxation 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. We are monitoring and evaluating the potential impact of such legislative and regulatory developments.

We seek to minimize the impact of greenhouse gas emissions from our operations through reductions in our fuel consumption and other efforts, and have realized reductions in our greenhouse gas emission levels since 2005. We have reduced the fuel needs of our aircraft fleet through the retirement of older, less fuel efficient aircraft and replacement with newer, more fuel efficient aircraft. In addition, we have implemented fuel saving procedures in our flight and ground support operations that further reduce carbon emissions. We are also supporting efforts to develop alternative fuels and efforts to modernize the air traffic control system in the U.S. as part of our efforts to reduce our emissions and minimize our impact on the environment.

*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 allow airports to enact similar restrictions, which could adversely impact our international operations or require significant expenditure in order for our aircraft to comply with the restrictions.

*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 emissions.

Under the Energy Independence and Security Act of 2007, the EPA has adopted Renewable Fuel Standards ("RFS") that mandate the blending of renewable fuels into gasoline and on-road diesel ("Transportation Fuels"). Renewable Identification Numbers ("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 or by purchasing RINs in the open market or through a combination of blending and purchasing RINs. Because the refinery operated by Monroe does not blend renewable fuels, it must purchase its RINs requirement in the secondary market or obtain a waiver from the EPA.

*Other Environmental Matters*. We are 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.

**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 ending September 30, 2018. The CRAF Program has only been activated twice since it was created in 1951.

**Employee Matters****Railway Labor Act**

Our relations with labor unions representing our airline employees in the U.S. 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 National Mediation Board (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 that union. A certified labor union would 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. Congress and the President have the authority to prevent self help by enacting legislation that, among other things, imposes a settlement on the parties.

**Collective Bargaining**

As of December 31, 2017, we had approximately 87,000 full-time equivalent employees, approximately 19% of whom were represented by unions. The following table shows our domestic airline employee groups that are represented by unions.

<b>Employee Group</b>	<b>Approximate Number of Active Employees Represented</b>	<b>Union</b>	<b>Date on which Collective Bargaining Agreement Becomes Amendable</b>
Delta Pilots	13,234	ALPA	December 31, 2019
Delta Flight Superintendents (Dispatchers)	420	PAFCA	March 31, 2018
Endeavor Air Pilots	1,805	ALPA	January 1, 2024
Endeavor Air Flight Attendants	1,160	AFA	December 31, 2018
Endeavor Air Dispatchers	55	PAFCA	December 31, 2018

In addition, 192 refinery employees of Monroe are represented by the United Steel Workers under an agreement that expires on February 28, 2019. 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.

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.



## Executive Officers of the Registrant

**Edward H. Bastian, Age 60** : 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).

**Peter W. Carter, Age 54** : Executive Vice President - Chief Legal Officer of Delta since July 2015; 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.

**Glen W. Hauenstein, Age 57** : 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).

**Paul A. Jacobson, Age 46**: Executive Vice President - Chief Financial Officer of Delta since August 2013; Senior Vice President and Chief Financial Officer of Delta (March 2012 - July 2013); Senior Vice President and Treasurer of Delta (December 2007 - March 2012); Vice President and Treasurer of Delta (August 2005 - December 2007).

**Rahul Samant, Age 51**: 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 52** : President, International and 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 (June 2005 - October 2008).

**Joanne D. Smith, Age 59**: Executive Vice President and Chief Human Resources 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).

**W. Gil West, Age 57**: Senior Executive Vice President and Chief Operating Officer of Delta since February 2016; Executive Vice President and Chief Operating Officer of Delta (March 2014 - February 2016); Senior Vice President - Airport Customer Service and Technical Operations of Delta (February 2012 - February 2014); Senior Vice President - Airport Customer Service of Delta (March 2008 - January 2012); President and Chief Executive Officer of Laidlaw Transit Services (2006 - 2007).

## Additional Information

We make available free of charge on our 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. Information on our 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

### Risk Factors Relating to Delta

***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 operating results.***

Our operating results are significantly impacted by changes in the price of aircraft fuel. Over the last decade, fuel prices have increased substantially at times and have been highly volatile during the last several years. In 2017, our average fuel price per gallon, including the impact of fuel hedges, was \$1.68, a 12.8% increase from our average fuel price in 2016. In 2016, our average fuel price per gallon was \$1.49, a 21.6% decrease from our average fuel price in 2015. In 2015, our average fuel price per gallon was \$1.90, a 45.2% decrease from our average fuel price in 2014. Fuel costs represented 19.2%, 18.3% and 23.0% of our operating expense in 2017, 2016 and 2015, respectively.

Our ability to pass along rapidly increasing fuel costs to our customers may be affected by the competitive nature of the airline industry. 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.

We acquire a significant amount of jet fuel from our wholly owned subsidiary, Monroe, and through strategic agreements 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 continue to purchase 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.

***Fuel hedging activities are intended to manage the financial impact of the volatility in the price of jet fuel. The effects of rebalancing our hedge portfolio and mark-to-market adjustments may have a negative effect on our financial results.***

We have recently managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of fuel as fuel prices are subject to potential volatility. We may utilize different contract and commodity types in this program and 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. Our hedging program may not be successful in providing price protection due to market conditions and the choice of hedging instruments. In addition, we record mark-to-market adjustments ("MTM adjustments") on our fuel hedges. MTM adjustments are based on market prices at the end of the reporting period for contracts settling in future periods. Losses from rebalancing or MTM adjustments (or both) may have a negative impact on our financial results.

Our fuel hedge contracts may contain margin funding requirements, which require us to post margin to counterparties or cause counterparties to post margin to us as market prices in the underlying hedged items change. If fuel prices decrease significantly from the levels existing at the time we enter into fuel hedge contracts, we may be required to post a significant amount of margin, which could have a material impact on the level of our unrestricted cash and cash equivalents and short-term investments.

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

Weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policy concerning aircraft fuel production, transportation, taxes or marketing, changes in refining capacity, 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 results of operations and financial condition.

Because we acquire a large amount of our jet fuel from Monroe, the disruption or interruption of production at the refinery could have an 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 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 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 significant investments in airlines in other parts of the world and the commercial relationships that we have with those carriers may not produce the returns or results we expect.***

An important part of our strategy to expand our global network has been to make significant investments in airlines in other parts of the world and expand our commercial relationships with these carriers. We expect to continue exploring ways to expand our relationships with other carriers as part of our global business strategy. These investments and relationships involve significant challenges and risks, including that we may not realize a satisfactory return on our investment, that they may distract management from our operations or that they may not generate the expected revenue synergies. These events could have a material adverse effect on our operating results or financial condition.

In addition, 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 of time or their actions subject us to the consequences of failure to comply with laws and regulations, our results of operations may be adversely affected. We also may be subject to consequences from any improper behavior of joint venture partners, including for failure to comply with anti-corruption laws such as the United States Foreign Corrupt Practices Act.

***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 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, 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 our technology systems and the data we store could compromise passenger or employee information and expose us to liability, possibly having a material adverse effect on our business.***

As a regular part of our ordinary business operations, we collect and store sensitive data, including personal information of our passengers and employees and information of our business partners. The secure operation of the networks and systems on which this type of information is stored, processed and maintained is critical to our business operations and strategy.

Our information systems are subject to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to our systems or information, including through fraud or other means of deception. Hardware or software we develop or acquire 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, 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. However, the constantly changing nature of the threats means that we may not be able to prevent all data security breaches or misuse of data. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of, or access to, customers', employees' or business partners' information or failure to comply with regulatory or contractual obligations with respect to such information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business.

***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 network 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 network, including third-party networks we utilize and on which we depend, could impact our customer service and result in increased costs. While we have in place initiatives to prevent disruptions and disaster recovery plans and continue to invest in improvements to these initiatives and plans, these measures may not be adequate to prevent a business disruption and its adverse financial and reputational consequences to our business.

***Failure of our technology to perform effectively could have an adverse effect on our business.***

We are dependent on technology initiatives to provide customer service and operational effectiveness in order to compete in the current business environment. For example, we have made and continue to make significant investments in customer facing technology such as delta.com, mobile device applications, check-in kiosks, customer service applications, 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. The performance, reliability and security of the technology are critical to our ability to serve customers. If our technology does not perform effectively, our business and operations would be negatively affected, which could be material.

***Agreements governing our debt, including credit agreements, include financial and other covenants. Failure to comply with these covenants could result in events of default.***

Our credit facilities have various financial and other covenants that require us to maintain, depending on the particular agreement, minimum fixed charge coverage ratios, minimum liquidity and/or minimum collateral coverage ratios. The value of the collateral that has been pledged in each facility may change over time due to appraisals of collateral required by our credit agreements and indentures. These changes could result from factors that are not under our control. A decline in the value of collateral could result in a situation where it may be difficult to maintain the collateral coverage ratio. In addition, the credit facilities contain other negative covenants customary for such financings. These covenants are subject to important exceptions and qualifications. If we fail to comply with these covenants and are unable to remedy or obtain a waiver or amendment, an event of default would result.

The credit facilities also contain other events of default customary for such financings. If an event of default were to occur, the lenders could, among other things, declare outstanding amounts due and payable. In addition, an event of default or declaration of acceleration under any of the credit facilities could also result in an event of default under other of our financing agreements. The acceleration of significant amounts of debt could require us to renegotiate, repay or refinance the obligations under the credit facilities or other financing arrangements.

***Employee strikes and other labor-related disruptions may adversely affect 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, 2017, approximately 19% 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. Monroe's relations with unions representing its employees are governed by the NLRA, 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 on 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 adversely affect our ability to conduct business. Likewise, if third-party regional carriers with whom 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 negative impact on our operations.

***Our results can fluctuate due to the effects of weather, natural disasters and seasonality.***

Our results of operations are impacted by severe weather, natural disasters and seasonality. Severe weather conditions and natural disasters (or other environmental events) can significantly disrupt service and create air traffic control problems. These events decrease revenue and can also increase costs. In addition, increases in the frequency, severity or duration of thunderstorms, hurricanes, typhoons or other severe weather events, including from changes in the global climate, 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. In addition, demand for air travel is typically higher in the June and September quarters, particularly in 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 seasonal basis. Because of fluctuations in our results from weather, natural disasters and seasonality, operating results for a historical period are not necessarily indicative of operating results for a future period and operating results for an interim period are not necessarily indicative of operating results for an entire year.

***An extended disruption in services provided by third parties, including third-party regional carriers, could have a material adverse effect on our results of operations.***

We utilize the services of third parties in a number of areas in support of our operations that are integral to our business, including third-party carriers in the Delta Connection program. While we have agreements with these providers that define expected service performance, we do not have direct control over their operations. In particular, some third-party regional carriers are facing a shortage of qualified pilots due to government mandated increases in flight experience required for pilots working for airlines. If this shortage becomes more widespread, third-party regional carriers may not be able to comply with their obligations to us. To the extent that a significant disruption in services occurs because third party providers, including regional carriers, are unable to perform their obligations over an extended period of time, our revenue may be reduced or our expenses may be increased resulting in a material adverse effect on our results of operations.

***The failure or inability of insurance to cover a significant liability related to an environmental or other incident associated with the operation of the Monroe refinery could have a material adverse effect on our consolidated financial results.***

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.

***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 could have a negative impact 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. 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 financial results. In addition, the enactment of new 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, under the Energy Independence and Security Act of 2007, the EPA has adopted RFS that mandate 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 or by purchasing RINs in the open market or through a combination of blending and purchasing RINs.

Because the refinery operated by Monroe does not blend renewable fuels, it must purchase its RINs requirement in the secondary market or obtain a waiver from the EPA. 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. We cannot predict the future prices of RINs. Purchasing RINs at elevated prices could have a material impact on our 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 relief from this requirement is not obtained, which could have an adverse effect on our consolidated financial results.

***If we lose senior management and other key employees and they are not replaced by individuals with comparable skills, our operating results could be 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 these persons are not replaced by individuals with comparable skills, our performance could be materially adversely impacted. Furthermore, we may be unable to attract and retain additional qualified executives as needed in the future.

***Our reputation and brand could be damaged if we are exposed to significant adverse publicity through social media.***

We operate in a highly visible, public environment with significant exposure to social media. Adverse publicity, whether justified or not, can rapidly spread through social or digital media. In particular, passengers can use social media to provide feedback about their interaction with us in a manner that can be quickly and broadly disseminated. To the extent we are unable to respond timely and appropriately to adverse publicity, our brand and reputation may be damaged. Significant damage to our overall reputation and brand image could have a negative impact on our financial results.

## **Risk Factors Relating to the Airline Industry**

### ***Terrorist attacks, geopolitical conflict or security events may adversely affect our business, financial condition and operating results.***

Terrorist attacks, geopolitical conflict or security events, or fear of such 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 constantly monitor 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 fear of such events, even if not made directly on or involving the airline industry, could have 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, 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 operating results 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), services, products, customer service and frequent flyer programs. Consolidation in the airline industry, the rise of well-funded 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 increased financial resources, more extensive global networks and competitive cost structures.

Our domestic operations are subject to 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 discount carriers, some of which may have lower costs than we do and provide service at low fares to destinations served by us. Point-to-point, discount and ultra low-cost carriers, including Spirit Airlines and Allegiant Air, place significant competitive pressure on network carriers in the domestic market. As a result, we face significant competition at our domestic hub and gateway airports either directly at those airports or at the hubs of other airlines that are located in close proximity to our hubs and gateways. We also face competition in smaller 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 operating results could be materially adversely affected.

Our international operations are subject to competition from both foreign and domestic carriers. Competition is significant from government-owned and -funded carriers in the Gulf region, including Emirates, Etihad Airways and Qatar Airways. These carriers have large numbers of international widebody aircraft on order and are increasing service to the U.S. from their hubs in the Middle East. Several of these carriers, along with carriers from China, India and Southeast Asia, are government-subsidized, which has allowed them to grow quickly, reinvest in their product and expand their global presence at the expense of U.S. airlines.

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 and Asian 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 addition, several joint ventures among U.S. and foreign carriers have received grants of antitrust immunity allowing the participating carriers to coordinate schedules, pricing, sales and inventory.

Increased competition in both the domestic and international markets may have a material adverse effect on our business, financial condition and operating results.

***Extended interruptions or disruptions in service at major airports in which we operate could have a material adverse impact on our 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 extended interruption or disruption at an airport where we have significant operations could have a material impact on our business, financial condition and results of operation.

***The airline industry is subject to extensive government regulation, and new regulations may increase our operating costs.***

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs. 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. We expect to continue incurring significant expenses to comply with the FAA's regulations.

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 or reduce revenues. The industry is heavily taxed. For example, the Aviation and Transportation Security Act mandates the federalization of certain airport security procedures and imposes security requirements on airports and airlines, most of which are funded by a per ticket tax on passengers and a tax on airlines. Additional taxes and fees, if implemented, could negatively impact our results of operations.

Proposals to address congestion issues at certain airports or in certain airspace, particularly in the Northeast U.S., have included concepts such as "congestion-based" landing fees, "slot auctions" or other alternatives that could impose a significant cost on the airlines operating in those airports or airspace and impact the ability of those airlines to respond to competitive actions by other airlines. In addition, the failure of the federal government to upgrade the U.S. air traffic control system has resulted in delays and disruptions of air traffic during peak travel periods in certain congested markets. The failure 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.

Future regulatory action concerning climate change, aircraft emissions and noise emissions could have a significant effect on the airline industry. While the specific nature of future actions is hard to predict, new environmental laws or regulations adopted in the U.S. or other countries could impose significant additional costs on our operations, either through direct costs in our operations or through increases in costs that our suppliers pass along to us.

We and other U.S. carriers are subject to domestic and foreign laws regarding privacy of passenger and employee data that are not consistent in all countries in which we operate. In addition to the heightened level of concern regarding privacy of passenger data in the U.S., certain European government agencies are reviewing airline privacy practices. Compliance with these regulatory regimes is expected to result in additional operating costs and could impact our operations and any future expansion.

***Prolonged periods of stagnant or weak economic conditions could have a material adverse effect on our business, financial condition and operating results.***

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, with approximately 30% of our revenues from operations outside of the U.S., our business is subject to economic conditions throughout the world. During periods of unfavorable or volatile economic conditions in the global economy, 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 through videoconferencing. 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.



***Economic conditions and regulatory changes leading up to and following the United Kingdom's exit from the European Union could have a material adverse effect on our business and results of operations.***

Following a referendum in June 2016 in which voters in the U.K. approved an exit from the European Union ("EU"), the U.K. government has initiated a process to leave the EU (often referred to as Brexit) and begun negotiating the terms of the U.K.'s future relationship with the EU. The airline industry faces substantial uncertainty regarding the impact of the exit of the U.K. from the EU. Adverse consequences such as deterioration in economic conditions, volatility in currency exchange rates or adverse changes in regulation of the airline industry or bilateral agreements governing air travel could have a negative impact on our operations, financial condition and results of operations.

***The rapid spread of contagious illnesses can have a material adverse effect on our business and results of operations.***

The rapid spread of a contagious illness, or fear of such an event, can have a material adverse effect on the demand for worldwide air travel and therefore have a material adverse effect on our business and results of operations. Moreover, our operations could be negatively affected if employees are quarantined as the result of exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses in a part of the world in which we have significant operations may have a materially adverse impact on our business and results of operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

**Flight Equipment**

Our operating aircraft fleet, commitments and options at December 31, 2017 are summarized in the following table:

Aircraft Type	Current Fleet <sup>(1)</sup>				Average Age	Commitments		
	Owned	Capital Lease	Operating Lease	Total		Purchase	Lease	Options
B-717-200	3	13	75	91	16.3	—	—	—
B-737-700	10	—	—	10	8.9	—	—	—
B-737-800	73	4	—	77	16.3	—	—	—
B-737-900ER	52	—	37	89	2.3	41	—	—
B-757-200	88	9	3	100	20.4	—	—	—
B-757-300	16	—	—	16	14.9	—	—	—
B-767-300	2	—	—	2	24.5	—	—	—
B-767-300ER	55	2	—	57	21.7	—	—	—
B-767-400ER	21	—	—	21	17.0	—	—	—
B-777-200ER	8	—	—	8	18.1	—	—	—
B-777-200LR	10	—	—	10	8.8	—	—	—
A319-100	55	—	2	57	15.8	—	—	—
A320-200	55	3	4	62	22.4	—	—	—
A321-200	14	—	20	34	0.8	93	—	—
A321-200neo	—	—	—	—	—	100	—	100
A330-200	11	—	—	11	12.8	—	—	—
A330-300	28	—	3	31	9.0	—	—	—
A330-900neo	—	—	—	—	—	25	—	—
A350-900	6	—	—	6	0.2	19	—	—
CS100	—	—	—	—	—	75	—	50
MD-88	92	17	—	109	27.5	—	—	—
MD-90	65	—	—	65	20.9	—	—	—
<b>Total</b>	<b>664</b>	<b>48</b>	<b>144</b>	<b>856</b>	<b>16.7</b>	<b>353</b>	<b>—</b>	<b>150</b>

<sup>(1)</sup> 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 fleet operated by our regional carriers on our behalf at December 31, 2017 :

Carrier	Fleet Type					Total
	CRJ-200	CRJ-700	CRJ-900	Embraer 170	Embraer 175	
Endeavor Air, Inc. <sup>(1)</sup>	50	—	93	—	—	143
ExpressJet Airlines, Inc. <sup>(2)</sup>	—	33	16	—	—	49
SkyWest Airlines, Inc.	86	27	36	—	18	167
Compass Airlines, LLC	—	—	—	—	36	36
Republic Airline, Inc.	—	—	—	20	16	36
GoJet Airlines, LLC	—	22	7	—	—	29
<b>Total</b>	<b>136</b>	<b>82</b>	<b>152</b>	<b>20</b>	<b>70</b>	<b>460</b>

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

<sup>(2)</sup> During 2017, we and ExpressJet Airlines, Inc. agreed to early terminate our relationship by the end of 2018.

**Aircraft Purchase Commitments**

Our purchase commitments for additional aircraft at December 31, 2017 are detailed in the following table:

Aircraft Purchase Commitments	Delivery in Calendar Years Ending				Total
	2018	2019	2020	After 2020	
A321-200	31	32	27	3	93
A321-200neo	—	—	16	84	100
A330-900neo	—	—	4	21	25
A350-900	5	2	2	10	19
B-737-900ER	23	18	—	—	41
CS100	15	25	16	19	75
<b>Total</b>	<b>74</b>	<b>77</b>	<b>65</b>	<b>137</b>	<b>353</b>

**Ground Facilities****Airline Operations**

We lease most of the land and buildings that we occupy. Our largest aircraft maintenance base, various computer, 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, passenger holdrooms, operating areas 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 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 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 wholly owned subsidiaries, Monroe and MIPC, own and operate the Trainer refinery and related assets in Pennsylvania. The facility includes 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**

#### **First Bag Fee Antitrust Litigation**

In 2009, a number of purported class action antitrust lawsuits were filed against Delta and AirTran Airways ("AirTran"), alleging that Delta and AirTran engaged in collusive behavior in violation of Section 1 of the Sherman Act in November 2008 based upon certain public statements made in October 2008 by AirTran's CEO at an analyst conference concerning fees for the first checked bag, Delta's imposition of a fee for the first checked bag on November 4, 2008 and AirTran's imposition of a similar fee on November 12, 2008. The plaintiffs sought to assert claims on behalf of an alleged class consisting of passengers who paid the first bag fee after December 5, 2008 and seek injunctive relief and unspecified treble damages. All of these cases have been consolidated for pre-trial proceedings and remain pending in the Northern District of Georgia.

On July 12, 2016, the Court issued an order granting the plaintiffs' motion for class certification. On October 7, 2016, the U.S. Court of Appeals for the Eleventh Circuit granted the defendants' petition for interlocutory review of this order, and that appeal remains pending.

On March 29, 2017, the District Court granted the defendants' motions for summary judgment. The plaintiffs have filed an appeal to the U.S. Court of Appeals, and that appeal remains pending.

#### **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 November 2016, the District Court denied the defendants' motion to dismiss the claims, and the matter is now proceeding through discovery. Delta believes the claims in these cases are without merit and is vigorously defending these lawsuits.

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For a discussion of certain environmental matters, see "Business-Regulatory Matters-Environmental Matters" in Item 1.

### **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"). The following table sets forth for the periods indicated the highest and lowest sales price for our common stock as reported on the NYSE and dividends declared during these periods.

	Common Stock		Cash Dividends Declared (per share)
	High	Low	
<b>Fiscal 2017</b>			
Fourth Quarter	\$ 56.84	\$ 47.90	\$ 0.305
Third Quarter	\$ 55.75	\$ 44.59	\$ 0.305
Second Quarter	\$ 54.53	\$ 43.81	\$ 0.2025
First Quarter	\$ 52.00	\$ 44.47	\$ 0.2025
<b>Fiscal 2016</b>			
Fourth Quarter	\$ 52.76	\$ 37.91	\$ 0.2025
Third Quarter	\$ 41.35	\$ 34.08	\$ 0.2025
Second Quarter	\$ 49.80	\$ 32.60	\$ 0.135
First Quarter	\$ 50.50	\$ 40.03	\$ 0.135

**Holders**

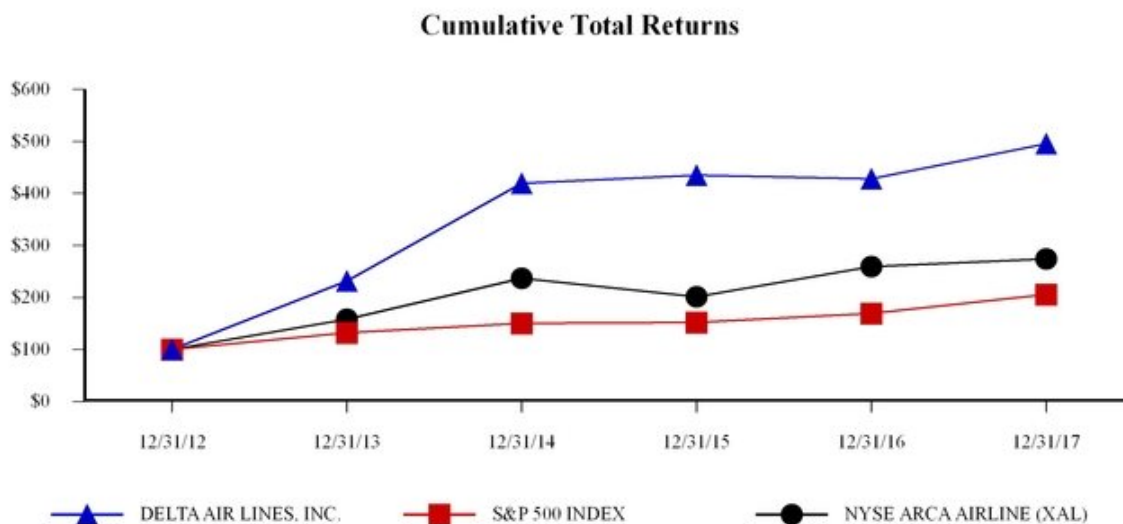
As of January 31, 2018, there were approximately 2,560 holders of record of our common stock.

**Dividends**

Our Board of Directors initiated a quarterly dividend program in the September 2013 quarter of \$0.06 per share. As reflected above, the Board has increased the quarterly dividend payment several times, most recently to \$0.305 per share in the September 2017 quarter. The Board expects to be able to continue to pay cash dividends for the foreseeable future, subject to applicable limitations under Delaware law. Dividend payments will be dependent upon our results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors. In addition, our ability to pay future dividends is subject to compliance with covenants in several of our credit facilities.

**Stock Performance Graph**

The following graph compares the cumulative total returns during the period from December 31, 2012 to December 31, 2017 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, 2012 in each of our common stock and the indices and assumes that all dividends were reinvested.



**Issuer Purchases of Equity Securities**

The following table presents information with respect to purchases of common stock we made during the December 2017 quarter. The total number of shares purchased includes shares repurchased pursuant to our \$5 billion share repurchase program, which was publicly announced on May 11, 2017 and will terminate no later than December 31, 2020. Some purchases were made pursuant to a trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934.

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

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in millions) of Shares That May Yet Be Purchased Under the Plan or Programs
October 2017	1,382,740	\$ 52.67	1,382,740	\$ 4,925
November 2017	2,529,455	\$ 49.86	2,529,455	\$ 4,800
December 2017	2,321,176	\$ 54.34	2,321,176	\$ 4,675
<b>Total</b>	<b>6,233,371</b>		<b>6,233,371</b>	

**ITEM 6. SELECTED FINANCIAL DATA**

The following tables are derived from our audited Consolidated Financial Statements and present selected financial and operating data as of and for the five years ended December 31, 2017.

**Consolidated Summary of Operations**

(in millions, except share data)	Year Ended December 31,				
	2017	2016	2015	2014	2013
Operating revenue	\$ 41,244	\$ 39,639	\$ 40,704	\$ 40,362	\$ 37,773
Operating expense	35,130	32,687	32,902	38,156	34,373
Operating income	6,114	6,952	7,802	2,206	3,400
Non-operating expense, net	(413)	(316)	(645)	(1,134)	(873)
Income before income taxes	5,701	6,636	7,157	1,072	2,527
Income tax (provision) benefit	(2,124)	(2,263)	(2,631)	(413)	8,013
Net income	\$ 3,577	\$ 4,373	\$ 4,526	\$ 659	\$ 10,540
Basic earnings per share	\$ 4.97	\$ 5.82	\$ 5.68	\$ 0.79	\$ 12.41
Diluted earnings per share	\$ 4.95	\$ 5.79	\$ 5.63	\$ 0.78	\$ 12.29
Cash dividends declared per share	\$ 1.02	\$ 0.68	\$ 0.45	\$ 0.30	\$ 0.12

**Special Items**

(in millions)	Year Ended December 31,				
	2017	2016	2015	2014	2013
MTM adjustments and settlements	\$ 259	\$ 450	\$ 1,301	\$ (2,346)	\$ 276
Restructuring and other	—	—	(35)	(716)	(424)
Loss on extinguishment of debt	—	—	—	(268)	—
Investment MTM adjustments	(8)	115	26	(134)	—
Tax Cuts and Jobs Act	(150)	—	—	—	—
Release of tax valuation allowance and intraperiod income tax allocation	—	—	—	—	7,989
Total income (loss)	\$ 101	\$ 565	\$ 1,292	\$ (3,464)	\$ 7,841

**Consolidated Balance Sheet Data**

(in millions)	December 31,				
	2017	2016	2015	2014	2013
Total assets	\$ 53,292	\$ 51,261	\$ 53,134	\$ 54,005	\$ 52,104
Long-term debt and capital leases (including current maturities)	\$ 8,834	\$ 7,332	\$ 8,329	\$ 9,661	\$ 11,194
Stockholders' equity	\$ 13,910	\$ 12,287	\$ 10,850	\$ 8,813	\$ 11,643

**Other Financial and Statistical Data (Unaudited)**

Consolidated <sup>(1)</sup>	Year Ended December 31,				
	2017	2016	2015	2014	2013
Revenue passenger miles (in millions)	217,712	213,098	209,625	202,925	194,988
Available seat miles (in millions)	254,325	251,867	246,764	239,676	232,740
Passenger mile yield	15.99¢	15.85¢	16.59¢	17.22¢	16.89¢
Passenger revenue per available seat mile	13.69¢	13.41¢	14.10¢	14.58¢	14.15¢
Total revenue per available seat mile	16.22¢	15.74¢	16.50¢	16.84¢	16.23¢
Operating cost per available seat mile	13.81¢	12.98¢	13.33¢	15.92¢	14.77¢
Passenger load factor	85.6%	84.6%	84.9%	84.7%	83.8%
Fuel gallons consumed (in millions)	4,032	4,016	3,988	3,893	3,828
Average price per fuel gallon <sup>(2)</sup>	\$ 1.68	\$ 1.49	\$ 1.90	\$ 3.47	\$ 3.00
Full-time equivalent employees, end of period	86,564	83,756	82,949	79,655	77,755

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes the impact of fuel hedge activity and refinery segment results.



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

### Financial Highlights - 2017 Compared to 2016

Our pre-tax income for 2017 was \$5.7 billion, representing a \$935 million decrease compared to the prior year primarily due to higher fuel costs, salaries and related costs and depreciation expense, which were partially offset by increased operating revenue. Pre-tax income, adjusted for special items (a non-GAAP financial measure) was \$5.5 billion, a decrease of \$621 million, or 10.2%. Special items were primarily related to fuel hedge MTM adjustments and settlements of \$259 million in 2017 compared to \$450 million in 2016.

*Revenue.* Compared to 2016, our operating revenue increased \$1.6 billion, or 4.0%, on 1.0% higher capacity combined with robust demand and strong revenue momentum, closing 2017 with three consecutive quarters of year-over-year passenger unit revenue growth. Passenger revenue per available seat mile ("PRASM") increased 2.1% led by (1) strong domestic leisure yields, (2) expanded distribution of Branded Fares, (3) an improving business fare environment, (4) strength in the Atlantic region leveraged through U.S. point-of-sale traffic gains, along with business cabin traffic and yield growth, and (5) strong performance in the Caribbean, Central America, Brazil and Mexico leisure markets. Other revenue increased 9.7% partially resulting from growth in our co-brand credit card partnership with American Express.

*Operating Expense.* Total operating expense increased \$2.4 billion and our consolidated operating cost per available seat mile ("CASM") increased 6.4% compared to 2016 to 13.81 cents, primarily due to higher fuel costs, salaries and related costs and depreciation expense. Including our regional carriers, fuel expense increased \$771 million compared to the prior year due to a 22.3% increase in the market price per gallon of fuel, partially offset by reduced fuel hedge losses compared to the prior year and profits generated within our refinery segment. Salaries and related costs were higher due to increases for eligible merit, ground and flight attendant employees implemented in the June 2017 quarter. The increase in depreciation expense primarily results from new aircraft deliveries, including B-737-900ER, A321-200, A330-300 and A350-900 aircraft, fleet modifications and accelerated depreciation due to the planned retirement of our MD-88 fleet and two B-767-300ER aircraft.

Non-fuel unit costs ("CASM-Ex, including profit sharing" a non-GAAP financial measure) increased 4.3% to 10.57 cents due to the pay rate increases and depreciation expense discussed above, which were partially offset by productivity gains from our fleet, technology and supply chain initiatives.

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

**Results of Operations - 2017 Compared to 2016**
**Operating Revenue**

(in millions)	Year Ended December 31,		Increase	% Increase
	2017	2016		
Passenger	\$ 34,819	\$ 33,777	1,042	3.1%
Cargo	729	668	61	9.1%
Other	5,696	5,194	502	9.7%
Total	\$ 41,244	\$ 39,639	\$ 1,605	4.0%

**Passenger Revenue**

(in millions)	Year Ended December 31, 2017	Increase (Decrease) vs. Year Ended December 31, 2016					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Mainline	\$ 18,878	5.3 %	4.1 %	3.6 %	1.1 %	1.7 %	0.4 pts
Regional carriers	5,714	0.8 %	(2.5)%	(2.6)%	3.4 %	3.4 %	— pts
Domestic	24,592	4.2 %	3.0 %	2.5 %	1.1 %	1.7 %	0.4 pts
Atlantic	5,292	2.1 %	4.8 %	0.3 %	(2.6)%	1.7 %	3.6 pts
Pacific	2,366	(9.6)%	(9.0)%	(7.7)%	(0.7)%	(2.0)%	(1.2) pts
Latin America	2,569	8.3 %	4.2 %	2.0 %	4.0 %	6.2 %	1.8 pts
Total	\$ 34,819	3.1 %	2.2 %	1.0 %	0.9 %	2.1 %	1.0 pt

Passenger revenue increased \$1.0 billion over the prior year. PRASM increased 2.1% and passenger mile yield increased 0.9% on 1.0% higher capacity. Load factor was 1.0 point higher than the prior year at 85.6%.

Unit revenues of the domestic region increased 1.7%, resulting from our commercial initiatives, including differentiated products for our customers, known as Branded Fares, and an improving revenue environment. We continue to differentiate our product offerings and enable customer choice through segmentation, including offering Basic Economy throughout our domestic network. Our domestic operations closed 2017 with three consecutive quarters of year-over-year unit revenue growth, with robust demand for both business and leisure. We continue to see improvements in business markets with 81 of the top 100 business markets producing positive yields during the December 2017 quarter, up from 50% from earlier in the year.

Passenger revenues related to our international regions increased 0.5% year-over-year primarily due to strength in the Atlantic and Latin America regions, partially offset by revenue declines in the Pacific. During 2017, we continued to roll out the expansion of our Branded Fares product throughout the international regions.

The Atlantic region closed 2017 with three consecutive quarters of year-over-year unit revenue growth on strong business class bookings. We continue to leverage our alliance partners' hub positions in Europe's leading business markets of London, Amsterdam and Paris to increase the volume of U.S. point-of-sale traffic. The U.K. was particularly robust, with unit revenue growth throughout 2017, including double-digit growth in the second half of 2017. During the year, we expanded our Basic Economy product to mitigate the impact of ultra-low cost carrier capacity increases.

Unit revenue declines in the Pacific primarily resulted from industry capacity growth in the region. We continued to optimize the Pacific region with a 7.7% reduction in capacity during 2017, focused on refining the network to generate incremental value from our Chinese and Korean alliances and differentiating our product offerings, including expanding Basic Economy and selling Comfort+ as a separate fare product. During 2017, we reached an agreement to create a trans-Pacific joint venture with Korean Air, offering an enhanced and expanded network, industry-leading products and service, and a seamless customer experience between the U.S. and Asia. We also retired our last B-747-400 and introduced our new A350-900 with Delta One suites and the Delta Premium Select cabin on routes from Detroit to Tokyo-Narita and Seoul-Incheon, which are driving improvements in both profitability and customer feedback. These efforts are beginning to show results as the Pacific returned to positive PRASM growth during the December 2017 quarter for the first time in more than four years.

Unit revenues increased in Latin America principally resulting from unit revenue improvement in Brazil, related to both improved traffic and higher fares. This improvement was driven by the strengthening of the Brazilian economy and additional connectivity for our customers provided by our relationship with GOL. Increased leisure traffic to Mexico and the Caribbean, and the incremental value provided by our alliance with Aeroméxico also contributed to the Latin America unit revenue improvement. Although unit revenue improved in the Caribbean, hurricane damage in several markets during 2017 resulted in temporary service adjustments. Finally, we continued to differentiate our product offerings, including expanding Basic Economy and selling Comfort+ as a separate fare product in Latin America.

### Other Revenue

(in millions)	Year Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2017	2016		
Loyalty programs	\$ 1,952	\$ 1,782	\$ 170	9.5 %
Administrative fees, club and on-board sales	1,252	1,205	47	3.9 %
Ancillary businesses and refinery	1,412	1,129	283	25.1 %
Baggage fees	908	881	27	3.1 %
Other	172	197	(25)	(12.7)%
Total	\$ 5,696	\$ 5,194	\$ 502	9.7 %

*Loyalty programs.* We sell mileage credits to credit card companies, hotels and car rental agencies under marketing agreements. We allocate the consideration received from mileage credit sales to the individual products and services bundled with the sale based on their relative selling prices. We defer the travel component as part of frequent flyer deferred revenue and recognize passenger revenue as the mileage credits are redeemed for travel. The revenue allocated to the remaining deliverables (such as lounge access, baggage fee waivers and brand usage) is recorded in other revenue. We recognize the revenue for these services as they are performed.

The amount of loyalty program revenue changes based on the price paid for mileage credits, the volume of credits sold and our allocation of selling price to the individual products and services. With the adoption of the new revenue recognition standard in 2018, we will increase the value we use to account for the travel component within mileage credit sales. This new value for the travel component will cause a re-allocation of the consideration received from mileage credit sales. The re-allocation will result in less revenue recognized for loyalty programs in other revenue and more revenue in passenger revenue as the frequent flyer awards are redeemed.

Loyalty program revenue increased compared to 2016 related to growth in our co-brand credit card partnership with American Express. Additional information about our frequent flyer program accounting policies can be found in Note 1 of the Notes to the Consolidated Financial Statements.

*Administrative fees, club and on-board sales.* These revenues primarily relate to travel-related services such as ticket changes and unaccompanied minors and also include amounts collected for on-board sales and Sky Club lounge memberships. We recognize revenue as these services are performed. A significant portion of these fees are travel-related and performed in conjunction with the passenger's flight. Therefore, the majority of these fees will be reclassified to passenger revenue with our adoption of the new revenue recognition standard in 2018.

*Ancillary businesses and refinery.* Ancillary businesses and refinery includes aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations and refinery sales to third parties. Ancillary businesses and refinery revenues are not related to the generation of a seat mile. Ancillary businesses and refinery sales primarily increased due to sales of non-jet fuel products to third parties by our oil refinery, consistent with stronger pricing of refined products throughout the oil industry.

*Baggage fees.* The revenue amount shown above represents baggage fees that were sold as a separate component of the passenger's ticket. Similar to administrative fees described above, baggage services are performed and earned in conjunction with the passenger's flight, and these fees will be reclassified to passenger revenue with our adoption of the new revenue recognition standard in 2018.

**Operating Expense**

(in millions)	Year Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2017	2016		
Salaries and related costs	\$ 10,436	\$ 10,034	\$ 402	4.0 %
Aircraft fuel and related taxes	5,733	5,133	600	11.7 %
Regional carriers expense	4,503	4,311	192	4.5 %
Depreciation and amortization	2,235	1,902	333	17.5 %
Contracted services	2,184	1,991	193	9.7 %
Aircraft maintenance materials and outside repairs	1,992	1,823	169	9.3 %
Passenger commissions and other selling expenses	1,787	1,710	77	4.5 %
Landing fees and other rents	1,528	1,490	38	2.6 %
Passenger service	1,067	907	160	17.6 %
Profit sharing	1,065	1,115	(50)	(4.5)%
Aircraft rent	351	285	66	23.2 %
Other	2,249	1,986	263	13.2 %
<b>Total operating expense</b>	<b>\$ 35,130</b>	<b>\$ 32,687</b>	<b>\$ 2,443</b>	<b>7.5 %</b>

*Salaries and Related Costs.* The increase in salaries and related costs is primarily due to increases for eligible merit, ground and flight attendant employees implemented in the June 2017 quarter.

*Aircraft Fuel and Related Taxes.* Including our regional carriers, fuel expense increased \$771 million compared to the prior year due to a 22.3% increase in the market price per gallon of fuel, partially offset by reduced fuel hedge losses compared to the prior year and profits generated within our refinery segment. The table below presents fuel expense, including our regional carriers:

(in millions)	Year Ended December 31,		Increase	% Increase
	2017	2016		
Aircraft fuel and related taxes <sup>(1)</sup>	\$ 5,733	\$ 5,133	\$ 600	
Aircraft fuel and related taxes included within regional carriers expense	1,023	852	171	
<b>Total fuel expense</b>	<b>\$ 6,756</b>	<b>\$ 5,985</b>	<b>\$ 771</b>	<b>12.9%</b>

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

The table below shows the impact of hedging and the refinery on fuel expense and average price per gallon, adjusted (non-GAAP financial measures):

(in millions, except per gallon data)	Year Ended December 31,			Average Price Per Gallon		
	Year Ended December 31,		Increase (Decrease)	Year Ended December 31,		Increase (Decrease)
	2017	2016		2017	2016	
Fuel purchase cost <sup>(1)</sup>	\$ 6,833	\$ 5,579	\$ 1,254	\$ 1.70	\$ 1.39	\$ 0.31
Airline segment fuel hedge losses <sup>(2)</sup>	33	281	(248)	0.01	0.07	(0.06)
Refinery segment impact <sup>(2)</sup>	(110)	125	(235)	(0.03)	0.03	(0.06)
<b>Total fuel expense</b>	<b>\$ 6,756</b>	<b>\$ 5,985</b>	<b>\$ 771</b>	<b>\$ 1.68</b>	<b>\$ 1.49</b>	<b>\$ 0.19</b>
MTM adjustments and settlements <sup>(3)</sup>	259	450	(191)	0.06	0.11	(0.05)
<b>Total fuel expense, adjusted</b>	<b>\$ 7,015</b>	<b>\$ 6,435</b>	<b>\$ 580</b>	<b>\$ 1.74</b>	<b>\$ 1.60</b>	<b>\$ 0.14</b>

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

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

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

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*Depreciation and Amortization.* The increase in depreciation expense primarily results from new aircraft deliveries, including B-737-900ER, A321-200, A330-300 and A350-900 aircraft, fleet modifications and accelerated depreciation due to the planned retirement of our MD-88 fleet and two B-767-300ER aircraft.

*Contracted Services.* The increase in contracted services expense predominantly relates to additional contract labor expenses associated with investments in our technology infrastructure and other activities to improve the customer experience.

*Aircraft Maintenance Materials and Outside Repairs.* Aircraft maintenance materials and outside repairs consist of costs associated with the maintenance of aircraft used in our operations and costs associated with maintenance sales to third parties by our MRO business. The increase in aircraft maintenance materials and outside repairs expense primarily relates to an increase in maintenance activity in order to enhance service reliability of certain aircraft.

*Passenger Service.* Passenger service expense includes the costs of onboard food and beverage, cleaning and supplies. The increase in passenger service expense predominantly relates to costs associated with enhancements to our onboard product offering and higher traffic.

*Aircraft Rent.* The increase in aircraft rent primarily results from new leased aircraft deliveries since the prior year, including B-737-900ER and A321-200 aircraft.

*Other.* The increase in other expense primarily relates to costs associated with sales of non-jet fuel products to third parties by our oil refinery.

**Results of Operations - 2016 Compared to 2015**
**Operating Revenue**

(in millions)	Year Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2016	2015		
Passenger	33,777	34,782	(1,005)	(2.9)%
Cargo	668	813	(145)	(17.8)%
Other	5,194	5,109	85	1.7 %
Total	\$ 39,639	\$ 40,704	\$ (1,065)	(2.6)%

**Passenger Revenue**

(in millions)	Year Ended December 31, 2016	Increase (Decrease) vs. Year Ended December 31, 2015					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Mainline	\$ 17,932	— %	4.3 %	5.2 %	(4.1)%	(5.0)%	(0.8) pts
Regional carriers	5,672	(3.6)%	0.6 %	1.0 %	(4.2)%	(4.6)%	(0.3) pts
Domestic	23,604	(0.9)%	3.6 %	4.5 %	(4.4)%	(5.2)%	(0.6) pts
Atlantic	5,185	(6.5)%	(1.7)%	0.3 %	(4.9)%	(6.8)%	(1.7) pts
Pacific	2,616	(12.8)%	(4.6)%	(6.6)%	(8.6)%	(6.7)%	1.8 pts
Latin America	2,372	(1.8)%	3.5 %	0.8 %	(5.1)%	(2.6)%	2.3 pts
Total	\$ 33,777	(2.9)%	1.7 %	2.1 %	(4.5)%	(4.9)%	(0.3) pts

Passenger revenue decreased \$1.0 billion over the prior year. PRASM decreased 4.9% and passenger mile yield decreased 4.5% on 2.1% higher capacity. Load factor was 0.3 points lower than the prior year at 84.6%.

Unit revenues of the domestic region decreased 5.2%, resulting from weakness in the close-in yield environment during most of the year despite strong volume.

Revenues related to our international regions decreased 7.2% year-over-year primarily due to yield declines resulting from imbalances between supply and demand, principally in the Atlantic region and China, the impact of foreign currency fluctuations, continued reductions in international fuel surcharges and economic challenges in certain regions.

In the Atlantic, the unit revenue decline predominantly resulted from lower yields driven by industry capacity growth outpacing passenger demand and the strength of the U.S. dollar. In core European markets, U.S. point-of-sale demand was strong and recovered quickly following the Brussels airport terrorist attack in March 2016. However, Europe point-of sale demand was soft largely due to the impact of weaker Euro exchange rates.

Unit revenue declines in the Pacific compared to 2015 primarily resulted from lower yen hedge gains, lower international fuel surcharges and yield declines resulting from industry capacity growth between the U.S. and China. During the September 2016 quarter, the U.S. Department of Transportation announced that we were awarded two daytime slot pairs at Tokyo's Haneda Airport (from Los Angeles and Minneapolis). We commenced these routes and canceled other routes in the Pacific region during the December 2016 quarter as part of our ongoing optimization of the Pacific region.

Although Latin America unit revenues declined compared to 2015, unit revenues improved in the second half of 2016 compared to the second half of 2015. An Open Skies agreement between the U.S. and Mexico took effect in August 2016 and our application for antitrust immunity with Aeroméxico was approved in the December 2016 quarter, which continued to strengthen our performance in the important Mexican business markets.

**Cargo Revenue**

Cargo revenue decreased \$145 million, or 17.8%, primarily due to weaker international demand compared to the prior year.

### Other Revenue

(in millions)	Year Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2016	2015		
Loyalty programs	\$ 1,782	\$ 1,584	\$ 198	12.5 %
Administrative fees, club and on-board sales	1,205	1,261	(56)	(4.4)%
Ancillary businesses and refinery <sup>(1)</sup>	1,129	1,158	(29)	(2.5)%
Baggage fees	881	885	(4)	(0.5)%
Other	197	221	(24)	(10.9)%
<b>Total</b>	<b>\$ 5,194</b>	<b>\$ 5,109</b>	<b>\$ 85</b>	<b>1.7 %</b>

<sup>(1)</sup> Ancillary businesses and refinery includes aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations and refinery sales to third parties. These revenues are not related to the generation of a seat mile.

Other revenue increased \$85 million, or 1.7%, in 2016 primarily due to increased loyalty programs revenues from our co-brand credit card partnership with American Express resulting from new credit card accounts.

### Operating Expense

(in millions)	Year Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2016	2015		
Salaries and related costs	\$ 10,034	\$ 8,776	\$ 1,258	14.3 %
Aircraft fuel and related taxes	5,133	6,544	(1,411)	(21.6)%
Regional carriers expense	4,311	4,241	70	1.7 %
Contracted services	1,991	1,848	143	7.7 %
Depreciation and amortization	1,902	1,835	67	3.7 %
Aircraft maintenance materials and outside repairs	1,823	1,848	(25)	(1.4)%
Passenger commissions and other selling expenses	1,710	1,672	38	2.3 %
Landing fees and other rents	1,490	1,493	(3)	(0.2)%
Profit sharing	1,115	1,490	(375)	(25.2)%
Passenger service	907	872	35	4.0 %
Aircraft rent	285	250	35	14.0 %
Other	1,986	2,033	(47)	(2.3)%
<b>Total operating expense</b>	<b>\$ 32,687</b>	<b>\$ 32,902</b>	<b>\$ (215)</b>	<b>(0.7)%</b>

*Salaries and Related Costs.* The increase in salaries and related costs was principally due to pay rate increases given to eligible employees, which includes an 18% pay rate increase for pilots resulting from a new pilot contract ratified in the December 2016 quarter that was retroactive to January 1, 2016. Additionally, in the December 2015 quarter, base pay rates increased 14.5% for eligible merit, ground and flight attendant employees in conjunction with changes in their profit sharing program.

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*Aircraft Fuel and Related Taxes.* Including our regional carriers, fuel expense decreased \$1.6 billion compared to the prior year due to an 18% decrease in the market price per gallon of fuel and lower fuel hedge losses, partially offset by a loss from our refinery segment in the current year compared to a profit in the prior year and a 0.7% increase in consumption.

The table below presents fuel expense, including our regional carriers:

(in millions)	Year Ended December 31,			
	2016	2015	(Decrease)	% (Decrease)
Aircraft fuel and related taxes <sup>(1)</sup>	\$ 5,133	\$ 6,544	\$ (1,411)	
Aircraft fuel and related taxes included within regional carriers expense	852	1,035	(183)	
<b>Total fuel expense</b>	<b>\$ 5,985</b>	<b>\$ 7,579</b>	<b>\$ (1,594)</b>	<b>(21.0)%</b>

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

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

(in millions, except per gallon data)	Year Ended December 31,			Average Price Per Gallon		
	Year Ended December 31,		Increase (Decrease)	Year Ended December 31,		Increase (Decrease)
	2016	2015		2016	2015	
Fuel purchase cost <sup>(1)</sup>	\$ 5,579	\$ 6,934	\$ (1,355)	\$ 1.39	\$ 1.74	\$ (0.35)
Airline segment fuel hedge losses <sup>(2)</sup>	281	935	(654)	0.07	0.23	(0.16)
Refinery segment impact <sup>(2)</sup>	125	(290)	415	0.03	(0.07)	0.10
Total fuel expense	\$ 5,985	\$ 7,579	\$ (1,594)	\$ 1.49	\$ 1.90	\$ (0.41)
MTM adjustments and settlements <sup>(3)</sup>	450	1,301	(851)	0.11	0.33	(0.22)
<b>Total fuel expense, adjusted</b>	<b>\$ 6,435</b>	<b>\$ 8,880</b>	<b>\$ (2,445)</b>	<b>\$ 1.60</b>	<b>\$ 2.23</b>	<b>\$ (0.63)</b>

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

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

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

*Regional Carriers Expense.* The increase in regional carriers expense was primarily due to increases in aircraft maintenance and scheduled contract carrier rate escalations, partially offset by lower fuel cost from the decrease in the market price of fuel.

*Contracted Services.* The increase in contracted services expense predominantly related to costs associated with the 2.1% increase in capacity and additional temporary staffing.

*Profit Sharing.* The decrease in profit sharing was primarily due to an adjustment to the profit sharing calculation during 2016 (paid out in 2017) for merit, ground and flight attendant employees. This adjusted calculation paid 10% of annual profit (as defined by the terms of the program) and, if we exceeded our prior-year results, the program paid 20% of the year-over-year increase in profit to eligible employees. In 2015, our profit sharing program paid 10% to all eligible employees for the first \$2.5 billion of annual profit and 20% of annual profit above \$2.5 billion. The profit sharing program for pilots remained unchanged from the prior year.



**Non-Operating Results**

(in millions)	Year Ended December 31,			(Unfavorable) Favorable	
	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
Interest expense, net	\$ (396)	\$ (388)	\$ (481)	\$ (8)	\$ 93
Miscellaneous, net	(17)	72	(164)	(89)	236
Total non-operating expense, net	\$ (413)	\$ (316)	\$ (645)	\$ (97)	\$ 329

At December 31, 2016, the principal amount of debt and capital leases was \$7.4 billion . During 2017, we issued \$2.5 billion of unsecured notes. As a result of the debt issuances, partially offset by scheduled principal payments, the amount of debt and capital leases was \$8.9 billion at December 31, 2017 .

Miscellaneous, net is primarily composed of our proportionate share of earnings from our equity investments in Virgin Atlantic and Grupo Aeroméxico, foreign exchange gains/losses and charitable contributions. Our equity investment earnings and foreign exchange gains/losses vary and impact the comparability of miscellaneous, net from period to period.

**Income Taxes**

Our effective tax rate for 2017 was 37.2% . We recorded a provisional estimate of \$150 million related to the Tax Cuts and Jobs Act of 2017, resulting in a 2.6% increase to our effective tax rate. We expect our annual effective tax rate to be between 21% and 23% for 2018. At December 31, 2017 , we had approximately \$5.1 billion of U.S. federal pre-tax net operating loss carryforwards, which do not begin to expire until 2027 . Accordingly, we believe we will not pay cash federal income taxes before 2019. See Note 11 of the Notes to the Consolidated Financial Statements for more information.

**Refinery Segment**

The refinery primarily produces gasoline, diesel and jet fuel. Monroe exchanges the non-jet fuel products the refinery produces with third parties for jet fuel consumed in our airline operations. The jet fuel produced and procured through exchanging gasoline and diesel fuel produced by the refinery provided approximately 200,000 barrels per day for use in our airline operations during 2017 . We believe that the jet fuel supply resulting from the refinery's operation has contributed to the reduction in the market price of jet fuel, and thus lowered our cost of jet fuel compared to what it otherwise would have been.

The refinery recorded operating revenues of \$5.0 billion in 2017 , compared to \$3.8 billion in 2016 . Operating revenues in 2017 were primarily composed of \$3.2 billion of non-jet fuel products exchanged with third parties to procure jet fuel and \$886 million of sales of jet fuel to the airline segment. Refinery revenues increased compared to the prior year due to higher product demand and an increase in margins during the second half of 2017 due to hurricanes that caused extensive refinery closures on the Gulf Coast for several weeks.

The refinery recorded income of \$110 million in 2017 , compared to a loss of \$125 million recorded in 2016 . The refinery's income in 2017 was primarily due to higher refined product cracks, lower crude costs and higher throughput levels.

A refinery is subject to annual EPA requirements to blend renewable fuels into the gasoline and on-road diesel fuel it produces. Alternatively, a refinery may purchase renewable energy credits, called RINs, from third parties in the secondary market. The refinery, operated by Monroe purchases the majority of its RINs requirement in the secondary market. We recognized \$159 million and \$171 million of expense related to the RINs requirement in 2017 and 2016 , respectively. RINs expense decreased during 2017 primarily as a result of a slight decrease in the unit cost of RINs during 2017 after a significant increase in the unit cost of RINs during 2016.

The Monroe refinery is planning for a shutdown of approximately 60 days in the December 2018 quarter. This planned outage, called a turnaround, is in accordance with the long term maintenance plan for the facility to allow for the safe completion of major repairs and upgrades. During that planned outage, we have identified other sources of fuel to maintain service levels and to mitigate the financial impact.

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

## Financial Condition and Liquidity

We expect to meet our cash needs for the next 12 months from cash flows from operations, cash and cash equivalents, short-term investments and financing arrangements. As of December 31, 2017, we had \$5.1 billion in unrestricted liquidity, consisting of \$2.6 billion in cash and cash equivalents and short-term investments and \$2.5 billion in undrawn revolving credit facilities. During 2017, we used existing cash and cash generated from operations to fund capital expenditures of \$3.9 billion, purchase shares of Grupo Aeroméxico and Air France-KLM for \$1.2 billion and return \$2.4 billion to shareholders. In addition, we used the proceeds from a debt offering and cash generated from operations to contribute \$3.2 billion in cash to fund our pension obligation.

### Sources of Liquidity

#### Operating Activities

Cash flows from operating activities continue to provide our primary source of liquidity. We generated positive cash flows from operations of \$5.1 billion in 2017, \$7.2 billion in 2016 and \$7.9 billion in 2015. We also expect to generate positive cash flows from operations in 2018. We had lower operating cash flows in 2017 compared to prior years primarily due to incremental pension plan contributions partially funded through \$2.0 billion of debt issuance.

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

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

*Fuel.* Including our regional carriers, fuel expense represented 19.2% of our total operating expenses for 2017. The market price for jet fuel is highly volatile, which can impact the comparability of our cash flows from operations from period to period.

*Pension Contributions.* We sponsor defined benefit pension plans for eligible employees and retirees. These plans are closed to new entrants and are frozen for future benefit accruals. Our funding obligations for these plans are governed by the Employee Retirement Income Security Act, as modified by the Pension Protection Act of 2006. In the first half of 2017, we contributed \$3.5 billion to our qualified defined benefit pension plans using net proceeds from a \$2.0 billion debt issuance, shares of our common stock from treasury with a value of \$350 million and existing cash. As a result of these contributions, we satisfied, on an accelerated basis, our 2017 required contributions for our defined benefit plans, including more than \$3.0 billion above the minimum funding requirements. We contributed \$1.3 billion and \$1.2 billion in 2016 and 2015, respectively. We have no minimum funding requirements in 2018. However, in January 2018, we voluntarily contributed approximately \$500 million to these plans.

*Profit Sharing.* Our broad-based employee profit sharing program provides that, for each year in which we have an annual pre-tax profit, as defined by the terms of the program, we will pay a specified portion of that profit to employees. In determining the amount of profit sharing, the program defines profit as pre-tax profit adjusted for profit sharing and certain other items.

We paid \$1.1 billion in February 2017, \$1.5 billion in February 2016, and \$1.1 billion in two payments, \$756 million in February 2015 and more than \$300 million in October 2014, to our employees in recognition of their contributions toward meeting our financial goals. During the year ended December 2017, we recorded \$1.1 billion in profit sharing expense based on 2017 pre-tax profit, which was paid to employees in February 2018.

Effective October 1, 2017, we aligned our profit sharing plans under a single formula. Under this formula, our profit sharing program pays 10% to all eligible employees for the first \$2.5 billion of annual profit and 20% of annual profit above \$2.5 billion. Prior to that time, the profit sharing program for pilots used this formula but for 2016 and the first nine months of 2017, the profit sharing program for merit, ground and flight attendant employees paid 10% of annual profit (as defined by the terms of the program) and, if we exceeded our prior-year results, the program paid 20% of the year-over-year increase in profit to eligible employees. For years prior to 2016, the profit sharing program for merit, ground and flight attendant employees paid according to the current formula. Going forward, all eligible employees will be paid profit sharing under the current formula.

*Investing Activities*

*Capital Expenditures.* Our capital expenditures were \$3.9 billion in 2017, \$3.4 billion in 2016 and \$2.9 billion in 2015. Our capital expenditures during 2017 were primarily related to the purchase of B-737-900ER aircraft to replace a portion of our older B-757-200 aircraft, purchases of A321-200 and A330-300 aircraft, advanced deposit payments on future aircraft order commitments and seat density projects for our domestic fleet. Our capital expenditures during 2016 and 2015 were primarily for the purchase of aircraft and modifications to upgrade aircraft interiors that enhance our product offering.

We have committed to future aircraft purchases that will require significant capital investment and have obtained long-term financing commitments for a substantial portion of the purchase price of these aircraft. We expect that we will invest approximately \$4.5 billion in 2018 primarily for (1) aircraft, including deliveries of B-737-900ERs, A321-200s and A350-900s, along with advance deposit payments for these and our new A330-900neo and CS100 orders as well as for (2) aircraft modifications, the majority of which relate to increasing the seat density and enhancing the cabins on our domestic fleet. We expect that the 2018 investments will be funded primarily through cash flows from operations.

*Equity Investments.* During 2017, we completed a \$622 million tender offer and settled derivative contracts for \$173 million to obtain additional capital stock of Grupo Aeroméxico, increasing our ownership percentage to a non-controlling 49% equity stake in Grupo Aeroméxico. During the December 2017 quarter, we acquired shares of Air France-KLM for \$450 million, which provides us with a 10% ownership interest.

*Los Angeles International Airport Construction.* During 2016, we executed a new lease agreement with Los Angeles World Airports ("LAWA"), which owns and operates LAX, and announced plans to modernize, upgrade and connect Terminals 2 and 3 at LAX over the next seven years. Based on the lease agreement, we are designing and managing the construction of the initial investment of \$350 million to renovate gate areas, support space and other amenities for passengers, upgrade the baggage handling systems in the terminals and facilitate the relocation of those airlines located in Terminals 2 and 3 to Terminals 5 and 6 and Tom Bradley International Terminal ("TBIT"). The relocation activities were completed during the June 2017 quarter. Subject to required approvals, we have an option to expand the project, which could cost an additional \$1.5 billion and would include (1) redevelopment of Terminal 3 and enhancement of Terminal 2, (2) rebuild of the ticketing, arrival hall and security checkpoint, (3) construction of infrastructure for the planned airport people mover, (4) ramp improvements and (5) construction of a secure connector to the north side of TBIT.

A substantial majority of the project costs will be funded through the Regional Airports Improvement Corporation ("RAIC"), a California public benefit corporation, using an \$800 million revolving credit facility provided by a group of lenders. The credit facility was executed during 2017. Loans made under the credit facility will be repaid with the proceeds from LAWA's purchase of completed project assets. We have guaranteed the obligations of the RAIC under the credit facility. We expect to spend approximately \$200 million on this project in 2018 using funding provided by the credit agreement and/or cash flows from operations.

*New York-LaGuardia Redevelopment.* As part of the terminal redevelopment project at LaGuardia Airport, we are partnering with the Port Authority of New York and New Jersey (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 terminal will feature a new, larger Delta Sky Club, wider concourses, more gate seating and 30 percent more concessions space than the existing terminals. The facility will also offer direct access between the parking garage and terminal and improved roadways and drop-off/pick-up areas. The design of the new terminal will integrate sustainable technologies and improvements in energy efficiency. Construction will be phased to limit passenger inconvenience and is expected to be completed by 2026.

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 we will (1) fund (through debt issuance and existing cash) and undertake the design, management and construction of the terminal and certain off-premises supporting facilities, (2) receive a Port Authority contribution of \$600 million to facilitate construction of the terminal and other supporting infrastructure, (3) be responsible for all operations and maintenance during the term of the lease and (4) have preferential rights to all gates in the terminal subject to Port Authority requirements with respect to accommodation of designated carriers. We currently expect our costs for the project to be approximately \$3.3 billion and we bear the risks of project construction, including if the project's actual costs exceed the projected costs. We expect to spend approximately \$550 million on this project in 2018 using funding provided by cash flows from operations and/or financing arrangements.

*Financing Activities*

*Debt and Capital Leases.* The principal amount of debt and capital leases was \$8.9 billion at December 31, 2017. Since December 31, 2009, we have reduced our principal amount of debt and capital leases by \$9.4 billion.

During the March 2017 quarter, we issued \$2.0 billion in aggregate principal amount of unsecured notes, consisting of \$1.0 billion of 2.785% Notes due 2020 and \$1.0 billion of 3.625% Notes due 2022. As discussed above, we used the net proceeds from this issuance to make a cash contribution to our qualified defined benefit pension plans. During the December 2017 quarter, we issued \$450 million in aggregate principal amount of 2.600% Notes due 2020.

Our Pacific Facilities (including the Term Loan with a principal balance of \$1.0 billion) mature in October 2018. We expect to repay this obligation with cash flows from operations, cash and cash equivalents and/or new financing arrangements.

During 2017, we received an upgrade to our credit rating from Standard & Poor's to an investment-grade rating of BBB-. We now have investment-grade ratings from all three major credit rating agencies.

At December 31, 2017, our corporate ratings were:

Rating Agency	Current Rating	Outlook
Fitch	BBB-	Stable
Moody's	Baa3	Stable
Standard & Poor's	BBB-	Stable

*Capital Returns to Shareholders.* Since first implementing our quarterly dividend in 2013, we have increased the dividend per share by 50% annually and paid \$1.9 billion in total dividends, including \$731 million in 2017. Through dividends and share repurchases, we have returned \$9.8 billion to shareholders since 2013, while reducing outstanding shares by approximately 18% compared to the beginning of 2013. During 2017 alone, we repurchased and retired 33 million shares at a cost of \$1.7 billion.

(in millions, except repurchase price)	Share Repurchase Authorization	Average Repurchase Price	Planned Completion Date	Authorization Remaining
May 2014 Program	\$ 2,000	\$ 42.86	December 31, 2016	Completed June 2015
May 2015 Program	\$ 5,000	\$ 45.32	December 31, 2017	Completed September 2017
May 2017 Program	\$ 5,000	\$ 52.13	December 31, 2020	\$ 4,675

On February 9, 2018, the Board of Directors declared a \$0.3050 per share dividend for shareholders of record as of February 23, 2018.

*Fuel Hedge Restructuring.* During 2016, we entered into transactions to defer settlement of a portion of our hedge portfolio until 2017. These deferral transactions, excluding market movements from the date of inception, provided approximately \$300 million in cash receipts during the second half of 2016 and required approximately \$300 million in cash payments in 2017.

During the June 2016 quarter, we early terminated certain of our outstanding deferral transactions and made cash payments of \$170 million, including normal settlements. As a result, during the year ended December 31, 2017, we reported \$20 million in cash receipts and \$244 million in cash payments associated with these transactions. For additional information regarding these transactions, see Note 4 to the Notes to the Consolidated Financial Statements.

*Undrawn Lines of Credit*

We have \$2.5 billion available in undrawn revolving lines of credit. Our credit facilities have covenants, including minimum collateral coverage ratios. If we are not in compliance with these covenants, we may be required to repay amounts borrowed under the credit facilities or we may not be able to draw on them. We currently have a substantial amount of unencumbered assets available to pledge as collateral.

*Covenants*

We were in compliance with the covenants in our financing agreements at December 31, 2017.

## Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2017 that we expect will be paid in cash. The table does not include amounts that are contingent on events or other factors that are uncertain or unknown at this time, including legal contingencies, uncertain tax positions and amounts payable under collective bargaining arrangements, among others. In addition, the table does not include expected significant cash payments representing obligations that arise in the ordinary course of business that do not include contractual commitments.

The amounts presented are based on various estimates, including estimates regarding the timing of payments, prevailing interest rates, volumes purchased, the occurrence of certain events and other factors. Accordingly, the actual results may vary materially from the amounts presented in the table.

(in millions)	Contractual Obligations by Year <sup>(1)</sup>						
	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt (see Note 6)							
Principal amount	\$ 2,183	\$ 1,359	\$ 1,983	\$ 345	\$ 2,009	\$ 660	\$ 8,539
Interest payments	349	247	171	131	82	120	1,100
Capital lease obligations (see Note 7)							
Principal amount	97	78	56	34	19	110	394
Interest payments	19	14	9	7	5	16	70
Operating lease payments (see Note 7)	1,735	1,589	1,430	1,156	1,036	9,290	16,236
Aircraft purchase commitments (see Note 10)	3,570	3,370	3,270	3,880	2,450	1,740	18,280
Contract carrier obligations (see Note 10)	1,772	1,603	1,320	793	723	1,975	8,186
Employee benefit obligations (see Note 9)	149	144	130	120	113	5,916	6,572
Other obligations	770	364	314	241	411	459	2,559
<b>Total</b>	<b>\$ 10,644</b>	<b>\$ 8,768</b>	<b>\$ 8,683</b>	<b>\$ 6,707</b>	<b>\$ 6,848</b>	<b>\$ 20,286</b>	<b>\$ 61,936</b>

<sup>(1)</sup> For additional information, see the Notes to the Consolidated Financial Statements referenced in the table above.

*Long-Term Debt, Principal Amount.* Represents scheduled principal payments on long-term debt.

*Long-Term Debt, Interest Payments.* Represents estimated interest payments under our long-term debt based on the interest rates specified in the applicable debt agreements. Interest payments on variable interest rate debt were calculated using London interbank offered rates ("LIBOR") at December 31, 2017.

*Operating Lease Payments.* Represents our minimum rental commitments under noncancelable operating leases (including certain aircraft flown by regional carriers).

*Aircraft Purchase Commitments.* Represents our commitments to purchase 100 A321-200neo, 93 A321-200, 75 CS100, 41 B-737-900ER, 25 A330-900neo and 19 A350-900 aircraft.

*Contract Carrier Obligations.* Represents our estimated minimum fixed obligations under capacity purchase agreements with third-party regional carriers. The reported amounts are based on (1) the required minimum levels of flying by our contract carriers under the applicable agreements and (2) assumptions regarding the costs associated with such minimum levels of flying.

*Employee Benefit Obligations.* Represents primarily (1) our estimated minimum required funding for our qualified defined benefit pension plans based on actuarially determined estimates and (2) projected future benefit payments from our unfunded postretirement and postemployment plans. For additional information about our defined benefit pension plan obligations, see "Critical Accounting Policies and Estimates."

*Other Obligations.* Represents estimated purchase obligations under which we are required to make minimum payments for goods and services, including, but not limited to, insurance, marketing, maintenance, technology, sponsorships and other third-party services and products.

## Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are those that require significant judgments and estimates. Accordingly, the actual results may differ materially from these estimates. For a discussion of these and other accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements.

### *Frequent Flyer Program*

Our SkyMiles program offers incentives to travel on Delta. This program allows customers to earn mileage credits by flying on Delta, Delta Connection and airlines that participate in the SkyMiles program, as well as through participating companies such as credit card companies, hotels and car rental agencies. We sell mileage credits to non-airline businesses, customers and other airlines. Effective January 1, 2015, the SkyMiles program was modified from a model in which customers earn redeemable mileage credits based on distance traveled to a model based on ticket price. This award change did not affect the way we account for the program.

The SkyMiles program includes two types of transactions that are considered revenue arrangements with multiple deliverables. As discussed below, these are (1) passenger ticket sales earning mileage credits and (2) the sale of mileage credits to participating companies with which we have marketing agreements. Mileage credits are a separate unit of accounting as they can be redeemed by customers in future periods for air travel on Delta and participating airlines, membership in our Sky Club and other program awards.

*Passenger Ticket Sales Earning Mileage Credits.* Passenger ticket sales earning mileage credits under our SkyMiles program provide customers with (1) mileage credits earned and (2) air transportation. We value each deliverable on a standalone basis. Our estimate of the selling price of a mileage credit is based on an analysis of our sales of mileage credits to other airlines and customers, which is re-evaluated at least annually. We use established ticket prices to determine the estimated selling price of air transportation. We allocate the total amount collected from passenger ticket sales between the deliverables based on their relative selling prices.

We defer revenue for the mileage credits related to passenger ticket sales when the credits are earned and recognize it as passenger revenue when miles are redeemed and services are provided. We record the air transportation portion of the passenger ticket sales in air traffic liability and recognize these amounts in passenger revenue when we provide transportation or when the ticket expires unused. A hypothetical 10% increase in our estimate of the standalone selling price of a mileage credit would decrease passenger revenue by approximately \$50 million, as a result of an increase in the amount of revenue deferred from the mileage component of passenger ticket sales.

*Sale of Mileage Credits.* Customers may earn mileage credits through participating companies such as credit card companies, hotels and car rental agencies with which we have marketing agreements to sell mileage credits. Our contracts to sell mileage credits under these marketing agreements have multiple deliverables, as defined below.

Our most significant contract to sell mileage credits relates to our co-brand credit card relationship with American Express. In December 2014, we amended our marketing agreements with American Express, which increased the value we receive under the agreements through 2022. The amended agreements became effective January 1, 2015. We account for the agreements consistent with the accounting method that allocates the consideration received to the individual products and services delivered based on their relative selling prices. We determined our best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) the rate at which we sell mileage credits to other airlines, (3) published rates on our website for baggage fees, discounted access to Delta Sky Club lounges and other benefits while traveling on Delta and (4) brand value. The increased value received under the amended agreements increases the amount of deferred revenue for the travel component and increases the value of the other deliverables, which are recognized in other revenue as they are provided.

We recognize revenue as we deliver each sales element. We defer the travel deliverable (mileage credits) as part of frequent flyer deferred revenue and recognize passenger revenue as the mileage credits are used for travel. The revenue allocated to the remaining deliverables is recorded in other revenue. We recognize the revenue for these services as they are performed.

*Breakage.* For mileage credits that we estimate are not likely to be redeemed ("breakage"), we recognize the associated value proportionally during the period in which the remaining mileage credits are expected to be redeemed. We use statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have a material impact on our revenue in the year in which the change occurs and in future years. At December 31, 2017, the aggregate deferred revenue balance associated with the SkyMiles program was \$4.1 billion. A hypothetical 1% change in the number of outstanding miles estimated to be redeemed would result in a \$34 million impact on our deferred revenue liability at December 31, 2017.

#### *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 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 using the key assumptions listed below.

When we evaluate goodwill for impairment using a quantitative approach, we estimate the fair value of the reporting unit by considering both market capitalization 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) terminal period revenue growth and cash flows, (3) an estimated weighted average cost of capital, (4) assumed discount rates depending on the asset and (5) a tax rate. These assumptions are consistent with those hypothetical market participants would use. Since 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, 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, (4) interruption to our operations due to a prolonged employee strike, terrorist attack or other reasons, (5) changes to the regulatory environment (e.g., diminished slot restrictions or additional Open Skies agreements), (6) competitive changes by other airlines and (7) strategic changes to our operations leading to diminished utilization of the intangible assets.

We assessed each of the above assumptions in our most recent impairment analyses. The combination of our most recently completed annual results and our projected revenues, expenses and cash flows more than offset any negative events and circumstances. The stabilized operating environment for U.S. airlines has also contributed to improved financial results.

*Goodwill.* Our goodwill balance, which is related to the airline segment, was \$9.8 billion at December 31, 2017. Based upon our qualitative assessment of all relevant factors, including applicable factors noted in "*Key Assumptions*" above, we determined that there was no indication that goodwill was impaired.

*Identifiable Intangible Assets.* Our identifiable intangible assets, which are related to the airline segment, had a net carrying amount of \$4.8 billion at December 31, 2017, of which \$4.7 billion related to indefinite-lived intangible assets. Indefinite-lived assets are not amortized and consist primarily of routes, slots, the Delta tradename and assets related to SkyTeam and collaborative arrangements. Definite-lived assets consist primarily of marketing and maintenance service agreements.

We performed qualitative assessments of our indefinite-lived intangible assets, including applicable factors noted in "*Key Assumptions*" above, and determined that there was no indication that the assets were impaired. Our qualitative assessments include analyses and weighting of all relevant factors, which impact the fair value of our indefinite-lived intangible assets.

*Long-Lived Assets*

Our flight equipment and other long-lived assets have a recorded value of \$26.6 billion at December 31, 2017. This value is based on various factors, including the assets' estimated useful lives and salvage values. We review flight equipment 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 (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 costs, labor costs and other relevant factors. If an impairment occurs, the impairment loss recognized is the amount by which the fleet'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.

*Defined Benefit Pension Plans*

We sponsor defined benefit pension plans for eligible employees and retirees. These plans are closed to new entrants and frozen for future benefit accruals. As of December 31, 2017, the unfunded benefit obligation for these plans recorded on our Consolidated Balance Sheet was \$7.0 billion. During 2017, we contributed \$3.5 billion to these plans. We have no minimum funding requirements in 2018. However, in January 2018, we voluntarily contributed approximately \$500 million to these plans. The most critical assumptions impacting our defined benefit pension plan obligations and expenses are the discount rate, the expected long-term rate of return on plan assets and life expectancy.

*Weighted Average Discount Rate.* We determine our weighted average discount rate on our measurement date primarily by reference to annualized rates earned on high-quality fixed income investments and yield-to-maturity analysis specific to our estimated future benefit payments. We used a weighted average discount rate to value the obligations of 3.69% and 4.20% at December 31, 2017 and 2016, respectively. Our weighted average discount rate for net periodic pension benefit cost in each of the past three years has varied from the rate selected on our measurement date, ranging from 4.13% to 4.57% between 2015 and 2017.

*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 expected long-term rate of return on assets for net periodic pension benefit cost for the year ended December 31, 2017 was 8.96%.

The impact of a 0.50% change in these assumptions is shown in the table below:

<b>Change in Assumption</b>	<b>Effect on 2018 Pension Expense</b>	<b>Effect on Accrued Pension Liability at December 31, 2017</b>
0.50% decrease in weighted average discount rate	\$ (9) million	\$ 1.4 billion
0.50% increase in weighted average discount rate	\$ 5 million	\$ (1.2) billion
0.50% decrease in expected long-term rate of return on assets	\$ 73 million	\$ —
0.50% increase in expected long-term rate of return on assets	\$ (73) million	\$ —



*Life Expectancy* . Changes in life expectancy may significantly change our benefit obligations and future expense. We use the Society of Actuaries ("SOA") published mortality data, other publicly available information and our own perspective of future longevity to develop our best estimate of life expectancy. The SOA publishes annual updated mortality tables for U.S. plans and updated improvement scale. Each year we consider updates by the SOA in setting our mortality assumptions for purposes of measuring pension and other postretirement and postemployment benefit obligations.

*Funding*. Our funding obligations for qualified defined benefit plans are governed by the Employee Retirement Income Security Act. The Pension Protection Act of 2006 allows commercial airlines to elect alternative funding rules ("Alternative Funding Rules") for defined benefit plans that are frozen. We elected the Alternative Funding Rules under which 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.

While the Pension Protection Act 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. For additional information, see Note 9 of the Notes to the Consolidated Financial Statements.

### ***Recent Accounting Standards***

#### *Revenue from Contracts with Customers*

On January 1, 2018, we will adopt ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" using the full retrospective method. While the adoption will not have a significant impact on earnings, the classification of certain revenues that are currently classified in other revenue will be reclassified to passenger revenue. These include baggage fees, administrative charges and other travel-related fees, all of which will be deemed part of the single performance obligation of providing passenger transportation. These revenues, which are approximately \$2 billion annually, will be reclassified from the current presentation in other revenue to passenger revenue.

In addition, the adoption of the new standard increases the rate used to account for frequent flyer miles. We currently analyze our standalone sales of mileage credits to other airlines and customers to establish the accounting value for frequent flyer miles. Considering the guidance in the new standard, we will change our valuation of a mileage credit to an analysis of the award redemption value. The new valuation considers the value a passenger receives by redeeming miles rather than paying cash for an award ticket. This change increases our frequent flyer liability by approximately \$2 billion . The mileage deferral and redemption rates are approximately the same; therefore, assuming stable volume, there would not be a significant change in revenue recognized from the program for a given period.

The adoption of the new standard will also reduce our air traffic liability by approximately \$500 million . This change primarily results from estimating the tickets that will expire unused and recognizing revenue at the scheduled flight date rather than when the unused tickets expire.

#### *Retirement Benefits*

In 2017, the FASB issued ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715)." This standard requires an entity to report the service cost component in the same line item as other compensation costs. The other components of net (benefit) cost will be required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. In 2017, we recorded \$50 million of non-service costs that will be reclassified to non-operating expense upon adoption. This standard is effective for interim and annual reporting periods beginning after December 15, 2017. We will adopt the standard effective January 1, 2018.

See the table below for the unaudited impact resulting from the adoption of these standards on our Consolidated Financial Statements.

(Unaudited) (in millions, except per share data and statistics)	Year Ended December 31,							
	2017				2016			
	As Reported	Revenue from Contracts with Customers	Retirement Benefits	As Adjusted	As Reported	Revenue from Contracts with Customers	Retirement Benefits	As Adjusted
<b>Income statement:</b>								
Passenger revenue	\$ 34,819	\$ 2,297	\$ —	\$ 37,116	\$ 33,777	\$ 2,189	\$ —	\$ 35,966
Cargo revenue	729	15	—	744	668	16	—	684
Other revenue	5,696	(2,418)	—	3,278	5,194	(2,394)	—	2,800
Operating expense	(35,130)	(92)	50	(35,172)	(32,687)	(92)	325	(32,454)
Non-operating expense	(413)	(3)	(50)	(466)	(316)	(2)	(325)	(643)
Income tax provision	(2,124)	(171)	—	(2,295)	(2,263)	105	—	(2,158)
Net income	3,577	(372)	—	3,205	4,373	(178)	—	4,195
Diluted earnings per share	\$ 4.95	\$ (0.52)	—	\$ 4.43	\$ 5.79	\$ (0.24)	—	\$ 5.55
<b>Operating statistics:</b>								
Pre-tax margin	13.8%	(0.4)%	—%	13.4%	16.7%	(0.6)%	—%	16.1%
Passenger mile yield <sup>(1)</sup>	15.99¢	1.06 ¢	—	17.05¢	15.85¢	1.03 ¢	—	16.88¢
PRASM <sup>(1)</sup>	13.69¢	0.90 ¢	—	14.59¢	13.41¢	0.87 ¢	—	14.28¢
TRASM <sup>(1)</sup>	16.22¢	(0.04)¢	—	16.18¢	15.74¢	(0.08)¢	—	15.66¢
CASM <sup>(1)</sup>	13.81¢	0.04 ¢	(0.02)¢	13.83¢	12.98¢	0.04 ¢	(0.13)¢	12.89¢
<b>Balance sheet:</b>								
Deferred income taxes, net	\$ 935	\$ 419	\$ —	\$ 1,354	\$ 3,064	\$ 589	\$ —	\$ 3,653
Air traffic liability	4,888	(524)	—	4,364	4,626	(546)	—	4,080
Frequent flyer deferred revenue (current and noncurrent)	4,118	2,082	—	6,200	3,926	1,877	—	5,803
Other accrued and other noncurrent liabilities	3,969	241	—	4,210	3,785	268	—	4,053
Retained earnings	9,636	(1,380)	—	8,256	7,903	(1,009)	—	6,894

<sup>(1)</sup> Refer to the "Glossary of Defined Terms" below for the definition of these terms.

## Supplemental Information

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

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

- *MTM adjustments and settlements.* MTM adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period. Settlements represent cash received or paid on hedge contracts settled during the period. These items adjust fuel expense to show the economic impact of hedging, including cash received or paid on hedge contracts during the period. Adjusting for these items allows investors to better understand and analyze our core operational performance in the periods shown.
- *Investment MTM adjustments.* We record our proportionate share of earnings from our equity investments in Virgin Atlantic and Aeroméxico in non-operating expense. We adjust for Virgin Atlantic's and Aeroméxico's MTM adjustments to allow investors to better understand and analyze our core financial performance in the periods shown.

(in millions)	Year Ended December 31,	
	2017	2016
Pre-tax income	\$ 5,701	\$ 6,636
Adjusted for:		
MTM adjustments and settlements	(259)	(450)
Investment MTM adjustments	8	(115)
Pre-tax income, adjusted for special items	\$ 5,450	\$ 6,071

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

- *Aircraft fuel and related taxes.* The volatility in fuel prices impacts the comparability of year-over-year financial performance. The adjustment for aircraft fuel and related taxes (including our regional carriers) allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.
- *Other expenses.* Other expenses include aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations and refinery cost of sales to third parties. Because these businesses are not related to the generation of a seat mile, we adjust for the costs related to these sales to provide a more meaningful comparison of the costs of our airline operations to the rest of the airline industry.

	Year Ended December 31,	
	2017	2016
CASM (cents)	13.81¢	12.98¢
Adjusted for:		
Aircraft fuel and related taxes	(2.66)	(2.38)
Other expenses	(0.58)	(0.47)
CASM-Ex, including profit sharing	10.57¢	10.13¢

## **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* - (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, including profit sharing* - The amount of operating cost incurred per ASM during a reporting period, adjusted for aircraft fuel and related taxes, other expenses, including aircraft maintenance and staffing services we provide to third parties, our vacation wholesale operations and refinery cost of sales to third parties.

*Passenger 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 "unit revenue."

*RPM* - Revenue Passenger Mile. One revenue-paying passenger transported one mile. 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.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have market risk exposure related to fuel prices, interest rates and foreign currency exchange rates. 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 enter into derivative contracts and may adjust our derivative portfolio as market conditions change. 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. We have recently managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of fuel as fuel prices are subject to potential volatility. A one cent increase in the cost of jet fuel would result in approximately \$40 million of additional annual fuel expense.

### ***Interest Rate Risk***

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

At December 31, 2017, we had \$5.3 billion of fixed-rate long-term debt and \$3.2 billion of variable-rate long-term debt. An increase of 100 basis points in average annual interest rates would have decreased the estimated fair value of our fixed-rate long-term debt by \$160 million at December 31, 2017 and would have increased the annual interest expense on our variable-rate long-term debt by \$32 million.

### ***Foreign Currency Exchange Risk***

We are subject to foreign currency exchange rate risk because we have revenue and expense denominated in foreign currencies with our primary exposures being the Japanese yen and Canadian dollar. 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, 2017, we had open foreign currency forward contracts totaling a \$17 million liability position. We estimate that a 10% depreciation or appreciation in the price of the Japanese yen and Canadian dollar in relation to the U.S. dollar would change the projected cash settlement value of our open hedge contracts by a \$34 million gain or \$42 million loss, respectively, for the year ending December 31, 2018.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders 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, 2017 and 2016 , and 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, 2017 , 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, 2017 and 2016 , and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 , 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, 2017 , 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 23, 2018 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 misstatements 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.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.

Atlanta, Georgia  
February 23, 2018

**DELTA AIR LINES, INC.**  
**Consolidated Balance Sheets**

(in millions, except share data)	December 31,	
	2017	2016
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,814	\$ 2,762
Short-term investments	825	487
Accounts receivable, net of an allowance for uncollectible accounts of \$12 and \$15 at December 31, 2017 and 2016, respectively	2,377	2,064
Fuel inventory	916	519
Expendable parts and supplies inventories, net of an allowance for obsolescence of \$113 and \$110 at December 31, 2017 and 2016, respectively	413	372
Prepaid expenses and other	1,499	1,247
Total current assets	7,844	7,451
<b>Property and Equipment, Net:</b>		
Property and equipment, net of accumulated depreciation and amortization of \$14,097 and \$12,456 at December 31, 2017 and 2016, respectively	26,563	24,375
<b>Other Assets:</b>		
Goodwill	9,794	9,794
Identifiable intangibles, net of accumulated amortization of \$845 and \$828 at December 31, 2017 and 2016, respectively	4,847	4,844
Deferred income taxes, net	935	3,064
Other noncurrent assets	3,309	1,733
Total other assets	18,885	19,435
Total assets	\$ 53,292	\$ 51,261
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Current maturities of long-term debt and capital leases	\$ 2,242	\$ 1,131
Air traffic liability	4,888	4,626
Accounts payable	3,674	2,572
Accrued salaries and related benefits	3,022	2,924
Frequent flyer deferred revenue	1,822	1,648
Fuel card obligation	1,067	431
Other accrued liabilities	1,858	1,907
Total current liabilities	18,573	15,239
<b>Noncurrent Liabilities:</b>		
Long-term debt and capital leases	6,592	6,201
Pension, postretirement and related benefits	9,810	13,378
Frequent flyer deferred revenue	2,296	2,278
Other noncurrent liabilities	2,111	1,878
Total noncurrent liabilities	20,809	23,735
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity:</b>		
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 714,674,160 and 744,886,938 shares issued at December 31, 2017 and 2016, respectively	—	—
Additional paid-in capital	12,053	12,294
Retained earnings	9,636	7,903
Accumulated other comprehensive loss	(7,621)	(7,636)
Treasury stock, at cost, 7,476,181 and 14,149,229 shares at December 31, 2017 and 2016, respectively	(158)	(274)
Total stockholders' equity	13,910	12,287
Total liabilities and stockholders' equity	\$ 53,292	\$ 51,261

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,		
	2017	2016	2015
<b>Operating Revenue:</b>			
Passenger:			
Mainline	\$ 29,105	\$ 28,105	\$ 28,898
Regional carriers	5,714	5,672	5,884
Total passenger revenue	34,819	33,777	34,782
Cargo	729	668	813
Other	5,696	5,194	5,109
Total operating revenue	41,244	39,639	40,704
<b>Operating Expense:</b>			
Salaries and related costs	10,436	10,034	8,776
Aircraft fuel and related taxes	5,733	5,133	6,544
Regional carriers expense	4,503	4,311	4,241
Depreciation and amortization	2,235	1,902	1,835
Contracted services	2,184	1,991	1,848
Aircraft maintenance materials and outside repairs	1,992	1,823	1,848
Passenger commissions and other selling expenses	1,787	1,710	1,672
Landing fees and other rents	1,528	1,490	1,493
Passenger service	1,067	907	872
Profit sharing	1,065	1,115	1,490
Aircraft rent	351	285	250
Other	2,249	1,986	2,033
Total operating expense	35,130	32,687	32,902
<b>Operating Income</b>	6,114	6,952	7,802
<b>Non-Operating Expense:</b>			
Interest expense, net	(396)	(388)	(481)
Miscellaneous, net	(17)	72	(164)
Total non-operating expense, net	(413)	(316)	(645)
<b>Income Before Income Taxes</b>	5,701	6,636	7,157
<b>Income Tax Provision</b>	(2,124)	(2,263)	(2,631)
<b>Net Income</b>	\$ 3,577	\$ 4,373	\$ 4,526
<b>Basic Earnings Per Share</b>	\$ 4.97	\$ 5.82	\$ 5.68
<b>Diluted Earnings Per Share</b>	\$ 4.95	\$ 5.79	\$ 5.63
<b>Cash Dividends Declared Per Share</b>	\$ 1.02	\$ 0.68	\$ 0.45

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

**DELTA AIR LINES, INC.**  
**Consolidated Statements of Comprehensive Income**

(in millions)	Year Ended December 31,		
	2017	2016	2015
<b>Net Income</b>	\$ 3,577	\$ 4,373	\$ 4,526
Other comprehensive income (loss):			
Net change in derivative contracts	(27)	(43)	(82)
Net change in pension and other benefits	(98)	(360)	163
Net change in investments	140	42	(45)
<b>Total Other Comprehensive Income (Loss)</b>	15	(361)	36
<b>Comprehensive Income</b>	\$ 3,592	\$ 4,012	\$ 4,562

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,		
	2017	2016	2015
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 3,577	\$ 4,373	\$ 4,526
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,235	1,902	1,835
Hedge derivative contracts	(7)	(342)	(1,366)
Deferred income taxes	2,071	2,223	2,581
Pension, postretirement and postemployment payments greater than expense	(3,302)	(717)	(1,013)
Equity investment earnings	(1)	(160)	(35)
Changes in certain assets and liabilities:			
Receivables	(328)	(147)	(56)
Fuel inventory	(397)	(140)	155
Hedge margin	(5)	81	806
Prepaid expenses and other current assets	(57)	(26)	(102)
Air traffic liability	262	123	207
Frequent flyer deferred revenue	192	45	(301)
Profit sharing	(51)	(383)	734
Accounts payable and accrued liabilities	992	285	(201)
Other, net	(33)	88	157
Net cash provided by operating activities	5,148	7,205	7,927
<b>Cash Flows From Investing Activities:</b>			
Property and equipment additions:			
Flight equipment, including advance payments	(2,704)	(2,617)	(2,223)
Ground property and equipment, including technology	(1,187)	(774)	(722)
Purchase of equity investments	(1,245)	—	(500)
Purchase of short-term investments	(925)	(1,707)	(998)
Redemption of short-term investments	584	2,686	739
Other, net	111	257	(251)
Net cash used in investing activities	(5,366)	(2,155)	(3,955)
<b>Cash Flows From Financing Activities:</b>			
Payments on long-term debt and capital lease obligations	(1,258)	(1,709)	(2,558)
Repurchase of common stock	(1,677)	(2,601)	(2,200)
Cash dividends	(731)	(509)	(359)
Fuel card obligation	636	211	(340)
Payments on hedge derivative contracts	(244)	(451)	(71)
Proceeds from hedge derivative contracts	20	291	429
Proceeds from long-term obligations	2,454	450	1,038
Other, net	70	58	(27)
Net cash used in financing activities	(730)	(4,260)	(4,088)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(948)	790	(116)
Cash and cash equivalents at beginning of period	2,762	1,972	2,088
Cash and cash equivalents at end of period	\$ 1,814	\$ 2,762	\$ 1,972
<b>Supplemental Disclosure of Cash Paid for Interest</b>	\$ 390	\$ 385	\$ 452
<b>Non-Cash Transactions:</b>			
Treasury stock contributed to our qualified defined benefit pension plans	\$ 350	\$ 350	\$ —
Flight and ground equipment acquired under capital leases	\$ 261	\$ 86	\$ 111

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



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

(in millions, except per share data)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at January 1, 2015	845	\$ —	\$ 13,621	\$ 2,816	\$ (7,311)	20	\$ (313)	\$ 8,813
Net income	—	—	—	4,526	—	—	—	4,526
Dividends declared	—	—	—	(359)	—	—	—	(359)
Other comprehensive income	—	—	—	—	36	—	—	36
Shares of common stock issued and compensation expense associated with equity awards (Treasury shares withheld for payment of taxes, \$46.83 <sup>(1)</sup> per share)	1	—	76	—	—	1	(60)	16
Stock options exercised	2	—	18	—	—	—	—	18
Stock purchased and retired	(48)	—	(779)	(1,421)	—	—	—	(2,200)
Balance at December 31, 2015	800	—	12,936	5,562	(7,275)	21	(373)	10,850
Net income	—	—	—	4,373	—	—	—	4,373
Change in accounting principle	—	—	—	95	—	—	—	95
Dividends declared	—	—	—	(509)	—	—	—	(509)
Other comprehensive loss	—	—	—	—	(361)	—	—	(361)
Shares of common stock issued and compensation expense associated with equity awards (Treasury shares withheld for payment of taxes, \$44.27 <sup>(1)</sup> per share)	2	—	105	—	—	1	(40)	65
Stock options exercised	3	—	32	—	—	—	—	32
Treasury stock, net, contributed to our qualified defined benefit pension plans	—	—	204	—	—	(8)	139	343
Stock purchased and retired	(60)	—	(983)	(1,618)	—	—	—	(2,601)
Balance at December 31, 2016	745	—	12,294	7,903	(7,636)	14	(274)	12,287
Net income	—	—	—	3,577	—	—	—	3,577
Dividends declared	—	—	—	(731)	—	—	—	(731)
Other comprehensive income	—	—	—	—	15	—	—	15
Shares of common stock issued and compensation expense associated with equity awards (Treasury shares withheld for payment of taxes, \$48.31 <sup>(1)</sup> per share)	1	—	107	—	—	1	(39)	68
Stock options exercised	2	—	28	—	—	—	—	28
Treasury stock, net, contributed to our qualified defined benefit pension plans	—	—	188	—	—	(8)	155	343
Stock purchased and retired	(33)	—	(564)	(1,113)	—	—	—	(1,677)
Balance at December 31, 2017	715	\$ —	\$ 12,053	\$ 9,636	\$ (7,621)	7	\$ (158)	\$ 13,910

<sup>(1)</sup> Weighted average price per share

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 wholly owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"). We do not consolidate the financial statements of any company in which we have an ownership interest of 50% or less. 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 frequent flyer program benefits, shared or reciprocal access to passenger lounges, joint promotions, common use of airport gates and ticket counters, ticket 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.

We reclassified certain prior period amounts to conform to the current period presentation. Unless otherwise noted, all amounts disclosed are stated before consideration of income taxes.

#### *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*

*Revenue from Contracts with Customers.* In 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." Under this ASU and subsequently issued amendments, revenue is recognized at the time a good or service is transferred to a customer for the amount of consideration received. Entities may use a full retrospective approach or report the cumulative effect as of the date of adoption. We will adopt the standard effective January 1, 2018 using the full retrospective approach.

While the adoption of the new standard will not have a significant effect on earnings, the classification of certain revenues that are currently classified in other revenue will be reclassified to passenger revenue. These include baggage fees, administrative charges and other travel-related fees, all of which will be deemed part of the single performance obligation of providing passenger transportation. These revenues, which are approximately \$2 billion annually, will be reclassified from the current presentation in other revenue to passenger revenue after adoption.

In addition, the adoption of the new standard increases the rate used to account for frequent flyer miles. We currently analyze our standalone sales of mileage credits to other airlines and customers to establish the accounting value for frequent flyer miles. Considering the guidance in the new standard, we will change our valuation of a mileage credit to an analysis of the award redemption value. The new valuation considers the value a passenger receives by redeeming miles rather than paying cash for an award ticket. This change increases our frequent flyer liability by approximately \$2 billion. The mileage deferral and redemption rates are approximately the same; therefore, assuming stable volume, there would not be a significant change in revenue recognized from the program for a given period.

The adoption of the new standard will also reduce our air traffic liability by approximately \$500 million. This change primarily results from estimating the tickets that will expire unused and recognizing revenue at the scheduled flight date rather than when the unused tickets expire.

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

We have not completed our assessment, but the adoption of this standard will have a significant impact on our Consolidated Balance Sheets. However, we do not expect the adoption to have a significant impact on the recognition, measurement or presentation of lease expenses within the Consolidated Statements of Operations or the Consolidated Statements of Cash Flows. Information about our undiscounted future lease payments and the timing of those payments is in Note 7, "Lease Obligations." We will adopt this standard effective January 1, 2019.

*Statement of Cash Flows.* In 2016, the FASB issued ASU Nos. 2016-15 and 2016-18 related to the classification of certain cash receipts and cash payments and the presentation of restricted cash within an entity's statement of cash flows, respectively. We will adopt the standards effective January 1, 2018.

*Financial Instruments.* In 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10)." This standard makes several changes, including the elimination of the available-for-sale classification of equity investments, and requires equity investments with readily determinable fair values to be measured at fair value with changes in fair value recognized in net income. We will adopt the standard effective January 1, 2018. This standard does not apply to our investments in Grupo Aeroméxico and Virgin Atlantic, which are accounted for under the equity method.

Our investments in GOL Linhas Aéreas Inteligentes, the parent company of VRG Linhas Aéreas (operating as GOL) and China Eastern are currently accounted for as available-for-sale with changes in fair value recognized in other comprehensive income. At the time of adoption, the balance in accumulated other comprehensive income/(loss) ("AOCI") related to equity investments will be reclassified to retained earnings. As of December 31, 2017, a net unrealized gain of \$162 million related to these investments was recorded in AOCI on our Consolidated Balance Sheet.

Our investment in Air France-KLM is currently accounted for at cost as our investment agreement restricts the sale or transfer of these shares for five years. Despite the restriction, upon adoption of ASU No. 2016-01, this investment will be accounted for at fair value with changes in fair value recognized in net income.

*Retirement Benefits.* In 2017, the FASB issued ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715)." This standard requires an entity to report the service cost component in the same line item as other compensation costs. The other components of net (benefit) cost will be required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. In 2017, we recorded \$50 million of non-service costs that will be reclassified to non-operating expense upon adoption. This standard is effective for interim and annual reporting periods beginning after December 15, 2017. We will adopt the standard effective January 1, 2018.

*Comprehensive Income.* In February 2018, the FASB issued ASU No. 2018-02, "Income Statement—Reporting Comprehensive Income (Topic 220)." This standard provides financial statement preparers with an option to reclassify stranded tax effects within AOCI from retained earnings due to the U.S. federal corporate income tax rate change in the Tax Cuts and Jobs Act of 2017. This standard is effective for interim and annual reporting periods beginning after December 15, 2018, and early adoption is permitted. The adoption of the standard may impact tax amounts stranded in AOCI related to our pension plans. See Note 11 of the Notes to the Consolidated Financial Statements for more information.

#### ***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. 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. All short-term investments are classified as either available-for-sale or held-to-maturity, and realized gains and losses are recorded using the specific identification method.

#### ***Accounts Receivable***

Accounts receivable primarily consist of amounts due from credit card companies from the sale of passenger airline tickets, customers of our aircraft maintenance and cargo transportation services and other companies for the purchase of mileage credits under our frequent flyer program (the "SkyMiles program"). We provide an allowance for uncollectible accounts equal to the estimated losses expected to be incurred based on historical chargebacks, write-offs, bankruptcies and other specific analyses. Bad debt expense was not material in any period presented.



**Inventories**

*Spare Parts.* 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 operations 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 assumed to have an estimated residual value of 5% of the original cost.

*Refinery.* Refined product, feedstock and blendstock inventories, all of which are finished goods, are carried at recoverable cost. We use jet fuel in our airline operations that is produced by the refinery and procured through the exchange 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) incurred and an applicable portion of manufacturing overhead.

**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 Consolidated Statements of Operations.

**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. We recognize derivative contracts at fair value on our Consolidated Balance Sheets.

*Not Designated as Accounting Hedges.* We do not designate our fuel derivative contracts as accounting hedges. We recorded changes in the fair value of our fuel hedges in aircraft fuel and related taxes. These changes in fair value include settled gains and losses as well as mark-to-market adjustments ("MTM adjustments"). 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.

*Designated as Cash Flow Hedges.* For derivative contracts designated as cash flow hedges (interest rate contracts and foreign currency exchange contracts), the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period in which the hedged transaction affects earnings. The effective portion of the derivative represents the change in fair value of the hedge that offsets the change in fair value of the hedged item. To the extent the change in the fair value of the hedge does not perfectly offset the change in the fair value of the hedged item, the ineffective portion of the hedge is immediately recognized in non-operating expense.

*Designated as Fair Value Hedges.* For derivative contracts designated as fair value hedges (interest rate contracts), the gain or loss on the derivative is reported in earnings and an equivalent amount is reflected as a change in the carrying value of long-term debt and capital leases, with an offsetting loss or gain recognized in current earnings. We include the gain or loss on the hedged item in the same account as the offsetting loss or gain on the related derivative contract, resulting in no impact to our Consolidated Statements of Operations.

The following table summarizes the risk each type of derivative contract is hedging and the classification of related gains and losses on our Consolidated Statements of Operations:

<b>Derivative Type</b>	<b>Hedged Risk</b>	<b>Classification of Gains and Losses</b>
Fuel hedge contracts	Fluctuations in fuel prices	Aircraft fuel and related taxes
Interest rate contracts	Increases in interest rates	Interest expense, net
Foreign currency exchange contracts	Fluctuations in foreign currency exchange rates	Passenger revenue

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The following table summarizes the accounting treatment of our derivative contracts:

Accounting Designation	Impact of Unrealized Gains and Losses	
	Effective Portion	Ineffective Portion
Not designated as hedges	Change in fair value of hedge is recorded in earnings	
Designated as cash flow hedges	Market adjustments are recorded in AOCI	Excess, if any, over effective portion of hedge is recorded in non-operating expense
Designated as fair value hedges	Market adjustments are recorded in long-term debt and capital leases	Excess, if any, over effective portion of hedge is recorded in non-operating expense

We perform, at least quarterly, an assessment of the effectiveness of our derivative contracts designated as hedges, including assessing the possibility of counterparty default. If we determine that a derivative is no longer expected to be highly effective, we discontinue hedge accounting prospectively and recognize subsequent changes in the fair value of the hedge in earnings. We believe our derivative contracts that continue to be designated as hedges, consisting of interest rate and foreign currency exchange contracts, will continue to be highly effective in offsetting changes in fair value or cash flow, respectively, attributable to the hedged risk.

Cash flows associated with purchasing and settling hedge contracts generally are classified as operating cash flows. However, if a hedge contract includes a significant financing element at inception, cash flows associated with the hedge contract are recorded as financing cash flows.

*Hedge Margin.* In accordance with our fuel, interest rate and foreign currency hedge contracts, we may require counterparties to fund the margin associated with our gain position and/or counterparties may require us to fund the margin associated with our loss position on these contracts. The amount of the margin, if any, is periodically adjusted based on the fair value of the hedge contracts. The margin requirements are intended to mitigate a party's exposure to the risk of counterparty default. We do not offset margin funded to counterparties or margin funded to us by counterparties against fair value amounts recorded for our hedge contracts.

The hedge margin we receive from counterparties is recorded in prepaid expenses and other, with the offsetting obligation in accounts payable. The hedge margin we provide to counterparties is recorded in prepaid expenses and other.

**Long-Lived Assets**

The following table summarizes our property and equipment:

(in millions, except for estimated useful life)	Estimated Useful Life	December 31,	
		2017	2016
Flight equipment	20-32 years	\$ 30,688	\$ 28,135
Ground property and equipment	3-40 years	7,665	6,581
Flight and ground equipment under capital leases	Shorter of lease term or estimated useful life	1,147	1,056
Advance payments for equipment		1,160	1,059
Less: accumulated depreciation and amortization <sup>(1)</sup>		(14,097)	(12,456)
Total property and equipment, net		\$ 26,563	\$ 24,375

<sup>(1)</sup> Includes accumulated amortization for flight and ground equipment under capital leases in the amount of \$668 million and \$757 million at December 31, 2017 and 2016, 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 \$2.2 billion, \$1.9 billion and \$1.8 billion for each of the years ended December 31, 2017, 2016 and 2015, 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 10 years. Included in the depreciation and amortization expense discussed above, we recorded \$189 million, \$160 million and \$148 million for amortization of capitalized software for the years ended December 31, 2017, 2016 and 2015, respectively. The net book value of these assets totaled \$659 million and \$549 million at December 31, 2017 and 2016, respectively.

We review flight equipment 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 (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 costs, labor costs and other relevant factors. If an impairment occurs, the impairment loss recognized is the amount by which the fleet'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.

#### ***Goodwill and Other 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 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 using the key assumptions listed below.

We value goodwill and indefinite-lived intangible assets primarily using market capitalization and income approach valuation techniques. These measurements include the following key assumptions: (1) forecasted revenues, expenses and cash flows, (2) terminal period revenue growth and cash flows, (3) an estimated weighted average cost of capital, (4) assumed discount rates depending on the asset and (5) a tax rate. These assumptions are consistent with those hypothetical market participants would use. Since 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.

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, (4) interruption to our operations due to a prolonged employee strike, terrorist attack or other reasons, (5) changes to the regulatory environment (e.g., diminished slot restrictions or additional Open Skies agreements), (6) competitive changes by other airlines and (7) strategic changes to our operations leading to diminished utilization of the intangible assets.

*Goodwill.* When we evaluate goodwill for impairment using a quantitative approach, we estimate the fair value of the reporting unit by considering both market capitalization and projected discounted future cash flows (an income approach). If the reporting unit's fair value exceeds its carrying value, no further testing is required. If, however, the reporting unit's carrying value exceeds its fair value, we then determine the amount of the impairment charge, if any. We recognize an impairment charge if the carrying value of the reporting unit's goodwill exceeds its estimated fair value.

**Identifiable Intangible Assets.** Indefinite-lived assets are not amortized and consist of routes, slots, the Delta tradename and assets related to SkyTeam 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.

We assess our indefinite-lived assets under a qualitative or quantitative approach. We analyze market factors to determine if events and circumstances have affected the fair value of the indefinite-lived intangible assets. If we determine that it is more likely than not that the asset value may be impaired, we use the quantitative approach to assess the asset's fair value and the amount of the impairment. We perform the quantitative impairment test for indefinite-lived intangible assets by comparing the asset's fair value to its carrying value. 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). We recognize an impairment charge if the asset's carrying value exceeds its estimated fair value.

#### ***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 recorded net as noncurrent deferred income taxes.

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 not likely we will realize our deferred income tax assets. In making this determination, we consider all 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.

#### ***Fuel Card Obligation***

We have a purchasing card with American Express for the purpose of buying jet fuel and crude oil. The card currently carries a maximum credit limit of \$1.1 billion and must be paid monthly. At December 31, 2017 and December 31, 2016, we had \$1.1 billion and \$431 million, respectively, outstanding on this purchasing card, which was classified as a financing activity in our Consolidated Statements of Cash Flows.

#### ***Retirement of Repurchased Shares***

We immediately retire shares repurchased pursuant to our share repurchase program. We allocate the share purchase price in excess of par value between APIC and retained earnings.

#### ***Passenger Tickets***

We record sales of passenger tickets in air traffic liability. Passenger revenue is recognized when we provide transportation or when the ticket expires unused, reducing the related air traffic liability. We periodically evaluate the estimated air traffic liability and record any adjustments in our Consolidated Statements of Operations. These adjustments relate primarily to 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.

#### ***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. Because we are not entitled to retain these taxes and fees, we do not include such amounts 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.

### ***Frequent Flyer Program***

Our SkyMiles program offers incentives to travel on Delta. This program allows customers to earn mileage credits by flying on Delta, Delta Connection and airlines that participate in the SkyMiles program, as well as through participating companies such as credit card companies, hotels and car rental agencies. We sell mileage credits to non-airline businesses, customers and other airlines. Effective January 1, 2015, the SkyMiles program was modified from a model in which customers earn redeemable mileage credits based on distance traveled to a model based on ticket price. This award change did not affect the way we account for the program.

The SkyMiles program includes two types of transactions that are considered revenue arrangements with multiple deliverables. As discussed below, these are (1) passenger ticket sales earning mileage credits and (2) the sale of mileage credits to participating companies with which we have marketing agreements. Mileage credits are a separate unit of accounting as they can be redeemed by customers in future periods for air travel on Delta and participating airlines, membership in our Sky Club and other program awards.

*Passenger Ticket Sales Earning Mileage Credits.* Passenger ticket sales earning mileage credits under our SkyMiles program provide customers with (1) mileage credits earned and (2) air transportation. We value each deliverable on a standalone basis. Our estimate of the selling price of a mileage credit is based on an analysis of our sales of mileage credits to other airlines and customers, which is re-evaluated at least annually. We use established ticket prices to determine the estimated selling price of air transportation. We allocate the total amount collected from passenger ticket sales between the deliverables based on their relative selling prices.

We defer revenue for the mileage credits related to passenger ticket sales when the credits are earned and recognize it as passenger revenue when miles are redeemed and services are provided. We record the air transportation portion of the passenger ticket sales in air traffic liability and recognize these amounts in passenger revenue when we provide transportation or when the ticket expires unused.

*Sale of Mileage Credits.* Customers may earn mileage credits through participating companies such as credit card companies, hotels and car rental agencies with which we have marketing agreements to sell mileage credits. Our contracts to sell mileage credits under these marketing agreements have multiple deliverables, as defined below.

Our most significant contract to sell mileage credits 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 using our customer database. Cardholders earn mileage credits for making purchases using co-branded cards, may check their first bag for free, are granted discounted access to Delta Sky Club lounges and receive other benefits while traveling on Delta. These benefits that we provide in the form of separate products and services under the SkyMiles agreements are referred to as "deliverables." Additionally, participants in the American Express Membership Rewards program may exchange their points for mileage credits under the SkyMiles program. As a result, we sell mileage credits at agreed-upon rates to American Express for provision to their customers under the co-brand credit card program and the Membership Rewards program.

Our marketing agreements with American Express extend to 2022. We account for the agreements consistent with the accounting method that allocates the consideration received to the individual products and services delivered based on their relative selling prices. We determined our best estimate of the selling prices by considering discounted cash flow analysis using multiple inputs and assumptions, including: (1) the expected number of miles awarded and number of miles redeemed, (2) the rate at which we sell mileage credits to other airlines, (3) published rates on our website for baggage fees, discounted access to Delta Sky Club lounges and other benefits while traveling on Delta and (4) brand value.

We recognize revenue as we deliver each sales element. We defer the travel deliverable (mileage credits) as part of frequent flyer deferred revenue and recognize passenger revenue as the mileage credits are used for travel. The revenue allocated to the remaining deliverables is recorded in other revenue. We recognize the revenue for these services as they are performed.

*Breakage.* For mileage credits that we estimate are not likely to be redeemed ("breakage"), we recognize the associated value proportionally during the period in which the remaining mileage credits are expected to be redeemed. Management uses statistical models to estimate breakage based on historical redemption patterns. A change in assumptions as to the period over which mileage credits are expected to be redeemed, the actual redemption activity for mileage credits or the estimated fair value of mileage credits expected to be redeemed could have a material impact on our revenue in the year in which the change occurs and in future years.

### ***Regional Carriers Revenue***

Our regional carriers include both our contract carrier agreements with third-party regional carriers ("contract carriers") and Endeavor Air, Inc. ("Endeavor"), our wholly owned subsidiary. Our contract carrier agreements are structured as either (1) 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 or (2) revenue proration agreements, which are based on a fixed dollar or percentage division of revenues for tickets sold to passengers traveling on connecting flight itineraries. We record revenue related to our contract carriers and Endeavor in regional carriers passenger revenue and the related expenses in regional carriers expense.

### ***Cargo Revenue***

Cargo revenue is recognized when we provide the transportation.

### ***Other Revenue***

Other revenue is primarily comprised of (1) loyalty programs, (2) administrative fees, club and on-board sales, (3) ancillary businesses and refinery and (4) baggage fees.

### ***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 to aircraft maintenance materials and outside repairs. 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 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 incurred. Advertising expense was \$284 million, \$277 million and \$230 million for the years ended December 31, 2017, 2016 and 2015, respectively.

### ***Commissions***

Passenger sales commissions are recognized in operating expense when the related revenue is recognized.

**NOTE 2 . 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.

- *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; and
- *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 market transactions involving identical or comparable assets or liabilities; and
- (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 <sup>(1)</sup>**

(in millions)	December 31, 2017			Valuation Technique
	Total	Level 1	Level 2	
Cash equivalents	\$ 1,357	\$ 1,357	\$ —	(a)
Short-term investments				
U.S. government and agency securities	93	84	9	(a)
Asset- and mortgage-backed securities	173	—	173	(a)
Corporate obligations	467	—	467	(a)
Other fixed income securities	92	—	92	(a)
Restricted cash equivalents and investments	38	38	—	(a)
Long-term investments	513	485	28	(a)
Hedge derivatives, net				
Fuel hedge contracts	(66)	(43)	(23)	(a)(b)
Foreign currency exchange contracts	(17)	—	(17)	(a)

(in millions)	December 31, 2016			Valuation Technique
	Total	Level 1	Level 2	
Cash equivalents	\$ 2,279	\$ 2,279	\$ —	(a)
Short-term investments				
U.S. government securities	112	86	26	(a)
Asset- and mortgage-backed securities	68	—	68	(a)
Corporate obligations	295	—	295	(a)
Other fixed income securities	12	—	12	(a)
Restricted cash equivalents and investments	61	61	—	(a)
Long-term investments	139	115	24	(a)
Hedge derivatives, net				
Fuel hedge contracts	(324)	(26)	(298)	(a)(b)
Foreign currency exchange contracts	27	—	27	(a)

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

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

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

*Long-Term Investments.* Our long-term investments that have historically been measured at fair value primarily consist of equity investments in Grupo Aeroméxico, the parent company of Aeroméxico, and the parent company of GOL. During 2017, we completed a tender offer for additional shares of Grupo Aeroméxico. With the completion of the tender offer, our investment is accounted for under the equity method and is no longer measured at fair value on a recurring basis. As of December 31, 2017, our long-term investments include our shares in China Eastern and the parent company of GOL. Our investments are valued based on market prices and are classified in other noncurrent assets.

*Hedge Derivatives.* A portion of our derivative contracts are negotiated over-the-counter with counterparties without going through a public exchange. Accordingly, our fair value assessments give consideration to the risk of counterparty default (as well as our own credit risk). Such contracts are classified as Level 2 within the fair value hierarchy. The remainder of our hedge contracts are comprised of futures contracts, which are traded on a public exchange. These contracts are classified within Level 1 of the fair value hierarchy.

- *Fuel Contracts.* Our fuel hedge portfolio consists of options, swaps and futures. The hedge contracts include crude oil and refined products, as these commodities are highly correlated with the price of fuel that we consume. Option contracts are valued under an income approach using option pricing models based on data either readily observable in public markets, derived from public markets or provided by counterparties who regularly trade in public markets. Volatilities used in these valuations ranged from 10% to 28% depending on the maturity dates, underlying commodities and strike prices of the option contracts. Swap contracts are valued under an income approach using a discounted cash flow model based on data either readily observable or provided by counterparties who regularly trade in public markets. Discount rates used in these valuations vary based on maturity dates utilizing the London interbank offered rate ("LIBOR"). Futures contracts and options on futures contracts are traded on a public exchange and valued based on quoted market prices.
- *Foreign Currency Exchange Contracts.* Our foreign currency derivatives consist of Japanese yen and Canadian dollar forward contracts and are valued based on data readily observable in public markets.

### NOTE 3 . INVESTMENTS

#### *Short-Term Investments*

The estimated fair values of short-term investments, which approximate cost at December 31, 2017, are shown below by contractual maturity. Actual maturities may differ from contractual maturities because issuers of the securities may have the right to retire our investments without prepayment penalties.

<b>(in millions)</b>	<b>Available- For-Sale</b>
Due in one year or less	\$ 323
Due after one year through three years	465
Due after three years through five years	19
Due after five years	18
<b>Total</b>	<b>\$ 825</b>



### ***Long-Term Investments***

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

#### *Equity Method Investments*

- *Aeroméxico* . During 2017, we completed a \$622 million tender offer and executed derivative contracts for \$173 million to obtain additional capital stock of Grupo Aeroméxico, increasing our ownership percentage to a non-controlling 49% equity stake in Grupo Aeroméxico .
- *Virgin Atlantic* . We have a non-controlling 49% equity stake in Virgin Atlantic Limited, the parent company of Virgin Atlantic Airways.

We account for these investments under the equity method of accounting and recognize our portion of their financial results in miscellaneous, net in our Consolidated Statements of Operations.

#### *Available-for-Sale Investments*

- *GOL*. We own 9% of the outstanding capital stock of GOL's parent company through ownership of its preferred shares. Driven by an improved outlook for the Brazilian economy and the financial performance of the company, the stock price of GOL's parent company has more than doubled since December 31, 2016 and exceeds the original cost of our investment. This unrealized gain of \$56 million is recorded in AOCI.

Additionally, GOL has a \$300 million five -year term loan facility with third parties, which we have guaranteed. Our entire guaranty is secured by GOL's ownership interest in Smiles, GOL's publicly-traded loyalty program. Because GOL remains in compliance with the terms of its loan facility, we have not recorded a liability on our Consolidated Balance Sheets as of December 31, 2017 .

- *China Eastern*. We have a 3% equity interest in China Eastern. Because the investment agreement with China Eastern restricts our sale or transfer of these shares through the September 2018 quarter, we had previously recorded this investment at cost. As we are now within one year of the lapse of these restrictions, we began accounting for the investment during the September 2017 quarter as available-for-sale with changes in fair value recorded in AOCI. As of December 31, 2017, the unrealized gain recorded in AOCI was \$106 million .

#### *Cost Method Investments*

- *Air France-KLM*. During 2017, we acquired 10% of the outstanding shares of our joint venture partner, Air France-KLM, for \$450 million . Because our investment agreement restricts the sale or transfer of these shares for five years, we account for this investment at cost. We are working to develop a combined long-term joint venture with Air France-KLM and Virgin Atlantic as part of our investment strategy.
- *Republic Airways* . During 2017, we acquired a 17% ownership interest in Republic Airways Holdings Inc. ("Republic"), in consideration for our unsecured claim in Republic's bankruptcy case. This ownership interest is accounted for at cost as Republic's shares are not actively traded on a public exchange and we do not have the ability to exercise significant influence over Republic.

#### **NOTE 4 . DERIVATIVES AND RISK MANAGEMENT**

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.

##### ***Fuel Price Risk***

Changes in fuel prices materially impact our results of operations. We have recently managed our fuel price risk through a hedging program intended to reduce the financial impact from changes in the price of fuel as fuel prices are subject to potential volatility. In addition, we may enter into derivatives with third parties to hedge financial risk related to Monroe's refining margins.

In response to this volatility, during 2015 and 2016 we entered into transactions to defer settlement of a portion of our hedge portfolio and lock in the amount of hedge settlements for a portion of 2016 and 2017. These deferral transactions, excluding markets movements from the date of inception, provided approximately \$300 million in cash receipts in 2015 and 2016 and required approximately \$300 million in cash payments in 2016 and 2017. We also early settled \$455 million of our airline segment's 2016 positions during 2016. Cash flows associated with the deferral transactions are reported as cash flows from financing activities within our Consolidated Statements of Cash Flows.

During the years ended December 31, 2017, 2016 and 2015, we recorded fuel hedge losses of \$81 million, \$366 million and \$741 million, respectively.

##### ***Interest Rate Risk***

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

In an effort to manage our exposure to the risk associated with our variable rate long-term debt, we periodically enter into interest rate swaps. We designate interest rate contracts used to convert the interest rate exposure on a portion of our debt portfolio from a floating rate to a fixed rate as cash flow hedges, while those contracts converting our interest rate exposure from a fixed rate to a floating rate are designated as fair value hedges.

We also have exposure to market risk from adverse changes in interest rates associated with our cash and cash equivalents and benefit plan obligations. Market risk associated with our cash and cash equivalents relates to the potential decline in interest income from a decrease in interest rates. Pension, postretirement, postemployment and worker's compensation obligation risk relates to the potential increase in our future obligations and expenses from a decrease in interest rates used to discount these obligations.

##### ***Foreign Currency Exchange Rate Risk***

We are subject to foreign currency exchange rate risk because we have revenue and expense denominated in foreign currencies with our primary exposures being the Japanese yen and Canadian dollar. 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. These foreign currency exchange contracts are designated as cash flow hedges.

**Hedge Position as of December 31, 2017**

(in millions)	Volume	Final Maturity Date	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, net
<b>Designated as hedges</b>							
Foreign currency exchange contracts	23,512 Japanese yen	November 2019	1	1	(13)	(6)	(17)
	490 Canadian dollars	May 2020					
<b>Not designated as hedges</b>							
Fuel hedge contracts	249 gallons - crude oil and refined products	May 2019	638	8	(694)	(18)	(66)
Total derivative contracts			\$ 639	\$ 9	\$ (707)	\$ (24)	\$ (83)

**Hedge Position as of December 31, 2016**

(in millions)	Volume	Final Maturity Date	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, net
<b>Designated as hedges</b>							
Foreign currency exchange contracts	54,853 Japanese yen	February 2019	31	3	(4)	(3)	27
	335 Canadian dollars	January 2019					
<b>Not designated as hedges</b>							
Fuel hedge contracts <sup>(1)</sup>	197 gallons - crude oil and refined products	January 2018	360	—	(684)	—	(324)
Total derivative contracts			\$ 391	\$ 3	\$ (688)	\$ (3)	\$ (297)

<sup>(1)</sup> As discussed above, we early settled \$455 million of our airline segment's 2016 fuel hedge positions and entered into hedges designed to offset and effectively neutralize our 2017 airline segment hedge positions. The dollar amounts shown above primarily represent the offsetting derivatives that were used to neutralize the 2016 and 2017 airline segment hedge portfolio.

**Offsetting Assets and Liabilities**

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

(in millions)	Hedge Derivatives Asset	Other Noncurrent Assets	Hedge Derivatives Liability	Other Noncurrent Liabilities	Hedge Derivatives, Net
<b>December 31, 2017</b>					
Net derivative contracts	\$ —	\$ 1	\$ (68)	\$ (16)	\$ (83)
<b>December 31, 2016</b>					
Net derivative contracts	\$ 29	\$ 2	\$ (326)	\$ (2)	\$ (297)

**Designated Hedge Gains (Losses)**

Gains (losses) related to our designated hedge contracts during the years ended December 31, 2017, 2016 and 2015 are as follows:

(in millions)	Effective Portion Reclassified from AOCI to Earnings			Effective Portion Recognized in Other Comprehensive (Loss) Income		
	2017	2016	2015	2017	2016	2015
Foreign currency exchange contracts	10	37	198	(43)	(68)	(130)

**Credit Risk**

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

Our hedge contracts contain margin funding requirements. The margin funding requirements may cause us to post margin to counterparties or may cause counterparties to post margin to us as market prices in the underlying hedged items change. Due to the fair value position of our hedge contracts, we posted margin of \$43 million and \$38 million as of December 31, 2017 and 2016, respectively.

Our accounts receivable are generated largely from the sale of passenger airline tickets and cargo transportation services, the majority of which are processed through major credit card companies. We also have receivables from the sale of mileage credits under our SkyMiles program to participating airlines and non-airline businesses such as credit card companies, hotels and car rental agencies. The credit risk associated with our receivables is minimal.

**Self-Insurance Risk**

We self-insure a portion of our losses from claims related to workers' compensation, environmental issues, property damage, medical insurance for employees and general liability. Losses are accrued based on an estimate of the aggregate liability for claims incurred, using independent actuarial reviews based on standard industry practices and our historical experience.

**NOTE 5 . INTANGIBLE ASSETS**

**Indefinite-Lived Intangible Assets**

(in millions)	Carrying Value at December 31,	
	2017	2016
International routes and slots	\$ 2,583	\$ 2,563
Delta tradename	850	850
SkyTeam-related assets	661	661
Domestic slots	622	622
Total	\$ 4,716	\$ 4,696

*International Routes and Slots.* Our international routes and slots primarily relate to Pacific route authorities and slots at capacity-constrained airports in Asia, and slots at London-Heathrow airport.

*Domestic Slots.* Our domestic slots relate to our slots at New York-LaGuardia and Washington-Reagan National airports.

**Definite-Lived Intangible Assets**

(in millions)	December 31, 2017		December 31, 2016	
	Gross Carrying Value	Accumulated Amortization	Gross Carrying Value	Accumulated Amortization
Marketing agreements	\$ 730	\$ (677)	\$ 730	\$ (667)
Contracts	193	(115)	193	(108)
Other	53	(53)	53	(53)
Total	\$ 976	\$ (845)	\$ 976	\$ (828)

Amortization expense was \$17 million, \$17 million and \$18 million for the years ended December 31, 2017, 2016 and 2015, respectively. We estimate that we will incur approximately \$16 million of amortization expense annually through 2022.

**NOTE 6 . LONG-TERM DEBT**

The following table summarizes our long-term debt:

(in millions)	Maturity Dates	Interest Rate(s) Per Annum at December 31, 2017		December 31,	
				2017	2016
<b>Pacific Facilities <sup>(1)</sup>:</b>					
Pacific Term Loan B-1 <sup>(2)</sup>	October 2018	3.99%	variable <sup>(4)</sup>	\$ 1,048	\$ 1,059
Pacific Revolving Credit Facility	October 2018	undrawn	variable <sup>(4)</sup>	—	—
<b>2015 Credit Facilities <sup>(1)</sup>:</b>					
Term Loan Facility <sup>(2)</sup>	August 2022	4.07%	variable <sup>(4)</sup>	490	495
Revolving Credit Facility	August 2020	undrawn	variable <sup>(4)</sup>	—	—
<b>Financing arrangements secured by aircraft:</b>					
Certificates <sup>(3)</sup>	2018 to 2027	3.63%	to 8.02%	2,380	2,777
Notes <sup>(3)</sup>	2018 to 2027	1.81%	to 6.76%	1,961	2,488
Unsecured notes <sup>(5)</sup>	2020 to 2022	2.60%	to 3.63%	2,450	—
Other financings <sup>(3)(6)</sup>	2019 to 2030	0.00%	to 8.75%	210	293
Other revolving credit facilities <sup>(1)</sup>	2018 to 2019	undrawn	variable <sup>(4)</sup>	—	—
<b>Total secured and unsecured debt</b>				<b>8,539</b>	<b>7,112</b>
Unamortized discount and debt issue cost, net				(99)	(104)
<b>Total debt</b>				<b>8,440</b>	<b>7,008</b>
Less: current maturities				(2,145)	(1,009)
<b>Total long-term debt</b>				<b>\$ 6,295</b>	<b>\$ 5,999</b>

<sup>(1)</sup> Guaranteed by substantially all of our domestic subsidiaries (the "Guarantors").

<sup>(2)</sup> Borrowings must be repaid annually in an amount equal to 1% per year of the original principal amount (paid in equal quarterly installments), with the balance due on the final maturity date.

<sup>(3)</sup> Due in installments.

<sup>(4)</sup> Interest rate equal to LIBOR (generally subject to a floor) or another index rate, in each case plus a specified margin. Additionally, certain aircraft and other financings are comprised of variable rate debt.

<sup>(5)</sup> Includes notes issued in March and December 2017.

<sup>(6)</sup> Primarily includes unsecured bonds and debt secured by certain accounts receivable and real estate.

**Unsecured Debt Offerings**

During the March 2017 quarter, we issued \$2.0 billion in aggregate principal amount of unsecured notes, consisting of \$1.0 billion of 2.875% Notes due 2020 and \$1.0 billion of 3.625% Notes due 2022. During the December 2017 quarter, we issued \$450 million in aggregate principal amount of 2.600% Notes due 2020 (collectively, the "Notes"). The Notes are equal in priority with all of our other unsubordinated indebtedness and senior in priority to all of our future subordinated debt.

The Notes are subject to covenants that, among other things, limit our ability to incur liens securing indebtedness for borrowed money or capital leases and engage in mergers and consolidations or transfer all or substantially all of our assets, in each case subject to certain exceptions. The Notes are also subject to customary event of default provisions, including cross-defaults to other material indebtedness.

If we experience certain changes of control and a ratings decline on any series of Notes by two of the ratings agencies to a rating below investment grade within a certain period of time following a change of control or public notice of the occurrence of a change of control, we must offer to repurchase such series.

**Key Financial Covenants**

We were in compliance with the covenants in our financing agreements at December 31, 2017 .

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*Pacific Facilities.* Our obligations under the Pacific Facilities are secured by a first lien on our Pacific route authorities and certain related assets. The Pacific Facilities include affirmative, negative and financial covenants that could restrict our ability to, among other things, make investments, sell or otherwise dispose of collateral if we are not in compliance with the collateral coverage ratio tests described below, pay dividends or repurchase stock.

Minimum fixed charge coverage ratio <sup>(1)</sup>	1.20:1
Minimum unrestricted liquidity	
Unrestricted cash, permitted investments and undrawn revolving credit facilities	\$2.0 billion
Minimum collateral coverage ratio <sup>(2)</sup>	1.60:1

<sup>(1)</sup> Defined as the ratio of (a) earnings before interest, taxes, depreciation, amortization and aircraft rent and other adjustments to net income to (b) the sum of gross cash interest expense (including the interest portion of our capitalized lease obligations) and cash aircraft rent expense, for the 12-month period ending as of the last day of each fiscal quarter.

<sup>(2)</sup> Defined as the ratio of (a) certain of the collateral that meet specified eligibility standards to (b) the sum of the aggregate outstanding obligations and certain other obligations.

*2015 Credit Facilities.* Our obligations under the 2015 Credit Facilities are secured by liens on certain of our and the Guarantors' assets, including accounts receivable, aircraft, spare engines, non-Pacific international routes, domestic slots and certain investment property. The 2015 Credit Facilities include affirmative, negative and financial covenants that may restrict our ability to, among other things, make investments, sell or otherwise dispose of assets if not in compliance with the collateral coverage ratio tests, pay dividends or repurchase stock. These covenants require us to maintain:

Minimum unrestricted liquidity	
Unrestricted cash, permitted investments and undrawn revolving credit facilities	\$2.0 billion
Minimum collateral coverage ratio <sup>(1)</sup>	1.60:1

<sup>(1)</sup> Defined as the ratio of (a) certain of the collateral that meet specified eligibility standards to (b) the sum of the aggregate outstanding obligations under the 2015 Credit Facilities and certain other obligations.

Under the 2015 Credit Facilities, if the Minimum Collateral Coverage Ratio is not maintained, we must either provide additional collateral to secure our obligations, or we must reduce the secured obligations under the facilities by an amount necessary to maintain compliance with the collateral coverage ratio. The 2015 Credit Facilities contain events of default customary for similar financings, including cross-defaults to other material indebtedness and certain change of control events. Upon the occurrence of an event of default, the outstanding obligations under the 2015 Credit Facilities may be accelerated and become due and payable immediately.

#### ***Availability Under Revolving Credit Facilities***

The table below shows availability under revolving credit facilities, all of which were undrawn, as of December 31, 2017 :

<b>(in millions)</b>	
Revolving Credit Facility	\$ 1,500
Pacific Revolving Credit Facility	415
Other revolving credit facilities	535
Total availability under revolving credit facilities	\$ 2,450

**Future Maturities**

The following table summarizes scheduled maturities of our debt for the years succeeding December 31, 2017 :

(in millions)	Total Debt	Amortization of Debt Discount and Debt Issuance Cost, net	
2018	\$ 2,183	\$ (42)	
2019	1,359	(30)	
2020	1,983	(8)	
2021	345	(6)	
2022	2,009	(7)	
Thereafter	660	(6)	
<b>Total</b>	<b>\$ 8,539</b>	<b>\$ (99)</b>	<b>\$ 8,440</b>

**Fair Value of Debt**

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

(in millions)	December 31,	
	2017	2016
Total debt at par value	\$ 8,539	\$ 7,112
Unamortized discount and debt issuance cost, net	(99)	(104)
Net carrying amount	\$ 8,440	\$ 7,008
Fair value	\$ 8,700	\$ 7,300

**NOTE 7 . LEASE OBLIGATIONS**

We lease aircraft, airport terminals, maintenance facilities, ticket offices and other property and equipment from third parties. Rental expense for operating leases, which is recorded on a straight-line basis over the life of the lease term, totaled \$1.3 billion for the years ended December 31, 2017 and 2016 and \$1.2 billion for the year ended December 31, 2015. Amounts due under capital leases are recorded as liabilities, while assets acquired under capital leases are recorded as property and equipment. Amortization of assets recorded under capital leases is included in depreciation and amortization expense. Our airport terminal leases include contingent rents, which vary based upon facility usage, enplanements, aircraft weight and other factors. Many of our aircraft, facility and equipment leases include rental escalation clauses and/or renewal options. Our leases do not include residual value guarantees and we are not the primary beneficiary in or have other forms of variable interest with the lessor of the leased assets. As a result, we have not consolidated any of the entities that lease to us.

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The following tables summarize our minimum rental commitments under capital leases and noncancelable operating leases (including certain aircraft flown by regional carriers) with initial or remaining terms in excess of one year for the years succeeding December 31, 2017 :

**Capital Leases**

(in millions)	Total
2018	\$ 116
2019	92
2020	65
2021	41
2022	24
Thereafter	126
Total minimum lease payments	464
Less: amount of lease payments representing interest	(70)
Present value of future minimum capital lease payments	394
Less: current obligations under capital leases	(97)
Long-term capital lease obligations	\$ 297

**Operating Leases**

(in millions)	Delta Lease Payments (1)	Contract Carrier Aircraft Lease Payments (2)	Total
2018	\$ 1,469	\$ 266	\$ 1,735
2019	1,322	267	1,589
2020	1,189	241	1,430
2021	983	173	1,156
2022	883	153	1,036
Thereafter	8,819	471	9,290
Total minimum lease payments	\$ 14,665	\$ 1,571	\$ 16,236

(1) Includes payments accounted for as construction obligations.

(2) Represents the minimum lease obligations under our contract carrier agreements with Compass Airlines, LLC, ExpressJet Airlines, Inc., GoJet Airlines, LLC, Republic Airline, Inc. and SkyWest Airlines, Inc.

**NOTE 8 . AIRPORT REDEVELOPMENT**

***New York-JFK Airport***

In 2015, we completed our redevelopment project at New York-JFK's Terminal 4 to facilitate convenient connections for our passengers and improve coordination with our SkyTeam alliance partners. 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"). In December 2010, we entered into a 33 -year agreement with IAT ("Sublease") to sublease space in Terminal 4. Also, in 2010, the Port Authority issued approximately \$800 million principal amount of special project bonds to fund the majority of the project.

We managed the project and bore the construction risk, including cost overruns. We recorded an asset for project costs (e.g., design, permitting, labor and other general construction costs), regardless of funding source, and a construction obligation equal to project costs funded by parties other than us. Our rental payments reduce the construction obligation and result in the recording of interest expense, calculated using the effective interest method. As of December 31, 2017, we have recorded \$691 million as property and equipment and \$744 million as the related construction obligation.



We have an equity method investment in the entity which owns IAT, our sublessor at Terminal 4. 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 the entity in which we have an investment in our Consolidated Financial Statements.

### ***Los Angeles International Airport***

During 2016, we announced plans to modernize, upgrade and connect Terminals 2 and 3 at Los Angeles International Airport (“LAX”) over the next seven years. A substantial majority of the project costs will be funded through the Regional Airports Improvement Corporation (“RAIC”), a California public benefit corporation, using an \$800 million revolving credit facility provided by a group of lenders. The credit facility was executed during 2017. We have guaranteed the obligations of the RAIC under the credit facility. Because the RAIC remains in compliance with the terms of its credit facility, we have not recorded a liability on our Consolidated Balance Sheet as of December 31, 2017 .

### ***New York-LaGuardia Airport***

As part of the terminal redevelopment project at LaGuardia Airport, we are partnering with the Port Authority of New York and New Jersey (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 terminal will feature a new, larger Delta Sky Club, wider concourses, more gate seating and 30 percent more concessions space than the existing terminals. The facility will also offer direct access between the parking garage and terminal with improved roadways and drop-off/pick-up areas. The design of the new terminal will integrate sustainable technologies and improved energy efficiency. Construction will be phased to limit passenger inconvenience and is expected to be completed by 2026.

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 we will (1) fund (through debt issuance and existing cash) and undertake the design, management and construction of the terminal and certain off-premises supporting facilities, (2) receive a Port Authority contribution of \$600 million to facilitate construction of the terminal and other supporting infrastructure, (3) be responsible for all operations and maintenance during the term of the lease and (4) have preferential rights to all gates in the terminal subject to Port Authority requirements with respect to accommodation of designated carriers.

## **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 closed to new entrants and frozen for future benefit accruals. The Pension Protection Act of 2006 allows commercial airlines to elect alternative funding rules (“Alternative Funding Rules”) for defined benefit plans that are frozen. We elected the Alternative Funding Rules under which 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. We have no minimum funding requirements in 2018. However, in January 2018, we voluntarily contributed approximately \$500 million to these plans.

*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 \$875 million , \$733 million and \$592 million for the years ended December 31, 2017, 2016 and 2015, respectively.

*Postretirement Healthcare Plans.* We sponsor healthcare plans that include providing 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 and (2) a group of retirees who retired prior to 1987. Benefits under these plans are funded from current assets and employee contributions.

*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.

**Benefit Obligations, Fair Value of Plan Assets and Funded Status**

(in millions)	Pension Benefits		Other Postretirement and Postemployment Benefits	
	December 31,		December 31,	
	2017	2016	2017	2016
Benefit obligation at beginning of period	\$ 20,859	\$ 20,611	\$ 3,379	\$ 3,336
Service cost	—	—	87	68
Interest cost	853	917	138	147
Actuarial loss (gain)	1,068	411	183	115
Benefits paid, including lump sums and annuities	(1,075)	(1,071)	(311)	(318)
Participant contributions	—	—	28	31
Settlements	(9)	(9)	—	—
Benefit obligation at end of period <sup>(1)</sup>	\$ 21,696	\$ 20,859	\$ 3,504	\$ 3,379
Fair value of plan assets at beginning of period	\$ 10,301	\$ 9,374	\$ 784	\$ 884
Actual gain (loss) on plan assets	1,966	687	138	51
Employer contributions	3,561	1,320	254	154
Participant contributions	—	—	28	31
Benefits paid, including lump sums and annuities	(1,075)	(1,071)	(338)	(336)
Settlements	(9)	(9)	—	—
Fair value of plan assets at end of period	\$ 14,744	\$ 10,301	\$ 866	\$ 784
Funded status at end of period	\$ (6,952)	\$ (10,558)	\$ (2,638)	\$ (2,595)

<sup>(1)</sup> At the end of each year presented, our accumulated benefit obligations for our pension plans are equal to the benefit obligations shown above.

During 2017 and 2016, net actuarial losses increased our benefit obligation due to the decrease in discount rates. These gains and losses are recorded in AOCI and reflected in the table below.

A net actuarial loss of \$277 million will be amortized from AOCI into net periodic benefit cost in 2018. Amounts are generally amortized from AOCI over the expected future lifetime of plan participants.

**Balance Sheet Position**

(in millions)	Pension Benefits		Other Postretirement and Postemployment Benefits	
	December 31,		December 31,	
	2017	2016	2017	2016
Current liabilities	\$ (32)	\$ (30)	\$ (121)	\$ (125)
Noncurrent liabilities	(6,920)	(10,528)	(2,517)	(2,470)
Total liabilities	\$ (6,952)	\$ (10,558)	\$ (2,638)	\$ (2,595)
Net actuarial loss	\$ (8,495)	\$ (8,515)	\$ (651)	\$ (570)
Prior service credit	—	—	56	82
Total accumulated other comprehensive loss, pre-tax	\$ (8,495)	\$ (8,515)	\$ (595)	\$ (488)

**Net Periodic Cost**

(in millions)	Pension Benefits			Other Postretirement and Postemployment Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2017	2016	2015	2017	2016	2015
Service cost	\$ —	\$ —	\$ —	\$ 87	\$ 68	\$ 62
Interest cost	853	917	884	138	147	141
Expected return on plan assets	(1,143)	(902)	(879)	(69)	(74)	(81)
Amortization of prior service credit	—	—	—	(26)	(26)	(26)
Recognized net actuarial loss	262	233	232	32	24	24
Settlements	3	3	3	—	—	—
Net periodic cost <sup>(1)</sup>	\$ (25)	\$ 251	\$ 240	\$ 162	\$ 139	\$ 120

<sup>(1)</sup> See Note 1 for discussion on ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715)."

**Assumptions**

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

Benefit Obligations <sup>(1)</sup>	December 31,	
	2017	2016
Weighted average discount rate	3.69%	4.20%

Net Periodic Cost <sup>(1)</sup>	Year Ended December 31,		
	2017	2016	2015
Weighted average discount rate - pension benefit	4.14%	4.57%	4.13%
Weighted average discount rate - other postretirement benefit	4.19%	4.53%	4.13%
Weighted average discount rate - other postemployment benefit	4.14%	4.50%	4.13%
Weighted average expected long-term rate of return on plan assets	8.96%	8.94%	8.94%
Assumed healthcare cost trend rate <sup>(2)</sup>	7.00%	6.50%	7.00%

<sup>(1)</sup> 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 liability.

<sup>(2)</sup> Healthcare cost trend rate at December 31, 2017 is assumed to decline gradually to 5.00% by 2026 and remain unchanged thereafter.

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**Healthcare Cost Trend Rate.** Assumed healthcare cost trend rates have an effect on the amounts reported for the other postretirement benefit plans. A 1% change in the healthcare cost trend rate used in measuring the plan benefit obligation for these plans would have the following effects:

(in millions)	1% Increase	1% (Decrease)
Increase (decrease) in total service and interest cost	\$ 1	\$ (1)
Increase (decrease) in the accumulated plan benefit obligation	9	(30)

**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 expected long-term rate of return on assets for net periodic pension benefit cost for the year ended December 31, 2017 was 8.96% .

**Life Expectancy .** Changes in life expectancy may significantly change our benefit obligations and future expense. We use the Society of Actuaries ("SOA") published mortality data, other publicly available information and our own perspective of future longevity to develop our best estimate of life expectancy. The SOA publishes annual updated mortality tables for U.S. plans and updated improvement scale. Each year we consider updates by the SOA in setting our mortality assumptions 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 and certain postemployment benefit plans are expected to be paid from funded benefit plan trusts, while our other postretirement benefits are funded from current assets.

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

(in millions)	Pension Benefits	Other Postretirement and Postemployment Benefits
2018	\$ 1,170	\$ 284
2019	1,177	291
2020	1,201	296
2021	1,220	297
2022	1,238	296
2023-2027	6,351	1,417

### **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 40 - 50% growth-seeking assets, 20 - 30% income-generating assets and 25 - 30% risk-diversifying assets. Risk diversifying assets include hedged mandates 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.* 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 pension, postretirement and related benefits on the Consolidated Balance Sheets. See Note 2 of the Notes to the Consolidated Financial Statements 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.

(in millions)	December 31, 2017			December 31, 2016			Valuation Technique
	Level 1	Level 2	Total	Level 1	Level 2	Total	
Equities and equity-related instruments	\$ 2,033	\$ 13	\$ 2,046	\$ 2,021	\$ 14	\$ 2,035	(a)
Delta common stock	801	—	801	386	—	386	(a)
Cash equivalents	735	697	1,432	228	1,240	1,468	(a)
Fixed income and fixed income-related instruments	17	3,648	3,665	8	1,190	1,198	(a)(b)
<b>Benefit plan assets</b>	<b>\$ 3,586</b>	<b>\$ 4,358</b>	<b>\$ 7,944</b>	<b>\$ 2,643</b>	<b>\$ 2,444</b>	<b>\$ 5,087</b>	
Investments measured at net asset value ("NAV") <sup>(1)</sup>			\$ 7,378			\$ 5,724	
<b>Total benefit plan assets</b>			<b>\$ 15,322</b>			<b>\$ 10,811</b>	

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

*Equities and Equity-Related Instruments.* 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.* In each of 2017 and 2016, we contributed \$350 million of Delta common stock as a portion of the employer contribution to certain of its defined benefit pension plans. The Delta common stock investment is managed by an independent fiduciary.

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

*Fixed Income and Fixed Income-Related Instruments.* Investments include corporate bonds, government bonds, collateralized mortgage obligations and other asset-backed securities. These investments 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.

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

(in millions)	December 31, 2017				December 31, 2016			
	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments	Fair Value	Redemption Frequency	Redemption Notice Period	Unfunded Commitments
Hedge funds and hedge fund-related strategies	\$ 4,768	(5)	2-120 Days	\$ —	\$ 3,308	(5)	4-120 Days	\$ —
Commingled funds, private equity and private equity-related instruments	1,375	(1) (3) (4)	10-30 Days	—	1,214	(1) (3) (4)	15-30 Days	525
Fixed income and fixed income-related instruments	311	(2)	3-15 Days	—	270	(2)	5 Days	—
Real assets	924	(3) (4)	N/A	94	698	(3) (4)	N/A	529
Other	—	(1)	30 Days	—	234	(2)	2 Days	—
Total investments measured at NAV	\$ 7,378			\$ 94	\$ 5,724			\$ 1,054

- (1) Monthly  
(2) Semi-monthly  
(3) Semi-annually  
(4) Annually  
(5) Various. Includes funds with weekly, monthly, semi-monthly, quarterly and custom redemption frequencies as well as funds with a redemption window following the anniversary of the initial investment.

*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. These funds are typically valued monthly by third-party administrators that have been appointed by the funds' general partners.

*Commingled Funds, Private Equity and Private Equity-Related Instruments.* Investments include commingled funds invested in common stock, as well as private equity and private equity-related instruments. Commingled funds are based on quoted market prices of the underlying assets owned by the fund. Private equity and private equity-related strategies are valued based on 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.* Investments include commingled funds invested in debt obligations. Commingled funds are based on quoted market prices of the underlying assets owned by the fund.

*Real Assets.* These investments include real estate, energy, 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. Investments are valued based on 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.

On an annual basis we assess the potential for adjustments to the fair value of all investments. Certain of our investments are valued using NAV as a practical expedient due to the lag in the availability of data. This primarily applies to private equity, private equity-related strategies and real assets. We solicit valuation updates from the investment managers and use their information and corroborating data from public markets to determine any needed fair value adjustments.

**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, 2017, 2016 and 2015, we recorded expenses of \$1.1 billion, \$1.1 billion and \$1.5 billion under the profit sharing program, respectively.

Effective October 1, 2017, we aligned our profit sharing plans under a single formula. Under this formula, our profit sharing program pays 10% to all eligible employees for the first \$2.5 billion of annual profit and 20% of annual profit above \$2.5 billion. Prior to that time, the profit sharing program for pilots used this formula but for 2016 and the first nine months of 2017, the profit sharing program for merit, ground and flight attendant employees paid 10% of annual profit (as defined by the terms of the program) and, if we exceeded our prior-year results, the program paid 20% of the year-over-year increase in profit to eligible employees. For years prior to 2016, the profit sharing program for merit, ground and flight attendant employees paid according to the current formula. Going forward, all eligible employees will be paid profit sharing under the current formula.

**NOTE 10 . COMMITMENTS AND CONTINGENCIES****Aircraft Purchase and Lease Commitments**

Our future aircraft purchase commitments totaled approximately \$18.3 billion at December 31, 2017 :

(in millions)	Total
2018	\$ 3,570
2019	3,370
2020	3,270
2021	3,880
2022	2,450
Thereafter	1,740
<b>Total</b>	<b>\$ 18,280</b>

Our future aircraft purchase commitments included the following aircraft at December 31, 2017 :

Aircraft Type	Purchase Commitments
A321-200	93
A321-200neo	100
A330-900neo	25
A350-900	19
B-737-900ER	41
CS100	75
<b>Total</b>	<b>353</b>

During 2017, we entered into agreements with Airbus to place an expanded A321-200 order for 45 firm additional aircraft and to defer 10 of our A350-900 aircraft deliveries set for 2019-2020 by two to three years. We also entered into an agreement with Airbus to order 100 A321-200neo aircraft to start delivery in 2020 with the option to purchase an additional 100 A321-200neo aircraft.

**Contract Carrier Agreements**

We have contract carrier agreements with regional carriers expiring from 2018 to 2027 .

*Capacity Purchase Agreements* . Most of our contract carriers operate for us under capacity purchase agreements. Under these agreements, the contract 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 fixed obligations under our existing capacity purchase agreements with third-party regional carriers. The obligations set forth in the table contemplate minimum levels of flying by the contract 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.

<b>(in millions)</b>	<b>Amount <sup>(1)</sup></b>
2018	\$ 1,772
2019	1,603
2020	1,320
2021	793
2022	723
Thereafter	1,975
<b>Total</b>	<b>\$ 8,186</b>

<sup>(1)</sup> These amounts exclude contract carrier payments accounted for as operating leases of aircraft, which are described in Note 7 .

*Revenue Proration Agreement* . As of December 31, 2017 , a portion of our contract carrier agreement with SkyWest Airlines, Inc. is 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, antitrust matters and other matters concerning our business. We record liabilities for losses from legal proceedings when we determine that it is probable that the outcome in a legal proceeding will be unfavorable and the amount of loss can be reasonably estimated. Although the outcome of the legal proceedings in which we are involved cannot be predicted with certainty, 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, 2017 or 2016 .



**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.

Certain of our aircraft and other financing transactions include provisions that require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. lenders to withholding taxes.

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

We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict (1) when and under what circumstances these provisions may be triggered and (2) the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

*Employees Under Collective Bargaining Agreements*

At December 31, 2017, we had approximately 87,000 full-time equivalent employees. Approximately 19% of these employees were represented by unions. The following table shows our domestic airline employee groups that are represented by unions.

<b>Employee Group</b>	<b>Approximate Number of Active Employees Represented</b>	<b>Union</b>	<b>Date on which Collective Bargaining Agreement Becomes Amendable</b>
Delta Pilots	13,234	ALPA	December 31, 2019
Delta Flight Superintendents (Dispatchers)	420	PAFCA	March 31, 2018
Endeavor Air Pilots	1,805	ALPA	January 1, 2024
Endeavor Air Flight Attendants	1,160	AFA	December 31, 2018
Endeavor Air Dispatchers	55	PAFCA	December 31, 2018

In addition, 192 refinery employees of Monroe are represented by the United Steel Workers under an agreement that expires on February 28, 2019. 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.

*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***

Our income tax provision consisted of the following:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Current tax (provision) benefit:			
Federal	\$ (4)	\$ —	\$ (23)
State and local	5	(28)	(25)
International	(54)	(12)	(2)
Deferred tax provision:			
Federal	(1,911)	(2,080)	(2,409)
State and local	(160)	(143)	(172)
Income tax provision	\$ (2,124)	\$ (2,263)	\$ (2,631)

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

	Year Ended December 31,		
	2017	2016	2015
U.S. federal statutory income tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal benefit	1.8	1.8	1.8
Decrease in valuation allowance	—	—	(0.2)
Foreign tax rate differential	(2.2)	(2.0)	—
Tax Cuts and Jobs Act adjustment	2.6	—	—
Other	—	(0.7)	0.2
Effective income tax rate	37.2 %	34.1 %	36.8 %

Following the enactment of the Tax Cuts and Jobs Act of 2017, we recorded a provisional tax expense estimate of \$150 million resulting in a 2.6% increase in our effective tax rate. The provisional estimate includes recognition of tax expense related to certain of our undistributed foreign earnings and tax expense to decrease our federal net deferred tax asset to a 21% statutory tax rate. We are evaluating our share of undistributed earnings from certain of our foreign investments and will reflect the impact, if any, in 2018 when such impact is finalized.

As a result of the Tax Cuts and Jobs Act of 2017, we assessed tax on \$732 million of foreign earnings which would have otherwise been indefinitely reinvested outside the U.S. At December 31, 2016, we had \$379 million of undistributed foreign earnings.

**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. The following table shows significant components of our deferred tax assets and liabilities:

(in millions)	December 31,	
	2017	2016
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 1,440	\$ 2,485
Pension, postretirement and other benefits	2,545	5,259
Alternative minimum tax credit carryforward	379	379
Deferred revenue	1,024	1,544
Other	746	1,075
Valuation allowance	(19)	(40)
Total deferred tax assets	\$ 6,115	\$ 10,702
<b>Deferred tax liabilities:</b>		
Depreciation	\$ 3,936	\$ 5,701
Intangible assets	1,070	1,691
Other	174	246
Total deferred tax liabilities	\$ 5,180	\$ 7,638
Net deferred tax assets	\$ 935	\$ 3,064

At December 31, 2017, we had \$379 million of federal alternative minimum tax credit carryforwards. As a result of the Tax Cuts and Jobs Act of 2017, this credit becomes refundable to us if not used by 2021. We have \$5.1 billion of federal pre-tax net operating loss carryforwards, which will not begin to expire until 2027.

**Income Tax Allocation**

We consider all income sources, including other comprehensive income, in determining the amount of tax benefit allocated to continuing operations (the "Income Tax Allocation"). At the end of 2017, the Tax Cut and Jobs Act of 2017 reduced the statutory tax rate in the U.S. from 35% to 21%. GAAP requires that the tax expense related to tax law changes be recognized in current earnings, even when a portion of the related deferred tax asset originated through amounts recognized in AOCI. As a result, \$700 million of income tax expense remains in AOCI, primarily related to pension obligations, and will not be recognized in net income until the pension obligations are fully extinguished, which will not occur for approximately 25 years.

**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 2017, 2016 and 2015 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 of shares held in treasury was \$21.19 and \$19.40 as of December 31, 2017 and 2016 , respectively.

### *Equity Compensation*

Our broad-based equity and cash compensation plan provides for grants of restricted stock, 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 (i) any shares tendered in payment of an option, (ii) shares withheld to satisfy any tax withholding obligation with respect to the exercise of an option or stock appreciation right ("SAR") or (iii) 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, 2017 , there were 30 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 for these awards is recognized in salaries and related costs over the employee's requisite service period (generally, the vesting period of the award) and totaled \$108 million , \$105 million and \$76 million for the years ended December 31, 2017 , 2016 and 2015 , respectively. We record expense on a straight-line basis for awards with installment vesting. As of December 31, 2017 , unrecognized costs related to unvested shares and stock options totaled \$82 million . We expect substantially all unvested awards to vest and recognize any 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, 2017 , there were 2.6 million unvested restricted stock awards.

*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, 2017 , there were 1.9 million outstanding stock option awards with a weighted average exercise price of \$38.59 , and 771 thousand were exercisable.

*Performance Awards.* Performance awards are long-term incentive opportunities, which are payable in common stock and/or cash, and are generally contingent upon our achieving certain financial goals.

*Other.* During 2017 and 2016, we recognized \$21 million and \$33 million , respectively, of excess tax benefits in our income tax provision.

**NOTE 13 . ACCUMULATED OTHER COMPREHENSIVE LOSS**

The following table shows the components of accumulated other comprehensive loss:

(in millions)	Pension and Other Benefits Liabilities <sup>(2)</sup>	Derivative Contracts	Investments	Total
Balance at January 1, 2015 (net of tax effect of \$1,279)	\$ (7,517)	\$ 222	\$ (16)	\$ (7,311)
Changes in value (net of tax effect of \$41)	10	43	(45)	8
Reclassification into earnings (net of tax effect of \$16) <sup>(1)</sup>	153	(125)	—	28
Balance at December 31, 2015 (net of tax effect of \$1,222)	(7,354)	140	(61)	(7,275)
Changes in value (net of tax effect of \$293)	(482)	(19)	42	(459)
Reclassification into earnings (net of tax effect of \$57) <sup>(1)</sup>	122	(24)	—	98
Balance at December 31, 2016 (net of tax effect of \$1,458)	(7,714)	97	(19)	(7,636)
Changes in value (net of tax effect of \$32)	(264)	(21)	148	(137)
Reclassification into earnings (net of tax effect of \$90) <sup>(1)</sup>	166	(6)	(8)	152
Balance at December 31, 2017 (net of tax effect of \$1,400)	\$ (7,812)	\$ 70	\$ 121	\$ (7,621)

<sup>(1)</sup> Amounts reclassified from AOCI for pension and other benefits liabilities and for derivative contracts designated as foreign currency cash flow hedges are recorded in salaries and related costs and in passenger revenue, respectively, in the Consolidated Statements of Operations. The reclassification into earnings for investments relates to our investment in Grupo Aeromexico and the related conversion to accounting under the equity method. The reclassification of the unrealized gain was recorded to non-operating expense in our Consolidated Statements of Operations.

<sup>(2)</sup> Includes \$700 million of deferred income tax expense, primarily related to pension obligations, that will not be recognized in net income until the pension obligations are fully extinguished. We consider all income sources, including other comprehensive income, in determining the amount of tax benefit allocated to continuing operations.

**NOTE 14 . SEGMENTS AND GEOGRAPHIC INFORMATION**

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 other ancillary airline services. 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 aircraft type and route economics, but gives no weight to the financial impact of the resource allocation decision on an individual carrier basis. Our objective in making resource allocation decisions is to optimize our consolidated financial results.

***Refinery Segment***

In June 2012, our wholly owned subsidiaries, Monroe Energy, LLC, and MIPC, LLC (collectively, "Monroe"), acquired 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. The acquisition included 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. We accounted for the refinery acquisition as a business combination.

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, 2017, 2016 and 2015 was \$3.2 billion, \$2.7 billion and \$3.1 billion, respectively.

### Segment Reporting

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

(in millions)	Airline	Refinery	Intersegment Sales/Other	Consolidated
<b>Year Ended December 31, 2017</b>				
Operating revenue:	\$ 40,742	\$ 5,039		\$ 41,244
Sales to airline segment			\$ (886) <sup>(1)</sup>	
Exchanged products			(3,240) <sup>(2)</sup>	
Sales of refined products			(411) <sup>(3)</sup>	
Operating income	6,004	110		6,114
Interest expense (income), net	403	(7)		396
Depreciation and amortization	2,188	47		2,235
Total assets, end of period	51,165	2,127		53,292
Capital expenditures	3,743	148		3,891
<b>Year Ended December 31, 2016</b>				
Operating revenue:	\$ 39,406	\$ 3,843		\$ 39,639
Sales to airline segment			\$ (695) <sup>(1)</sup>	
Exchanged products			(2,658) <sup>(2)</sup>	
Sales of refined products			(257) <sup>(3)</sup>	
Operating income (loss) <sup>(4)</sup>	7,077	(125)		6,952
Interest expense, net	386	2		388
Depreciation and amortization	1,862	40		1,902
Total assets, end of period	49,930	1,331		51,261
Capital expenditures	3,270	121		3,391
<b>Year Ended December 31, 2015</b>				
Operating revenue:	\$ 40,398	\$ 4,741		\$ 40,704
Sales to airline segment			\$ (990) <sup>(1)</sup>	
Exchanged products			(3,108) <sup>(2)</sup>	
Sales of refined products			(337) <sup>(3)</sup>	
Operating income <sup>(4)</sup>	7,512	290		7,802
Interest expense, net	481	—		481
Depreciation and amortization	1,805	30		1,835
Total assets, end of period	51,785	1,349		53,134
Capital expenditures	2,853	92		2,945

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

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

<sup>(3)</sup> These sales were at or near cost; accordingly, the margin on these sales is de minimis.

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

**Geographic Information**

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. The majority of the revenues of the refinery, consisting of fuel sales to the airline, have been eliminated in the Consolidated Financial Statements. The remaining operating revenue for the refinery segment is included in the domestic region.

Our operating revenue by geographic region (as defined by the U.S. Department of Transportation) is summarized in the following table:

(in millions)	Year Ended December 31,		
	2017	2016	2015
Domestic	\$ 29,556	\$ 28,108	\$ 27,884
Atlantic	6,044	5,919	6,505
Pacific	2,730	2,939	3,503
Latin America	2,914	2,673	2,812
Total	\$ 41,244	\$ 39,639	\$ 40,704

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

**NOTE 15 . RESTRUCTURING**

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

(in millions)	2017	2016	2015
Liability at beginning of period	\$ 333	\$ 467	\$ 504
Payments	(103)	(144)	(127)
Additional expenses and other	7	10	90
Liability at end of period	\$ 237	\$ 333	\$ 467

Restructuring charges primarily include remaining lease payments for permanently grounded aircraft related to domestic and Pacific fleet restructurings. We are continuing to restructure our domestic fleet by replacing a portion of our 50-seat regional fleet with more efficient and customer preferred aircraft and replacing older, less cost effective B-757-200 aircraft with B-737-900ER aircraft. We are also restructuring our Pacific network by retiring the B-747-400 fleet (the last aircraft retired during 2017) and replacing the fleet with smaller-gauge, widebody aircraft to better match capacity with demand.

**NOTE 16. EARNINGS PER SHARE**

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

(in millions, except per share data)	Year Ended December 31,		
	2017	2016	2015
Net income	\$ 3,577	\$ 4,373	\$ 4,526
Basic weighted average shares outstanding	720	751	797
Dilutive effect of share-based awards	3	4	7
Diluted weighted average shares outstanding	723	755	804
Basic earnings per share	\$ 4.97	\$ 5.82	\$ 5.68
Diluted earnings per share	\$ 4.95	\$ 5.79	\$ 5.63

**NOTE 17. QUARTERLY FINANCIAL DATA (UNAUDITED)**

The following table summarizes our unaudited results of operations on a quarterly basis. The quarterly earnings per share amounts for a year will not add to the earnings per share for that year due to the weighting of shares used in calculating per share data.

(in millions, except per share data)	Three Months Ended,			
	March 31	June 30	September 30	December 31
<b>2017</b>				
Operating revenue	\$ 9,148	\$ 10,791	\$ 11,060	\$ 10,245
Operating income	1,053	2,028	1,839	1,193
Net income	603	1,224	1,178	572
Basic earnings per share	\$ 0.83	\$ 1.68	\$ 1.64	\$ 0.81
Diluted earnings per share	\$ 0.82	\$ 1.68	\$ 1.64	\$ 0.80
<b>2016</b>				
Operating revenue	\$ 9,251	\$ 10,447	\$ 10,483	\$ 9,458
Operating income	1,540	2,423	1,969	1,020
Net income	946	1,546	1,259	622
Basic earnings per share	\$ 1.22	\$ 2.04	\$ 1.70	\$ 0.85
Diluted earnings per share	\$ 1.21	\$ 2.03	\$ 1.69	\$ 0.84



**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, 2017 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, 2017, 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, 2017 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, 2017.

The effectiveness of our internal control over financial reporting as of December 31, 2017 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, 2017. Ernst & Young LLP's report on our internal control over financial reporting is set forth below.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders 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, 2017, 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, 2017, 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 consolidated balance sheets of the Company as of December 31, 2017 and 2016, and 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, 2017, and the related notes and our report dated February 23, 2018 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 Limitation 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.

Atlanta, Georgia  
February 23, 2018

/s/ Ernst & Young LLP

**ITEM 9B. OTHER INFORMATION**

None.

**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF THE REGISTRANT**

Information required by this item is set forth under the headings "Governance Matters," "Proposal 1 - Election of Directors - Information About Nominees" and "Other Matters - Section 16 Beneficial Ownership Reporting Compliance" in our Proxy Statement to be filed with the Commission related to our 2018 Annual Meeting of Stockholders ("Proxy Statement"), and is incorporated by reference. Pursuant to instruction 3 to paragraph (b) of Item 401 of Regulation S-K, certain information regarding executive officers is contained in Part I of this Form 10-K.

**ITEM 11. EXECUTIVE COMPENSATION**

Information required by this item is set forth under the headings "Governance Matters - Compensation Committee Interlocks and Insider Participation," "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, 2017 .

<b>Plan Category</b>	<b>(a) No. of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup></b>	<b>(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights <sup>(2)</sup></b>	<b>(c) No. of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <sup>(3)</sup></b>
Equity compensation plans approved by securities holders	3,365,648	\$ 21.53	29,758,243
Equity compensation plans not approved by securities holders	—	—	—
<b>Total</b>	<b>3,365,648</b>	<b>\$ 21.53</b>	<b>29,758,243</b>

<sup>(1)</sup> Includes a maximum of 1,487,298 shares of common stock that may be issued upon the achievement of certain performance conditions under outstanding performance share awards as of December 31, 2017 .

<sup>(2)</sup> Includes performance share awards, which do not have exercise prices. The weighted average exercise price of options is \$38.59.

<sup>(3)</sup> 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 (i) any shares tendered in payment of an option, (ii) shares withheld to satisfy any tax withholding obligation with respect to the exercise of an option or stock appreciation right ("SAR") or (iii) shares covered by a stock-settled SAR or other awards that were not issued upon the settlement of the award. Because 2,599,512 shares of restricted stock remain unvested and subject to forfeiture, these shares could again be available for issuance.

Other information required by this item is set forth under the heading "Beneficial Ownership of Securities" 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 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, 2017 and 2016  
Consolidated Statements of Operations for the years ended December 31, 2017 , 2016 and 2015  
Consolidated Statements of Comprehensive Income for the years ended December 31, 2017 , 2016 and 2015  
Consolidated Statements of Cash Flows for the years ended December 31, 2017 , 2016 and 2015  
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017 , 2016 and 2015  
Notes to the Consolidated Financial Statements

(2). The schedule required by this item is included in Notes 11 and 15 to the Consolidated Financial Statements. All other financial statement schedules are not required or are inapplicable and therefore have been omitted.

(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 10.23.

**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 \(Filed as Exhibit 3.1 to Delta's Current Report on Form 8-K as filed on October 31, 2016\).\\*](#)

*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 [Credit and Guaranty Agreement, dated as of August 24, 2015, among Delta Air Lines, Inc., as Borrower, the subsidiaries of the Borrower named as Guarantors, each of the several Lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent for the Lenders, Barclays Bank PLC, Bank of America, N.A., Wells Fargo Bank, N.A. and U.S. Bank National Association, as Co-Syndication Agents, BBVA Compass and Fifth Third Bank, as Co-Documentation Agents, J.P. Morgan Securities LLC, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Citigroup Global Markets Inc., BBVA Compass, Credit Agricole Corporate and Investment Bank, Credit Suisse AG, Cayman Islands Branch, Deutsche Bank Securities Inc., Fifth Third Bank, Goldman Sachs Lending Partners LLC, Morgan Stanley Senior Funding, Inc., Wells Fargo Securities, LLC, Natixis, New York Branch, U.S. Bank National Association and UBS Securities LLC, as Revolving Facility Joint Lead Arrangers and Revolving Facility Joint Bookrunners and Barclays Bank PLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Citigroup Global Markets Inc., BBVA Compass, Credit Agricole Corporate and Investment Bank, Credit Suisse AG, Cayman Islands Branch, Deutsche Bank Securities Inc., Fifth Third Bank, Goldman Sachs Lending Partners LLC, Wells Fargo Securities, LLC and U.S. Bank National Association, as Term Loan Joint Lead Arrangers and Term Loan Joint Bookrunners \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015\).\\*](#)
- 10.2 [Credit and Guaranty Agreement, dated as of October 18, 2012, among Delta Air Lines, Inc., as Borrower, the subsidiaries of the Borrower named as Guarantors, each of the several Lenders party thereto, Barclays Bank PLC, as administrative agent, Wilmington Trust, National Association, as Collateral Trustee, Deutsche Bank Securities Inc. and UBS Securities LLC, as Co-Syndication Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc., as co-documentation agents, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Deutsche Bank Securities Inc., and UBS Securities LLC, as joint lead arrangers, and Barclays Bank PLC, BNP Paribas Securities Corp, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities \(USA\) LLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA, J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc. and UBS Securities LLC, as joint bookrunners \(Filed as Exhibit 10.2 to Delta's Annual Report on Form 10-K for the year ended December 31, 2012\).\\*](#)
- 10.3 [Anchor Tenant Agreement dated as of December 9, 2010 between JFK International Air Terminal LLC and Delta Air Lines, Inc. \(Filed as Exhibit 10.4 to Delta's Annual Report on Form 10-K for the year ended December 31, 2010\).\\*](#)
- 10.4 [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 \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017\).\\*](#)
- 10.5(a) [Supplemental Agreement No. 13 to Purchase Agreement Number 2022, dated August 24, 2011, between The Boeing Company and Delta relating to Boeing Model 737NG Aircraft \("Supplemental Agreement 13"\) \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011\).\\*/\\*\\*](#)
- 10.5(b) [Supplemental Agreement No. 17 to Purchase Agreement Number 2022, dated December 16, 2015, between The Boeing Company and Delta relating to Boeing Model 737NG Aircraft \("Supplemental Agreement 17"\) \(Filed as Exhibit 10.6\(b\) to Delta's Annual Report on Form 10-K for the year ended December 31, 2015\).\\*/\\*\\*](#)
- 10.5(c) [Supplemental Agreement No. 20 to Purchase Agreement Number 2022, dated March 30, 2017, between The Boeing Company and Delta relating to Boeing Model 737NG Aircraft \("Supplemental Agreement No. 20"\) \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017\).\\*/\\*\\*](#)
- 10.5(d) [Letter Agreements, dated March 30, 2017, relating to Supplemental Agreement No. 20 \(Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017\).\\*/\\*\\*](#)

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- 10.6(a) [Letter Agreements, dated August 24, 2011, relating to Supplemental Agreement 13 \(Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011\).\\*/\\*\\*](#)
- 10.6(b) [Letter Agreements, dated December 16, 2015, relating to Supplemental Agreement 17 \(Filed as Exhibit 10.7\(b\) to Delta's Annual Report on Form 10-K for the year ended December 31, 2015\).\\*/\\*\\*](#)
- 10.7(a) [Aircraft General Terms Agreement, dated October 21, 1997, between Boeing and Delta \(Filed as Exhibit 10.6 to Delta's Quarterly Report on Form 10-Q for the quarter ended December 31, 1997\).\\*/\\*\\*](#)
- 10.7(b) [Letter Agreement, dated August 24, 2011, relating to Revisions to Aircraft General Terms Agreement dated October 21, 1997 and Supplemental Agreement 13 \(Filed as Exhibit 10.3\(b\) to Delta's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011\).\\*/\\*\\*](#)
- 10.7(c) [Letter Agreement, dated December 16, 2015, relating to Revisions to Aircraft General Terms Agreement dated October 21, 1997 and Supplemental Agreement 17 \(Filed as Exhibit 10.8\(c\) to Delta's Annual Report on Form 10-K for the year ended December 31, 2015\).\\*/\\*\\*](#)
- 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 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\).\\*/\\*\\*](#)
- 10.9(a) [Airbus A321 Aircraft and A330 Aircraft Purchase Agreement dated as of September 3, 2013 between Airbus S.A.S and Delta Air Lines, Inc., as amended through April 29, 2016 \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016\).\\*/\\*\\*](#)
- 10.9(b) [Amendment No. 9, dated May 10, 2017, to Airbus A321 Aircraft and A330 Aircraft Purchase Agreement dated as of September 3, 2013 between Airbus S.A.S. and Delta Air Lines, Inc. \("Amendment No. 9"\) \(Filed as Exhibit 10.1\(a\) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017\).\\*/\\*\\*](#)
- 10.9(c) [Letter Agreements, dated May 10, 2017, relating to Amendment No. 9 \(Filed as Exhibit 10.1\(b\) to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017\).\\*/\\*\\*](#)
- 10.10 [Airbus A321neo Aircraft Purchase Agreement dated as of December 15, 2017 between Airbus S.A.S and Delta Air Lines, Inc.\\*\\*](#)
- 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 [Delta Air Lines, Inc. Officer and Director Severance Plan, as amended and restated as of June 1, 2016 \(Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016\).\\*](#)
- 10.13 [Description of Certain Benefits of Members of the Board of Directors and Executive Officers \(Filed as Exhibit 10.11 to Delta's Annual Report on Form 10-K for the year ended December 31, 2016\).\\*](#)
- 10.14(a) [Delta Air Lines, Inc. 2015 Long Term Incentive Program \(Filed as Exhibit 10.16 to Delta's Annual Report on Form 10-K for the year ended December 31, 2014\).\\*](#)
- 10.14(b) [First Amendment to the Delta Air Lines, Inc. 2015 Long Term Incentive Program.](#)
- 10.14(c) [Model Award Agreement for the Delta Air Lines, Inc. 2015 Long Term Incentive Program \(Filed as Exhibit 10.2 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015\).\\*](#)

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- 10.15(a) [Delta Air Lines, Inc. 2016 Long Term Incentive Program \(Filed as Exhibit 10.16 to Delta's Annual Report on Form 10- K for the year ended December 31, 2015\).\\*](#)
- 10.15(b) [First Amendment to the Delta Air Lines, Inc. 2016 Long Term Incentive Program.](#)
- 10.15(c) [Model Award Agreement for the Delta Air Lines, Inc. 2016 Long Term Incentive Program \(Filed as Exhibit 10.1 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016\).\\*](#)
- 10.16(a) [Delta Air Lines, Inc. 2017 Long-Term Incentive Program \(Filed as Exhibit 10.15 to Delta's Annual Report on Form 10- K for the year ended December 31, 2016\).\\*](#)
- 10.16(b) [First Amendment to the Delta Air Lines, Inc. 2017 Long-Term Incentive Program \(Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017\).\\*](#)
- 10.16(c) [Second Amendment to the Delta Air Lines, Inc. 2017 Long-Term Incentive Program.](#)
- 10.16(d) [Model Award Agreement for the Delta Air Lines, Inc. 2017 Long-Term Incentive Program \(Filed as Exhibit 10.3 to Delta's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017\).\\*](#)
- 10.17 [Delta Air Lines, Inc. 2018 Long-Term Incentive Program.](#)
- 10.18(a) [Delta Air Lines, Inc. 2017 Management Incentive Plan \(Filed as Exhibit 10.17 to Delta's Annual Report on Form 10-K for the year ended December 31, 2016\).\\*](#)
- 10.18(b) [First Amendment to the Delta Air Lines, Inc. 2017 Management Incentive Plan.](#)
- 10.19 [Delta Air Lines, Inc. 2018 Management Incentive Plan.](#)
- 10.20 [Letter Agreement dated as of June 11, 2008 between counsel for and on behalf of Mickey P. Foret and Aviation Consultants, LLC, and counsel for and on behalf of Northwest Airlines, Inc. \(Filed as Exhibit 10.22 to Delta's Annual Report on Form 10-K for the year ended December 31, 2008\).\\*](#)
- 10.21 [Delta Air Lines, Inc. Restoration Long Term Disability Plan \(Filed as Exhibit 10.24 to Delta's Annual Report on Form 10-K for the year ended December 31, 2011\).\\*](#)
- 10.22 [Terms of 2016 Restricted Stock Awards for Non-Employee Directors \(Filed as Exhibit 10.4 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016\).\\*](#)
- 10.23 [Terms of 2017 Restricted Stock Awards for Non-Employee Directors \(Filed as Exhibit 10.4 to Delta's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017\).\\*](#)
- 12.1 [Statement regarding computation of ratio of earnings to fixed charges for each fiscal year in the five-year period ended December 31, 2017.](#)
- 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.](#)

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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

\* Incorporated by reference.

\*\* Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to requests for confidential treatment.

**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 23rd day of February, 2018 .

DELTA AIR LINES, INC.

By: /s/ Edward H. Bastian  
Edward H. Bastian  
Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on the 23rd day of February, 2018 by the following persons on behalf of the registrant and in the capacities indicated.

<b>Signature</b>	<b>Title</b>
<hr/> <i>/s/ Edward H. Bastian</i> <hr/> Edward H. Bastian	Chief Executive Officer and Director (Principal Executive Officer)
<hr/> <i>/s/ Paul A. Jacobson</i> <hr/> Paul A. Jacobson	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<hr/> <i>/s/ Craig M. Meynard</i> <hr/> Craig M. Meynard	Vice President and Chief Accounting Officer (Principal Accounting Officer)
<hr/> <i>/s/ Francis S. Blake</i> <hr/> Francis S. Blake	Chairman of the Board
<hr/> <i>/s/ Daniel A. Carp</i> <hr/> Daniel A. Carp	Director
<hr/> <i>/s/ Ashton B. Carter</i> <hr/> Ashton B. Carter	Director
<hr/> <i>/s/ David G. DeWalt</i> <hr/> David G. DeWalt	Director
<hr/> <i>/s/ William H. Easter III</i> <hr/> William H. Easter III	Director
<hr/> <i>/s/ Mickey P. Foret</i> <hr/> Mickey P. Foret	Director
<hr/> <i>/s/ Jeanne P. Jackson</i> <hr/> Jeanne P. Jackson	Director
<hr/> <i>/s/ George N. Mattson</i> <hr/> George N. Mattson	Director
<hr/> <i>/s/ Douglas R. Ralph</i> <hr/> Douglas R. Ralph	Director
<hr/> <i>/s/ Sergio A.L. Rial</i> <hr/> Sergio A.L. Rial	Director
<hr/> <i>/s/ Kathy N. Waller</i> <hr/> Kathy N. Waller	Director

AIRBUS A321 NEO AIRCRAFT  
PURCHASE AGREEMENT

Dated as of December 15, 2017

between

DELTA AIR LINES, INC.

and

AIRBUS S.A.S

Confidential Treatment Requested. Confidential portions of this document have been redacted and have been separately filed with the Commission.

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### **EXHIBITS**

EXHIBIT A-1	[***]
EXHIBIT A-2	A321 NEO AIRCRAFT STANDARD SPECIFICATION
EXHIBIT A-3	[***]
EXHIBIT A-4	CHANGE ORDERS TO A321 NEO AIRCRAFT STANDARD SPECIFICATION (SCNs)
EXHIBIT B-1	FORM OF SPECIFICATION CHANGE NOTICE

EXHIBIT B-2	FORM OF MANUFACTURER'S SPECIFICATION CHANGE NOTICE
EXHIBIT B-3	FORM OF [***]
EXHIBIT C-1	AIRFRAME PRICE REVISION FORMULA
EXHIBIT C-2	CFM INTERNATIONAL PROPULSION SYSTEMS PRICE REVISION FORMULA
EXHIBIT C-3	INTERNATIONAL AERO ENGINES LLC PROPULSION SYSTEMS PRICE REVISION FORMULA
EXHIBIT D-1	FORM OF CERTIFICATE OF ACCEPTANCE (MOBILE DELIVERIES)
EXHIBIT D-2	FORM OF CERTIFICATE OF ACCEPTANCE (BLAGNAC/HAMBURG DELIVERIES)
EXHIBIT E-1	FORM OF BILL OF SALE (MOBILE DELIVERIES)
EXHIBIT E-2	FORM OF BILL OF SALE (BLAGNAC/HAMBURG DELIVERIES)
EXHIBIT F	SERVICE LIFE POLICY – LIST OF ITEMS
EXHIBIT G	TECHNICAL DATA INDEX
EXHIBIT H	MATERIAL SUPPLY AND SERVICES
EXHIBIT I	[INTENTIONALLY LEFT BLANK]
EXHIBIT J	FORM OF AIRBUS S.A.S. WARRANTY

## PURCHASE AGREEMENT

This Agreement is made this 15<sup>th</sup> day of December, 2017

Between

**Airbus SAS** , a French société par actions simplifiée, with its registered office at

2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (the "**Seller**"),

and

**DELTA AIR LINES, INC.** , a corporation organized and existing under Delaware law with offices located at 1050 Delta Boulevard, Atlanta, Georgia 30320 (the "**Buyer**").

**WHEREAS**, the Buyer wishes to purchase, and the Seller is willing to sell, one hundred (100) firm Airbus A321 NEO Aircraft model aircraft, upon the terms and conditions provided herein.

**NOW THEREFORE IT IS AGREED AS FOLLOWS:**

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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**0 DEFINITIONS**

For all purposes of the Agreement (as defined below), except as otherwise expressly provided, the following terms shall have the following meanings:

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

A321 NEO Aircraft – any or all A321-200NX type aircraft to be sold by the Seller and to be purchased by the Buyer pursuant to this Agreement, together with all components, equipment, parts and accessories installed in or on such aircraft, and the Propulsion System installed thereon upon delivery.

A321 NEO Airframe – any A321 NEO Aircraft, excluding the Propulsion Systems therefor.

A321 NEO Propulsion System – as defined in Subclause 2.3.1

A321 NEO Propulsion System A Base Price – as defined in Subclause 3.1.2.

A321 NEO Propulsion System A Reference Price – as defined in Subclause 3.1.2.

A321 NEO Propulsion System B Base Price – as defined in Subclause 3.1.2.

A321 NEO Propulsion System B Reference Price – as defined in Subclause 3.1.2.

A321 NEO Standard Specification – the A321-200NX standard specification document Number [\*\*\*], a copy of which has been annexed hereto as Exhibit A-2.

Affiliate – with respect to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with such person or entity. For purposes of the preceding sentence, “control” of an entity shall mean the direct or indirect ownership

of voting securities having the power to direct or cause the direction of the management and policies of such entity.

Agreement – this A321 NEO purchase agreement, including all exhibits, appendixes and letter agreements attached hereto, as the same may be amended or modified and in effect from time to time.

Airbus Equivalent Thrust or AET – is the Airbus Equivalent Thrust at [\*\*\*], which is representative of sea level aircraft performance.

AirbusWorld – as defined in Subclause 14.5.4.

AirbusWorld GTC – means the General Terms and Conditions of Access to and Use of the Secure Area of the AirbusWorld/Online Services between the Seller and the Buyer (as successor in interest to Northwest Airlines Inc.) dated November 2, 2006, as may be amended from time to time.

Aircraft – any or [\*\*\*].

Aircraft Training Services – all aircraft training services including but not limited to any and all (i) flight support services, training courses, flight training, flight assistance, line training, line assistance, flights of any kind performed by the Seller, its agents, employees or subcontractors, and maintenance support, maintenance training (including Practical Training), training support of any kind performed on aircraft and provided to the Buyer pursuant to this Agreement.

Airframe – [\*\*\*].

Airframe Price Revision Formula – as set forth in Exhibit C-1.

ATA Specification – recommended specifications developed by the Air Transport Association of America reflecting consensus in the commercial Aviation industry on accepted means of communicating information, conducting business, performing operations and adhering to accepted practices.

Aviation Authority – when used with respect to any jurisdiction, the government entity that, under the laws of such jurisdiction, has control over civil aviation or the registration, airworthiness or operation of civil aircraft in such jurisdiction.

Balance of the Final Contract Price – as defined in Subclause 5.3.

Base Price – for any Aircraft, Airframe and SCN or Propulsion System, as defined in Clause 3 of the Agreement.

Buyer Furnished Equipment or BFE – as defined in Subclause 18.1.1



Certificate of Acceptance – as defined in Subclause 8.3.

CFM – means CFM International.

Contractual Definition Freeze or CDF – as defined in Subclause 2.4.2.

Customization Milestone Chart – as defined in Subclause 2.4.1.

Declaration of Design and Performance or DDP – the documentation provided by an equipment manufacturer guaranteeing that the corresponding equipment meets the requirements of the Specification, the interface documentation as well as all the relevant certification requirements.

Delivery – the transfer of title to the Aircraft from the Seller to the Buyer in accordance with Clause 9.

Delivery Date – the date on which Delivery occurs.

Delivery Location – the facilities of the Seller at the location of final assembly of the Aircraft.

Development Changes – as defined in Subclause 2.2.2.

EASA – the European Aviation Safety Agency or any successor thereto.

Excusable Delay – as defined in Subclause 10.1.

Export Certificate of Airworthiness – an export certificate of airworthiness issued by the Aviation Authority of the Delivery Location.

FAA – the U.S. Federal Aviation Administration or any successor agency thereto.

Failure – as defined in Subclause 12.2.1.2.

Final Contract Price – as defined in Subclause 3.2.

Goods and Services – any goods, excluding Aircraft, and services that may be purchased by the Buyer from the Seller.

IAE LLC – International Aero Engines LLC

In-house Warranty – as defined in Subclause 12.1.7(i).

In-house Warranty Labor Rate – as defined in Subclause 12.1.7(v)(a).

Inexcusable Delay – as defined in Subclause 11.1.

Interface Problem – as defined in Subclause 12.4.1.

Item – as defined in Subclause 12.2.1.1.

Manufacture Facilities – means the various manufacture facilities of the Seller, its Affiliates or any subcontractor, where the Airframe or its parts are manufactured or assembled.

Manufacturer Specification Change Notice or MSCN – as defined in Subclause 2.2.2.1.

Practical Training – as defined in Subclause 16.8.2.

Predelivery Payment – any payment made against the Final Contract Price of an Aircraft in accordance with Subclause 6.2.

Predelivery Payment Reference Price – as defined in Subclause 5.2.2.

Prime Rate – the rate of interest per annum publicly announced from time to time by the Wall Street Journal, as the consensus prime rate and calculated for any period using the weighted average of the Prime Rate over the period in which interests are due.

Propulsion System – [\*\*\*].

Propulsion System Manufacturer – either CFM or IAE LLC, as applicable.

Propulsion System Price Revision Formula – for any Propulsion System, the applicable price revision formula as set forth in Exhibit C-2 or C-3.

Propulsion System Reference Price – [\*\*\*].

Ready for Delivery – with respect to any Aircraft, the time when (i) the Technical Acceptance Process set forth in Clause 8 has been completed in accordance with Clause 8 and (ii) all conditions required by EASA for the issuance of the Export Certificate for Airworthiness, without exception, have been satisfied.

Reference Price – means the Reference Price of a set of Propulsion Systems as set out in Part 2 of Exhibit C.

Scheduled Delivery Month – as defined in Subclause 9.1.

Seller Service Bulletin – means a document approved by an Aviation Authority issued by the Seller to aircraft operators to implement a modification to the design of, or an inspection to, a delivered aircraft either to maintain or to improve the operation of said delivered aircraft.

Seller Service Life Policy – as referred to in Subclause 12.2.

Seller's Representatives – the representatives of the Seller referred to in Clause 15.

SFE – for any Aircraft, all of the items of equipment that shall be furnished by the Seller and installed in the Aircraft by the Seller, as defined in the Specification.

Specification – either (a) the Standard Specification if no SCNs are applicable or (b) if SCNs or MSCNs are issued, the Standard Specification as amended by all applicable SCNs and MSCNs.

Specification Change Notice or SCN – as defined in Subclause 2.2.1.

Standard Specification – [\*\*\*].

Supplier – any supplier of Supplier Parts.

Supplier Part – as defined in Subclause 12.3.1.

Supplier Product Support Agreements – as defined in Subclause 17.1.2

Technical Acceptance Process – as defined in Subclause 8.1.3

Type Certificate – as defined in Subclause 7.1.

Warranted Part – as defined in Subclause 12.1.1.

Warranty Claim – as defined in Subclause 12.1.6(v).

Working Day – with respect to any action to be taken hereunder, a day other than a Saturday, Sunday or other day designated as a holiday in the jurisdiction in which such action is required to be taken.

The following rules of construction apply to the Agreement:

- (i) the definition of a singular shall apply to plurals of the same words;
- (ii) “include” and “including” are not limiting except when used in the computation of time periods;
- (iii) “hereby,” “herein,” “hereof,” “hereunder,” “the Agreement,” “this Agreement,” and any like words refer to the Agreement and not a particular Clause thereof; and
- (iv) a reference herein to a Clause, Subclause, Exhibit, Attachment or Appendix without further reference is to the relevant Clause, Subclause, Exhibit, Attachment or Appendix of the Agreement.

(v) References in the Agreement to any statute, regulation, order or other law shall be to such statute, regulation, order or other law as amended or modified and in effect at the time any such reference is operative.

Technical and trade terms not otherwise defined herein shall have the meanings assigned to them as generally accepted in the aircraft manufacturing industry.

## **1 SALE AND PURCHASE**

The Seller shall sell and deliver, and the Buyer shall buy and take delivery of, one hundred (100) A321 NEO Aircraft subject to the terms and conditions contained in the Agreement.

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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## **2 SPECIFICATION**

### **2.1 Aircraft Specification**

2.1.1 The Aircraft shall be manufactured in accordance with the Standard Specification, as may already have been modified or varied prior to the date of the Agreement by the Specification Change Notices listed in Exhibits A-3 or A-4, as applicable.

### **2.2 Specification Amendment**

The parties understand and agree that the Specification may be further amended following signature of this Agreement in accordance with the terms of this Clause 2.

#### **2.2.1 Specification Change Notice**

The Specification may be amended by written agreement between the parties in a Specification Change Notice (“**SCN**”). Each SCN will be substantially in the form set out in Exhibit B-1 and will set out the SCN’s Aircraft embodiment rank and will also set forth, in detail, the particular change to be made to the Specification and the effect, if any, of such change on design, performance, weight, Delivery Date of the Aircraft affected thereby and on the text of the Specification. An SCN may result in an adjustment of the Base Price of the Aircraft, which adjustment, if any, will be specified in the SCN.

#### **2.2.2 Development Changes**

The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with this Agreement (“**Development Changes**”), as set forth in this Clause 2.

##### **2.2.2.1 Manufacturer Specification Changes Notices**

The Specification may be amended by the Seller through a Manufacturer Specification Change Notice (“**MSCN**”), which will be substantially in the form set out in Exhibit B-2 hereto and will set out the MSCN’s Aircraft embodiment rank as well as, in detail, the particular change to be made to the Specification and the effect, if any, of such change on performance, weight, Base Price of the Aircraft, Delivery Date of the Aircraft affected thereby and interchangeability or replaceability requirements under the Specification.

Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN will be accomplished without requiring the Buyer’s consent, if the MSCN adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, the Seller will notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such MSCN. If the Buyer does not notify the Seller

of the rejection of the MSCN within such period, the MSCN will be deemed accepted by the Buyer and the corresponding modification will be accomplished.

2.2.2.2 In the event of the Seller revising the Specification to incorporate Development Changes which have no adverse effect on any of the elements as set forth in Subclause 2.2.2.1 above, such revision will be performed by the Seller without the Buyer's consent.

In such cases, the Buyer will have access to the details of such changes through the relevant application in AirbusWorld.

2.2.2.3 The Seller is considering turning certain items, which are currently BFE in the Specification, into SFE and the parties agree that such BFE items shall be excluded from the provisions of Subclauses 2.2.2.1 and 2.2.2.2 above and, should they become SFE, shall furthermore be chargeable to the Buyer.

## 2.3 Propulsion Systems

2.3.1 [\*\*\*]

[\*\*\*]

[\*\*\*]

### 2.3.2 A321 NEO Propulsion Systems

The A321 NEO Aircraft shall be equipped with a set of either two (2) CFM LEAP-1A32 engines or two (2) International Aero Engines, LLC ("IAE LLC") PW1133G-JM engines, upon selection referred to respectively as the "A321 NEO Propulsion Systems".

If the Buyer has not selected the A321 NEO Propulsion Systems as of the date of this Agreement, such choice shall be made no later than sixty (60) days after such date by the execution of an SCN.

## 2.4 Milestones

### 2.4.1 Customization Milestones Chart

[\*\*\*], the Seller shall provide the Buyer with a customization milestones chart (the "**Customization Milestone Chart**"), setting out how far in advance of the Scheduled Delivery Month of the Aircraft an SCN must be executed in order to integrate into the Specification any items requested by the Buyer from the Seller's catalogues of Specification change options (the "**Option Catalogues**").

### 2.4.2 Contractual Definition Freeze

The Customization Milestone Chart shall in particular define the date(s) by which the contractual definition of the Aircraft must be finalized and all SCNs need to have been executed by the Buyer (the “ **Contractual Definition Freeze** ” or “ **CDF** ”) in order to enable their incorporation into the manufacturing of the Aircraft and Delivery of the Aircraft in the Scheduled Delivery Month. Each such date shall be referred to as a “ **CDF Date** .”



### 3 **PRICE**

#### 3.1 Base Price of the Aircraft

The “ **Base Price** ” of each Aircraft is the sum of:

- (i) the Base Price of the Airframe, and
- (ii) the Base Price of the Propulsion System.

##### 3.1.1 Base Price of the Airframe

###### 3.1.1.1 [\*\*\*]

[\*\*\*]:

- (i) [\*\*\*]:  
[\*\*\*] and
- (ii) [\*\*\*]:  
[\*\*\*]  
[\*\*\*]
- (iii) [\*\*\*]:  
[\*\*\*]

[\*\*\*]

###### 3.1.1.2 Base Price of the A321 NEO Airframe

The “ **Base Price of the A321 NEO Airframe** ” is the sum of (i), (ii) and (iii) below:

- (i) the base price of the A321 NEO Airframe corresponding to the A321 NEO Standard Specification (including nacelles and thrust reversers, excluding BFE) and [\*\*\*], which is:

[\*\*\*]

and

(ii) the sum of the base prices of any and all SCNs set forth in Exhibit A-4, which is:

[\*\*\*].

The Base Price of the A321 NEO Airframe is expressed at [\*\*\*] delivery conditions and shall be revised to the actual Delivery Date of each Aircraft in accordance with the Airframe Price Revision Formula.

and

(iii) the base price of the master charge, which is applicable if a CFM LEAP-1A Propulsion System is selected, which is:

[\*\*\*]

### 3.1.2 Base Price of Propulsion Systems

3.1.2.1 [\*\*\*]

3.1.2.1.1 [\*\*\*]

[\*\*\*]

3.1.2.1.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

#### 3.1.2.2 A321 NEO Propulsion Systems Base Price

3.1.2.2.1 The base price of a set of two (2) CFM LEAP-1A32 propulsion systems (the “**A321 NEO Propulsion System A Base Price**”) is:

[\*\*\*]

Said base price has been established in accordance with economic conditions prevailing in [\*\*\*] and has been calculated from the Propulsion Systems Reference Price (the “A321 NEO Propulsion System A Reference Price”), reference price, as set forth in Exhibit C-2 to the Agreement.

3.1.2.2.2 The base price of a set of two (2) IAE LLC PW1133G-JM Propulsion systems, (the “ **A321 NEO Propulsion System B Base Price** ”), is:

[\*\*\*]

Said base price has been established in accordance with economic conditions prevailing in [\*\*\*] and has been calculated from the Propulsion Systems Reference Price (the “A321 NEO Propulsion System B Reference Price”), as set forth in Exhibit C-3 to the Agreement.

### 3.2 Final Contract Price

The Final Contract Price of an Aircraft shall be the sum of:

- (i) the Base Price of the Airframe constituting a part of such Aircraft, as adjusted to the Delivery Date of such Aircraft in accordance with Subclause 4.1; and
- (ii) the price (as of delivery conditions prevailing in [\*\*\*] of any SCNs or MSCN constituting a part of the Specification of such Aircraft that are entered into pursuant to Subclause 2.2 after the date of execution of the Agreement, as adjusted to the Delivery Date of such Aircraft in accordance with Subclause 4.1; and
- (iii) the Propulsion System Reference Price constituting a part of such Aircraft, as adjusted to the Delivery Date of such Aircraft in accordance with Subclause 4.2; and
- (iv) the aggregate of all increases or decreases to the Propulsion System Reference Price as agreed in any Specification Change Notice or part thereof applicable to the Propulsion System that are entered into after the date of the Agreement as adjusted to the Delivery Date in accordance with Subclause 4.2; and
- (v) any other amount resulting from any other provisions of the Agreement and/or any other written agreement between the Buyer and the Seller relating to the Aircraft and specifically making reference to the Final Contract Price of an Aircraft.

### 3.3 Taxes

3.3.1 The amounts stated in this Agreement to be payable by the Buyer are exclusive of value added tax (“ **VAT** ”) chargeable under the laws of any jurisdiction and accordingly the Buyer shall pay any VAT chargeable with respect to any Aircraft, component, accessory, equipment, part or service delivered or furnished under this Agreement

3.3.2 The Seller will pay all other Taxes (except for Taxes based on or measured by the income of the Buyer or any Taxes levied against the Buyer for the privilege of doing business in any jurisdiction), levied, assessed, charged or collected, on or prior to Delivery of any Aircraft, for or in connection with the manufacture, assembly, sale and delivery under this

Agreement of such Aircraft or any parts, instructions or data installed thereon or incorporated therein (except Buyer Furnished Equipment referred to in Clause 18).

3.3.3 The Buyer will pay all Taxes not assumed by the Seller under Clause 3.3.2, except for Taxes based on or measured by the income of the Seller or any Taxes levied against the Seller for the privilege of doing business in any jurisdiction.

“ **Taxes** ” means any present or future tax, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority or any political subdivision or taxing authority thereof or therein.

## 4 **PRICE REVISION**

### 4.1 Airframe Price Revision Formula

The Base Price of each Airframe for each Aircraft shall be revised to the actual Delivery Date of such Aircraft, as applicable, in accordance with the revision formula set forth in the Airframe Price Revision Formula.

### 4.2 Propulsion System Price Revision Formula

The Propulsion System Reference Price applicable to any Propulsion System shall be revised to the actual Delivery Date of the Aircraft on which such Propulsion System is installed in accordance with the relevant Propulsion System Price Revision Formula.

The Propulsion System Reference Price for each Propulsion System, the prices of the related equipment, the Propulsion Systems designation(s) and the Propulsion System Price Revision Formulas are based on information received from the Propulsion Systems Manufacturers and are subject to amendment by the Propulsion System Manufacturers at any time prior to Delivery. If the Propulsion System Manufacturers make any such amendment, the amendment shall be deemed to be incorporated into the Agreement and the Propulsion System Reference Price, the prices of the related equipment, the Propulsion Systems designation(s) and the Propulsion System Price Revision Formulas shall be adjusted accordingly. The Seller agrees to notify the Buyer as soon as the Seller receives notice of any such amendment from the Propulsion System Manufacturers.

**5 PAYMENT**

5.1 The Buyer shall pay all sums due hereunder in immediately available funds in United States dollars by credit to:

Beneficiary Name: AIRBUS  
Account Identification: [\*\*\*]  
with:  
[\*\*\*]

**5.2 Predelivery Payments**

5.2.1 Predelivery Payments are non-refundable (although amounts equal to Predelivery Payments may be paid to the Buyer pursuant to Subclauses 10.2, 10.3, 10.5, 11.4, 11.5 and 21.2) and shall be paid by the Buyer to the Seller for the Aircraft.

5.2.2 The Predelivery Payment Reference Price for an Aircraft to be delivered in calendar year T is determined in accordance with the following formula:

[\*\*\*]

5.2.3 Predelivery Payments shall be paid according to the following schedule.

<u>Payment Date</u>	<u>Percentage of Predelivery Payment Reference Price</u>
[***]	[***]
	<b>No later than the first Working Day</b> of each of the following months:
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
<hr/>	
TOTAL PAYMENT PRIOR TO DELIVERY	[***]

In the event of the above schedule resulting in any Predelivery Payment falling due prior to the date of signature of the Agreement, such Predelivery Payments shall be made upon signature of the Agreement.

5.2.4 The Seller shall be entitled to hold and use any Predelivery Payment as absolute owner thereof, subject only to the obligation to deduct an amount equal to Predelivery Payments from the Final Contract Price of the Aircraft, when calculating the balance of the Final Contract Price of such Aircraft. The Seller shall be under no obligation to segregate any Predelivery Payment, or any amount equal thereto, from the Seller's funds generally.

5.3 Payment of Final Contract Price

Immediately prior to the Delivery of each Aircraft, the Buyer shall pay to the Seller the Final Contract Price therefor, less the total amount of the Predelivery Payments theretofore received by the Seller for such Aircraft under Subclause 5.2 above (the "**Balance of the Final Contract Price**"). The Seller's receipt of the full amount of such payments, including any amounts due under Subclause 5.5, shall be a condition precedent to the Seller's obligation to deliver such Aircraft.

5.4 Payment of Other Amounts

5.4.1 Application of Payments

[\*\*\*]

5.4.2 Setoff Payments

[\*\*\*]

5.5 Overdue Payments

If any payment due to the Seller is not received by the Seller on the date or dates due, the Seller will have the right to claim from the Buyer, and the Buyer will promptly pay to the Seller on receipt of such claim, interest at the rate of [\*\*\*] per month on the amount of such overdue payment, [\*\*\*]. The Seller's right to receive such interest will be in addition to any other rights of the Seller hereunder or at law.

5.6 Refund of Predelivery Payments

The Buyer shall have no right to any refund of any deposit or Predelivery Payment received by the Seller, [\*\*\*].

5.7 Proprietary Interest

The Buyer shall not, by virtue of anything contained in the Agreement (including, without limitation, any Predelivery Payments hereunder, or any designation or identification by the Seller of a particular aircraft as an Aircraft to which any of the provisions of the Agreement refer), and notwithstanding any provision of law to the contrary, acquire any proprietary,

insurable or other interest whatsoever in any Aircraft prior to Delivery of and payment in full for such Aircraft as provided in the Agreement.

5.8 Tender of Delivery

In addition to any other rights and remedies available to the Seller, the Seller shall not be obligated to tender delivery of any Aircraft to the Buyer and shall have no further liability to the Buyer with respect thereto, if the Buyer fails to make any Predelivery Payment [\*\*\*] or if the Seller has terminated the Agreement pursuant to Clause 21.

5.9 Payment in Full

Except as expressly provided herein (including, but not limited to Subclause 5.3), the Buyer's obligation to make payments to the Seller hereunder shall not be affected by and shall be determined without regard to any set off, counterclaim, recoupment, defense or other right that the Buyer may have against the Seller and all such payments shall be made without deduction or withholding of any kind.



## **6 PLANT REPRESENTATIVES - INSPECTION**

### **6.1 Manufacture Procedures**

The Airframe shall be manufactured in accordance with the requirements of the laws of the jurisdiction of incorporation of the Seller or of its relevant Affiliates and of the jurisdiction of the Delivery Location as enforced by the Aviation Authority of such jurisdiction.

### **6.2 Inspection Procedures**

6.2.1 All work to be carried out on the Aircraft and all materials and parts thereof shall at all reasonable times during business hours be open to inspection by duly authorized representatives of the Buyer or its designee at the works of the Seller and, if possible, at the works of their respective subcontractors, and such representatives (subject to the indemnities set forth in Clause 20 herein) shall, to carry out the aforesaid inspection, have access to such relevant technical data as is reasonably necessary for this purpose (except that, if access to any part of the respective works where construction is in progress or materials or parts are stored is restricted for security reasons, the Seller shall be allowed a reasonable time to make the items available for inspection elsewhere).

The procedures for such inspections shall be agreed upon between the Seller's and the Buyer's representatives prior to any inspection, provided, however, any inspection shall be conducted pursuant to the Seller's system of inspection as developed under the supervision of the relevant Aviation Authority.

6.2.2 For the purposes of Subclause 6.2.1 above and commencing with the date of the Agreement until the Delivery of the last Aircraft, [\*\*\*].

6.2.3 All inspections, examinations and discussions between the Seller or its subcontractors' personnel and the Buyer or its representative shall be performed in such manner as not to unreasonably delay or hinder the work to be carried out on the Aircraft or the proper performance of the Agreement. In no event shall the Buyer or its representatives be permitted to inspect any aircraft other than the Aircraft.

## 7 CERTIFICATION

Except as set forth in this Clause 7, the Seller shall not be required to obtain any certificate or approval with respect to the Aircraft.

### 7.1 Type Certification

The Aircraft have been type certificated under EASA procedures for joint certification in the transport category. The Seller shall obtain or cause to be obtained an FAA type certificate (the “ **Type Certificate** ”) to allow the issuance of the Export Certificate of Airworthiness.

### 7.2 Export Certificate of Airworthiness

Subject to the provisions of Subclause 7.3, the Aircraft shall be delivered to the Buyer with an Export Certificate of Airworthiness issued by the Aviation Authority of the Delivery Location and in a condition enabling the Buyer to obtain at the time of Delivery a Standard Airworthiness Certificate issued pursuant to Part 21 of the U.S. Federal Aviation Regulations and a Certificate of Sanitary Construction issued by the U.S. Public Health Service of the Food and Drug Administration. However, the Seller shall have no obligation to make and shall not be responsible for any costs of alterations or modifications to such Aircraft to enable such Aircraft to meet FAA or U.S. Department of Transportation requirements for operation specific to the Buyer’s routes, whether before, at or after Delivery of any Aircraft.

If the FAA requires additional or modified data before the issuance of the Export Certificate of Airworthiness, the Seller shall provide such data or implement the required modification to the data, in either case, at the Seller’s cost.

### 7.3 Specification Changes before Aircraft Ready for Delivery

7.3.1 If, any time before the date on which the Aircraft is Ready for Delivery, any law, rule or regulation is enacted, promulgated, becomes effective and/or an interpretation of any law, rule or regulation is issued by the EASA that requires any change to the Specification for the purposes of obtaining the Export Certificate of Airworthiness (a “ **Change in Law** ”), the Seller shall make the required modification and the parties hereto shall sign an SCN or MSCN.

7.3.2 The Seller shall as far as practicable, but at its sole discretion and without prejudice to Subclause 7.3.3, take into account the information available to it concerning any proposed law, rule or regulation or interpretation that could become a Change in Law, in order to minimize the costs of changes to the Specification as a result of such proposed law, regulation or interpretation becoming effective before the applicable Aircraft is Ready for Delivery.

7.3.3 The cost of implementing the required modifications referred to in Subclause 7.3.1 will be:

(i) [\*\*\*], and

(ii) [\*\*\*]

7.3.4 Notwithstanding the provisions of Subclause 7.3.3, if a Change in Law relates to an item of BFE or to the Propulsion System the costs related thereto shall be borne in accordance with such arrangements as may be made separately between the Buyer and the manufacturer of the BFE or the Propulsion System, as applicable, and the Seller shall have no obligation with respect thereto.

7.4 Specification Changes after Aircraft Ready For Delivery

Nothing in Subclause 7.3 shall require the Seller to make any changes or modifications to, or to make any payments or take any other action with respect to, any Aircraft that is Ready for Delivery before the compliance date of any law or regulation referred to in Subclause 7.3. Any such changes or modifications made to an Aircraft after it is Ready for Delivery shall be at the Buyer's expense.

## 8 THE BUYER'S ACCEPTANCE

### 8.1 Acceptance Procedures

8.1.1 The Seller or any Affiliate thereof acting as the Seller's designee shall give to the Buyer not less than [\*\*\*] of the proposed time when the Technical Acceptance Process of an Aircraft shall be conducted, and, in the event that the Buyer elects to attend such tests, the Buyer shall comply with the reasonable requirements of the Seller with the intention of completing the Technical Acceptance Process within [\*\*\*] after commencement. The Technical Acceptance Process shall take place at the Delivery Location, and shall be carried out by the personnel of the Seller (accompanied, if the Buyer so wishes, by representatives of the Buyer [\*\*\*] shall have access to the cockpit at any one time). During flight tests, these representatives shall comply with the instructions of the Seller's representatives. The Seller shall not normally be required in the course of such Technical Acceptance Process to fly any of the Aircraft for more than an [\*\*\*].

8.1.2 [INTENTIONALLY LEFT BLANK]

8.1.3 Prior to Delivery, the Aircraft shall undergo a technical acceptance process developed by the Seller (the "Technical Acceptance Process"). Completion of the Technical Acceptance Process shall demonstrate the satisfactory functioning of the Aircraft and be considered to demonstrate compliance with the Specification. Should it be established that the Aircraft does not comply with the Technical Acceptance Process requirements, the Seller shall without hindrance from the Buyer, be entitled to carry out any necessary changes and, as soon as practicable thereafter, resubmit the Aircraft to a new Technical Acceptance Process as is necessary to demonstrate the elimination of the non-compliance, such Technical Acceptance Process to be held and carried out in accordance with Subclause 8.1, provided, however, that rather than accept a delay in Delivery of any such Aircraft, the Buyer and the Seller may agree to deliver such Aircraft with subsequent correction of the defect by the Buyer at the Seller's expense in accordance with the provisions of Clause 12 herein.

8.1.4 In the event that the Buyer, after having received proper notice in accordance with Subclause 8.1.1, does not attend the tests scheduled for an Aircraft or fails to so cooperate, the Seller may complete them in the absence of the Buyer, whereupon the Buyer shall be deemed to have accepted the tests, if such tests demonstrate the satisfactory functioning of the Aircraft as aforesaid, and the Seller shall furnish such data with respect to such tests as the Buyer may reasonably request.

### 8.2 Aircraft Utilization

[\*\*\*]

[\*\*\*]

8.3 Certificate of Acceptance

When the Aircraft is Ready For Delivery, the Buyer shall forthwith give to the Seller a signed Certificate of Acceptance in (a) the form set forth in Exhibit D-1, if the Delivery Location is in Mobile, Alabama and (b) in the form set forth in Exhibit D-2, if the Delivery Location is in any place other than Mobile, Alabama, in respect of the relevant Aircraft.

8.4 Finality of Acceptance

The Buyer's signature of the Certificate of Acceptance for the Aircraft shall constitute waiver by the Buyer of any right it may have under the Uniform Commercial Code as adopted by the State of New York or otherwise to revoke such acceptance for any reason, whether known or unknown to the Buyer at the time of acceptance.

9 DELIVERY

9.1 Delivery Schedule

9.1.1 Subject to the provisions of the Agreement, the Seller shall have the Aircraft Ready For Delivery at the Delivery Location, and the Buyer shall accept the same, during the months set forth in the table below (each, a “Scheduled Delivery Month”).

Table with 6 columns: Rank, Aircraft Type, Scheduled Delivery [\*\*\*], Rank, Aircraft Type, Scheduled Delivery [\*\*\*]. The table contains 30 rows of placeholder data represented by [\*\*\*].

9.1.2 Not later than [\*\*\*] prior to the date scheduled for the acceptance tests set forth in Subclause 8.1.1 for a particular Aircraft, the Seller shall give the Buyer notice of whether it anticipates each Aircraft shall be Ready for Delivery in the [\*\*\*].

9.1.3 Not later than [\*\*\*] prior to the date scheduled for the acceptance tests set forth in Subclause 8.1.1 for a particular Aircraft, the Seller shall give the Buyer notice of the anticipated date on which each Aircraft shall be Ready for Delivery.

## 9.2 Title

9.2.1 The Buyer shall, within [\*\*\*], sign the Certificate of Acceptance, pay the Balance of the Final Contract Price and send its representatives to the Delivery Location to take Delivery of, and collect, the Aircraft.

The Seller shall deliver and transfer title to the Aircraft free and clear of all encumbrances to the Buyer provided that the Balance of the Final Contract Price has been paid by the Buyer pursuant to Subclause 5.3 and that the Certificate of Acceptance has been signed and delivered to the Seller pursuant to Subclause 8.3. The Seller shall provide the Buyer (a) a bill of sale in (i) the form set forth in Exhibit E-1, if the Delivery Location is in Mobile, Alabama and (ii) in the form set forth in Exhibit E-2, if the Delivery Location is in any place other than Mobile, Alabama (the “ **Bill of Sale** ”), and/or (b) such other documentation as may reasonably be requested by the Buyer and (c) if Mobile, Alabama is the Delivery Location, a warranty from Airbus S.A.S in the form of Exhibit J (the “ **Airbus S.A.S Warranty** ”).

9.2.2 Should the Buyer fail, within the period specified in Subclause 9.2.1, to:

- (i) deliver the signed Certificate of Acceptance to the Seller; or
- (ii) pay the Balance of the Final Contract Price for the Aircraft to the Seller and take Delivery of the Aircraft;

then (a) the Buyer shall be deemed to have rejected delivery of the Aircraft without warrant when duly tendered to it hereunder and (b) without prejudice to Subclause 5.5 and the Seller’s other rights under this Agreement or at law, the Buyer shall [\*\*\*] reimburse the Seller for [\*\*\*].

Should the Buyer fail to collect the Aircraft as mentioned in Subclause 9.2.1 above and without prejudice to the Seller’s other rights under this Agreement or at law, the provisions of Subclause 9.2.2 (b) shall apply.

## 9.3 Flyaway

9.3.1 The Buyer and the Seller will cooperate to obtain any licenses that may be required by the Aviation Authority of the Delivery Location for the purpose of exporting the Aircraft.

9.3.2 All expenses of, or connected with, flying the Aircraft from the Delivery Location after Delivery will be borne by the Buyer. The Buyer will make direct arrangements with the supplying companies for the fuel and oil required for all post-Delivery flights.



## 10 EXCUSABLE DELAY AND TOTAL LOSS

### 10.1 Scope of Excusable Delay

Neither the Seller nor any Affiliate of the Seller, will be responsible for or be deemed to be in default on account of delays in delivery of the Aircraft or failure to deliver or otherwise in the performance of this Agreement or any part hereof due to causes beyond the Seller's, or any Affiliate's control or not occasioned by the Seller's, fault or negligence (" **Excusable Delay** "), including, but not limited to: (i) acts of God or the public enemy, natural disasters, fires, floods, storms beyond ordinary strength, explosions or earthquakes; epidemics or quarantine restrictions; serious accidents; any law, decision, regulation, directive or other act (whether or not having the force of law) of any government or of the Council of the European Community or the Commission of the European Community or of any national, Federal, State, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, domestic or foreign; governmental priorities, regulations or orders affecting allocation of materials, facilities or a completed Aircraft; war, civil war or warlike operations, terrorism, insurrection or riots; failure of transportation; strikes or labor troubles causing cessation, slow down or interruption of work; [\*\*\*]; inability after due and timely diligence to procure materials, accessories, equipment or parts; general hindrance in transportation; or failure of a subcontractor or supplier to furnish materials, components, accessories, equipment or parts; (ii) any delay caused directly or indirectly by the action or inaction of the Buyer; and (iii) delay in delivery or otherwise in the performance of this Agreement by the Seller due in whole or in part to any delay in or failure of the delivery of, or any other event or circumstance relating to, the [\*\*\*].

### 10.2 Consequences of Excusable Delay

#### 10.2.1 If an Excusable Delay occurs:

- (i) the Seller will notify the Buyer of such Excusable Delay as soon as practicable after becoming aware of the same;
- (ii) the Seller will not be responsible for any damages arising from or in connection with such Excusable Delay suffered or incurred by the Buyer;
- (iii) the Seller will not be deemed to be in default in the performance of its obligations hereunder as a result of such Excusable Delay;
- (iv) the Seller will as soon as practicable after the removal of the cause of such delay resume performance of its obligations under this Agreement and in particular will notify the Buyer of the revised Scheduled Delivery Month.

### 10.3 Termination on Excusable Delay

- 10.3.1 If any Delivery is delayed as a result of an Excusable Delay for a period of more than [\*\*\*] after the last day of the Scheduled Delivery Month, then [\*\*\*] may terminate this Agreement with respect to the affected Aircraft, by giving written notice to [\*\*\*] party within [\*\*\*] after the expiration of such [\*\*\*]. However, the Buyer will not be entitled to terminate this Agreement pursuant to this Subclause 10.3.1 if the Excusable Delay is caused directly or indirectly by the action or inaction of the Buyer.
- 10.3.2 If the Seller advises the Buyer in its notice of a revised Scheduled Delivery Month pursuant to Subclause 10.2.1(iv) that there will be a delay in Delivery of an Aircraft of more than [\*\*\*] after the last day of the Scheduled Delivery Month, then [\*\*\*] may terminate this Agreement with respect to the affected Aircraft. Termination will be made by giving written notice to the [\*\*\*] within [\*\*\*] after the Buyer's receipt of the notice of a revised Scheduled Delivery Month.
- 10.3.3 If this Agreement is not terminated under the terms of Subclause 10.3.1 or 10.3.2, then the Seller will be entitled to reschedule Delivery. The Seller will notify the Buyer of the new Scheduled Delivery Month after the [\*\*\*] period referred to in Subclause 10.3.1 or 10.3.2, and this new Scheduled Delivery Month will be deemed to be an amendment to the applicable Scheduled Delivery Month in Subclause 9.1.

### 10.4 Total Loss, Destruction or Damage

If, prior to Delivery, any Aircraft is lost, destroyed or in the reasonable opinion of the Seller is damaged beyond economic repair (“ **Total Loss** ”), the Seller will notify the Buyer to this effect within [\*\*\*] of such occurrence. The Seller will include in said notification (or as soon after the issue of the notice as such information becomes available to the Seller) the earliest date consistent with the Seller's other commitments and production capabilities that an aircraft to replace the Aircraft may be delivered to the Buyer and the Scheduled Delivery Month will be extended as specified in the Seller's notice to accommodate the delivery of the replacement aircraft; provided, however, that if the Scheduled Delivery Month is extended to a month that is later than [\*\*\*] after the last day of the original Scheduled Delivery Month then this Agreement will terminate with respect to said Aircraft unless:

- (i) the Buyer notifies the Seller within [\*\*\*] of the date of receipt of the Seller's notice that it desires the Seller to provide a replacement aircraft during the month quoted in the Seller's notice; and
- (ii) the parties execute an amendment to this Agreement recording the change in the Scheduled Delivery Month.

Nothing herein will require the Seller to manufacture and deliver a replacement aircraft if such manufacture [\*\*\*].

10.5 Termination Rights Exclusive

If this Agreement is terminated as provided for under the terms of Subclauses 10.3 or 10.4, such termination will discharge all obligations and liabilities of the parties hereunder with respect to such affected Aircraft and undelivered material, services, data or other items applicable thereto and to be furnished under the Agreement.

10.6 Remedies

THIS CLAUSE 10 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 11, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 10 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 10 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

## 11 INEXCUSABLE DELAY

### 11.1 Liquidated Damages

Should an Aircraft not be Ready for Delivery within [\*\*\*] after the last day of the Scheduled Delivery Month (as such month may be changed pursuant to Clauses 2, 7 and/or 10) (the “ **Delivery Period** ”) and such delay is not as a result of an Excusable Delay or Total Loss, then such delay will be termed an “ **Inexcusable Delay** .” In the event of an Inexcusable Delay, the Buyer will have the right to claim, and the Seller will pay the Buyer liquidated damages of [\*\*\*].

[\*\*\*]

The Buyer's right to liquidated damages in respect of an Aircraft is conditioned on the Buyer's submitting a written claim for liquidated damages to the Seller not later than [\*\*\*] after the last day of the Scheduled Delivery Month.

### 11.2 Renegotiation

If, as a result of an Inexcusable Delay, the Delivery does not occur within [\*\*\*] after the last day of the Delivery Period the Buyer will have the right, exercisable by written notice to the Seller given between [\*\*\*] and [\*\*\*] after lapse of such [\*\*\*], to require from the Seller a renegotiation of the Scheduled Delivery Month for the affected Aircraft. Unless otherwise agreed between the Seller and the Buyer during such renegotiation, the said renegotiation will not prejudice the Buyer's right to receive liquidated damages in accordance with Subclause 11.1.

### 11.3 Termination

If, as a result of an Inexcusable Delay, the Delivery does not occur within [\*\*\*] after the last day of the Delivery Period and the parties have not renegotiated the Delivery Date pursuant to Subclause 11.2, then both parties will have the right exercisable by written notice to the other party, given between [\*\*\*] and [\*\*\*] after the lapse of such [\*\*\*], to terminate this Agreement in respect of the affected Aircraft. In the event of termination, neither party will have any claim against the other, [\*\*\*].

11.4 Remedies

THIS CLAUSE 11 SETS FORTH THE SOLE AND EXCLUSIVE REMEDY OF THE BUYER FOR DELAYS IN DELIVERY OR FAILURE TO DELIVER, OTHER THAN SUCH DELAYS AS ARE COVERED BY CLAUSE 10, AND THE BUYER HEREBY WAIVES ALL RIGHTS TO WHICH IT WOULD OTHERWISE BE ENTITLED IN RESPECT THEREOF, INCLUDING WITHOUT LIMITATION ANY RIGHTS TO INCIDENTAL AND CONSEQUENTIAL DAMAGES OR SPECIFIC PERFORMANCE. THE BUYER WILL NOT BE ENTITLED TO CLAIM THE REMEDIES AND RECEIVE THE BENEFITS PROVIDED IN THIS CLAUSE 11 WHERE THE DELAY REFERRED TO IN THIS CLAUSE 11 IS CAUSED BY THE NEGLIGENCE OR FAULT OF THE BUYER OR ITS REPRESENTATIVES.

## **12 WARRANTIES AND SERVICE LIFE POLICY**

### **12.1 Standard Warranty**

#### **12.1.1 Nature of Warranty**

Subject to the limitations and conditions as hereinafter provided, and except as provided in Subclause 12.1.2, the Seller warrants to the Buyer that each Aircraft and each Warranted Part shall at the time of delivery to the Buyer:

- (i) be free from defects in material,
- (ii) be free from defects in workmanship, including, without limitation, processes of manufacture,
- (iii) be free from defects in design (including, without limitation, selection of materials) having regard to the state of the art at the date of such design, and
- (iv) be free from defects arising from failure to conform to the Specification, except as to those portions of the Specification relating to performance or where it is expressly stated that such portions of the Specification are estimates or approximations or design aims.

For the purposes of the Agreement, the term “ **Warranted Part** ” shall mean any Seller proprietary component, equipment, accessory or part that is installed on an Aircraft at the time of delivery of such Aircraft and that (a) is manufactured to the detail design of the Seller or a subcontractor of it and (b) bears a part number of the Seller at the time of such delivery.

#### **12.1.2 Exceptions**

The warranties set forth in Subclause 12.1.1 shall not apply to Buyer Furnished Equipment, nor to the Propulsion Systems and its associated parts, nor to any component, accessory, equipment or part purchased by the Buyer that is not a Warranted Part, provided, however, that:

- (i) any defect in the Seller’s workmanship in respect of the installation of such items in the Aircraft, including any failure by the Seller to conform to the installation instructions of the manufacturers of such items that invalidates any applicable warranty from such manufacturers, shall constitute a defect in workmanship for the purpose of this Subclause 12.1 and be covered by the warranty set forth in Subclause 12.1.1(ii), and
- (ii) any defect inherent in the Seller’s design of the installation, in view of the state of the art at the date of such design, that impairs the use of such items shall constitute

a defect in design for the purposes of this Subclause 12.1 and be covered by the warranty set forth in Subclause 12.1.1(iii).

### 12.1.3 Warranty Period

The warranties described in Subclauses 12.1.1 and 12.1.2 hereinabove shall be limited to those defects that become apparent within [\*\*\*] after delivery of the affected Aircraft.

### 12.1.4 Buyer's Remedy and Seller's Obligation

12.1.4.1 The Buyer's remedy and the Seller's obligation and liability under Subclauses 12.1.1 and 12.1.2 hereinabove are limited to, at the Seller's expense and option, the repair, replacement or correction of, or the supply of modification kits rectifying the defect to, any defective Warranted Part. Alternatively, the Seller may at its sole option furnish a credit to the Buyer for the future purchase of Material equal to the price at which the Buyer is then entitled to acquire a replacement for the defective Warranted Part. Nothing herein contained shall obligate the Seller to correct any failure to conform to the Specification with respect to components, equipment, accessories or parts that the parties agree in writing at the time of delivery of the affected Aircraft are acceptable deviations or have no material adverse effect on the use, operation or performance of an Aircraft.

12.1.4.2 In the event a defect covered by Subclause 12.1.1(iii) becomes apparent within the applicable period set forth in Subclause 12.1.3, and the Seller is obligated to correct such defect, the Seller shall also, if so requested by the Buyer in writing and following consultation between Buyer and Seller, make such correction in any Aircraft that has not already been delivered to the Buyer. However, the Seller shall not be responsible nor deemed to be in default on account of any delay in delivery of any Aircraft or otherwise, in respect of performance of the Agreement, due to the Seller's undertaking to make such correction and, rather than accept a delay in delivery of any such Aircraft, the Buyer and the Seller may agree to deliver such Aircraft with subsequent correction of the defect by the Buyer at the Seller's expense, or the Buyer may elect to accept delivery and thereafter file a Warranty Claim as though the defect had become apparent immediately after delivery of such Aircraft.

### 12.1.5 Warranty Claim Requirements

The Buyer's remedy and the Seller's obligation and liability under this Subclause 12.1, with respect to each claimed defect, are subject to the following conditions precedent:

- (i) the existence of a defect covered by the provisions of this Subclause 12.1,
- (ii) the defect's having become apparent within the applicable warranty period, as set forth in Subclause 12.1.3,
- (iii) the Buyer's having submitted to the Seller proof reasonably satisfactory to the Seller that the claimed defect is due to a matter embraced within this Subclause 12.1, and

that such defect did not result from any act or omission of the Buyer, including, but not limited to, any failure to operate and maintain the affected Aircraft or part thereof in accordance with the standards or any matter set forth or covered in Subclause 12.1.10,

- (iv) the Buyer's having returned as soon as reasonably practicable the Warranted Part claimed to be defective to such repair facilities as may be designated by the Seller, except where the Buyer elects to repair a defective Warranted Part in accordance with the provisions of Subclause 12.1.7, and
- (v) the Seller's having received a Warranty Claim fulfilling the conditions of and in accordance with the provisions of Subclause 12.1.6 below.

#### 12.1.6 Warranty Administration

The warranties set forth in Subclause 12.1 shall be administered as hereinafter provided:

(i) Claim Determination

Warranty Claim determination by the Seller shall be reasonably based upon the claim details, reports from the Seller's regional representative, historical data logs, inspections, tests, findings during repair, defect analysis and other suitable documents and information.

(ii) Transportation and Insurance Costs

Transportation and insurance costs (including all applicable duties) for sending a defective Warranted Part to the facilities designated by the Seller [\*\*\*].

(iii) Return of an Aircraft

In the event that the Buyer desires to return an Aircraft to the Seller for consideration of a Warranty Claim, [\*\*\*].

(iv) On-Aircraft Work by the Seller

In the event that a defect necessitates the dispatch by the Seller of a working team to repair or correct such defect at the Buyer's facilities, or in the event that the Seller accepts the return of an Aircraft to perform or have performed such repair or correction, then all related expenses incurred in performing such repair or correction [\*\*\*].

Any work performed by the Seller to rectify defects, which if performed by the Buyer would not be eligible for a warranty credit under the terms of Subclause 12.1.7(v), shall be at the [\*\*\*]. [\*\*\*]



The Seller shall perform on-Aircraft work, subject to either of the following conditions being met:

- (a) [\*\*\*], such work must require the technical expertise of the Seller, or
- (b) both of
  - (i) [\*\*\*], and
  - (ii) [\*\*\*]

If the Seller is requested to perform the work, the Seller and the Buyer shall agree on a schedule and place for the work to be performed.

(v) Warranty Claim Substantiation

In connection with each claim by the Buyer under this Subclause 12.1, the Buyer shall file a claim on the Buyer's form (" **Warranty Claim** ") within [\*\*\*] after such defect becomes apparent. Such form must contain at least the following (to the extent such data is available):

- (a) description of defect and action taken, if any,
- (b) date of incident and/or of removal,
- (c) description of the defective part,
- (d) part number,
- (e) serial number (if applicable),
- (f) position on Aircraft,
- (g) total flying hours or calendar times, as applicable, at the date of appearance of a defect,
- (h) time since last shop visit at the date of defect appearance,
- (i) Manufacturer's serial number of the Aircraft and/or its registration number,
- (j) Aircraft total flying hours and/or number of landings at the date of defect appearance,
- (k) claim number,

- (l) date of claim, and
- (m) date of delivery of an Aircraft or part to the Buyer.

and in the case of a Warranty Claim under Subclause 12.1.7, the additional data required under Subclause 12.1.7(iv).

Claims are to be addressed as follows:

Airbus Customer Services Directorate  
Warranty Administration  
Rond-Point Maurice Bellonte  
B.P. 33  
F-31707 Blagnac Cedex  
FRANCE

or any other address of which the Seller provides three (3) Working Days notice to the Buyer.

[\*\*\*]

(vi) Replacements

Replacements made pursuant to this Subclause 12.1 shall be made within the lead time defined in the Seller's Spare Parts Price Catalog. Replaced components, equipment, accessories or parts shall become the Seller's property.

Title to and risk of loss of any Aircraft, component, accessory, equipment or part returned by the Buyer to the Seller shall at all times remain with the Buyer, except that (i) when the Seller has possession of a returned Aircraft, component, accessory, equipment or part to which the Buyer has title, the Seller shall have such responsibility therefor as is chargeable by law to a bailee for hire, but the Seller shall not be liable for loss of use, and (ii) title to and risk of loss of a returned component, accessory, equipment or part shall pass to the Seller upon shipment by the Seller to the Buyer of any item furnished by the Seller to the Buyer as a replacement therefor. Upon the Seller's shipment to the Buyer of any replacement component, accessory, equipment or part provided by the Seller pursuant to this Subclause 12.1, title to and risk of loss of such component, accessory, equipment or part shall pass to the Buyer.

(vii) Rejection

The Seller shall provide reasonable written substantiation in case of rejection of a claim. [\*\*\*]

(viii) Inspection

The Seller shall have the right to inspect the affected Aircraft and documents and other records relating thereto in the event of any claim under this Subclause 12.1.

#### 12.1.7 In-house Warranty

(i) Authorization

The Buyer is hereby authorized to perform the repair of Warranted Parts, subject to the terms of this Subclause 12.1.7 (“**In-house Warranty**”). The Buyer shall notify the Seller’s representative of its decision to perform any in-house repairs before such repairs are commenced, unless it is not practical to do so, in which case the Buyer shall notify the Seller of the in-house repair as soon as reasonably practicable.

(ii) Conditions of Authorization

The Buyer shall be entitled to the benefits under this Subclause 12.1.7 for repair of Warranted Parts:

(a) only if adequate facilities and qualified personnel are available to the Buyer,

(b) in accordance with the Seller’s written instructions set forth in documents such as the Aircraft Maintenance Manual, Component Maintenance Manual (Manufacturer), Component Maintenance Manual (Vendor) and Structural Repair Manual, and

(c) only to the extent specified by the Seller, or, in the absence of such specification, to the extent reasonably necessary to correct the defect, in accordance with the standards set forth in Subclause 12.1.10.

(iii) Seller’s Rights

The Seller shall have the right, provided that no unreasonable delay shall result, to have any Warranted Part, or any part removed therefrom, which is claimed to be defective, returned to the Seller, as set forth in Subclause 12.1.6(ii), if, in the reasonable judgment of the Seller, the nature of the defect requires technical investigation.

The Seller shall further have the right, provided that no unreasonable delay shall result, to have a representative present during the disassembly, inspection and testing of any Warranted Part claimed to be defective.

(iv) In-house Warranty Claim Substantiation

Claims for In-house Warranty credit shall be filed within the time period set forth in and shall contain the same information required in, Warranty Claims under Subclause 12.1.6(v) and in addition shall include:

- (a) a report of technical findings with respect to the defect,
- (b) for parts required to remedy the defect:
  - part numbers,
  - serial numbers (if applicable),
  - description of the parts,
  - quantity of parts,
  - unit price of parts,
  - total price of parts,
  - related Seller's or third party's invoices (if applicable),
- (c) detailed number of labor hours,
- (d) agreed In-house Warranty Labor Rate (defined below in Subclause 12.1.7(v)(a)), and
- (e) total claim value.

(v) Credit

The Buyer's sole remedy, and the Seller's sole obligation and liability, in respect of In-house Warranty claims, shall be a credit to the Buyer's account in U.S. Dollars. The credit to the Buyer's account shall be equal to the direct labor cost expended in performing a repair and to the direct cost of materials incorporated in the repair. Such costs shall be determined as set forth below.

- (a) To determine direct labor costs, only man hours spent [\*\*\*] of the Warranted Part alone shall be counted. Man hours required for maintenance work concurrently being carried out on the Aircraft or Warranted Part shall not be included.

The man hours counted as set forth above shall be multiplied by an agreed labor rate representing [\*\*\*] of the Buyer's composite average hourly labor rate (excluding all fringe benefits, premium time allowances, social security

charges, business taxes and similar items) paid to the Buyer's employees whose jobs are directly related to the performance of the repair (the " **In-house Warranty Labor Rate** ").

- (b) Direct material costs are determined by the prices at which the Buyer acquired such material, excluding any parts and materials used for overhaul and furnished free of charge by the Seller.

(vi) Limitation on Credit

The Buyer shall in no event be credited for repair costs (including labor and material) for any Warranted Part exceeding [\*\*\*] of the Seller's then current catalog price for a replacement of such defective Warranted Part.

Such cost shall be substantiated in writing by the Seller upon reasonable request by the Buyer.

(vii) Scrapped Material

The Buyer shall retain any Warranted Part defective beyond economic repair and any defective part removed from a Warranted Part during repair until the earlier of [\*\*\*] after submission of a claim for In-house Warranty credit relating thereto or the Seller's written advice to the Buyer that such Warranted Part should be scrapped. Such parts shall be returned to the Seller within [\*\*\*] of receipt of the Seller's request to that effect.

Notwithstanding the foregoing, the Buyer may, with the agreement of the Seller's Field Representative, scrap any such defective parts that are beyond economic repair and not required for technical evaluation.

[\*\*\*]

(viii) LIMITATIONS ON LIABILITY OF SELLER

THE SELLER SHALL NOT BE LIABLE FOR ANY RIGHT, CLAIM OR REMEDY, AND THE BUYER SHALL INDEMNIFY THE SELLER AGAINST THE CLAIMS OF ANY THIRD PARTIES FOR ANY DEFECT, NONCONFORMANCE OR PROBLEM OF ANY KIND, ARISING OUT OF OR IN CONNECTION WITH ANY REPAIR OF WARRANTED PARTS OR ANY OTHER ACTIONS UNDERTAKEN BY THE BUYER UNDER THIS SUBCLAUSE 12.1.7 WHICH WAS NOT IN COMPLIANCE WITH THE TERMS THEREOF, INCLUDING BUT NOT LIMITED TO: (I) LIABILITY IN CONTRACT OR TORT, (II) LIABILITY ARISING FROM THE BUYER'S ACTUAL OR IMPUTED NEGLIGENCE, INTENTIONAL TORTS AND/OR STRICT LIABILITY, AND/OR (III) LIABILITY TO ANY THIRD PARTIES.

### 12.1.8 Standard Warranty Transferability

The warranties provided for in this Subclause 12.1 for any Warranted Part shall accrue to the benefit of any airline in revenue service other than the Buyer, if the Warranted Part enters into the possession of any such airline as a result of a pooling or leasing agreement between such airline and the Buyer or upon the Buyer's sale of the Aircraft to any such airline in accordance with Subclause 19.3, in accordance with the terms and subject to the limitations and exclusions of the foregoing warranties and to applicable laws or regulations.

### 12.1.9 Warranty for Corrected, Replacement or Repaired Warranted Parts

Whenever any Warranted Part that contains a defect for which the Seller is liable under Subclause 12.1 has been corrected, repaired or replaced pursuant to the terms of this Clause 12, the period of the Seller's warranty with respect to such corrected, repaired or replacement Warranted Part, whichever may be the case, shall be the remaining portion of the original warranty in respect of such corrected, repaired or replacement Warranted Part. In the event that a defect is attributable to a defective repair or replacement by the Buyer, a Warranty Claim with respect to such defect shall not be allowable, notwithstanding any subsequent correction or repairs, and shall immediately terminate the remaining warranties under this Subclause 12.1 in respect of the affected Warranted Part.

### 12.1.10 Good Airline Operation - Normal Wear and Tear

The Buyer's rights under this Subclause 12.1 are subject to the Buyer using commercially reasonable measures to maintain, overhaul, repair and operate the Aircraft and each component, equipment, accessory and part thereof in accordance with good commercial airline practice [\*\*\*], all technical documentation and maintenance recommendations of the Seller, the Suppliers or the manufacturer of the Propulsion System and its associated parts, (provided that, should the Buyer disagree as to the effectiveness of such recommendations, then the Seller shall clearly demonstrate to the Buyer that the recommendations are effective, economical and practical and will not have an adverse impact on Buyer's commercial operations) and all applicable rules, regulations and directives of the FAA.

The Seller's liability under this Subclause 12.1 shall not extend to normal wear and tear nor to:

- (i) any Aircraft or component, equipment, accessory or part thereof that has been repaired, altered or modified after delivery by a party other than the Seller or in a manner other than that set forth in Subclause 12.1.7 or otherwise approved by the Seller;
- (ii) any Aircraft or component, equipment, accessory or part thereof that has been operated in a damaged state; or

(iii) any component, equipment, accessory or part from which the trademark, trade name, part or serial number or other identification marks have been removed.

[\*\*\*]

## 12.2 Seller Service Life Policy

In addition to the warranties set forth in Subclause 12.1 above, the Seller further agrees that should a Failure (as defined below) occur in any Item (as defined below), then, subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the provisions of this Subclause 12.2 shall apply.

### 12.2.1 Definitions

For the purposes of this Subclause 12.2, the following definitions shall apply:

12.2.1.1“ **Item** ” means any of the Seller components, equipment, accessories or parts listed in Exhibit F hereto which are installed on an Aircraft at any time during the period of effectiveness of the Service Life Policy as defined below in Subclause 12.2.2.

12.2.1.2“ **Failure** ” means any breakage of, or defect in, an Item that has occurred, that can reasonably be expected to occur on a repetitive or fleetwide basis, and that materially impairs the utility or safety of the Item, [\*\*\*].

### 12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] after the delivery of said Aircraft to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

12.2.2.1design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or,

12.2.2.2replace such Item.

### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

#### 12.2.4 General Conditions and Limitations

12.2.4.1 Notwithstanding Subclause 12.2.3, the undertakings given in this Subclause 12.2 shall not be valid during the period applicable to an Item under Subclause 12.1.

12.2.4.2 The Buyer's remedy and the Seller's obligation and liability under this Service Life Policy are subject to compliance by the Buyer with the following conditions precedent:

- (i) The Buyer shall maintain log books and other historical records with respect to each Item adequate to enable determination as to whether the alleged Failure is covered by this Service Life Policy and, if so, to define the portion of the cost to be borne by the Seller in accordance with Subclause 12.2.3 above.
- (ii) The Buyer shall keep the Seller informed of any significant incidents relating to an Aircraft, howsoever occurring or recorded, if the failure to so inform the Seller materially prejudices the Seller's position.
- (iii) The conditions of Subclause 12.1.10 shall have been complied with.
- (iv) The Buyer shall carry out specific structural inspection programs for monitoring purposes as may be established from time to time by the Seller. Such programs shall be, to the extent possible, compatible with the Buyer's operational requirements and shall be carried out at the Buyer's expense. Reports relating thereto shall be regularly furnished to the Seller.
- (v) In the case of any breakage or defect, the Buyer shall report the same in writing to the Seller within [\*\*\*] after any breakage or defect in an Item becomes apparent, whether or not said breakage or defect can reasonably be expected to occur in any other Aircraft, and the Buyer shall inform the Seller in sufficient detail about the breakage or defect to enable the Seller to determine whether said breakage or defect is subject to this Service Life Policy.

12.2.4.3 Except as otherwise provided in this Subclause 12.2, any claim under this Service Life Policy shall be administered as provided in, and shall be subject to the terms and conditions of, Subclause 12.1.6.



12.2.4.4 In the event that the Seller shall have issued a modification applicable to an Aircraft, the purpose of which is to avoid a Failure, the Seller shall offer to supply to the Buyer the necessary modification kit free of charge or under a pro rata formula established by mutual agreement between the Buyer and the Seller. If such a kit is so offered to the Buyer, then, in respect of such Failure and any Failures that could ensue therefrom, the validity of the Seller's commitment under this Subclause 12.2 shall be subject to the Buyer's incorporating such modification in the relevant Aircraft, within a reasonable time, as promulgated by the Seller and in accordance with the Seller's instructions.

12.2.4.5 THIS SERVICE LIFE POLICY IS NEITHER A WARRANTY, PERFORMANCE GUARANTEE, NOR AN AGREEMENT TO MODIFY ANY AIRCRAFT OR AIRFRAME COMPONENTS TO CONFORM TO NEW DEVELOPMENTS OCCURRING IN THE STATE OF AIRFRAME DESIGN AND MANUFACTURING ART. THE SELLER'S OBLIGATION UNDER THIS SUBCLAUSE 12.2 IS TO MAKE ONLY THOSE CORRECTIONS TO THE ITEMS OR FURNISH REPLACEMENTS THEREFOR AS PROVIDED IN THIS SUBCLAUSE 12.2. THE BUYER'S SOLE REMEDY AND RELIEF FOR THE NONPERFORMANCE OF ANY OBLIGATION OR LIABILITY OF THE SELLER ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY SHALL BE IN MONETARY DAMAGES, LIMITED TO THE AMOUNT THE BUYER REASONABLY EXPENDS IN PROCURING A CORRECTION OR REPLACEMENT FOR ANY ITEM THAT IS THE SUBJECT OF A FAILURE COVERED BY THIS SERVICE LIFE POLICY AND TO WHICH SUCH NONPERFORMANCE IS RELATED, LESS THE AMOUNT THAT THE BUYER OTHERWISE WOULD HAVE BEEN REQUIRED TO PAY UNDER THIS SUBCLAUSE 12.2 IN RESPECT OF SUCH CORRECTED OR REPLACEMENT ITEM. WITHOUT LIMITING THE EXCLUSIVITY OF WARRANTIES AND GENERAL LIMITATIONS OF LIABILITY PROVISIONS SET FORTH IN SUBCLAUSE 12.5, THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL CLAIMS TO ANY FURTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES, ARISING UNDER OR BY VIRTUE OF THIS SERVICE LIFE POLICY.

#### 12.2.5 Transferability

Except as provided in Subclause 19.3, the Buyer's rights under this Subclause 12.2 shall not be assigned, sold, leased, transferred or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

Any unauthorized assignment, sale, lease, transfer or other alienation of the Buyer's rights under this Service Life Policy shall, as to the particular Aircraft involved, immediately void this Service Life Policy in its entirety.

### 12.3 Supplier Warranties

#### 12.3.1 Seller's Support

Prior to delivery of the first Aircraft under the Agreement, the Seller shall obtain from all Suppliers listed in the Supplier Product Support Agreements enforceable and transferable warranties and indemnities against patent infringements for all of the components, equipment, accessories and parts of the Suppliers that are installed in an Aircraft at the time of delivery thereof (“ **Supplier Parts** ”), it being understood that the term “Supplier Parts” shall not include the Propulsion System, Buyer Furnished Equipment or other equipment selected by the Buyer to be supplied by Suppliers with whom the Seller has no existing enforceable warranty agreements. The Seller shall also obtain enforceable and transferable Supplier service life policies from landing gear Suppliers for structural landing gear elements. The Seller undertakes to supply to the Buyer such Supplier warranties, Supplier service life policies and indemnities against patent infringements substantially in the form summarized in the Supplier Product Support Agreements.

### 12.3.2 Supplier’s Default

12.3.2.1 In the event that any Supplier under any standard warranty or indemnity against patent infringements obtained by the Seller pursuant to Subclause 12.3.1 or Clause 13 hereof defaults in the performance of any material obligation under such warranty or indemnity against patent infringements with respect to a Supplier Part, and the Buyer submits within a reasonable time to the Seller reasonable proof that such default has occurred, then Subclause 12.1 or Clause 13 of the Agreement shall apply to the extent the same would have been applicable had such Supplier Part been a Warranted Part except that, for obligations covered under Subclause 12.1, the shorter of (i) the Supplier’s warranty period as indicated in the Supplier Product Support Agreements and (ii) the Seller’s warranty period as indicated in Subclause 12.1.3 of the Agreement shall apply.

12.3.2.2 In the event that any Supplier under any Supplier service life policy obtained by the Seller pursuant to Subclause 12.3.1 hereof defaults in the performance of any material obligation with respect thereto, and the Buyer submits within reasonable time to the Seller reasonable proof that such default has occurred, then Subclause 12.2 of the Agreement shall apply to the extent the same would have been applicable had such component, equipment, accessory or part been listed in Exhibit F hereto.

12.3.2.3 At the Seller’s request, the Buyer shall assign to the Seller, and the Seller shall be subrogated to, all of the Buyer’s rights against the relevant Supplier, with respect to and arising by reason of such default and the Buyer shall provide reasonable assistance to enable the Seller to enforce the rights so assigned.

### 12.4 Interface Commitment

#### 12.4.1 Interface Problem

If the Buyer experiences any technical problem in the operation of an Aircraft or its systems due to a malfunction (including any unexplainable occurrence), the cause of which, after due and reasonable investigation, is not readily identifiable by the Buyer, but which the

Buyer reasonably believes to be attributable to the design characteristics of one or more components of the Aircraft (an “**Interface Problem**”), the Seller shall, if requested by the Buyer, and without additional charge to the Buyer, except for transportation of the Seller’s personnel to the Buyer’s facilities, promptly conduct or have conducted an investigation and analysis of such problem to determine, if possible, the cause or causes of the problem and to recommend such corrective action as may be feasible, provided, however, that if the Seller determines, after such due and reasonable investigation, that the Interface Problem was due to or caused by any default by the Buyer in performance of its obligations hereunder, the Buyer shall pay to the Seller all reasonable costs and expenses incurred by the Seller during such investigation. The Buyer shall furnish to the Seller all data and information in the Buyer’s possession relevant to the Interface Problem and shall cooperate with the Seller in the conduct of the Seller’s investigations and such tests as may be required.

At the conclusion of such investigation the Seller shall promptly advise the Buyer in writing of the Seller’s opinion as to the cause or causes of the Interface Problem and the Seller’s recommendations as to corrective action.

#### 12.4.2 Seller’s Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a Warranted Part, the Seller shall, if requested by the Buyer and following consultation between the Buyer and the Seller, correct the design of such Warranted Part, pursuant to the terms and conditions of Subclause 12.1.

#### 12.4.3 Supplier’s Responsibility

If the Seller determines that the Interface Problem is primarily attributable to the design of a component, equipment, accessory or part other than a Warranted Part (“**Supplier Component**”), the Seller shall, if requested by the Buyer, reasonably assist the Buyer in processing any warranty claim the Buyer may have against the manufacturer of such Supplier Component.

#### 12.4.4 Joint Responsibility

If the Seller determines that the Interface Problem is attributable partially to the design of a Warranted Part and partially to the design of any Supplier Component, the Seller shall, if requested by the Buyer, seek a solution to the Interface Problem through cooperative efforts of the Seller and any Supplier involved. The Seller shall promptly advise the Buyer of such corrective action as may be proposed by the Seller and any such Supplier. Such proposal shall be consistent with any then existing obligations of the Seller hereunder and of any such Supplier to the Buyer. Such corrective action, when reasonably accepted by the Buyer, shall constitute full satisfaction of any claim the Buyer may have against either the Seller or any such Supplier with respect to such Interface Problem.

#### 12.4.5 General

12.4.5.1 All requests under this Subclause 12.4 shall be directed both to the Seller and the affected Suppliers.

12.4.5.2 Except as specifically set forth in this Subclause 12.4, this Subclause 12.4 shall not be deemed to impose on the Seller any obligations not expressly set forth elsewhere in the Agreement.

12.4.5.3 All reports, recommendations, data and other documents furnished by the Seller to the Buyer pursuant to this Subclause 12.4 shall be deemed to be delivered under the Agreement and shall be subject to the terms, covenants and conditions set forth in this Clause 12 and in Subclause 22.7.

## 12.5 EXCLUSIVITY OF WARRANTIES AND GENERAL LIMITATIONS OF LIABILITY

THIS CLAUSE 12 (INCLUDING ITS SUBPROVISIONS) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART OR SERVICE DELIVERED UNDER THIS AGREEMENT.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS CLAUSE 12 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE GOODS AND SERVICES SUPPLIED UNDER THIS AGREEMENT. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART OR SERVICE DELIVERED UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO,

ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;

- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
  - (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (c) LOSS OF PROFITS AND/OR REVENUES;
  - (d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES AND SERVICE LIFE POLICY PROVIDED BY THIS AGREEMENT SHALL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS CLAUSE 12 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS CLAUSE 12 SHALL REMAIN IN FULL FORCE AND EFFECT.

#### 12.6 Duplicate Remedies

The remedies provided to the Buyer under this Clause 12 as to any defect in respect of the Aircraft or any part thereof are mutually exclusive and not cumulative. [\*\*\*].

#### 12.7 Negotiated Agreement

The Buyer and the Seller agree that this Clause 12 has been the subject of discussion and negotiation and is fully understood by the parties and that the price of the Aircraft and the other mutual agreements of the parties set forth in this Agreement were arrived at in consideration of, inter alia, the provisions of this Clause 12, specifically including the

Exclusivity of Warranties and General Limitations of Liability provisions and the Duplicate Remedies provisions set forth in Subclause 12.5 and following Subclause 12.6.

## 13 PATENT INDEMNITY

### 13.1 Scope

Subject to the terms, conditions, limitations and restrictions (including, but not limited to, the Exclusivity of Warranties and Duplicate Remedies provisions) as hereinafter set out, and that the same are in full force and effect and have not been amended, the Seller shall indemnify the Buyer from and against any damages, costs and expenses including reasonable legal costs (excluding damages, costs, expenses, loss of profits and other liabilities in respect of or resulting from loss of use of any Aircraft) in case of any actual or alleged infringement by any Aircraft or any Warranted Part or the use thereof of:

- (i) any British, French, German, Spanish or US patent, or
- (ii) any patent issued under the laws of any other country in which the Buyer may lawfully operate the Aircraft, provided that:
  - (a) from the time of design of such Aircraft, accessory, equipment or part and until infringement claims are resolved, such country and the flag country of the Aircraft is each a party to the Chicago Convention on International Civil Aviation of December 7, 1944, and is fully entitled to all benefits of Article 27 thereof, or in the alternative,
  - (b) from such time of design and until infringement claims are resolved, such country and the flag country of the Aircraft is each a party to the International Convention for the Protection of Industrial Property of March 20, 1883 (known as the “**Paris Convention**”).

The Seller’s undertaking under this Clause 13 shall not apply to (i) Buyer Furnished Equipment or Propulsion Systems, (ii) components, accessories, equipment or parts which are not Warranted Parts or not supplied pursuant to a Supplier Product Support Agreement, or (iii) software not developed or created by the Seller.

### 13.2 Seller’s Action

Should the Buyer be enjoined from using any part of an Aircraft by reason of infringement of a patent covered by Subclause 13.1, the Seller shall, at its option and expense, either (i) procure for the Buyer the right to use such part free of any liability for patent infringement or (ii) as soon as possible replace such part with a noninfringing substitute otherwise complying with the requirements of this Agreement.

### 13.3 Seller’s Obligation

The Seller’s obligation hereunder with respect to any actual or alleged infringement is conditioned upon commencement of suit against the Buyer for infringement or the Buyer’s

receipt of a written claim alleging infringement, and upon written notice by the Buyer to the Seller within [\*\*\*] after receipt by the Buyer of notice of the institution of such suit or receipt of such claim, giving particulars thereof. The Seller shall have the option but not the obligation at any time to conduct negotiations with the party or parties charging infringement and may intervene in any claim or suit commenced. Whether or not the Seller intervenes in any such claim or suit, it shall be entitled at any stage of the proceedings to assume, conduct or control the defense or settlement thereof.

The Seller's obligation hereunder with respect to any actual or alleged infringement is also conditioned upon (i) the Buyer's promptly furnishing to the Seller all the data, papers, records and other assistance within the control of the Buyer material to the resistance of or defense against any such charge or suits for infringement, (ii) the Buyer's use of diligent efforts in full cooperation with the Seller to reduce royalties, damages, costs and expenses involved, (iii) the Seller's prior approval of the Buyer's payment, assumption or admission of any liabilities, expenses, costs or royalties for which the Seller is asked to respond and (iv) the Buyer's not otherwise acting in a manner prejudicial to its or the Seller's defense of the action. The Buyer also agrees to co-operate with, and render assistance to, the Seller as may be pertinent to the defense or denial of the suit or claim.

#### 13.4 WAIVER

The Seller's liability hereunder shall be conditional upon the timely compliance by the Buyer with the terms of this Clause 13 and is in lieu of any other liability to the Buyer express or implied which the Seller might incur at law as a result of any infringement or claim of infringement of any patent or copyright.

THE INDEMNITY PROVIDED IN THIS CLAUSE 13 AND THE OBLIGATIONS AND LIABILITIES OF THE SELLER UNDER THIS CLAUSE 13 ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER INDEMNITIES, WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES ON THE PART OF THE SELLER AND RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY ARISING FROM OR WITH RESPECT TO LOSS OF USE OR REVENUE OR CONSEQUENTIAL DAMAGES), WITH RESPECT TO ANY ACTUAL OR ALLEGED PATENT OR INFRINGEMENT BY ANY AIRCRAFT, ACCESSORY, EQUIPMENT, SOFTWARE OR PART, OR THE USE OR SALE THEREOF, PROVIDED THAT, IN THE EVENT THAT ANY OF THE AFORESAID PROVISIONS SHOULD FOR ANY REASON BE HELD UNLAWFUL OR OTHERWISE INEFFECTIVE, THE REMAINDER OF THIS SUBCLAUSE 13.4 SHALL REMAIN IN FULL FORCE AND EFFECT. THIS PATENT INDEMNITY SHALL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER.



## 14 **TECHNICAL PUBLICATIONS**

### 14.1 Scope

This Clause 14 covers the terms and conditions for the supply of technical data (together with any revisions thereto, the “**Technical Data**”) and software services described hereunder (hereinafter “**Software Services**”) to support the Aircraft operation.

14.1.1 Except as otherwise set forth in this Clause 14, the Technical Data shall be supplied in the English language using the aeronautical terminology in common use.

14.1.2 Range, form, type, format, quantity and delivery schedule of the Technical Data to be provided under the Agreement are outlined in Exhibit G hereto.

### 14.2 Aircraft Identification for Technical Data

14.2.1 For those Technical Data that are customized to the Buyer’s Aircraft, the Buyer agrees to the allocation of fleet serial numbers (“**Fleet Serial Numbers**”) in the form of a block of numbers selected in the range from 0001 to 9999.

14.2.2 The sequence shall not be interrupted unless two (2) different Propulsion System or two (2) different models of Aircraft are selected.

14.2.3 The Buyer shall indicate to the Seller the Fleet Serial Number allocated to each Aircraft corresponding to the delivery schedule set forth in Subclause 9.1 no later than [\*\*\*] before the Scheduled Delivery Month of the first Aircraft. Neither the designation of such Fleet Serial Numbers nor the subsequent allocation of the Fleet Serial Numbers to Manufacturer Serial Numbers for the purpose of producing certain customized Technical Data shall constitute any property, insurable or other interest of the Buyer in any Aircraft prior to the Delivery of such Aircraft as provided for in the Agreement.

The customized Technical Data that are affected thereby are the following:

- Aircraft Maintenance Manual,
- Illustrated Parts Catalogue,
- Trouble Shooting Manual,
- Aircraft Wiring Manual,
- Aircraft Schematics Manual, and
- Aircraft Wiring Lists.

### 14.3 Integration of Equipment Data

#### 14.3.1 Supplier Equipment

Information, including revisions, relating to Supplier equipment that is installed on the Aircraft at Delivery, or through Seller Service Bulletins thereafter, shall be introduced into the customized Technical Data to the extent necessary for understanding of the affected systems, at no additional charge to the Buyer.

#### 14.3.2 Buyer Furnished Equipment

14.3.2.1 The Seller shall introduce Buyer Furnished Equipment data for Buyer Furnished Equipment that is installed on the Aircraft by the Seller (hereinafter “ **BFE Data** ”) into the customized Technical Data, at no additional charge to the Buyer for the initial issue of the Technical Data provided at or before Delivery of the first Aircraft provided such BFE Data is provided in accordance with the conditions set forth in Subclauses [\*\*\*] through [\*\*\*].

14.3.2.2 The Buyer shall supply, or shall cause the BFE Supplier(s) to supply on its behalf the BFE Data to the Seller at least [\*\*\*] prior to the Scheduled Delivery Month of the first Aircraft. If the Buyer does not supply such BFE Data to the Seller by such time, then the Seller shall, at no additional cost to the Buyer, incorporate such BFE Data at the first scheduled revision following [\*\*\*] after the date the BFE Data is provided.

14.3.2.3 The Buyer shall supply the BFE Data to the Seller in English and in compliance with the then applicable revision of ATA Specification 2200 (iSpec 2200), Information Standards for Aviation Maintenance.

14.3.2.4 The Buyer and the Seller shall agree on the requirements for the provision to the Seller of BFE Data for “on-aircraft maintenance”, such as but not limited to timeframe, media and format in which the BFE Data shall be supplied to the Seller, in order to manage the BFE Data integration process in an efficient, expeditious and economic manner.

14.3.2.5 The BFE Data shall be delivered in digital format (SGML) and/or in Portable Document Format (PDF), as agreed between the Buyer and the Seller.

14.3.2.6 [\*\*\*]

### 14.4 Supply

14.4.1 Technical Data shall be supplied on-line and/or off-line, as set forth in Exhibit G hereto.

14.4.2 [\*\*\*]

### 14.5 Delivery

- 14.5.1 For Technical Data provided off-line, such Technical Data and corresponding revisions shall be sent to up to two (2) addresses as indicated by the Buyer.
- 14.5.2 Technical Data provided off-line shall be delivered by the Seller at the Buyer's named place of destination under DAP conditions. The term Delivered At Place (DAP) is defined in the Incoterms 2010 publication issued by the International Chamber of Commerce, (the “ **DAP – Incoterm** ”).
- 14.5.3 The Technical Data shall be delivered according to a mutually agreed schedule to correspond with the Deliveries of Aircraft. The Buyer shall provide no less than [\*\*\*] notice when requesting a change to such delivery schedule.
- 14.5.4 It shall be the responsibility of the Buyer to coordinate and satisfy local Aviation Authorities' requirements with respect to Technical Data. Reasonable quantities of such Technical Data shall be supplied by the Seller [\*\*\*] to the Buyer at the Buyer's named place of destination.

Notwithstanding the foregoing, and in agreement with the relevant Aviation Authorities, preference shall be given to the on-line access to such Buyer's Technical Data through the Airbus customer portal “ **AirbusWorld** ”.

#### 14.6 Revision Service

For each firmly ordered Aircraft covered under this Agreement, revision service for the Technical Data shall be provided on a free of charge basis for a period of [\*\*\*] after Delivery of such Aircraft (each a “ **Revision Service Period** ”).

Thereafter revision service shall be provided in accordance with the terms and conditions set forth in the Seller's then current Customer Services Catalog.

#### 14.7 Service Bulletins (SB) Incorporation

During any Revision Service Period and upon the Buyer's request, Seller Service Bulletin information shall be incorporated into the Technical Data, provided that the Buyer notifies the Seller through the relevant AirbusWorld on-line service bulletin reporting application that it intends to accomplish such Seller Service Bulletin. The split effectivity for the corresponding Seller Service Bulletin shall remain in the Technical Data until notification from the Buyer that embodiment has been completed on all of the Buyer's Aircraft. The foregoing is applicable for Technical Data relating to maintenance only. For operational Technical Data either the pre or post-Seller Service Bulletin status shall be shown.

#### 14.8 Technical Data Familiarization

Upon request by the Buyer, the Seller shall provide up to [\*\*\*] of Technical Data familiarization training at the Seller's or the Buyer's facilities. The basic familiarization course is tailored for maintenance and engineering personnel.

#### 14.9 Customer Originated Changes

If the Buyer wishes to introduce Buyer originated data, including BFE Data after the initial issue of the Technical Data (hereinafter “ **COC Data** ”) into any of the customized Technical Data that are identified as eligible for such incorporation in the Seller's then current Customer Services Catalog, the Buyer shall notify the Seller of such intention.

The incorporation of any COC Data shall be performed under the methods and tools for achieving such introduction and the conditions specified in the Seller's then current Customer Services Catalog.

#### 14.10 AirN@v Family Products

14.10.1 The Technical Data listed below are provided on DVD and include integrated software (hereinafter together referred to as the “ **AirN@v Family** ”).

14.10.2 The AirN@v Family covers several Technical Data domains, reflected by the following AirN@v Family products:

- AirN@v / Maintenance,
- AirN@v / Planning,
- AirN@v / Repair,
- AirN@v / Workshop,
- AirN@v / Associated Data,
- AirN@v / Engineering.

14.10.3 Further details on the Technical Data included in such products are set forth in Exhibit G.

14.10.4 Part 1 of Exhibit I to the Airbus A330-900neo Aircraft and A350-900 Aircraft Purchase Agreement, signed November 24<sup>th</sup> 2014 (the “ **2014 Exhibit I** ”) shall be deemed to be the licensing conditions for the use of AirN@v Family integrated software (the “ **End-User License Agreement for Airbus Software** ”) except that the following terms, as defined in Part 1 of 2014 Exhibit I shall be deleted and replaced with the meanings as set forth below in the “End-User License Agreement for Airbus Software” as used in the Agreement:

- a. “ **Agreement** ” means the Airbus A321 NEO Aircraft Purchase Agreement, dated as of December 15, 2017.

b. “ **Aircraft** ” means [\*\*\*].

14.10.5 The revision service and the license to use AirN@v Family products shall be granted free of charge for the duration of the corresponding Revision Service Period. At the end of such Revision Service Period, the yearly revision service for AirN@v Family products and the associated license fee shall be provided to the Buyer under the commercial conditions set forth in the Seller’s then current Customer Services Catalog.

14.11 On-Line Technical Data

14.11.1 The Technical Data set forth in Exhibit G, which is provided on-line, shall be made available to the Buyer through AirbusWorld, access to which shall be subject to the AirbusWorld GTC.

14.11.2 Such provision shall be [\*\*\*] for the duration of the corresponding Revision Service Period.

14.11.3 Access to AirbusWorld shall be subject to the GTC.

14.11.4 The list of the Technical Data provided on-line may be extended from time to time.

For any Technical Data which is or becomes available on-line, the Seller reserves the right to suppress other formats for the concerned Technical Data. Should the Seller elect to proceed with such format suppression and should the Buyer be interested in participating in the associated pilot phase, the Seller shall invite the Buyer to take part in said pilot phase.

[\*\*\*]

14.11.5 Access to AirbusWorld shall be granted [\*\*\*] for [\*\*\*] Buyer’s users (including [\*\*\*] Buyer’s Administrators) for the Technical Data related to the Aircraft which shall be operated by the Buyer.

14.11.6 For the sake of clarification, it is hereby specified that Technical Data accessed through AirbusWorld - which access shall be covered by the terms and conditions set forth in the GTC – shall remain subject to the conditions of this Clause 14.

In addition, should AirbusWorld provide access to Technical Data in software format, the use of such software shall be further subject to the conditions of the End-User License Agreement for Airbus Software.

14.12 Waiver, Release and Renunciation

The Seller warrants that the Technical Data are prepared in accordance with the state of art at the date of their conception. Should any Technical Data prepared by the Seller contain a non-conformity or defect, the sole and exclusive liability of the Seller shall be to take all

reasonable and proper steps to correct such Technical Data. Notwithstanding the above, no warranties of any kind shall be given for the Customer Originated Changes, as set forth in Subclause 14.9.

THIS CLAUSE 14 SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS AGREEMENT OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY TECHNICAL DATA OR SERVICES DELIVERED BY THE SELLER UNDER THIS AGREEMENT.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS CLAUSE 14 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE GOODS AND SERVICES SUPPLIED UNDER THIS AGREEMENT. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY, PART, SOFTWARE, DATA OR SERVICE DELIVERED BY THE SELLER UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;

- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
- (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THIS AGREEMENT;
  - (c) LOSS OF PROFITS AND/OR REVENUES;
  - (d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES AND SERVICE LIFE POLICY PROVIDED BY THIS AGREEMENT SHALL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS CLAUSE 14 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE UNENFORCEABLE, THE REMAINDER OF THIS CLAUSE 14 SHALL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSE OF THIS CLAUSE 14.11, "SELLER" SHALL BE UNDERSTOOD TO INCLUDE THE SELLER, ITS AFFILIATES AND SUPPLIERS.

#### 14.13 Proprietary Rights

14.13.1 All proprietary rights, including but not limited to patent, design and copyrights, relating to Technical Data shall remain with the Seller and/or its Affiliates as the case may be.

These proprietary rights shall also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

14.13.2 Whenever the Agreement and/or any Technical Data provides for manufacturing by the Buyer, the consent given by the Seller shall not be construed as any express or implicit approval whatsoever of the Buyer or of the manufactured products. The supply of the Technical Data shall not be construed as any further right for the Buyer to design or manufacture any Aircraft or part thereof or spare part.

#### 14.14 Performance Engineer's Program

14.14.1 In addition to the Technical Data provided under Clause 14, the Seller shall provide to the Buyer Software Services, which shall consist of the Performance Engineer's Programs (" **PEP** ") for the Aircraft type covered under the Agreement. Such PEP is composed of

software components and databases and its use is subject to the license conditions set forth in to the conditions of the End-User License Agreement for Airbus Software.

14.14.2 Use of the PEP shall be limited to [\*\*\*] to be used on the Buyer's computers for the purpose of computing performance engineering data. The PEP is intended [\*\*\*].

14.14.3 The license to use the PEP and the revision service shall be provided [\*\*\*] for the duration of the corresponding Revision Service Period as set forth in Subclause 14.5.

14.14.4 At the end of such PEP Revision Service Period, the PEP shall be provided to the Buyer at the standard commercial conditions set forth in the Seller's then current Customer Services Catalog.

#### 14.15 Future Developments

The Seller continuously monitors technological developments and applies them to Technical Data, document and information systems' functionalities, production and methods of transmission.

The Seller shall implement and the Buyer shall accept such new developments, it being understood that the Buyer shall be informed in due time by the Seller of such new developments and their application and of the date by which the same shall be implemented by the Seller.

[\*\*\*]

#### 14.16 Confidentiality

14.16.1 This Clause 14, the Technical Data, the Software Services and their content are designated as confidential. All such Technical Data and Software Services are provided to the Buyer for the sole use of the Buyer who undertakes not to disclose the contents thereof to any third party without the prior written consent of the Seller save as permitted therein or pursuant to any government or legal requirement imposed upon the Buyer.

14.16.2 In the event of the Seller authorizing the disclosure of this Clause 14 or any Technical Data or Software Services to third parties either under the Agreement or by an express prior written authorization and specifically, in the event of the Buyer intending to designate a maintenance and repair organization or a third party to perform the maintenance of the Aircraft or to perform data processing on its behalf (each a " **Third Party** "), the Buyer shall notify the Seller of such intention prior to any disclosure of this Clause 14 and/or the Technical Data and/or the Software Services to such Third Party.

The Buyer hereby undertakes to cause such Third Party to agree to be bound by the conditions and restrictions set forth in this Clause 14 with respect to the disclosed Clause, Technical



Data or Software Services and shall in particular cause such Third Party to enter into a confidentiality agreement with the Seller and appropriate licensing conditions, and to commit to use the Technical Data solely for the purpose of maintaining the Buyer's Aircraft and the Software Services exclusively for processing the Buyer's data.

14.17 Transferability

Without prejudice to Subclause 19.1, the Buyer's rights under this Clause 14 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent, such consent not to be unreasonably withheld and to be without economic cost to the Buyer or the Buyer's assignee.

Any transfer in violation of this Subclause 14.17 shall, as to the particular Aircraft involved, void the rights and warranties of the Buyer under this Clause 14 and any and all other warranties that might arise under or be implied in law.

## 15 FIELD ASSISTANCE

The Seller shall provide [\*\*\*] to the Buyer the services described in this Clause 15, at the Buyer's main base or at other locations to be mutually agreed.

### 15.1 Customer Support Representative(s)

15.1.1 In addition to the services of Seller customer support representative(s) (each a “ **Seller Representative** ”), provided by the Seller in prior agreement between the Seller and the Buyer, the Seller shall provide [\*\*\*] to the Buyer [\*\*\*] of exclusive services of a Seller Representative(s) at the Buyer's main base or such other locations as the parties may agree at Delivery of the first Aircraft.

15.1.2 In providing the services as described hereabove, any Seller Representatives, or any Seller employee(s) providing services to the Buyer hereunder, are deemed to be acting in an advisory capacity only and at no time shall they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

15.1.3 The Seller shall cause similar services to be provided by representatives of the Propulsion System Manufacturer and Suppliers, when necessary and applicable.

### 15.2 Buyer's Support

15.2.1 From the date of arrival of the first Seller Representative and for the duration of the assignment, the Buyer shall provide [\*\*\*] a suitable lockable office, conveniently located with respect to the Buyer's maintenance facilities, with complete office furniture and equipment including telephone, internet, email and facsimile connections for the sole use of the Seller Representative(s). All related communication costs shall be borne by [\*\*\*].

15.2.2 [\*\*\*]

15.2.3 INTENTIONALLY LEFT BLANK

15.2.4 Should the Buyer request any Seller Representative referred to in Subclause 15.1 above to travel on business to a city other than his usual place of assignment, [\*\*\*].

15.2.5 The Buyer shall assist the Seller in obtaining from the civil authorities of the Buyer's country those documents that are necessary to permit the Seller Representative to live and work in the Buyer's country. Failure of the Seller to obtain the necessary documents shall relieve the Seller of any obligation to the Buyer under the provisions of Subclause 15.1.

15.2.6 INTENTIONALLY LEFT BLANK

15.2.7 In the event that the Buyer elects to relocate one of the Seller Representatives on a temporary basis, [\*\*\*].

15.3 Withdrawal of the Seller Representative

The Seller shall have the right to withdraw its assigned Seller Representatives as it sees fit if conditions arise, which are in the Seller's opinion dangerous to their safety or health or prevent them from fulfilling their contractual tasks.

## 16 TRAINING

### 16.1 General

- 16.1.1 This Clause 16 sets forth the terms and conditions for the supply of training support and services for the Buyer's personnel to support the Aircraft operation.
- 16.1.2 The range, quantity and validity of training to be provided free of charge under the Agreement are covered in Appendix A to this Clause 16.
- 16.1.3 Scheduling of training courses covered in Appendix A shall be mutually agreed during a training conference (the "**Training Conference**") that shall be held no later than [\*\*\*] prior to Delivery of the first Aircraft.

### 16.2 Training Location

- 16.2.1 The Seller shall provide training at an affiliated training center in Miami, U.S.A. or such other of its training centers as agreed upon by the Seller and the Buyer (individually a "**Seller's Training Center**" and collectively, the "**Seller's Training Centers**").
- 16.2.2 If the unavailability of facilities or scheduling difficulties make training by the Seller at any Seller's Training Center impractical, the Seller shall ensure that the Buyer is provided with such training at another location designated by the Seller.
- 16.2.3 Upon the Buyer's request, the Seller may also provide certain training at a location other than the Seller's Training Centers, including one of the Buyer's bases, if and when practicable for the Seller, under terms and conditions to be mutually agreed upon. In such event, all additional charges listed in Subclauses 16.5.2 and 16.5.3 shall be borne by the Buyer.
- 16.2.4 If the Buyer requests training at a location as indicated in Subclause 16.2.3 and requires such training to be an Airbus approved course, the Buyer undertakes that the training facilities shall be approved prior to the performance of such training. The Buyer shall, as necessary and in due time prior to the performance of such training, provide access to the training facilities set forth in Subclause 16.2.3 to the Seller's and the competent Aviation Authority's representatives for approval of such facilities.

### 16.3 Training Courses

- 16.3.1 Training courses shall be as described in the Seller's customer services catalog (the "**Seller's Customer Services Catalog**"). The Seller's Customer Services Catalog also sets forth the minimum and maximum number of trainees per course.

All training requests or training course changes made outside of the frame of the Training Conference shall be submitted by the Buyer with a minimum of [\*\*\*] prior notice.

16.3.2 The following terms and conditions shall apply to training performed by the Seller:

- (i) Training courses shall be the Seller’s standard courses as described in the Seller’s Customer Services Catalog valid at the time of execution of the course. The Seller shall be responsible for all training course syllabi, training aids and training equipment necessary for the organization of the training courses; for the avoidance of doubt, for the purpose of performing training, such training equipment does not include aircraft.
- (ii) The training equipment and the training curricula used for the training of flight, cabin and maintenance personnel shall not be fully customized but shall be configured in order to obtain the relevant Aviation Authority’s approval and to support the Seller’s training programs.
- (iii) Training data and documentation for trainees receiving the training at the Seller’s Training Centers shall be provided [\*\*\*]. Training data and documentation shall be marked “FOR TRAINING ONLY” and as such are supplied for the sole and express purpose of training; training data and documentation shall not be revised.

16.3.3 When the Seller’s training courses are provided by the Seller’s instructors (individually an “ **Instructor** ” and collectively “ **Instructors** ”) the Seller shall deliver a Certificate of Recognition or a Certificate of Course Completion (each a “ **Certificate** ”) or an attestation (an “ **Attestation** ”), as applicable, at the end of any such training course. Any such Certificate or Attestation shall not represent authority or qualification by any Aviation Authority but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

In the event of training courses being provided by a training provider selected by the Seller as set forth in Subclause 16.2.2, the Seller shall cause such training provider to deliver a Certificate or Attestation, which shall not represent authority or qualification by any Aviation Authority, but may be presented to such Aviation Authority in order to obtain relevant formal qualification.

16.3.4 [\*\*\*]:

(i) [\*\*\*];

(ii) [\*\*\*];

(iii) [\*\*\*].

[\*\*\*]

[\*\*\*].

[\*\*\*] prior notice. The requested training shall be subject to the Seller's then existing planning constraints.

#### 16.3.5 Rescheduling and Cancellation

16.3.5.1 Should the Buyer use none or only part of the training to be provided pursuant to this Clause 16, [\*\*\*].

16.3.5.2 Should the Buyer decide to cancel or reschedule, fully or partially, and irrespective of the location of the training, a training course, a minimum advance notification of at least [\*\*\*] prior to the relevant training course start date is required. Any later cancellation or change, when courses cannot be allocated to other customers, shall be deducted from the training allowances defined herein or shall be charged to the Buyer, as applicable.

16.3.5.3 If the notification occurs less than [\*\*\*] but more than [\*\*\*] prior to such training, when courses cannot be allocated to other customers, a cancellation fee corresponding to [\*\*\*] of such training shall be, as applicable, either deducted from the training allowance defined in Appendix A or invoiced at the Seller's then applicable price, provided that the courses cannot be allocated to other customers.

16.3.5.4 If the notification occurs less than [\*\*\*] prior to such training, when courses cannot be allocated to other customers, a cancellation fee corresponding to [\*\*\*] of such training shall be, as applicable, either deducted from the training allowance defined in Appendix A or invoiced at the Seller's then applicable price. provided that the courses cannot be allocated to other customers.

16.3.5.5 All courses exchanged under Subclause 16.3.4 shall remain subject to the provisions of this Subclause 16.3.5.

#### 16.4 Prerequisites and Conditions

16.4.1 Training shall be conducted in English and all training aids used during such training shall be written in English using common aeronautical terminology.

16.4.2 The Buyer hereby acknowledges that all training courses conducted pursuant to this Clause 16 are "Standard Transition Training Courses" and not "Ab Initio Training Courses".

16.4.3 Trainees shall have the prerequisite knowledge and experience specified for each course in the Seller's Customer Services Catalog.

16.4.4 The Buyer shall be responsible for the selection of the trainees and for any liability with respect to the entry knowledge level of the trainees.

16.4.5 The Seller reserves the right to verify the trainees' proficiency and previous professional experience.

16.4.6 The Seller shall provide to the Buyer during the Training Conference an “Airbus Pre-Training Survey” for completion by the Buyer for each trainee.

The Buyer shall provide the Seller with an attendance list of the trainees for each course, with the validated qualification of each trainee, at the time of reservation of the training course and in no event any later than [\*\*\*] before the start of the training course. The Buyer shall return concurrently thereto the completed Airbus Pre-Training Survey, detailing the trainees’ associated background. If the Seller determines through the Airbus Pre-Training Survey that a trainee does not match the prerequisites set forth in the Seller’s Customer Services Catalog, following consultation with the Buyer, such trainee shall be withdrawn from the program or directed through a relevant entry level training (ELT) program, which shall be at the Buyer’s expense.

16.4.7 If the Seller determines at any time during the training that a trainee lacks the required level, following consultation with the Buyer, such trainee shall be withdrawn from the program or, upon the Buyer’s request, the Seller may be consulted to direct the above mentioned trainee(s), if possible, through any other required additional training, which shall be at the Buyer’s expense.

16.4.8 The Seller shall in no case warrant or otherwise be held liable for any trainee’s performance as a result of any training provided.

## 16.5 Logistics

### 16.5.1 Trainees

16.5.1.1 Living and travel expenses for the Buyer’s trainees shall be borne by the Buyer.

16.5.1.2 Notwithstanding the above, when training is done at the Seller’s affiliated training center in Miami, U.S.A, [\*\*\*].

16.5.1.3 It shall be the responsibility of the Buyer to make all necessary arrangements relative to authorizations, permits and/or visas necessary for the Buyer’s trainees to attend the training courses to be provided hereunder. Rescheduling or cancellation of courses due to the Buyer’s failure to obtain any such authorizations, permits and/or visas shall be subject to the provisions of Subclauses 16.3.5.1 thru 16.3.5.4.

### 16.5.2 Training at External Location - Seller’s Instructors

16.5.2.1 In the event of training being provided at the Seller’s request at any location other than the Seller’s Training Centers, as provided for in Subclause 16.2.2, [\*\*\*].

16.5.2.2 In the event of training being provided by the Seller’s Instructor(s) at any location other than the Seller’s Training Centers at the Buyer’s request, [\*\*\*].

### 16.5.2.3 Living Expenses

Except as provided for in Subclause 16.5.2.1 above, [\*\*\*].

[\*\*\*]

### 16.5.2.4 Air Travel

[\*\*\*]

### 16.5.2.5 Buyer's Indemnity

[\*\*\*], the Seller shall not be held liable to the Buyer for any delay or cancellation in the performance of any training outside of the Seller's Training Centers associated with any transportation described in this Subclause 16.5.2 [\*\*\*].

### 16.5.3 Training Material and Equipment Availability - Training at External Location

Training material and equipment necessary for course performance at any location other than the Seller's Training Centers or the facilities of a training provider selected by the Seller shall be provided by the Buyer [\*\*\*] in accordance with the Seller's specifications.

Notwithstanding the foregoing, should the Buyer request the performance of a course at another location as per Subclause 16.2.3, the Seller may, upon the Buyer's request, provide the training material and equipment necessary for such course's performance. [\*\*\*]

### 16.6 Flight Operations Training

The Seller shall provide training for the Buyer's flight operations personnel as further detailed in Appendix A to this Clause 16, including the courses described in this Subclause 16.6.

#### 16.6.1 Flight Crew Training Course

The Seller shall perform a flight crew training course program for the Buyer's flight crews, each of which shall consist of [\*\*\*], who shall be either captain(s) or first officer(s).

#### 16.6.2 Flight Crew Line Initial Operating Experience

In order to assist the Buyer with initial operating experience after Delivery of the first Aircraft, the Seller shall provide to the Buyer pilot Instructor(s) as set forth in Appendix A to this Clause 16.

Should the Buyer request, subject to the Seller's consent, such Seller pilot Instructors to perform any other flight support during the flight crew line initial operating period, such as



but not limited to line assistance, demonstration flight(s), ferry flight(s) or any flight(s) required by the Buyer during the period of entry into service of the Aircraft, [\*\*\*].

It is hereby understood by the parties that the Seller's pilot Instructors shall only perform the above flight support services to the extent they bear the relevant qualifications to do so.

#### 16.6.3 Type Specific Cabin Crew Training Course

The Seller shall provide type specific training for cabin crews, at one of the locations defined in Subclause 16.2.1.

If the Buyer's Aircraft is to incorporate special features, the type specific cabin crew training course shall be performed no earlier than [\*\*\*] before the scheduled Delivery Date of the Buyer's first Aircraft.

#### 16.6.4 Training on Aircraft

During any and all flights performed in accordance with this Subclause 16.6, the Buyer shall [\*\*\*].

The Buyer shall assist the Seller, if necessary, in obtaining the validation of the licenses of the Seller's pilots performing Base Flight Training or initial operating experience by the Aviation Authority of the place of registration of the Aircraft.

#### 16.7 Performance / Operations Courses

The Seller shall provide performance/operations training for the Buyer's personnel as defined in Appendix A to this Clause 16.

The available courses shall be listed in the Seller's Customer Services Catalog current at the time of the course.

#### 16.8 Maintenance Training

16.8.1 The Seller shall provide maintenance training for the Buyer's ground personnel as further set forth in Appendix A to this Clause 16.

The available courses shall be as listed in the Seller's Customer Services Catalog current at the time of the course.

The practical training provided in the frame of maintenance training shall be performed on the training devices in use in the Seller's Training Centers.

#### 16.8.2 Practical Training on Aircraft

Notwithstanding Subclause 16.8.1 above, upon the Buyer's request, the Seller may provide Instructors for the performance of practical training on aircraft (“ **Practical Training** ”).

Irrespective of the location at which the training takes place, the Buyer shall provide at its own cost an aircraft for the performance of the Practical Training.

Should the Buyer require the Seller's Instructors to provide Practical Training at facilities selected by the Buyer, such training shall be subject to prior approval of the facilities by the Seller. All costs related to such Practical Training, including but not limited to the Seller's approval of the facilities, shall be [\*\*\*].

The provision of a Seller Instructor for the Practical Training shall be deducted from the trainee days allowance defined in Appendix A to this Clause 16, subject to the conditions detailed in Paragraph 4.4 thereof.

#### 16.9 Supplier and Propulsion System Manufacturer Training

Upon the Buyer's request, the Seller shall provide to the Buyer the list of the maintenance and overhaul training courses provided by major Suppliers and the applicable Propulsion System Manufacturer on their respective products.

#### 16.10 Proprietary Rights

All proprietary rights, including but not limited to patent, design and copyrights, relating to the Seller's training data and documentation shall remain with the Seller and/or its Affiliates and/or its Suppliers, as the case may be.

These proprietary rights shall also apply to any translation into a language or languages or media that may have been performed or caused to be performed by the Buyer.

#### 16.11 Confidentiality

The Seller's training data and documentation are designated as confidential and as such are provided to the Buyer for the sole use of the Buyer, for training of its own personnel, who undertakes not to disclose the content thereof in whole or in part, to any third party without the prior written consent of the Seller, save as permitted herein or otherwise pursuant to any government or legal requirement imposed upon the Buyer.

In the event of the Seller having authorized the disclosure of any training data and documentation to third parties either under the Agreement or by an express prior written authorization, the Buyer shall cause such third party to agree to be bound by the same conditions and restrictions as the Buyer with respect to the disclosed training data and documentation and to use such training data and documentation solely for the purpose for which they are provided.

16.12 Transferability

Without prejudice to Subclause 19, the Buyer's rights under this Clause 16 may not be assigned, sold, transferred, novated or otherwise alienated by operation of law or otherwise, without the Seller's prior written consent.

## **APPENDIX A TO CLAUSE 16**

### **TRAINING ALLOWANCE**

For the avoidance of doubt, all quantities indicated below are the total quantities granted for the whole of the Buyer's fleet of firmly ordered Aircraft, unless otherwise specified.

The contractual training courses defined in this Appendix A shall be provided up to one (1) year after Delivery of the last firmly ordered Aircraft delivered under the Agreement.

Notwithstanding the above, flight operations training courses granted per firmly ordered Aircraft in this Appendix A shall be provided by the Seller within a period starting six (6) months before and ending six (6) months after said Aircraft Delivery.

Any deviation to said training delivery schedule shall be mutually agreed between the Buyer and the Seller.

#### **1 FLIGHT OPERATIONS TRAINING**

##### **1.1 Type Specific Cabin Crew Training Course**

The Seller shall provide to the Buyer free of charge type specific training for cabin crews for [\*\*\*] cabin crew instructors, pursers or cabin attendants.

##### **1.2 Airbus Pilot Instructor Course (APIC)**

The Seller shall provide to the Buyer transition Airbus Pilot Instructor Course(s) (APIC), for flight and synthetic instruction, [\*\*\*] of the Buyer's flight instructors. APIC courses shall be performed in groups of [\*\*\*].

##### **1.3 Flight Crew Training (standard transition course)**

The Seller shall provide flight crew training (standard transition course) [\*\*\*] for [\*\*\*] of the Buyer's flight crews per firmly ordered Aircraft.

#### **2 PERFORMANCE / OPERATIONS COURSE(S)**

The Seller shall provide to the Buyer [\*\*\*]s of performance / operations training [\*\*\*] for the Buyer's personnel.

#### **3 MAINTENANCE TRAINING**

3.1 The Seller shall provide to the Buyer [\*\*\*] of maintenance training [\*\*\*] for the Buyer's personnel.

3.2 The Seller shall provide to the Buyer [\*\*\*].

**4 TRAINEE DAYS ACCOUNTING**

Trainee days are counted as follows:

- 4.1 For instruction at the Seller's Training Centers: [\*\*\*]. The number of trainees originally registered at the beginning of the course shall be counted as the number of trainees to have taken the course.
- 4.2 For instruction outside of the Seller's Training Centers: [\*\*\*] Seller Instructor equals the actual number of trainees attending the course or a [\*\*\*], except for structure maintenance training course(s).
- 4.3 For structure maintenance training courses outside the Seller's Training Center(s), [\*\*\*].
- 4.4 For practical training, whether on training devices or on aircraft, [\*\*\*].

## **17 SUPPLIERS' PRODUCT SUPPORT**

### **17.1 Supplier Product Support Agreements**

- 17.1.1 The Seller has obtained enforceable and transferable product support agreements from Suppliers of Supplier Parts listed in the Specification, the benefit of which is hereby accepted by the Buyer. Said agreements become enforceable as soon as and for as long as one or more commercial airlines anywhere in the world operate Airbus aircraft.
- 17.1.2 These agreements are based on the “ *World Airlines Suppliers Guide* ” and include Supplier commitments as contained in the “ **Supplier Product Support Agreements** ” which include the following provisions:
- 17.1.2.1 Technical data and manuals required to operate, maintain, service and overhaul the Supplier Parts. Such technical data and manuals shall be prepared in accordance with the applicable provisions of ATA Specification including revision service and be published in the English language. The Seller shall recommend that a software user guide, where applicable, be supplied in the form of an appendix to the Component Maintenance Manual, such data shall be provided in compliance with the applicable ATA Specification;
- 17.1.2.2 Warranties and guarantees, including standard warranties. In addition, landing gear Suppliers shall provide service life policies for selected structural landing gear elements;
- 17.1.2.3 Training to ensure efficient operation, maintenance and overhaul of the Supplier Parts for the Buyer’s instructors, shop and line service personnel;
- 17.1.2.4 Spares data in compliance with ATA iSpecification 2200, initial provisioning recommendations, spare parts and logistic service including routine and expedite deliveries;
- 17.1.2.5 Technical service to assist the Buyer with maintenance, overhaul, repair, operation and inspection of Supplier Parts as well as required tooling and spares provisioning.
- 17.1.3 Upon the Buyer’s request, the Seller shall provide the Buyer with Supplier Product Support Agreements familiarization training at no additional charge to the Buyer at the Seller’s facilities in Blagnac, France. An on-line training module shall be further available, at no additional charge to the Buyer, through AirbusWorld, access to which shall be subject to the GTC.

### **17.2 Supplier Compliance**

The Seller shall monitor Suppliers’ compliance with support commitments defined in the Supplier Product Support Agreements and shall, if requested in writing by the Buyer, jointly take remedial action with the Buyer.

### 17.3 Supplier Part Repair Stations

The Seller has developed with the Suppliers a comprehensive network of repair stations in the United States of America and Canada for those Supplier Parts originating from outside these countries. As a result, most Supplier Parts are repairable in the United States and Canada. The repair stations in the network are listed in the AOG and Repair Guide.

Supplier Parts that have to be forwarded to a repair station for repair shall be sent back to the Buyer with proper tagging as required by the FAA.

## 18 **BUYER FURNISHED EQUIPMENT**

### 18.1 Administration

18.1.1 In accordance with the Specification, the Seller shall install those items of equipment that are identified in the Specification as being furnished by the Buyer (“**Buyer Furnished Equipment**” or “**BFE**”), provided that the BFE and the supplier of such BFE (the “**BFE Supplier**”) are referred to in the Airbus BFE Product Catalog valid at the time the BFE Supplier is selected.

18.1.2 [\*\*\*]

[\*\*\*]

18.1.3 The Seller shall advise the Buyer of the dates, [\*\*\*] from the date of signature of the Agreement, by which, in the planned release of engineering for the Aircraft, the Seller requires a written detailed engineering definition encompassing a Declaration of Design and Performance (the “**BFE Engineering Definition**”). The Seller shall provide to the Buyer and/or the BFE Supplier(s), within an appropriate timeframe, the necessary interface documentation to enable the development of the BFE Engineering Definition.

The BFE Engineering Definition shall include the description of the dimensions and weight of BFE, the information related to its certification and the information necessary for the installation and operation thereof, including when applicable 3D models compatible with the Seller’s systems. The Buyer shall furnish, or cause the BFE Suppliers to furnish, the BFE Engineering Definition by the dates requested by the Seller, [\*\*\*].

Thereafter, the BFE Engineering Definition shall not be revised, except through an SCN executed in accordance with Clause 2.

18.1.4 The Seller shall also provide [\*\*\*] to the Buyer a schedule of dates and the shipping addresses for delivery of the BFE and, where requested by the Seller, additional spare BFE to permit installation in the Aircraft and Delivery of the Aircraft in accordance with the Aircraft delivery schedule. The Buyer shall provide, or cause the BFE Suppliers to provide, the BFE by such dates in a serviceable condition, in order to allow performance of any assembly, installation, test or acceptance process in accordance with the Seller’s industrial schedule. In order to facilitate the follow-up of the timely receipt of BFE, the Buyer shall, upon the Seller’s request, provide to the Seller dates and references of all BFE purchase orders placed by the Buyer.

The Buyer shall also provide, when requested by the Seller, at the Airbus Operations S.A.S. facility in Toulouse, France, at the Airbus Operations GmbH Division Hamburger Flugzeugbau facility in Hamburg, Germany, and/or the Airbus Americas Inc. facility in Mobile, Alabama, as applicable adequate field service including support from BFE Suppliers



to act in a technical advisory capacity to the Seller in the installation, calibration and possible repair of any BFE.

18.1.5 Without prejudice to the Buyer's obligations hereunder, in order to facilitate the development of the BFE Engineering Definition, the Seller shall organize meetings between the Buyer and BFE Suppliers. The Buyer hereby agrees to participate in such meetings and to provide adequate technical and engineering expertise to reach decisions within the defined timeframe.

In addition, throughout the development phase and up to Delivery of the Aircraft to the Buyer, the Buyer agrees:

- (i) to monitor the BFE Suppliers and ensure that they shall enable the Buyer to fulfill its obligations, including but not limited to those set forth in the Customization Milestone Chart;
- (ii) that, should a timeframe, quality or other type of risk be identified at a given BFE Supplier, the Buyer shall allocate resources to such BFE Supplier so as not to jeopardize the industrial schedule of the Aircraft;
- (iii) for major BFE, including, but not being limited to, seats, galleys and IFE (“ **Major BFE** ”) to participate on a mandatory basis in the specific meetings that take place between BFE Supplier selection and BFE delivery, namely:
  - (a) Preliminary Design Review (“ **PDR** ”),
  - (b) Critical Design Review (“ **CDR** ”);
- (iv) to attend the First Article Inspection (“ **FAI** ”) for the first shipset of all Major BFE. Should the Buyer not attend such FAI, the Buyer shall delegate the FAI to the BFE Supplier and confirmation thereof shall be supplied to the Seller in writing;
- (v) to attend the Source Inspection (“ **SI** ”) that takes place at the BFE Supplier's premises prior to shipping, for each shipset of all Major BFE. Should the Buyer not attend such SI, the Buyer shall delegate the SI to the BFE Supplier and confirmation thereof shall be brought to the Seller in writing. Should the Buyer not attend the SI, the Buyer shall be deemed to have accepted the conclusions of the BFE Supplier with respect to such SI.

The Seller shall be entitled to attend the PDR, the CDR and the FAI. In doing so, the Seller's employees shall be acting in an advisory capacity only and at no time shall they be deemed to be acting as Buyer's employees or agents, either directly or indirectly.

18.1.6 The BFE shall be imported into FRANCE or into GERMANY by the Buyer under a suspensive customs system (“ *Régime de l'entrepôt douanier ou régime de perfectionnement* ”)

*actif*“ or “ *Zollverschluss* ”) without application of any French or German tax or customs duty, and [\*\*\*] according to the Incoterms, to the following shipping addresses:

Airbus Operations S.A.S.  
316 Route de Bayonne  
31300 Toulouse  
France

or

Airbus Operations GmbH  
Kreetslag 10  
21129 Hamburg  
Germany

or such other location as may be specified by the Seller.

18.1.7 BFE delivered to the Seller’s Affiliate in Mobile, Alabama, as may be specified by the Seller pursuant to Clause 18.1.6.1, will be shipped according to the Incoterms 2010 “Delivered Duty Paid” Airbus Americas, Inc., Mobile, Alabama.

## 18.2 Applicable Requirements

The Buyer is responsible for ensuring, at its expense, and warrants that the BFE shall:

- (i) be manufactured by a qualified BFE Supplier, and
- (ii) meet the requirements of the applicable Specification of the Aircraft, and
- (iii) be delivered with the relevant certification documentation, including but not limited to the DDP, and
- (iv) comply with the BFE Engineering Definition, and
- (v) comply with applicable requirements incorporated by reference to the Type Certificate and listed in the Type Certificate Data Sheet, and
- (vi) be approved by the Aviation Authority issuing the Export Airworthiness Certificate and by the Buyer’s Aviation Authority for installation and use on the Aircraft at the time of Delivery of the Aircraft, and
- (vii) not infringe any patent, copyright or other intellectual property right of the Seller any third party, and

- (viii) not be subject to any legal obligation or other encumbrance that may prevent, hinder or delay the installation of the BFE in the Aircraft and/or the Delivery of the Aircraft.

The Seller shall be entitled to refuse any item of BFE that it considers incompatible with the Specification, the BFE Engineering Definition or the certification requirements.

### 18.3 Buyer's Obligation and Seller's Remedies

18.3.1 Any delay or failure by the Buyer or the BFE Suppliers in:

- (i) complying with the foregoing warranty or in providing the BFE Engineering Definition or field service mentioned in Subclause 18.1.4, or
- (ii) furnishing the BFE in a serviceable condition at the requested delivery date, or
- (iii) obtaining any required approval for such BFE equipment under the above mentioned Aviation Authorities' regulations,

may delay the performance of any act to be performed by the Seller, including Delivery of the Aircraft. The Seller shall not be responsible for such delay which shall cause the Final Price of the affected Aircraft to be adjusted in accordance with the updated delivery schedule and to include in particular the amount of the Seller's additional costs attributable to such delay or failure by the Buyer or the BFE Suppliers, [\*\*\*].

18.3.2 In addition, in the event of any delay or failure mentioned in 18.3.1 above, the Seller may:

- (i) select, purchase and install equipment similar to the BFE at issue, in which event the Final Price of the affected Aircraft [\*\*\*]; or
- (ii) if the BFE is delayed by more than [\*\*\*].

### 18.4 Title and Risk of Loss

Title to and risk of loss of any BFE shall at all times remain with the Buyer except that risk of loss (limited to cost of replacement of said BFE) shall be with the Seller for as long as such BFE is under the care, custody and control of the Seller.

### 18.5 Disposition of BFE Following Termination

18.5.1 If a termination of the Agreement pursuant to the provisions of Clause 21 occurs with respect to an Aircraft in which all or any part of the BFE has been installed prior to the date of such termination, [\*\*\*].

18.5.2 [\*\*\*]

18.5.3 The Seller shall notify the Buyer as to those items of BFE [\*\*\*]. The Buyer shall have no claim against the Seller for damage, loss or destruction of any item of BFE removed from the Aircraft and not removed from Seller's facility within such period.

18.5.4 The Buyer shall have no claim against the Seller for damage to or destruction of any item of BFE damaged or destroyed in the process of being removed from the Aircraft, provided that the Seller shall use reasonable care in such removal.

18.5.5 The Buyer shall grant the Seller title to any BFE items that cannot be removed from the Aircraft [\*\*\*].

## 19 ASSIGNMENT

### 19.1 Successors and Assigns

Subject to the provisions of this Clause 19, the Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. This Agreement and/or the rights of either party hereunder shall not be assigned or transferred in any manner whatsoever, in whole or in part, by either party without the prior written consent of the other party, such consent not to be unreasonably withheld by the Seller in the case of any assignment by the Buyer of its rights hereunder to one or more institutions providing financing for the purchase of particular Aircraft by the Buyer hereunder with respect to such Aircraft and to the extent reasonably required to effect such financing, so long as the duties and obligations of the Seller hereunder are not changed and the Buyer remains primarily and directly liable for all obligations of the “Buyer” hereunder. [\*\*\*]

Notwithstanding anything herein to the contrary, the Seller may at any time without the Buyer’s consent, assign any of its rights to receive money and any of its duties to effect the sale and delivery of any Aircraft or any of its responsibilities, duties or obligations to perform any other obligations hereunder to any Affiliate of the Seller, provided that the Seller shall remain liable for such responsibilities, duties and obligations.

### 19.2 Seller’s Designations

The Seller may at any time by notice to the Buyer designate particular facilities or particular personnel of the Seller or any Affiliate of the Seller at which or by whom the services to be performed under the Agreement shall be performed. The Seller may also designate any Affiliate of the Seller as the party responsible on behalf of the Seller for providing to the Buyer all or any of the services described in the Agreement. No such designation shall amend or modify, and the Seller shall remain fully obligated to perform, all of the obligations of the Seller in the Agreement.

### 19.3 Assignment in Case of Resale or Lease

In the event of the resale or lease of any Aircraft by the Buyer following delivery thereof to the Buyer, and subject to the delivery to the Seller of reasonable financial guarantees and protections and other terms as the Seller may reasonably require, the Buyer’s rights with respect to such Aircraft solely under Clauses 12, 13 and 17 and this Subclause 19.3 of the Agreement, shall inure to the benefit of such purchaser or lessee, as the case may be. The Buyer shall furnish to the Seller a true copy of such agreement with such purchaser or lessee, clearly stating that such purchaser or lessee acknowledges that it is bound by and shall comply with all applicable terms, conditions and limitations of the Agreement. No assignment under this Subclause 19.3 shall be deemed to increase the Seller’s obligations.

### 19.4 [\*\*\*]

[\*\*\*]

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PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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## 20 INDEMNITIES AND INSURANCE

### 20.1 Seller's Indemnities

The Seller will, except in the case of gross negligence or willful misconduct of the Buyer, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Buyer, its Affiliates and each of their respective directors, officers, agents, employees and insurers harmless against all losses, liabilities, claims, damages, costs and expenses, including court costs and reasonable attorneys' fees (" **Losses** "), arising from:

- (a) claims for injuries to, or death of, the Seller's directors, officers, agents or employees, or loss of, or damage to, property of the Seller or its employees when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (b) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to the Technical Acceptance Flights.

### 20.2 Buyer's Indemnities

The Buyer will, except in the case of gross negligence or willful misconduct of the Seller, its directors, officers, agents and/or employees, be solely liable for and will indemnify and hold the Seller, its Affiliates, its subcontractors, and each of their respective directors, officers, agents, employees and insurers, harmless against all Losses arising from:

- (a) claims for injuries to, or death of, the Buyer's directors, officers, agents or employees, or loss of, or damage to, property of the Buyer or its employees, when such Losses occur during or are incidental to either party's exercise of any right or performance of any obligation under this Agreement, and
- (b) claims for injuries to, or death of, third parties, or loss of, or damage to, property of third parties, occurring during or incidental to (i) the provision of Seller Representatives services under Clause 15 including services performed on board the aircraft or (ii) the provision of Aircraft Training Services to the Buyer.

### 20.3 Notice and Defense of Claims

If any claim is made or suit is brought against a party or entity entitled to indemnification under this Clause 20 (the "**Indemnitee** ") for damages for which liability has been assumed by the other party under this Clause 20 (the "**Indemnitor** "), the Indemnitee will promptly give notice to the Indemnitor and the Indemnitor (unless otherwise requested by the Indemnitee) will assume and conduct the defense, or settlement, of such claim or suit, as the Indemnitor will deem prudent. Notice of the claim or suit will be accompanied by all information pertinent to the matter as is reasonably available to the Indemnitee and will be

followed by such cooperation by the Indemnitee as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

#### 20.4 Insurance

For all Aircraft Training Services, to the extent of the Buyer's undertaking set forth in Subclause 20.2, the Buyer will:

- (a) cause the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents and employees to be named as additional insured under the Buyer's Comprehensive Aviation Legal Liability insurance policies, including War Risks and Allied Perils (such insurance to include the AVN 52E Extended Coverage Endorsement Aviation Liabilities or any further Endorsement replacing AVN 52E as may be available as well as any excess coverage in respect of War and Allied Perils Third Parties Legal Liabilities Insurance), and
- (b) with respect to the Buyer's Hull All Risks and Hull War Risks insurances and Allied Perils, cause the insurers of the Buyer's hull insurance policies to waive all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers.

Any applicable deductible will be borne by the Buyer. The Buyer will furnish to the Seller, [\*\*\*], certificates of insurance, in English, evidencing the limits of liability cover and period of insurance coverage in a form acceptable to the Seller from the Buyer's insurance broker(s), certifying that such policies have been endorsed as follows:

- (i) under the Comprehensive Aviation Legal Liability Insurances, the Buyer's policies are primary and non-contributory to any insurance maintained by the Seller,
- (ii) such insurance can only be cancelled or materially altered by the giving of not less than [\*\*\*] or such lesser period as may be customarily available in respect of War Risks and Allied Perils) prior written notice thereof to the Seller, and
- (iii) under any such cover, all rights of subrogation against the Seller, its Affiliates, its subcontractors and each of their respective directors, officers, agents, employees and insurers have been waived.



## 21 TERMINATION

### 21.1 Termination Events

Each of the following will constitute a “ **Termination Event** ”

- (1) The Buyer or any of its Affiliates commences in any jurisdiction any case, proceeding or other action with respect to the Buyer or any of its Affiliates or their properties relating to bankruptcy, insolvency, reorganization, winding-up, liquidation, dissolution or other relief from, or with respect to, or readjustment of, its debts or obligations.
- (2) An action is commenced in any jurisdiction seeking the appointment of a receiver, trustee, custodian or other similar official for the Buyer or any of its respective Affiliates or for all or any substantial part of their respective assets, and such action remains unstayed, undismissed or undischarged for [\*\*\*], or the Buyer or any of its Affiliates makes a general assignment for the benefit of its creditors.
- (3) An action is commenced in any jurisdiction against the Buyer or any of its respective Affiliates seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their respective assets, and such action remains unstayed, undismissed or undischarged for [\*\*\*].
- (4) The Buyer or any of its Affiliates becomes the object, in any jurisdiction, of a case, proceeding or action similar or analogous to any of the events mentioned in Subclause 21.1(1), (2) or (3).
- (5) The Buyer or any of its Affiliates is generally not able, or is expected to be unable to, or will admit in writing its inability to, pay its debts as they become due.
- (6) The Buyer or any of its Affiliates commences negotiations with significant creditors, existing or potential, either with the intention of restructuring all or a substantial part of all of its outstanding obligations or in preparation for a bankruptcy filing under the U.S. Bankruptcy Code.
- (7) The Buyer or any of its Affiliates fails to make (i) any payment required to be made under this Agreement or any other material agreement between the Buyer or any of its Affiliates and the Seller or any of its Affiliates when such payment is due, (ii) any Predelivery Payment required to be made under this Agreement when such payment is due, (iii) payment of all or part of the Final Price of any Aircraft required to be made under this Agreement; (iv) any payment to a Lessor with respect to any leased aircraft.
- (8) The Buyer repudiates, cancels or terminates this Agreement in whole or in part.

- (9) The Buyer defaults in its obligation to take delivery of an Aircraft as provided in the Agreement.
- (10) The Buyer or any of its Affiliates defaults in the observance or performance of any other covenant, undertaking or obligation contained in this Agreement or any other material agreement between the Buyer or its Affiliates, on the one hand, and the Seller or its Affiliates on the other hand, provided that, if such breach or default is capable of being cured and such breach or default is not cured within any specified cure period.
- (11) Any other event that the parties agree in writing constitutes a Termination Event.

21.2 Remedies in Event of Termination

21.2.1 If a Termination Event occurs, the Buyer will be in material breach of this Agreement, and the Seller can elect any of the following remedies under the applicable law:

- A. [\*\*\*];
- B. [\*\*\*];
- C. [\*\*\*]; and/or
- D. [\*\*\*].

21.2.2 In the event Seller elects a remedy under any of Subclauses 21.2.1(A)(B) or (C), above:

- A. [\*\*\*];
- B. [\*\*\*]; and
- C. [\*\*\*].

21.2.3 If the Seller elects a Termination under Subclause 21.2.1(D) above:

- A. [\*\*\*]:
  - i. [\*\*\*];
  - ii. [\*\*\*];
  - iii. [\*\*\*];
  - iv. [\*\*\*];
  - v. [\*\*\*];

vi. [\*\*\*]; and

vii. [\*\*\*].

B. [\*\*\*]

21.2.4 The parties to this Agreement are commercially sophisticated parties acting within the same industry, and represented by competent counsel and the parties expressly agree and declare as follows:

A. [\*\*\*];

B. [\*\*\*]; and

C. [\*\*\*].

### 21.3 Definitions

For purposes of this Clause 21, the terms “Affected Aircraft”, “Applicable Date” and “Escalated Price” are defined as follows:

i. “ **Affected Aircraft** ” – any or all Aircraft with respect to which the Seller has cancelled or terminated this Agreement pursuant to Subclause 21.2.1 D,

ii. “ **Applicable Date** ” – for any Affected Aircraft, the date the Seller issues the notice [\*\*\*] pursuant to Subclause 21.2.3 B.

iii. [\*\*\*]

### 21.4 Notice of Termination Event

[\*\*\*] of becoming aware of the occurrence of a Termination Event by the Buyer, the Buyer will notify the Seller of such occurrence in writing, provided, that any failure by the Buyer to notify the Seller will not prejudice the Seller’s rights or remedies hereunder.

### 21.5 Information Covenants

The Buyer hereby covenants and agrees that, from the date of this Agreement until no further Aircraft are to be delivered hereunder, the Buyer will furnish or cause to be furnished to the Seller the following:

a. Annual Financial Statements. As soon as available and in any event no later than the date that the Buyer furnishes such annual statements to the Securities and Exchange Commission or successor thereto (the “ **SEC** ”) (i) a copy of the SEC Form 10-K filed by the Buyer with the SEC for such fiscal year, or, if no such Form 10-

K was filed by the Buyer for such a fiscal year, the consolidated balance sheet of the Buyer and its Subsidiaries, as at the end of such fiscal year and the related consolidated statements of operations, of common stockholders' equity (deficit) (in the case of the Buyer and its Subsidiaries) and of cash flows for such fiscal year, setting forth comparative consolidated figures as of the end of and for the preceding fiscal year, and examined by any firm of independent public accountants of recognized standing selected by the Buyer and reasonably acceptable to the Seller, whose opinion will not be qualified as to the scope of audit or as to the status of the Buyer as a going concern, and (ii) a certificate of such accounting firm stating that its audit of the business of the Buyer was conducted in accordance with generally accepted auditing standards.

- b. Quarterly Financial Statements. As soon as available and in any event no later than the date that the Buyer furnishes such quarterly statements to the Securities and Exchange Commission or successor thereto, a copy of the SEC Form 10-Q filed by the Buyer with the SEC for such quarterly period, or, if no such Form 10-Q was filed by the Buyer with respect to any such quarterly period, the consolidated balance sheet of the Buyer and its Subsidiaries, as at the end of such quarterly period and the related consolidated statements of operations for such quarterly period and for the elapsed portion of the fiscal year ended with the last day of such quarterly period and in each case setting forth comparative consolidated figures as of the end of and for the related periods in the prior fiscal year, all of which will be certified by an Authorized Officer of the Buyer, subject to changes resulting from audit and normal year-end audit adjustments.
- c. Debt Rescheduling. (i) Promptly upon the Buyer commencing negotiations with one or more of its significant creditors with a view to general readjustment or rescheduling of all or any material part of its indebtedness under circumstances in which a reasonable business person, in the exercise of prudent business judgment, would conclude that the Buyer would otherwise not be able to pay such indebtedness as it falls due, notice of commencement of such negotiations, and (ii) thereafter timely advice of the progress of such negotiations until such negotiations are terminated or completed.
- d. Acceleration of other indebtedness. Immediately upon knowledge by the Buyer that the holder of any bond, debenture, promissory note or any similar evidence of indebtedness of the Buyer or Affiliate thereof (“ **Other Indebtedness** ”) has demanded payment, given notice or exercised its right to a remedy having the effect of acceleration with respect to a claimed event of default under any Other Indebtedness, where the impact of the acceleration is likely to have a material adverse effect on the Buyer's ability to perform its obligations under or in connection with the transactions contemplated by this Agreement, notice of the demand made, notice given or action taken by such holder and the nature and status of the claimed event of default and what the action the Buyer is taking with respect thereto.

- e. Other Information. Promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the SEC by the Buyer or any of its Subsidiaries, and, with reasonable promptness, such other information or documents (financial or otherwise) as the Seller may reasonably request from time to time.

For the purposes of this Clause 21, (x) an " **Authorized Officer** " of the Buyer will mean the Chief Executive Officer, the Chief Financial Officer or any Vice President and above who reports directly or indirectly to the Chief Financial Officer and (y) " **Subsidiaries** " will mean, as of any date of determination, those companies owned by the Buyer whose financial results the Buyer is required to include in its statements of consolidated operations and consolidated balance sheets.

- 21.6 Nothing contained in this Clause 21 will be deemed to waive or limit the Seller's rights or ability to request adequate assurance under Article 2, Section 609 of the Uniform Commercial Code (the " **UCC** "). It is further understood that any commitment of the Seller or the Propulsion Systems manufacturer to provide financing to the Buyer will not constitute adequate assurance under Article 2, Section 609 of the UCC.

## **22 MISCELLANEOUS PROVISIONS**

### **22.1 Data Retrieval**

On the Seller's reasonable request, the Buyer shall provide the Seller with all the necessary data, as customarily compiled by the Buyer and pertaining to the operation of the Aircraft, to assist the Seller in making an efficient and coordinated survey of all reliability, maintenance, operational and cost data with a view to monitoring the safety, availability and efficient and cost effective operations of the Airbus fleet worldwide.

### **22.2 Notices**

All notices and requests required or authorized hereunder shall be given in writing either by personal delivery to a responsible officer of the party to whom the same is given or by commercial courier, certified air mail (return receipt requested), facsimile to be confirmed by subsequent registered mail at the addresses set forth below. The date upon which any such notice or request is so personally delivered, or if such notice or request is given by commercial courier, certified air mail, facsimile or other electronic transmission, the date upon which sent, shall be deemed to be the effective date of such notice or request.

The Seller shall be addressed at:

Airbus S.A.S.  
Attention: Senior Vice President Contracts  
2, rond-point Emile Dewoitine  
31700 Blagnac,  
France  
Facsimile: 33 (05) 61 93 47 27

The Buyer shall be addressed at:

Delta Air Lines, Inc.  
1030 Delta Boulevard, Dept. 923  
Atlanta, Georgia 30354-1989  
Attention: Vice President – Fleet Strategy and Transactions  
Facsimile: (404) 715-2854

With a copy to:

Delta Air Lines, Inc.  
1030 Delta Boulevard, Dept. 971  
Atlanta, Georgia 30354-1989  
Attention: General Counsel  
Facsimile: (404) 715-7882

From time to time, the party receiving the notice or request may designate another address or another person.

### 22.3 Waiver

The failure of either party to enforce at any time any of the provisions of the Agreement, to exercise any right herein provided or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a present or future waiver of such provisions nor in any way to affect the validity of the Agreement or any part hereof or the right of the other party thereafter to enforce each and every such provision. The express waiver by either party of any provision, condition or requirement of the Agreement shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement.

### 22.4 INTENTIONALLY LEFT BLANK

### 22.5 Certain Representations of the Parties

#### 22.5.1 Buyer's Representations

The Buyer represents and warrants to the Seller:

- (i) the Buyer is a corporation organized and existing in good standing under the laws of the State of Delaware and has the corporate power and authority to enter into and perform its obligations under this Agreement;
- (ii) neither the execution and delivery by the Buyer of this Agreement, nor the consummation of any of the transactions by the Buyer contemplated thereby, nor the performance by the Buyer of the obligations thereunder, constitutes a breach of any agreement to which the Buyer is a party or by which its assets are bound; and
- (iii) this Agreement has been duly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms.

#### 22.5.2 Seller's Representations

The Seller represents and warrants to the Buyer:

- (i) the Seller is organized and existing in good standing under the laws of the Republic of France and has the corporate power and authority to enter into and perform its obligations under the Agreement;
- (ii) neither the execution and delivery by the Seller of this Agreement, nor the consummation of any of the transactions by the Seller contemplated thereby, nor the

performance by the Seller of the obligations thereunder, constitutes a breach of any agreement to which the Seller is a party or by which its assets are bound; and

- (iii) this Agreement has been duly authorized, executed and delivered by the Seller and constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms.

## 22.6 INTERPRETATION AND LAW

22.6.1 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

Each of the Seller and the Buyer (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the courts of the state of New York, New York County, of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

THE PARTIES HEREBY ALSO AGREE THAT THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS TRANSACTION.

22.6.2 The Buyer for itself and its successors and assigns hereby designates and appoints the Secretary of the Buyer duly elected from time to time as its legal agent and attorney-in-fact upon whom all processes against the Buyer in any suit, action or proceeding in respect of any matter as to which it has submitted to jurisdiction under Subclause 22.6 may be served with the same effect as if the Buyer were a corporation organized under the laws of the State of New York and had lawfully been served with such process in such state, it being understood that such designation and appointments shall become effective without further action on the part of its Secretary.

22.6.3 The assumption in Subclause 22.6.1 made for the purpose of effecting the service of process shall not affect any assertion of diversity by either party hereto initiating a proceeding in the New York Federal Courts or seeking transfer to the New York Federal Courts on the basis of diversity.



22.6.4 Service of process in any suit, action or proceeding in respect of any matter as to which the Seller or the Buyer has submitted to jurisdiction under Subclause 22.6.1 may be made on the Seller by delivery of the same personally or by dispatching the same via Federal Express, UPS, or similar international air courier service prepaid to: CT Corporation, New York City offices as agent for the Seller, it being agreed that service upon CT Corporation shall constitute valid service upon the Seller or by any other method authorized by the laws of the State of New York, and (ii) may be made on the Buyer by delivery of the same personally or by dispatching the same by Federal Express, UPS, or similar international air courier service prepaid, return receipt requested to: Corporation Service Company, 80 State Street, Albany, New York 12207-2543, or by any other method authorized by the laws of the State of New York; provided in each case that failure to deliver or mail such copy shall not affect the validity or effectiveness of the service of process.

## 22.7 Confidentiality

Subject to any legal or governmental requirements of disclosure, the parties (which for this purpose shall include their employees, agents and advisors) shall maintain the terms and conditions of the Agreement and any reports or other data furnished hereunder strictly confidential. Without limiting the generality of the foregoing, the Buyer shall use reasonable efforts to limit the disclosure of the contents of the Agreement to the extent legally permissible in any filing required to be made by the Buyer with any governmental agency and shall make such applications as shall be necessary to implement the foregoing. The Seller agrees to provide to the Buyer, no less than fifteen (15) Working Days prior to the date by which the Buyer is required to make any such filing, provided however that the Buyer shall have given the Seller a minimum of thirty (30) days notice, a redacted version of the Agreement. The Buyer agrees to use such redacted version for filing of the Agreement with the Securities and Exchange Commission, and the Buyer's filing shall include a request for confidential treatment of the Agreement. The Buyer and the Seller shall consult with each other prior to the making of any public disclosure or filing, permitted hereunder, of the Agreement or the terms and conditions thereof. The provisions of this Subclause 22.7 shall survive any termination of the Agreement.

22.8 [\*\*\*]

[\*\*\*]

## 22.9 Severability

In the event that any provision of the Agreement should for any reason be held to be without effect, the remainder of the Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of the Agreement prohibited or unenforceable in any respect.

## 22.10 Alterations to Contract

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and thereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written. This Agreement shall not be varied except by an instrument in writing of even date herewith or subsequent hereto executed by both parties or by their fully authorized representatives.

22.11 Inconsistencies

In the event of any inconsistency between the terms of the Agreement and the terms contained in either (i) the Specification, or (ii) any other Exhibit attached to the Agreement, in each such case the terms of such Specification or Exhibit shall prevail over the terms of the Agreement. For the purpose of this Subclause 22.11, the term Agreement shall not include the Specification or any other Exhibit hereto.

22.12 Language

All correspondence, documents and any other written matters in connection with the Agreement shall be in English.

22.13 Headings

All headings in the Agreement are for convenience of reference only and do not constitute a part of the Agreement.

22.14 Counterparts

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

IN WITNESS WHEREOF, the Agreement was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: /s/ John J, Leahy

Title: Chief Operating Officer, Customs

DELTA AIR LINES, INC.

By: /s/ Edward H. Bastian

Title: Chief Executive Officer

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CONFIDENTIAL

PRIVILEGED AND

PA

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[\*\*\*]

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PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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**A321 NEO AIRCRAFT STANDARD SPECIFICATION**

The A321 NEO Standard Specification is contained in a separate folder.

CT1707017 PA A321 NEO EXECUTION

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[\*\*\*]

[\*\*\*]

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**SCN LISTING FOR A321 NEO AIRCRAFT  
Based on A321-200NX Standard Specification Number [\*\*\*]**

[\*\*\*]

[\*\*\*]

[\*\*\*]

**FORM OF A SPECIFICATION CHANGE NOTICE**

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 <b>SPECIFICATION CHANGE NOTICE</b>  <b>(SCN)</b>	For  SCN Number Issue Dated Page
<p><b>Title :</b></p> <p><b>Description :</b></p> <p><b>Effect on weight :</b></p> <ul style="list-style-type: none"> <li>• Manufacturer’s Weight Empty change :</li> <li>• Operational Weight Empty change :</li> <li>• Allowable Payload change :</li> </ul> <p><b>Remarks / References</b></p> <p><b>Specification changed by this SCN</b></p> <p><b>This SCN requires prior or concurrent acceptance of the following SCN(s):</b></p>	
<p><b>Price per aircraft</b></p> <p>US DOLLARS: AT DELIVERY CONDITIONS:</p> <p>This change shall be effective on ___ AIRCRAFT N° ___ and subsequent,</p> <p>provided approval is received by _____</p> <p style="margin-left: 40px;"><b>Buyer approval Seller approval</b></p> <p>By : By :</p> <p>Date : Date :</p>	

<p style="text-align: center;"> <b>SPECIFICATION CHANGE NOTICE</b>  <b>(SCN)</b></p>	<p>For</p> <p>SCN Number</p> <p>Issue</p> <p>Dated</p> <p>Page</p>
---	--

**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording shall read as follows:

<p style="text-align: center;"> <b>SPECIFICATION CHANGE NOTICE</b>  <b>(SCN)</b></p>	<p>For</p> <p>SCN Number Issue Dated Page</p>
---	---

**Scope of change (FOR INFORMATION ONLY)**

**FORM OF A MANUFACTURER'S SPECIFICATION CHANGE NOTICE**


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Exh B-2 1

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 <b>MANUFACTURER'S SPECIFICATION CHANGE NOTICE</b>  <b>(MSCN)</b>	For  MSCN Number Issue Dated Page
<p><b>Title :</b></p> <p><b>Description :</b></p> <p><b>Effect on weight :</b></p> <ul style="list-style-type: none"> <li>• Manufacturer's Weight Empty change :</li> <li>• Operational Weight Empty change :</li> <li>• Allowable Payload change :</li> </ul> <p><b>Remarks / References</b></p> <p><b>Specification changed by this MSCN</b></p>	
<p><b>Price per aircraft</b></p> <p>US DOLLARS: AT DELIVERY CONDITIONS:</p> <p>This change shall be effective on ___ AIRCRAFT N° ___ and subsequent,                   provided MSCN is not rejected by _____ .</p> <p style="text-align: center;"><b>Buyer approval    Seller approval</b></p> <p>By : By :</p> <p>Date : Date :</p>	

<p style="text-align: center;"> <b>MANUFACTURER'S SPECIFICATION CHANGE NOTICE</b> <b>(MSCN)</b></p>	<p>For MSCN Number Issue Dated Page</p>
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**Specification repercussion:**

After contractual agreement with respect to weight, performance, delivery, etc, the indicated part of the specification wording shall read as follows:

<p style="text-align: center;"> <b>MANUFACTURER'S SPECIFICATION CHANGE NOTICE</b> <b>(MSCN)</b></p>	<p>For MSCN Number Issue Dated Page</p>
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**Scope of change (FOR INFORMATION ONLY)**

**FORM OF [\*\*\*]**

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[\*\*\*]

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**AIRFRAME PRICE REVISION FORMULA**

1 BASE PRICE

The Airframe Base Price quoted in Subclauses 3.1.1 of the Agreement is subject to adjustment for [\*\*\*].

2 BASE PERIOD

The Airframe Base Price has been established in accordance with [\*\*\*].

3 INDEXES

Labor Index: [\*\*\*].

[\*\*\*]

[\*\*\*]

Material Index: [\*\*\*].

[\*\*\*]

4 REVISION FORMULA

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

5 GENERAL PROVISIONS

5.1 Roundings

The Labor Index average and the Material Index [\*\*\*].

[\*\*\*]

[\*\*\*]

[\*\*\*]

5.2 Substitution of Indexes for Airframe Price Revision Formula

If:

(i) [\*\*\*], or

(ii) [\*\*\*], or

(iii) [\*\*\*];

[\*\*\*].

[\*\*\*]

[\*\*\*]

### 5.3 Final Index Values

The index values as defined in Clause 4 above shall be considered final [\*\*\*].

### 5.4 Limitation

[\*\*\*]

**PROPULSION SYSTEMS PRICE REVISION FORMULA**  
**CFM INTERNATIONAL**

**1. REFERENCE PRICE OF THE PROPULSION SYSTEMS**

The Reference Price of a set of two (2) CFM INTERNATIONAL LEAP-1A26 Propulsion Systems is:

[\*\*\*]

[\*\*\*]

[\*\*\*]

The Reference Price of a set of two (2) CFM INTERNATIONAL LEAP-1A32 Propulsion Systems is:

[\*\*\*]

[\*\*\*]

[\*\*\*]

**2. REFERENCE PERIOD**

[\*\*\*]

**3. INDEXES**

Labor Index: [\*\*\*] .

[\*\*\*]

[\*\*\*]

Material Index: [\*\*\*] .

[\*\*\*]

**4. REVISION FORMULA**

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**5. GENERAL PROVISIONS**

**5.1 Roundings**

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

[\*\*\*]

**5.2 Final Index Values**

[\*\*\*]

**5.3 Interruption of Index Publication**

[\*\*\*]

[\*\*\*]

**5.4 Annulment of the Formula**

[\*\*\*]

**5.5 Limitation**

[\*\*\*]

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**PART 2 PROPULSION SYSTEMS PRICE REVISION FORMULA**  
**IAE LLC**

**1. REFERENCE PRICE OF THE PROPULSION SYSTEMS**

The Reference Price of a set of two (2) IAE LLC PW1127G-JM Propulsion Systems is:

[\*\*\*]

[\*\*\*]

The Reference Price of a set of two (2) IAE LLC PW1133G-JM Propulsion Systems is:

[\*\*\*]

[\*\*\*]

**2. BASE PERIOD**

[\*\*\*]

**3. INDEXES**

Labor Index : [\*\*\*] .

[\*\*\*]

[\*\*\*]

Material Index : [\*\*\*]

[\*\*\*]

Metal Index : [\*\*\*] .

[\*\*\*]

**4. REVISION FORMULA**

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**5.1 Roundings**

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**5.2 Substitution of Indexes for Price Revision Formula**

If:

(i) [\*\*\*], or

(ii) [\*\*\*], or

(iii) [\*\*\*];

[\*\*\*].

[\*\*\*].

[\*\*\*].

**5.3 Final Index Values**

The Index values as defined in Clause 4 above shall be considered final [\*\*\*] .

**5.4 Limitation**

[\*\*\*]

FORM OF CERTIFICATE OF ACCEPTANCE

In accordance with the terms of [clause [•]] of the purchase agreement dated [ *day* ] [ *month* ] [ *year* ] and made between [ *insert name of the party to the Purchase Agreement* ] (the “ **Buyer** ”) and Airbus S.A.S. as amended and supplemented from time to time (the “ **Purchase Agreement** ”), the technical acceptance tests relating to one Airbus A3[•]-[•]aircraft bearing manufacturer’s serial number [•] and registration mark [•](the “ **Aircraft** ”) have taken place in Mobile, Alabama, United States.

In view of said tests having been carried out with satisfactory results, the Buyer hereby approves the Aircraft as being in conformity with the provisions of the Purchase Agreement and accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance shall not impair the rights of the Buyer that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Buyer, has caused this instrument to be executed by its duly authorized representative this \_\_\_\_\_ day of \_\_\_\_\_ in Mobile, Alabama, United States.

**DELTA AIR LINES, INC .**

By: \_\_\_\_\_  
Name:  
Title:

FORM OF CERTIFICATE OF ACCEPTANCE

In accordance with the terms of [clause [•]] of the purchase agreement dated [ day ] [ month ] [ year ] and made between [ insert name of the party to the Purchase Agreement ] (the “ **Buyer** ”) and Airbus S.A.S. as amended and supplemented from time to time (the “ **Purchase Agreement** ”), the technical acceptance tests relating to one Airbus A3[•]-[•] aircraft, bearing manufacturer’s serial number [•], and registration mark [•](the “ **Aircraft** ”) have taken place in [Blagnac/Hamburg].

In view of said tests having been carried out with satisfactory results, the Buyer, [hereby approves the Aircraft as being in conformity with the provisions of the Purchase Agreement and accepts the Aircraft for delivery in accordance with the provisions of the Purchase Agreement.

Such acceptance shall not impair the rights of the Buyer that may be derived from the warranties relating to the Aircraft set forth in the Purchase Agreement.

Any right at law or otherwise to revoke this acceptance of the Aircraft is hereby irrevocably waived.

IN WITNESS WHEREOF, the Buyer, has caused this instrument to be executed by its duly authorized representative this \_\_\_\_ day of [ month ], [ year ] in [Blagnac/Hamburg].

**BUYER**

Name:  
Title:  
Signature:

**FORM OF BILL OF SALE**

Know all men by these presents that Airbus Americas Inc., a Delaware corporation having its principal place of business at 2550 Wasser Terrace, Suite 9100, Herndon, VA 20171, United States (the “**Seller**”), was, this \_\_\_\_ day of \_\_\_\_\_, the owner of the title to the following airframe (the “**Airframe**”), the [engines/propulsion systems] as specified (the “[**Engines/Propulsion Systems**]”) and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment, (“**BFE**”), incorporated therein, installed thereon or attached thereto on the date hereof (the “**Parts**”):

**AIRFRAME :** [ **ENGINES/PROPULSION SYSTEMS** ]:  
AIRBUS Model A3[•]-[•] [manufacturer] Model: [•]

**MANUFACTURER'S ENGINE SERIAL NUMBERS:**  
**SERIAL NUMBER :** [•] **LH:** [•]  
**RH:** [•]

**REGISTRATION MARK :** [•]

The Airframe, [Engines/Propulsion Systems] and Parts are hereafter together referred to as the “**Aircraft**”.

The Seller does, this \_\_\_\_ day of \_\_\_\_\_, sell, transfer and deliver all of its above described rights, title and interest in and to the Aircraft to the following entity and to its successors and assigns forever, said Aircraft to be the property thereof:

[Insert Name and Address of Buyer]  
(the “**Buyer**”)

The Seller hereby warrants to the Buyer, its successors and assigns that it has good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there was conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller will warrant and defend such title forever against all claims and demands whatsoever.

This Bill of Sale is governed by and shall be construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the Seller has caused this instrument to be executed by its duly authorized representative this \_\_\_\_ day of \_\_\_\_\_ in Mobile, Alabama, United States.

**AIRBUS AMERICAS INC.**

By: \_\_\_\_\_  
Name:  
Title:

**FORM OF BILL OF SALE**

Know all men by these presents that Airbus S.A.S., a *société par actions simplifiée* existing under French law and having its principal office at 2 rond-point Emile Dewoitine, 31700 Blagnac (the "Seller"), is this [ *day* ] [ *month* ] [ *year* ] the owner of the title to the following airframe (the "Airframe"), the [engines/propulsion systems] as specified (the "[Engines/Propulsion Systems]") and all appliances, components, parts, instruments, accessories, furnishings, modules and other equipment of any nature, excluding buyer furnished equipment ("BFE"), incorporated therein, installed thereon or attached thereto on the date hereof (the "Parts"):

AIRFRAME:

AIRBUS Model A3[ • ]-[ • ]

MANUFACTURER'S

SERIAL NUMBER: [ • ]

REGISTRATION MARK: [ • ]

[ENGINES/PROPULSION SYSTEMS]:

[Insert name of engine or propulsion system manufacturer] Model [ • ]

ENGINE SERIAL NUMBERS:

LH: [ • ]

RH: [ • ]

[and [has] such title to the BFE as was acquired by it from [ *insert name of vendor of the BFE* ] pursuant to a bill of sale dated \_\_\_\_ [month] [year] (the "BFE Bill of Sale").

The Airframe, Engines/Propulsion Systems and Parts are hereafter together referred to as the "Aircraft".

The Seller does this \_\_\_\_ day of [month] [year], sell, transfer and deliver all of its above described rights, title and interest in and to the Aircraft [and the BFE] to the following entity and to its successors and assigns forever, said Aircraft [and the BFE] to be the property thereof:

[ *Insert Name/Address of Buyer* ]  
(the "Buyer")

The Seller hereby warrants to the Buyer, its successors and assigns that it has[(i)] good and lawful right to sell, deliver and transfer title to the Aircraft to the Buyer and that there is conveyed to the Buyer good, legal and valid title to the Aircraft, free and clear of all liens, claims, charges, encumbrances and rights of others and that the Seller shall warrant and defend such title forever against all claims and demands whatsoever [and (ii) such title to the BFE as Seller has acquired from [ *insert name of vendor of the BFE* ] pursuant to the BFE Bill of Sale].

This Bill of Sale shall be governed by and construed in accordance with the laws of [ *same governing law as the Purchase Agreement* ].

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed by its duly authorized representative this \_\_\_\_ day of [month], [year] in [Blagnac/Hamburg].

AIRBUS S.A.S.

Name:

Title:

Signature:

**SELLER SERVICE LIFE POLICY – LIST OF ITEMS**

**1** The Items covered by the Service Life Policy pursuant to Subclause 12.2 are those Seller Items of primary and auxiliary structure described hereunder.

**2 WINGS - CENTER AND OUTER WING BOX (LEFT AND RIGHT)**

**2.1 Wing Structure**

2.1.1 [\*\*\*]

2.1.2 [\*\*\*]

2.1.3 [\*\*\*]

**2.2 Fittings**

2.2.1 [\*\*\*]

2.2.2 [\*\*\*]

2.2.3 [\*\*\*]

2.2.4 [\*\*\*]

**2.3 Auxiliary Support Structure**

2.3.1 [\*\*\*]

2.3.1.1 [\*\*\*]

2.3.1.2 [\*\*\*]

2.3.2 [\*\*\*]

2.3.2.1 [\*\*\*]

2.3.2.2 [\*\*\*]

2.3.3 [\*\*\*]

2.3.3.1 [\*\*\*]

2.3.3.2 [\*\*\*]

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## **2.4 Pylon**

2.4.1 [\*\*\*]

2.4.1.1 [\*\*\*]

2.4.1.2 [\*\*\*]

2.4.1.3 [\*\*\*]

2.4.1.4 [\*\*\*]

## **3 FUSELAGE**

### **3.1 Fuselage structure**

3.1.1 [\*\*\*]

3.1.2 [\*\*\*]

3.1.3 [\*\*\*]

3.1.4 [\*\*\*]

3.1.5 [\*\*\*]

3.1.6 [\*\*\*]

3.1.7 [\*\*\*]

3.1.8 [\*\*\*]

### **3.2 Fittings**

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]s

3.2.3 [\*\*\*]

## **4 STABILIZERS**

### **4.1 Horizontal Stabilizer Main Structural Box**

4.1.1 [\*\*\*]

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4.1.2 [\*\*\*]

4.1.3 [\*\*\*]

4.1.4 [\*\*\*]

4.1.5 [\*\*\*]

4.1.5.1 [\*\*\*]

4.1.5.2 [\*\*\*]

**4.2 Vertical Stabilizer Main Structural Box**

4.2.1 [\*\*\*]

4.2.2 [\*\*\*]

4.2.3 [\*\*\*]

4.2.4 [\*\*\*]

4.2.5 [\*\*\*]

4.2.5.1 [\*\*\*]

4.2.5.2 [\*\*\*]

**5** [\*\*\*]

[\*\*\*]

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**TECHNICAL DATA & SOFTWARE**

[\*\*\*]

[\*\*\*]

1- [\*\*\*]

[\*\*\*]:

- [\*\*\*],
- [\*\*\*],
- [\*\*\*],
- [\*\*\*],
- [\*\*\*],
- [\*\*\*],
- [\*\*\*].

1.1-[\*\*\*]

[\*\*\*]:

MANUAL TITLE	ACCESS	FORMAT
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[\*\*\*]

[\*\*\*]

1.2- [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

2- [\*\*\*]

[\*\*\*] :

- [\*\*\*] ,
- [\*\*\*] ,
- [\*\*\*] ,
- [\*\*\*] ,
- [\*\*\*] ,
- [\*\*\*] .

2.1-[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*] :

MANUAL TITLE	FORMAT	FORMAT
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[\*\*\*]

2.2- [\*\*\*]

[\*\*\*]

[\*\*\*]

3-[\*\*\*]

[\*\*\*]



MANUAL TITLE	FORMAT	FORMAT
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

4.3[\*\*\*]

[\*\*\*] :

- [\*\*\*] ,

[\*\*\*] .

## MATERIAL SUPPLY AND SERVICES

### 1. GENERAL

#### 1.1 Scope

1.1.1 This Exhibit H sets forth the terms and conditions for the support and services offered by the Seller to the Buyer with respect to Material (as defined below).

1.1.2 References made to Articles shall be deemed to refer to articles of this Exhibit H unless otherwise specified.

1.1.3 For purposes of this Exhibit H:

- (i) The term “ **Supplier** ” shall mean any supplier providing any of the Material listed in Article 1.2.1 and the term “ **Supplier Part** ” shall mean an individual item of Material.
- (ii) The term “ **SPEC 2000** ” means the “E-Business Specification for Materials Management” document published by the Air Transport Association of America.

#### 1.2 Material Categories

1.2.1 Each of the following constitutes “ **Material** ” for purposes of this Exhibit H:

- (i) Seller parts;
- (ii) Supplier Parts classified as Repairable Line Maintenance Parts (as defined in SPEC 2000);
- (iii) Supplier Parts classified as Expendable Line Maintenance Parts (as defined in SPEC 2000);
- (iv) Seller and Supplier ground support equipment and specific-to-type tools.

where “ **Seller Parts** ” means Seller’s proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

1.2.2 [\*\*\*]

#### 1.3 Term

During a period commencing on the date hereof and continuing [\*\*\*], the Seller shall maintain, or cause to be maintained, a reasonable stock of Seller Parts.

The Seller shall use reasonable efforts to obtain a similar service from all Suppliers of Suppliers parts originally installed on an Aircraft at Delivery.

1.4 Airbus Material Store

1.4.1 US Spares Center

The Seller has established and shall maintain or cause to be maintained, during the Term, a spare parts warehouse located in the United States (the “ **US Spares Center** ”). The US Spares Center shall be operated twenty-four (24) hours per day, seven (7) days per week, for the handling of AOG and critical orders for Seller Parts

1.4.2 Material Support Center, Germany

The Seller has established its material handling headquarters in Hamburg, Germany (the “ **Airbus Material Center** ”) and shall, during the Term, maintain, or have maintained on its behalf, a central store of Seller Parts. The Airbus Material Center shall be operated twenty-four (24) hours per day, seven (7) days per week.

1.4.3 Other Points of Shipment

1.4.3.1 In addition to the US Spares Center and the Airbus Material Center, the Seller and its Affiliates operate a global network of regional satellite stores (the “ **Regional Satellite Stores** ”). A list of such stores shall be provided to the Buyer upon the Buyer’s request.

1.4.3.2 Subject to Article 1.4.1, the Seller reserves the right to effect deliveries from distribution centers other than the US Spares Center or the Airbus Material Center, which may include the Regional Satellite Stores or any other production or Supplier’s facilities.

1.5 Customer Order Desk

The Seller operates a “ **Customer Order Desk** ”, the main functions of which are:

- (i) Management of order entries for all priorities, including Aircraft On Ground (“ **AOG** ”);
- (ii) Management of order changes and cancellations;
- (iii) Administration of Buyer’s routing instructions;
- (iv) Management of Material returns;
- (v) Clarification of delivery discrepancies;
- (vi) Issuance of credit and debt notes.



The Buyer hereby agrees to communicate its orders for Material to the Customer Order Desk either in electronic format (SPEC 2000) or via the Internet.

## 1.7 Commitments of the Buyer

### 1.7.1 During the Term, the Buyer [\*\*\*]

- (i) [\*\*\*], or
- (ii) [\*\*\*].

### 1.7.2 [\*\*\*]:

- (i) [\*\*\*]; and
- (ii) [\*\*\*].

#### 1.7.2.1 [\*\*\*].

#### 1.7.2.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

#### 1.7.2.3 [\*\*\*]

#### 1.7.2.4 [\*\*\*]

## 2. INITIAL PROVISIONING

### 2.1 Period

The initial provisioning period commences with the [\*\*\*] (“**Initial Provisioning Period**”).

### 2.2 Pre-Provisioning Meeting

2.2.1 The Seller shall organize a pre-provisioning meeting at the US Spares Center or at the Airbus Material Center, or at any other agreed location, for the purpose of setting an acceptable schedule and working procedure for the preparation of the initial issue of the Provisioning Data and the Initial Provisioning Conference referred to in Articles 2.3 and 2.4 below (the “**Pre-Provisioning Meeting**”).

During the Pre-Provisioning Meeting, the Seller shall familiarize the Buyer with the provisioning processes, methods and formulae of calculation and documentation.

2.2.2 The Pre-Provisioning Meeting shall take place on an agreed date that is no later than [\*\*\*] prior to Scheduled Delivery Month of the first Aircraft, allowing a minimum preparation time of [\*\*\*] for the Initial Provisioning Conference.

### 2.3 Initial Provisioning Conference

The Seller shall organize an initial provisioning conference at the US Spares Center or at the Airbus Material Center (the “**Initial Provisioning Conference**”), the purpose of which shall be to agree the material scope and working procedures to accomplish the initial provisioning of Material (the “**Initial Provisioning**”).

The Initial Provisioning Conference shall take place at the earliest [\*\*\*].

### 2.4 Provisioning Data

2.4.1 Provisioning data generally in accordance with SPEC 2000, Chapter 1, for Material described in Articles 1.2.1 (i) through 1.2.1 (iii) (“**Provisioning Data**”) shall be supplied by the Seller to the Buyer in the English language, in a format and timeframe to be agreed during the Pre-Provisioning Meeting.

2.4.1.1 Unless a longer revision cycle has been agreed, the Provisioning Data shall be revised every [\*\*\*] up to the end of the Initial Provisioning Period.

2.4.1.2 The Seller shall ensure that Provisioning Data is provided to the Buyer in time to permit the Buyer to perform any necessary evaluation and to place orders in a timely manner.

2.4.1.3 Provisioning Data generated by the Seller shall comply with the configuration of the Aircraft as documented [\*\*\*] before the date of issue.

This provision shall not cover:

- (i) Buyer modifications not known to the Seller, or
- (ii) other modifications not approved by the Seller’s Aviation Authorities.

### 2.4.2 Supplier-Supplied Data

Provisioning Data relating to each Supplier Part (both initial issue and revisions) shall be produced by Supplier thereof and may be delivered to the Buyer either by the Seller or such Supplier. It is agreed and understood by the Buyer that the Seller shall not be responsible for the substance, accuracy or quality of such data. Such Provisioning Data shall be provided in either SPEC 2000 format or any other agreed format.

2.4.3 Supplementary Data

The Seller shall provide the Buyer with data supplementary to the Provisioning Data, comprising local manufacture tables, ground support equipment, specific-to-type tools and a pool item candidate list.

2.5 Commercial Offer

Upon the Buyer's request, the Seller shall submit a commercial offer for Initial Provisioning Material which shall include a delivery date for such Initial Provisioning Material.

2.6 Delivery of Initial Provisioning Material

2.6.1 During the Initial Provisioning Period, Initial Provisioning Material shall conform to the latest known configuration standard of the Aircraft for which such Material is intended as reflected in the Provisioning Data transmitted by the Seller.

2.6.2 The delivery of Initial Provisioning Material shall take place (i) according to the conditions specified in the commercial offer mentioned in Article 2.5 and (ii) at a location designated by the Buyer.

2.6.3 All Initial Provisioning Material shall be packaged in accordance with ATA 300 Specification.

2.7 [\*\*\*]

- (a) [\*\*\*]
- (b) [\*\*\*]
- (c) [\*\*\*]:
  - (i) [\*\*\*];
  - (ii) [\*\*\*];
  - (iii) [\*\*\*];
  - (iv) [\*\*\*];
  - (v) [\*\*\*];
  - (vi) [\*\*\*];
  - (vii) [\*\*\*].

- (d) [\*\*\*];
  - (i) [\*\*\*];
  - (ii) [\*\*\*].
- (e) [\*\*\*]
- (f) [\*\*\*]
- (g) [\*\*\*]

### 3. **OTHER MATERIAL SUPPORT**

As of the date hereof, the Seller currently offers various types of parts support through the Customer Services Catalog on the terms and conditions set forth therein from time to time, including, but not limited to the lease of certain Seller Parts, the repair of Seller Parts and the sale or lease of ground support equipment and specific-to-type tools.

### 4. **WARRANTIES**

#### 4.1 **Seller Parts**

Subject to the limitations and conditions as hereinafter provided, the Seller warrants to the Buyer that all Seller Parts, sold under this Exhibit H shall at delivery to the Buyer:

- (i) be free from defects in material.
- (ii) be free from defects in workmanship, including without limitation processes of manufacture.
- (iii) be free from defects in design having regard to the state of the art of such design; and
- (iv) be free from defects arising from failure to conform to the applicable specification for such part.

#### 4.1.1 **Warranty Period**

4.1.1.1 The warranty period for Seller Parts is [\*\*\*] for new Seller Parts and eighteen (18) months for used Seller Parts from delivery of such parts to the Buyer.

4.1.1.2 Whenever any Seller Part that contains a defect for which the Seller is liable under Article 4.1 has been corrected, replaced or repaired pursuant to the terms of this Article 4.1, the period of the Seller's warranty with respect to such corrected, repaired or replacement Seller Part, as the case may be, [\*\*\*].

4.1.2 Buyer's Remedy and Seller's Obligation

The Buyer's remedy and the Seller's obligation and liability under this Article 4.1 are limited to the repair, replacement or correction, at the Seller's expense and option, of any Seller Part that is defective.

The Seller may alternatively furnish to the Buyer's account with the Seller a credit equal to the price of such Seller Part.

The provisions of Subclauses 12.1.5 through 12.1.10 of the Agreement shall apply to claims made pursuant to this Article 4.1.

4.2 Supplier Parts

With respect to Supplier Parts to be delivered to the Buyer under this Exhibit H, the Seller agrees to transfer to the Buyer the benefit of any warranties, which the Seller may have obtained from the corresponding Suppliers and the Buyer hereby agrees that it shall accept the same.

4.3 Waiver, Release and Renunciation

THIS ARTICLE 4 (INCLUDING ITS SUBPARTS) SETS FORTH THE EXCLUSIVE WARRANTIES, EXCLUSIVE LIABILITIES AND EXCLUSIVE OBLIGATIONS OF THE SELLER, AND THE EXCLUSIVE REMEDIES AVAILABLE TO THE BUYER, WHETHER UNDER THIS EXHIBIT H OR OTHERWISE, ARISING FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN ANY SELLER PART, MATERIAL, LEASED PART, OR SERVICES DELIVERED BY THE SELLER UNDER THIS EXHIBIT H.

THE BUYER RECOGNIZES THAT THE RIGHTS, WARRANTIES AND REMEDIES IN THIS ARTICLE 4 ARE ADEQUATE AND SUFFICIENT TO PROTECT THE BUYER FROM ANY DEFECT OR NONCONFORMITY OR PROBLEM OF ANY KIND IN THE SELLER PARTS, MATERIALS, LEASED PARTS, OR SERVICES SUPPLIED UNDER THIS EXHIBIT H. THE BUYER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER WARRANTIES, OBLIGATIONS, GUARANTEES AND LIABILITIES OF THE SELLER AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF THE BUYER AGAINST THE SELLER AND ITS SUPPLIERS, WHETHER EXPRESS OR IMPLIED BY CONTRACT, TORT, OR STATUTORY LAW OR OTHERWISE, WITH RESPECT TO ANY NONCONFORMITY OR DEFECT OR PROBLEM OF ANY KIND IN ANY

SELLER PART, MATERIAL, LEASED PART, OR SERVICES DELIVERED BY THE SELLER UNDER THIS EXHIBIT H, INCLUDING BUT NOT LIMITED TO:

- (1) ANY IMPLIED WARRANTY OF MERCHANTABILITY AND/OR FITNESS FOR ANY GENERAL OR PARTICULAR PURPOSE;
- (2) ANY IMPLIED OR EXPRESS WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE;
- (3) ANY RIGHT, CLAIM OR REMEDY FOR BREACH OF CONTRACT;
- (4) ANY RIGHT, CLAIM OR REMEDY FOR TORT, UNDER ANY THEORY OF LIABILITY, HOWEVER ALLEGED, INCLUDING, BUT NOT LIMITED TO, ACTIONS AND/OR CLAIMS FOR NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL ACTS, WILLFUL DISREGARD, IMPLIED WARRANTY, PRODUCT LIABILITY, STRICT LIABILITY OR FAILURE TO WARN;
- (5) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER THE UNIFORM COMMERCIAL CODE OR ANY OTHER STATE OR FEDERAL STATUTE;
- (6) ANY RIGHT, CLAIM OR REMEDY ARISING UNDER ANY REGULATIONS OR STANDARDS IMPOSED BY ANY INTERNATIONAL, NATIONAL, STATE OR LOCAL STATUTE OR AGENCY;
- (7) ANY RIGHT, CLAIM OR REMEDY TO RECOVER OR BE COMPENSATED FOR:
  - (a) LOSS OF USE OR REPLACEMENT OF ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (b) LOSS OF, OR DAMAGE OF ANY KIND TO, ANY AIRCRAFT, COMPONENT, EQUIPMENT, ACCESSORY OR PART PROVIDED UNDER THE AGREEMENT;
  - (c) LOSS OF PROFITS AND/OR REVENUES;
  - (d) ANY OTHER INCIDENTAL OR CONSEQUENTIAL DAMAGE.

THE WARRANTIES PROVIDED BY THIS EXHIBIT H SHALL NOT BE EXTENDED, ALTERED OR VARIED EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY THE SELLER AND THE BUYER. IN THE EVENT THAT ANY PROVISION OF THIS ARTICLE 4 SHOULD FOR ANY REASON BE HELD UNLAWFUL, OR OTHERWISE

UNENFORCEABLE, THE REMAINDER OF THIS ARTICLE 4 SHALL REMAIN IN FULL FORCE AND EFFECT.

FOR THE PURPOSES OF THIS ARTICLE 4, THE “SELLER” SHALL BE UNDERSTOOD TO INCLUDE THE SELLER, ANY OF ITS SUPPLIERS, SUBCONTRACTORS AND AFFILIATES.

#### 4.4 Duplicate Remedies

The remedies provided to the Buyer under this Article 4 as to any part thereof are mutually exclusive and not cumulative. The Buyer shall be entitled to the remedy that provides the maximum benefit to it, as the Buyer may elect, pursuant to the terms and conditions of this Article 4 for any particular defect for which remedies are provided under this Article 4; provided, however, that the Buyer shall not be entitled to elect a remedy under one part of this Article 4 that constitutes a duplication of any remedy elected by it under any other part hereof for the same defect. [\*\*\*]

### 5. COMMERCIAL CONDITIONS

#### 5.1 Delivery Terms

All Material prices are quoted on the basis of Free Carrier (FCA) delivery terms, without regard to the place from which such Material is shipped. The term “ **Free Carrier (FCA)** ” is as defined in the Incoterms 2010 publication issued by the International Chamber of Commerce,

#### 5.2 Payment Procedures and Conditions

All payments under this Exhibit H shall be made in accordance with the terms and conditions set forth in the then current Customer Services e-Catalog.

#### 5.3 Title

Title to any Material purchased under this Exhibit H shall remain with the Seller until full payment of the invoices and interest thereon, if any, has been received by the Seller.

The Buyer hereby undertakes that Material title to which has not passed to the Buyer, shall be kept free from any debenture or mortgage or any similar charge or claim in favour of any third party.

5.4 [\*\*\*]

[\*\*\*]

### 6. EXCUSABLE DELAY

[\*\*\*]

7. [\*\*\*]

[\*\*\*]

8. **INCONSISTENCY**

In the event of any inconsistency between this Exhibit H and the Customer Services Catalog or any order placed by the Buyer, this Exhibit H shall prevail to the extent of such inconsistency.

CT1707017 PA A321 NEO EXECUTION

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Exh H 10

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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Exh I 1

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**AIRBUS S.A.S WARRANTY**

Airbus S.A.S. hereby warrants to \_\_\_\_\_ (the “ **Buyer** ”), its successors and assigns that the Bill of Sale executed by Airbus Americas Inc. dated \_\_\_\_ \_\_\_\_\_ and relating to one A3\_\_-\_\_\_\_ aircraft bearing MSN \_\_\_\_\_ (the “ **Aircraft** ”) conveys to the said Buyer on the date hereof good, legal and valid title to the Aircraft, the [engines/propulsion systems] as described in the Bill of Sale, appliances, parts, instruments, accessories, furnishings and other equipment, free and clear of all liens, claims, charges, encumbrances and rights of others, and that Airbus S.A.S. will warrant and defend such title to the Aircraft forever against all claims and demands whatsoever.

This Airbus Warranty is governed by and shall be construed in accordance with the laws of the State of New York.

**IN WITNESS WHEREOF** , Airbus S.A.S. has caused this Airbus Warranty to be executed by its duly authorized representative this \_\_\_\_\_ day of \_\_\_\_\_ .

**AIRBUS S.A.S.**

By: \_\_\_\_\_  
Name:  
Title:

LETTER AGREEMENT NO. 1

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

1. **CREDIT MEMORANDA**

1.1. **A321 NEO Aircraft**

1.1.1 In respect of each A321 NEO Aircraft that is sold by the Seller and purchased by the Buyer, the Seller shall provide to the Buyer the following [\*\*\*]:

- (i) [\*\*\*],
- (ii) [\*\*\*],

1.1.2 The A321 NEO Aircraft [\*\*\*].

1.1.3 The A321 NEO Aircraft [\*\*\*].

1.2 [\*\*\*]

1.2.1 In respect of each Aircraft that is sold by the Seller and purchased by the Buyer, the Seller shall provide [\*\*\*].

CT1707017 PA A321 NEO EXECUTION

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LA 1- 1

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

1.2.2 [\*\*\*]

1.2.3 [\*\*\*]

1.3 [\*\*\*]

1.3.1 [\*\*\*]:

- (i) [\*\*\*],
- (ii) [\*\*\*],

1.3.2 [\*\*\*]

1.3.3 [\*\*\*]

2. [\*\*\*]

2.1 [\*\*\*]:

- (i) [\*\*\*];
- (ii) [\*\*\*];
- (iii) [\*\*\*]; and
- (iv) [\*\*\*].

2.2 [\*\*\*]:

- [\*\*\*]:
- (i) [\*\*\*], and
  - (ii) [\*\*\*], and
  - (iii) [\*\*\*], and
  - (iv) [\*\*\*].

2.3 [\*\*\*]:

- [\*\*\*]:
- (i) [\*\*\*], and
  - (ii) [\*\*\*], and
  - (iii) [\*\*\*], and
  - (iv) [\*\*\*].

3     **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

4     **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.7 of the Agreement.

5     **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

CT1707017 PA A321 NEO EXECUTION

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LA 1- 3

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

LETTER AGREEMENT NO. 2

December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Ladies and Gentlemen:

Delta Air Lines, Inc. (“**Buyer**”) and Airbus S.A.S. (“**Seller**”), have entered into the Airbus A321 NEO Aircraft Purchase Agreement, dated of even date herewith (the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase by the Buyer of one hundred (100) firmly ordered A321 NEO Aircraft.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 2 certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement No. 2 have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement No. 2.

Both parties agree that this Letter Agreement No. 2 shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement No. 2 shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement No. 2 have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement No. 2 shall govern.

1 [\*\*\*]

Clauses 5.2.1, 5.2.2 and 5.2.3 of the Agreement are deleted in their entirety and replaced with the following text:

“5.2.1 [\*\*\*]

5.2.2 INTENTIONALLY LEFT BLANK

5.2.3 [\*\*\*]

5.2.3.1 [\*\*\*]:

***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***

5.2.3.2 [\*\*\*]

5.2.3.3 [\*\*\*]:

- (i) [\*\*\*], and
- (ii) [\*\*\*], and
- (iii) [\*\*\*].

2 **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

3 **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.7 of the Agreement.



4      **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION

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LA 2- 3

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

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LA 2- 4

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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LETTER AGREEMENT NO. 3

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 3 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

1. [\*\*\*]  
[\*\*\*]:

1.1 [\*\*\*]

1.1.1 [\*\*\*]  
[\*\*\*]:

- (i) [\*\*\*]:
  - (a) [\*\*\*], and
  - (b) [\*\*\*],

[\*\*\*]

1.1.2 [\*\*\*]

[\*\*\*]:

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]

(v) [\*\*\*]

(vi) [\*\*\*].

(vii) [\*\*\*]

1.1.3 [\*\*\*]

[\*\*\*]

[\*\*\*]

1.2 [\*\*\*]

1.2.1 [\*\*\*]

[\*\*\*]:

(i) [\*\*\*].

[\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

1.2.2 [\*\*\*]

[\*\*\*]:

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

(v) [\*\*\*]

(vi) [\*\*\*]

(vii) [\*\*\*]

1.3.2 [\*\*\*]

[\*\*\*]:

(i) [\*\*\*], and

(ii) [\*\*\*].

1.3 [\*\*\*]

1.3.2 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
			[***]

1.3.2 [\*\*\*]

[\*\*\*]

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]

1.3.3 Option Right Effect

[\*\*\*]

1.3.4 [\*\*\*]

- (i) [\*\*\*]
- (ii) [\*\*\*]

1.3.5 [\*\*\*]

[\*\*\*]

1.4 [\*\*\*]

[\*\*\*]

1.5 [\*\*\*]

[\*\*\*]

2. **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

3. **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.7 of the Agreement.

4. **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 3- 4

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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LETTER AGREEMENT NO. 4

December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Ladies and Gentlemen:

Delta Air Lines, Inc. (“**Buyer**”) and Airbus S.A.S. (“**Seller**”), have entered into the Airbus A321 NEO Aircraft Purchase Agreement, dated of even date herewith (the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase by the Buyer of one hundred (100) firmly ordered A321 NEO Aircraft.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 4 certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement No. 4 have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement No. 4.

Both parties agree that this Letter Agreement No. 4 shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement No. 4 shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement No. 4 have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement No. 4 shall govern.

1 [\*\*\*]

1.1 [\*\*\*]

1.1.2 [\*\*\*]:

(i) [\*\*\*], and

(ii) [\*\*\*], and

(iii) [\*\*\*], and

(iv) [\*\*\*].

1.1.2 [\*\*\*]

1.1.3 [\*\*\*]

- (i) [\*\*\*]:
    - a. [\*\*\*] or,
    - b. [\*\*\*] or,
    - c. [\*\*\*].
- OR

(ii) [\*\*\*], or

(iii) [\*\*\*]:

- a. [\*\*\*], or
- b. [\*\*\*]

[\*\*\*]

1.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

## 2 **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

## 3 **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.7 of the Agreement.

## 4 **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).



If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 4- 3

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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APPENDIX A to Letter Agreement 4

[\*\*\*]

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 4- 4

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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LETTER AGREEMENT NO. 5

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

**Re: [\*\*\*]**

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 5 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

1. [\*\*\*]  
[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

2. [\*\*\*]

2.1 [\*\*\*]

2.2 [\*\*\*].:

(i) [\*\*\*]; or

(ii) [\*\*\*].

2.3 [\*\*\*]  
[\*\*\*]

3. [\*\*\*]  
[\*\*\*]

4. [\*\*\*]  
[\*\*\*]  
[\*\*\*]

5. **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

6. **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Clause 22.7 of the Agreement.

7. **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 5- 3

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321neo Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6A (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the A321neo Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1 AIRCRAFT MODEL APPLICABILITY**

The guarantees contained in Paragraphs 2, 3 and 4 herein of this Letter Agreement (the “**Performance Guarantees**”) are applicable to the A321neo aircraft as defined in the standard specification document number [\*\*\*] (for the purposes of this Letter Agreement, the “**Standard Specification**”) as [\*\*\*]:

- (i) [\*\*\*],
- (ii) [\*\*\*]
- (iii) [\*\*\*]

(for the purposes of this Letter Agreement, the “**Aircraft**”).

**2 FLIGHT PERFORMANCE**

2.1 [\*\*\*]

The guarantees set forth in Paragraphs 2.1.1, 2.1.2 and 2.1.3 herein shall be referred to as the [\*\*\*].

2.1.1 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.1.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

2.1.3 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.2 [\*\*\*]

The guarantees set forth in Paragraphs 2.2.1 and 2.2.2 herein shall be referred to as the [\*\*\*].

2.2.1 [\*\*\*]

[\*\*\*]

[\*\*\*]

2.2.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

- (i) [\*\*\*],
- (ii) [\*\*\*], and
- (iii) [\*\*\*].

2.3 [\*\*\*]

[\*\*\*]:

[\*\*\*]

(the [\*\*\*]).

2.4 [\*\*\*]

\*\*\*:

\*\*\*

(the \*\*\*).

2.5 \*\*\*

\*\*\*:

\*\*\*

(the \*\*\*).

\*\*\*:

(i) \*\*\*

(ii) \*\*\*

(iii) \*\*\*

2.6 \*\*\*

The guarantees set forth in Paragraphs 2.6.1, 2.6.2 and 2.6.3 herein shall be referred to as the \*\*\*.

2.6.1 \*\*\*:

\*\*\*

2.6.2 \*\*\*:

\*\*\*

2.6.3 \*\*\*:

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2.7 \*\*\*

The guarantees set forth in Paragraphs 2.7.1, 2.7.2 and 2.7.3 herein shall be referred to as the \*\*\*.

2.7.1 \*\*\*

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2.7.4 \*\*\*

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2.7.5 [\*\*\*]

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(ii) [\*\*\*],

[\*\*\*].

3 [\*\*\*]

3.1 [\*\*\*]

3.2 [\*\*\*]

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4 [\*\*\*]

4.1 [\*\*\*]

The Aircraft shall be certified in accordance with [\*\*\*].

Noise data shall be obtained and evaluated in accordance with the requirements of [\*\*\*].

4.2 [\*\*\*]

The guarantee set forth in Paragraph 4.2.1 herein shall be referred to as the [\*\*\*].

4.2.1 [\*\*\*]

4.2.2 [\*\*\*]

4.2.3 [\*\*\*]:

(i) [\*\*\*], and

(ii) [\*\*\*]:

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

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4.3 [\*\*\*]

4.3.1 [\*\*\*]

[\*\*\*]:

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4.3.2 [\*\*\*]

[\*\*\*]:

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[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[\*\*\*]

**5 ADJUSTMENT OF GUARANTEES**

5.1 In the event that any change to any law, governmental regulation or requirement or interpretation thereof by any governmental agency (a “ **Rule Change** ”) is made subsequent to the date of the Agreement and such Rule Change affects the Aircraft configuration or performance, or both, that is required to obtain Type Certification, the Performance Guarantees shall be appropriately modified to reflect the effect of any such Rule Change.

5.2 The Performance Guarantees may be adjusted in the event of:

- (i) any configuration change which is the subject of an SCN and is not set forth in Paragraph 1 herein, and
- (ii) changes required to obtain the Type Certificate which require changes to the performance or weight of the Aircraft.

**6 GUARANTEE CONDITIONS**

In addition to the conditions set forth elsewhere in this Letter Agreement, the conditions below shall apply to the Performance Guarantees:

6.1 All guaranteed performance data are based on the International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

6.2 [\*\*\*]

6.3 [\*\*\*]

6.4 [\*\*\*]

6.5 [\*\*\*]:

- (i) [\*\*\*], and
- (ii) [\*\*\*].

6.6 [\*\*\*]

6.7 [\*\*\*]

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**7 GUARANTEE COMPLIANCE**

7.1 Compliance with the Performance Guarantees set forth in Paragraphs 2, 3 and 4 herein shall be based on the conditions specified in such paragraphs, adjustments pursuant to Paragraph 5 herein and the conditions set forth in Paragraph 6 herein.

7.2 [\*\*\*]

7.3 [\*\*\*]

7.4 [\*\*\*]

7.5 [\*\*\*]

7.6 [\*\*\*]

7.7 [\*\*\*]

[\*\*\*]

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[\*\*\*]

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7.8 [\*\*\*]

7.9 [\*\*\*]

**8 EXCLUSIVE GUARANTEES**

The Performance Guarantees are exclusive to the Buyer and are provided in lieu of any and all other [\*\*\*].

**9 [\*\*\*]**

9.1 In the event that one or more A321neo Aircraft fails to comply with any of the Performance Guarantees, the Seller shall [\*\*\*].

9.2 In the event of non-compliance with any of the guarantees set forth in [\*\*\*]:

(i) [\*\*\*];

(ii) [\*\*\*]; and

(iii) [\*\*\*].

9.3 In the event the Seller [\*\*\*].

9.4 The Seller's maximum liability in respect of deficiency in performance of any A321neo Aircraft shall be [\*\*\*].

## 10 **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

## 11 **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.5 of the Agreement.

## 12 **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.



If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 6A- 12

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---



As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321neo Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 6B (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the A321neo Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1 AIRCRAFT MODEL APPLICABILITY**

The guarantees contained in Paragraphs 2, 3 and 4 herein of this Letter Agreement (the “**Performance Guarantees**”) are applicable to the A321neo aircraft as defined in the standard specification document number [\*\*\*] (for the purposes of this Letter Agreement, the “**Standard Specification**”) as [\*\*\*]:

(i) [\*\*\*],

(ii) [\*\*\*]

(iii) [\*\*\*]

(for the purposes of this Letter Agreement, the “**Aircraft**”).

[\*\*\*]

**2 FLIGHT PERFORMANCE**

2.1 [\*\*\*]

The guarantees set forth in Paragraphs 2.1.1, 2.1.2 and 2.1.3 herein shall be referred to as the [\*\*\*].

2.1.1 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.1.2 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.1.3 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.2 [\*\*\*]

The guarantees set forth in Paragraphs 2.2.1 and 2.2.2 herein shall be referred to as the [\*\*\*].

2.2.1 [\*\*\*]

[\*\*\*]:

[\*\*\*]

2.2.2 [\*\*\*]

[\*\*\*]:

[\*\*\*]

[\*\*\*]:

- (i) [\*\*\*],
- (ii) [\*\*\*], and
- (iii) [\*\*\*].

2.3 [\*\*\*]

[\*\*\*]:

[\*\*\*]

(the [\*\*\*]).

2.4 [\*\*\*]

[\*\*\*]:

[\*\*\*]

(the [\*\*\*]).

2.5 [\*\*\*]

[\*\*\*]:

[\*\*\*]

(the [\*\*\*]).

[\*\*\*]:

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

2.6 [\*\*\*]

The guarantees set forth in Paragraphs 2.6.1, 2.6.2 and 2.6.3 herein shall be referred to as the [\*\*\*].

2.6.1 [\*\*\*]:

[\*\*\*]

2.6.2 [\*\*\*]:

[\*\*\*]

2.6.3 [\*\*\*]:

[\*\*\*]

2.7 [\*\*\*]

The guarantees set forth in Paragraphs 2.7.1, 2.7.2 and 2.7.3 herein shall be referred to as the [\*\*\*].

2.7.1 [\*\*\*]

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2.7.2 [\*\*\*]

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2.7.5 \*\*\*

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(i) \*\*\*, plus

(ii) \*\*\*,

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3 \*\*\*

3.1 \*\*\*

3.2 \*\*\*

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4 \*\*\*

4.1 \*\*\*

The Aircraft shall be certified in accordance with [\*\*\*].

[\*\*\*]

4.2 [\*\*\*]

The guarantee set forth in Paragraph 4.2.1 herein shall be referred to as the [\*\*\*].

4.2.1 [\*\*\*]

4.2.2 [\*\*\*]

4.2.3 [\*\*\*]:

(i) [\*\*\*], and

(ii) [\*\*\*]:

[\*\*\*]

[\*\*\*]

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[\*\*\*]

[\*\*\*]

[\*\*\*]

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[\*\*\*]

4.3 [\*\*\*]

4.3.1 [\*\*\*]

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[\*\*\*]

4.3.2 [\*\*\*]

[\*\*\*]:

[\*\*\*]

[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

[\*\*\*]

**5     ADJUSTMENT OF GUARANTEES**

5.1     In the event that any change to any law, governmental regulation or requirement or interpretation thereof by any governmental agency (a “ **Rule Change** ”) is made subsequent to the date of the Agreement and such Rule Change affects the Aircraft configuration or performance, or both, that is required to obtain Type Certification, the Performance Guarantees shall be appropriately modified to reflect the effect of any such Rule Change.

5.2     The Performance Guarantees may be adjusted in the event of:

- (i)     any configuration change which is the subject of an SCN and is not set forth in Paragraph 1 herein, and
- (ii)    changes required to obtain the Type Certificate which require changes to the performance or weight of the Aircraft.

**6     [\*\*\*]**

In addition to the conditions set forth elsewhere in this Letter Agreement, the conditions below shall apply to the Performance Guarantees:

6.1     All guaranteed performance data are based on the International Standard Atmosphere (ISA) and specified variations therefrom; altitudes are pressure altitudes.

6.2     [\*\*\*]

6.3     [\*\*\*]

6.4     [\*\*\*]

6.5     [\*\*\*]:

- (i)     [\*\*\*], and
- (ii)    [\*\*\*].

6.6     [\*\*\*]

6.7     [\*\*\*]

[\*\*\*]  
[\*\*\*]

**7 GUARANTEE COMPLIANCE**

7.1 Compliance with the [\*\*\*].

7.2 Compliance with the [\*\*\*].

7.3 Compliance with the [\*\*\*].

7.4 Compliance with the [\*\*\*].

7.5 [\*\*\*]

7.6 Compliance with the [\*\*\*].

7.7 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

7.8 [\*\*\*]

7.9 Compliance with the [\*\*\*].

**8 EXCLUSIVE GUARANTEES**

The Performance Guarantees are exclusive to the Buyer and are provided in lieu of any and all other [\*\*\*].

**9 REMEDIES**

9.1 In the event that one or more A321neo Aircraft fails to comply with any of the Performance Guarantees, the Seller shall [\*\*\*].

9.2 In the event of non-compliance with any of the guarantees set forth in [\*\*\*]:

(i) [\*\*\*];

(ii) [\*\*\*]; and

(iii) [\*\*\*].

9.3 In the event the Seller [\*\*\*].

9.4 The Seller's maximum liability in respect of deficiency in performance of any A321neo Aircraft shall be [\*\*\*].

**10 ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**11 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.5 of the Agreement.

**12 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION  
PRIVILEGED AND CONFIDENTIAL

LA 6B - 12

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---



As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “ **Buyer** ”) and Airbus S.A.S. (the “ **Seller** ”) have entered into an Airbus A321NEO Aircraft Purchase Agreement of even date herewith (the “ **Agreement** ”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 7 (this “ **Letter Agreement** ”) certain additional terms and conditions regarding the sale of the A321NEO Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1 DEFINITIONS**

For the purposes of this Letter Agreement, the following terms shall have the following meanings:

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.





[\*\*\*]

[\*\*\*]

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**2** [\*\*\*]

2.1 [\*\*\*]

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2.2 [\*\*\*]

**3** [\*\*\*]

3.1 [\*\*\*]

3.2 [\*\*\*]:

(a) [\*\*\*]; and

(b) [\*\*\*].

**4** [\*\*\*]

4.1 [\*\*\*]:

(a) [\*\*\*];

(b) [\*\*\*];

(c) [\*\*\*];

(d) [\*\*\*];

(e) [\*\*\*];

(f) [\*\*\*].

4.2 [\*\*\*]

CT1707017 PA A321 NEO EXECUTION

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

LA 7 - 2

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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4.3 [\*\*\*]:

(a) [\*\*\*];

(b) [\*\*\*];

(c) [\*\*\*];

(d) [\*\*\*].

[\*\*\*]

4.4 [\*\*\*]

4.5 [\*\*\*]

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5 [\*\*\*]

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5.1 [\*\*\*]

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5.3 [\*\*\*]

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5.4 [\*\*\*]

5.5 [\*\*\*]

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5.6 [\*\*\*]

[\*\*\*]

(a) [\*\*\*]

(b) [\*\*\*]

(c) [\*\*\*]

[\*\*\*]

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

LA 7 - 3

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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5.7 [\*\*\*]

5.7.1 [\*\*\*]

5.7.2 [\*\*\*]

5.8 [\*\*\*]

5.9 [\*\*\*]:

- (a) [\*\*\*],
- (b) [\*\*\*], and
- (c) [\*\*\*].

[\*\*\*]

5.10 [\*\*\*]:

- (a) [\*\*\*],
- (b) [\*\*\*],
- (c) [\*\*\*],
- (d) [\*\*\*],
- (e) [\*\*\*],
- (f) [\*\*\*],
- (g) [\*\*\*],
- (h) [\*\*\*]
- (i) [\*\*\*],
- (j) [\*\*\*],
- (k) [\*\*\*],
- (l) [\*\*\*],
- (m) [\*\*\*],
- (n) [\*\*\*]
- (o) [\*\*\*],
- (p) [\*\*\*], and
- (q) [\*\*\*].

5.11 [\*\*\*]:

- (a) [\*\*\*], and
- (b) [\*\*\*],

[\*\*\*].

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CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.



[\*\*\*] [\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*] [\*\*\*]

[\*\*\*] [\*\*\*] [\*\*\*]

[\*\*\*]

6.5 [\*\*\*]:

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[\*\*\*]:

(a) [\*\*\*]

(b) [\*\*\*]

7 [\*\*\*]

[\*\*\*]:

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

[\*\*\*]

[\*\*\*]

**8** [\*\*\*]

8.1 [\*\*\*]

8.2 [\*\*\*]

8.3 [\*\*\*]

**9** [\*\*\*]

9.1 [\*\*\*]

9.2 [\*\*\*]

9.3 [\*\*\*]:

(a) [\*\*\*] or,

(b) [\*\*\*].

9.4 [\*\*\*]

**10** [\*\*\*]

[\*\*\*]

**11** [\*\*\*]

[\*\*\*]

**12** [\*\*\*]

12.1 [\*\*\*]

12.2 [\*\*\*]

**13 ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**14 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.7 of the Agreement.

**15 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

CT1707017 PA A321 NEO EXECUTION  
PRIVILEGED AND CONFIDENTIAL  
[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

LA 7 - 8

PRIVILEGED AND CONFIDENTIAL  
[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

LA 7 - 9

PRIVILEGED AND CONFIDENTIAL

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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[\*\*\*]

[\*\*\*]

CT1707017 PA A321 NEO EXECUTION  
PRIVILEGED AND CONFIDENTIAL  
[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

LA 7 - 10

PRIVILEGED AND CONFIDENTIAL  
[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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[\*\*\*]

[\*\*\*] :

1 [\*\*\*]

2 [\*\*\*] :

- [\*\*\*]
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[\*\*\*] :

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[\*\*\*] .

3 [\*\*\*]

4 [\*\*\*]

5 [\*\*\*]

6 [\*\*\*]

LETTER AGREEMENT NO. 8

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1**     **WARRANTIES**

1.1     **Warranties and Service Life Policy**

1.1.1   **Standard Warranty**

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

1.1.2   **Seller Service Life Policy**

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

“12.2.2     **Periods and Seller’s Undertaking**

CT1707017 PA A321 NEO EXECUTION LA8 - 1

PRIVILEGED AND CONFIDENTIAL

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 8-6

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

LETTER AGREEMENT NO. 8

As of December 15, 2017

Delta Air Lines, Inc.

1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

## **WARRANTIES**

### Warranties and Service Life Policy

#### Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

#### Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

##### “12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

##### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

[\*\*\*]

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[\*\*\*]

## **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

[\*\*\*]

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[\*\*\*]:

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[\*\*\*], or

[\*\*\*], or

[\*\*\*], or

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

## **ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

## **CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

## **COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION LA8

PRIVILEGED AND CONFIDENTIAL

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_ day of \_\_\_\_\_

BETWEEN

**AIRBUS S.A.S.** , a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus** ")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company** ")

(Each of them hereinafter referred to as "**Party** " or together as "**Parties** ")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

**DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

" **Confidential Information** " means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

" **Disclosing Party** " means Airbus;

" **Employees** " means the employees, officers, directors, and agents of the Receiving Party;

" **Receiving Party** " means the Company.

**OBLIGATIONS OF THE RECEIVING PARTY**

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;
- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;



Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## **LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY**

**3.1** The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

(b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## **PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## **PROVISIONS IN CASE OF BREACH**

### **Termination**

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### **Traditional Remedies**

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## **6. NO WAIVER**

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent

any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## 7. DURATION OF THIS NDA

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

(a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:

Title:

*DELTA AIR LINES, INC.*

Name:

Title:

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Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller's financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

12.2.3 Seller's Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller's current sales price therefor, less the Seller's financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]  
[\*\*\*]  
[\*\*\*],  
[\*\*\*],  
[\*\*\*],  
[\*\*\*].

1.1.3 [\*\*\*]

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1.1.4 [\*\*\*]

[\*\*\*]

1.1.5 [\*\*\*]

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[\*\*\*]

CT1707017 PA A321 NEO EXECUTION LA8 - 2

PRIVILEGED AND CONFIDENTIAL

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 8-6

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

## **WARRANTIES**

### Warranties and Service Life Policy

#### Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

#### Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

##### “12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
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##### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

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### **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

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[\*\*\*], or

[\*\*\*], or

[\*\*\*], or

[\*\*\*]

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[\*\*\*]

**ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

**COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be

delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION LA8

PRIVILEGED AND CONFIDENTIAL

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_ day of \_\_\_\_\_



BETWEEN

**AIRBUS S.A.S.**, a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus**")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company**")

(Each of them hereinafter referred to as "**Party**" or together as "**Parties**")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

**DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

"**Confidential Information**" means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

"**Disclosing Party**" means Airbus;

"**Employees**" means the employees, officers, directors, and agents of the Receiving Party;

"**Receiving Party**" means the Company.

**OBLIGATIONS OF THE RECEIVING PARTY**

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;

- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;

Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY

**3.1** The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

(b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## PROPRIETARY RIGHTS

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## PROVISIONS IN CASE OF BREACH

### Termination

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### Traditional Remedies

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## 6. NO WAIVER

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## 7. DURATION OF THIS NDA

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

(a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:

Title:

*DELTA AIR LINES, INC.*

Name:

Title:

---

[\*\*\*]

2 **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

3 [\*\*\*]

3.1 [\*\*\*]

[\*\*\*]

3.2 [\*\*\*]:

[\*\*\*].

4 [\*\*\*]

4.1 [\*\*\*]

4.1.1 [\*\*\*]

4.1.2 [\*\*\*]

4.1.3 [\*\*\*]

4.1.4 [\*\*\*]

4.2 [\*\*\*]

4.2.1 [\*\*\*]

4.2.2 [\*\*\*]

4.2.3 [\*\*\*]

4.2.4 [\*\*\*]

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

## **WARRANTIES**

### Warranties and Service Life Policy

#### Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

#### Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

##### “12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

##### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

[\*\*\*]

[\*\*\*],

[\*\*\*],

[\*\*\*],

[\*\*\*].

[\*\*\*]

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[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

## **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]:

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[\*\*\*], or

[\*\*\*], or

[\*\*\*], or

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

## **ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

## **CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

## **COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed



shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION LA8

PRIVILEGED AND CONFIDENTIAL

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_ day of \_\_\_\_\_

BETWEEN

**AIRBUS S.A.S.**, a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus**")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company**")

(Each of them hereinafter referred to as "**Party**" or together as "**Parties**")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

**DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

"**Confidential Information**" means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

"**Disclosing Party**" means Airbus;

"**Employees**" means the employees, officers, directors, and agents of the Receiving Party;

"**Receiving Party**" means the Company.

**OBLIGATIONS OF THE RECEIVING PARTY**

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees

and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;

- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;

Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## **LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY**

**3.1** The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

- (b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## **PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## **PROVISIONS IN CASE OF BREACH**

### **Termination**

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### **Traditional Remedies**

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## 6. NO WAIVER

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## 7. DURATION OF THIS NDA

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

(a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:  
Title:

*DELTA AIR LINES, INC.*

Name:  
Title:

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5 [\*\*\*]

[\*\*\*]

6 [\*\*\*]

[\*\*\*]:

[\*\*\*]:

(i) [\*\*\*],

(ii) [\*\*\*].

7 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

8 [\*\*\*]

[\*\*\*]

- [\*\*\*], or

- [\*\*\*], or

- [\*\*\*], or

- [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

## **WARRANTIES**

### Warranties and Service Life Policy

#### Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

#### Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

##### “12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

##### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

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## **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

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[\*\*\*], or

[\*\*\*], or

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[\*\*\*]

**ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

**COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed

shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION LA8

PRIVILEGED AND CONFIDENTIAL

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_ day of \_\_\_\_\_

BETWEEN

**AIRBUS S.A.S.**, a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus**")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company**")

(Each of them hereinafter referred to as "**Party**" or together as "**Parties**")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

**DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

"**Confidential Information**" means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

"**Disclosing Party**" means Airbus;

"**Employees**" means the employees, officers, directors, and agents of the Receiving Party;

"**Receiving Party**" means the Company.

**OBLIGATIONS OF THE RECEIVING PARTY**

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees

and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;

- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;

Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## **LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY**

**3.1** The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

- (b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## **PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## **PROVISIONS IN CASE OF BREACH**

### **Termination**

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### **Traditional Remedies**

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## 6. NO WAIVER

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## 7. DURATION OF THIS NDA

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

(a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:  
Title:

*DELTA AIR LINES, INC.*

Name:  
Title:

---

9     **ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

10    **CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

11    **COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

CT1707017 PA A321 NEO EXECUTION LA8 - 5

PRIVILEGED AND CONFIDENTIAL

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 8-6

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

---

LETTER AGREEMENT NO. 8

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: \*\*\*

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

## **WARRANTIES**

### Warranties and Service Life Policy

#### Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

#### Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

##### “12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

##### 12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]

[\*\*\*]

[\*\*\*],

[\*\*\*],

[\*\*\*],

[\*\*\*].

[\*\*\*]

[\*\*\*]



[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

## **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]:

[\*\*\*].

[\*\*\*]

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[\*\*\*]

[\*\*\*], or

[\*\*\*], or

[\*\*\*], or

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

## **ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

## **CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

## **COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_ day of \_\_\_\_\_

BETWEEN

**AIRBUS S.A.S.** , a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus** ")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company** ")

(Each of them hereinafter referred to as "**Party** " or together as "**Parties** ")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

**DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

"**Confidential Information** " means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

" **Disclosing Party** " means Airbus;

" **Employees** " means the employees, officers, directors, and agents of the Receiving Party;

" **Receiving Party** " means the Company.

**OBLIGATIONS OF THE RECEIVING PARTY**

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;
- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;

Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## **LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY**

**3.1** The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

(b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## **PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## **PROVISIONS IN CASE OF BREACH**

### **Termination**

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### **Traditional Remedies**

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## **6. NO WAIVER**

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## **7. DURATION OF THIS NDA**

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

(a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:

Title:

*DELTA AIR LINES, INC.*

Name:

Title:

---

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

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PRIVILEGED AND CONFIDENTIAL

CT1707017 PA A321 NEO EXECUTION

PRIVILEGED AND CONFIDENTIAL

LA 8-6

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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LETTER AGREEMENT NO. 8

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 8 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.



Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**WARRANTIES**

Warranties and Service Life Policy

Standard Warranty

Subclause 12.1.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

Seller Service Life Policy

Subclauses 12.2.2 and 12.2.3 of the Agreement are deleted in their entirety and replaced with the following:

“12.2.2 Periods and Seller’s Undertaking

Subject to the general conditions and limitations set forth in Subclause 12.2.4 below, the Seller agrees that if a Failure occurs in an Item within [\*\*\*] to the Buyer, the Seller shall, at its own discretion, as promptly as practicable and for a price that reflects the Seller’s financial participation in the cost as hereinafter provided, either:

- (i) design and furnish to the Buyer a correction for such Item subject to a Failure and provide any parts required for such correction (including Seller designed standard parts but excluding industry standard parts unless a part of an Item), or
- (ii) replace such Item.

12.2.3 Seller’s Participation in the Cost

Any part or Item that the Seller is required to furnish to the Buyer under this Service Life Policy in connection with the correction or replacement of an Item shall be furnished to the Buyer at the Seller’s current sales price therefor, less the Seller’s financial participation, which shall be determined in accordance with the following formula:

[\*\*\*]  
[\*\*\*]  
[\*\*\*],  
[\*\*\*],  
[\*\*\*],  
[\*\*\*].

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[\*\*\*]

## **TECHNICAL PUBLICATIONS**

Clause 14.6 of the Agreement is deleted in its entirety and replaced with the following:

“14.6 Revision Service

[\*\*\*]

[\*\*\*]

[\*\*\*]

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**[\*\*\*]**

[\*\*\*]

[\*\*\*], or

[\*\*\*], or

[\*\*\*], or

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

**ASSIGNMENT**

This Letter Agreement No. 8 and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**CONFIDENTIALITY**

This Letter Agreement No. 8 is subject to the terms and conditions of Clause 22.7 of the Agreement.

**COUNTERPARTS**

This Letter Agreement No. 8 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

Form of the [\*\*\*] Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT  
RELATING TO PERFORMANCE DATA PROJECT

This Non Disclosure Agreement (hereinafter called the "NDA") is made on this \_\_\_\_ day of \_\_\_\_\_

BETWEEN

**AIRBUS S.A.S.**, a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as "**Airbus** ")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the "**Company** ")

(Each of them hereinafter referred to as "**Party** " or together as "**Parties** ")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

As part of its commitment in the Agreement, Airbus has agreed [\*\*\*].

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

NOW IT IS HEREBY AGREED AS FOLLOWS:

## DEFINITIONS

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

"**Confidential Information**" means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

"**Disclosing Party**" means Airbus;

"**Employees**" means the employees, officers, directors, and agents of the Receiving Party;

"**Receiving Party**" means the Company.

## OBLIGATIONS OF THE RECEIVING PARTY

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .

- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;
- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;

Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;

Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY

3.1 The obligations contained in Article 2 above shall not apply to Confidential Information:

Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a

breach of this NDA; or

For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or

For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

**3.2** The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or

(b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

## **PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

## **PROVISIONS IN CASE OF BREACH**

### **Termination**

If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.

### **Traditional Remedies**

In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).

Parties will be entitled to use other legal remedies available including, but not limited to injunction.

## **6. NO WAIVER**

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

## **7. DURATION OF THIS NDA**

This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## 8. MISCELLANEOUS

- (a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.

The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.

Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## 9. GOVERNING LAW AND ARBITRATION

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and AirbusLicensor and Licensee (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## 10. ASSIGNMENT; COUNTERPARTS

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, ~~Airbus~~ may assign this NDA, upon notice in writing to the other Party, to a company controlled by ~~Airbus~~.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

AIRBUS SAS

acting in its own name and in the name and on behalf of the Airbus Companies

Name:

Title:

*DELTA AIR LINES, INC.*

Name:

Title:





**NON-DISCLOSURE AGREEMENT  
RELATING TO [\*\*\*]**

This Non Disclosure Agreement (hereinafter called the " **NDA** ") is made on this 15<sup>th</sup> day of December 2017.

BETWEEN

**AIRBUS S.A.S.** , a French société par actions simplifiée, with its registered office at 2, rond-point Emile Dewoitine, 31700 Blagnac, France, registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as " **Airbus** ")

AND

Delta Air Lines, Inc., incorporated under the laws of Delaware, with offices at 1050 Delta Boulevard, Atlanta GE 30320 (hereinafter referred to as the " **Company** ")

(Each of them hereinafter referred to as " **Party** " or together as " **Parties** ")

**WHEREAS:**

The Company and the Buyer have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the "Agreement") which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement.

A. As part of its commitment in the Agreement, Airbus has agreed to [\*\*\*]

C In order to protect any such information, the Parties have decided to enter into this NDA. For avoidance of doubt, the Airbus Companies shall not be deemed to be third parties and any such information may freely circulate among them.

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

**1. DEFINITIONS**

In this NDA and unless otherwise defined herein, the following terms shall have the meanings set out below:

"**Airbus Companies**" means Airbus S.A.S or its affiliates

" **Confidential Information** " means any proprietary, confidential and sensitive commercial or technical information disclosed by the Disclosing Party (as defined below) to the Receiving Party (as defined below) in relation to or in anyway connected with the [\*\*\*]

For avoidance of doubt, all and any version of Airbus specifications shall be considered as Confidential Information.

" **Disclosing Party** " means Airbus;

" **Employees** " means the employees, officers, directors, and agents of the Receiving Party;

" **Receiving Party** " means the Company.

NDA BETWEEN DAL AND AIRBUS FOR A321NEO [\*\*\*]

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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## 2. OBLIGATIONS OF THE RECEIVING PARTY

In consideration of its receipt of the Confidential Information from the Disclosing Party, the Receiving Party shall:

- (a) Treat all Confidential Information received from the Disclosing Party as proprietary and confidential and unless expressly authorized in writing to do so by the Disclosing Party, shall not disclose any Confidential Information to third parties (except as provided herein) and shall only use such Confidential Information for purposes relating to the support of its own operations and network planning activities. .
- (b) Only disseminate Confidential Information to Employees to the extent that such Employees have a demonstrable need to know the same in order to carry out their tasks in relation to the Project;
- (c) Ensure that all Employees who have access to Confidential Information are made aware of the confidential nature of the Confidential Information and of the obligations contained in this NDA;
- (d) Promptly notify the Disclosing Party if it becomes aware of a breach of any provision of this NDA by any of its Employees and take all the necessary measures to ensure that the disclosures in breach of this NDA cease immediately;
- (e) Except as authorized in writing by the Disclosing Party, only use, copy or reduce Confidential Information into tangible, visible or recorded form as is strictly necessary for the performance of the Project;
- (f) Protect the Confidential Information with at least the same degree of care as it uses to protect its own Confidential Information but in no instance shall such standard be less than reasonable care;
- (g) Not remove, alter or deface any designations relating to the confidential or proprietary nature of the Confidential Information;

## 3. LIMITS TO OBLIGATIONS ON THE RECEIVING PARTY

3.1 The obligations contained in Article 2 above shall not apply to Confidential Information:

- (a) Which is in the public domain at the time of disclosure or becomes part of the public domain after disclosure otherwise than through a breach of this NDA; or
- (b) For which the Receiving Party can provide evidence that it was in its lawful possession prior to disclosure to it by the Disclosing Party or which is lawfully and bona fide obtained thereafter by the Receiving Party from a third party who, to the knowledge or reasonable belief of the Receiving Party, did not receive such information directly or indirectly from the Disclosing Party when under a duty of confidentiality; or
- (c) For which the Receiving Party can provide proof that it was independently developed by the Receiving Party without prior knowledge of any Confidential Information obtained from the Disclosing Party.

3.2 The obligations contained in Article 2 shall not apply to a specific disclosure of Confidential Information if such disclosure meets one of the following conditions:

NDA BETWEEN DAL AND AIRBUS FOR A321NEO [\*\*\*]

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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- (a) It has to be disclosed by reason of a governmental or judicial order or applicable law. In such a case, the Party having received such an order or being subject to such applicable law shall promptly inform the Disclosing Party of its obligation to disclose Confidential Information if possible prior to such disclosure and consult the Disclosing Party on the advisability of taking steps to limit the disclosure. If the Disclosing Party wishes to counter such order or applicable law, the Receiving Party shall provide reasonable assistance to it in doing so, at the Disclosing Party's expense, provided that neither such time to consult, nor such reasonable assistance, shall compromise the obligation of the Party having received such an order to respond to such governmental or judicial order; or
- (b) It is further disclosed by the Receiving Party in confidence to any third party with the prior written consent of the Disclosing Party.

#### **4. PROPRIETARY RIGHTS**

Except as expressly stated in writing by the Disclosing Party, neither the disclosure pursuant to this NDA of Confidential Information nor anything contained in this NDA shall be construed as expressly or implicitly granting any rights to the Receiving Party in respect of any patent, copyright, license or other intellectual property right in force and belonging to or disclosed by, the Disclosing Party.

#### **5. PROVISIONS IN CASE OF BREACH**

- (a) **Termination**  
If the Receiving Party has committed a breach of any provision of this NDA, the Disclosing Party shall have the right to terminate forthwith this NDA by written notice thereof and without prejudice to any other right, claim or remedy it may have at law or in contract. The Receiving Party shall, upon request from and at the discretion of the Disclosing Party, immediately return or destroy all copies of Confidential Information disclosed under or in relation to this NDA. All Confidential information disclosed between the parties before such termination shall remain confidential.
- (b) **Traditional Remedies**  
In that situation, both parties keep their usual rights to seek remedies for their damages incurred by such violation by the Receiving Party or its representative(s).
- (c) Parties will be entitled to use other legal remedies available including, but not limited to injunction.

#### **6. NO WAIVER**

The Receiving Party agrees that no failure nor any delay in exercising on the part of the Disclosing Party any right or remedy under this NDA shall operate as a waiver thereof (in whole or in part), nor shall any single or partial exercise of any right or remedy prevent any further, future or other exercise thereof or any other right or remedy. The rights and remedies existing by virtue of this NDA shall be cumulative and not exclusive of any rights or remedies provided by law.

#### **7. DURATION OF THIS NDA**

- (a) This NDA shall commence on the date first above written and shall continue for [\*\*\*] or until both Parties agree in writing that such NDA is no longer needed and decide to cease it. Notwithstanding the termination of the NDA, all Confidential information that will have been disclosed prior to the date of termination shall remain confidential except if such information ceases to be confidential for the reasons mentioned in Article 3 above.

NDA BETWEEN DAL AND AIRBUS FOR A321NEO [\*\*\*]

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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- (b) Upon termination each Party shall, upon request of the other Party, return, at the requester's costs, or destroy any Confidential Information received by the other Party.

## **8. MISCELLANEOUS**

- (a) Neither Party shall publicly release any information relating to this NDA and the result of the discussions without the prior written consent of the other Party.
- (b) The invalidity, illegality or unenforceability of any provision of this NDA under any jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof.
- (c) Each Party shall promptly advise the other in the event that it becomes aware of the possession, use or knowledge of any Confidential Information by any third party not authorized to possess, use or have such knowledge.

## **9. GOVERNING LAW AND ARBITRATION**

9.1 THIS NDA SHALL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAWS PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

9.2 Each of the Company and Airbus (i) hereby irrevocably submits itself to the exclusive jurisdiction of the courts sitting in the Borough of Manhattan, New York County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defence or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defence based on sovereign or other immunity or that the suit, action or proceeding which is referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

## **10. ASSIGNMENT; COUNTERPARTS**

Neither Party shall assign or transfer any of its rights or obligations under this NDA without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.

Notwithstanding the above, Airbus may assign this NDA, upon notice in writing to the other Party, to a company controlled by Airbus.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

NDA BETWEEN DAL AND AIRBUS FOR A321NEO [\*\*\*]

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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**IN WITNESS WHEREOF** the Parties have executed this NDA on the date first above written, in two (2) original copies.

**AIRBUS SAS**

acting in its own name and in the name and on behalf of the Airbus Companies

Name: /s/ Christophe Mourey

Title: Senior Vice President Contracts

**DELTA AIR LINES, INC.**

Name: /s/ Gregory A. May

Title: Senior Vice President - Supply Chain Management and Fleet

NDA BETWEEN DAL AND AIRBUS FOR A321NEO [\*\*\*]

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: [\*\*\*]

Dear Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1 DEFINITIONS AND UNDERTAKINGS**

- 1.1 For [\*\*\*] (the “**Term**”), the Seller shall (i) maintain, or cause to be maintained, a stock of Seller Parts (as defined below), reasonably adequate to meet the requirements of the Buyer for the Aircraft, and (ii) sell and deliver such Seller Parts (in each case, together with all necessary documentation and data) in accordance with the provisions of this Letter Agreement.
- 1.2 For the purposes of this Letter Agreement, the term “**Seller Parts**” means the Seller's proprietary parts bearing a part number of the Seller or for which the Seller has the exclusive sales rights.

**2 DELIVERY**

2.1 [\*\*\*]

[\*\*\*]:

- (i) [\*\*\*]; and
- (ii) [\*\*\*].

2.2 Emergency Services

During the Term, the Seller shall maintain, or cause to be maintained, [\*\*\*]. Unless otherwise agreed by the Buyer in writing, the lead-times for delivery of such qualified answer to the Buyer shall not exceed:

- (i) [\*\*\*];
- (ii) [\*\*\*]; and
- (iii) [\*\*\*].

2.3 [\*\*\*]  
[\*\*\*]

**3 PRICES**

3.1 Price Condition

[\*\*\*]  
[\*\*\*]

3.2 [\*\*\*]

3.2.1 [\*\*\*]

3.2.2 [\*\*\*]  
[\*\*\*]

3.2.3 [\*\*\*]

**4 [\*\*\*]**

4.1 [\*\*\*]:  
(i) [\*\*\*], and  
(ii) [\*\*\*].

4.2 [\*\*\*]

**5 [\*\*\*]**

Article 2.7 a) of Exhibit H to the Agreement is deleted in its entirety and replaced by the following:

“2.7 [\*\*\*]

a) [\*\*\*]

**6 ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

**7 CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.7 of the Agreement.

**8 COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.



If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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LETTER AGREEMENT NO. 10

December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: MISCELLANEOUS

Ladies and Gentlemen:

Delta Air Lines, Inc. (“**Buyer**”) and Airbus S.A.S. (“**Seller**”), have entered into the Airbus A321 NEO Aircraft Purchase Agreement, dated of even date herewith (the “**Agreement**”), which covers, among other matters, the sale by the Seller and the purchase by the Buyer of one hundred (100) firmly ordered A321 NEO Aircraft.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 10 certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement No. 10 have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement No. 10.

Both parties agree that this Letter Agreement No. 10 shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement No. 10 shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement No. 10 have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement No. 10 shall govern.

1 [\*\*\*]

[\*\*\*]

2 [\*\*\*]

2.1 [\*\*\*]

2.2 [\*\*\*]:

(i) [\*\*\*], or

(ii) [\*\*\*].

2.3 [\*\*\*],

(i) Subclauses [\*\*\*] of the Agreement shall be deemed to read:

(6) [\*\*\*].

(9) [\*\*\*].

and

(ii) [\*\*\*].

2.4 The above commitments from the Seller are subject to the Buyer not being in default under [\*\*\*] or the Agreement. Further, it is agreed and understood by the parties that any amounts that adjust in accordance with the Airframe Price Revision Formula or the Propulsion System Price Revision Formula shall be adjusted to the actual month and year of Delivery of such Undelivered Aircraft.

### 3 **CLAUSE 0 - DEFINITIONS**

3.1 Clause 0 of the Agreement is amended to delete the following defined term and replace it as follows:

“Development Changes - as defined in Subclause 2.2.3.”

3.2 Clause 0 of the Agreement is amended to add the following defined terms:

[\*\*\*]

[\*\*\*]

### 4 **CLAUSE 2 - SPECIFICATION**

Subclause 2.2 of the Agreement is deleted in its entirety and replaced with Subclause 2.2 attached hereto as Appendix 1.

### 5 **CLAUSE 3 - PRICE**

Subclause 3.3 of the Agreement is deleted in its entirety and replaced with Subclause 3.3 and 3.4 attached hereto as Appendix 2.

### 6 **CLAUSE 5 - PAYMENT TERMS**

6.1 Subclause 5.4 of the Agreement is deleted in its entirety and replaced as follows:

“5.4 Payment of Other Amounts

5.4.1 [\*\*\*]

5.4.2 Setoff/Application of Payments

[\*\*\*]

- [\*\*\*], or
  - [\*\*\*], or
  - [\*\*\*],
- [\*\*\*].  
”

6.2 Subclause 5.5 of the Agreement is deleted in its entirety and replaced as follows:

“5.5 Overdue Payments

If any payment due to the Seller is not received by the Seller on the date or dates as agreed upon between the Buyer and the Seller, the Seller shall have the right to claim from the Buyer, and the Buyer shall promptly pay to the Seller, upon receipt of such claim, interest (on the basis of a 365 day year) at a rate per annum equal to [\*\*\*]. The Seller’s right to receive such interest shall be in addition to any other rights of the Seller hereunder or at law.”

7 **CLAUSE 7 - CERTIFICATION**

7.1 Subclause 7.3.3 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

7.2 A new Subclause 7.5 is added to the Agreement as follows:

“7.5 [\*\*\*]

[\*\*\*]

8 **CLAUSE 8 - THE BUYER’S ACCEPTANCE**

8.1 Subclause 8.1.2 of the Agreement is deleted in its entirety and replaced with the following:

[\*\*\*]

8.2 Subclause 8.2 of the Agreement is deleted in its entirety and replaced with the following:

“8.2 Use of Aircraft

The Seller shall be entitled to use any Aircraft prior to its Delivery to the Buyer:

- (i) [\*\*\*],
- (ii) [\*\*\*], or

(iii) [\*\*\*].

[\*\*\*]

9 **CLAUSE 9 - DELIVERY**

Subclause 9.3 of the Agreement is deleted in its entirety and replaced with the following:

“9.3 Flyaway Expenses

9.3.1 [\*\*\*]

9.3.2 [\*\*\*]

10 **CLAUSE 10 - EXCUSABLE DELAY**

Clause 10 of the Agreement is deleted in its entirety and replaced with Clause 10 attached hereto as Appendix 3.

11 **CLAUSE 11 - INEXCUSABLE DELAY**

Clause 11 of the Agreement is deleted in its entirety and replaced with Clause 11 attached hereto as Appendix 4.

12 **CLAUSE 20 - INDEMNIFICATION AND INSURANCE**

Clause 20 of the Agreement is deleted in its entirety and replaced with Clause 20 attached hereto as Appendix 5.

13 **CLAUSE 21 - TERMINATION FOR CERTAIN EVENTS**

Clause 21 of the Agreement is deleted in its entirety and replaced with Clause 21 attached hereto as Appendix 6.

14 **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

15 **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.7 of the Agreement.

16     **COUNTERPARTS**

This Letter Agreement No. 10 may be executed by the parties hereto in separate counterparts, each of which when so executed shall be an original, but all such counterparts shall together constitute one and the same instrument. Such counterparts may be delivered via facsimile and/or electronic mail (provided that an original is subsequently delivered).

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

## 2.2 Specification Amendment

The parties understand and agree that the Specification may be further amended following signature of the Agreement in accordance with the terms of this Subclause 2.2.

### 2.2.1 Specification Change Notice

The Specification may be amended by written agreement between the parties substantially in the form set out in Exhibit B-1 (each, a “ **Specification Change Notice** ” or “ **SCN** ”). Each SCN shall set forth the particular Aircraft that would be affected by the SCN as well as, in detail, the particular changes to be made in the Specification, any materials to be deleted from the Aircraft by the Seller in connection with such SCN, and the effect, if any, of such changes on design, performance, weight, balance, Scheduled Delivery Month, Buyer Furnished Equipment and price of each Aircraft affected thereby and interchangeability or replaceability of parts.

### 2.2.2 Requests and Approvals

2.2.2.1 [\*\*\*] If the Seller determines [\*\*\*], the Seller shall (i) inform the Buyer of the technical results and (ii) provide the Buyer with an estimated commercial offer as well as the date by which acceptance of such offer shall be required. Following the Buyer’s acceptance of the technical and commercial offer, the Seller will produce an [\*\*\*]. If such [\*\*\*] by the Buyer, [\*\*\*] shall be cancelled without charge to the Buyer.

2.2.2.2 In the event that the Buyer requests the Seller in writing to incorporate a proposed change (excluding Development Changes) in an Aircraft and the Seller agrees to such request but the change is not subsequently made the subject of an SCN for any reason (other than the Seller’s unreasonable refusal to sign the SCN or otherwise acting in bad faith), [\*\*\*] and incurred by the Seller, provided that in the event the Seller’s reasonable estimate of the cost of developing such proposed change [\*\*\*] after the Seller’s receipt of the Buyer’s request to incorporate a proposed change and secured the Buyer’s agreement prior to incurring any such costs.

### 2.2.3 Development Changes

The Specification may also be amended to incorporate changes deemed necessary by the Seller to improve the Aircraft, prevent delay or ensure compliance with the Agreement (“ **Development Changes** ”), as set forth in this Subclause 2.2.3.



### 2.2.3.1 Manufacturer Specification Change Notices

The Specification may be amended by the Seller through a Manufacturer Specification Change Notice (“**MSCN**”), which shall be substantially in the form set out in Exhibit B-2 hereto, or by such other means as may be deemed appropriate, and shall set forth the particular Aircraft that are affected by the MSCN as well as, in detail, the particular changes to be made in the Specification, any materials to be deleted from the Aircraft by the Seller in connection with such SCN, and the effect, if any, of such changes on design, performance, weight, balance, Scheduled Delivery Month, Buyer Furnished Equipment and price of each Aircraft affected thereby and interchangeability or replaceability of parts.

Except when the MSCN is necessitated by an Aviation Authority directive or by equipment obsolescence, in which case the MSCN shall be accomplished without requiring the Buyer’s consent, if the MSCN adversely affects the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, the Seller shall notify the Buyer of a reasonable period of time during which the Buyer must accept or reject such MSCN. If the Buyer does not notify the Seller of the rejection of the MSCN within such period, the MSCN shall be deemed accepted by the Buyer and the corresponding modification shall be accomplished; provided however, if the Buyer rejects an MSCN, neither the Specification nor the Base Price of the Aircraft shall change.

For the purposes of Subclause 2.2.3.1, the term “equipment obsolescence” refers to equipment which is no longer manufactured or available commercially.

2.2.3.2 In the event of the Seller revising the Specification to incorporate Development Changes which have no adverse effect on the performance, weight, Base Price, Delivery Date of the Aircraft affected thereby or the interchangeability or replaceability requirements under the Specification, such revision shall be performed by the Seller without the Buyer’s consent. In such cases, the Buyer shall have access to the details of such changes through the relevant application in AirbusWorld.

2.2.3.3 The Seller is considering turning certain items, which are currently BFE in the Specification, into Seller Furnished Equipment. If such BFE becomes Seller Furnished Equipment, it shall be excluded from the provisions of Subclauses 2.2.3.1 and 2.2.3.2 above and be chargeable to the Buyer, however, the price of such Seller Furnished Equipment shall not exceed the price of such BFE.

[\*\*\*]

### 3.3 Taxes, Duties, and Imposts

3.3.1 [\*\*\*]

3.3.2 [\*\*\*]

3.3.3 [\*\*\*]:

(i) [\*\*\*]; and

(ii) [\*\*\*].

3.3.4 It is expressly understood and agreed that [\*\*\*].

3.3.5 It is expressly understood and agreed that [\*\*\*].

3.3.6 [\*\*\*]

3.3.7 [\*\*\*]

3.3.8 [\*\*\*]

3.3.9 [\*\*\*]

3.3.10 [\*\*\*]

3.4 [\*\*\*]

3.4.1 [\*\*\*]

[\*\*\*]

3.4.2 [\*\*\*]

[\*\*\*]

[\*\*\*]

(i) [\*\*\*], and

(ii) [\*\*\*]

(iii) [\*\*\*]

(iv) [\*\*\*]

3.4.3 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

3.4.4 [\*\*\*]

[\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

[\*\*\*]

3.4.5 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*]

(iii) [\*\*\*]

[\*\*\*]

[\*\*\*]

(iv) [\*\*\*]

3.4.7 [\*\*\*]

[\*\*\*]

3.4.8 [\*\*\*]

[\*\*\*]

3.4.9 [\*\*\*]

(i) [\*\*\*]

(ii) [\*\*\*] :

a. [\*\*\*] ; and

b. [\*\*\*] ; and

c. [\*\*\*] ; or

d. [\*\*\*] .

(iii) [\*\*\*].

3.4.10 [\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*]

[\*\*\*].

[\*\*\*]

[\*\*\*]

**10 EXCUSABLE DELAY**10.1 Scope

The Seller shall not be responsible for or be deemed to be in default on account of delays in Delivery or failure to deliver or otherwise in the performance of the Agreement or any part hereof [\*\*\*].

[\*\*\*]

[\*\*\*]

10.2 Unanticipated Delay

If the Delivery of any Aircraft is delayed by reason of an Excusable Delay for a period of more than [\*\*\*].

10.3 Anticipated Delay

In respect of any Aircraft, the Seller may [\*\*\*].

10.4 Delivery Date

[\*\*\*]

10.5 Lost, Destroyed or Damaged Aircraft

In the event that prior to Delivery any Aircraft is lost, destroyed or damaged beyond economic repair, the Seller shall notify the Buyer in writing [\*\*\*] after such event. Such notice shall specify the earliest date, consistent with the Seller's other contractual commitments and production capabilities, by which the Seller would be able to deliver a replacement for such Aircraft. [\*\*\*] In the event of termination of the Agreement as to a particular Aircraft as a result of such loss, destruction or damage the obligations and liabilities of the parties hereunder with respect to such Aircraft shall be discharged. [\*\*\*]

10.6 [\*\*\*]

10.7 REMEDIES

[\*\*\*]

10.8 [\*\*\*]

[\*\*\*]:

(i) [\*\*\*], and

(ii) [\*\*\*].

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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11 INEXCUSABLE DELAY

11.1 [\*\*\*]

[\*\*\*]

11.2 [\*\*\*]

[\*\*\*]

11.3 Written Claim

The Buyer’s right to recover such damages in respect of an Aircraft is conditional upon a claim therefor being submitted in writing to the Seller by the Buyer no later than [\*\*\*] after the date when such Aircraft was scheduled to have been Ready For Delivery.

11.4 [\*\*\*]

[\*\*\*]

[\*\*\*]:

- (i) [\*\*\*],
- (ii) [\*\*\*], or
- (iii) [\*\*\*], or
- (iv) [\*\*\*]
- (v) [\*\*\*]
- (vi) [\*\*\*]

[\*\*\*].

[\*\*\*]:

- (i) [\*\*\*], and
- (ii) [\*\*\*].

11.5 [\*\*\*]

[\*\*\*]

11.6 [\*\*\*]

[\*\*\*]

11.7 REMEDIES

[\*\*\*]

11.8 [\*\*\*]

11.9 [\*\*\*]

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[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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**20 INDEMNIFICATION AND INSURANCE**

20.1 [\*\*\*]:

(A) [\*\*\*], and

(B) [\*\*\*].

20.2 [\*\*\*]:

(A) [\*\*\*], and

(B) [\*\*\*].

20.3 [\*\*\*] Upon receipt of such notice, the Indemnitor (unless otherwise agreed by the Indemnified Party and the Indemnitor) shall assume and conduct the defense, or settlement, of such claim or suit. [\*\*\*] Notice of the claim or suit shall be accompanied by all information pertinent to the matter as is reasonably available to the Indemnified Party and shall be followed by such cooperation by the Indemnified Party as the Indemnitor or its counsel may reasonably request, at the expense of the Indemnitor.

If the Indemnitor fails or refuses to assume the defense of any claim or suit notified to it under this Clause 20, the Indemnified Party [\*\*\*].

20.4 Insurance

[\*\*\*]:

(A) [\*\*\*], and

(B) [\*\*\*].

[\*\*\*]:

(i) [\*\*\*],

(ii) [\*\*\*], and

(iii) [\*\*\*].

**21 TERMINATION FOR CERTAIN EVENTS**21.1 Any of the following shall be considered a material breach of, [\*\*\*] (“**Material Breach**”):

- (1) [\*\*\*], the Buyer [\*\*\*] shall commence any case, proceeding or other action with respect [\*\*\*] or the Buyer in any jurisdiction relating to bankruptcy, insolvency, reorganization or relief from debtors or seeking a reorganization, arrangement, winding-up, liquidation, dissolution or other relief with respect to its debts and such case, proceeding or action is not dismissed [\*\*\*].
- (2) An action is commenced seeking the appointment of a receiver, trustee, custodian or other similar official for [\*\*\*] or the Buyer for all or substantially all of its assets and such action is not stayed or dismissed [\*\*\*], or the Seller or the Buyer makes a general assignment for the benefit of its creditors.
- (3) An action is commenced against the [\*\*\*] the Buyer seeking [\*\*\*].
- (4) [\*\*\*]
- (5) [\*\*\*]
- (6) The Buyer fails to make any [\*\*\*] Payment required to be made pursuant to the Agreement when such payment comes due or fails to make payment [\*\*\*] required to be made pursuant to Subclause 5.3 of the Agreement.
- (7) [\*\*\*]
- (8) [\*\*\*]
- (9) [\*\*\*]
- (10) [\*\*\*]
- (11) [\*\*\*]

21.2 [\*\*\*]

As of December 15, 2017

Delta Air Lines, Inc.  
1050 Delta Boulevard  
Atlanta, Georgia 30320

Re: SHORT FORM FOR AIRBUS ANCILLARY PRODUCTS OR SERVICES

Ladies and Gentlemen,

Delta Air Lines, Inc. (the “**Buyer**”) and Airbus S.A.S. (the “**Seller**”) have entered into an Airbus A321 NEO Aircraft Purchase Agreement of even date herewith (the “**Agreement**”) which covers, among other matters, the sale by the Seller and the purchase by the Buyer of certain Aircraft, under the terms and conditions set forth in said Agreement. The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 11 (this “**Letter Agreement**”) certain additional terms and conditions regarding the sale of the Aircraft. Capitalized terms used herein and not otherwise defined in this Letter Agreement have the meanings assigned thereto in the Agreement. The terms “herein,” “hereof” and “hereunder” and words of similar import refer to this Letter Agreement.

Both parties agree that this Letter Agreement shall constitute an integral, nonseverable part of said Agreement, that the provisions of said Agreement are hereby incorporated herein by reference, and that this Letter Agreement shall be governed by the provisions of said Agreement, except that if the Agreement and this Letter Agreement have specific provisions which are inconsistent, the specific provisions contained in this Letter Agreement shall govern.

**1 DELTA SHORT FORM**

For goods and services (including software and software as a service) of the types listed below to be sold or licensed by the Seller, or its designee, to the Buyer from and after the date hereof, the Seller, or its designee, and the Buyer will, to the extent practicable, use an agreement in substantially the form set forth as Appendix A (the “**Delta Short Form**”):

- (i) software,
- (ii) software as a service,
- (iii) technical advisory services,
- (iv) upgrade services,
- (v) aircraft flight and training services and
- (vi) materials and logistics (including AMI, Airbus parts consignments repairs and leases).

For the sale of other goods and services the Seller, or its designee, will make reasonable efforts to use the Delta Short Form as the applicable sale agreement.

2      **ASSIGNMENT**

This Letter Agreement and the rights and obligations of the parties shall not be assigned or transferred in any manner without the prior written consent of the Seller and any attempted assignment or transfer in contravention of this provision shall be void and of no force or effect.

3      **CONFIDENTIALITY**

This Letter Agreement is subject to the terms and conditions of Subclause 22.7 of the Agreement.

4      **COUNTERPARTS**

This Letter Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

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PRIVILEGED AND CONFIDENTIAL

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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If the foregoing correctly sets forth your understanding, please execute the original and one (1) copy hereof in the space provided below and return a copy to the Seller.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Christophe Mourey

Its: Senior Vice President Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Gregory A. May

Its: Senior Vice President - Supply Chain Management and Fleet

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PRIVILEGED AND CONFIDENTIAL

\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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## APPENDIX A

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\*\*\* Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

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Exhibit A to Appendix A

[\*\*\*]

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PRIVILEGED AND CONFIDENTIAL

[\*\*\*] Confidential portion omitted and filed separately with the Commission Pursuant to a Request for Confidential Treatment.

**First Amendment to  
The Delta Air Lines, Inc. 2015 Long-Term Incentive Program**

Section 2 of the Delta Air Lines, Inc. 2015 Long-Term Incentive Program is amended by adding the following new subsection (d) to the end thereof:

“(d) Notwithstanding any provision of the 2015 LTIP or the Performance Compensation Plan to the contrary, the minimum amount of total Performance Awards payable to eligible Participants (the “ **Minimum Amount** ”) may be fixed by the Committee (or its delegate) on or prior to the end of the Performance Period, but in no event earlier than one calendar month prior to the end of the Performance Period. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2015 LTIP shall be reallocated among the other eligible Participants.”



**DELTA AIR LINES, INC.**  
**2017 LONG-TERM INCENTIVE PROGRAM**

**1. Purpose.** The 2017 Long-Term Incentive Program (the “**2017 LTIP**”) is a long term incentive program sponsored by Delta Air Lines, Inc. (“**Delta**” or the “**Company**”) that is intended to closely: (a) link pay and performance by providing management employees with a compensation opportunity based on Delta achieving key business objectives and (b) align the interests of management employees with the Company’s other employees and stakeholders.

The 2017 LTIP is being adopted under the Delta Air Lines, Inc. Performance Compensation Plan (“**Performance Compensation Plan**”). It is subject to the terms of the Performance Compensation Plan and an individual’s 2017 LTIP Award Agreement (“**Award Agreement**”).

Capitalized terms that are used but not defined in the 2017 LTIP shall have the meaning ascribed to them in the Performance Compensation Plan.

**2. Plan Administration .** (a) The Personnel & Compensation Committee of the Board of Directors (the “**Committee**”) shall be responsible for the general administration and interpretation of the 2017 LTIP and for carrying out its provisions. The Committee shall have such powers as may be necessary to discharge its duties hereunder, including, without limitation, the following powers and duties, but subject to the terms of the 2017 LTIP:

(i) authority to construe and interpret the terms of the 2017 LTIP and to determine eligibility, awards and the amount, manner and time of payment of any awards hereunder;

(ii) authority to prescribe forms and procedures for purposes of the 2017 LTIP participation and distribution of awards; and

(iii) authority to adopt rules and regulations and to take such actions as it deems necessary or desirable for the proper administration of the 2017 LTIP, which authority may be delegated to the Company’s Chief Human Resources Officer.

(b) Any rule or decision by the Committee that is not inconsistent with the provisions of the 2017 LTIP shall be conclusive and binding on all persons and shall be given the maximum deference permitted by law.

(c) Notwithstanding anything contained in the Performance Compensation Plan to the contrary, the Committee shall not have the authority to increase or decrease the actual payout of any Performance Award (as defined below) granted to any Participant pursuant to Section 4(b).

**3. Individual Award Agreements.** Any person offered an Award under the 2017 LTIP will be required to sign an individual Award Agreement. Execution by such person of his or her Award Agreement will be a prerequisite to the effectiveness of the Award under the 2017 LTIP and to the person becoming a Participant in the 2017 LTIP. The terms and conditions of any Award Agreement, if contrary to the terms of the 2017 LTIP, shall govern the rights of the corresponding Participant.

#### 4. Awards.

##### (a) Restricted Stock.

(i) Award Grant. A Participant may receive Restricted Stock as specified in the Participant's Award Agreement (the "**Restricted Stock**").

(ii) Grant Date. The Grant Date of the Restricted Stock will be determined by the Committee in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in a Participant's Award Agreement.

(iii) Restrictions. Until the restrictions imposed by this Section 4(a) (the "**Restrictions**") have lapsed pursuant to Section 4(a)(iv), (v) or (vi), a Participant will not be permitted to sell, exchange, assign, transfer or otherwise dispose of the Restricted Stock and the Restricted Stock will be subject to forfeiture as set forth below.

(iv) Lapse of Restrictions—Continued Employment. Subject to the terms of the Performance Compensation Plan and the 2017 LTIP, the Restrictions shall lapse and be of no further force or effect with respect to one-third of the Shares of Restricted Stock on each of the following dates: (A) February 1, 2018 ("**First RS Installment**"); (B) February 1, 2019 ("**Second RS Installment**"); and (C) February 1, 2020 ("**Third RS Installment**").<sup>1</sup>

(v) Lapse of Restrictions/Forfeiture upon Termination of Employment. The Restricted Stock and the Restrictions set forth in this Section 4(a) are subject to the following terms and conditions:

(A) Without Cause or For Good Reason. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), with respect to any portion of the Restricted Stock subject to the Restrictions, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Restrictions shall immediately lapse on the Pro Rata RS Portion as of the date of such Termination of Employment. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, any Restricted Stock that remains subject to the Restrictions, other than the Pro Rata RS Portion, shall be immediately forfeited.

"**Pro Rata RS Portion**" means, with respect to any portion of Restricted Stock that is subject to the Restrictions at the time of a Participant's Termination of Employment, the number of Shares with respect to which the Restrictions would have lapsed on each future RS Installment multiplied by a fraction (i) the numerator of which is the number of calendar months<sup>2</sup> from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First RS Installment, twenty-four (24) for the Second RS Installment and thirty-six (36) for the Third RS Installment.<sup>3</sup>

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<sup>1</sup> The number of Shares subject to each RS Installment will be equal to the total number of Shares subject to the Restricted Stock Award divided by three; *provided*, that if this formula results in any fractional Share allocation to any RS Installment, the number of Shares with respect to which the Restrictions lapse under the First RS Installment and, if necessary, the Second RS Installment, will be increased so that only full Shares are covered by each RS Installment. For example, if a Restricted Stock Award covers 1,000 Shares, the Restrictions will lapse with respect to 334 Shares under the First RS Installment and 333 Shares under each of the Second and Third RS Installments.

<sup>2</sup> For purposes of the 2017 LTIP, one calendar month is calculated from the date of measurement to the same or closest numerical date occurring during the following month. For example, one calendar month from January 31, 2017 will elapse as of February 28, 2017, two months will elapse on March 31, 2017, and so on.

<sup>3</sup> If this formula results in any fractional Share, the Pro Rata RS Portion will be rounded up to the nearest whole Share.

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement), any portion of the Restricted Stock subject to the Restrictions shall be immediately forfeited.

(C) *Retirement.* Subject to Section 4(a)(v)(F), upon a Participant's Termination of Employment by reason of Retirement, with respect to any portion of the Restricted Stock subject to the Restrictions, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Restrictions shall immediately lapse on the Pro Rata RS Portion as of the date of such Termination of Employment. Pro Rata RS Portion has the meaning set forth in Section 4(a)(v)(A). Upon a Participant's Termination of Employment by reason of Retirement, any Restricted Stock that remains subject to the Restrictions, other than the Pro Rata RS Portion, shall be immediately forfeited.

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

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, any portion of the Restricted Stock subject to the Restrictions shall be immediately forfeited.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2017 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then, regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2017 LTIP, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(vi) *Change in Control.* Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, any Restrictions in effect shall immediately lapse on the date of such Termination of Employment and be of no further force or effect as of such date.

(vii) *Dividends.* In the event a cash dividend shall be paid with respect to Shares at a time the Restrictions on the Restricted Stock have not lapsed, the Participant shall be eligible to receive the dividend upon the lapse of the Restrictions. The Restrictions shall apply to any such dividend.

**(b) Performance Awards.**

(i) *Award Grant.* A Participant may receive a Performance Award for a specified target cash amount as set forth in the Participant's Award Agreement (a "**Performance Award**").

(ii) *Grant Date.* The Grant Date of the Performance Award will be determined by the Committee and set forth in the Participant's Award Agreement.

(iii) Payout Criteria and Form of Payment. Except as otherwise expressly set forth in this Section 4(b), payment, if any, of a Performance Award will be based on the following factors as described and defined below: (A) the Total Revenue per Available Seat Mile (“**TRASM**”) Performance during the Performance Period of the Company as compared to the Industry Group members; (B) Customer Service Performance during the Performance Period of the Company; (C) Return on Invested Capital during the Performance Period of the Company; and (D) the Relative Total Shareholder Return (“**TSR**”) Performance during the Performance Period of the Company as compared to the S&P 500 Companies.

The payout, if any, of a Performance Award will be made (A) in Shares, calculated based on the Conversion Formula (as defined below), to each Participant who is employed by the Company as an executive vice president or more senior officer (“**Executive Officer Participant**”) at the time of such payout and (B) in cash in all other circumstances.

(iv) Definitions.

(A) *In General*.

- (1) The “**Conversion Formula**” will apply to convert from cash to Shares the payout, if any, of a Performance Award to a person who is an Executive Officer Participant at the time of such payout. First, the cash amount of the payout is calculated in the same manner as if the payout is being made in cash. Next, the cash amount is converted into a number of Shares based on the following formula:  $(A \div B)$ , where:

A = the amount of the payout for the Performance Award if it is paid in cash; and

B = the closing price of a Share on the New York Stock Exchange on the later of (1) the date that the Committee approves the payouts, if any, of the Performance Awards to the Executive Officer Participants following the Committee’s determination of the achievement of the payout criteria described in Section 4(b) (iii) and (2) the third business day following the date on which the Company publicly announces its annual financial results if this date is scheduled in the same month that the Committee approves such payouts, if any.

- (2) “**GAAP**” means accounting principles generally accepted in the United States of America.
- (3) “**Industry Group**” means Alaska Air Group, Inc., American Airlines Group, Inc., JetBlue Airways Corporation, Southwest Airlines Co., and United Continental Holdings, Inc.
- (4) “**Performance Period**” means the period beginning on January 1, 2017 and ending on and including December 31, 2019.

(B) *TRASM Performance*.

- (1) “**TRASM Performance**” shall be measured based on the result of the following formula:  $(A \div B)$ , expressed as a percentage, where:

A = Delta’s TRASM; and

B = Industry Group Average TRASM.

- (2) “ **TRASM** ” for Delta shall be calculated by using Delta’s Available Seat Miles and Total Operating Revenue for the applicable periods and the following formula:  $(A \div B)$ , where

A = Total Operating Revenue for 2017, 2018 and 2019; and

B = Available Seat Miles for 2017, 2018 and 2019.

- (3) The “ **Industry Group Average TRASM** ” shall be calculated by using the aggregate Available Seat Miles and aggregate Total Operating Revenue for the applicable periods and the following formula:  $(A \div B)$ , where

A = Total Operating Revenue for 2017, 2018 and 2019 for each of the members of the Industry Group; and

B = Available Seat Miles for 2017, 2018 and 2019 for each member of the Industry Group.

- (4) “ **Available Seat Miles** ” means, for the subject company, the consolidated scheduled and non-scheduled total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period.

- (5) “ **Total Operating Revenue** ” means, subject to Section 4(b)(v)(B), the subject company’s total operating revenue for the applicable periods based on its regularly prepared and publicly available statements of operations prepared in accordance with GAAP; *provided* , with respect to Delta, Total Operating Revenue shall exclude the portion of revenue associated with refinery sales to third parties net of exchange.

(C) *Customer Service Performance* .

- (1) The “ **Customer Service Performance** ” for Delta shall be measured based on the percentage point improvement in Delta’s average monthly Net Promoter Score (“ **NPS** ”) from the 2016 calendar year to the average monthly NPS over the Performance Period, with (A) Delta’s NPS performance attributable to domestic travel accounting for 50% of the measure and (ii) Delta’s NPS performance attributable to international travel accounting for 50% of the measure. The criteria and methodology used to determine Delta’s NPS is described in a document titled, ““Net Promoter”: Measuring Customer Satisfaction at Delta,” which was previously reviewed by the Committee. Company management will periodically report to the Company’s Board of Directors regarding Delta’s NPS.

(D) *Return on Invested Capital*.

- (1)The “ **Return on Invested Capital** ” for Delta shall be calculated by using Delta’s Average Adjusted Total Net Operating Income and Average Invested Capital for the applicable periods and the following formula  $(A \div B)$ , where:

A = Average Adjusted Total Net Operating Income for 2017, 2018 and 2019; and

B = Average Invested Capital for 2017, 2018 and 2019.

- (2) “ **Average Adjusted Total Net Operating Income** ” means, subject to Section 4(b)(v)(B), (i) Delta’s average consolidated operating income for the applicable periods based on its regularly prepared and publicly available statements of operations prepared in accordance with GAAP, but excluding (A) items present in the line item “restructuring and other items” or such similar line item; (B) mark-to-market adjustments for hedges recorded in periods other than the settlement period; (C) other special, unusual or nonrecurring items which are disclosed in publicly available filings with the U.S. Securities and Exchange Commission (the “ **SEC** ”); and (D) implied interest in aircraft rent expense and amortized pension expense related to gains/losses that impact accumulated other comprehensive income (“ **AOCI** ”) multiplied by (ii) one minus Delta’s Effective Tax Rate for the applicable periods.
- (3) “ **Effective Tax Rate** ” means Delta’s effective income tax rate for the applicable periods as disclosed in publicly available filings with the SEC.
- (4) “ **Average Invested Capital** ” means, subject to Section 4(b)(v)(B), Delta’s total invested capital determined based on the average of thirteen calendar quarters measured from the last calendar quarter preceding the Performance Period using the following formula, (A+B), where:

A = Adjusted Book Value of Equity; and

B = Adjusted Gross Debt.

- (5) “ **Adjusted Book Value of Equity** ” for Delta shall be calculated quarterly based on its regularly prepared internal financial statements (i) with an initial starting value for the quarter ending December 31, 2016 (the “ **Initial Value** ”) equal to the book value of equity determined in accordance with GAAP as of December 31, 2016, but excluding the impact of gains or losses as of December 31, 2016 associated with (1) the cumulative pension and other post-employment retirement benefits net balance recorded in AOCI; (2) the derivative contracts and associated items net balance recorded in AOCI; and (3) the deferred tax asset valuation allowance balance and (ii) using the following formula for each subsequent quarter thereafter, (A+B+C), where:

A = The Initial Value;

B = The cumulative amount starting as of January 1, 2017 and ending as of the last day of the applicable calendar quarter of the Company’s pre-tax income determined in accordance with GAAP, but (i) excluding: (1) items present in the line item “restructuring and other items” or such similar line item; (2) mark-to-market adjustments for hedges recorded in periods other than the settlement period; and (3) other special, unusual, or nonrecurring items which are disclosed in publicly available filings with the SEC and (ii) including expenses due to amortization of post-employment benefit losses in AOCI that have occurred during the Performance Period; and

C = in the event that the Company pays a dividend or issues or repurchases additional Common Stock for cash during the Performance Period

(but excluding the exercise of any employee stock option for cash or any other issuance of Common Stock to employees), (i) the gross cash proceeds of the equity issuance or (ii) the gross cash payments for the equity repurchase or dividends, before adjustment for any applicable fees or charges associated therewith.

- (6) “**Adjusted Gross Debt**” for Delta shall be calculated quarterly based on its regularly prepared internal financial statements using the following formula (A+B), subject to Section 4(b)(v)(B), where:

A = Total gross long term debt and capital leases (including current maturities) that reflect Delta’s actual obligations to lenders or lessors, including any adjustments from the book value to reflect premiums or discounts that may be amortizing; and

B = Annual aircraft rent expense multiplied by seven.

- (E) *Relative TSR Performance.*

- (1) “**Relative TSR Performance**” shall be calculated based on Delta’s TSR Percentile Ranking for the Performance Period.

- (2) “**TSR Percentile Ranking**” means the percentage of the S&P 500 Companies with Total Shareholder Return for the Performance Period that is less than or equal to Delta’s Total Shareholder Return. If the Company’s Total Shareholder Return is the same as another company’s Total Shareholder Return, the Company shall be treated as having the higher Total Shareholder Return. The percentile ranking shall be carried out to two decimal places.

- (3) “**S&P 500 Companies**” means all of the companies constituting the Standard & Poor’s 500 Index as of the first and last day of the Performance Period (excluding the Company) and which continue to be actively traded under the same ticker symbol on an established securities market through the end of the Performance Period.

- (4) “**Total Shareholder Return**” or “**TSR**” means, for Delta and each of the S&P 500 Companies, (i) the change in the average closing market price of its common stock (as quoted in the principal market on which it is traded over the 20 trading days immediately preceding the first and last day of the Performance Period), plus dividends and other distributions paid, divided by (ii) the average closing market price over the 20 trading days immediately preceding the first day of the Performance Period, all of which are adjusted for any changes in equity structure, including, without limitation, stock splits and stock dividends, and assuming that all cash dividends and cash distributions are immediately reinvested in common stock of the subject company using the closing market price on the ex-dividend date.

- (v) *Vesting.*

(A) *General.* Subject to the terms of the Performance Compensation Plan, the 2017 LTIP and all other conditions included in any applicable Award Agreement, the Performance Award shall vest, as described in this Section 4(b)(v), as of the end of the Performance Period

to the extent that the Company's actual performance results meet or exceed Threshold level with respect to TRASM Performance, Customer Service Performance, Return on Invested Capital and/or Relative TSR Performance, as applicable and as described below. For purposes of TRASM Performance, the Company's performance is compared against the Industry Group Average TRASM. For purposes of Relative TSR Performance, the Company's performance is compared against the S&P 500 Companies.

(B) *Committee's Authority.* In determining the TRASM for Delta and each member of the Industry Group and the Return on Invested Capital for Delta, the Committee shall make such adjustments with respect to any subject company as is necessary to ensure the results are comparable, including, without limitation, differences or changes in accounting policies, standards, practices, guidelines, reclassifications or restatements (for example, fuel hedging, purchase accounting adjustments associated with mergers, acquisitions or divestitures, or fresh start accounting as a result of emergence from bankruptcy). Without limiting the generality of the foregoing, the Committee shall (i) make such determinations based on financial data filed by the subject company with the SEC or otherwise and (ii) exclude from any calculation any item of gain, loss or expense determined to be special or unusual in nature or infrequent in occurrence.

(C) *Impact of Certain Events.* A company shall be automatically removed from the Industry Group in the event that any of the following occur during or with respect to the Performance Period: (i) such company ceases to maintain or does not timely prepare publicly available statements of operations prepared in accordance with GAAP; (ii) such company is not the surviving entity in any merger, consolidation or other non-bankruptcy reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned subsidiary of such company); (iii) such company sells, leases or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned subsidiary of such company); (iv) such company is dissolved and liquidated; or (v) more than 20% of such company's revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) for any fiscal year of such company are attributable to the operation of businesses other than such company's airline business and such company does not provide publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses.

(D) *Transactions Between Airlines.* To the extent reasonably practicable, in the event of a merger, consolidation or similar transaction during the Performance Period between Delta and any other airline, including a member of the Industry Group, or between any member of the Industry Group and any other airline, including another member of the Industry Group (an "**Airline Merger**"), TRASM for any such company involved in an Airline Merger will be calculated on a combined basis as if the Airline Merger had occurred on January 1, 2017, removing the effects of purchase accounting-related adjustments. Furthermore, to the extent reasonably practicable, in the event of an acquisition or divestiture or similar transaction during the Performance Period between Delta and any regional carrier or between any member of the Industry Group and any regional carrier (a "**Regional Carrier Transaction**"), TRASM and, as applicable, Return on Invested Capital for any such company involved in a Regional Carrier Transaction will be calculated to remove the impact of any reclassifications of costs from (or to) such company's presentation of contract carrier expense to (or from) the other expense line items on the statement of operations (determined based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP).



(E) *Vesting/Performance Measures*. The payment, if any, a Participant will receive in connection with the vesting of the Performance Award will be based on the following:

	Performance Measure			Weighting
	Threshold (50% of Target)	Target (100% of Target)	Maximum (200% of Target)	
<b>TRASM Performance</b>	2016 TRASM Performance <i>minus</i> 1.5% points	2016 TRASM Performance	2016 TRASM Performance <i>plus</i> 1.5% points or more	25.0%
<b>Customer Service Performance—Domestic</b>	+0% points	+2.5% points	+4.0% points or higher	12.50%
<b>Customer Service Performance—International</b>				
<b>Trans-Atlantic</b>	+2.0% points	+3.0% points	+4.0% points or higher	6.25%
<b>Trans-Pacific</b>	+2.0% points	+3.0% points	+4.0% points or higher	3.125%
<b>Latin America</b>	+2.0% points	+3.0% points	+4.0% points or higher	3.125%
<b>Return on Invested Capital</b>	12.0%	14.0%	16.0% or higher	25.0%
<b>Relative TSR Performance</b>	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile or higher	25.0%

Any portion of a Performance Award that does not vest at the end of the Performance Period will immediately lapse and become void. Payouts based on the above performance measures will be straight-line interpolated when actual performance results fall above Threshold and below Target or above Target and below Maximum.

(vi) *Timing of Payment*. The payout, if any, of any Performance Award that vests under Section 4(b)(v) will be made as soon after the end of the Performance Period as the payment amount can be finally determined, but in no event later than March 15, 2020, unless it is administratively impracticable to do so and such impracticability was not foreseeable at the end of 2019, in which case such payment shall be made as soon as administratively practicable after March 15, 2020.

(vii) *Accelerated Vesting/Forfeiture upon Termination of Employment*. The Performance Awards are subject to the following terms and conditions.

(A) *Without Cause or For Good Reason*. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant's target Performance Award will be recalculated and will be the result of the following formula (the "**Adjusted Performance Award**"):  $S \times (T \div 36)$  where,

S = the portion of the Participant's target Performance Award as of the Grant Date; and

T = the number of calendar months from January 1, 2017 to the date of such Termination of Employment (rounded up for any partial month).

Thereafter, the Participant will be eligible to receive a payment, if any, in cash based on the Adjusted Performance Award which will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement) prior to the end of the workday on December 31, 2019, the Participant will immediately forfeit any unpaid portion of the Performance Award as of the date of such Termination of Employment. In the event a Participant incurs a Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement) on or after January 1, 2020, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant will remain eligible for any unpaid Performance Award, which award will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(C) *Retirement.* Subject to Section 4(b)(vii)(F), upon a Participant's Termination of Employment due to Retirement, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant's target Performance Award will be recalculated in accordance with the formula set forth in Section 4(b)(vii)(A). Thereafter, the Participant will be eligible to receive a payment, if any, in cash based on the Adjusted Performance Award which will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(D) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, the Participant's Performance Award will immediately become vested at the target level and such amount will be paid in cash as soon as practicable thereafter to the Participant or the Participant's estate, as applicable.

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, the Participant will immediately forfeit any unpaid portion of the Performance Award as of the date of such Termination of Employment.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2017 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then, regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2017 LTIP, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(viii) *Change in Control.* Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change

in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant's outstanding Performance Award shall immediately become vested at the target level and such amount will be paid in cash to the Participant as soon as practicable. With respect to any Participant who incurs a Termination of Employment by the Company without Cause or who resigns for Good Reason prior to a Change in Control, if a Change in Control occurs thereafter during the Performance Period, such Participant's Adjusted Performance Award, will immediately become vested and be paid in cash to the Participant as soon as practicable.

**(c) Restricted Stock Units**

(i) Award Grant. A Participant may receive Restricted Stock Units as specified in the Participant's Award Agreement (the "RSU").

(ii) Grant Date. The Grant Date of the RSUs will be determined in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in the Participant's Award Agreement.

(iii) Risk of Forfeiture. Until an RSU becomes vested, a Participant will not be permitted to sell, exchange, assign, transfer or otherwise dispose of the RSU, and the RSU will be subject to forfeiture as set forth below.

(iv) Vesting. Subject to the terms of Performance Compensation Plan and the 2017 LTIP, the RSUs will vest with respect to one-third of the RSUs on each of the following dates: (A) February 1, 2018 ("First RSU Installment"), (B) February 1, 2019 ("Second RSU Installment") and (C) February 1, 2020 ("Third RSU Installment").<sup>4</sup>

As soon as practicable after any RSUs become vested, the Company shall pay to Participant in cash a lump sum amount equal to the number of RSUs vesting multiplied by the closing price of a Share of Common Stock on the New York Stock Exchange on the vesting date or, if the Common Stock was not traded on the New York Stock Exchange on the vesting date, the last date prior to the vesting date that the Common Stock was traded on the New York Stock Exchange.

(v) Accelerated Vesting; Forfeiture. The RSUs and the vesting provisions set forth in this Section 4(c) are subject to the following terms and conditions:

(A) Without Cause or For Good Reason. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, a number of RSUs equal to the Pro Rata RSU Portion will become immediately vested as of the date of such Termination of Employment. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, any unvested RSUs, other than the Pro Rata RSU Portion, shall be immediately forfeited.

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<sup>4</sup> The number of RSUs subject to each RSU Installment will be equal to the total number of RSUs divided by three; *provided*, that if this formula results in any fractional RSU allocation to any RSU Installment, the number of RSUs in the First RSU Installment and, if necessary, the Second RSU Installment, will be increased so that only full RSUs are covered by each RSU Installment. For example, if an RSU Award covers 1,000 RSUs, the RSUs will vest with respect to 334 RSUs under the First RSU Installment and 333 RSUs under each of the Second and Third RSU Installments.

“ **Pro Rata RSU Portion** ” means, with respect to any RSU Installment that is not vested at the time of a Participant’s Termination of Employment, the number of RSUs covered by such RSU Installment multiplied by a fraction (i) the numerator of which is the number of calendar months <sup>5</sup> from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First RSU Installment, twenty-four (24) for the Second RSU Installment and thirty-six (36) for the Third RSU Installment. <sup>6</sup>

(B) *Voluntary Resignation.* Upon a Participant’s Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement), any unvested portion of the RSUs shall be immediately forfeited.

(C) *Retirement.* Subject to Section (4)(c)(v)(F), upon a Participant’s Termination of Employment by reason of Retirement, with respect to any RSU Installment that is not then vested, subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, a number of RSUs equal to the Pro Rata RSU Portion will become immediately vested as of the date of such Termination of Employment. Pro Rata RSU Portion has the meaning set forth in Section 4(c)(v)(A). Upon a Participant’s Termination of Employment by reason of Retirement, any unvested RSUs, other than the Pro Rata RSU Portion, shall be immediately forfeited.

(D) *Death or Disability.* Upon a Participant’s Termination of Employment due to death or Disability, all unvested RSUs will immediately vest as of the date of such Termination of Employment.

(E) *For Cause.* Upon a Participant’s Termination of Employment by the Company for Cause, any unvested portion of the RSUs shall be immediately forfeited.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons .* If a Participant who is eligible for Retirement, is or would be, terminated by the Company without Cause, such participant shall be considered to have been terminated by the Company without Cause for purposes of this Agreement rather than having retired, but only if the Participant acknowledges, that absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then regardless of whether the Participant is considered a retiree for purposes of any other program, plan or policy of the Company, for purposes of this Agreement, the Participant’s employment shall be considered to have been terminated by the Company for Cause.

(vi) *Change in Control.* Notwithstanding the foregoing and subject to Section 5, upon a Participant’s Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control, but prior to the second anniversary of such Change in Control, subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, any unvested portion of the RSUs will immediately vest as of the date of such Termination of Employment.

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<sup>5</sup> For purposes of the 2017 LTIP, one calendar month is calculated from the date of measurement to the same or closest numerical date occurring during the following month. For example, one calendar month from January 31, 2017 will elapse as of February 28, 2017, two months will elapse on March 31, 2017, and so on.

<sup>6</sup> If this formula results in any fractional RSUs, the Pro Rata RSU Portion will be rounded up to the nearest whole RSU.

(vii) Dividend Equivalents. In the event a cash dividend shall be paid with respect to Shares at a time the RSUs have not vested, the Participant shall be eligible to receive, upon the vesting of the RSUs, a cash payment equal to the amount of the cash dividend per Share multiplied by the number of RSUs held by the Participant. The vesting provisions under Section 4(c)(iv) shall apply to any such dividend equivalent.

**(d) Stock Option**

(i) Award Grant. A Participant may receive a Non-Qualified Stock Option covering the number of Shares as specified in the Participant's Award Agreement (the "**Option**").

(ii) Grant Date. The Grant Date of the Option will be determined by the Committee in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in a Participant's Award Agreement.

(iii) Exercise Price. The exercise price of the Option is the closing price of a Share on the New York Stock Exchange on the Grant Date.

(iv) Exercise Period/Performance Measures. Subject to the terms of the Performance Compensation Plan and the 2017 LTIP, an Option shall:

(A) vest and become exercisable upon the achievement of either of the following two performance measures in the proportion and on the dates (each an "**Option Installment Vesting Date**") set forth below:

(1) If there is a payout under the Company's broad-based employee profit sharing program for ground and flight attendant employees (the "**Profit Sharing Program**") for 2017, the Option shall vest and become exercisable with respect to one-third of the Shares on each of the following dates: (I) February 1, 2018 (the "**First Option Installment**"), (II) February 1, 2019 (the "**Second Option Installment**") and (III) February 1, 2020 (the "**Third Option Installment**"); or

(2) If there is no payout under the Profit Sharing Program for 2017, but there is a payout under the Profit Sharing Program for 2018, the Option shall vest and become exercisable with respect to (I) the First and Second Option Installments on February 1, 2019 and (II) the Third Option Installment on February 1, 2020; and

(B) be exercisable through and including the day immediately preceding the tenth anniversary of the Grant Date (the "**Expiration Date**").

In the event there is no Profit Sharing Program payout for either 2017 or 2018, the Option shall be immediately forfeited (regardless of whether there is a Profit Sharing Program payout for 2019).

(v) Change in Exercisability and Exercise Period upon Termination of Employment. The exercisability of the Option and the exercise period set forth in Section 4(d)(iv) are subject to the following terms and conditions:

(A) Without Cause or For Good Reason. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the

time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Pro Rata Option Portion of any Option Installment that is not exercisable at the time of such Termination of Employment (1) will vest and become exercisable, if applicable, under Section 4(d)(iv) in the same manner and to the same extent as if the Participant's employment had continued and (2) the entire then exercisable portion of the Option, as applicable, shall be exercisable during the period: (I) beginning on the applicable Option Installment Vesting Date and (II) ending on the earlier of (x) the later of the third anniversary of (i) such Termination of Employment or (ii) the applicable Option Installment Vesting Date or (y) the Expiration Date. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, any portion of the Option that is not exercisable at the time of such Termination of Employment, other than the Pro Rata Option Portion, shall be immediately forfeited.

“ **Pro Rata Option Portion** ” means, with respect to any Option Installment that is not exercisable at the time of a Participant's Termination of Employment, the number of Shares covered by such Option Installment multiplied by a fraction (i) the numerator of which is the number of calendar months from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First Option Installment, twenty-four (24) for the Second Option Installment, and thirty-six (36) for the Third Option Installment.<sup>7</sup>

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement): (1) any portion of the Option that is not exercisable at the time of such Termination of Employment shall be immediately forfeited and (2) any portion of the Option that is exercisable at the time of such Termination of Employment shall remain exercisable until the earlier of (I) 90 days after such Termination of Employment or (II) the Expiration Date.

(C) *Retirement.* Subject to Section 4(d)(v)(F), upon a Participant's Termination of Employment by reason of Retirement, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Pro Rata Option Portion of any Option Installment that is not exercisable at the time of such Termination of Employment (1) will vest and become exercisable, if applicable, under Section 4(d)(iv) in the same manner and to the same extent as if the Participant's employment had continued and (2) the entire then exercisable portion of the Option shall be exercisable during the period: (I) beginning on the applicable Option Installment Vesting Date and (II) ending on the earlier of (x) the later of the third anniversary of (i) such Termination of Employment or (ii) the applicable Option Installment Vesting Date or (y) the Expiration Date. Pro Rata Option Portion has the meaning set forth in Section 4(d)(v)(A). Upon the Participant's Termination of Employment by reason of Retirement, any portion of the Option that is not exercisable at the time of such termination, other than the Pro Rata Option Portion, shall be immediately forfeited.

(D) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, any Option Installment that is not exercisable at the time of such Termination of Employment shall vest and become exercisable and the then exercisable portion of the Option shall be exercisable during the period: (1) beginning on the date of such Termination of Employment and (2) ending on the earlier of (I) the third anniversary of such Termination of Employment or (II) the Expiration Date.

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<sup>7</sup> If this formula results in any fractional Share, the Pro Rata Option Portion will be rounded up to the nearest whole Share.

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, any unexercised portion of the Option shall be immediately forfeited, including any portion that was then exercisable.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2017 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2017 LTIP, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(iv) *Change in Control.* Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, any Option Installment that is not exercisable at the time of such Termination of Employment shall vest and become exercisable, and the entire then exercisable portion of the Option shall be exercisable during the period (1) beginning on the date of such Termination of Employment and (2) ending on the earlier of (I) the third anniversary of such Termination of Employment or (II) the Expiration Date.

**5. Potential Reduction in Payments Due to Excise Tax.** In the event that a Participant becomes entitled to benefits under the 2017 LTIP, then such benefits, together with any payment or consideration in the nature of value or compensation to or for the Participant's benefit under any other agreement with or plan of Delta, shall be subject to reduction as set forth in Section 4(e) of the Delta Air Lines, Inc. Officer and Director Severance Plan, which relates to the excise tax under Section 4999 of the Code.

**6. Clawback.** Notwithstanding anything to the contrary in the 2017 LTIP and subject to further amendment of this Section 7 to the extent required to be in compliance with any applicable law or regulations or Delta's internal clawback policy, as it may be amended from time to time, if the Committee determines that a vice president or more senior officer Participant has engaged in fraud or misconduct that caused, in whole or in part, the need for a required restatement of Delta's financial statements filed with the SEC, the Committee will review all incentive compensation awarded to or earned by the Participant, including, without limitation, any Award under the 2017 LTIP, with respect to fiscal periods materially affected by the restatement and may recover from the Participant all such incentive compensation to the extent that the Committee deems appropriate after taking into account the relevant facts and circumstances. Any recoupment hereunder may be in addition to any other remedies that may be available to Delta under applicable law, including, disciplinary action up to and including termination of employment.

**7. Section 409A of the Code.** To the extent required to be in compliance with Section 409A of the Code, and the regulations promulgated thereunder (together, "**Section 409A**"), notwithstanding any other provision of the 2017 LTIP or the Performance Compensation Plan, (a) any payment or benefit to which a Participant is eligible under the 2017 LTIP, including a Participant who is a "specified employee" as defined in Section 409A, shall be adjusted or delayed and (b) any term of the 2017 LTIP may be adjusted in such manner as to comply with Section 409A and maintain the intent of the 2017 LTIP to the maximum extent possible. More specifically, to the extent any payment provided to a Participant under the 2017 LTIP constitutes non exempted deferred

compensation under Section 409A and the Participant is at the time of his termination of employment considered to be a “specified employee” pursuant to the Company’s policy for determining such employees, the payment of any such non excepted amount and the provision of such non exempted benefits will be delayed for six months following the Participant’s separation from service. Notwithstanding the foregoing, Delta shall not have any liability to any Participant or any other person if any payment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and does not satisfy the additional conditions applicable to nonqualified deferred compensation under Section 409A.



**First Amendment to  
The Delta Air Lines, Inc. 2016 Long-Term Incentive Program**

Section 2 of the Delta Air Lines, Inc. 2016 Long-Term Incentive Program is amended by adding the following new subsection (d) to the end thereof:

“(d) Notwithstanding any provision of the 2016 LTIP or the Performance Compensation Plan to the contrary, the minimum amount of total Performance Awards payable to eligible Participants (the “ **Minimum Amount** ”) may be fixed by the Committee (or its delegate) on or prior to the end of the Performance Period, but in no event earlier than one calendar month prior to the end of the Performance Period. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2016 LTIP shall be reallocated among the other eligible Participants.”

**Second Amendment to  
The Delta Air Lines, Inc. 2017 Long-Term Incentive Program**

Section 2 of the Delta Air Lines, Inc. 2017 Long-Term Incentive Program is amended by adding the following new subsection (d) to the end thereof:

“(d) Notwithstanding any provision of the 2017 LTIP or the Performance Compensation Plan to the contrary, the minimum amount of total Performance Awards payable to eligible Participants (the “ **Minimum Amount** ”) may be fixed by the Committee (or its delegate) on or prior to the end of the Performance Period, but in no event earlier than one calendar month prior to the end of the Performance Period. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2017 LTIP shall be reallocated among the other eligible Participants.”

**DELTA AIR LINES, INC.**  
**2018 LONG-TERM INCENTIVE PROGRAM**

**1. Purpose.** The 2018 Long-Term Incentive Program (the “**2018 LTIP**”) is a long term incentive program sponsored by Delta Air Lines, Inc. (“**Delta**” or the “**Company**”) that is intended to closely: (a) link pay and performance by providing management employees with a compensation opportunity based on Delta achieving key business objectives and (b) align the interests of management employees with the Company’s other employees and stakeholders.

The 2018 LTIP is being adopted under the Delta Air Lines, Inc. Performance Compensation Plan (“**Performance Compensation Plan**”). It is subject to the terms of the Performance Compensation Plan and an individual’s 2018 LTIP Award Agreement (“**Award Agreement**”).

Capitalized terms that are used but not defined in the 2018 LTIP shall have the meaning ascribed to them in the Performance Compensation Plan.

**2. Plan Administration .** (a) The Personnel & Compensation Committee of the Board of Directors (the “**Committee**”) shall be responsible for the general administration and interpretation of the 2018 LTIP and for carrying out its provisions. The Committee shall have such powers as may be necessary to discharge its duties hereunder, including, without limitation, the following powers and duties, but subject to the terms of the 2018 LTIP:

(i) authority to construe and interpret the terms of the 2018 LTIP and to determine eligibility, awards and the amount, manner and time of payment of any awards hereunder;

(ii) authority to prescribe forms and procedures for purposes of the 2018 LTIP participation and distribution of awards; and

(iii) authority to adopt rules and regulations and to take such actions as it deems necessary or desirable for the proper administration of the 2018 LTIP, which authority may be delegated to the Company’s Chief Human Resources Officer.

(b) Any rule or decision by the Committee (or its delegate) that is not inconsistent with the provisions of the 2018 LTIP shall be conclusive and binding on all persons and shall be given the maximum deference permitted by law.

(c) Notwithstanding anything contained in the Performance Compensation Plan to the contrary, the Committee shall not have the authority to increase or decrease the actual payout of any Performance Award (as defined below) granted to any Participant pursuant to Section 4(b).

(d) Notwithstanding any provision of the 2018 LTIP or the Performance Compensation Plan to the contrary, the minimum amount of total Performance Awards payable to eligible Participants (the “**Minimum Amount**”) may be fixed by the Committee (or its delegate) on or prior to the end of the Performance Period, but in no event earlier than one calendar month prior to the end of the Performance Period. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2018 LTIP shall be reallocated among the other eligible Participants.

**3. Individual Award Agreements.** Any person offered an Award under the 2018 LTIP will be required to sign an individual Award Agreement. Execution by such person of his or her Award Agreement will be a prerequisite to the effectiveness of the Award under the 2018 LTIP and to the person becoming a Participant in the 2018 LTIP. The terms and conditions of any Award Agreement, if contrary to the terms of the 2018 LTIP, shall govern the rights of the corresponding Participant.

**4. Awards.**

**(a) Restricted Stock.**

(i) Award Grant. A Participant may receive Restricted Stock as specified in the Participant's Award Agreement (the "**Restricted Stock**").

(ii) Grant Date. The Grant Date of the Restricted Stock will be determined by the Committee in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in a Participant's Award Agreement.

(iii) Restrictions. Until the restrictions imposed by this Section 4(a) (the "**Restrictions**") have lapsed pursuant to Section 4(a) (iv), (v) or (vi), a Participant will not be permitted to sell, exchange, assign, transfer or otherwise dispose of the Restricted Stock and the Restricted Stock will be subject to forfeiture as set forth below.

(iv) Lapse of Restrictions—Continued Employment. Subject to the terms of the Performance Compensation Plan and the 2018 LTIP, the Restrictions shall lapse and be of no further force or effect with respect to one-third of the Shares of Restricted Stock on each of the following dates: (A) February 1, 2019 ("**First RS Installment**"); (B) February 1, 2020 ("**Second RS Installment**"); and (C) February 1, 2021 ("**Third RS Installment**").<sup>1</sup>

(v) Lapse of Restrictions/Forfeiture upon Termination of Employment. The Restricted Stock and the Restrictions set forth in this Section 4(a) are subject to the following terms and conditions:

(A) Without Cause or For Good Reason. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), with respect to any portion of the Restricted Stock subject to the Restrictions, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Restrictions shall immediately lapse on the Pro Rata RS Portion as of the date of such Termination of Employment. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, any Restricted Stock that remains subject to the Restrictions, other than the Pro Rata RS Portion, shall be immediately forfeited.

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<sup>1</sup> The number of Shares subject to each RS Installment will be equal to the total number of Shares subject to the Restricted Stock Award divided by three; *provided*, that if this formula results in any fractional Share allocation to any RS Installment, the number of Shares with respect to which the Restrictions lapse under the First RS Installment and, if necessary, the Second RS Installment, will be increased so that only full Shares are covered by each RS Installment. For example, if a Restricted Stock Award covers 1,000 Shares, the Restrictions will lapse with respect to 334 Shares under the First RS Installment and 333 Shares under each of the Second and Third RS Installments.

“ **Pro Rata RS Portion** ” means, with respect to any portion of Restricted Stock that is subject to the Restrictions at the time of a Participant’s Termination of Employment, the number of Shares with respect to which the Restrictions would have lapsed on each future RS Installment multiplied by a fraction (i) the numerator of which is the number of calendar months<sup>2</sup> from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First RS Installment, twenty-four (24) for the Second RS Installment and thirty-six (36) for the Third RS Installment.<sup>3</sup>

(B) *Voluntary Resignation.* Upon a Participant’s Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement), any portion of the Restricted Stock subject to the Restrictions shall be immediately forfeited.

(C) *Retirement.* Subject to Section 4(a)(v)(F), upon a Participant’s Termination of Employment by reason of Retirement, with respect to any portion of the Restricted Stock subject to the Restrictions, subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Restrictions shall immediately lapse on the Pro Rata RS Portion as of the date of such Termination of Employment. Pro Rata RS Portion has the meaning set forth in Section 4(a)(v)(A). Upon a Participant’s Termination of Employment by reason of Retirement, any Restricted Stock that remains subject to the Restrictions, other than the Pro Rata RS Portion, shall be immediately forfeited.

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

(E) *For Cause.* Upon a Participant’s Termination of Employment by the Company for Cause, any portion of the Restricted Stock subject to the Restrictions shall be immediately forfeited.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2018 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then, regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2018 LTIP, the Participant’s employment shall be considered to have been terminated by the Company for Cause.

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<sup>2</sup>For purposes of the 2018 LTIP, one calendar month is calculated from the date of measurement to the same or closest numerical date occurring during the following month. For example, one calendar month from January 31, 2018 will elapse as of February 28, 2018, two months will elapse on March 31, 2018, and so on.

<sup>3</sup>If this formula results in any fractional Share, the Pro Rata RS Portion will be rounded up to the nearest whole Share.

(vi) Change in Control. Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, any Restrictions in effect shall immediately lapse on the date of such Termination of Employment and be of no further force or effect as of such date.

(vii) Dividends. In the event a cash dividend shall be paid with respect to Shares at a time the Restrictions on the Restricted Stock have not lapsed, the Participant shall be eligible to receive the dividend upon the lapse of the Restrictions. The Restrictions shall apply to any such dividend.

**(b) Performance Awards.**

(i) Award Grant. A Participant may receive a Performance Award for a specified target cash amount as set forth in the Participant's Award Agreement (a "**Performance Award**").

(ii) Grant Date. The Grant Date of the Performance Award will be determined by the Committee and set forth in the Participant's Award Agreement.

(iii) Payout Criteria and Form of Payment. Except as otherwise expressly set forth in this Section 4(b), payment, if any, of a Performance Award will be based on the following factors as described and defined below: (A) the Total Revenue per Available Seat Mile ("**TRASM**") Performance during the Performance Period of the Company as compared to the Industry Group members; (B) Customer Service Performance during the Performance Period of the Company; (C) Return on Invested Capital during the Performance Period of the Company; and (D) the Relative Total Shareholder Return ("**TSR**") Performance during the Performance Period of the Company as compared to the S&P 500 Companies.

The payout, if any, of a Performance Award will be made (A) in Shares, calculated based on the Conversion Formula (as defined below), to each Participant who is employed by the Company as an executive vice president or more senior officer ("**Executive Officer Participant**") at the time of such payout and (B) in cash in all other circumstances.

(iv) Definitions.

(A) *In General*.

(1) The "**Conversion Formula**" will apply to convert from cash to Shares the payout, if any, of a Performance Award to a person who is an Executive Officer Participant at the time of such payout. First, the cash amount of the payout is calculated in the same manner as if the payout is being made in cash. Next, the cash amount is converted into a number of Shares based on the following formula:  $(A \div B)$ , where:

A = the amount of the payout for the Performance Award if it is paid in cash; and

B = the closing price of a Share on the New York Stock Exchange on the later of (1) the date that the Committee approves the payouts, if any, of the

Performance Awards to the Executive Officer Participants following the Committee's determination of the achievement of the payout criteria described in Section 4(b)(iii) and (2) the third business day following the date on which the Company publicly announces its annual financial results if this date is scheduled in the same month that the Committee approves such payouts, if any.

- (2) “**GAAP**” means accounting principles generally accepted in the United States of America.
- (3) “**Industry Group**” means Alaska Air Group, Inc., American Airlines Group, Inc., JetBlue Airways Corporation, Southwest Airlines Co., and United Continental Holdings, Inc.
- (4) “**Performance Period**” means the period beginning on January 1, 2018 and ending on and including December 31, 2020.
- (B) *TRASM Performance*.
  - (1) “**TRASM Performance**” shall be measured based on the result of the following formula:  $(A \div B)$ , expressed as a percentage, where:

A = Delta's TRASM; and

B = Industry Group Average TRASM.
  - (2) “**TRASM**” for Delta shall be calculated by using Delta's Available Seat Miles and Total Operating Revenue for the applicable periods and the following formula:  $(A \div B)$ , where

A = Total Operating Revenue for 2018, 2019 and 2020; and

B = Available Seat Miles for 2018, 2019 and 2020.
  - (3) The “**Industry Group Average TRASM**” shall be calculated by using the aggregate Available Seat Miles and aggregate Total Operating Revenue for the applicable periods and the following formula:  $(A \div B)$ , where

A = Total Operating Revenue for 2018, 2019 and 2020 for each of the members of the Industry Group; and

B = Available Seat Miles for 2018, 2019 and 2020 for each member of the Industry Group.
  - (4) “**Available Seat Miles**” means, for the subject company, the consolidated scheduled and non-scheduled total number of seats available for transporting passengers during a reporting period multiplied by the total number of miles flown during that period.
  - (5) “**Total Operating Revenue**” means, subject to Section 4(b)(v)(B), the subject company's total operating revenue for the applicable periods based on its regularly prepared and publicly available statements of operations prepared in

accordance with GAAP; *provided*, with respect to Delta, Total Operating Revenue shall exclude the portion of revenue associated with refinery sales to third parties net of exchange.

(C) *Customer Service Performance*.

- (1) The “ **Customer Service Performance** ” for Delta shall be measured based on the percentage point improvement in Delta’s average monthly Net Promoter Score (“ **NPS** ”) from the 2017 calendar year to the average monthly NPS over the Performance Period, with (A) Delta’s NPS performance attributable to domestic travel accounting for 50% of the measure and (ii) Delta’s NPS performance attributable to international travel accounting for 50% of the measure. The criteria and methodology used to determine Delta’s NPS is described in a document titled, “‘Net Promoter’: Measuring Customer Satisfaction at Delta,” which was previously reviewed by the Committee. Company management will periodically report to the Company’s Board of Directors regarding Delta’s NPS.

(D) *Return on Invested Capital*.

- (1) The “ **Return on Invested Capital** ” for Delta shall be calculated by using Delta’s Average Adjusted Total Net Operating Income and Average Invested Capital for the applicable periods and the following formula (A÷B), where:

A = Average Adjusted Total Net Operating Income for 2018, 2019 and 2020; and

B = Average Invested Capital for 2018, 2019 and 2020.

- (2) “ **Average Adjusted Total Net Operating Income** ” means, subject to Section 4(b)(v)(B), (i) Delta’s average consolidated pre-tax income for the applicable periods based on its regularly prepared and publicly available statements of operations prepared in accordance with GAAP, but excluding (A) net interest expense; (B) items present in the line item “restructuring and other items” or such similar line item; (C) mark-to-market adjustments for hedges recorded in periods other than the settlement period; (D) other special, unusual or nonrecurring items which are disclosed in publicly available filings with the U.S. Securities and Exchange Commission (the “ **SEC** ”); and (E) implied interest in aircraft rent expense and amortized pension expense related to gains/losses that impact accumulated other comprehensive income (“ **AOCI** ”) multiplied by (ii) one minus Delta’s Effective Tax Rate for the applicable periods.

- (3) “ **Effective Tax Rate** ” means Delta’s effective income tax rate for the applicable periods as disclosed in publicly available filings with the SEC.

- (4) “ **Average Invested Capital** ” means, subject to Section 4(b)(v)(B), Delta’s total invested capital determined based on the average of thirteen calendar quarters measured from the last calendar quarter preceding the Performance Period using the following formula, (A+B), where:



A = Adjusted Book Value of Equity; and

B = Adjusted Gross Debt.

- (5) “**Adjusted Book Value of Equity**” for Delta shall be calculated quarterly based on its regularly prepared internal financial statements (i) with an initial starting value for the quarter ending December 31, 2017 (the “**Initial Value**”) equal to the book value of equity determined in accordance with GAAP as of December 31, 2017, but excluding the impact of gains or losses as of December 31, 2017 associated with (1) the cumulative pension and other post-employment retirement benefits net balance recorded in AOCI; (2) the derivative contracts and associated items net balance recorded in AOCI; and (3) the deferred tax asset valuation allowance balance and (ii) using the following formula for each subsequent quarter thereafter,  $(A+B+C)$ , where:

A = The Initial Value;

B = The cumulative amount starting as of January 1, 2018 and ending as of the last day of the applicable calendar quarter of the Company’s pre-tax income determined in accordance with GAAP, but (i) excluding: (1) items present in the line item “restructuring and other items” or such similar line item; (2) mark-to-market adjustments for hedges recorded in periods other than the settlement period; and (3) other special, unusual, or nonrecurring items which are disclosed in publicly available filings with the SEC and (ii) including expenses due to amortization of post-employment benefit losses in AOCI that have occurred during the Performance Period; and

C = in the event that the Company pays a dividend or issues or repurchases additional Common Stock for cash during the Performance Period (but excluding the exercise of any employee stock option for cash or any other issuance of Common Stock to employees), (i) the gross cash proceeds of the equity issuance or (ii) the gross cash payments for the equity repurchase or dividends, before adjustment for any applicable fees or charges associated therewith.

- (6) “**Adjusted Gross Debt**” for Delta shall be calculated quarterly based on its regularly prepared internal financial statements using the following formula  $(A+B)$ , subject to Section 4(b)(v)(B), where:

A = Total gross long term debt and capital leases (including current maturities) that reflect Delta’s actual obligations to lenders or lessors, including any adjustments from the book value to reflect premiums or discounts that may be amortizing; and

B = Annual aircraft rent expense multiplied by seven.

- (E) *Relative TSR Performance.*

- (1) “**Relative TSR Performance**” shall be calculated based on Delta’s TSR Percentile Ranking for the Performance Period.
- (2) “**TSR Percentile Ranking**” means the percentage of the S&P 500 Companies with Total Shareholder Return for the Performance Period that is less than or equal to Delta’s Total Shareholder Return. If the Company’s Total Shareholder Return is the same as another company’s Total Shareholder Return, the Company shall be treated as having the higher Total Shareholder Return. The percentile ranking shall be carried out to two decimal places.
- (3) “**S&P 500 Companies**” means all of the companies constituting the Standard & Poor’s 500 Index as of the first and last day of the Performance Period (excluding the Company) and which continue to be actively traded under the same ticker symbol on an established securities market through the end of the Performance Period.
- (4) “**Total Shareholder Return**” or “**TSR**” means, for Delta and each of the S&P 500 Companies, (i) the change in the average closing market price of its common stock (as quoted in the principal market on which it is traded over the 20 trading days immediately preceding the first and last day of the Performance Period), plus dividends and other distributions paid, divided by (ii) the average closing market price over the 20 trading days immediately preceding the first day of the Performance Period, all of which are adjusted for any changes in equity structure, including, without limitation, stock splits and stock dividends, and assuming that all cash dividends and cash distributions are immediately reinvested in common stock of the subject company using the closing market price on the ex-dividend date.

(v) Vesting.

(A) *General*. Subject to the terms of the Performance Compensation Plan, the 2018 LTIP and all other conditions included in any applicable Award Agreement, the Performance Award shall vest, as described in this Section 4(b)(v), as of the end of the Performance Period to the extent that the Company’s actual performance results meet or exceed Threshold level with respect to TRASM Performance, Customer Service Performance, Return on Invested Capital and/or Relative TSR Performance, as applicable and as described below. For purposes of TRASM Performance, the Company’s performance is compared against the Industry Group Average TRASM. For purposes of Relative TSR Performance, the Company’s performance is compared against the S&P 500 Companies.

(B) *Committee’s Authority*. In determining the TRASM for Delta and each member of the Industry Group and the Return on Invested Capital for Delta, the Committee shall make such adjustments with respect to any subject company as is necessary to ensure the results are comparable, including, without limitation, differences or changes in accounting policies, standards, practices, guidelines, reclassifications or restatements (for example, fuel hedging, purchase accounting adjustments associated with mergers, acquisitions or divestures, or fresh start accounting as a result of emergence from bankruptcy). Without limiting the generality of the foregoing, the Committee shall (i) make such determinations based on financial data filed by the subject company with the SEC or otherwise and (ii) exclude from any calculation any

item of gain, loss or expense determined to be special or unusual in nature or infrequent in occurrence.

(C) *Impact of Certain Events.* A company shall be automatically removed from the Industry Group in the event that any of the following occur during or with respect to the Performance Period: (i) such company ceases to maintain or does not timely prepare publicly available statements of operations prepared in accordance with GAAP; (ii) such company is not the surviving entity in any merger, consolidation or other non-bankruptcy reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned subsidiary of such company); (iii) such company sells, leases or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned subsidiary of such company); (iv) such company is dissolved and liquidated; or (v) more than 20% of such company's revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) for any fiscal year of such company are attributable to the operation of businesses other than such company's airline business and such company does not provide publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses.

(D) *Transactions Between Airlines.* To the extent reasonably practicable, in the event of a merger, consolidation or similar transaction during the Performance Period between Delta and any other airline, including a member of the Industry Group, or between any member of the Industry Group and any other airline, including another member of the Industry Group (an “**Airline Merger**”), TRASM for any such company involved in an Airline Merger will be calculated on a combined basis as if the Airline Merger had occurred on January 1, 2018, removing the effects of purchase accounting-related adjustments. Furthermore, to the extent reasonably practicable, in the event of an acquisition or divestiture or similar transaction during the Performance Period between Delta and any regional carrier or between any member of the Industry Group and any regional carrier (a “**Regional Carrier Transaction**”), TRASM and, as applicable, Return on Invested Capital for any such company involved in a Regional Carrier Transaction will be calculated to remove the impact of any reclassifications of costs from (or to) such company's presentation of contract carrier expense to (or from) the other expense line items on the statement of operations (determined based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP).

(E) *Vesting/Performance Measures*. The payment, if any, a Participant will receive in connection with the vesting of the Performance Award will be based on the following:

	Performance Measure			Weighting
	Threshold (50% of Target)	Target (100% of Target)	Maximum (200% of Target)	
<b>TRASM Performance</b>	Average TRASM Performance* <i>minus</i> 1.5% points	Average TRASM Performance*	Average TRASM Performance* <i>plus</i> 1.5% points or more	25.0%
<b>Customer Service Performance—Domestic</b>	+0% points	+1.5% points	+2.5% points or higher	12.50%
<b>Customer Service Performance—International</b>				
<b>Trans-Atlantic</b>	+0.0% points	+1.0% points	+2.0% points or higher	6.25%
<b>Trans-Pacific</b>	+0.0% points	+2.0% points	+3.5% points or higher	3.125%
<b>Latin America</b>	+0.0% points	+1.5% points	+2.5% points or higher	3.125%
<b>Return on Invested Capital</b>	11.0%	13.0%	15.0% or higher	25.0%
<b>Relative TSR Performance</b>	25 <sup>th</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile or higher	25.0%

\* **Average TRASM Performance** equals the average TRASM Performance for 2015 – 2017.

Any portion of a Performance Award that does not vest at the end of the Performance Period will immediately lapse and become void. Payouts based on the above performance measures will be straight-line interpolated when actual performance results fall above Threshold and below Target or above Target and below Maximum.

(vi) *Timing of Payment*. The payout, if any, of any Performance Award that vests under Section 4(b)(v) will be made as soon after the end of the Performance Period as the payment amount can be finally determined, but in no event later than March 15, 2021, unless it is administratively impracticable to do so and such impracticability was not foreseeable at the end of 2020, in which case such payment shall be made as soon as administratively practicable after March 15, 2021.

(vii) *Accelerated Vesting/Forfeiture upon Termination of Employment*. The Performance Awards are subject to the following terms and conditions.

(A) *Without Cause or For Good Reason*. Upon a Participant’s Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant’s target Performance Award will be recalculated and will be the result of the following formula (the “**Adjusted Performance Award**”):  $S \times (T \div 36)$  where,

S = the portion of the Participant's target Performance Award as of the Grant Date; and

T = the number of calendar months from January 1, 2018 to the date of such Termination of Employment (rounded up for any partial month).

Thereafter, the Participant will be eligible to receive a payment, if any, in cash based on the Adjusted Performance Award which will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement) prior to the end of the workday on December 31, 2020, the Participant will immediately forfeit any unpaid portion of the Performance Award as of the date of such Termination of Employment. In the event a Participant incurs a Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement) on or after January 1, 2021, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant will remain eligible for any unpaid Performance Award, which award will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(C) *Retirement.* Subject to Section 4(b)(vii)(F), upon a Participant's Termination of Employment due to Retirement, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant's target Performance Award will be recalculated in accordance with the formula set forth in Section 4(b)(vii)(A). Thereafter, the Participant will be eligible to receive a payment, if any, in cash based on the Adjusted Performance Award which will vest and become payable under Section 4(b)(v) in the same manner and to the same extent as if the Participant's employment had continued.

(D) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, the Participant's Performance Award will immediately become vested at the target level and such amount will be paid in cash as soon as practicable thereafter to the Participant or the Participant's estate, as applicable.

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, the Participant will immediately forfeit any unpaid portion of the Performance Award as of the date of such Termination of Employment.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2018 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then, regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2018 LTIP, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(viii) Change in Control. Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Participant's outstanding Performance Award shall immediately become vested at the target level and such amount will be paid in cash to the Participant as soon as practicable. With respect to any Participant who incurs a Termination of Employment by the Company without Cause or who resigns for Good Reason prior to a Change in Control, if a Change in Control occurs thereafter during the Performance Period, such Participant's Adjusted Performance Award, will immediately become vested and be paid in cash to the Participant as soon as practicable.

**(c) Restricted Stock Units**

(i) Award Grant. A Participant may receive Restricted Stock Units as specified in the Participant's Award Agreement (the "RSU").

(ii) Grant Date. The Grant Date of the RSUs will be determined in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in the Participant's Award Agreement.

(iii) Risk of Forfeiture. Until an RSU becomes vested, a Participant will not be permitted to sell, exchange, assign, transfer or otherwise dispose of the RSU, and the RSU will be subject to forfeiture as set forth below.

(iv) Vesting. Subject to the terms of Performance Compensation Plan and the 2018 LTIP, the RSUs will vest with respect to one-third of the RSUs on each of the following dates: (A) February 1, 2019 ("First RSU Installment"), (B) February 1, 2020 ("Second RSU Installment") and (C) February 1, 2021 ("Third RSU Installment").<sup>4</sup>

As soon as practicable after any RSUs become vested, the Company shall pay to Participant in cash a lump sum amount equal to the number of RSUs vesting multiplied by the closing price of a Share of Common Stock on the New York Stock Exchange on the vesting date or, if the Common Stock was not traded on the New York Stock Exchange on the vesting date, the last date prior to the vesting date that the Common Stock was traded on the New York Stock Exchange.

(v) Accelerated Vesting; Forfeiture. The RSUs and the vesting provisions set forth in this Section 4(c) are subject to the following terms and conditions:

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<sup>4</sup>The number of RSUs subject to each RSU Installment will be equal to the total number of RSUs divided by three; *provided*, that if this formula results in any fractional RSU allocation to any RSU Installment, the number of RSUs in the First RSU Installment and, if necessary, the Second RSU Installment, will be increased so that only full RSUs are covered by each RSU Installment. For example, if an RSU Award covers 1,000 RSUs, the RSUs will vest with respect to 334 RSUs under the First RSU Installment and 333 RSUs under each of the Second and Third RSU Installments.

(A) *Without Cause or For Good Reason.* Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, a number of RSUs equal to the Pro Rata RSU Portion will become immediately vested as of the date of such Termination of Employment. Upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason, any unvested RSUs, other than the Pro Rata RSU Portion, shall be immediately forfeited.

“ **Pro Rata RSU Portion** ” means, with respect to any RSU Installment that is not vested at the time of a Participant's Termination of Employment, the number of RSUs covered by such RSU Installment multiplied by a fraction (i) the numerator of which is the number of calendar months <sup>5</sup> from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First RSU Installment, twenty-four (24) for the Second RSU Installment and thirty-six (36) for the Third RSU Installment. <sup>6</sup>

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement), any unvested portion of the RSUs shall be immediately forfeited.

(C) *Retirement.* Subject to Section (4)(c)(v)(F), upon a Participant's Termination of Employment by reason of Retirement, with respect to any RSU Installment that is not then vested, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, a number of RSUs equal to the Pro Rata RSU Portion will become immediately vested as of the date of such Termination of Employment. Pro Rata RSU Portion has the meaning set forth in Section 4(c)(v)(A). Upon a Participant's Termination of Employment by reason of Retirement, any unvested RSUs, other than the Pro Rata RSU Portion, shall be immediately forfeited.

(D) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, all unvested RSUs will immediately vest as of the date of such Termination of Employment.

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, any unvested portion of the RSUs shall be immediately forfeited.

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<sup>5</sup> For purposes of the 2018 LTIP, one calendar month is calculated from the date of measurement to the same or closest numerical date occurring during the following month. For example, one calendar month from January 31, 2018 will elapse as of February 28, 2018, two months will elapse on March 31, 2018, and so on.

<sup>6</sup> If this formula results in any fractional RSUs, the Pro Rata RSU Portion will be rounded up to the nearest whole RSU .

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons*. If a Participant who is eligible for Retirement, is or would be, terminated by the Company without Cause, such participant shall be considered to have been terminated by the Company without Cause for purposes of this Agreement rather than having retired, but only if the Participant acknowledges, that absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then regardless of whether the Participant is considered a retiree for purposes of any other program, plan or policy of the Company, for purposes of this Agreement, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(vi) *Change in Control*. Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control, but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, any unvested portion of the RSUs will immediately vest as of the date of such Termination of Employment.

(vii) *Dividend Equivalents*. In the event a cash dividend shall be paid with respect to Shares at a time the RSUs have not vested, the Participant shall be eligible to receive, upon the vesting of the RSUs, a cash payment equal to the amount of the cash dividend per Share multiplied by the number of RSUs held by the Participant. The vesting provisions under Section 4(c)(iv) shall apply to any such dividend equivalent.

**(d) Stock Option**

(i) *Award Grant*. A Participant may receive a Non-Qualified Stock Option covering the number of Shares as specified in the Participant's Award Agreement (the "**Option**").

(ii) *Grant Date*. The Grant Date of the Option will be determined by the Committee in accordance with the Company's Equity Award Grant Policy, as in effect from time to time, and set forth in a Participant's Award Agreement.

(iii) *Exercise Price*. The exercise price of the Option is the closing price of a Share on the New York Stock Exchange on the Grant Date.

(iv) *Exercise Period/Performance Measures*. Subject to the terms of the Performance Compensation Plan and the 2018 LTIP, an Option shall:

(A) vest and become exercisable upon the achievement of either of the following two performance measures in the proportion and on the dates (each an "**Option Installment Vesting Date**") set forth below:

- (1) If there is a payout under the Company's broad-based employee profit sharing program for ground and flight attendant employees (the "**Profit Sharing Program**") for 2018, the Option shall vest and become exercisable with respect to one-third of the Shares on each of the following dates: (I) February 1, 2019 (the "**First Option Installment**"), (II) February 1, 2020 (the "**Second Option**");



**Installment**”) and (III) February 1, 2021 (the “**Third Option Installment**”); or

(2) If there is no payout under the Profit Sharing Program for 2018, but there is a payout under the Profit Sharing Program for 2019, the Option shall vest and become exercisable with respect to (I) the First and Second Option Installments on February 1, 2020 and (II) the Third Option Installment on February 1, 2021; and

(B) be exercisable through and including the day immediately preceding the tenth anniversary of the Grant Date (the “**Expiration Date**”).

In the event there is no Profit Sharing Program payout for either 2018 or 2019, the Option shall be immediately forfeited (regardless of whether there is a Profit Sharing Program payout for 2020).

(v) *Change in Exercisability and Exercise Period upon Termination of Employment*. The exercisability of the Option and the exercise period set forth in Section 4(d)(iv) are subject to the following terms and conditions:

(A) *Without Cause or For Good Reason*. Upon a Participant’s Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate), subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Pro Rata Option Portion of any Option Installment that is not exercisable at the time of such Termination of Employment (1) will vest and become exercisable, if applicable, under Section 4(d)(iv) in the same manner and to the same extent as if the Participant’s employment had continued and (2) the entire then exercisable portion of the Option, as applicable, shall be exercisable during the period: (I) beginning on the applicable Option Installment Vesting Date and (II) ending on the earlier of (x) the later of the third anniversary of (i) such Termination of Employment or (ii) the applicable Option Installment Vesting Date or (y) the Expiration Date. Upon a Participant’s Termination of Employment by the Company without Cause or by the Participant for Good Reason, any portion of the Option that is not exercisable at the time of such Termination of Employment, other than the Pro Rata Option Portion, shall be immediately forfeited.

“**Pro Rata Option Portion**” means, with respect to any Option Installment that is not exercisable at the time of a Participant’s Termination of Employment, the number of Shares covered by such Option Installment multiplied by a fraction (i) the numerator of which is the number of calendar months from the Grant Date to the date of such Termination of Employment, rounded up for any partial month and (ii) the denominator of which is twelve (12) for the First Option Installment, twenty-four (24) for the Second Option Installment, and thirty-six (36) for the Third Option Installment.<sup>7</sup>

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<sup>7</sup>If this formula results in any fractional Option, the Pro Rata Option Portion will be rounded up to the nearest whole Option.

(B) *Voluntary Resignation.* Upon a Participant's Termination of Employment by reason of a voluntary resignation (other than for Good Reason or Retirement): (1) any portion of the Option that is not exercisable at the time of such Termination of Employment shall be immediately forfeited and (2) any portion of the Option that is exercisable at the time of such Termination of Employment shall remain exercisable until the earlier of (I) 90 days after such Termination of Employment or (II) the Expiration Date.

(C) *Retirement.* Subject to Section 4(d)(v)(F), upon a Participant's Termination of Employment by reason of Retirement, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, the Pro Rata Option Portion of any Option Installment that is not exercisable at the time of such Termination of Employment (1) will vest and become exercisable, if applicable, under Section 4(d)(iv) in the same manner and to the same extent as if the Participant's employment had continued and (2) the entire then exercisable portion of the Option shall be exercisable during the period: (I) beginning on the applicable Option Installment Vesting Date and (II) ending on the Expiration Date. Pro Rata Option Portion has the meaning set forth in Section 4(d)(v)(A). Upon the Participant's Termination of Employment by reason of Retirement, any portion of the Option that is not exercisable at the time of such termination, other than the Pro Rata Option Portion, shall be immediately forfeited.

(D) *Death or Disability.* Upon a Participant's Termination of Employment due to death or Disability, any Option Installment that is not exercisable at the time of such Termination of Employment shall vest and become exercisable and the then exercisable portion of the Option shall be exercisable during the period: (1) beginning on the date of such Termination of Employment and (2) ending on (I) if due to Disability, the earlier of (i) the third anniversary of such Termination of Employment and (ii) the Expiration Date or (II) if due to death, the Expiration Date.

(E) *For Cause.* Upon a Participant's Termination of Employment by the Company for Cause, any unexercised portion of the Option shall be immediately forfeited, including any portion that was then exercisable.

(F) *Retirement-Eligible Participants Who Incur a Termination of Employment for Other Reasons.* If a Participant who is eligible for Retirement is or would be terminated by the Company without Cause, such Participant shall be considered to have been terminated by the Company without Cause for purposes of the 2018 LTIP rather than having retired, but only if the Participant acknowledges that, absent Retirement, the Participant would have been terminated by the Company without Cause. If, however, the employment of a Participant who is eligible for Retirement is terminated by the Company for Cause, then regardless of whether the Participant is considered as a retiree for purposes of any other program, plan or policy of the Company, for purposes of the 2018 LTIP, the Participant's employment shall be considered to have been terminated by the Company for Cause.

(vi) *Change in Control.* Notwithstanding the foregoing and subject to Section 5, upon a Participant's Termination of Employment by the Company without Cause or by the Participant for Good Reason (including the Termination of Employment of the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) on or after a Change in Control but prior to the second anniversary of such Change in Control, subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, any Option Installment that is not exercisable at the time of such Termination of Employment shall vest and

become exercisable, and the entire then exercisable portion of the Option shall be exercisable during the period (1) beginning on the date of such Termination of Employment and (2) ending on the earlier of (I) the third anniversary of such Termination of Employment or (II) the Expiration Date.

**5. Potential Reduction in Payments Due to Excise Tax.** In the event that a Participant becomes entitled to benefits under the 2018 LTIP, then such benefits, together with any payment or consideration in the nature of value or compensation to or for the Participant's benefit under any other agreement with or plan of Delta, shall be subject to reduction as set forth in Section 4(e) of the Delta Air Lines, Inc. Officer and Director Severance Plan, which relates to the excise tax under Section 4999 of the Code.

**6. Clawback.** Notwithstanding anything to the contrary in the 2018 LTIP and subject to further amendment of this Section 6 to the extent required to be in compliance with any applicable law or regulations or Delta's internal clawback policy, as it may be amended from time to time, if the Committee determines that a vice president or more senior officer Participant has engaged in fraud or misconduct that caused, in whole or in part, the need for a required restatement of Delta's financial statements filed with the SEC, the Committee will review all incentive compensation awarded to or earned by the Participant, including, without limitation, any Award under the 2018 LTIP, with respect to fiscal periods materially affected by the restatement and may recover from the Participant all such incentive compensation to the extent that the Committee deems appropriate after taking into account the relevant facts and circumstances. Any recoupment hereunder may be in addition to any other remedies that may be available to Delta under applicable law, including, disciplinary action up to and including termination of employment.

**7. Section 409A of the Code.** To the extent required to be in compliance with Section 409A of the Code, and the regulations promulgated thereunder (together, "Section 409A"), notwithstanding any other provision of the 2018 LTIP or the Performance Compensation Plan, (a) any payment or benefit to which a Participant is eligible under the 2018 LTIP, including a Participant who is a "specified employee" as defined in Section 409A, shall be adjusted or delayed and (b) any term of the 2018 LTIP may be adjusted in such manner as to comply with Section 409A and maintain the intent of the 2018 LTIP to the maximum extent possible. More specifically, to the extent any payment provided to a Participant under the 2018 LTIP constitutes non exempted deferred compensation under Section 409A and the Participant is at the time of his termination of employment considered to be a "specified employee" pursuant to the Company's policy for determining such employees, the payment of any such non excepted amount and the provision of such non exempted benefits will be delayed for six months following the Participant's separation from service. Notwithstanding the foregoing, Delta shall not have any liability to any Participant or any other person if any payment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and does not satisfy the additional conditions applicable to nonqualified deferred compensation under Section 409A.

**First Amendment to  
The Delta Air Lines, Inc. 2017 Management Incentive Plan**

Section 2 of the Delta Air Lines, Inc. 2017 Management Incentive Plan is amended by adding the following new subsection (d) to the end thereof:

“(d) Notwithstanding any provision of the 2017 MIP or the Performance Compensation Plan to the contrary, the minimum amount of total MIP Awards payable to eligible Participants (the “**Minimum Amount**”) may be fixed by the Committee (or its delegate) on or prior to December 31, 2017, but in no event earlier than December 1, 2017. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2017 MIP shall be reallocated among the other eligible Participants.”

**DELTA AIR LINES, INC.**  
**2018 MANAGEMENT INCENTIVE PLAN**

**1. Purpose.** The 2018 Management Incentive Plan (the “**MIP**”) is an annual incentive program sponsored by Delta Air Lines, Inc. (“**Delta**” or the “**Company**”) that is intended to closely: (a) link pay and performance by providing management employees with a compensation opportunity based on Delta achieving key business plan goals in 2018 and (b) align the interests of management employees with the Company’s other employees and stakeholders.

The MIP is being adopted under, and is subject to the terms of, the Delta Air Lines, Inc. Performance Compensation Plan (the “**Performance Compensation Plan**”).

Capitalized terms that are used but not defined in the MIP shall have the meaning ascribed to them in the Performance Compensation Plan.

**2. Plan Administration .** (a) The Personnel & Compensation Committee of the Board of Directors (the “**Committee**”) shall be responsible for the general administration and interpretation of the MIP and for carrying out its provisions. The Committee shall have such powers as may be necessary to discharge its duties hereunder, including, without limitation, the following powers and duties, but subject to the terms of the MIP:

(i) authority to construe and interpret the terms of the MIP and to determine eligibility, awards and the amount, manner and time of payment of any awards hereunder;

(ii) authority to prescribe forms and procedures for purposes of MIP participation and distribution of awards;

(iii) authority to adopt rules and regulations and to take such actions as it deems necessary or desirable for the proper administration of the MIP, which authority may be delegated to the Company’s Chief Human Resources Officer; and

(iv) authority at any time prior to a Change in Control to eliminate or reduce the actual payout to any Participant in the MIP.

(b) Any rule or decision by the Committee (or its delegate) that is not inconsistent with the provisions of the MIP shall be conclusive and binding on all persons and shall be given the maximum deference permitted by law.

(c) Notwithstanding anything contained in the Performance Compensation Plan to the contrary, the Committee shall not have the authority to increase the actual payout to any Participant in the MIP.

(d) Notwithstanding any provision of the 2018 MIP or the Performance Compensation Plan to the contrary, the minimum amount of total MIP Awards payable to eligible Participants (the “**Minimum Amount**”) may be fixed by the Committee (or its delegate) on or prior to December 31, 2018, but in no event earlier than December 1, 2018. Once so determined by the Committee (or its delegate), the Minimum Amount shall not be further reduced or eliminated at any time thereafter. Any portion of the Minimum Amount allocated to such Participants that may be forfeited pursuant to the terms of the 2018 MIP shall be reallocated among the other eligible Participants.

**3. Eligibility.** All Delta employees worldwide who are officers, managing directors (grade 13), directors (grade 12), general managers (grade 11), grade 10 or grade 8 (other than employees who participate in a sales incentive plan or other major functional incentive plan, as may be in effect from time to time) are eligible to participate in the MIP (“**Participants**”).

**4. MIP Awards.**

(a) *General.* The MIP award (the “**MIP Award**”) each Participant receives, if any, will be based on: (i) the Participant’s Target MIP Award, as defined below; (ii) the level of achievement within each applicable performance measure; and (iii) the occurrence of a payout for 2018 under the Company’s broad-based employee profit sharing program (the “**Profit Sharing Program**”), as described below. Certain additional requirements will apply to any Participant who is employed by the Company as an executive vice president or more senior officer of the Company (“**Executive Officer Participant**”), as discussed in Section 7(b).

(b) *Performance Measures.* The performance measures used will be one or more of financial, operational (“**Operational Performance**”), leadership effectiveness (“**Leadership Effectiveness Performance**”) and individual performance (“**Individual Performance**”). Financial performance will be comprised of two separate measures, one based solely on the Company’s performance (“**Absolute Financial Performance**”) and the other based on the Company’s performance relative to a comparator group (“**Relative Financial Performance**”). Achievement under each performance measure may range from below threshold, at which there is no payout, to the maximum performance level, at which the payout will be greater than the target level, subject to Section 4(c).

(c) *Interaction with Profit Sharing Program and Individual Performance Measure.* If there is no payout under the Profit Sharing Program for 2018, (i) no amount will be paid with respect to Absolute Financial Performance to any Participant regardless of whether Delta meets or exceeds that performance measure and (ii) for general manager level (grade 11) Participants and above, the actual MIP Award, if any, will not exceed such Participant’s Target MIP Award (as defined below). In addition, if a Participant’s performance under the Individual Performance Measure (applicable to Participants who are not officers) is not satisfactory, no amount will be paid with respect to Absolute Financial Performance, Relative Financial Performance and/or Operational Performance to such Participant regardless of whether Delta meets or exceeds those performance measures.

(d) *Target MIP Awards.* The Target MIP Award for each Participant will be expressed as a percentage of the Participant’s Annual Base Salary (the “**Target MIP Award**”) as determined by the Committee and will be communicated to Participants in such manner as the Committee deems appropriate. Subject to Section 8, “**Annual Base Salary**” means the Participant’s 2018 annual base salary as in effect on December 31, 2018.

**5. Weighting of Performance Measures.** Subject to Section 8, a percentage of each Participant’s Target MIP Award is allocated to one or more of Absolute Financial Performance, Relative Financial Performance, Operational Performance, Leadership Effectiveness Performance and/or Individual Performance based on the Participant’s employment level, as follows:

Performance Measures and Weightings					
Employment Level	% of Target MIP Award allocated to Absolute Financial Performance	% of Target MIP Award allocated to Relative Financial Performance	% of Target MIP Award allocated to Operational Performance	% of Target MIP Award allocated to Leadership Effectiveness Performance	% of Target MIP Award allocated to Individual Performance
CEO	50%	25%	25%	0%	0%
President/SEVP	50%	25%	25%	0%	0%
EVP	50%	25%	25%	0%	0%
CIO and SVP – Supply Chain Management & Fleet	50%	25%	25%	0%	0%
SVP	50%	15%	25%	10%	0%
VP	50%	15%	25%	10%	0%
Managing Director (Grade 13)	35%	10%	15%	0%	40%
Director (Grade 12)	35%	10%	15%	0%	40%
General Manager (Grade 11)	25%	10%	15%	0%	50%
Grade 10	0%	0%	0%	0%	100%
Grade 8	0%	0%	0%	0%	100%

**6. The Performance Measures—Threshold, Target and Maximum Payout Levels.** The Target MIP Award and the amounts paid in connection with target levels of Absolute Financial, Relative Financial, Operational, Leadership Effectiveness and Individual Performances, are based on the achievement of the target performance level with respect to each applicable performance measure (except that Absolute Financial Performance also requires a payout under the Profit Sharing Program for 2018). A Participant’s actual MIP Award may be greater or less than the target amount based on whether performance under one or more of the performance measures applicable to the Participant exceeds or is below target performance, subject to Section 4(c). This is explained in more detail below.

(a) *Absolute Financial Performance Measure* . The Absolute Financial Performance measure for 2018 is based on Delta’s Pre-Tax Income (as defined below). The following table describes the performance ranges and award payout levels for 2018 Absolute Financial Performance, subject to Section 4(c):

	Threshold	Target	Maximum
<i>% of Target Absolute Financial Performance Measure Paid</i>	50%	100%	200%
Required 2018 Pre-Tax Income	\$6,504 Million	\$7,869 Million	\$8,794 Million

Payouts will be straight-line interpolated when Pre-Tax Income results fall above Threshold and below Target or above Target and below Maximum.

“**Pre-Tax Income**” will be the amount of Pre-Tax Income, if any, determined under the Profit Sharing Program for 2018.<sup>1</sup>

(b) *Relative Financial Performance Measure*. The Relative Financial Performance measure will be measured based on the comparison of Delta’s Annual Pre-Tax Income Margin for the 2018 calendar year relative to the Composite Performance of the members of the Industry Composite Group for the 2018 calendar year (as such capitalized terms are defined below). The following table describes the performance ranges and payout levels for 2018 Relative Financial Performance, subject to Section 4(c):

	Threshold	Target	Maximum
<i>% of Target Relative Financial Performance Measure Paid</i>	50%	100%	200%
Delta’s 2018 Annual Pre-Tax Income Margin relative to Composite Performance of Industry Composite Group for the same period	Composite Performance	+2.5 points above Composite Performance	+3.5 points above Composite Performance

Payouts based on Relative Financial Performance will be straight-line interpolated when actual performance results fall above Threshold and below Target or above Target and below Maximum.

“**Annual Pre-Tax Income Margin**” for Delta and each member of the Industry Composite Group shall be calculated by using the subject company’s Pre-Tax Income and Total Operating Revenue for the 2018 calendar year and the following formula:  $(A \div B)$ , where:

A = Pre-Tax Income for 2018; and

B = Total Operating Revenue for 2018.

“**Composite Performance**” means, for purposes of determining the total Annual Pre-Tax Income Margin for the Industry Composite Group, the result obtained by treating the members of the Industry Composite Group as if they were one combined entity.

“**Industry Composite Group**” means Alaska Air Group, Inc., American Airlines Group, Inc., JetBlue Airways Corporation, Southwest Airlines, Co., and United Continental Holdings, Inc.

“**Pre-Tax Income**” means the subject company’s consolidated pre-tax income based on its regularly prepared and publicly available statements of operations prepared in accordance with GAAP, but excluding mark-to-market adjustment for hedges recorded in periods other than the settlement period.

“**Total Operating Revenue**” means the subject company’s total operating revenue based on its regularly prepared and publicly available statements of operations prepared in accordance with GAAP; *provided*, with respect to Delta, Total Operating Revenue shall exclude the portion of revenue associated with refinery sales to third parties net of exchange.

<sup>1</sup> The Profit Sharing Program for 2018 defines “Pre-Tax Income” as follows: for any calendar year, the Company’s consolidated pre-tax income calculated in accordance with Generally Accepted Accounting Principles in the United States (“**GAAP**”) and as reported in the Company’s public securities filings, but excluding: (a) all asset write downs related to long term assets; (b) gains or losses with respect to employee equity securities; (c) gains or losses with respect to extraordinary, one-time or nonrecurring items; and (c) expense accrued with respect to the Profit Sharing Program.



In determining the Annual Pre-Tax Income Margin for Delta and each member of the Industry Composite Group, the Committee shall make such adjustments with respect to any subject company as is necessary to ensure the results are comparable, including, without limitation, differences or changes in accounting policies, standards, practices, guidelines, reclassifications or restatements (for example, fuel hedging, purchase accounting adjustments associated with mergers, acquisitions or divestitures, or fresh start accounting as a result of emergence from bankruptcy). Without limiting the generality of the foregoing, the Committee shall (i) make such determinations based on financial data filed by the subject company with the U.S. Securities and Exchange Commission or otherwise and (ii) exclude from any calculation any item of gain, loss or expense determined to be special or unusual in nature or infrequent in occurrence.

A company shall be automatically removed from the Industry Composite Group in the event that any of the following occur during or with respect to the 2018 calendar year: (i) such company ceases to maintain or does not timely prepare publicly available statements of operations prepared in accordance with GAAP; (ii) such company is not the surviving entity in any merger, consolidation or other non-bankruptcy reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned subsidiary of such company); (iii) such company sells, leases or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned subsidiary of such company); (iv) such company is dissolved and liquidated; or (v) more than 20% of such company's revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) for any fiscal year of such company are attributable to the operation of businesses other than such company's airline business and such company does not provide publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses.

To the extent reasonably practicable, in the event of a merger, consolidation or similar transaction during the 2018 calendar year between Delta and any other airline, including a member of the Industry Composite Group, or between any member of the Industry Composite Group and any other airline, including another member of the Industry Composite Group (an “**Airline Merger**”), Annual Pre-Tax Income Margin for any such company involved in an Airline Merger will be calculated on a combined basis as if the Airline Merger had occurred on January 1, 2018, removing the effects of purchase accounting-related adjustments. Furthermore, to the extent reasonably practicable, in the event of an acquisition or divestiture or similar transaction during 2018 calendar year between Delta and any regional carrier or between any member of the Industry Composite Group and any regional carrier (a “**Regional Carrier Transaction**”), Annual Pre-Tax Income Margin for any such company involved in a Regional Carrier Transaction will be calculated to remove the impact of any reclassifications of costs from (or to) such company’s presentation of contract carrier expense to (or from) the other expense line items on the statement of operations (determined based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP).

(c) *Operational Performance Measures.* The Operational Performance measures for 2018 are based on both Delta and Delta Connection operational performance, with (i) Delta’s operational performance accounting for 75% of the measure and (ii) Delta Connection performance accounting for 25% of the measure. Delta’s Operational Performance is based on the number of times during 2018 that Delta meets or exceeds its monthly goals under the broad-based employee shared rewards program (the “**Shared Rewards Program**”). Delta Connection’s Operational Performance is based on the number of times during 2018 that the Delta Connection carriers meet or exceed their monthly operational goals for (x) completion factor and (y) on-time arrival performance (the “**Delta Connection Goals**”). The Delta Connection Goals and the methodology for determining whether these goals are met are described in **Exhibit A** hereto. The following table describes the performance ranges and award payout levels for 2018 Operational Performance, subject to Section 4(c):

	Threshold	Target	Maximum
<b>Shared Rewards Program</b>			
<i>% of Target Payout for this Performance Measure (75% Weighting)</i>	37.50%	75%	150%
Number of monthly Shared Rewards Program goals actually met during 2018	21	28	35 or more
<b>Delta Connection Goals</b>			
<i>% of Target Payout for this Performance Measure (25% Weighting)</i>	12.50%	25%	50%
Number of Delta Connection Goals actually met during 2018	9	14	19 or more

Payouts based on the Shared Rewards Program and Delta Connection Goals will be straight-line interpolated when actual performance results fall above Threshold and below Target or above Target and below Maximum.

(d) *Leadership Effectiveness Performance Measure*. The Leadership Effectiveness Performance measure (generally applicable to Participants who are vice presidents or senior vice presidents) for 2018 will be based on an evaluation of whether a Participant has demonstrated leadership attributes and results during 2018, including, among other things, supporting diversity, providing talent management, meeting financial and headcount budget, improving employee engagement and being a role model for the Rules of the Road. The performance ranges and award payout levels will be determined by the Committee, subject to Section 4(c).

(e) *Individual Performance Measure*. The Individual Performance measure (applicable to Participants who are not officers) is generally determined by each Participant's performance evaluation at the end of 2018. The performance ranges and award payout levels will be determined by the Committee, subject to Section 4(c).

## 7. Timing of Award Payments.

(a) *In General*. Subject to Sections 7(b) and 8(a), any payouts to a Participant under the MIP for 2018 will be made in cash as soon as practicable after (i) the Committee certifies the achievement of the required Absolute Financial Performance, Relative Financial Performance and Operational Performance results and (ii) where applicable, Leadership Effectiveness Performance results have been determined and individual performance has been evaluated, but in no event later than March 15, 2019, unless it is administratively impracticable to do so, and such impracticability was unforeseeable at the end of 2018, in which case such payment shall be made as soon as administratively practicable after March 15, 2019. Further, unless a payout for 2018 under the Profit Sharing Program occurs after March 15, 2019, any payout under the 2018 MIP will not be made prior to a payout for 2018 under the Profit Sharing Program; *provided, however*, if it is determined there will be no payout for 2018 under the Profit Sharing Program, any MIP Awards that are payable based on Relative Financial Performance, Operational Performance, Leadership Effectiveness Performance or Individual Performance will be paid as soon as practicable thereafter, but in no event later than March 15, 2018, unless it is administratively impracticable to do so, and such impracticability was unforeseeable at the end of 2018, in which case such payment shall be made as soon as administratively practicable after March 15, 2019.

(b) *Executive Officer Participants*. Payouts under the MIP to Participants who, as of December 31, 2018, are Executive Officer Participants will be subject to the following terms and conditions:

(i) Payment in Restricted Stock. If there is no payout under the Profit Sharing Program for 2018, any payout under the MIP to an Executive Officer Participant will be made in shares of Restricted Stock rather than in cash, with the number of shares of Restricted Stock being equal to the result of the following formula ("MIP Restricted Stock"):  $(A \div B)$ , where <sup>2</sup>:

<sup>2</sup>If this formula results in any fractional share, the MIP Restricted Stock will be rounded up to the next highest ten shares.

A = the amount of the payout to the Executive Officer Participant under the MIP had the payout been made in cash; and

B = the closing price of a Share on the New York Stock Exchange on the later of (1) the date that the Committee approves the payouts, if any, to the Executive Officer Participants under the MIP following the Committee's certification of the achievement of the required performance measures as described in Section 7(a) and (2) the third business day following the date on which the Company publicly announces its annual financial results if this date is scheduled in the same month that the Committee approves such payouts, if any.

(ii) Lapsing of Restrictions; Forfeiture. Until the restrictions imposed by this Section 7(b)(ii) (the “**Restrictions**”) have lapsed pursuant to the terms below, an Executive Officer Participant will not be permitted to sell, exchange, assign, transfer or otherwise dispose of the MIP Restricted Stock, and the MIP Restricted Stock will be subject to forfeiture as set forth below.

(A) The Restrictions shall lapse and be of no further force or effect on the earlier of the date (1) there is a payout under the Profit Sharing Program unless, prior to such payout, the Executive Officer Participant incurs a Disqualifying Termination of Employment or (2) an Executive Officer Participant incurs a Qualifying Termination of Employment. The MIP Restricted Stock will be immediately forfeited if, prior to the lapsing of the Restrictions, the Executive Officer Participant incurs a Disqualifying Termination of Employment.

(B) “**Disqualifying Termination of Employment**” means an Executive Officer Participant's Termination of Employment by the Company for Cause.

(C) “**Qualifying Termination of Employment**” means an Executive Officer Participant's Termination of Employment (1) by the Company without Cause or (2) due to death or Disability.

(D) For purposes of this Section 7(b)(ii), if an Executive Officer Participant incurs a Termination of Employment by reason of (1) a voluntary resignation (including the Termination of Employment by the Participant if he or she is employed by an Affiliate at the time the Company sells or otherwise divests itself of such Affiliate) or (2) Retirement, the Restrictions shall lapse and be of no further force or effect on the date there is a payout under the Profit Sharing Program as if such Executive Officer Participant's employment had continued through such date.

(iii) Dividends. In the event a cash dividend shall be paid in respect of Shares at a time the Restrictions on the MIP Restricted Stock have not lapsed, the Participant shall be eligible to receive the dividend upon the lapse of the Restrictions. The Restrictions shall apply to any such dividend.

(iv) Performance Compensation Plan; Written Notice. The MIP Restricted Stock will otherwise be subject to the terms of the Performance Compensation Plan. In the event any Executive Officer Participant's MIP Award is converted to MIP Restricted Stock, such Participant will receive a written notice of such conversion with the details thereof as soon as practicable after the MIP payment date.

## 8. Change in Employment Status.

### (a) Termination of Employment .

(i) *A Termination Event in 2018—General.* Except as expressly set forth in this Section 8, in the event a Participant's employment with Delta terminates for any reason prior to the end of the workday on December 31, 2018, such Participant will be ineligible for any award under the MIP. In other words, if a Participant is employed according to Company records through the end of the workday on December 31, 2018, the Participant will be eligible for any award earned under the MIP for 2018, including, if applicable, MIP Restricted Stock.

(ii) *Termination on or after January 1, 2019.* Subject to Section 7(b), a Participant who incurs a Termination of Employment for any reason other than for Cause on or after January 1, 2019 will remain eligible for any unpaid MIP Award, which award will be paid according to the terms of Section 7(a). A Participant who is terminated by the Company for Cause on or after January 1, 2019 will forfeit any unpaid MIP Award.

### (iii) *Pro Rata MIP Payment.*

(A) *Disability or Retirement .* This Section 8(a)(iii)(A) applies to any Participant who incurs a Termination of Employment prior to January 1, 2019 due to the Participant's Disability or Retirement. Subject to the Participant's execution of a waiver and release of claims in a form and manner satisfactory to the Company, such Participant will be eligible to receive a MIP Award based on an adjusted annual base salary amount, but otherwise in the same manner, to the same extent and at the same time as the Participant would have received such MIP Award if such Participant's employment had continued through December 31, 2018 ( *i.e.* , based on achievement of applicable performance measures). The Individual Performance Measure will be calculated based on target level performance, or, at the discretion of the Company, a higher level based on the Participant's most recent performance evaluation prior to the Termination of Employment. The Participant's Annual Base Salary will be the result of the following formula:  $(X \times Y / 12)$ , where:

X = the Participant's annual base salary as in effect as of the date of Termination of Employment; and

Y = the number of calendar months the Participant was actively employed by Delta during 2018 in a MIP-eligible position, rounded up for any partial month.<sup>3</sup>

<sup>3</sup> For purposes of the MIP, one calendar month is calculated from the date of measurement to the same or closest numerical date occurring during the following month. For example, one calendar month from January 31, 2018 will elapse as of February 28, 2018, two months will elapse on March 31, 2018, and so on.

(B) *Termination of Employment Without Cause or Resulting in Benefits under the Severance Plans* . This Section 8(a)(iii)(B) applies to any Participant who incurs a Termination of Employment prior to January 1, 2019 due to either (1) a Termination of Employment by the Company without Cause or (2) for any other reason that entitles such Participant to benefits under the Delta Air Lines, Inc. Officer and Director Severance Plan or any other Company-sponsored severance plan in which a Participant is eligible to participate (the “ **Severance Plans** ”). Subject to the Participant’s execution of a waiver and release of claims in a form and manner satisfactory to the Company, such Participant will be eligible to receive a MIP Award based on an adjusted annual base salary amount, but otherwise in the same manner, to the same extent and at the same time as the Participant would have received such MIP Award if such Participant’s employment had continued through December 31, 2018 ( *i.e.* , based on achievement of applicable performance measures). The Individual Performance Measure will be calculated based on target level performance, or, at the discretion of the Company, a higher level based on the Participant’s most recent performance evaluation prior to the Termination of Employment. The Participant’s Annual Base Salary will be determined in accordance with the formula set forth in Section 8(a)(iii)(A).

(C) *Death* . This Section 8(a)(iii)(C) applies to any Participant who incurs a Termination of Employment prior to January 1, 2019 due to the Participant’s death. The Participant’s estate will be eligible to receive a Pro Rata MIP Payment made in cash as soon as practicable after the Participant’s Termination of Employment, but in no event later than 2½ months following the end of the year in which the Termination of Employment occurs. “ **Pro Rata MIP Payment**” means the result of the following formula:  $(W \times Z / 12)$ , where:

W = the Participant’s Target MIP Award; and

Z = the number of calendar months the Participant was actively employed by Delta during 2018 in a MIP-eligible position, rounded up for any partial month.

(b) **Other Changes in Employment Status** . The terms of this Section 8(b) shall apply to circumstances involving new hires, promotions, demotions, transfers or leaves of absence during 2018. After a Participant’s Target MIP Award is determined under this Section 8(b), the appropriate weighting of performance measures will apply to each portion of such Target MIP Award as set forth in Section 5. For partial calendar months, the change in employment status will be considered effective as of the 1<sup>st</sup> day of the month in which there is a change in status; *provided, however* , in the event that a Participant was (i) on a disability leave of absence for a period of less than one calendar month during 2018 and (ii) actively at work for at least one full day during such calendar month, the Participant will be deemed to have been actively employed in a MIP-eligible position for the entire calendar month. The end of year performance evaluation will apply to any Individual Performance measure applicable to the Participant unless the Participant is no longer subject to the such evaluation process after the change in employment status, in which case the most recent performance evaluation will apply. Any MIP Awards payable under this Section 8(b) will be paid at the same time and in the same manner as such awards are paid to active Participants, subject to Section 7(b).

(i) *New Hires*. With respect to any individual who becomes employed by Delta as a grade 8 or any more senior MIP-eligible position during 2018 but after January 1, 2018, such individual will be a Participant in the MIP and will be eligible to receive an award under the MIP for 2018; *provided*, that such Participant’s Annual Base Salary will be the result of the following formula:  $(X \times Y / 12)$ , where:

X = the Participant's annual base salary as of December 31, 2018; and

Y = the number of calendar months the Participant was actively employed by Delta in a MIP-eligible position during 2018, rounded up for any partial month.

(ii) *Promotions.* Participants who are either promoted into a MIP-eligible employment level or promoted into a higher level of MIP participation during 2018 will have their Target MIP Award calculated based on their annual base salary at each MIP-eligible employment level (measured as of the date immediately prior to the date the promotion is considered effective for purposes of the MIP, if applicable, as described in the first paragraph of Section 8(b), and as of December 31, 2018) and the number of calendar months they were employed in each such capacity, multiplied by the relevant total target award percentage applicable to their position or positions during the relevant period.

(iii) *Demotions.* Participants who are either demoted to a position that is not eligible to participate in the MIP or demoted to a lower level of MIP participation during 2018 will have their Target MIP Award calculated based on their annual base salary at each MIP-eligible job level (measured as of the date immediately prior to the date the demotion is considered effective for purposes of the MIP, as described in the first paragraph of Section 8(b), and, if applicable, as of December 31, 2018) and the number of calendar months they were employed in each such capacity, multiplied by the relevant total target award percentage applicable to their position or positions during the relevant period.

(iv) *Transfers and Leaves of Absence.* In the event that during 2018, a Participant (A) transfers employment from Delta to a Delta subsidiary or Affiliate that does not participate in the MIP or (B) goes on any type of leave at any time during 2018, the Participant will have his Target MIP Award calculated, subject to Section 8(b)(v), based on his or her annual base salary (measured as of the date immediately prior to the date the transfer or leave is considered effective for purposes of the MIP) and the number of calendar months he or she was actively employed in a MIP-eligible position during 2018, multiplied by the relevant total target award percentage applicable to his or her MIP-eligible position.

(v) *Military Leave.* In the event that at any time during 2018 a Participant is on a Military Leave of Absence, his or her Annual Base Salary shall be equal to the aggregate annual base salary the Participant received from Delta during 2018 plus any amount of base salary such Participant would have received had he or she been actively employed by Delta in any corresponding MIP-eligible position during such leave. "**Military Leave of Absence**" means a Participant's absence from his or her position of employment at any time during 2018 because of service in the uniformed services, as defined under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended ("**USERRA**"); *provided*, that a Participant must provide the Company appropriate evidence that his or her absence was due to service in the uniformed services and the period of such service in order to be considered to be on a Military Leave of Absence for purposes of the MIP. For purposes of the MIP, any Participant who is absent due to military service (according to Delta's records) as of December 31, 2018 and has been on such leave for a cumulative period (during the period he or she has been employed by Delta) of five years or less, will be presumed to be on a Military Leave of Absence. Any Participant who is similarly absent due to military service (based on Delta's records) and who has been on such leave for a period of more than five years will not be considered to be on a Military Leave of Absence until he or she provides appropriate evidence that he or she is entitled to an exception to the five-year limit on uniformed service as set forth in USERRA.

**9. Treatment of Payments Under Benefit Plans or Programs .** MIP payments, which for an Executive Officer Participant who receives MIP Restricted Stock means the amount of the payout to the Executive Officer Participant under the MIP had the payout been made in cash, will be considered as earnings under any benefit plan or program sponsored by Delta only to the extent such payments are included as earnings under the terms of the specific plan or program; *provided , however ,* that any MIP payment made to an Executive Officer Participant in MIP Restricted Stock will be considered as earnings only for purposes of the Company’s restoration payment program, as in effect from time to time. If such payments are included, unless otherwise provided in such plan or program, Participants will be eligible to contribute amounts paid under the MIP into such plans in the same manner and to the same extent as their ordinary compensation and any amounts so contributed will be subject to any applicable Company contributions and/or matches. Notwithstanding anything to the contrary in this Section 9 and except as otherwise provided under the terms of any defined contribution plan sponsored by the Company, any MIP payment received in connection with a Termination of Employment shall not be considered earnings under any benefit plan or program sponsored by Delta.

**10. Effective Date.** The MIP will become effective as of January 1, 2018; *provided however,* if on or before the date the Committee adopts the MIP any employee who would otherwise have participated in the MIP is informed that his or her employment will be terminated by the Company without Cause, any severance such employee is entitled to receive will be calculated based on the 2017 Management Incentive Plan as in effect as of December 31, 2017.

**11. Amendment.** Except as otherwise expressly set forth in this Section and Section 14, the terms of Section 14 of the Performance Compensation Plan shall apply to any amendment or termination of the MIP. In addition, the terms applicable to any Participant will be subject in their entirety to the terms of any offer letter or other document to which the Participant has agreed. The terms of such offer letter or other document, if contrary to the terms of the MIP, shall govern the rights of the corresponding Participant.

**12. Fractions.** Any calculation under the MIP that results in a fractional amount will be rounded up to two decimal points.

**13. Section 409A of the Code.** Notwithstanding anything in the MIP to the contrary, any payments or benefits under the MIP are intended to be exempt from the applicable requirements of Section 409A of the Code and the regulations promulgated thereunder (together, “ **Section 409A** ”) and shall be limited, construed and interpreted in accordance with such intent; *provided, however ,* to the extent that any amount paid hereunder in connection with a Termination of Employment constitutes deferred compensation under Section 409A and is paid to a “specified employee” as defined in Section 409A, the payment of such amount will be delayed for six months.

**14. Clawback.** Notwithstanding anything to the contrary in the MIP and subject to further amendment of this Section 14 to the extent required to be in compliance with any applicable law or regulation or Delta’s internal clawback policy, as it may be amended from time to time, if the Committee determines that a vice president or more senior officer Participant has engaged in fraud or misconduct that caused, in whole or in part, the need for a required restatement of Delta’s financial statements filed with the U.S. Securities and Exchange Commission, the Committee will review all incentive compensation awarded to or earned by such Participant, including, without limitation, any MIP Award, with respect to fiscal periods materially affected by the restatement and may recover from the Participant all such incentive compensation to the extent that the Committee deems appropriate after taking into account the relevant facts and circumstances. Any recoupment hereunder may be in addition to any other remedies that may be available to Delta under applicable law, including, disciplinary action up to and including termination of employment.

**EXHIBIT A— DELTA CONNECTION GOALS:**

Delta Connection’s Operational Performance will be based on the number of times during 2018 that the group of Delta Connection carriers meets or exceeds its monthly operational goals for completion factor and on-time arrival performance (the “ **Delta Connection Goals** ”). The monthly Delta Connection Goals are included on the following table:

Month in 2018	Completion Factor 2018 Goal		On-Time Arrival Performance 2018 Goal	
	Relative CF	Absolute CF	Relative A0	Absolute A0
January	1st	96.8%	1st	66.6%
February	1st	96.1%	1st	66.3%
March	1st	98.8%	1st	68.0%
April	1st	99.4%	1st	72.9%
May	1st	99.8%	1st	72.4%
June	1st	98.8%	1st	68.0%
July	1st	98.2%	1st	68.2%
August	1st	98.3%	1st	69.2%
September	1st	99.3%	1st	73.5%
October	1st	99.5%	1st	75.1%
November	1st	99.5%	1st	73.1%
December	1st	97.9%	1st	66.4%
<b>Overall</b>	<b>1st</b>	<b>98.6%</b>	<b>1st</b>	<b>70.0%</b>

The monthly goal in each performance category may be met by achieving either the specific numeric target or ranking (with a comparator group ranking of “1” being the best performance).

- A. The primary source of reported metrics used to calculate performance will be each Delta Connection carrier’s data which flows into Delta’s data warehouse.
- B. All domestic and international Delta Connection carrier system operations subject to capacity purchase agreements and/or revenue proration agreements will be included in the performance measures, including the operations of, Compass, ExpressJet, GoJet, Endeavor Air, Republic Airlines and SkyWest, but excluding any revenue proration operations with respect to which passenger reservations are not reflected on Delta’s reservations system (the “ **Delta Connection Program** ”). In the event that a carrier enters or leaves the Delta Connection Program, that carrier’s operations will be included or excluded from the performance measures as applicable.
- C. The monthly calculation for completion factor will be as follows:
  1. Add all Delta Connection scheduled system operations for the month.
  2. Add all Delta Connection system completed flights for the month (including flights canceled by one carrier and covered by another via an extra section, which also includes flights changed to Delta aircraft).
  3. Divide the result of C.2 by the result of C.1 for a combined Delta Connection system completion factor.
- D. The monthly calculation for on-time performance will be as follows:
  1. Add all Delta Connection completed system operations for the month.
  2. Add all Delta Connection system on time operations for the month. On time operations are defined as the number of flights that arrive at the scheduled destination at the scheduled arrival time.
  3. Divide the result of D.2 by the result of D.1 for a combined Delta Connection system on-time performance measure.
- E. All calculations will be performed and validated by Delta Connection Operations.
- F. The comparator group for the relative measure shall include the regional portfolios for Alaska Air Group, Inc., United Continental Holdings, Inc. and American Airlines Group, Inc. and the data is compiled by a third party selected by the Company.



**Delta Air Lines, Inc.**  
**Computation of Ratio of Earnings to Fixed Charges**

(in millions, except for ratio data)	Year Ended December 31,				
	2017	2016	2015	2014	2013
Earnings before income taxes	\$ 5,701	\$ 6,636	\$ 7,157	\$ 1,072	\$ 2,527
Add (deduct):					
Fixed charges from below	529	528	584	737	947
Capitalized interest	(58)	(53)	(36)	(33)	(29)
Earnings as adjusted	\$ 6,172	\$ 7,111	\$ 7,705	\$ 1,776	\$ 3,445
Fixed charges:					
Interest expense, including capitalized amounts and amortization of debt costs	\$ 483	\$ 472	\$ 534	\$ 691	\$ 891
Portion of rental expense representative of the interest factor	46	56	50	46	56
Fixed charges	\$ 529	\$ 528	\$ 584	\$ 737	\$ 947
Ratio of earnings to fixed charges	11.67	13.47	13.19	2.41	3.64

**SUBSIDIARIES OF DELTA AIR LINES, INC.**  
**as of December 31, 2017**

NAME OF SUBSIDIARY	JURISDICTION OF INCORPORATION OR ORGANIZATION
Aero Assurance Ltd.	Vermont
DAL Global Services, LLC	Delaware
Delta Flight Products, LLC	Delaware
Delta Material Services, LLC	Delaware
Delta Private Jets, Inc.	Kentucky
Endeavor Air, Inc.	Georgia
Epsilon Trading, LLC	Delaware
MIPC, LLC	Delaware
MLT Vacations, Inc. (d/b/a Delta Vacations)	Minnesota
Monroe Energy, LLC	Delaware
New Sky, Ltd.	Bermuda

Certain subsidiaries were omitted pursuant to Item 601(21)(ii) of the SEC's Regulation S-K.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement No. 333-142424 on Form S-8 pertaining to Delta Air Lines, Inc. 2007 Performance Compensation Plan,
- (2) Registration Statement No. 333-149308 on Form S-8 pertaining to Delta Air Lines, Inc. 2007 Performance Compensation Plan,
- (3) Registration Statement No. 333-154818 on Form S-8 pertaining to Delta Air Lines, Inc. 2007 Performance Compensation Plan, and
- (4) Registration Statement No. 333-151060 on Form S-8 pertaining to Northwest Airlines Corporation 2007 Stock Incentive Plan,
- (5) Registration Statement No. 333-212525 on Form S-8 pertaining to Delta Air Lines, Inc. Performance Compensation Plan,
- (6) Registration Statement No. 333-206258 on Form S-3 pertaining to Pass Through Certificates,
- (7) Registration Statement No. 333-209571 on Form S-3 pertaining to Common Stock, and
- (8) Registration Statement No. 333-216463 on Form S-3 pertaining to debt securities;

of our reports dated February 23, 2018 , with respect to the consolidated financial statements of Delta Air Lines, Inc., and the effectiveness of internal control over financial reporting of Delta Air Lines, Inc. included in this Annual Report (Form 10-K) of Delta Air Lines, Inc. for the year ended December 31, 2017 .

/s/ Ernst & Young LLP

Atlanta, Georgia  
February 23, 2018

I, Edward H. Bastian, certify that:

1. I have reviewed this annual report on Form 10-K of Delta Air Lines, Inc. ("Delta") for the annual period ended December 31, 2017 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Delta as of, and for, the periods presented in this report;
4. Delta's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Delta and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Delta, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of Delta's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in Delta's internal control over financial reporting that occurred during Delta's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Delta's internal control over financial reporting; and
5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Delta's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal control over financial reporting.

February 23, 2018

/s/ Edward H. Bastian

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Edward H. Bastian

Chief Executive Officer

I, Paul A. Jacobson , certify that:

1. I have reviewed this annual report on Form 10-K of Delta Air Lines, Inc. ("Delta") for the annual period ended December 31, 2017 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Delta as of, and for, the periods presented in this report;
4. Delta's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for Delta and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to Delta, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of Delta's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in Delta's internal control over financial reporting that occurred during Delta's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Delta's internal control over financial reporting; and
5. Delta's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to Delta's auditors and the Audit Committee of Delta's Board of Directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Delta's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in Delta's internal control over financial reporting.

February 23, 2018

/s/ Paul A. Jacobson

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Paul A. Jacobson

Executive Vice President and Chief Financial Officer

February 23, 2018  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Ladies and Gentlemen:

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the annual report on Form 10-K of Delta Air Lines, Inc. ("Delta") for the annual period ended December 31, 2017 (the "Report").

Each of the undersigned, the Chief Executive Officer and the Executive Vice President and Chief Financial Officer, respectively, of Delta, hereby certifies that, as of the end of the period covered by the Report:

1. such Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta.

/s/ Edward H. Bastian

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Edward H. Bastian

Chief Executive Officer

/s/ Paul A. Jacobson

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Paul A. Jacobson

Executive Vice President and Chief Financial Officer