

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

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

For the quarterly period ended June 30, 2021

Or

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

Commission File Number 001-5424



DELTA AIR LINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

Post Office Box 20706

Atlanta, Georgia

(Address of principal executive offices)

58-0218548

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

30320-6001

(Zip Code)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

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

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

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

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

Yes No

Number of shares outstanding by each class of common stock, as of June 30, 2021:

Common Stock, \$0.0001 par value - 639,914,878 shares outstanding

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

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

FORWARD-LOOKING STATEMENTS

Statements in this Form 10-Q (or otherwise made by us or on our behalf) that are not historical facts, including statements about our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations. Known material risk factors applicable to Delta are described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ("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 except as required by law.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheet of Delta Air Lines, Inc. (the Company) as of June 30, 2021, the related condensed consolidated statements of operations and comprehensive income/(loss) and consolidated statements of stockholders' equity for the three-month and six-month periods ended June 30, 2021 and 2020, the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2021 and 2020 and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, the related consolidated statements of operations, comprehensive loss, cash flows, and stockholders' equity for the year then ended, and the related notes (not presented herein); and in our report dated February 12, 2021, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company's management. 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 SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Atlanta, Georgia
July 14, 2021

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

(in millions, except share data)	June 30, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 10,357	\$ 8,307
Short-term investments	4,873	5,789
Accounts receivable, net of an allowance for uncollectible accounts of \$80 and \$89	2,258	1,396
Fuel inventory	641	377
Expendable parts and supplies inventories, net of an allowance for obsolescence of \$178 and \$188	364	355
Prepaid expenses and other	1,173	1,180
Total current assets	19,666	17,404
Noncurrent Assets:		
Property and equipment, net of accumulated depreciation and amortization of \$18,477 and \$17,511	27,508	26,529
Operating lease right-of-use assets	5,653	5,733
Goodwill	9,753	9,753
Identifiable intangibles, net of accumulated amortization of \$888 and \$883	6,006	6,011
Cash restricted for airport construction	929	1,556
Equity investments	2,143	1,665
Deferred income taxes, net	2,158	1,988
Other noncurrent assets	1,493	1,357
Total noncurrent assets	55,643	54,592
Total assets	\$ 75,309	\$ 71,996
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of debt and finance leases	\$ 2,372	\$ 1,732
Current maturities of operating leases	638	678
Air traffic liability	6,798	4,044
Accounts payable	3,930	2,840
Accrued salaries and related benefits	2,215	2,086
Loyalty program deferred revenue	2,757	1,777
Fuel card obligation	1,100	1,100
Other accrued liabilities	3,763	1,670
Total current liabilities	23,573	15,927
Noncurrent Liabilities:		
Debt and finance leases	26,679	27,425
Noncurrent air traffic liability	140	500
Pension, postretirement and related benefits	8,644	10,630
Loyalty program deferred revenue	4,644	5,405
Noncurrent operating leases	5,633	5,713
Other noncurrent liabilities	4,715	4,862
Total noncurrent liabilities	50,455	54,535
Commitments and Contingencies		
Stockholders' Equity:		
Common stock at \$0.0001 par value; 1,500,000,000 shares authorized, 649,637,387 and 647,352,203 shares issued	—	—
Additional paid-in capital	11,396	11,259
Accumulated deficit	(953)	(428)
Accumulated other comprehensive loss	(8,882)	(9,038)
Treasury stock, at cost, 9,722,509 and 9,169,683 shares	(280)	(259)
Total stockholders' equity	1,281	1,534
Total liabilities and stockholders' equity	\$ 75,309	\$ 71,996

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

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

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Operating Revenue:				
Passenger	\$ 5,339	\$ 678	\$ 8,087	\$ 8,247
Cargo	251	108	466	261
Other	1,536	682	2,723	1,552
Total operating revenue	7,126	1,468	11,276	10,060
Operating Expense:				
Salaries and related costs	2,328	2,127	4,530	4,989
Aircraft fuel and related taxes	1,487	372	2,504	1,967
Ancillary businesses and refinery	939	401	1,645	620
Contracted services	570	369	1,089	1,117
Depreciation and amortization	501	591	993	1,268
Landing fees and other rents	460	422	953	972
Regional carrier expense	403	338	804	914
Aircraft maintenance materials and outside repairs	287	43	581	512
Passenger commissions and other selling expenses	222	50	332	448
Passenger service	175	91	294	364
Aircraft rent	104	96	208	196
Restructuring charges	8	2,454	(36)	2,454
Government grant recognition	(1,504)	(1,280)	(2,689)	(1,280)
Other	330	209	650	744
Total operating expense	6,310	6,283	11,858	15,285
Operating Income/(Loss)	816	(4,815)	(582)	(5,225)
Non-Operating Expense:				
Interest expense, net	(338)	(194)	(700)	(273)
Impairments and equity method losses	—	(2,058)	(54)	(2,318)
Gain/(loss) on investments, net	211	8	473	(104)
Miscellaneous, net	87	45	124	299
Total non-operating expense, net	(40)	(2,199)	(157)	(2,396)
Income/(Loss) Before Income Taxes	776	(7,014)	(739)	(7,621)
Income Tax (Provision)/Benefit	(124)	1,297	214	1,370
Net Income/(Loss)	\$ 652	\$ (5,717)	\$ (525)	\$ (6,251)
Basic Earnings/(Loss) Per Share	\$ 1.02	\$ (9.01)	\$ (0.82)	\$ (9.83)
Diluted Earnings/(Loss) Per Share	\$ 1.02	\$ (9.01)	\$ (0.82)	\$ (9.83)
Cash Dividends Declared Per Share	\$ —	\$ —	\$ —	\$ 0.40
Comprehensive Income/(Loss)	\$ 730	\$ (5,756)	\$ (369)	\$ (6,199)

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

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

(in millions)	Six Months Ended June 30,	
	2021	2020
Net Cash Provided by Operating Activities	\$ 2,557	\$ 68
Cash Flows from Investing Activities:		
Property and equipment additions:		
Flight equipment, including advance payments	(527)	(659)
Ground property and equipment, including technology	(672)	(559)
Proceeds from sale-leaseback transactions	—	465
Purchase of short-term investments	(5,587)	(4,955)
Redemption of short-term investments	6,494	654
Purchase of equity investments	—	(2,099)
Other, net	258	107
Net cash used in investing activities	(34)	(7,046)
Cash Flows from Financing Activities:		
Proceeds from short-term obligations	—	3,261
Proceeds from long-term obligations	1,902	11,747
Proceeds from sale-leaseback transactions	—	2,306
Payments on debt and finance lease obligations	(3,133)	(1,712)
Repurchase of common stock	—	(344)
Cash dividends	—	(260)
Fuel card obligation	—	103
Other, net	111	(35)
Net cash (used in)/provided by financing activities	(1,120)	15,066
Net Increase in Cash, Cash Equivalents and Restricted Cash Equivalents	1,403	8,088
Cash, cash equivalents and restricted cash equivalents at beginning of period	10,055	3,730
Cash, cash equivalents and restricted cash equivalents at end of period	\$ 11,458	\$ 11,818
Non-Cash Transactions:		
Flight and ground equipment acquired under finance leases	\$ 779	\$ 213
Right-of-use assets acquired under operating leases	259	393
Other financings	240	—

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

(in millions)	June 30,	
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 10,357	\$ 11,366
Restricted cash included in prepaid expenses and other	172	113
Noncurrent assets:		
Cash restricted for airport construction	929	339
Total cash, cash equivalents and restricted cash equivalents	\$ 11,458	\$ 11,818

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

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

(in millions, except per share data)	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at December 31, 2020	647	\$ —	\$ 11,259	\$ (428)	\$ (9,038)	9	\$ (259)	\$ 1,534
Net loss	—	—	—	(1,177)	—	—	—	(1,177)
Other comprehensive income	—	—	—	—	78	—	—	78
Common stock issued for employee equity awards ⁽¹⁾	2	—	23	—	—	1	(20)	3
Government grant warrant issuance	—	—	44	—	—	—	—	44
Balance at March 31, 2021	649	\$ —	\$ 11,326	\$ (1,605)	\$ (8,960)	10	\$ (279)	\$ 482
Net income	—	—	—	652	—	—	—	652
Other comprehensive income	—	—	—	—	78	—	—	78
Common stock issued for employee equity awards ⁽¹⁾	1	—	28	—	—	—	(1)	27
Government grant warrant issuance	—	—	42	—	—	—	—	42
Balance at June 30, 2021	650	\$ —	\$ 11,396	\$ (953)	\$ (8,882)	10	\$ (280)	\$ 1,281

⁽¹⁾ Treasury shares were withheld for payment of taxes, at a weighted average price per share of \$38.35 and \$46.21 in the March 2021 quarter and June 2021 quarter, respectively.

(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 December 31, 2019	652	\$ —	\$ 11,129	\$ 12,454	\$ (7,989)	9	\$ (236)	\$ 15,358
Net loss	—	—	—	(534)	—	—	—	(534)
Dividends declared	—	—	—	(257)	—	—	—	(257)
Other comprehensive income	—	—	—	—	91	—	—	91
Common stock issued for employee equity awards ⁽¹⁾	1	—	29	—	—	1	(34)	(5)
Stock purchased and retired	(6)	—	(104)	(240)	—	—	—	(344)
Balance at March 31, 2020	647	\$ —	\$ 11,054	\$ 11,423	\$ (7,898)	10	\$ (270)	\$ 14,309
Net loss	—	—	—	(5,717)	—	—	—	(5,717)
Other comprehensive loss	—	—	—	—	(39)	—	—	(39)
Common stock issued for employee equity awards ⁽¹⁾	—	—	38	—	—	—	(1)	37
Government grant warrant issuance	—	—	100	—	—	—	—	100
Balance at June 30, 2020	647	\$ —	\$ 11,192	\$ 5,706	\$ (7,937)	10	\$ (271)	\$ 8,690

⁽¹⁾ Treasury shares were withheld for payment of taxes, at a weighted average price per share of \$56.48 and \$25.56 in the March 2020 quarter and June 2020 quarter, respectively.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Delta Air Lines, Inc. and our consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Consistent with these requirements, this Form 10-Q does not include all the information required by GAAP for complete financial statements. As a result, this Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in our Form 10-K for the year ended December 31, 2020.

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

Due to impacts from the COVID-19 pandemic and the uncertain pace of recovery, seasonal variations in the demand for air travel, the volatility of aircraft fuel prices and other factors, operating results for the three and six months ended June 30, 2021 are not necessarily indicative of operating results for the entire year.

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

Regional Carrier Expense

We previously allocated certain costs (such as landing fees and other rents, salaries and related costs and contracted services) to regional carrier expense in our Condensed Consolidated Statements of Operations and Comprehensive Income/(Loss) ("income statement") based on relevant statistics (such as passenger counts). Beginning in the March 2021 quarter we ceased performing this allocation and have reclassified the costs presented in prior periods to align with this presentation. This reclassification better reflects the nature of, and how management views, these regional carrier related expenses. This allocation was approximately \$900 million in 2020, including approximately \$160 million in the June 2020 quarter, and \$1.4 billion in 2019, including approximately \$360 million in the June 2019 quarter. The remaining amounts in regional carrier expense represent payments to our regional carriers under capacity purchase agreements and the expenses of our wholly owned regional subsidiary, Endeavor Air, Inc.

NOTE 2. REVENUE RECOGNITION**Passenger Revenue**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Ticket	\$ 4,553	\$ 568	\$ 6,830	\$ 7,078
Loyalty travel awards	428	45	669	588
Travel-related services	358	65	588	581
Total passenger revenue	\$ 5,339	\$ 678	\$ 8,087	\$ 8,247

We recognized approximately \$1.4 billion and \$2.9 billion in passenger revenue during the six months ended June 30, 2021 and 2020, respectively, that had been recorded in our air traffic liability balance at the beginning of those periods.

In the March 2021 quarter, we announced the extension of the validity of all passenger tickets and travel credits purchased or expiring in 2021 to December 2022. In addition, we waived change fees for all tickets purchased through April 30, 2021, as well as eliminated change fees for domestic and international tickets originating from North America with the exception of Basic Economy tickets.

Other Revenue

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Ancillary businesses and refinery	\$ 962	\$ 390	\$ 1,688	\$ 613
Loyalty program	439	269	807	743
Miscellaneous	135	23	228	196
Total other revenue	\$ 1,536	\$ 682	\$ 2,723	\$ 1,552

Ancillary Businesses and Refinery. Ancillary businesses and refinery includes refinery sales to third parties, aircraft maintenance services we provide to third parties and our vacation wholesale operations.

Loyalty Program. Our SkyMiles loyalty program allows customers to earn mileage credits ("miles") by flying on Delta, Delta Connection and other airlines that participate in the loyalty program. Customers can also earn miles through participating companies, such as credit card companies, hotels, car rental agencies and ridesharing companies, who purchase miles from us. Our most significant contract to sell miles relates to our co-brand credit card relationship with American Express. During the six months ended June 30, 2021 and 2020, total cash sales from marketing agreements related to our loyalty program were \$1.8 billion and \$1.5 billion, respectively, which are allocated to travel and other performance obligations.

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

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

Loyalty program activity

(in millions)	2021	2020
Balance at January 1	\$ 7,182	\$ 6,728
Miles earned	915	872
Travel miles redeemed	(669)	(588)
Non-travel miles redeemed	(27)	(31)
Balance at June 30	\$ 7,401	\$ 6,981

The timing of mile redemptions can vary widely; however, the majority of miles have historically been redeemed within two years of being earned.

Revenue by Geographic Region

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

Passenger revenue by geographic region

(in millions)	Passenger Revenue			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Domestic	\$ 4,478	\$ 564	\$ 6,758	\$ 6,165
Atlantic	288	64	430	882
Latin America	485	18	749	783
Pacific	88	32	150	417
Total	\$ 5,339	\$ 678	\$ 8,087	\$ 8,247

Operating revenue by geographic region

(in millions)	Operating Revenue			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Domestic	\$ 5,894	\$ 1,264	\$ 9,262	\$ 7,531
Atlantic	467	119	734	1,113
Latin America	586	26	967	889
Pacific	179	59	313	527
Total	\$ 7,126	\$ 1,468	\$ 11,276	\$ 10,060

NOTE 3. FAIR VALUE MEASUREMENTS*Assets Measured at Fair Value on a Recurring Basis*

(in millions)	June 30, 2021	Level 1	Level 2	Level 3
Cash equivalents	\$ 7,887	\$ 7,887	\$ —	\$ —
Restricted cash equivalents	1,101	1,101	—	—
Short-term investments	4,873	2,807	2,066	—
Long-term investments	1,888	1,230	557	101

(in millions)	December 31, 2020	Level 1	Level 2	Level 3
Cash equivalents	\$ 5,755	\$ 5,755	\$ —	\$ —
Restricted cash equivalents	1,747	1,747	—	—
Short-term investments	5,789	3,919	1,870	—
Long-term investments	1,417	948	38	431

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

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

As of June 30, 2021, the estimated fair value of our short-term investments was \$4.9 billion. Of these investments, \$4.2 billion are expected to mature in one year or less, with the remainder maturing by the end of 2022. Investments with maturities beyond one year when purchased are classified as short-term investments if they are expected to be available to support our short-term liquidity needs.

Long-Term Investments. Our long-term investments measured at fair value primarily consist of equity investments, which are valued based on market prices or other observable transactions and inputs, and are recorded in equity investments on our balance sheet. In the March 2021 quarter, Wheels Up entered into an agreement to merge with Aspirational Consumer Lifestyle Corp ("Aspirational"), a publicly-traded special purpose acquisition company. As of June 30, 2021, our investment in Wheels Up continues to be classified as Level 2. Consistent with our other equity investments that are traded on a public exchange, when Wheels Up shares are actively traded, this investment will be recharacterized as Level 1. In the June 2021 quarter, shares of Clear Secure, Inc. ("CLEAR") became publicly traded and as of June 30, 2021 our investment is classified as Level 1. In addition, our equity investments in other private companies are classified as Level 3 in the fair value hierarchy as their equity is not traded on a public exchange and our valuations incorporate certain unobservable inputs, including non-public equity issuances and forecasts provided by our investees. Fair value measurement using unobservable inputs is inherently uncertain, and a change in significant inputs could result in different fair values. See Note 4, "Investments," for further information on our equity investments.

NOTE 4. INVESTMENTS

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

Changes in the valuation of investments accounted for at fair value are recorded in gain/(loss) on investments in our income statement within non-operating expense and are driven by changes in stock prices, other valuation techniques for investments in companies without publicly-traded shares and foreign currency fluctuations. We recorded gains of \$211 million and \$473 million on our fair value investments during the three and six months ended June 30, 2021 and gains of \$8 million and losses of \$104 million during the three and six months ended June 30, 2020, respectively.

Our share of Unifi Aviation's financial results is recorded in contracted services in our income statement as this entity is integral to the operations of our business, while our share of other equity method investees' financial results is recorded in impairments and equity method losses in our income statement under non-operating expense. If an investment accounted for under the equity method experiences a loss in value that is determined to be other than temporary, we will reduce our carrying value of the investment to fair value and record the loss in impairments and equity method losses in our income statement.

Equity investments ownership interest and carrying value

(in millions)	Accounting Treatment	Ownership Interest		Carrying Value	
		June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Wheels Up	Fair Value	24 %	24 %	\$ 520	\$ 210
Hanjin-KAL	Fair Value	13 %	13 %	517	512
Air France-KLM	Fair Value	6 %	9 %	181	235
China Eastern	Fair Value	3 %	3 %	197	201
CLEAR	Fair Value	6 %	6 %	331	120
Unifi Aviation	Equity Method	49 %	49 %	162	154
Other investments	Various			234	233
Equity investments				\$ 2,143	\$ 1,665

Wheels Up. In the March 2021 quarter, Wheels Up entered into a definitive agreement to become publicly-traded via a merger with Aspirational, and the transaction closed on July 13, 2021. Aspirational changed its name to Wheels Up Experience Inc. upon consummation of the transaction, and the Wheels Up common stock began trading on the New York Stock Exchange under the symbol UP. We account for our investment under the fair value option and will use the stock price to recognize fair value adjustments beginning in the September 2021 quarter.

Clear Secure, Inc. ("CLEAR"). In June 2021, CLEAR launched and priced an initial public offering of Class A common stock, which began trading on the New York Stock Exchange under the symbol YOU. Based on the June 30, 2021 closing price of those shares, our 6% ownership interest (on a fully exchanged and converted basis) in CLEAR is valued at \$331 million.

Other Investments. This category includes various investments that are accounted for at fair value or under the equity method, depending on our ownership interest and the level of influence conveyed by our investment. Included therein are our investments in Grupo Aeroméxico, LATAM Airlines Group S.A. ("LATAM") and Virgin Atlantic, all of which are undergoing in-court or out-of-court restructurings, and the carrying values of these investments have been reduced to and remain zero at June 30, 2021. In order to support our relationships with these carriers, we have provided them with strategic and operational assistance through their restructurings. We have notes payable of approximately \$530 million, which are recorded in current maturities of debt and finance leases, and receivables from those partners recorded within other noncurrent assets as of June 30, 2021, including \$185 million related to our option to purchase certain obligations of a lender under Grupo Aeroméxico's restructuring process and that lender's right to require our purchase of that portion of its obligations.

GOL. During 2020, we loaned GOL Linhas Aéreas Inteligentes, the parent company of GOL Linhas Aéreas (operating as GOL), \$250 million to be used exclusively to repay the term loan we had previously guaranteed. In the June 2021 quarter, GOL repaid the outstanding balance of this loan in full.

NOTE 5. DEBT**Summary of outstanding debt by category**

(in millions)	Maturity Dates			Interest Rate(s) Per Annum at June 30, 2021			June 30, 2021	December 31, 2020
Unsecured notes	2022	to	2029	2.90%	to	7.38%	\$ 4,750	\$ 5,350
Unsecured Payroll Support Program Loan			2030			1.00%	1,648	1,648
Unsecured Payroll Support Program Extension Loan			2031			1.00%	957	—
Unsecured Payroll Support Program 3 Loan			2031			1.00%	891	—
Financing arrangements secured by SkyMiles assets:								
SkyMiles Notes ⁽¹⁾	2023	to	2028	4.50%	and	4.75%	6,000	6,000
SkyMiles Term Loan ⁽¹⁾⁽²⁾	2023	to	2027			4.75%	3,000	3,000
Financing arrangements secured by slots, gates and/or routes:								
2020 Senior Secured Notes			2025			7.00%	3,500	3,500
2020 Term Loan			n/a			n/a	—	1,493
2018 Revolving Credit Facility ⁽²⁾	2022	to	2023			Undrawn	—	—
Financing arrangements secured by aircraft:								
Certificates ⁽¹⁾	2021	to	2028	2.00%	to	8.00%	2,009	2,633
Notes ⁽¹⁾⁽²⁾	2021	to	2033	0.71%	to	5.75%	1,279	1,284
NYTDC Special Facilities Revenue Bonds, Series 2020 ⁽¹⁾	2026	to	2045	4.00%	to	5.00%	1,511	1,511
NYTDC Special Facilities Revenue Bonds, Series 2018 ⁽¹⁾	2022	to	2036	4.00%	to	5.00%	1,383	1,383
Other financings ⁽¹⁾⁽²⁾	2021	to	2030	2.25%	to	8.00%	594	412
Other revolving credit facilities ⁽²⁾			2022			Undrawn	—	—
Total secured and unsecured debt							27,522	28,214
Unamortized (discount)/premium and debt issue cost, net and other							(257)	(240)
Total debt							27,265	27,974
Less: current maturities							(2,019)	(1,443)
Total long-term debt							\$ 25,246	\$ 26,531

⁽¹⁾ Due in installments.

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

Unsecured Payroll Support Program Extension Loans

The Consolidated Appropriations Act, 2021 was enacted on December 27, 2020, and included an extension of the payroll support program created under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") providing an additional \$15 billion in grants and loans to the airline industry to be used for airline employee wages, salaries and benefits. In January 2021, we entered into a payroll support program extension agreement with the U.S. Department of the Treasury. During the six months ended June 30, 2021, we received a total of \$3.3 billion in payroll support payments under this extension agreement, which must be used exclusively for the payment of employee wages, salaries and benefits and were conditioned on our agreement to refrain from conducting involuntary employee layoffs or furloughs from the date of the extension agreement through March 2021. Other conditions include prohibitions on share repurchases and dividends through March 2022 and certain limitations on executive compensation until October 2022. The Department of Transportation also has the authority until March 1, 2022 to require airlines that received payroll support program funds to maintain scheduled air service deemed necessary to any point served by the airline before March 1, 2020.

These support payments consisted of \$2.3 billion in a grant and \$957 million in an unsecured 10-year low interest loan and, in return, we entered into a promissory note for the loan and issued warrants to the U.S. Department of the Treasury to acquire approximately 2.4 million shares of Delta common stock. The loan bears interest at an annual rate of 1.00% for the first five years and the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% in the final five years. The warrants have an initial exercise price of \$39.73 per share, subject to adjustment in certain cases, and a five-year term. We have recorded the value of the promissory note and warrants on a relative fair value basis as \$905 million of noncurrent debt, net of discount, and \$52 million in additional paid in capital, respectively.

The American Rescue Plan Act of 2021 was enacted on March 11, 2021, and included a further extension of the payroll support program providing an additional \$14 billion in grants and loans to the industry to be used for airline employee wages, salaries and benefits. In April 2021, we entered into a Payroll Support Program 3 Agreement with the U.S. Department of the Treasury. During the June 2021 quarter we received a total of \$3.1 billion in payroll support payments under this agreement, which must be used exclusively for the payment of employee wages, salaries and benefits and is conditioned on our agreement to refrain from conducting involuntary employee layoffs or furloughs from the date of the agreement through September 30, 2021 or the date on which we have expended all of the payroll support, whichever is later. Other conditions include prohibitions on share repurchases and dividends through September 30, 2022 and certain limitations on executive compensation until April 1, 2023.

These support payments consisted of \$2.2 billion in a grant and \$891 million in an unsecured 10-year low interest loan and, in return, we entered into a promissory note for the loan and issued warrants to the U.S. Department of the Treasury to acquire approximately 1.9 million shares of Delta common stock. The loan bears interest at an annual rate of 1.00% for the first five years and the applicable SOFR plus 2.00% in the final five years. The warrants have an initial exercise price of \$47.80 per share, subject to adjustment in certain cases, and a five-year term. We have recorded the value of the promissory note and warrants on a relative fair value basis as \$857 million of noncurrent debt, net of discount, and \$34 million in additional paid in capital, respectively.

A summary of the amounts received and warrants issued under the initial payroll support program under the CARES Act and the program extensions is set forth in the following table:

Summary of payroll support program activity

(in millions)	Total	Grant	Loan	Number of Warrants	Percentage of Outstanding Shares at June 30, 2021
Payroll Support Program (PSP1)	\$ 5,594	\$ 3,946	\$ 1,648	6.8	1.1 %
Payroll Support Program Extension (PSP2) ⁽¹⁾	3,290	2,333	957	2.4	0.4 %
Payroll Support Program 3 (PSP3) ⁽²⁾	3,069	2,178	891	1.9	0.3 %
Total	\$ 11,953	\$ 8,457	\$ 3,496	11.1	1.8 %

⁽¹⁾ During the June 2021 quarter the remaining \$1.1 billion of this grant was recognized in government grant recognition in our income statement.

⁽²⁾ During the June 2021 quarter \$356 million of this grant was recognized in government grant recognition in our income statement and \$1.8 billion is deferred in other accrued liabilities on our balance sheet as of June 30, 2021.

2020 Term Loan

In 2020 we entered into a \$1.5 billion term loan secured by certain slots, gates and routes. In the March 2021 quarter we repaid in full the term loan, which was scheduled to mature in April 2023, and incurred a \$56 million loss on extinguishment of debt, which is recorded in miscellaneous, net in non-operating expense in our income statement.

Enhanced Equipment Trust Certificates ("EETCs") Prepayments

In June 2021, we repaid in full approximately \$450 million of various EETCs which were scheduled to mature between 2022 and 2023, and incurred a \$26 million loss on extinguishment of debt, which is recorded in miscellaneous, net in non-operating expense in our income statement.

Availability Under Revolving Facilities

As of June 30, 2021, we had approximately \$2.6 billion undrawn and available under our revolving credit facilities. In addition, we had outstanding letters of credit as of June 30, 2021, including approximately \$300 million that reduced the availability under our revolving credit facilities and approximately \$300 million that did not affect the availability of our revolving credit facilities.

Fair Value of Debt

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

Fair value of outstanding debt

(in millions)	June 30, 2021	December 31, 2020
Net carrying amount	\$ 27,265	\$ 27,974
Fair value	\$ 29,600	\$ 29,800

Covenants

Our debt agreements contain various affirmative, negative and financial covenants. We were in compliance with the covenants in our debt agreements at June 30, 2021.

NOTE 6. EMPLOYEE BENEFIT PLANS**Employee benefit plans net periodic (benefit) cost**

(in millions)	Pension Benefits		Other Postretirement and Postemployment Benefits	
	2021	2020	2021	2020
Three Months Ended June 30,				
Service cost	\$ —	\$ —	\$ 21	\$ 24
Interest cost	146	175	29	28
Expected return on plan assets	(381)	(343)	(9)	(11)
Amortization of prior service credit	—	—	(2)	(2)
Recognized net actuarial loss	88	74	15	10
Settlements	—	3	—	—
Net periodic (benefit) cost	\$ (147)	\$ (91)	\$ 54	\$ 49

Employee benefit plans net periodic (benefit) cost

(in millions)	Pension Benefits		Other Postretirement and Postemployment Benefits	
	2021	2020	2021	2020
Six Months Ended June 30,				
Service cost	\$ —	\$ —	\$ 43	\$ 48
Interest cost	291	351	59	56
Expected return on plan assets	(761)	(687)	(17)	(22)
Amortization of prior service credit	—	—	(3)	(4)
Recognized net actuarial loss	177	149	27	21
Settlements	—	3	—	—
Net periodic (benefit) cost	\$ (293)	\$ (184)	\$ 109	\$ 99

Service cost is recorded in salaries and related costs in our income statement, while all other components are recorded within miscellaneous, net under non-operating expense.

We have no minimum funding requirements for our defined benefit pension plans in 2021, however we voluntarily contributed \$1.5 billion to these plans in the June 2021 quarter.

NOTE 7. COMMITMENTS AND CONTINGENCIES***Aircraft Purchase Commitments***

Our future aircraft purchase commitments totaled approximately \$15.2 billion at June 30, 2021. Also, as of June 30, 2021, we had commitments under leases that had not yet commenced of \$719 million. These leases will commence between 2021 and 2024 with lease terms ranging from 7 to 12 years.

Aircraft purchase commitments

(in millions)	Total
Six months ending December 31, 2021	\$ 980
2022	3,350
2023	2,890
2024	3,060
2025	2,660
Thereafter	2,220
Total	\$ 15,160

Our future aircraft purchase commitments included the following aircraft at June 30, 2021:

Aircraft purchase commitments by fleet type

Aircraft Type	Purchase Commitments
A220-100	4
A220-300	41
A321-200	7
A321-200neo	125
A330-900neo	26
A350-900 ⁽¹⁾	27
B737-900ER	29
Total	259

⁽¹⁾ Includes seven A350-900 lease commitments in 2021 incremental to our order book with Airbus.

Aircraft Orders

During the June 2021 quarter, we agreed with Airbus to add incremental aircraft to our order book by converting options for 25 A321neo aircraft into firm orders and replenishing our options. We also agreed to move up two existing A350-900 and one A330-900neo deliveries to occur in the second half of 2022. We expect to take delivery of our first A321neo in the first half of 2022.

Also during the June 2021 quarter, we agreed to acquire 29 737-900 aircraft and enter into leases for seven A350-900 aircraft. Deliveries of these pre-owned aircraft are expected to occur by the first quarter of 2022 with phased entry into service expected through the summer of 2023.

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 Condensed Consolidated Financial Statements.

Other Contingencies*General Indemnifications*

We are the lessee under many commercial real estate leases. It is common in these transactions for us, as the lessee, to agree to indemnify the lessor and the lessor's related parties for tort, environmental and other liabilities that arise out of or relate to our use or occupancy of the leased premises. This type of indemnity would typically make us responsible to indemnified parties for liabilities arising out of the conduct of, among others, contractors, licensees and invitees at, or in connection with, the use or occupancy of the leased premises. This indemnity often extends to related liabilities arising from the negligence of the indemnified parties but usually excludes any liabilities caused by either their sole or gross negligence or their willful misconduct.

Our aircraft and other equipment lease and financing agreements typically contain provisions requiring us, as the lessee or obligor, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or other equipment.

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

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

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

Other

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

NOTE 8. ACCUMULATED OTHER COMPREHENSIVE LOSS**Components of accumulated other comprehensive loss**

(in millions)	Pension and Other Benefit Liabilities ⁽²⁾	Other	Total
Balance at January 1, 2021 (net of tax effect of \$1,764)	\$ (9,078)	\$ 40	\$ (9,038)
Reclassifications into earnings (net of tax effect of \$47) ⁽¹⁾	156	—	156
Balance at June 30, 2021 (net of tax effect of \$1,717)	\$ (8,922)	\$ 40	\$ (8,882)
Balance at January 1, 2020 (net of tax effect of \$1,549)	\$ (8,095)	\$ 106	\$ (7,989)
Changes in value (net of tax effect of \$4)	(6)	8	2
Reclassifications into earnings (net of tax effect of \$123) ⁽¹⁾	133	(83)	50
Balance at June 30, 2020 (net of tax effect of \$1,431)	\$ (7,968)	\$ 31	\$ (7,937)

⁽¹⁾ Amounts reclassified from AOCI for pension and other benefit liabilities are recorded in miscellaneous, net in non-operating expense in our income statement.

⁽²⁾ Includes approximately \$750 million of deferred income tax expense primarily related to pension and other benefit obligations that will not be recognized in net income until these obligations are fully extinguished. We consider all income sources, including other comprehensive income, in determining the amount of tax benefit allocated to results from operations.

NOTE 9. SEGMENTS**Refinery Operations**

Our refinery segment operates for the benefit of the airline segment by providing jet fuel to the airline segment from its own production and through jet fuel obtained through agreements with third parties. The refinery's production consists of jet fuel, as well as non-jet fuel products. We use several counterparties to exchange the non-jet fuel products produced by the refinery for jet fuel consumed in our airline operations. The gross fair value of the products exchanged under these agreements during the three and six months ended June 30, 2021 was \$536 million and \$1.0 billion, respectively, compared to \$65 million and \$895 million, respectively, for the three and six months ended June 30, 2020.

Segment Reporting

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

Financial information by segment

(in millions)	Airline	Refinery	Intersegment Sales/Other	Consolidated
Three Months Ended June 30, 2021				
Operating revenue:	\$ 6,349	\$ 1,434		\$ 7,126
Sales to airline segment			\$ (108) ⁽¹⁾	
Exchanged products			(536) ⁽²⁾	
Sales of refined products			(13) ⁽³⁾	
Operating income (loss)	973	(157)	—	816
Interest expense, net	337	1	—	338
Depreciation and amortization	501	24	(24) ⁽⁴⁾	501
Restructuring charges	8	—	—	8
Total assets, end of period	73,484	1,825	—	75,309
Net fair value obligations, end of period ⁽⁵⁾	—	(527)	—	(527)
Capital expenditures	752	9	—	761
Three Months Ended June 30, 2020				
Operating revenue:	\$ 1,176	\$ 513		\$ 1,468
Sales to airline segment			\$ (3) ⁽¹⁾	
Exchanged products			(65) ⁽²⁾	
Sales of refined products			(153) ⁽³⁾	
Operating loss	(4,701)	(114)	—	(4,815)
Interest expense (income), net	196	(2)	—	194
Depreciation and amortization	591	25	(25) ⁽⁴⁾	591
Restructuring charges	2,454	—	—	2,454
Total assets, end of period	70,707	1,554	—	72,261
Net fair value obligations, end of period ⁽⁵⁾	—	(49)	—	(49)
Capital expenditures	281	1	—	282

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

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

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

⁽⁴⁾ Refinery segment operating results, including depreciation and amortization, are included within aircraft fuel and related taxes in our income statement.

⁽⁵⁾ The fair values of these obligations, which are related to renewable fuel compliance costs, are based on quoted market prices and other observable information and are classified as Level 2 in the fair value hierarchy. At June 30, 2021 we had a gross fair value obligation of \$581 million and related assets of \$55 million. At June 30, 2020 we had a gross fair value obligation of \$55 million and related assets of \$6 million. We expect to use the assets in settling a portion of our obligations.

Financial information by segment

(in millions)	Airline	Refinery	Intersegment Sales/Other	Consolidated
Six Months Ended June 30, 2021				
Operating revenue:	\$ 9,959	\$ 2,481		\$ 11,276
Sales to airline segment			\$ (108) ⁽¹⁾	
Exchanged products			(1,039) ⁽²⁾	
Sales of refined products			(17) ⁽³⁾	
Operating loss	(299)	(283)	—	(582)
Interest expense, net	697	3	—	700
Depreciation and amortization	993	48	(48) ⁽⁴⁾	993
Restructuring charges	(36)	—	—	(36)
Capital expenditures	1,177	22	—	1,199
Six Months Ended June 30, 2020				
Operating revenue:	\$ 9,768	\$ 1,697		\$ 10,060
Sales to airline segment			\$ (214) ⁽¹⁾	
Exchanged products			(895) ⁽²⁾	
Sales of refined products			(296) ⁽³⁾	
Operating loss	(5,140)	(85)	—	(5,225)
Interest expense (income), net	277	(4)	—	273
Depreciation and amortization	1,268	49	(49) ⁽⁴⁾	1,268
Restructuring charges	2,454	—	—	2,454
Capital expenditures	1,206	12	—	1,218

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

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

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

⁽⁴⁾ Refinery segment operating results, including depreciation and amortization, are included within aircraft fuel and related taxes in our income statement.

NOTE 10. EARNINGS/(LOSS) PER SHARE

We calculate basic earnings/(loss) per share and diluted (loss) per share by dividing net income/(loss) 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, restricted stock awards and warrants. Antidilutive common stock equivalents excluded from the diluted earnings per share calculation are not material. The following table shows the computation of basic and diluted earnings/(loss) per share:

Basic and diluted earnings/(loss) per share

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income/(loss)	\$ 652	\$ (5,717)	\$ (525)	\$ (6,251)
Basic weighted average shares outstanding	637	635	636	636
Dilutive effect of share-based awards	5	—	—	—
Diluted weighted average shares outstanding	642	635	636	636
Basic earnings/(loss) per share	\$ 1.02	\$ (9.01)	\$ (0.82)	\$ (9.83)
Diluted earnings/(loss) per share	\$ 1.02	\$ (9.01)	\$ (0.82)	\$ (9.83)

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes included in our 2020 Form 10-K.

Our business and operating results for 2021 continue to be significantly impacted by the COVID-19 pandemic. However, as described further below, we have seen improvement in our business beginning in March 2021 and progressing through the June 2021 quarter, which we expect to continue throughout the remainder of the year. Given the drastic and unprecedented impact of the pandemic on our operating results in 2020, we believe that for the financial overview discussion below, a comparison of our results in 2021 to 2019 allows for a better understanding of the full impact of the COVID-19 pandemic and the progress of our recovery. Throughout the remainder of this management's discussion and analysis, we present results for the three and six months ended June 30, 2021, 2020 and 2019, and our commentary on results of operations, financial conditions and liquidity includes comparisons of 2021 results to both 2020 and 2019.

June 2021 Quarter Financial Overview

Our pre-tax income for the June 2021 quarter was \$776 million, including the \$1.5 billion benefit related to recognition of payroll support program grants during the quarter. This represents a \$1.1 billion decrease compared to the June 2019 quarter primarily resulting from a 43% reduction in operating revenue. Pre-tax loss, adjusted (a non-GAAP financial measure) was \$881 million, a decrease of \$2.9 billion compared to the June 2019 quarter.

Revenue. Compared to the June 2019 quarter, our operating revenue decreased \$5.4 billion, or 43%, due to reduced demand resulting from the COVID-19 pandemic.

Operating Expense. Total operating expense in the June 2021 quarter decreased \$4.1 billion, or 39%, compared to the June 2019 quarter, primarily resulting from lower volume-related expenses, mainly fuel and passenger commissions and other selling expenses, lower salaries and related costs and profit sharing, recognition of payroll support program grants and significant cost reduction measures taken across all aspects of our operation in response to the COVID-19 pandemic. Total operating expense, adjusted (a non-GAAP financial measure) for the June 2021 quarter decreased \$3.3 billion, or 32%, compared to the June 2019 quarter.

Non-Operating Results. Total non-operating expense was \$40 million in the June 2021 quarter, \$181 million lower than the June 2019 quarter, primarily due to mark-to-market gains on certain of our equity investments partially offset by higher interest expense as a result of our increased debt due to financing arrangements entered into during 2020.

Cash Flow. Our cash, cash equivalents, short-term investments and aggregate principal amount committed and available to be drawn under our revolving credit facilities ("liquidity") as of June 30, 2021 was \$17.8 billion. During the June 2021 quarter, operating activities provided \$1.9 billion, including \$2.5 billion from the payroll support program grants, which was partially offset by \$1.5 billion in contributions we made to our defined benefit pension plans. Also during the quarter, investing activities provided \$26 million, primarily generated by the net redemption of short-term investments and offset by capital expenditures related to our airport redevelopment projects and the purchase of aircraft and fleet modifications. These results generated \$1.5 billion of free cash flow (a non-GAAP financial measure) in the June 2021 quarter. Also, during the June 2021 quarter we repaid \$1.4 billion on our debt and finance leases, of which approximately \$450 million was early repayment of various EETCs, and we issued approximately \$1.0 billion of debt, primarily in connection with the payroll support program agreements.

The non-GAAP financial measures referenced above for pre-tax loss, adjusted, operating expense, adjusted, and free cash flow are defined and reconciled in "Supplemental Information" below.

Environmental Sustainability. In February 2020, we announced plans to invest \$1.0 billion over the next 10 years in our effort to achieve carbon neutrality from March 1, 2020 forward, a commitment we have reiterated despite the challenges faced during the COVID-19 pandemic. Our carbon neutrality plan seeks to balance immediate actions (such as carbon offset credits from projects that maintain, protect and expand forests) and long-term solutions (such as sustainable aviation fuel and carbon sequestration technologies). We have spent approximately \$40 million in 2021 related to these plans. This amount includes approximately \$30 million to address 13 million metric tons of carbon emissions generated by our airline segment from March 1 to December 31, 2020 through carbon offset credits, as well as an additional \$10 million in carbon offset credits related to our airline segment's 2021 carbon emissions.

Results of Operations - Three Months Ended June 30, 2021, 2020 and 2019

Operating Revenue

(in millions) ⁽¹⁾	Three Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	% Increase (Decrease) ⁽²⁾	% Increase (Decrease) ⁽²⁾
Ticket - Main cabin	\$ 2,797	\$ 378	\$ 5,938	NM	(53) %
Ticket - Business cabin and premium products	1,756	190	4,031	NM	(56) %
Loyalty travel awards	428	45	751	NM	(43) %
Travel-related services	358	65	648	NM	(45) %
Total passenger revenue	\$ 5,339	\$ 678	\$ 11,368	NM	(53) %
Cargo	251	108	186	NM	35 %
Other	1,536	682	982	NM	56 %
Total operating revenue	\$ 7,126	\$ 1,468	\$ 12,536	NM	(43) %
TRASM (cents)	14.68 ¢	13.85 ¢	17.47 ¢	6 %	(16) %
Third-party refinery sales ⁽³⁾	(1.60)	(2.76)	(0.06)	(42) %	NM
Delta Private Jets adjustment ⁽³⁾	—	—	(0.07)	— %	(100) %
TRASM, adjusted	13.08 ¢	11.10 ¢	17.35 ¢	18 %	(25) %

⁽¹⁾ This reconciliation may not calculate exactly due to rounding.

⁽²⁾ Variances greater than 100% on an absolute basis are labeled as not meaningful ("NM") throughout management's discussion and analysis.

⁽³⁾ For additional information on adjustments to TRASM, see "Supplemental Information" below.

Operating Revenue

Compared to the June 2019 quarter, our operating revenue decreased \$5.4 billion, or 43%, due to reduced demand resulting from the COVID-19 pandemic. The decline in operating revenue, on a 32% decrease in capacity, resulted in a 16% reduction in total revenue per available seat mile ("TRASM") and a 25% decrease in TRASM, adjusted compared to the June 2019 quarter.

Our operating revenue increased \$5.7 billion compared to the June 2020 quarter due to the recovery in demand since the depth of the COVID-19 pandemic impact that occurred during the June 2020 quarter. The increase in operating revenue, which outpaced the increase in capacity, resulted in a 6% increase in TRASM and an 18% increase in TRASM, adjusted.

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

The length and severity of the reduction in travel demand due to the COVID-19 pandemic remains uncertain; however, with continued distribution of effective vaccines and easing of travel advisories and restrictions, we believe customer confidence will continue to grow, leading to increased demand for the remainder of 2021. Passenger revenue steadily increased over each month of the June 2021 quarter at a higher rate than our historical seasonality-based growth, and the monthly increases in passenger revenue are indicative of this increasing demand. We continue to expect domestic demand recovery to precede international demand recovery. We believe international demand recovery will continue to be uneven in the second half of 2021, and we continue to monitor risks to the pace of recovery from new COVID-19 variants.

We have historically generated cargo revenue in domestic and international markets through the use of cargo space on regularly scheduled passenger aircraft. Reduced industry capacity as a result of the COVID-19 pandemic drove a significant increase in our cargo yield and our cargo revenue, in the June 2021 quarter compared to the June 2020 and June 2019 quarters.

Passenger Revenue by Geographic Region

(in millions)	Three Months Ended June 30, 2021	Increase (Decrease) vs. Three Months Ended June 30, 2020 ⁽¹⁾					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Domestic	\$ 4,478	NM	NM	NM	(11) %	96 %	41 pts
Atlantic	288	NM	NM	NM	(35) %	(23) %	7 pts
Latin America	485	NM	NM	NM	(41) %	(1) %	28 pts
Pacific	88	NM	87 %	NM	48 %	(17) %	(15) pts
Total	\$ 5,339	NM	NM	NM	(14) %	72 %	35 pts

⁽¹⁾ Variances marked as not meaningful ("NM") represent increases above 100%.

(in millions)	Three Months Ended June 30, 2021	Increase (Decrease) vs. Three Months Ended June 30, 2019					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Domestic	\$ 4,478	(45) %	(32) %	(19) %	(19) %	(32) %	(14) pts
Atlantic	288	(85) %	(84) %	(68) %	(4) %	(52) %	(43) pts
Latin America	485	(36) %	(26) %	(6) %	(12) %	(31) %	(19) pts
Pacific	88	(87) %	(93) %	(67) %	90 %	(59) %	(67) pts
Total	\$ 5,339	(53) %	(47) %	(32) %	(11) %	(31) %	(19) pts

In the March 2021 quarter, we announced the extension of the validity of all passenger tickets and travel credits purchased or expiring in 2021 to December 2022. In addition, we waived change fees for all tickets purchased through April 30, 2021, as well as eliminated change fees for domestic and international tickets originating from North America with the exception of Basic Economy tickets. We do not expect these policy changes to materially affect our revenue in future periods.

Domestic

Domestic passenger unit revenue for the June 2021 quarter decreased 32% with capacity down 19% compared to the June 2019 quarter as a result of reduced demand due to the COVID-19 pandemic and our policy to block middle seats on flights through April 30, 2021. The revenue increase compared to the June 2020 quarter is attributable to the low levels of capacity and demand during the June 2020 quarter due to the COVID-19 pandemic and the ongoing recovery in the June 2021 quarter.

We are planning for the improvement to the demand environment, primarily from leisure customers, to continue throughout 2021. Through the June 2021 quarter we have seen leisure customer bookings continue to improve, with June 2021 domestic leisure bookings approaching June 2019 levels. We remain optimistic about the ultimate recovery of business travel and expect this demand to accelerate in the September 2021 quarter as more corporate offices reopen; we are, however, unable to predict the timing or extent of that recovery. As a result, we are planning for our domestic capacity to be approximately 15% lower in the September 2021 quarter than the September 2019 quarter.

International

International passenger revenue for the June 2021 quarter decreased 74% with capacity down 55% compared to the June 2019 quarter. Compared to the June 2020 quarter passenger revenue has increased as travel to certain destinations has resumed or increased; however, this is still well below June 2019 quarter levels. The decreases in revenue and capacity compared to the June 2019 quarter presented in the table above were a result of continued reduced demand, including from government travel directives and quarantines significantly limiting or suspending air travel due to the COVID-19 pandemic. Additionally, while some countries have removed or otherwise eased travel restrictions, many countries maintain international testing requirements and travel restrictions, which have restrained demand in the short-term but are expected to enable the long-term recovery of international air travel.

We expect this significantly lower international demand environment to continue at least into early 2022, with improvement anticipated after the recovery in domestic travel. As a result, we are planning for our international capacity to be approximately 50% lower in the September 2021 quarter than the September 2019 quarter. In each of the international regions, we continue to monitor government travel directives and customer demand and will continue to adjust flight schedules accordingly.

The Atlantic and Pacific regions continue to be the most impacted by the restrictions described above. However, we have recently begun, or have announced plans to increase, service to certain countries in the Atlantic region based on their lifting or loosening of travel restrictions. The countries where we have begun or recently increased service include Croatia, France, Germany, Greece, Iceland, Italy, the Netherlands, Portugal and Spain. Travel in the Pacific region is largely limited to essential travel, and we expect only small demand improvements until vaccine distribution improves and government restrictions ease.

The Latin America region has shown the most recovery of the international regions, with improving demand for leisure destinations in the Caribbean, Mexico and Central America. Capacity in the Latin America region in the June 2021 quarter has increased to near June 2019 quarter levels and as demand continues to return we expect revenue to return to those levels as well. We expect this trend to continue through the remainder of 2021 with the recovery in the Atlantic and Pacific regions lagging behind Latin America.

Other Revenue

(in millions)	Three Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	% Increase (Decrease)	% Increase (Decrease)
Ancillary businesses and refinery	\$ 962	\$ 390	\$ 330	NM	NM
Loyalty program	439	269	484	63 %	(9) %
Miscellaneous	135	23	168	NM	(20) %
Total other revenue	\$ 1,536	\$ 682	\$ 982	NM	56 %

Ancillary Businesses and Refinery. Ancillary businesses and refinery includes refinery sales to third parties, aircraft maintenance services we provide to third parties and our vacation wholesale operations. Refinery sales to third parties, which are at or near cost, increased \$485 million and \$736 million compared to the June 2020 and June 2019 quarters, respectively. The increase in third-party refinery sales compared to the June 2019 quarter resulted from the refinery's shift to producing more non-jet fuel products due to the decline in demand for jet fuel compared to pre-pandemic levels. The increase compared to the June 2020 quarter was driven by higher pricing during the June 2021 quarter, with lower production and demand for both jet and non-jet fuel products in the June 2020 quarter during the depth of the COVID-19 pandemic impact. Compared to the June 2019 quarter, revenue from aircraft maintenance services we provide to third parties decreased due to the reduction in flights operated worldwide, however compared to the June 2020 quarter these revenues increased due to higher levels of flying. The June 2019 quarter results also included \$49 million of revenue from Delta Private Jets, which was combined with Wheels Up in January 2020 and is no longer reflected in ancillary businesses and refinery.

Loyalty Program. Loyalty program revenues relate to brand usage by third parties and other performance obligations embedded in miles sold, including redemption of miles for non-travel awards. These revenues are mainly driven by customer spend on American Express cards and new cardholder acquisitions. Revenues from our relationship with American Express increased in the June 2021 quarter compared to the June 2020 period and declined at a less severe rate than air travel compared to the June 2019 period. During the June 2021 quarter, co-brand card spend surpassed June 2019 levels while co-brand card acquisitions were nearly fully restored.

Miscellaneous. Miscellaneous revenue is primarily composed of lounge access and codeshare revenues. The volume of these transactions has fallen compared to the June 2019 quarter due to the impact of, and our response to, the COVID-19 pandemic, including reduced capacity and the temporary closure of certain lounges. However, compared to the June 2020 quarter these transactions have increased due to the general recovery in our business that continued to materialize in the June 2021 quarter. We will have reopened our full network of lounges by the end of July 2021.

Operating Expense

(in millions)	Three Months Ended June 30,			2021 vs. 2020 % Increase (Decrease)	2021 vs. 2019 % Increase (Decrease)
	2021	2020	2019		
Salaries and related costs	\$ 2,328	\$ 2,127	\$ 2,847	9 %	(18) %
Aircraft fuel and related taxes	1,487	372	2,291	NM	(35) %
Ancillary businesses and refinery	939	401	316	NM	NM
Contracted services	570	369	731	54 %	(22) %
Depreciation and amortization	501	591	713	(15) %	(30) %
Landing fees and other rents	460	422	548	9 %	(16) %
Regional carrier expense	403	338	542	19 %	(26) %
Aircraft maintenance materials and outside repairs	287	43	434	NM	(34) %
Passenger commissions and other selling expenses	222	50	597	NM	(63) %
Passenger service	175	91	340	92 %	(49) %
Aircraft rent	104	96	107	8 %	(3) %
Restructuring charges	8	2,454	—	(100) %	NM
Government grant recognition	(1,504)	(1,280)	—	18 %	NM
Profit sharing	—	—	518	— %	(100) %
Other	330	209	424	58 %	(22) %
Total operating expense	\$ 6,310	\$ 6,283	\$ 10,408	— %	(39) %

In response to the reduced demand and related reduction in revenue following the onset of the COVID-19 pandemic in early 2020, we quickly reduced capacity to more closely align with demand, implemented cost saving initiatives related to our fleet and operations, offered employees voluntary separation programs and delayed or eliminated nearly all discretionary spending.

As a result, most operating expense line items remain significantly lower in the June 2021 quarter than in the June 2019 quarter. Operating expense decreased primarily due to the voluntary separation programs described below, the many cost reduction measures and programs implemented in response to the COVID-19 pandemic, recognition of payroll support program grants and the reduction in volume and selling-related costs. During the June 2021 quarter, as distribution of effective vaccines continued, travel restrictions and advisories eased and customer confidence continued to grow, we saw revenue and capacity return and related operating expense increase. However, we believe that a portion of the cost savings achieved during 2020 was structural in nature, which we expect to contribute to a lower non-fuel unit cost in the future as capacity is restored.

The discussion below is focused largely on the changes in certain operating expense line items compared to the June 2020 and June 2019 quarters that were not primarily driven by the change in capacity or revenue. These include many of what are expected to be structural cost reduction measures and programs we implemented in response to the COVID-19 pandemic.

Salaries and Related Costs. Actions taken as a result of decreased demand for air travel due to the COVID-19 pandemic had a significant impact on salaries and related costs, leading to a decrease compared to the June 2019 quarter. In the second half of 2020, approximately 18,000 employees elected to participate in voluntary separation programs, reducing our workforce by approximately 20%.

Beginning in March 2020 and continuing through December 2020, salaries were reduced by 100% for our CEO and 50% for our other officers. In addition, work hours were reduced by 25% for all other management and most front-line employee work groups. On January 1, 2021, employees were restored to full work hours and we have recalled approximately 1,700 pilots on inactive status to active service. Additionally, approximately 8,000 employees took voluntary unpaid leaves of absence during the June 2021 quarter, compared to approximately 45,000 in the June 2020 quarter. We also have begun to add additional employees in certain areas, including flight operations and reservations and customer care, in order to support our operations as demand and capacity return. These actions resulted in an increase in salaries and related costs compared to the June 2020 quarter.

Aircraft Fuel and Related Taxes. Fuel expense decreased \$805 million compared to the June 2019 quarter primarily due to a 37% decrease in consumption and a 11% decrease in the market price of jet fuel. Consumption decreased on a combination of reduced capacity and improved fuel efficiency on an available seat mile basis.

Fuel expense increased \$1.1 billion compared to the June 2020 quarter primarily due to more than a 300% increase in consumption on a comparable increase in capacity, and a 27% increase in the market price of jet fuel. These impacts were partially mitigated by improved fuel efficiency on an available seat mile basis.

Additionally, during the June 2021 quarter, we purchased and retired approximately \$20 million of carbon offset credits, which relate to a portion of the carbon emissions generated by our airline segment since March 1, 2020. In the table below, these costs are shown in environmental sustainability impact.

Fuel expense and average price per gallon

(in millions, except per gallon data)	Three Months Ended June 30,			2021 vs. 2019 Increase (Decrease)	Average Price Per Gallon			2021 vs. 2019 Increase (Decrease)
	Three Months Ended June 30,				Three Months Ended June 30,			
	2021	2020	2019		2021	2020	2019	
Fuel purchase cost ⁽¹⁾	\$ 1,286	\$ 244	\$ 2,318	\$ (1,032)	\$ 1.87	\$ 1.47	\$ 2.11	\$ (0.24)
Environmental sustainability impact	20	—	—	20	0.03	—	—	0.03
Fuel hedge impact	24	14	10	14	0.03	0.09	—	0.03
Refinery segment impact	157	114	(37)	194	0.23	0.69	(0.03)	0.26
Total fuel expense	\$ 1,487	\$ 372	\$ 2,291	\$ (804)	\$ 2.16	\$ 2.25	\$ 2.08	\$ 0.08

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

Ancillary Businesses and Refinery. Ancillary businesses and refinery includes expenses associated with refinery sales to third parties, aircraft maintenance services we provide to third parties and our vacation wholesale operations. Increased expenses were primarily related to refinery sales to third parties, which are at or near cost. The refinery cost of sales increased \$485 million and \$736 million compared to the June 2020 and June 2019 quarters, respectively. The increase in third-party refinery sales compared to the June 2019 quarter resulted from the refinery's shift to producing more non-jet fuel products due to the decline in demand for jet fuel compared to pre-pandemic levels. The increase compared to the June 2020 quarter was driven by higher pricing during the June 2021 quarter, with lower production and demand for both jet and non-jet fuel products in the June 2020 quarter during the depth of the COVID-19 pandemic impact. Compared to the June 2019 quarter expenses related to aircraft maintenance services we provide to third parties decreased due to the reduction in flights operated worldwide, however compared to the June 2020 quarter these expenses increased due to higher levels of flying. In addition, \$44 million of costs related to services performed by Delta Private Jets in the June 2019 quarter were recorded in ancillary businesses and refinery prior to the combination of that business with Wheels Up in January 2020.

Depreciation and Amortization. Depreciation and amortization decreased primarily due to the aircraft that were retired or impaired during 2020.

Regional Carrier Expense. Regional carrier expense decreased compared to the June 2019 quarter due to lower utilization of these carriers as a result of the overall reduced capacity and increased compared to the June 2020 quarter due to an increase in utilization as a result of the increased demand discussed above.

We previously allocated certain costs (such as landing fees and other rents, salaries and related costs and contracted services) to regional carrier expense in our income statement based on relevant statistics (such as passenger counts). Beginning in the March 2021 quarter we ceased performing this allocation and have reclassified the costs presented in prior periods to align with this presentation. This reclassification better reflects the nature of, and how management views, these regional carrier related expenses. This allocation was approximately \$900 million in 2020, including approximately \$160 million in the June 2020 quarter, and \$1.4 billion in 2019, including approximately \$360 million in the June 2019 quarter. The remaining amounts in regional carrier expense represent payments to our regional carriers under capacity purchase agreements and the expenses of our wholly owned regional subsidiary, Endeavor Air, Inc.

Aircraft Rent. Most aircraft operating lease expenses are recorded in aircraft rent and are contractually fixed. Therefore, the change in aircraft rent was more muted than our other operating expense line items, when compared to the June 2019 and June 2020 quarters.

Restructuring Charges. During 2020, we recorded restructuring charges, including certain accruals, following strategic business decisions in response to the COVID-19 pandemic. In the June 2021 quarter, we recognized \$8 million of adjustments to certain of those restructuring charges, representing changes in our estimates.

Government Grant Recognition. During the six months ended June 30, 2021, we received a total of \$6.4 billion under payroll support program extension agreements with the U.S. Department of the Treasury, which must be used exclusively for the payment of employee wages, salaries and benefits. The support payments included grants totaling \$4.5 billion that are being recognized as contra-expense in 2021 over the period that the funds are expected to benefit. Following the recognition of \$1.2 billion during the three months ended March 31, 2021, we recognized an additional \$1.5 billion of these grants during the three months ended June 30, 2021. We expect to fully recognize the remaining grant proceeds in the second half of 2021. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for additional information on the payroll support program extensions.

Results of Operations - Six Months Ended June 30, 2021, 2020 and 2019

Operating Revenue

(in millions) ⁽¹⁾	Six Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	% Increase (Decrease)	% Increase (Decrease)
Ticket - Main cabin	\$ 4,197	\$ 4,173	\$ 10,659	1 %	(61) %
Ticket - Business cabin and premium products	2,633	2,905	7,298	(9) %	(64) %
Loyalty travel awards	669	588	1,442	14 %	(54) %
Travel-related services	588	581	1,223	1 %	(52) %
Total passenger revenue	\$ 8,087	\$ 8,247	\$ 20,622	(2) %	(61) %
Cargo	466	261	378	79 %	23 %
Other	2,723	1,552	2,008	75 %	36 %
Total operating revenue	\$ 11,276	\$ 10,060	\$ 23,008	12 %	(51) %
TRASM (cents)	12.72 ¢	14.48 ¢	17.15 ¢	(12) %	(26) %
Third-party refinery sales ⁽²⁾	(1.49)	(0.42)	(0.07)	NM	NM
Delta Private Jets Adjustment	—	—	(0.07)	— %	(100) %
TRASM, adjusted	11.23 ¢	14.06 ¢	17.01 ¢	(20) %	(34) %

⁽¹⁾ The reconciliation above may not calculate exactly due to rounding.

⁽²⁾ For additional information on adjustments to TRASM, see "Supplemental Information" below.

Unless otherwise discussed below, the changes in operating revenue line items, as well as the underlying reasons for these changes, compared to the six months ended June 30, 2020 and June 30, 2019, respectively, are consistent with the discussion above under Results of Operations - Three Months Ended June 30, 2021, 2020 and 2019.

Operating Revenue

Compared to the six months ended June 30, 2019, our operating revenue decreased \$11.7 billion, or 51%, due to reduced demand resulting from the COVID-19 pandemic. The decrease in operating revenue, on a 34% decrease in capacity, resulted in a 26% decrease in TRASM and a 34% decrease in TRASM, adjusted compared to the six months ended June 30, 2019.

Compared to the six months ended June 30, 2020, our operating revenue increased \$1.2 billion, or 12%, due to increased demand in 2021 compared to 2020. The increase in operating revenue, on a 28% increase in capacity, generated a 12% decrease in TRASM and a 20% decrease in TRASM, adjusted compared to the six months ended June 30, 2020.

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

Passenger Revenue by Geographic Region

(in millions)	Six Months Ended June 30, 2021	Increase (Decrease) vs. Six Months Ended June 30, 2020					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Domestic	\$ 6,758	10 %	31 %	34 %	(16) %	(18) %	(2) pts
Atlantic	430	(51) %	(52) %	(15) %	2 %	(43) %	(30) pts
Latin America	749	(4) %	17 %	71 %	(18) %	(44) %	(25) pts
Pacific	150	(64) %	(80) %	(20) %	79 %	(55) %	(53) pts
Total	\$ 8,087	(2) %	10 %	28 %	(11) %	(23) %	(9) pts

(in millions)	Six Months Ended June 30, 2021	Increase (Decrease) vs. Six Months Ended June 30, 2019					
		Passenger Revenue	RPMs (Traffic)	ASMs (Capacity)	Passenger Mile Yield	PRASM	Load Factor
Domestic	\$ 6,758	(54) %	(43) %	(23) %	(20) %	(41) %	(23) pts
Atlantic	430	(85) %	(85) %	(68) %	(2) %	(55) %	(45) pts
Latin America	749	(54) %	(44) %	(9) %	(17) %	(49) %	(33) pts
Pacific	150	(88) %	(93) %	(68) %	84 %	(61) %	(67) pts
Total	\$ 8,087	(61) %	(55) %	(34) %	(12) %	(41) %	(28) pts

Domestic

Domestic passenger unit revenue for the six months ended June 30, 2021 decreased 41% with capacity down 23% compared to the six months ended June 30, 2019 as a result of reduced demand due to the COVID-19 pandemic and our policy to block middle seats on flights through April 30, 2021. The passenger unit revenue decline compared to the six months ended June 30, 2020 is due to these same factors; total domestic passenger revenue however, has increased 10% compared to the prior year period due to the increase in demand discussed above.

International

International passenger revenue for the six months ended June 30, 2021 decreased 77% with capacity down 53% compared to the six months ended June 30, 2019 with similar declines compared to the six months ended June 30, 2020. The underlying reasons for these decreases are consistent with the discussion above under Results of Operations - Three Months Ended June 30, 2021, 2020 and 2019.

Other Revenue

(in millions)	Six Months Ended June 30,			2021 vs. 2020 % Increase (Decrease)	2021 vs. 2019 % Increase (Decrease)
	2021	2020	2019		
Ancillary businesses and refinery	\$ 1,688	\$ 613	\$ 699	NM	NM
Loyalty program	807	743	958	9 %	(16) %
Miscellaneous	228	196	351	16 %	(35) %
Total other revenue	\$ 2,723	\$ 1,552	\$ 2,008	75 %	36 %

Ancillary Businesses and Refinery. The changes in ancillary business and refinery revenues were primarily related to refinery sales to third parties, which increased \$1.0 billion and \$1.2 billion compared to the six months ended June 30, 2020 and June 30, 2019, respectively. Results for the six months ended June 30, 2019 also included \$100 million of revenue from Delta Private Jets, which was combined with Wheels Up in January 2020 and is no longer reflected in ancillary businesses and refinery.

Operating Expense

(in millions)	Six Months Ended June 30,			2021 vs. 2020 % Increase (Decrease)	2021 vs. 2019 % Increase (Decrease)
	2021	2020	2019		
Salaries and related costs	\$ 4,530	\$ 4,989	\$ 5,579	(9) %	(19) %
Aircraft fuel and related taxes	2,504	1,967	4,269	27 %	(41) %
Ancillary businesses and refinery	1,645	620	667	NM	NM
Contracted services	1,089	1,117	1,440	(3) %	(24) %
Depreciation and amortization	993	1,268	1,328	(22) %	(25) %
Landing fees and other rents	953	972	1,072	(2) %	(11) %
Regional carrier expense	804	914	1,079	(12) %	(25) %
Aircraft maintenance materials and outside repairs	581	512	910	13 %	(36) %
Passenger commissions and other selling expenses	332	448	1,071	(26) %	(69) %
Passenger service	294	364	628	(19) %	(53) %
Aircraft rent	208	196	209	6 %	— %
Restructuring charges	(36)	2,454	—	NM	NM
Government grant recognition	(2,689)	(1,280)	—	NM	NM
Profit sharing	—	—	739	— %	(100) %
Other	650	744	869	(13) %	(25) %
Total operating expense	\$ 11,858	\$ 15,285	\$ 19,860	(22) %	(40) %

Unless otherwise discussed below, the changes in operating expense line items, as well as the underlying reasons for these changes, compared to the six months ended June 30, 2020 and June 30, 2019, respectively, are consistent with the discussion above under Results of Operations - Three Months Ended June 30, 2021, 2020 and 2019.

Aircraft Fuel and Related Taxes. Fuel expense decreased \$1.8 billion compared to the six months ended June 30, 2019 primarily due to a 40% decrease in consumption and a 14% decrease in the market price of jet fuel. Consumption decreased on a combination of reduced capacity and improved fuel efficiency on an available seat mile basis.

Fuel expense increased \$538 million compared to the six months ended June 30, 2020 due to a 18% increase in consumption, partially offset by a 1% decrease in the market price per gallon of jet fuel. Consumption increased with capacity during the six months ended June 30, 2021 as described above; however, the impact was partially mitigated by improved fuel efficiency on an available seat mile basis.

Additionally, during the six months ended June 30, 2021, we purchased and retired approximately \$40 million of carbon offset credits, which relate to 13 million metric tons of carbon emissions generated by our airline segment from March 1 to December 31, 2020 as well as a portion of our 2021 carbon emissions. In the table below, these costs are shown in environmental sustainability impact.

Fuel expense and average price per gallon

(in millions, except per gallon data)	Six Months Ended June 30,			2021 vs. 2019 Increase (Decrease)	Average Price Per Gallon			2021 vs. 2019 Increase (Decrease)
	Six Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	2019		2021	2020	2019	
Fuel purchase cost ⁽¹⁾	\$ 2,180	\$ 1,875	\$ 4,255	\$ (2,075)	\$ 1.77	\$ 1.79	\$ 2.06	\$ (0.29)
Environmental sustainability impact	40	—	—	40	0.03	—	—	0.03
Fuel hedge impact	1	7	17	(16)	—	0.01	0.01	(0.01)
Refinery segment impact	283	85	(3)	286	0.23	0.08	—	0.23
Total fuel expense	\$ 2,504	\$ 1,967	\$ 4,269	\$ (1,765)	\$ 2.03	\$ 1.88	\$ 2.07	\$ (0.04)

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

Regional Carrier Expense. The decreases in regional carrier expense are due to the lower utilization of these carriers as a result of the overall reduced capacity during the six months ended June 30, 2021, as described above.

Item 2. MD&A - Results of Operations

Ancillary Businesses and Refinery. The changes in ancillary business and refinery expenses were primarily related to refinery sales to third parties, which increased \$1.0 billion and \$1.2 billion compared to the six months ended June 30, 2020 and June 30, 2019, respectively. In addition, \$88 million of costs related to services performed by Delta Private Jets in the six months ended June 30, 2019 were recorded in ancillary businesses and refinery prior to the combination of that business with Wheels Up in January 2020.

Restructuring Charges. During 2020, we recorded restructuring charges, including certain accruals, following strategic business decisions in response to the COVID-19 pandemic. In the six months ended June 30, 2021, we recognized \$36 million of adjustments to certain of those restructuring charges, representing changes in our estimates.

Non-Operating Results

(in millions)	Three Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	Favorable (Unfavorable)	Favorable (Unfavorable)
Interest expense, net	\$ (338)	\$ (194)	\$ (75)	\$ (144)	\$ (263)
Impairments and equity method losses	—	(2,058)	(17)	2,058	17
Gain/(loss) on investments, net	211	8	(82)	203	293
Miscellaneous, net	87	45	(47)	42	134
Total non-operating expense, net	\$ (40)	\$ (2,199)	\$ (221)	\$ 2,159	\$ 181

(in millions)	Six Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	Favorable (Unfavorable)	Favorable (Unfavorable)
Interest expense, net	\$ (700)	\$ (273)	\$ (158)	\$ (427)	\$ (542)
Impairments and equity method losses	(54)	(2,318)	(71)	2,264	17
Gain/(loss) on investments, net	473	(104)	18	577	455
Miscellaneous, net	124	299	(84)	(175)	208
Total non-operating expense, net	\$ (157)	\$ (2,396)	\$ (295)	\$ 2,239	\$ 138

Interest expense, net. Interest expense increased compared to the prior year periods as a result of financing arrangements entered into during 2020. See Note 5 of the Notes to the Condensed Consolidated Financial Statements for additional information on recent financings. As a result of the increase in our outstanding debt since the onset of the COVID-19 pandemic, interest expense, net was \$338 million in the June 2021 quarter and \$700 million in the six months ended June 30, 2021. However, we have begun reducing the total amount of interest expense by pre-paying our debt in addition to periodic amortization payments and scheduled maturities. This began with early repayments made during the December 2020 quarter and continued with the early repayment of our \$1.5 billion secured term loan in the March 2021 quarter and approximately \$450 million of various EETCs in the June 2021 quarter. Interest expense, net on our outstanding debt as of June 30, 2021 is expected to be approximately \$325 million during the September 2021 quarter. We plan to seek opportunities to pre-pay our debt, in addition to periodic amortization and scheduled maturities, during the remainder of 2021.

Impairments and equity method losses. Impairments and equity method losses in 2020 reflected our share of LATAM's and Grupo Aeroméxico's equity method results prior to their respective bankruptcy filings, our share of Virgin Atlantic's equity method results and the impairments reducing the basis of these investments to zero during the June 2020 quarter. See Note 4 of the Notes to the Condensed Consolidated Financial Statements for additional information on our equity investments.

Gain/(loss) on investments, net. Gain/(loss) on investments, net reflects the gains and losses on our equity investments measured at fair value on a recurring basis. The increase in the three and six months ended June 30, 2021 compared to the prior year periods is primarily due to the mark-to-market adjustment on our investments in Wheels Up (in the March 2021 quarter) and CLEAR (in the June 2021 quarter). See Note 4 of the Notes to the Condensed Consolidated Financial Statements for additional information on our equity investments.

Miscellaneous, net. Miscellaneous, net primarily includes pension and related benefit/(expense), foreign exchange gains/(losses) and charitable contributions. The six months ended June 30, 2020 included the \$240 million gain recognized as a result of the combination of Delta Private Jets with Wheels Up in January 2020.

Income Taxes

During 2021 interim periods, we will calculate our income tax expense by applying to any pre-tax income/loss an effective tax rate determined as if the year to date period is the annual period. Using this method, for the three and six months ended June 30, 2021 our effective tax rate was 16% and 29%, respectively. We believe that, at this time, this method for determining the effective tax rate is more reliable than projecting an annual effective tax rate due to the uncertainty of estimating annual pre-tax income/loss due to the impact of the COVID-19 pandemic.

Refinery Segment

The refinery operated by our subsidiaries Monroe Energy, LLC and MIPC, LLC (collectively, "Monroe") 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. Historically, the jet fuel produced and procured through exchanging gasoline and diesel fuel produced by the refinery provided approximately 200,000 barrels per day, or approximately 75%, of our pre-COVID-19 pandemic consumption, for use in our airline operations. We believe that the jet fuel supply resulting from the refinery's operation contributes to reducing the market price of jet fuel and thus lowers our cost of jet fuel compared to what it otherwise would be.

The refinery's production has also been altered by the dramatic change in economic conditions caused by the COVID-19 pandemic. During the six months ended June 30, 2021, the refinery operated at 60% – 90% of normal production levels, and expects production levels at the high end of that range during the September 2021 quarter, subject to market conditions.

Refinery segment financial information

(in millions, except per gallon data)	Three Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	% Increase (Decrease)	% Increase (Decrease)
Exchange products	\$ 536	\$ 65	\$ 1,078	NM	(50) %
Sales of refined products	13	153	76	(92) %	(83) %
Sales to airline segment	108	3	307	NM	(65) %
Third party refinery sales	777	292	40	NM	NM
Operating revenue	\$ 1,434	\$ 513	\$ 1,501	NM	(4) %
Operating (loss) income	\$ (157)	\$ (114)	\$ 37	38 %	NM
Refinery segment impact on average price per fuel gallon	\$ 0.23	\$ 0.69	\$ (0.03)	(67) %	NM

(in millions, except per gallon data)	Six Months Ended June 30,			2021 vs. 2020	2021 vs. 2019
	2021	2020	2019	% Increase (Decrease)	% Increase (Decrease)
Exchange products	\$ 1,039	\$ 895	\$ 1,811	16 %	(43) %
Sales of refined products	17	296	307	(94) %	(94) %
Sales to airline segment	108	214	578	(50) %	(81) %
Third party refinery sales	1,317	292	89	NM	NM
Operating revenue	\$ 2,481	\$ 1,697	\$ 2,785	46 %	(11) %
Operating (loss) income	\$ (283)	\$ (85)	\$ 3	NM	NM
Refinery segment impact on average price per fuel gallon	\$ 0.23	\$ 0.08	\$ —	NM	NM

Refinery revenues decreased compared to the three and six months ended June 30, 2019 due to lower refinery run rates during the period, as well as lower pricing for refined products and increased compared to the three and six months ended June 30, 2020 due to higher production and demand experienced since the prior year period. The operating loss was higher in the three and six months ended June 30, 2021 as compared to the prior periods, which was mainly driven by an increase in Renewable Identification Numbers ("RINs") compliance costs discussed below, and was partially offset by cost savings resulting from decreased production levels compared to the June 2019 periods.

Item 2. MD&A - Refinery Segment

A refinery is subject to annual U.S. Environmental Protection Agency requirements to blend renewable fuels into the gasoline and on-road diesel fuel it produces. Alternatively, a refinery may purchase RINs from third parties in the secondary market. The Monroe refinery purchases the majority of its RINs requirement in the secondary market. Observable RINs prices increased throughout the six months ended June 30, 2021, with Monroe incurring \$252 million and \$410 million in RINs compliance costs during the three and six months ended June 30, 2021 as compared to \$25 million and \$52 million in the three and six months ended June 30, 2020, respectively.

For more information regarding the refinery's results, see Note 9 of the Notes to the Condensed Consolidated Financial Statements.

Operating Statistics

Consolidated ⁽¹⁾	Three Months Ended June 30,			2021 vs. 2020 % Increase (Decrease)	2021 vs. 2019 % Increase (Decrease)
	2021	2020	2019		
Revenue passenger miles (in millions)	33,285	3,621	63,173	NM	(47) %
Available seat miles (in millions)	48,529	10,596	71,754	NM	(32) %
Passenger mile yield	16.04 ¢	18.73 ¢	18.00 ¢	(14) %	(11) %
PRASM	11.00 ¢	6.40 ¢	15.84 ¢	72 %	(31) %
TRASM	14.68 ¢	13.85 ¢	17.47 ¢	6 %	(16) %
TRASM, adjusted ⁽²⁾	13.08 ¢	11.10 ¢	17.35 ¢	18 %	(25) %
CASM	13.00 ¢	59.30 ¢	14.51 ¢	(78) %	(10) %
CASM-Ex ⁽²⁾	11.42 ¢	41.96 ¢	10.47 ¢	(73) %	9 %
CASM, adjusted ⁽²⁾	14.43 ¢	45.33 ¢	14.37 ¢	(68) %	0.5 %
Passenger load factor	69 %	34 %	88 %	35 pts	(19) pts
Fuel gallons consumed (in millions)	690	165	1,099	NM	(37) %
Average price per fuel gallon ⁽³⁾	\$ 2.16	\$ 2.25	\$ 2.08	(4) %	4 %
Average price per fuel gallon, adjusted ⁽²⁾⁽³⁾	\$ 2.12	\$ 2.16	\$ 2.07	(2) %	2 %

Consolidated ⁽¹⁾	Six Months Ended June 30,			2021 vs. 2020 % Increase (Decrease)	2021 vs. 2019 % Increase (Decrease)
	2021	2020	2019		
Revenue passenger miles (in millions)	51,233	46,684	114,790	10 %	(55) %
Available seat miles (in millions)	88,647	69,481	134,169	28 %	(34) %
Passenger mile yield	15.79 ¢	17.67 ¢	17.96 ¢	(11) %	(12) %
PRASM	9.12 ¢	11.87 ¢	15.37 ¢	(23) %	(41) %
TRASM	12.72 ¢	14.48 ¢	17.15 ¢	(12) %	(26) %
TRASM, adjusted ⁽²⁾	11.23 ¢	14.06 ¢	17.01 ¢	(20) %	(34) %
CASM	13.38 ¢	22.00 ¢	14.80 ¢	(39) %	(10) %
CASM-Ex ⁽²⁾	12.14 ¢	17.06 ¢	10.95 ¢	(29) %	11 %
CASM, adjusted ⁽²⁾	14.96 ¢	19.88 ¢	14.65 ¢	(25) %	2 %
Passenger load factor	58 %	67 %	86 %	(9) pts	(28) pts
Fuel gallons consumed (in millions)	1,235	1,046	2,061	18 %	(40) %
Average price per fuel gallon ⁽³⁾	\$ 2.03	\$ 1.88	\$ 2.07	8 %	(2) %
Average price per fuel gallon, adjusted ⁽²⁾⁽³⁾	\$ 2.03	\$ 1.87	\$ 2.06	9 %	(1) %

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

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

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

Fleet Information

Our operating aircraft fleet, purchase commitments and options at June 30, 2021 are summarized in the following table. As of June 30, 2021, less than 10% of our mainline and regional aircraft were temporarily parked compared to 50% as of June 30, 2020.

Mainline aircraft information by fleet type

Fleet Type	Current Fleet ⁽¹⁾				Average Age (Years)	Commitments ⁽²⁾	
	Owned	Finance Lease	Operating Lease	Total		Purchase	Options
B-717-200	9	33	11	53	20.2		
B-737-800	73	4	—	77	19.8		
B-737-900ER	81	—	49	130	4.8	29	
B-757-200	93	7	—	100	23.9		
B-757-300	16	—	—	16	18.4		
B-767-300ER	39	—	—	39	24.8		
B-767-400ER	21	—	—	21	20.5		
A220-100	37	4	—	41	1.8	4	
A220-300	9	—	—	9	0.5	41	50
A319-100	55	2	—	57	19.4		
A320-200	51	4	—	55	25.4		
A321-200	62	22	36	120	2.7	7	
A321-200neo	—	—	—	—	—	125	100
A330-200	11	—	—	11	16.3		
A330-300	28	—	3	31	12.5		
A330-900neo	3	3	5	11	1.1	26	
A350-900	13	—	2	15	3.0	27	
Total	601	79	106	786	13.8	259	150

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

⁽²⁾ Purchase commitments include seven A350-900 lease commitments in 2021 incremental to our order book with Airbus.

The table below summarizes the aircraft operated by regional carriers on our behalf at June 30, 2021.

Regional aircraft information by fleet type and carrier

Carrier	Fleet Type					Total
	CRJ-200	CRJ-700	CRJ-900	Embraer 170	Embraer 175	
Endeavor Air, Inc. ⁽¹⁾	51	13	103	—	—	167
SkyWest Airlines, Inc.	—	5	40	—	68	113
Republic Airways, Inc.	—	—	—	15	46	61
Total	51	18	143	15	114	341

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

Financial Condition and Liquidity

As of June 30, 2021, we had \$17.8 billion in cash, cash equivalents, short-term investments and aggregate principal amount committed and available to be drawn under our revolving credit facilities ("liquidity"). We expect to meet our liquidity needs for the next twelve months with cash and cash equivalents, short-term investments, restricted cash equivalents and cash flows from operations. We expect to meet our long-term liquidity needs with cash flows from operations and financing arrangements. We are continuing to evaluate the appropriate level of liquidity to maintain following the COVID-19 pandemic though, at least in the near term, we expect this level to be higher than the liquidity maintained prior to the pandemic.

Sources and Uses of Liquidity

Operating Activities

Operating activities in the six months ended June 30, 2021 provided \$2.6 billion compared to providing \$68 million and \$5.2 billion in the six months ended June 30, 2020 and 2019, respectively. As described above, we are experiencing a domestic demand recovery and expect this to continue throughout 2021. If the demand environment continues to evolve in this manner, we expect to generate positive cash flows from operations, including funds received from the government support programs described in "Financing Activities" below, during 2021.

Our operating cash flow is impacted by the following factors:

Seasonality of Advance Ticket Sales. We sell tickets for air travel in advance of the customer's travel date. When we receive a cash payment at the time of sale, we record the cash received on advance sales as deferred revenue in air traffic liability. The air traffic liability typically increases during the winter and spring months as advanced ticket sales grow prior to the summer peak travel season and decreases during the summer and fall months. However, the reduction in demand for air travel due to the COVID-19 pandemic resulted in a lower level of advance bookings and the associated cash received than we have historically experienced, which has impacted the typical seasonal trend of the air traffic liability.

Domestic demand improved steadily since the latter half of the March 2021 quarter as consumers have gained confidence to travel and increased ticket purchases for travel further in advance. In June 2021, domestic leisure bookings approached June 2019 levels and our air traffic liability increased during the June 2021 quarter more than our historical seasonality-based growth. Travel credits represented approximately 35% of the air traffic liability as of June 30, 2021.

Fuel. Fuel expense represented approximately 21% of our total operating expense for the six months ended June 30, 2021. The market price for jet fuel is volatile, which can impact the comparability of our periodic cash flows from operations. As demand continues to increase and capacity returns, we expect fuel consumption to increase compared to the comparable period of 2020, although we still expect it to be lower than the comparable period in 2019.

Employee Benefit Obligations. We sponsor defined benefit pension plans for eligible employees and retirees. These plans are closed to new entrants and are frozen for future benefit accruals. Our funding obligations for these plans are governed by the Employee Retirement Income Security Act, as modified by the Pension Protection Act of 2006. We have no minimum funding requirements for our defined benefit pension plans in 2021. However, we voluntarily contributed \$1.5 billion to these plans during the June 2021 quarter. At this level of funding, investment returns are expected to satisfy future benefit payments, which we believe would eliminate further material voluntary or required cash contributions to the plans, under the terms of the Pension Protection Act of 2006. Further, based on this level of funding, we are modifying the asset allocation mix in an effort to reduce the investment risk of the portfolio and protect the plans' funded status. Estimates of future funding requirements are based on various assumptions and could vary materially from actual funding requirements. Assumptions include, among other things, the actual and projected market performance of assets, statutory requirements and demographic data for participants.

Voluntary Separation Programs. In 2020, we recorded a \$3.4 billion charge associated with voluntary early retirement and separation programs and other employee benefit charges. Approximately \$300 million of this charge was disbursed in cash payments to participants in the six months ended June 30, 2021 in addition to \$720 million disbursed in 2020. We anticipate that a total of approximately \$600 million in cash payments will be made to participants in 2021 with the remaining payments in 2022 and beyond.

Government Support Programs. See "Financing Activities" below for discussion of the impact to our liquidity from the payroll support program extensions. The \$4.5 billion of grants received during the six months ended June 30, 2021 are included in our operating cash flow.

Investing Activities

Short-Term Investments. During the six months ended June 30, 2021, we redeemed a net of \$907 million in short-term investments. See Note 3 of the Notes to the Condensed Consolidated Financial Statements for further information on these investments.

Capital Expenditures. Our capital expenditures were \$1.2 billion and \$2.9 billion for the six months ended June 30, 2021 and 2019, respectively. Our capital expenditures during the six months ended June 30, 2021 were primarily related to our airport redevelopment projects, purchases of aircraft, fleet modifications and technology enhancements.

We have committed to future aircraft purchases and have obtained, but are under no obligation to use, long-term financing commitments for a substantial portion of the purchase price of the aircraft. Excluding the airport project discussed below, our expected 2021 capital expenditures of approximately \$3.2 billion, which may vary depending on financing decisions, will be primarily for aircraft, including deliveries and advance deposit payments, as well as aircraft modifications and technology enhancements.

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 ("Port Authority") to replace Terminals C and D with a new state-of-the-art terminal facility. Construction is underway and will be phased to limit passenger inconvenience. Due to an acceleration effort that commenced in 2020, completion is now expected by 2025.

We currently expect our project costs to be approximately \$3.5 billion and we bear the risks of project construction, including any potential cost over-runs. Using funding primarily provided by existing financing arrangements, we expect to spend approximately \$900 million on this project during 2021, of which \$477 million was incurred in the six months ended June 30, 2021.

Financing Activities

Debt and Finance Leases. In the six months ended June 30, 2021, we repaid approximately \$3.1 billion on our debt and finance leases, of which approximately \$2.0 billion was the early repayment of the term loan secured by certain of our slots, gates and routes and various EETCs. We plan to seek opportunities to pre-pay our debt, in addition to periodic amortization and scheduled maturities, during the remainder of 2021.

The principal amount of our debt and finance leases was \$29.3 billion at June 30, 2021.

Government Support Programs. The Consolidated Appropriations Act, 2021 was enacted on December 27, 2020, and included an extension of the payroll support program created under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") providing an additional \$15 billion in grants and loans to the airline industry to be used for airline employee wages, salaries and benefits. In January 2021, we entered into a payroll support program extension agreement with the U.S. Department of the Treasury. During the six months ended June 30, 2021, we received a total of \$3.3 billion in payroll support payments under this extension agreement, which must be used exclusively for the payment of employee wages, salaries and benefits and were conditioned on our agreement to refrain from conducting involuntary employee layoffs or furloughs from the date of the extension agreement through March 2021.

These support payments consisted of \$2.3 billion in a grant and \$957 million in an unsecured 10-year low interest loan and, in return, we entered into a promissory note for the loan and issued warrants to the U.S. Department of the Treasury to acquire approximately 2.4 million shares of Delta common stock. The loan bears interest at an annual rate of 1.00% for the first five years and the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% in the final five years. The warrants have an initial exercise price of \$39.73 per share, subject to adjustment in certain cases, and a five-year term. We have recorded the value of the promissory note and warrants on a relative fair value basis as \$905 million of noncurrent debt, net of discount, and \$52 million in additional paid in capital, respectively.

The American Rescue Plan Act of 2021 was enacted on March 11, 2021, and included a further extension of the payroll support program providing an additional \$14 billion in grants and loans to the industry to be used for airline employee wages, salaries and benefits. In April 2021, we entered into a Payroll Support Program 3 Agreement with the U.S. Department of the Treasury. During the June 2021 quarter we received a total of \$3.1 billion in payroll support payments under this agreement, which must be used exclusively for the payment of employee wages, salaries and benefits and is conditioned on our agreement to refrain from conducting involuntary employee layoffs or furloughs from the date of the agreement through September 30, 2021 or the date on which we have expended all of the payroll support, whichever is later.

These support payments consisted of \$2.2 billion in a grant and \$891 million in an unsecured 10-year low interest loan and, in return, we entered into a promissory note for the loan and issued warrants to the U.S. Department of the Treasury to acquire approximately 1.9 million shares of Delta common stock. The loan bears interest at an annual rate of 1.00% for the first five years and the applicable SOFR plus 2.00% in the final five years. The warrants have an initial exercise price of \$47.80 per share, subject to adjustment in certain cases, and a five-year term. We have recorded the value of the promissory note and warrants on a relative fair value basis as \$857 million of noncurrent debt, net of discount, and \$34 million in additional paid in capital, respectively.

Undrawn Lines of Credit

As of June 30, 2021, we had approximately \$2.6 billion undrawn and available under our revolving credit facilities. In addition, we had outstanding letters of credit as of June 30, 2021, including approximately \$300 million that reduced the availability under our revolving credit facilities and approximately \$300 million that did not affect the availability of our revolving credit facilities.

Covenants

We were in compliance with the covenants in our debt agreements at June 30, 2021.

Critical Accounting Estimates

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

Supplemental Information

We sometimes use information ("non-GAAP financial measures") that is derived from the Condensed Consolidated Financial Statements but that is not presented in accordance with GAAP. Under the 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 reconciliations presented below of the non-GAAP measures used in this 10-Q may not calculate exactly due to rounding.

Pre-tax (loss)/income, adjusted

The following table shows a reconciliation of pre-tax income/(loss) (a GAAP measure) to pre-tax (loss)/income, adjusted (a non-GAAP financial measure). Pre-tax (loss)/income, adjusted excludes the following items directly related to the impact of COVID-19 and our response for comparability with the prior period:

- *Restructuring charges.* During 2020, we recorded restructuring charges, including certain accruals, following strategic business decisions in response to the COVID-19 pandemic. In the June 2021 quarter, we recognized \$8 million of adjustments to certain of those restructuring charges, representing changes in our estimates.
- *Government grant recognition.* We recognized \$1.5 billion of the grant proceeds from the payroll support program extensions as contra-expense during the June 2021 quarter. We are recognizing the grant proceeds as contra-expense based on the periods that the funds are intended to compensate and expect to use all proceeds from the payroll support program extensions in the second half of 2021.
- *Impairments and equity method losses.* In the June 2020 quarter, we recognized \$2.1 billion of charges related to write-downs of our investments in LATAM and Grupo Aeroméxico following their financial losses and separate Chapter 11 bankruptcy filings, and the write-down of our investment in Virgin Atlantic based on our share of its losses.
- *Loss on extinguishment of debt.* This adjustment relates to early termination of a portion of our debt.

We also regularly adjust pre-tax income/(loss) for the following items to determine pre-tax (loss)/income, adjusted for the reasons described below.

- *MTM adjustments and settlements on hedges.* Mark-to-market ("MTM") adjustments are defined as fair value changes recorded in periods other than the settlement period. Such fair value changes are not necessarily indicative of the actual settlement value of the underlying hedge in the contract settlement period. Settlements represent cash received or paid on hedge contracts settled during the applicable period.
- *Equity investment MTM adjustments.* We adjust for our proportionate share of our equity method investee, Virgin Atlantic's, hedge portfolio MTM adjustments (recorded in non-operating expense) to allow investors to understand and analyze our core operational performance in the periods shown.
- *MTM adjustments on investments.* Unrealized gains/losses result from our equity investments that are accounted for at fair value in non-operating expense. These gains/losses are driven by changes in stock prices, other valuation techniques for investments in companies without publicly-traded shares and foreign currency fluctuations. Adjusting for these gains/losses allows investors to better understand and analyze our core operational performance in the periods shown.
- *Delta Private Jets adjustment.* Because we combined Delta Private Jets with Wheels Up in January 2020, we have excluded the impact of Delta Private Jets from 2019 results for comparability.

Pre-tax (loss)/income, adjusted reconciliation

(in millions)	Three Months Ended June 30,		
	2021	2020	2019
Pre-tax income/(loss)	\$ 776	\$ (7,014)	\$ 1,907
Adjusted for:			
Restructuring charges	8	2,454	—
Government grant recognition	(1,504)	(1,280)	—
Impairments and equity method losses	—	2,058	—
Loss on extinguishment of debt	26	—	—
MTM adjustments and settlements on hedges	24	14	10
Equity investment MTM adjustments	—	(87)	(2)
MTM adjustments on investments	(211)	(9)	82
Delta Private Jets adjustment	—	—	1
Pre-tax (loss)/income, adjusted	\$ (881)	\$ (3,864)	\$ 1,998

Operating Expense, adjusted

The following table shows a reconciliation of operating expense (a GAAP measure) to operating expense, adjusted (a non-GAAP financial measure). Operating expense, adjusted excludes restructuring charges and government grant recognition, which, as discussed above under the heading pre-tax (loss)/income, adjusted, are directly related to the impact of the COVID-19 pandemic and our response. We also adjust operating expense for MTM adjustments and settlements on hedges and the impact of Delta Private Jets for the same reasons described above under the heading pre-tax (loss)/income, adjusted. We also adjust operating expense for the following item for the reason described below.

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

Operating expense, adjusted reconciliation

(in millions)	Three Months Ended June 30,		
	2021	2020	2019
Operating expense	\$ 6,310	\$ 6,283	\$ 10,408
Adjusted for:			
Restructuring charges	(8)	(2,454)	—
Government grant recognition	1,504	1,280	—
MTM adjustments and settlements on hedges	(24)	(14)	(10)
Third-party refinery sales	(777)	(292)	(40)
Delta Private Jets adjustment	—	—	(50)
Operating expense, adjusted	\$ 7,005	\$ 4,803	\$ 10,308

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

The following table shows a reconciliation of fuel expense (a GAAP measure) to fuel expense, adjusted (a non-GAAP financial measure). We adjust for MTM adjustments and settlements on hedges and the impact of Delta Private Jets for the same reasons described under the heading pre-tax (loss)/income, adjusted.

Fuel expense, adjusted reconciliation

(in millions, except per gallon data)	Three Months Ended June 30,			Average Price Per Gallon		
	Three Months Ended June 30,			Three Months Ended June 30,		
	2021	2020	2019	2021	2020	2019
Total fuel expense	\$ 1,487	\$ 372	\$ 2,291	\$ 2.16	\$ 2.25	\$ 2.08
MTM adjustments and settlements on hedges	(24)	(14)	(10)	(0.03)	(0.09)	(0.01)
Delta Private Jets adjustment	—	—	(8)	—	—	(0.01)
Total fuel expense, adjusted	\$ 1,463	\$ 357	\$ 2,274	\$ 2.12	\$ 2.16	\$ 2.07

(in millions, except per gallon data)	Six Months Ended June 30,			Average Price Per Gallon		
	Six Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	2019	2021	2020	2019
Total fuel expense	\$ 2,504	\$ 1,967	\$ 4,269	\$ 2.03	\$ 1.88	\$ 2.07
MTM adjustments and settlements on hedges	(1)	(7)	(17)	—	(0.01)	(0.01)
Delta Private Jets adjustment	—	—	(15)	—	—	(0.01)
Total fuel expense, adjusted	\$ 2,504	\$ 1,959	\$ 4,237	\$ 2.03	\$ 1.87	\$ 2.06

TRASM, adjusted

The following table shows a reconciliation of TRASM (a GAAP measure) to TRASM, adjusted (a non-GAAP financial measure). We adjust TRASM for refinery sales to third parties for the same reason described above under the heading operating expense, adjusted. We adjust for the impact of Delta Private Jets for the same reason described above under the heading pre-tax (loss)/income, adjusted.

TRASM, adjusted reconciliation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	2019	2021	2020	2019
TRASM (cents)	14.68 ¢	13.85 ¢	17.47 ¢	12.72 ¢	14.48 ¢	17.15 ¢
Adjusted for:						
Third-party refinery sales	(1.60)	(2.76)	(0.06)	(1.49)	(0.42)	(0.07)
Delta Private Jets adjustment	—	—	(0.07)	—	—	(0.07)
TRASM, adjusted	13.08 ¢	11.10 ¢	17.35 ¢	11.23 ¢	14.06 ¢	17.01 ¢

CASM-Ex

The following table shows a reconciliation of operating cost per available seat mile ("CASM") (a GAAP measure) to CASM-Ex (a non-GAAP financial measure). CASM-Ex excludes restructuring charges and government grant recognition, which, as discussed above under the heading pre-tax (loss)/income, adjusted, are directly related to the impact of the COVID-19 pandemic and our response. We adjust for refinery sales to third parties for the same reason described above under the heading operating expense, adjusted. We adjust for the impact of Delta Private Jets for the same reason described above under the heading pre-tax (loss)/income, adjusted. We also adjust CASM for the following items to determine CASM-Ex for the reasons described below.

- *Aircraft fuel and related taxes.* The volatility in fuel prices impacts the comparability of year-over-year financial performance. The adjustment for aircraft fuel and related taxes allows investors to better understand and analyze our non-fuel costs and year-over-year financial performance.
- *Profit sharing.* We adjust for profit sharing because this adjustment allows investors to better understand and analyze our recurring cost performance and provides a more meaningful comparison of our core operating costs to the airline industry.

CASM-Ex reconciliation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	2019	2021	2020	2019
CASM (cents)	13.00 ¢	59.30 ¢	14.51 ¢	13.38 ¢	22.00 ¢	14.80 ¢
Adjusted for:						
Restructuring charges	(0.02)	(23.15)	—	0.04	(3.53)	—
Government grant recognition	3.10	12.08	—	3.03	1.84	—
Aircraft fuel and related taxes	(3.06)	(3.51)	(3.19)	(2.82)	(2.83)	(3.18)
Third-party refinery sales	(1.60)	(2.76)	(0.06)	(1.49)	(0.42)	(0.07)
Profit sharing	—	—	(0.72)	—	—	(0.55)
Delta Private Jets adjustment	—	—	(0.06)	—	—	(0.06)
CASM-Ex	11.42 ¢	41.96 ¢	10.47 ¢	12.14 ¢	17.06 ¢	10.95 ¢

CASM, adjusted

The following table shows a reconciliation of CASM (a GAAP measure) to CASM, adjusted (a non-GAAP financial measure). CASM, adjusted excludes restructuring charges and government grant recognition, which, as discussed above under the heading pre-tax (loss)/income, adjusted, are directly related to the impact of the COVID-19 pandemic and our response. We also adjust CASM for MTM adjustments and settlements on hedges and the impact of Delta Private Jets for the same reasons described above under the heading pre-tax (loss)/income, adjusted. We adjust for refinery sales to third parties for the same reason described above under the heading operating expense, adjusted.

CASM, adjusted reconciliation

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	2019	2021	2020	2019
CASM (cents)	13.00 ¢	59.30 ¢	14.51 ¢	13.38 ¢	22.00 ¢	14.80 ¢
Adjusted for:						
Restructuring charges	(0.02)	(23.15)	—	0.04	(3.53)	—
Government grant recognition	3.10	12.08	—	3.03	1.84	—
MTM adjustments and settlements on hedges	(0.05)	(0.14)	(0.01)	—	(0.01)	(0.01)
Third-party refinery sales	(1.60)	(2.76)	(0.06)	(1.49)	(0.42)	(0.07)
Delta Private Jets adjustment	—	—	(0.07)	—	—	(0.07)
CASM, adjusted	14.43 ¢	45.33 ¢	14.37 ¢	14.96 ¢	19.88 ¢	14.65 ¢

Free Cash Flow

We present free cash flow because management believes this metric is helpful to investors to evaluate the company's ability to generate cash that is available for use for debt service or general corporate initiatives. Adjustments include:

- *Net (redemptions)/purchases of short-term investments.* Net (redemptions)/purchases of short-term investments represent the net purchase and sale activity of investments and marketable securities in the period, including gains and losses. We adjust for this activity to provide investors a better understanding of the company's free cash flow generated by our operations.
- *Strategic investments and related.* Cash flows related to our investments in and related transactions with other airlines are included in our GAAP investing activities. We adjust for this activity because it provides a more meaningful comparison to our airline industry peers.
- *Net cash flows related to certain airport construction projects and other.* Cash flows related to certain airport construction projects are included in our GAAP operating activities and capital expenditures. We have adjusted for these items, which were primarily funded by cash restricted for airport construction, to provide investors a better understanding of the company's free cash flow and capital expenditures that are core to our operational performance in the periods shown.

Free cash flow reconciliation

(in millions)	Three Months Ended June 30,		
	2021	2020	2019
Net cash provided by/(used in) operating activities	\$ 1,866	\$ (290)	\$ 3,268
Net cash provided by/(used in) investing activities	26	(4,076)	(1,562)
Adjusted for:			
Net (redemptions)/purchases of short-term investments	(697)	4,302	—
Strategic investments and related	(74)	—	89
Net cash flows related to certain airport construction projects and other	329	43	54
Free cash flow	\$ 1,450	\$ (21)	\$ 1,849

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Our management, including our Chief Executive Officer and Interim Co-Chief Financial Officers, performed an evaluation of our disclosure controls and procedures, which have been designed to permit us to effectively identify and timely disclose important information. Our management, including our Chief Executive Officer and Interim Co-Chief Financial Officers, concluded that the controls and procedures were effective as of June 30, 2021 to ensure that material information was accumulated and communicated to our management, including our Chief Executive Officer and Interim Co-Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended June 30, 2021, we did not make any changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

"Item 1A. Risk Factors" of our Form 10-K includes a discussion of our known material risk factors, other than risks that could apply to any issuer or offering. There have been no material changes from the risk factors described in our Form 10-K.

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

The following table presents information with respect to purchases of common stock we made during the June 2021 quarter. The table reflects shares withheld from employees to satisfy certain tax obligations due in connection with grants of stock under the Delta Air Lines, Inc. Performance Compensation Plan (the "Plan"). The Plan provides for the withholding of shares to satisfy tax obligations. It does not specify a maximum number of shares that can be withheld for this purpose. The shares of common stock withheld to satisfy tax withholding obligations may be deemed to be "issuer purchases" of shares that are required to be disclosed pursuant to this Item.

Shares purchased / withheld from employee awards during the June 2021 quarter

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value (in millions) of Shares That May Yet be Purchased Under the Plan
April 2021	14,281	\$ 46.77	14,281	\$ —
May 2021	2,208	\$ 46.78	2,208	\$ —
June 2021	6,360	\$ 44.78	6,360	\$ —
Total	22,849		22,849	

ITEM 6. EXHIBITS

- (a) Exhibits
- 10.1 [Payroll Support Program 3 Agreement, dated as of April 23, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury](#)
 - 10.2 [Warrant Agreement, dated as of April 23, 2021, between Delta Air Lines, Inc. and the United States Department of the Treasury \(including Form of Warrant to Purchase Common Stock\)](#)
 - 10.3(a) [Amendment No. 3 dated April 22, 2021 to Airbus A321 NEO Aircraft Purchase Agreement, dated as of December 15, 2017 between Airbus S.A.S. and Delta Air Lines, Inc. \(“Amendment No. 3”\)*](#)
 - 10.3(b) [Amended and Restated Letter Agreements related to Amendment No. 3 dated April 22, 2021*](#)
 - 10.4 [Offer letter, dated as of May 14, 2021, between Delta Air Lines, Inc. and Dan Janki \(including addendum\)](#)
 - 10.5 [Terms of 2021 Restricted Stock Awards for Non-Employee Directors](#)
 - 15 [Letter from Ernst & Young LLP regarding unaudited interim financial information](#)
 - 31.1 [Certification by Delta's Chief Executive Officer with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021](#)
 - 31.2 [Certification by Delta's Interim Co-Chief Financial Officer and Senior Vice President - Finance and Controller with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021](#)
 - 31.3 [Certification by Delta's Interim Co-Chief Financial Officer and Senior Vice President - Business Development and Financial Planning with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021](#)
 - 32 [Certification pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code by Delta's Chief Executive Officer and Senior Vice Presidents and Interim Co-Chief Financial Officers with respect to Delta's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021](#)
 - 101.INS Inline 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 Inline XBRL Taxonomy Extension Schema Document
 - 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
 - 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
 - 101.LAB Inline XBRL Taxonomy Extension Labels Linkbase Document
 - 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
 - 104 The cover page from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL (included in Exhibit 101)

* Portions of this exhibit have been redacted pursuant to item 601(b)(10)(iv) of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Delta Air Lines, Inc.
(Registrant)

/s/ William C. Carroll

William C. Carroll
Interim Co-Chief Financial Officer and Senior Vice President - Finance and
Controller
(Co-Principal Financial Officer and Principal Accounting Officer)

July 14, 2021

PAYROLL SUPPORT PROGRAM 3 AGREEMENT

Recipient: Delta Air Lines, Inc. Post Office Box 20706 Atlanta, GA 30320-6001	PSP Participant Number: PSA-2004030421 Employer Identification Number: 58-0218548 DUNS Number: 006924872
Additional Recipients: Endeavor Air, Inc.	
Amount of Initial Payroll Support Payment: \$1,534,483,160.99	
<p>The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under section 7301 of the American Rescue Plan Act of 2021. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.</p>	
The undersigned hereby agree to the attached Payroll Support Program 3 Agreement.	
/s/ David A. Lebryk <hr/> Department of the Treasury Name: David A. Lebryk Title: Fiscal Assistant Secretary Date: April 23, 2021	/s/ Garrett L. Chase <hr/> Delta Air Lines, Inc. First Authorized Representative: Name: Garrett L. Chase Title: Interim Co-Chief Financial Officer and Senior Vice President – Business Development and Financial Planning Date: April 23, 2021 /s/ Kenneth W. Morge II <hr/> Delta Air Lines, Inc. Second Authorized Representative: Name: Kenneth W. Morge II Title: Senior Vice President – Finance & Treasurer Date: April 23, 2021

OMB Approval No. 1505-0263

PAPERWORK REDUCTION ACT NOTICE

The information collected will be used for the U.S. Government to process requests for support. The estimated

burden associated with this collection of information is 2 hours per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

PAYROLL SUPPORT PROGRAM 3 AGREEMENT

INTRODUCTION

Section 7301 of the American Rescue Plan Act of 2021 (ARP) directs the Department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers and certain contractors that must be exclusively used for the continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The ARP requires certain assurances from the Recipient (as defined herein).

This Payroll Support Program 3 Agreement, including all supporting documents submitted by the Recipient and the Payroll Support Program 3 Certification attached hereto (collectively, Agreement), memorializes the binding terms and conditions applicable to the Recipient.

DEFINITIONS

As used in this Agreement, the following terms shall have the following respective meanings, unless the context clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of section 7301 of the ARP.

Additional Payroll Support Payment means any disbursement of Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

Affiliate means any Person that directly or indirectly controls, is controlled by, or is under common control with, the Recipient. For purposes of this definition, “control” of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

ARP means the American Rescue Plan Act of 2021.

Benefits means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness, hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to Employees pursuant to a bona fide voluntary early retirement program or voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Corporate Officer means, with respect to the Recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Recipient. Executive officers of subsidiaries or parents of the Recipient may be deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

Employee means an individual who is employed by the Recipient and whose principal place of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer or independent contractor.

Involuntary Termination or Furlough means the Recipient terminating the employment of one or more Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however, that an Involuntary Termination or Furlough does not include a Permitted Termination or Furlough.

Maximum Awardable Amount means the amount determined by the Secretary with respect to the Recipient pursuant to section 7301(b) (2) of the ARP.

Payroll Support means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

Permitted Termination or Furlough means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case, as reasonably determined by the Recipient acting in good faith.

Person means any natural person, corporation, limited liability company, partnership, joint venture, trust, business association, governmental entity, or other entity.

PSP1 means the Payroll Support Program established under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136).

PSP2 means the Payroll Support Program Extension established under Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

Recipient means, collectively, the Signatory Entity; its Affiliates that are listed on the signature page hereto as Additional Recipients; and their respective heirs, executors, administrators, successors, and assigns.

Salary means, without duplication of any amounts counted as Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid

time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

Secretary means the Secretary of the Treasury.

Severance Pay or Other Benefits means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after October 1, 2022) by the Recipient to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

Signatory Entity means the passenger air carrier or contractor that has entered into this Agreement.

Taxpayer Protection Instruments means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient or an Affiliate to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

Total Compensation means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.6 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

Wage means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

PAYROLL SUPPORT PAYMENTS

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient to receive Payroll Support.
2. The Recipient may receive Payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in her sole discretion. The Secretary may, in her sole discretion, increase or reduce the Maximum Awardable Amount consistent with section 7301 of the ARP.

3. The Secretary may determine in her sole discretion that any Payroll Support shall be conditioned on, and subject to, compliance by the Recipient with all applicable requirements under (a) PSP2 and (b) PSP1 if the Recipient received financial assistance in PSP1, and such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

TERMS AND CONDITIONS

Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefits to the Employees of the Recipient.
 - a. *Furloughs and Layoffs.* The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later.
 - b. *Employee Salary, Wages, and Benefits*
 - i. *Salary and Wages.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later, reduce, without the Employee's consent, (A) the pay rate of any Employee earning a Salary, or (B) the pay rate of any Employee earning Wages.
 - ii. *Benefits.* Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September 30, 2021 or the date on which the Recipient has expended all of the Payroll Support, whichever is later, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed.

Dividends and Buybacks

5. Through September 30, 2022, neither the Recipient nor any Affiliate shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.
6. Through September 30, 2022, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

Limitations on Certain Compensation

7. Beginning April 1, 2021, and ending April 1, 2023, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 11, 2021):
 - a. Total Compensation which exceeds, during any 12 consecutive months of such two-year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or
 - b. Severance Pay or Other Benefits in connection with a termination of employment with the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
8. Beginning April 1, 2021, and ending April 1, 2023, the Recipient and its Affiliates shall not pay, during any 12 consecutive months of such two-year period, any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded \$3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:
 - a. \$3,000,000; and
 - b. 50 percent of the excess over \$3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.
9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee who was employed by the Recipient or an Affiliate for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

Service and Eligibility

- 10.1. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 407 of the PSP Extension Law to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.
- 10.2. The Recipient represents, warrants, and certifies that as of March 31, 2021, the Recipient:
 - a. provided air transportation as an air carrier, as defined under 49 U.S.C. § 40102; or
 - b. (i) performed, under contract with a passenger air carrier conducting operations under 14 CFR part 121, (A) catering functions; or (B) functions on the property of an airport that were directly related to the air transportation of persons, property, or mail, including the loading and unloading of property on aircraft, assistance to passengers under 14 CFR part 382, security, airport ticketing and check-in functions,

groundhandling of aircraft, or aircraft cleaning and sanitization functions and waste removal; or (ii) was a subcontractor that performed such functions.

10.3 The Recipient represents, warrants, and certifies that between March 31, 2021, and the effective date of this Agreement, it has not:

- a. conducted an Involuntary Termination or Furlough;
- b. reduced, without the Employee's consent, (i) the pay rate of any Employee earning a Salary, or (ii) the pay rate of any Employee earning Wages; or
- c. except in the case of a Permitted Termination or Furlough, reduced, without the Employee's consent, the Benefits of any Employee (provided, however, that for purposes of this subparagraph, personnel expenses associated with the performance of work duties, including those described in line 10 of Financial Reporting Schedule P-6, Form 41, as published by the Department of Transportation, may be reduced to the extent the associated work duties are not performed).

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of January 1, 2023, and the date on which no Taxpayer Protection Instrument is outstanding, not later than 45 days after the end of each of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:

- a. the amount of Payroll Support funds expended during such quarter;
- b. the Recipient's financial statements (audited by an independent certified public accountant, in the case of annual financial statements);
- c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and
- d. a detailed summary describing, with respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reasons for any such changes.

13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, events, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.
14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.
15. The Recipient shall:
 - a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that is received by the Recipient relating to this Agreement.
 - b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.
 - c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.
16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Recipient related to the Payroll Support, to enable Treasury and the Treasury Inspector General to make audits, examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and discussion related to such documents. This right of access shall continue as long as records are required to be retained. In addition, the Recipient will provide timely reports as reasonably required by Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury to comply with applicable law and to assess program effectiveness.

Recordkeeping and Internal Controls

17. If the Recipient is a debtor as defined under 11 U.S.C. § 101(13), the Payroll Support funds, any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate under 11 U.S.C. § 541.
18. The Recipient shall expend and account for Payroll Support funds in a manner sufficient to:
 - a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.

- b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.
19. The Recipient shall establish and maintain effective internal controls over the Payroll Support; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor compliance with Federal statutes, regulations, and the terms and conditions of this Agreement; and take prompt corrective actions in accordance with audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement.
20. The Recipient and Affiliates shall retain all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records, including e-mails) for a period of three years following the period of performance. Such records shall include all information necessary to substantiate factual representations made in the supporting documents submitted by the Recipient related to the Payroll Support, including ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hardcopy (paper) format. The term "records" includes all relevant financial and accounting records and all supporting documentation for the information reported on the Recipient's quarterly reports.
21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims, investigations, or audit findings have been completely resolved and final judgment entered or final action taken.

Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient or an Affiliate with (a) this Agreement, (b) section 7301 of the ARP, or (c) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy. Upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.
23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in its sole discretion, withhold any Additional Payroll Support Payments; require the repayment of the amount of any previously disbursed Payroll Support, with appropriate interest; require additional reporting or monitoring; initiate

suspension or debarment proceedings as authorized under 2 CFR Part 180; terminate this Agreement; or take any such other action as Treasury, in its sole discretion, deems appropriate.

24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if Treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event, Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.
25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall not be subject to further review. To the extent permitted by law, the Recipient waives any right to judicial review of any such determinations and further agrees not to assert in any court any claim arising from or relating to any such determination or remedial action.
26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, or abuse to the Treasury Inspector General.
27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, which such request shall be in writing and shall include the reasons for such termination, the proposed effective date of the termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.
28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to the extent permitted by law.

Debts

29. Any Payroll Support in excess of the amount which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.
30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.

31. Penalties on any debts shall accrue at a rate of not more than 6 percent per year or such other higher rate as authorized by law.
32. Administrative charges relating to the costs of processing and handling a delinquent debt shall be determined by Treasury.
33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the government arising under this Agreement.

Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds, an abuse of authority relating to a Federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal contract (including the competition for or negotiation of a contract) or grant:
 - a. A Member of Congress or a representative of a committee of Congress;
 - b. An Inspector General;
 - c. The Government Accountability Office;
 - d. A Treasury employee responsible for contract or grant oversight or management;
 - e. An authorized official of the Department of Justice or other law enforcement agency;
 - f. A court or grand jury; or
 - g. A management official or other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

Lobbying

35. The Recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*), including Treasury’s implementing regulations at 31 CFR Part 22;
- b. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794);
- c. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101–6107), including Treasury’s implementing regulations at 31 CFR Part 23 and the general age discrimination regulations at 45 CFR Part 90; and
- d. The Air Carrier Access Act of 1986 (49 U.S.C. § 41705).

Additional Reporting

37. Within seven days after the date of this Agreement, the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least January 1, 2023. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if required by changes in the Recipient’s information. The Recipient agrees that this Agreement and information related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38, may be made available to the public through a U.S. Government website, including SAM.gov.
38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.6 of the award term in 2 CFR part 170, App. A for each of the Recipient’s five most highly compensated executives for the preceding completed fiscal year, if:
- a. the total Payroll Support is \$25,000 or more;
 - b. in the preceding fiscal year, the Recipient received:
 - i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
 - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and
 - c. the public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.

39. The Recipient shall report executive total compensation described in paragraph 38:
- a. as part of its registration profile at <https://www.sam.gov>; and
 - b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.
40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, or cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all in form and substance reasonably satisfactory to Treasury, to enable Treasury to ensure compliance with, or effect the purposes of, this Agreement, which may include, among other documents or information, (a) certain audited financial statements of the Recipient, (b) documentation regarding the Recipient's revenues derived from its business as a passenger air carrier or regarding the passenger air carriers for which the Recipient provides services as a contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.
41. If the total value of the Recipient's currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period before termination of this Agreement, then the Recipient shall make such reports as required by 2 CFR part 200, Appendix XII.

Other

42. [Reserved]
43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein, or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company, or other Person without the express written approval of Treasury.
44. The Signatory Entity will cause its Affiliates to comply with all of their obligations under or relating to this Agreement.
45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).
46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in order to comply with applicable Federal law or regulation.

47. Subject to applicable law, Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.
48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.
49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and, if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or bylaws of the Recipient, or breach or constitute an event of default under any material contract to which the Recipient is a party.
50. The Recipient represents and warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding obligation of the Recipient enforceable against the Recipient in accordance with its terms.
51. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single contract.
52. The words “execution,” “signed,” “signature,” and words of like import in any assignment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party, shall be effective as delivery of a manually executed counterpart of this Agreement.
53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.
54. This Agreement is governed by and shall be construed in accordance with Federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in accordance with the laws of the State of New York, without regard to any rule of conflicts of law (other than section 5-1401 of the New York General Obligations Law) that would result in the application of the substantive law of any jurisdiction other than the State of New York.
55. Nothing in this Agreement shall require any unlawful action or inaction by either party.

56. The requirement pertaining to trafficking in persons at 2 CFR 175.15(b) is incorporated herein and made applicable to the Recipient.
57. This Agreement, together with the attachments hereto, including the Payroll Support Program 3 Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and supersede any previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.
58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

ATTACHMENT

Payroll Support Program 3 Certification of Corporate Officer of Recipient

PAYROLL SUPPORT PROGRAM 3

CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT

In connection with the Payroll Support Program 3 Agreement (Agreement) between Delta Air Lines, Inc. and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under section 7301 of the American Rescue Plan Act of 2021, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth in the Agreement.

(1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon as material in the decision by Treasury to provide Payroll Support to the Recipient.

(2) The information, certifications, attachments, and other information provided by the Recipient to Treasury related to the Payroll Support are true and correct and do not contain any materially false, fictitious, or fraudulent statement, nor any concealment or omission of any material fact.

(3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, terms, and conditions set forth in the Agreement and any attachment thereto.

(4) The Recipient and any Affiliate will give Treasury, Treasury's designee or the Treasury Office of Inspector General (as applicable) access to, and opportunity to examine, all documents, papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury to the Recipient, in order to make audits, examinations, excerpts, and transcripts.

(5) No Federal appropriated funds, including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(6) If the Payroll Support exceeds \$100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.

I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.

Corporate Officer of Signatory Entity

Name: Garrett L. Chase

Title: Interim Co-Chief Financial Officer and Senior Vice
President – Business Development and Financial Planning

Date: April 23, 2021

Second Authorized Representative

Name: Kenneth W. Morge II

Title: Senior Vice President – Finance & Treasurer

Date: April 23, 2021

WARRANT AGREEMENT

LIST OF ANNEXES

- ANNEX A: FORM OF OPINION
- ANNEX B: FORM OF WARRANT
- SCHEDULE 1: WARRANT SHARES FORMULA
- SCHEDULE 2: CAPITALIZATION
- SCHEDULE 3: REQUIRED STOCKHOLDER APPROVALS

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WARRANT AGREEMENT dated as of April 23, 2021 (this “Agreement”), between DELTA AIR LINES, INC., a corporation organized under the laws of Delaware (the “Company”) and the UNITED STATES DEPARTMENT OF THE TREASURY (“Treasury”).

WHEREAS, the Company has requested that Treasury provide financial assistance to the Recipient (as defined in the PSP3 Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 7301(b)(1) of Subtitle C of Title VII of the American Rescue Plan Act of 2021 (March 11, 2021), as the same may be amended from time to time, and Treasury is willing to do so on the terms and conditions set forth in that certain Payroll Support Program 3 Agreement dated as of April 23, 2021, between the Company and Treasury (the “PSP3 Agreement”); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP3 Agreement, the Company has agreed to issue a note to be repaid to Treasury on the terms and conditions set forth in the promissory note dated as of April 23, 2021, issued by the Company, in the name of Treasury as the holder (the “Promissory Note”) and agreed to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the “Warrants”) to Treasury;

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I Closing

1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the “Initial Closing”) will take place on the Closing Date (as defined in the Promissory Note) or, if on the Closing Date the principal amount of the Promissory Note is \$0, the first date on which such principal amount is increased. After the Initial Closing, the closing of any subsequent issuance will take place on the date of each increase, if any, of the principal amount of the Promissory Note (each subsequent closing, together with the Initial Closing, a “Closing” and each such date a “Warrant Closing Date”).

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

1.3 Interpretation.

(a) When a reference is made in this Agreement to “Recitals,” “Articles,” “Sections,” or “Annexes” such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to “herein”, “hereof”, “hereunder” and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed followed by the words “without limitation.” No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to “\$” or “dollars” mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II
Representations and Warranties

2.1 Representations and Warranties of the Company. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) Existence, Qualification and Power. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "Capitalization Date") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date.

(c) Listing. The Common Stock has been registered pursuant to Section 12(b) of the Exchange Act and the shares of the Common Stock outstanding on the date hereof are listed on a national securities exchange. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on such national securities exchange, nor has the Company received any notification that the Securities and Exchange Commission (the "SEC") or such exchange is contemplating terminating such registration or listing. The Company is in compliance with applicable continued listing requirements of such exchange in all material respects.

(d) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance

by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

(e) Execution and Delivery; Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(f) The Warrants and Warrant Shares. Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(g) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (as defined in the Promissory Note) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

(iii) Other than any current report on Form 8-K required to be filed with the SEC (which shall be made on or before the date on which it is required to be filed), such

filings and approvals as are required to be made or obtained under any state “blue sky” laws, the filing of any proxy statement contemplated by Section 3.1 and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the “Board of Directors”) has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company’s Organizational Documents, and any other provisions of any applicable “moratorium”, “control share”, “fair price”, “interested stockholder” or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders’ rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(i) Reports.

(i) Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the “Company Reports”) and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority. In the case of each such Company Report filed with or furnished to the SEC, such Company Report (A) did not, as of its date or if amended prior to the date hereof, as of the date of such amendment, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (B) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act. With respect to all other Company Reports, the Company Reports were complete and accurate in all material respects as of their respective dates. No executive officer of the Company or any Subsidiary has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002.

(ii) The Company (A) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(j) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "SEC") promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act.

(k) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

Article III Covenants

3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b) and Section 3.1(c). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to (i) approve the exercise of the Warrants for Common Stock for purposes of the rules of the national securities exchange on which the Common Stock is listed and/or (ii) amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b) and Section 3.1(c). The Board

of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In connection with such meeting, the Company shall prepare (and Treasury will reasonably cooperate with the Company to prepare) and file with the SEC as promptly as practicable (but in no event more than ten Business Days after the Initial Closing) a preliminary proxy statement, shall use its reasonable best efforts to respond to any comments of the SEC or its staff thereon and to cause a definitive proxy statement related to such stockholders' meeting to be mailed to the Company's stockholders not more than five Business Days after clearance thereof by the SEC, and shall use its reasonable best efforts to solicit proxies for such stockholder approval of the Stockholder Proposals. The Company shall notify Treasury promptly of the receipt of any comments from the SEC or its staff with respect to the proxy statement and of any request by the SEC or its staff for amendments or supplements to such proxy statement or for additional information and will supply Treasury with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to such proxy statement. If at any time prior to such stockholders' meeting there shall occur any event that is required to be set forth in an amendment or supplement to the proxy statement, the Company shall as promptly as practicable prepare and mail to its stockholders such an amendment or supplement. Each of Treasury and the Company agrees promptly to correct any information provided by it or on its behalf for use in the proxy statement if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall as promptly as practicable prepare and mail to its stockholders an amendment or supplement to correct such information to the extent required by applicable laws and regulations. The Company shall consult with Treasury prior to filing any proxy statement, or any amendment or supplement thereto, and provide Treasury with a reasonable opportunity to comment thereon. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on June 30, 2021 until all such approvals are obtained or made.

(c) None of the information supplied by the Company or any of the Company Subsidiaries for inclusion in any proxy statement in connection with any such stockholders meeting of the Company will, at the date it is filed with the SEC, when first mailed to the Company's stockholders and at the time of any stockholders meeting, and at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.2 Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any

other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

3.3 Sufficiency of Authorized Common Stock; Exchange Listing.

During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company. As soon as reasonably practicable following each Warrant Closing Date, the Company shall, at its expense, cause the Warrant Shares to be listed on the same national securities exchange on which the Common Stock is listed, subject to official notice of issuance, and shall maintain such listing for so long as any Common Stock is listed on such exchange. The Company will use commercially reasonable efforts to maintain the listing of Common Stock on such national securities exchange so long as any Warrants or Warrant Shares remain outstanding. Neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock on such exchange. The foregoing shall not preclude the Company from undertaking any transaction set forth in Section 4.3 subject to compliance with that provision.

Article IV Additional Agreements

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

“THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE

SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.”

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of (“Transfer”) all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

4.5 Registration Rights.

(a) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that on or before the earlier of (A) 30 days after the date on which all Warrants that may be issued pursuant to this Agreement have been issued and (B) June 30, 2021 (the end of such period, the “Registration Commencement Date”), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities

Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(a)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a “Shelf Registration Statement”). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(c); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(a): (A) prior to the Registration Commencement Date; (B) with respect to securities that are not Registrable Securities; or (C) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(a)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all

Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(a)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(a)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(a)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(a) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(a)(ii) or (y) a Piggyback Registration under Section 4.5(a)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(a)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however*, that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby

then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(b) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(c) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such

jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(c)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(c)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(c)(v), 4.5(c)(vi)(E) or 4.5(d), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document

so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(c)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(a)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and "10b-5" letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities

being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(d) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The

total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(e) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(f) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(c) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(g) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by

such Indemnatee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnatee “by means of” (as defined in Rule 159A) a “free writing prospectus” (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(g)(i) is unavailable to an Indemnatee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnatee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnatee, shall contribute to the amount paid or payable by such Indemnatee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnatee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnatee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnatee and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(g)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(g)(i). No Indemnatee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(h) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(a) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided, however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(i) Clear Market. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for

such time period up to 30 days as may be requested by the managing underwriter. “Special Registration” means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(j) Rule 144; Rule 144A. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(ii) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d) (4) under the Securities Act);

(iii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided, however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iv) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(k) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) “Holder” means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

(ii) “Register,” “registered,” and “registration” shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or

prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) “Registrable Securities” means (A) the Warrants (subject to Section 4.5(p)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(o), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) “Registration Expenses” mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any “road show”, the reasonable fees and disbursements of Treasury’s counsel (if Treasury is participating in the registered offering), and expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) “Rule 144”, “Rule 144A”, “Rule 159A”, “Rule 405” and “Rule 415” mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) “Selling Expenses” mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury’s counsel included in Registration Expenses).

(l) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(a)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder’s rights or obligations under Section 4.5(f) with respect to any prior registration or Pending Underwritten Offering. “*Pending Underwritten Offering*” means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(l), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its

Registrable Securities either pursuant to Section 4.5(a)(ii) or 4.5(a)(iv) prior to the date of such Holder's forfeiture.

(m) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(n) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(a)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company's counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(o) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(a)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(c), Section 4.5(g) and Section 4.5(i) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(p) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depository Trust Company.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

Article V
Miscellaneous

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 Governing Law: Submission to Jurisdiction, Etc. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Delta Air Lines, Inc.
1030 Delta Boulevard
Atlanta, GA 30354

Attention of: (x) Treasurer, Dept. 856, Telecopier No.: (404) 715-3110, Telephone No.: (404) 715-5993
and (y) Chief Legal Officer, Dept. 971, Telecopier No.: (404) 715-2233, Telephone No.: (404) 715-2191

If to Treasury:

United States Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)

5.6 Definitions.

(a) The term “Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term “Laws” has the meaning ascribed thereto in the Promissory Note.

(c) The term “Lien” has the meaning ascribed thereto in the Promissory Note.

(d) The term “Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term “Organizational Documents” has the meaning ascribed thereto in the Promissory Note.

(f) The term “Subsidiary” has the meaning ascribed thereto in the Promissory Note.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

* * *

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE
TREASURY

By: /s/ David A. Lebryk
Name: David A. Lebryk
Title: Fiscal Assistant Secretary

DELTA AIR LINES, INC.

By: /s/ Kenneth W. Morge II
Name: Kenneth W. Morge II
Title: Senior Vice President – Finance & Treasurer

FORM OF OPINION

- (a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.
- (b) Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.
- (c) The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable [*insert, if applicable:* , subject to the approvals of the Company's stockholders set forth on Schedule 3].
- (d) The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and [*insert, if applicable:* , subject to the approvals of the Company's stockholders set forth on Schedule 3] to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).
- (e) The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company [*insert, if applicable:* , subject, in each case, to the approvals of the Company's stockholders set forth on Schedule 3].
- (f) The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; *provided, however*, such counsel need express no opinion with respect to Section 4.5(g) or the severability provisions of the Agreement insofar as Section 4.5(g) is concerned.
- (g) No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.
- (h) The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.
-

FORM OF WARRANT

[SEE ATTACHED]

FORM OF WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

WARRANT to purchase

[]

Shares of Common Stock

of Delta Air Lines, Inc.

Issue Date: []

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

“*Affiliate*” means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”) when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

“*Aggregate Net Cash Settlement Amount*” has the meaning ascribed thereto in Section 2(i).

“*Aggregate Net Share Settlement Amount*” has the meaning ascribed thereto in Section 2(ii).

“*Appraisal Procedure*” means a procedure whereby two independent appraisers, one chosen by the Company and one by the Original Warrantholder, shall mutually agree upon the determinations then the subject of appraisal. Each party shall deliver a notice to the other appointing its appraiser within 10 days after the Appraisal Procedure is invoked. If within 30 days after appointment of the two appraisers they are unable to agree upon the amount in question, a third independent appraiser shall be chosen within 10 days thereafter by the mutual consent of such first two appraisers. The decision of the third appraiser so appointed and chosen shall be given within 30 days after the selection of such third appraiser. If three appraisers shall be appointed and the determination of one appraiser is disparate from the middle determination by more than twice the amount by which the other determination is disparate from the middle

determination, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive upon the Company and the Original Warrantholder; otherwise, the average of all three determinations shall be binding upon the Company and the Original Warrantholder. The costs of conducting any Appraisal Procedure shall be borne by the Company.

“*Average Market Price*” means, with respect to any security, the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date.

“*Board of Directors*” means the board of directors of the Company, including any duly authorized committee thereof.

“*Business Combination*” means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company’s stockholders.

“*Business Day*” means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a “shelter in place” or similar closure of physical branch locations at the direction of any governmental entity if such banks’ electronic funds transfer system (including wire transfers) are open for use by customers on such day.

“*Capital Stock*” means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

“*Charter*” means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

“*Common Stock*” means common stock of the Company, par value \$[____] subject to adjustment as provided in Section 13(E).

“*Company*” means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

“*conversion*” has the meaning set forth in Section 13(B).

“*convertible securities*” has the meaning set forth in Section 13(B).

“*Depository*” means The Depository Trust Company, its nominees and their respective successors.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*Exercise Date*” means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

“*Exercise Price*” means the amount set forth in Item 2 of Schedule A hereto, subject to adjustment as contemplated herein.

“*Fair Market Value*” means, with respect to any security or other property, the fair market value of such security or other property as determined by the Board of Directors, acting in good faith in reliance on an opinion of a nationally recognized independent investment banking firm retained by the Company for this purpose. For so long as the Original Warrantholder holds this Warrant or any portion thereof, it may object in writing to the Board of Director’s calculation of fair market value within 10 days of receipt of written notice thereof. If the Original Warrantholder and the Company are unable to agree on fair market value during the 10-day period following the delivery of the Original Warrantholder’s objection, the Appraisal Procedure may be invoked by either party to determine Fair Market Value by delivering written notification thereof not later than the 30th day after delivery of the Original Warrantholder’s objection.

“*Initial Number*” has the meaning set forth in Section 13(B).

“*Issue Date*” means the date set forth in Item 3 of Schedule A hereto.

“*Market Price*” means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose. “Market Price” shall be determined without reference to after hours or extended hours trading. If such security is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price of such security shall be deemed to be (i) in the event that any portion of the Warrant is held by the Original Warrantholder, the fair market value per share of such security as determined in good faith by the Original Warrantholder or (ii) in all other circumstances, the fair market value per share of such security as determined in good faith by the Board of Directors in reliance on an opinion of a nationally recognized independent investment banking corporation retained by the Company for this purpose and certified in a resolution to the Warrantholder.

“*Original Warrantholder*” means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

“*Permitted Transactions*” has the meaning set forth in Section 13(B).

“*Per Share Net Cash Settlement Amount*” means the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price.

“*Per Share Net Share Settlement Amount*” means the quotient of (i) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date.

“*Person*” has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

“*Per Share Fair Market Value*” has the meaning set forth in Section 13(C).

“*Pro Rata Repurchases*” means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The “*Effective Date*” of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

“*Regulatory Approvals*” with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

“*trading day*” means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

“*U.S. GAAP*” means United States generally accepted accounting principles.

“*Warrant*” means this Warrant, issued pursuant to the Warrant Agreement.

“*Warrant Agreement*” means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

“*Warrantholder*” has the meaning set forth in Section 2.

“*Warrant Shares*” has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the “*Warrantholder*”) is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the “*Warrant Shares*”) issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to “Common Stock,” “Warrant Shares” and “Exercise Price” herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash (“*Net Cash Settlement*”) or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant (“*Net Share Settlement*”). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

(i) *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Cash Settlement Amount*”).

(ii) *Net Share Settlement.* If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the “*Aggregate Net Share Settlement Amount*”).

3. Term; Method of Exercise. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than 5:00 p.m., New York City time on the fifth anniversary of the Issue Date of this Warrant, by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United

States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

4. Method of Settlement.

(i) *Net Cash Settlement.* If the Company elects Net Cash Settlement, the Company shall, within a reasonable time, not to exceed five Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

(ii) *Net Share Settlement.* If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depository's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. The Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on

all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Average Market Price of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

(A) Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

(B) If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Sections 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

(A) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(B) (x) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company is not required to file such reports, make available, upon the request of any Warrantholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(C) furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Warrantholder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

(D) take such further action as any Warrantholder may reasonably request, all to the extent required from time to time to enable such Warrantholder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights. The Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13 is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13 so as to result in duplication:

(A) Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

(B) Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a “conversion”) for shares of Common Stock) (collectively, “convertible securities”) (other than in Permitted Transactions (as defined below) or a transaction to which subsection (A) of this Section 13 is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:

(A) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the “Initial Number”) shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

(B) the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a

fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (A) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and “*Permitted Transactions*” shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B) shall become effective immediately upon the date of such issuance.

(C) Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(A)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the “*Per Share Fair Market Value*”) divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

(D) Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(D).

(E) Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(A)), the Warrantheader's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantheader shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantheader's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantheader shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

(F) Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than \$0.01 or one-tenth (1/10th) of

a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate \$0.01 or 1/10th of a share of Common Stock, or more.

(G) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided, however,* that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(H) Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

(I) Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

(J) Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in Section 13(J), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a

record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(K) Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

(L) Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.**

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

[Form of Notice of Exercise]

Date: __

TO: **Delta Air Lines, Inc.**

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: __

Aggregate Exercise Price: __

Address for Delivery of Warrant Shares: __

Wire Instructions:

Proceeds to be delivered: \$

Name of Bank:

City/ State of Bank:

ABA Number of Bank

SWIFT #

Name of Account:

Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depository:

Depository Account Number:

Name of Agent Member:

If in certificated form:

Social Security Number or Other Identifying Number:

Name:

Street Address:

City, State and Zip Code:

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number:

Name:

Street Address:

City, State and Zip Code:

Holder: ____

By: __

Name: __

Title: __

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: [_____]

COMPANY: Delta Air Lines, Inc.

By: ___
Name: Kenneth W. Morge II
Title: Senior Vice President – Finance & Treasurer

Attest:

By: ___
Name: Alan T. Rosselot
Title: Assistant Secretary

[Signature Page to Warrant]

SCHEDULE A

Item 1

Name: Delta Air Lines, Inc.

Corporate or other organizational form: Corporation

Jurisdiction of organization: Delaware

Item 2

Exercise Price: \$47.80

Item 3

Issue Date: [_____]

Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: April 23, 2021

Item 5

Number of shares of Common Stock: [_____]

Item 6

Company's address: P.O. Box 20706, Atlanta, Georgia 30320-6001

Item 7

Notice information: Delta Air Lines, Inc., 1030 Delta Boulevard, Atlanta, GA 30354, Attention of: (x) Treasurer, Dept. 856, Telecopier No.: (404) 715-3110, Telephone No.: (404) 715-5993 and (y) Chief Legal Officer, Dept. 971, Telecopier No.: (404) 715-2233, Telephone No.: (404) 715-2191

WARRANT SHARES FORMULA

The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

- (i) On the Closing Date, the quotient of (x) the product of the principal amount of the Promissory Note multiplied *by* 0.1 *divided by* (y) the Exercise Price (as defined in Annex B); and
 - (ii) On each subsequent Warrant Closing Date, the quotient of (x) the product of the amount by which the principal amount of the Promissory Note is increased on such Warrant Closing Date multiplied *by* 0.1 *divided by* (y) the Exercise Price.
-

SCHEDULE 2

Delta Air Lines, Inc.
Capitalization as of March 31, 2021

Authorized Shares

- 1,500,000,000 shares of common stock, par value \$0.0001 per share
- 500,000,000 shares of preferred stock, no par value

Common Stock

Outstanding	648,801,015
Treasury Shares	8,627,440
Restricted	3,546,726
Reserved	5,800,001 (for performance compensation plan)
	8,847,466 (for PSP1 and PSP2 Warrants)

Required Stockholder Approvals

- None.

INFORMATION IN THIS EXHIBIT IDENTIFIED BY [***] IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10)(iv) OF REGULATION S-K BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

AMENDMENT NO. 3

to

AIRBUS A321 NEO AIRCRAFT PURCHASE AGREEMENT

Dated as of December 15, 2017

between

AIRBUS S.A.S.

and

DELTA AIR LINES, INC.

This Amendment No. 3 (this “**Amendment**”), is dated as of April 22nd, 2021, by and between AIRBUS S.A.S., a société par actions simplifiée organized and existing under the laws of the Republic of France, having its registered office located at 2, rond-point Emile Dewoitine, 31700 Blagnac, France (the “**Seller**”) and DELTA AIR LINES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, having its corporate office located at 1050 Delta Boulevard, Atlanta, Georgia 30320, USA (the “**Buyer**”).

WHEREAS, the Buyer and the Seller entered into the Airbus A321 NEO Aircraft Purchase Agreement dated as of December 15, 2017, as amended, modified or supplemented from time to time (the “**Agreement**”), which covers the sale by the Seller and the purchase by the Buyer of one hundred (100) A321 NEO Aircraft;

WHEREAS, the Buyer and the Seller wish to, inter alia, exercise twenty five options and amend the delivery schedule of the Agreement with respect to two Aircraft.

NOW THEREFORE, SUBJECT TO THE TERMS AND CONDITIONS SET FORTH HEREIN, IT IS AGREED AS FOLLOWS:

The capitalized terms used herein and not otherwise defined in this Amendment will have the meanings assigned to them in the Agreement. The terms “herein,” “hereof,” and “hereunder” and words of similar import refer to this Amendment.

1. [*] EXERCISE**

- 1.1 The Buyer hereby irrevocably exercises its [***] in respect of twenty five (25) [***] Aircraft. Consequently, all such twenty-five [***] Aircraft are hereby deemed to be [***] for all purposes of the Agreement. This Amendment shall be deemed to be [***] with respect to such [***]

Aircraft and such [***] Aircraft shall have the respective Scheduled Delivery Months or Scheduled Delivery Quarters, as applicable, in each case as set forth below: [***]

1.2 Amended and Restated Letter Agreement No. 3 to the Agreement is hereby deleted in its entirety and replaced with Amended and Restated Letter Agreement No. 3 to the Agreement dated of even date herewith.

2. [***]

2.1

2.2 As a result of the foregoing [***], Clause 9.1.1 of the Agreement is hereby deleted in its entirety and is replaced with the following:

“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 quarters or months set forth in the table below (each as applicable, a “**Scheduled Delivery Quarter**” or “**Scheduled Delivery Month**”, together a “**Scheduled Delivery Period**”).

[***]

3. [***]

4. **EFFECT OF THE AMENDMENT**

- (a) the Agreement will be deemed amended to the extent herein provided, and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms,
- (b) this Amendment will supersede any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment, and
- (c) both Parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement and be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

5. **CONFIDENTIALITY**

This Amendment and its existence shall be treated by each Party as confidential subject to the terms and conditions of Clause 22.7 of the Agreement.

6. **GOVERNING LAW**

THIS AMENDMENT AND THE AGREEMENTS CONTEMPLATED HEREIN WILL BE GOVERNED BY AND CONSTRUED AND THE PERFORMANCE THEREOF WILL BE DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE 22.6 OF THE AGREEMENT.

It is agreed that the United Nations convention on contracts for the international sale of goods will not apply to this amendment.

7. ASSIGNMENT

This Amendment and the rights and obligations of the Parties will be subject to the provisions of Clause 19 of the Agreement.

8. COUNTERPARTS

This Amendment 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).

IN WITNESS WHEREOF, the parties have caused this Amendment No. 3 to be signed by their duly authorized officers thereunto as of the date first above written.

Very truly yours,

AIRBUS S.A.S.

By: /s/ Benoit de Saint-Exupéry
Title: Senior Vice President, Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Mahendra R. Nair
Title: Senior Vice President – Fleet & Tech Ops Supply Chain

[***]

[***]

CT1707017 - AMD 3 to the A321NEO PA Page 5/5
PRIVILEGED AND CONFIDENTIAL
EXECUTION VERSION

INFORMATION IN THIS EXHIBIT IDENTIFIED BY [***] IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10)(iv) OF REGULATION S-K BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

AMENDED AND RESTATED
LETTER AGREEMENT NO. 1

As of April 22nd, 2021

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.

This amended and restated Letter Agreement No. 1 (“**Letter Agreement No. 1**” or this “**Letter Agreement**”) cancels and replaces the Letter Agreement No. 1 to the Agreement entered into between the Buyer and the Seller on December 15, 2017.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 1 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 [***]

1.2.2 [***]

1.2.3 [***]

1.3 [***]

1.3.1 [***]

(i) [***]

(ii) [***]

1.3.2 [***]

1.3.3 [***]

2 [***]

2.1 [***]

2.2 [***]

2.3 [***]

2.4 [***]

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.

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/ Benoit de Saint-Exupéry
Its: Senior Vice President, Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Mahendra R. Nair
Its: Senior Vice President – Fleet & Tech Ops Supply Chain

INFORMATION IN THIS EXHIBIT IDENTIFIED BY [***] IS CONFIDENTIAL AND HAS BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10)(iv) OF REGULATION S-K BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

AMENDED AND RESTATED
LETTER AGREEMENT NO. 3

As of April 22nd, 2021

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 dated as of December 15, 2017 (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.

This amended and restated Letter Agreement No. 3 (“**Letter Agreement No. 3**” or this “**Letter Agreement**”) cancels and replaces the amended and restated Letter Agreement No. 3 to the Agreement entered into between the Buyer and the Seller on July 30, 2020.

The Buyer and the Seller have agreed to set forth in this Letter Agreement No. 3 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. [***]

The Seller hereby grants to the Buyer [***]

1.1 [***]

1.2 Intentionally left blank

1.3 [***]

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/ Benoit de Saint-Exupéry
Title: Senior Vice President, Contracts

Accepted and Agreed

DELTA AIR LINES, INC.

By: /s/ Mahendra R. Nair
Its: Senior Vice President – Fleet & Tech Ops Supply Chain



Joanne D. Smith
Executive Vice President
Chief People Officer

May 14, 2021

Dan Janki

Sent via email to _____

Dear Dan:

I am pleased to confirm our verbal offer of employment for the position of Executive Vice President & Chief Financial Officer of Delta Air Lines, Inc. ("Delta" or the "Company"). As discussed, your active employment in this position will begin no later than July 12, 2021 (the "Starting Date").

The following information generally summarizes the terms of your employment, which is contingent upon the successful completion of Delta's usual pre-employment processes. Delta's offer of employment is made in reliance on your representation that there are no contractual conditions or other post-employment restrictions arising out of your current or any former employment, as a direct employee, consultant, contractor or otherwise, that prevents you from fully performing the duties and responsibilities of Executive Vice President & Chief Financial Officer at Delta. In addition, Delta does not wish to receive any non-public, confidential or proprietary information that you might possess belonging to any previous or current employer, customer or business partner or belonging to any other non-Delta party. When you report to work at Delta, you should not bring with you and you should not disclose any such information.

COMPENSATION

As discussed, your starting base salary will be \$650,000 per annum, payable in accordance with the usual payment practices of the Company.

In addition, you will be paid a cash signing bonus in the amount of \$1,500,000, payable with your first or second paycheck after the Starting Date. The terms of this cash signing bonus are included on the attached Exhibit A.

Subject to approval by Delta's Board of Directors, or a Committee thereof, (the "Board") and your execution of a corresponding award agreement (the "Award Agreement"), you will also be granted an equity award of restricted Delta common stock in the amount of shares equaling \$4,500,000 calculated as described below ("Initial Equity Award"), which will be made within 60 days of your Starting Date (the "Grant Date"). The Initial Equity Award will be subject to the terms and conditions set forth in the Award Agreement that you must execute prior to being granted the award. You will be granted a number of shares of restricted Delta common stock equal to (1) \$4,500,000 divided by (2) the value of the closing price of Delta common stock on the New York Stock Exchange on the Grant Date (3) with the result rounded up to the nearest ten shares. Subject to your continued employment with Delta and the other terms and conditions set forth in the Award Agreement, the Initial Equity Award will generally vest in equal amounts on each of the first, second and third anniversaries of the Starting Date (33½%

each year). You and we agree that this one-time Initial Equity Award shall not be considered as earnings with respect to any Delta-sponsored benefit plan or arrangement or any Delta program or policy. The grant of any subsequent equity awards will be made at the discretion of the Company.

You will participate in the Delta Air Lines, Inc. Management Incentive Plan (the "MIP") according to the terms of the MIP, as in effect from time to time. Your Target MIP Award (as defined in the MIP) for 2021 will be 175% of your base salary, prorated for the number of days you were actively employed by Delta in a MIP-eligible position during 2021.

In addition, subject to approval by the Board, you will be eligible to participate in the Delta Air Lines, Inc. Long-Term Incentive Program for 2021 (the "2021 LTIP"), as in effect from time to time. If approved, the value of your target award opportunity under the 2021 LTIP is expected to be \$4,500,000, payable in accordance with the provisions of the program.

All consideration provided by Delta shall be provided subject to withholding and other federal, state and local taxes and deductions as provided by law.

BENEFITS

You will be eligible to participate in Delta's standard broad-based ground and flight attendant employee benefit plans and programs, as they exist from time to time. These currently include health, dental, vision, disability, 401(k) plan, paid time off, optional life and accident insurances, and travel plans and programs. In connection with the paid time off benefit, however, you will be entitled to a total of three weeks' vacation during Delta's normal vacation year. All other provisions of Delta's vacation policy will apply. You will soon receive enrollment and other material pertaining to these plans, which will include important information regarding enrollment deadlines and effective dates of coverage. I encourage you to review this material carefully, particularly with respect to the date your Delta health coverage will begin, as there will likely be a gap between coverage with your former employer and the effective date of your Delta coverage. You may wish to consider continuation of coverage under your current medical plan until Delta's coverage begins. Further, as Delta does not extend company-paid life insurance benefits to officer-level employees, you will have the opportunity to purchase up to \$1.5 million of optional life insurance coverage. If you enroll in such coverage during your initial enrollment opportunity, you will not be required to provide evidence of insurability.

You also will be entitled to such benefits as are provided to Executive Vice Presidents of the Company, including free and reduced rate travel, executive physicals and similar programs as such benefits exist from time to time.

You will participate in the Delta Air Lines, Inc. Officer and Director Severance Plan ("O&D Plan") in accordance with the terms of the O&D Plan, as it may be amended from time to time.

OTHER TERMS AND CONDITIONS

Except as otherwise provided in this letter agreement, your employment with Delta will be subject to Delta's standard policies and will be governed by the terms and conditions of the Company's human resources policies, as such policies may be amended from time to time hereafter. This letter agreement supersedes all prior discussions and documentation concerning your compensation arrangements with the Company.

COMING ONBOARD

Within the next several days, you will receive a mailing that sets you up to use our technology systems. It will also invite you to review Delta's Onboarding website to complete payroll forms and to learn more about our culture and benefits in general. In short, it will introduce you to many of the things that make Delta a great place to work.

IN CONCLUSION

If the terms outlined reflect your understanding of our agreement and you accept employment based on these terms, please indicate your acceptance by signing this letter and returning a copy via email.

Dan, we are extremely pleased to have you on the Delta team, and we look forward with great pleasure to our association with you at Delta. I think you will find that Delta offers challenge and growth in a truly exciting environment. You will be amazed at the talent and passion of the Delta team - from the frontline to the executive offices.

Allison Salkeld, our Director - Compensation Programs, is available to assist you with questions regarding your compensation. Allison's direct line is 404-715-_____.

Sincerely,

/s/ Joanne D. Smith

Joanne D. Smith
Executive Vice President
Chief People Officer

/s/ Dan Janki _____
Dan Janki

5/30/21 _____
Date

EXHIBIT A

Terms and Conditions of Signing Bonus

You and we agree that this one-time cash signing bonus shall not be considered as earnings with respect to any Delta-sponsored benefit plan or arrangement or any Delta program or policy.

You and we also agree that if your employment with Delta terminates during the period beginning with the Starting Date and ending on the two-year anniversary of the Starting Date, you shall repay Delta as set forth below:

(1) if such termination occurs on or before the one-year anniversary of the Starting Date, you shall promptly repay the after-tax portion of the signing bonus; and

(2) if such termination occurs after the one-year anniversary of the Starting Date, but on or before the two-year anniversary of the Starting Date, you shall promptly repay the after-tax portion of one-half of the signing bonus.

The after-tax portion of the repayment amounts shall be determined by Delta in its reasonable discretion.

If, however, your employment with Delta is terminated by death or Disability, by Delta without Cause, or by you for Good Reason, you would not be required to repay any amount. For purposes of this letter, the terms "Disability," "Cause" and "Good Reason" shall have the meanings set forth below.

In the event you become obligated to pay back to Delta any portion of the one-time cash signing bonus, Delta reserves the right to offset such amount, or portion thereof, against any amounts payable to you by Delta at the time of or in connection with the termination of your employment.

By accepting this signing bonus, you agree to these terms and conditions. Definitions:

"Cause" means the Employee's:

- (i) continued, substantial failure to perform his duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Employee which identifies the manner in which the Company believes that the Employee has not performed his duties, or
- (ii) misconduct, which is economically injurious to the Company, or

- i. conviction of, or plea of guilty or no contest to, a felony or any other crime involving moral turpitude, fraud, theft, embezzlement or dishonesty, or
- ii. material violation of any material Company policy or rule regarding conduct, which policy or rule has been communicated in writing to the Employee, including but not limited to the published human resources policies.

An Employee shall have at least ten business days to cure, if curable, any of the events (other than clause (iii)) which could lead to his termination for Cause.

"Disability" means long-term or permanent disability as determined under the disability plan of the Company applicable to the Employee.

"Good Reason," means any of the following, which occur without the Employee's express written consent:

- (i) the Employee's office is relocated by more than 50 miles;
- (ii) a material reduction of Employee's base salary or target annual bonus opportunities, in either case other than pursuant to a uniform percentage salary or target annual bonus reduction for similarly situated employees; or
- (iii) a material breach by the Company of any binding obligation to the Employee relating to a material term of the Employee's employment or any failure of a successor to the Company to assume and agree to perform such obligation.

Notwithstanding the foregoing, (A) the cash signing bonus and the Initial Equity Award, as described herein, will be ignored for purposes of determining whether the Employee has suffered a reduction that constitutes Good Reason under subsection (ii) above, (B) an event described in subsections (i) through (iii) shall constitute Good Reason only if Employee gives the Company written notice of intent to resign and the reasons therefor within 90 days of the occurrence of such event, and (C) no event described in subsections (i) through (iii) which is curable shall constitute Good Reason if such event is cured by the Company within 30 days of the Employee's notice, given in accordance with (B) above.



Joanne D. Smith
Executive Vice President
Chief People Officer

July 9, 2021

Dan Janki
Sent via email to _____
Dear Dan:

This letter serves as an addendum to your May 14, 2021 offer letter.

As discussed, your active employment with Delta Air Lines, Inc. will commence on July 12, 2021. Effective July 19, 2021, you will assume the position and responsibilities of Executive Vice President & Chief Financial Officer.

Other than the change to your position described above, the terms of your May 14, 2021 offer letter, including, without limitation, the compensation arrangements, will remain in full force and effect.

Sincerely,

/s/ Joanne D. Smith

Joanne D. Smith
Executive Vice President
Chief People Officer

/s/ Dan Janki
Dan Janki

July 12, 2021
Date

TERMS OF 2021 RESTRICTED STOCK AWARD¹

Participants: All members of Delta’s Board of Directors (the “**Board**”) who are not employees of Delta (“**Non-Employee Directors**”), which includes the Chairman of the Board (the “**Chairman**”). These directors are:

Francis S. Blake (Chairman)	Jeanne P. Jackson
Ashton B. Carter	George N. Mattson
David G. DeWalt	Sergio A. L. Rial
William H. Easter III	David S. Taylor
Michael P. Huerta	Kathy N. Waller

Type of Award: Restricted Stock, as defined and granted under the Delta Air Lines, Inc. Performance Compensation Plan (the “**Performance Compensation Plan**”).

Grant Date: June 17, 2021

Number of

Shares: The number of shares of Restricted Stock granted to each

Non-Employee Director other than the Chairman equals the result of the following formula: \$175,000 divided by Y, where

Y = the closing price of Delta Common Stock, par value \$0.0001 per share, on the New York Stock Exchange on the Grant Date.

The number of shares of Restricted Stock granted to the Chairman equals the result of the following formula: \$305,000 divided by Y.

Partial Shares: Any partial shares resulting from the above formula will be ignored and the aggregate shares of Restricted Stock for each Non-Employee Director will be rounded up to the nearest whole ten shares.

Vesting: Each grant awarded to a Non-Employee Director under the terms of this Attachment A (a “**2021 Grant**”) will vest (the “**Vesting Date**”) on the earlier of (1) June 17, 2022 and (2) the date of Delta’s 2022 Annual Meeting of Stockholders, subject to such Non-Employee Director’s continued service as a member of the Board on the Vesting Date.

¹ In accordance with these terms, each Non-Employee Director other than the Chairman of the Board received 3,930 shares of Restricted Stock on June 17, 2021. This is equal to \$175,000 divided by \$44.57 (the closing price of Delta Common Stock on the New York Stock Exchange (“**NYSE**”) on June 17, 2021), rounded up to the nearest whole ten shares. The Chairman of the Board received 6,850 shares of Restricted Stock on June 17, 2021. This is equal to \$305,000 divided by \$44.57 (the closing price of Delta Common Stock on the NYSE on June 17, 2021), rounded up to the nearest whole ten shares.

Accelerated

Vesting: Notwithstanding the foregoing, accelerated vesting will occur prior to the Vesting Date as follows: individual 2021 Grants will immediately vest on the date such Non-Employee Director ceases to be a member of the Board due to death, Disability or Retirement. For purposes of the 2021 Grant, (1) “**Disability**” means the Non-Employee Director’s inability to perform his or her duties as a member of the Board for a period of 180 or more days as a result of a demonstrable injury or disease and (2) “**Retirement**” means retiring from the Board (i) at or after age 52 with at least ten years of service as a director; (ii) at or after age 68 with at least five years of service as a director; or (iii) at the Non-Employee Director’s mandatory retirement date.

Forfeiture: Except as expressly set forth above, a Non-Employee Director will immediately forfeit any unvested Restricted Stock on the date such Non-Employee Director ceases to be a member of the Board for any reason, other than due to death, Disability or Retirement.

Dividends: In the event a cash dividend is paid with respect to shares of Delta Common Stock at a time during which the 2021 Grant is unvested, the Non-Employee Director will be eligible to receive the dividend when the 2021 Grant vests.

July 14, 2021

The Board of Directors and Stockholders of
Delta Air Lines, Inc.

We are aware of the incorporation by reference in the Registration Statements (Form S-3 No.'s 333-229720, 333-230087 and 333-238725 and Form S-8 No.'s 333-142424, 333-149308, 333-154818, 333-151060 and 333-212525) of Delta Air Lines, Inc. for the registration of its securities of our report dated July 14, 2021 relating to the unaudited condensed consolidated interim financial statements of Delta Air Lines, Inc. that are included in its Form 10-Q for the quarter ended June 30, 2021.

/s/ Ernst & Young LLP

I, Edward H. Bastian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended June 30, 2021;
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 officers 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 officers 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.

July 14, 2021

/s/ Edward H. Bastian

Edward H. Bastian

Chief Executive Officer

I, William C. Carroll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended June 30, 2021;
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 officers 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 officers 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.

July 14, 2021

/s/ William C. Carroll

William C. Carroll

Interim Co-Chief Financial Officer and Senior Vice President - Finance and Controller

I, Garrett L. Chase, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended June 30, 2021;
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 officers 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 officers 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.

July 14, 2021

/s/ Garrett L. Chase

Garrett L. Chase

Interim Co-Chief Financial Officer and Senior Vice President - Business
Development and Financial Planning

July 14, 2021
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Ladies and Gentlemen:

The certifications set forth below are hereby submitted to the Securities and Exchange Commission pursuant to, and solely for the purpose of complying with, Section 1350 of Chapter 63 of Title 18 of the United States Code in connection with the filing on the date hereof with the Securities and Exchange Commission of the quarterly report on Form 10-Q of Delta Air Lines, Inc. ("Delta") for the quarterly period ended June 30, 2021 (the "Report").

Each of the undersigned, the Chief Executive Officer, the Interim Co-Chief Financial Officer and Senior Vice President - Finance and Controller and the Interim Co-Chief Financial Officer and Senior Vice President - Business Development and Financial Planning, 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

Edward H. Bastian
Chief Executive Officer

/s/ William C. Carroll

William C. Carroll
Interim Co-Chief Financial Officer and Senior Vice President - Finance and
Controller

/s/ Garrett L. Chase

Garrett L. Chase
Interim Co-Chief Financial Officer and Senior Vice President - Business Development
and Financial Planning